



STEEL'S GREEN JOURNEY

TOWARDS ZERO CARBON GOAL

ERDEMİR | İSDEMİR

ERDEMİR MADEN | ERSEM | ERDEMİR MÜHENDİSLİK

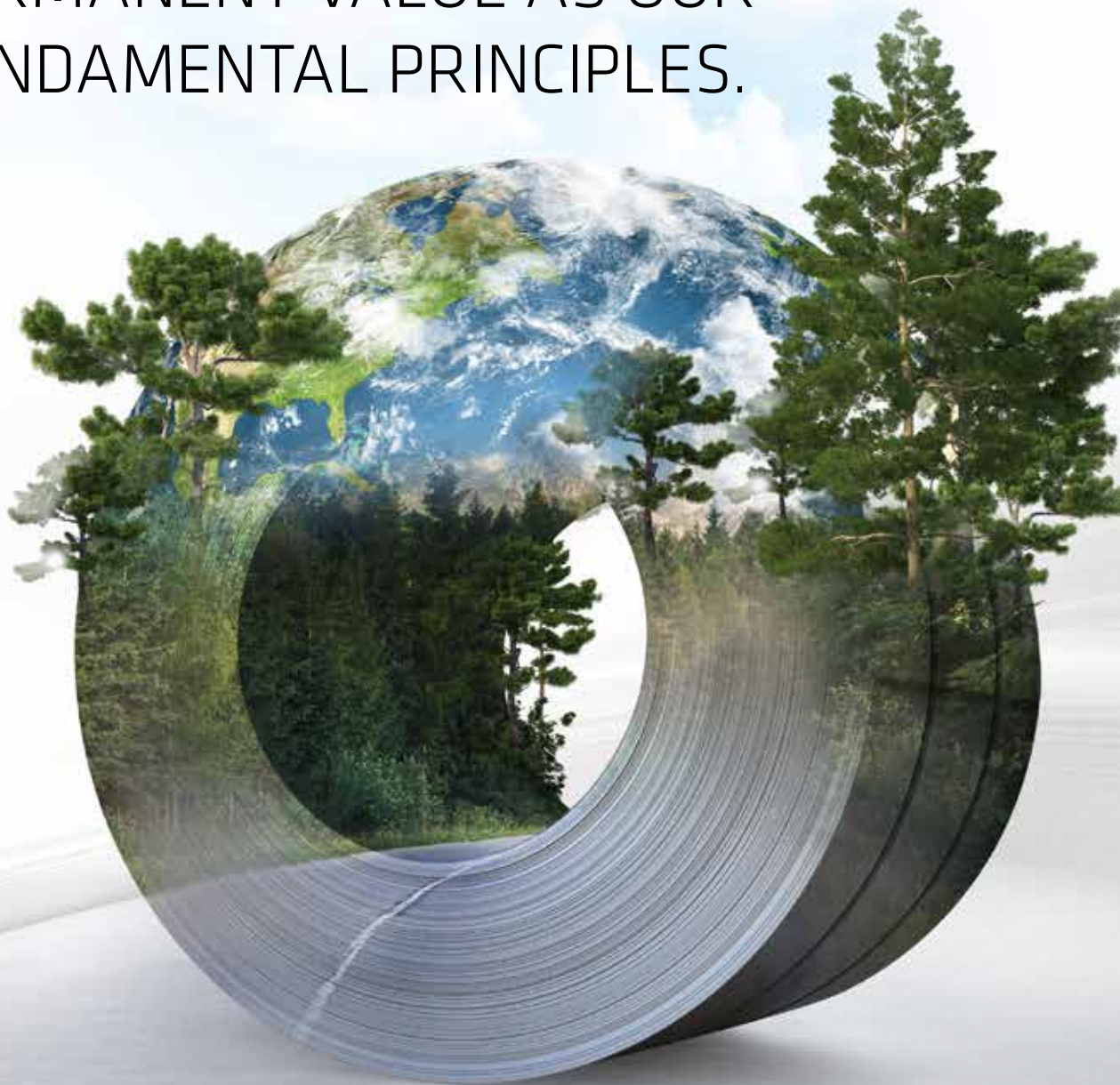
KÜMAŞ MANYEZİT | ERDEMİR ROMANIA

ERDEMİR ENERJİ | İSDEMİR LİNDE GAZ ORTAKLIĞI

ERDEMİR ASIA PACIFIC | YENİLİKÇİ YAPI MALZEMELERİ

2023 INTEGRATED ANNUAL REPORT

AS OYAK MINING METALLURGY COMPANIES, OUR COUNTRY'S LEADING STEEL PRODUCER, WE ADOPT SUSTAINABILITY AND CREATING PERMANENT VALUE AS OUR FUNDAMENTAL PRINCIPLES.



ESTEEMED STAKEHOLDERS,

Having played a locomotive role in the development of humanity for centuries and being an indispensable part of modern life in every aspect, steel is also of critical importance for the construction of a sustainable future. Thanks to increased effectiveness with advances in production technologies, steel contributes to the efficient use of resources with its enduring life and stands out as a hundred percent recyclable and environmentally friendly material.

As OYAK Mining Metallurgy Companies, the leading steel producer of our country, we adopt sustainability and creating permanent value as our fundamental principles. We work with the awareness of our responsibilities towards our world, the environment and society we live in, and we establish productive collaborations with our stakeholders.

In the era of change and transformation of ours, we act with sustainable growth, responsible production and people oriented approach in all our processes. Within the framework

of our “Net Zero Roadmap” strategy, we are accelerating gradual decarbonization efforts in our production processes in order to fulfill our responsibilities towards establishing a sustainable future.

In this regard, we produce solutions to reduce the sources that cause greenhouse gas emissions in processes, apply technological innovations that increase energy efficiency, and carry out studies to maximize the use of by-product gases and waste heat released.

In addition to increasing the use of recyclable steel in our production process, we are working on the use of biomass with a zero emission factor at various stages of the process. With the determined steps we take to reduce carbon emissions, increase energy efficiency and expand the use of renewable energy, we aim to achieve our net zero emission target by 2050 and to further our leadership in green transformation by applying up-to-date environmentally friendly technologies.

Presentation and video of Net Zero Roadmap



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ABOUT THE INTEGRATED ANNUAL REPORT

The Scope and Standards Used

This report, which is the fifth integrated annual report covering OYAK Mining Metallurgy Companies includes the management approaches of the companies in the economic, social and environmental sphere and their performance data. This integrated annual report, which combines financial and non-financial data, shares assessments of the long-term value creation business strategy of Mining Metallurgy Companies, their corporate culture, stakeholder relations, and how the companies manage opportunities and risks.

The report reflects the management approach of OYAK Mining Metallurgy Companies in material issues, created with the participation of a wide range of stakeholders, in line with the sectoral and global trends, their future goals and their planned investments.

While the report predominantly focuses on the main production facilities, Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir) and İskenderun Demir ve Çelik A.Ş. (İsdemir), the report includes the data of the OYAK Mining Metallurgy Companies. The companies covered by the data presented are specified in the relevant sections.

The report is prepared in accordance with the Integrated Reporting framework published by the International Integrated Reporting Council (IIRC) and "with reference" to the "GRI Standards" published by GRI. The content of the report has been compiled according to the methods for determining content, especially the principle of materiality, explained in the standards. Performance statements are basically presented within the scope of "GRI Standards" disclosures.

Period of the Report

Numerical data in this report covers the operating period of 1 January 2023 - 31 December 2023, unless otherwise stated.

The data included in the report constitutes a benchmark for the integrated annual reports that Mining Metallurgy Companies will publish in the coming periods.

Reporting Cycle

Mining Metallurgy Companies, which publish their integrated annual reports on an annual basis, plan to report their activities annually in the coming years.

Audit

The financial indicators included in the report constitute the data disclosed in the consolidated financial statements of the Mining Metallurgy Companies, which have undergone independent audits. The content other than financial data has not undergone any external audit or control process.

Feedback

The report can be reached from the official website at www.erdemir.com.tr, all opinions and suggestions can be conveyed to iletisim@erdemir.com.tr e-mail address.



www.erdemir.com.tr

ABOUT THE NAVIGATION ITEMS OF THE REPORT



FINANCIAL CAPITAL



INTELLECTUAL CAPITAL



PRODUCED CAPITAL



SOCIAL CAPITAL



HUMAN CAPITAL



NATURAL CAPITAL

MESSAGE FROM THE CHAIRMAN



Valuable Stakeholders, Business Partners and Colleagues,

The Turkish economy demonstrated a strong growth performance in 2023 despite the global slowdown. Many negative developments, such as the slowdown in the global economy, the weakening of the main export markets and the earthquake disaster, were among the factors affecting the Turkish economy in 2023. Despite these negativities, Gross Domestic Product (GDP) based on chained volume index (2009=100) increased by 4.5% in 2023 compared to the previous year.

In 2023, high levels of inflation were observed due to wage increases, exchange rate developments, increasing tax rates, food prices, rigidity in service inflation and strong domestic demand outlook. In addition, the increase in producer prices and developments in pricing behavior led to broad-based inflationary pressures. On an annual basis, CPI closed 2023 at 64.77%, in line with the Medium Term Program (MTP) target of 65%.

INTEGRATED POWER LEADING THE CHANGE

While OYAK Mining Metallurgy Companies continues their activities that will brighten Türkiye's future in the second 100 years of our Republic with strategic investments, Erdemir and İsdemir focus on guiding the sector with their green transformation journey.

Türkiye has the potential to become a production center that can solve global supply chain problems by means of its policies to increase direct foreign investments, its entrepreneurial character, trained human resources and geopolitical location. It is estimated that these qualities will support growth in our country in 2024, especially as the delayed effects of the monetary tightening process will be more clearly observed.

There has been a gradual increase in the crude steel production of the Turkish steel industry as of the second half of 2023. Crude steel production of the Turkish steel industry started to decrease in the second half of 2022 due to increasing energy input costs and diminishing demand. This decline deepened further with the earthquake disaster at the beginning of 2023.

There was a gradual increase in production towards the end of the year, as the facilities in the region, whose activities were interrupted due to the earthquake, started production again in the second half of 2023, the pressure created by energy costs decreased and approximately 6 million tons of capacity came into operation. However, since this increase could not fully cover the approximately 20% loss in the first half of the year, Türkiye closed 2023 with a 4% decrease in crude steel production.

It is anticipated that there will be significant increases in Türkiye's steel production in 2024, with the support of new capacities that come into operation mainly in the second half of 2023. In the coming period, in addition to capacity increases, energy investments and input diversity investments for green transformation are expected to increase.

The increase in flat steel production in 2023 was limited to 1%. After a record level of production in the Turkish flat steel industry in 2021, there was a 7% decrease in 2022. In 2023, a limited increase of 1% was recorded in flat steel production. Flat product imports were 9.5 million tons and exports were 3.5 million tons as of the year-end.

In 2023, flat steel consumption reached a record level of 19.5 million tons, increasing by 13% compared to last year. The impact of the construction and infrastructure activities that were supported after the earthquake disaster at the beginning of 2023 was high in this increase.

The current consumption trend is expected to continue in 2024. It is estimated that the moderate recovery in manufacturing industry production, especially towards the second half of 2024, and construction activities resulting from post-earthquake reconstruction and urban transformation will have a supportive effect on steel consumption.

We lead the sector as a global steel power. Approaching their 60th anniversary of establishment, OYAK Mining Metallurgy Companies continued to add value to their stakeholders and become Türkiye's global steel power in 2023 with their sustainable growth, responsible production and people-centered approach.

As OYAK Mining Metallurgy, we are one of Türkiye's largest economic actors providing direct employment. With our 12 thousand 487 employees, we have a strong and widespread influence in the regions where we operate. Within this area of influence, we create indirect employment for approximately 300 thousand people. In this way, we support regional progress of the geographies in which we operate and contribute to the socioeconomic development of local communities.

While we lead Türkiye's steel production with the strength we derive from our stakeholders and business partners, we not only direct our industry but also compete with the world's eminent steel producers on a global scale thanks to our deep-rooted business culture, operational agility and superior financial performance.

In 2023, our final product production was 7.4 million tons in total, consisting of 6.7 million tons of flat products and 652 thousand tons of long products. The total exports of our companies as of the end of the year was 802 thousand tons. Within the scope of our foreign sales, which constitute 11% of our total sales, we exported flat products to 33 countries and long products to 9 countries.

Although our OYAK Mining Metallurgy Companies suspended their production activities due to the impact of the earthquake, they managed to reach an EBITDA value of USD 643 million in 2023 and complete the year with a net profit of USD 170 million, thanks to their effective operation capabilities.

We celebrated the 100th anniversary of our Republic with investments. During this period in which we focus on high value-added production by increasing our domestic production capability, we are working to consolidate Türkiye's identity as a strong player in the region.

The environmentally friendly and technological new Blast Furnace, built by Erdemir -one of the sources of proud for our country- to replace the old furnace with the efforts of Turkish engineers, was put into operation on October 29, Republic Day. We are presenting our new 2nd Blast Furnace, "Zübeyde", named after Gazi Mustafa Kemal Atatürk's mother, to the Turkish industry.

Erdemir has played a significant role in the development of our country's industry since the first day it was put into operation and has always focused on value-added production. The Company's this new investment will contribute to the goal of reducing foreign dependency in the iron and steel sector, which is critical for the country's industry. Being among the top 5 among the 500 largest industrial enterprises in our country, Erdemir provides raw materials to countless sectors and gives confidence for the future with sustainable growth steps while continuing to produce for the future of Karadeniz Ereğli and Türkiye.

<div>01PRESENTATION</div> <div>02SUSTAINABILITY</div> <div>03GENERAL OVERVIEW</div> <div>04SUSTAINABLE GROWTH</div> <div>05RESPONSIBLE PRODUCTION</div> <div>06THE APPROACH THAT PUTS PEOPLE AT THE CENTER</div> <div>07CORPORATE GOVERNANCE</div> <div>08ANNEXES</div> <div>4</div>	<div>MESSAGE FROM THE CHAIRMAN</div> <div> <p>Erdemir and İsdemir, which are among the most valuable industrial assets of our country, have successfully created their green transformation road map. By shaping the steps of this transformation, Erdemir and İsdemir aim to reduce carbon emissions per ton of crude steel by 25% by 2030, 40% by 2040, compared to 2022, which they determined as the base year, and to reach net zero emissions in 2050.</p> </div> <div> <p>Erdemir carries on its investments to increase energy efficiency, production capacity and performance. The Company commissioned its sixth steam boiler, which allows by-product gases such as blast furnace, steel mill and coke gas to be effectively brought into production and contributes to additional steam and electricity production. In addition, efforts are being carried out to commission the fourth coke battery with an annual capacity of 800 thousand tons in 2024, to replace Erdemir’s first and second batteries, which have been in continuous service since its establishment.</p> <p>We carry out every stage of OYAK Mining Metallurgy Companies’ ongoing major investments in the field together with Erdemir Mühendislik, from project design to commissioning. We have extensive engineering experience in facility investments as well as in steel production.</p> <p>İsdemir, which had to suspend production due to the earthquake, restarted its production facilities in a short time and started its operations at full capacity. We are still deeply saddened by the loss of 24 colleagues in İskenderun in the Kahramanmaraş-centered earthquakes that shook the whole of Türkiye deeply. Drawing strength from our solidarity and unity, we strive to heal our wounds together and work for a stronger future. In this direction, while we continue our investment and modernization activities at İsdemir, we also carry on our work on the 1st Blast Furnace Project. We aim savings in the amount of electricity purchased by directing the additional blast furnace gas, which will result from the increases in the amount of final product and liquid crude iron production due to the expansion of the furnace volume, to electricity production.</p> <p>There are hard coal and quartz sand mines in the Alacaağzı Coal Mine, located in the Karadeniz Ereğli district of Zonguldak, which Erdemir Maden acquired in 2019. Following the completion of surveys, projects and feasibility studies for the hard coal reserves in the license area, preparations for production continue. Within the scope of the project, coal production is planned to start in 2024.</p> <p>At Erdemir Maden, infrastructure work is continuing to establish a pelletizing facility in the iron mine site located in Bingöl-Avnik, with an investment of approximately USD 550 million.</p> <p>Our 2050 target is “Net Zero Carbon”.</p> <p>In the age of change and transformation we live in, we act with sustainable growth, responsible production and people oriented approach. We focus on producing sustainable value in every field with our exemplary successes and continue our activities with a sense of responsibility towards the economy, the environment and society. We are increasing our investments in sustainable production by adhering to our environmental and green transformation principles.</p> <p>With the announcement of carbon emission reduction targets in many countries, industries around the world are determining appropriate roadmaps. While companies investing in the future take action for the necessary regulations by committing to net zero emission goals, these steps taken for a greener and sustainable world also enable companies to maintain their competitiveness in global markets.</p> <p>As the leading producers of the sector in Türkiye, which is the second largest steel producer in Europe and the eighth largest in the world, Erdemir and İsdemir will continue to play an active role in the steel industry with their compliance studies to green transformation.</p> <p>As Erdemir and İsdemir, having high economic value for our country and region, we have created our road map by showing determination to take steps for fulfilling our responsibilities in green transformation. We have planned the critical steps to complete this transformation in our companies, and the processes on how to activate these steps, in order to meet the expectations of our customers, investors and other stakeholders.</p> <p>Within the scope of our short-term goal of reducing our carbon emissions per crude steel produced by at least 25%, we will realize a transformation investment of USD 3.2 billion in Erdemir and İsdemir by the end of 2030. These projects also include the installation of solar power plants with an annual electricity production capacity of 1 million 710 thousand MWh. We plan to use mainly sustainability-linked foreign financing sources for projects and to benefit from domestic incentives.</p> <p>The plan and net zero emission target determined by our companies for green transformation will be a role model for our country’s iron and steel industry and will direct the future of the sector. This transformation in the production of steel, which covers a significant place in almost every aspect of life such as buildings, automobiles, white goods and electronic equipment, will be the pioneer of the journey of all sectors in this area. The crude steel capacity of Erdemir and İsdemir will reach 13 million tons by 2030. Erdemir and İsdemir, which have been working and investing in green transformation since 2016, will continue to guide the sector with the steps they will take.</p> <p>As OYAK Mining Metallurgy Companies, we identify the sources that cause an increase in our greenhouse gas emissions through our analyzes and we take actions to improve them. In this context, we have carried out preliminary studies in our companies for emission reduction through activities such as energy efficiency, increasing the use of scrap in production and the use of HBI (hot briquetted iron).</p> <p>In addition, we followed the development of low-emission steel production technologies and shaped our net zero roadmap with feasibility studies. In our green transformation journey, which we started with the aim of reaching net zero emissions in 2050, we will take firm steps towards a sustainable future with our improvement and investment activities that will reduce carbon emissions and provide energy efficiency.</p> <p>As we leave behind the 100th anniversary of our Republic with great pride, we will achieve great success by working determinedly to move our country and our Company even further. OYAK Mining Metallurgy Companies, one of our country’s most valuable industrial assets, will continue to produce for Türkiye's future in the second 100 years of our Republic.</p> <p>I would like to thank our shareholders, customers, suppliers, colleagues and all other stakeholders, especially OYAK, whose support we have always felt with us yesterday, today and in the future.</p> <p>Respectfully,</p> <p>Süleyman Savaş ERDEM Chairman of the Board of Directors</p> </div>	<div>5</div> <div>2023 INTEGRATED ANNUAL REPORT</div>
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BOARD OF DIRECTORS



Süleyman Savaş ERDEM
Chairman of the Board of Directors
(Representative of OYTAŞ İç ve Dış Ticaret A.Ş.)



Baran ÇELİK
Deputy Chairman and Executive Director
(Representative of OMSAN Lojistik A.Ş.)



Görtan DAMAR
Board Member and Executive Director
(Representative of OYAK Pazarlama Hizmet ve Turizm A.Ş.)



Bekir Emre HAYKIR
Board Member
(Representative of Privatization Administration, Ministry of Treasury and Finance of the Republic of Türkiye)



Güliz KAYA
Board Member
(Representative of OYAK Denizcilik ve Liman İşletmeleri A.Ş.)



Eren Ziya DİK
Board Member
(Representative of OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş.)



Ali FİDAN
Independent Board Member



Emre GÖLTEPE
Independent Board Member



Kadri ÖZGÜNEŞ
Independent Board Member

SENIOR MANAGEMENT



Hakan KORKMAZ
Kümaş Manyezit
Sanayi A.Ş.
General Manager

İbrahim ÖZBUNAR
Erdemir Çelik Servis
Merkezi Sanayi ve
Ticaret A.Ş.
General Manager

Sercan BÜYÜKBAYRAM
Marketing and Sales
Group
Vice President

Mustafa Serdar BAŞOĞLU
Financial Management
and Financial Affairs
Group
Vice President

Salih Cem ORAL
İskenderun Demir
ve Çelik A.Ş.
General Manager

Şevket Selim YILMAZ
Procurement
Group
Vice President



Baran ÇELİK
Deputy Chairman and
Executive Director

Süleyman Savaş ERDEM
Chairman of the
Board of Directors

Gürtan DAMAR
Board Member
and Executive
Director, Erdemir
Mühendislik Yönetim
ve Danışmanlık
Hizmetleri A.Ş.
General Manager

Ercan KAYA
Corporate
Architecture and
Human Resources
Group
Vice President

Halil YILDIRIM
Erdemir Madencilik
Sanayi ve Ticaret A.Ş.
General Manager

Niyazi Aşkın PEKER
Ereğli Demir ve Çelik
Fabrikaları T.A.Ş.
General Manager

CORPORATE PROFILE



Erdemir 2nd Blast Furnace Zübeyde

According to the data of the World Steel Association, OYAK Mining Metallurgy Companies rank 4th among the producers of EU member countries, 8th in Europe and 48th in the world with their crude steel production.

We have a business approach that puts sustainable growth, responsible production and people at the center.

As OYAK Mining Metallurgy Companies, we have been working for our country and our stakeholders for more than 58 years. In all our activities, we act with an approach that focuses on sustainable growth, responsible production and people, with the awareness of responsibility of being the leading player in the sector.

We create value for our customers with our quality products and services, and we develop and renew ourselves in line with their needs and expectations. We follow current technological developments and transform the way we do business. We support our country's economy with our production, exports, employment and strong financial structure.

We are at the service of the Turkish industry with our 11 companies, including our parent company, Türkiye's first flat steel producer Erdemir, and its subsidiaries İsdemir, Erdemir Maden, Erdemir Çelik Servis Merkezi, Erdemir Mühendislik, Erdemir Romania, Erdemir Asia Pacific, Erdemir Enerji, İsdemir Linde Gaz Ortaklığı, Kümaş Manyezit and Yenilikçi Yapı Malzemeleri. We operate in the fields of flat and long steel production, steel service centers, mining, industrial gas production, engineering and project management, as well as energy generation, and we lead the sector with our pioneering practices.

As the leading steel producer in our industry, we produced 7.2 million tons of crude steel in 2023. We maintain our strong position in the global steel market too. According to the data of the World Steel Association, OYAK Mining Metallurgy Companies rank 4th among the producers of EU member countries, 8th in Europe and 48th in the world with their crude steel production.

We provide raw materials to almost every branch of the industry, basically automotive, white goods, construction, machinery, shipbuilding, pipes, energy, defense and packaging, and we are preferred as a quality and reliable supplier at home and abroad.

We carry out advanced steel research at the Erdemir R&D Center to increase our product diversity, to offer innovative solutions that will move our customers forward, to use our resources efficiently and to evaluate alternative resources. Our center in question has the distinction of being the first R&D Center in the Turkish steel industry approved by the Ministry of Industry and Technology.

Our ports in Karadeniz Ereğli and İskenderun, the largest ports of our country and the region, serve both our companies and other organizations in the region.

We derive our strength from our 12,487 competent, experienced and determined employees who believe in our common future.

We care about the happiness and development of our employees, respect their rights, and believe in their potential. We aim to add value to the lives of our employees, support their development needs throughout their career journey, and encourage their innovative and creative ideas.

We consider providing healthy and safe work places for our employees as our top priority, and we develop feedback systems that promptly detect risky behavior elements. We act with the principle that every accident in our facilities is preventable, and we support our employees with continuous and systematic OHS training in order to embrace a sustainable safety culture.

Together with all our companies, we continue our activities with a sense of responsibility that considers not only the present but also the future, taking into account the environmental risks caused by climate change.

With the strength we get from our employees and the steel we produce, we work to better direct our future and provide added value to our country.

CORPORATE PROFILE



Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir)

Playing one of the most important roles in the Turkish industry, Erdemir started production on 15 May 1965 at its facilities established in Karadeniz Ereğli in order to meet the country's requirement for flat steel. Today, Erdemir operates as Türkiye's largest integrated flat steel producer under the umbrella of our Mining Metallurgy Companies.

Erdemir produces hot and cold rolled flat steel, plate, tin, chrome and galvanized coated sheet to international quality standards backed by the experience gained in its deeply rooted history going back more than 58 years. The Company is one of the world's most important steel producers with a crude steel capacity of 4 million tons and finished product capacity of 5 million tons.

The products manufactured by the Company provide the basic input to a wide array of sectors such as the automotive, white goods, pipe profile, rolling mill, general manufacturing, electrical electronics, machinery, energy, heating equipment, shipbuilding, defense, packaging, and renewable energy industries.

As Türkiye's only plate producer, Erdemir also owns one of the largest ports in Türkiye's Black Sea region.

İskenderun Demir ve Çelik A.Ş. (İsdemir)

İsdemir, whose foundations were laid in İskenderun on 3 October 1970, is an integrated iron and steel plant which had third highest steel production capacity and highest liquid steel capacity in Türkiye as of its establishment date. İsdemir was transferred to Erdemir in 2002 on the condition that it would produce flat products.

The Company is one of the most important steel producers in the world, with final product production capacities of 5.8 million tons of liquid steel, 3.5 million tons of flat products, 0.6 million tons of coil and 2.5 million tons of billet per year.

As Türkiye's only integrated steel plant capable of producing both long and flat products simultaneously, İsdemir has maintained its investments in line with the needs of the country's industry since its inception.



Erdemir Madencilik San. ve Tic. A.Ş. (Erdemir Maden)

Erdemir Maden started ore production in the Divriği township of Sivas in 1938 and has continued its activities as Demir Madenleri İşletmesi since 1940. Erdemir Maden, which joined Erdemir in 2004, has the only pellet plant which meets the needs of the Turkish iron and steel sector.

Producing hematite lumps and fine ore in addition to pellets, Erdemir Maden, as Türkiye's largest iron mining producer, provides domestic and national raw materials to the Turkish steel industry with a production capacity of 1.5 million tons of pellets and 750,000 tons of lump ore.

Erdemir Maden is Türkiye's principal owner of iron mines and the largest producer of iron in Türkiye with its concentration and pellet plants in Sivas Divriği, as well as a total of 15 mining sites, including eleven iron mines, one coal mine, one manganese field and two clay fields. Erdemir Maden realizes 38% of Türkiye's iron ore production and single handedly provides 16% of Türkiye's ferrous raw material needs.



Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (Ersem)

Ersem was founded in Gebze in October 2001 and entered operation in 2002 with a cold slitting line capacity of 150,000 tons/year of and cold cutting-to-length line capacity of 100,000 tons/year. In addition to the automotive and white goods industries, the Company provides high-quality services to companies operating in various branches of industry such as general machinery and manufacturing, the heat industry and electric electronics at its steel service providing centers.

When the investments started by Ersem in 2022 are completed, the total slitting and cutting-to-length production capacity will increase from 1 million 950 thousand tons to 2 million 225 thousand tons. Türkiye's largest steel service center, with a total slitting and cutting to length capacity of 1,950 thousand tons, Ersem has four production plants in Gebze, Karadeniz Ereğli, İskenderun and Manisa.

Ersem's competencies allow it to quickly meet the immediate demands of its customers, with the Company able to ship products at the desired quality and size, on time and to the requested place, while managing stocks and responding to various requirements such as production to narrow tolerances and deliveries in small batches.

CORPORATE PROFILE



Erdemir Romania S.R.L. (Romania)

Erdemir Romania was founded in Targovishte, Romania, and became one of our Mining Metallurgy Companies in 2002. The Company produces siliceous flat steel, a principal input for the engine, transformer and generator industries.

Erdemir Romania, which has commanded a key position in this field in Europe, directs 20% of its production to the Romanian domestic market while exporting 80% of its production to various countries, especially in Europe.

With its annual production capacity of 120 thousand tons, Erdemir Romania supplies products to the market in fully processed NGO (non-oriented grains) qualities, and with its technical expertise of more than 40 years, it offers products and services for all electronic-technical application, electric motor, power transformer and generator manufacturing industries.

Our Company, located near the main transportation routes to European countries, strengthens its technical and financial strength with a business model compatible with ISO 9001, ISO 14001 and ISO 45001, and certified the high quality of its products and the compliance of its processes with the standards in the automotive industry with the IATF 16949:2016 Quality Management System Certificate it received this year.

Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. (Erdemir Engineering)

Erdemir Engineering provides a wide range of engineering and project management services ranging from planning to implementation, aimed at supporting the profitability, product diversity and efficiency for our Mining Metallurgy Companies and helping them achieve the quality goals in their investments.

Kümaş Manyezit Sanayi A.Ş.

Kümaş is Türkiye's leading and largest vertically integrated refractory producer. The Company handles the entire operation extending from the mineral supply to the sales process.

Kümaş Manyezit Sanayi A.Ş. (Magnesite) was established in Kütahya in 1972 and started to produce sinter magnesite from natural magnesite ore in 1976. The Company owns rich magnesite and dolomite resources and reserves. The Company, which is the market leader of the Turkish refractory industry in terms of its reserves and size, has mining sites in Kütahya, Eskişehir and Konya. Kümaş Manyezit mainly serves the iron, steel, cement and glass sectors.

In 3 February 2021, Erdemir acquired a full stake in Kümaş Manyezit Sanayi A.Ş., which is the Turkish market leader of the refractory industry and the world's largest mining operator in the qualified magnesite ore industry. With this acquisition, it is aimed to achieve cost control and efficiency increase by ensuring vertical integration.

Kümaş Manyezit's subsidiary, Odak Refrakter ve Madencilik Sanayi ve Ticaret A.Ş., was incorporated into Yenilikçi Yapı Malzemeleri Yatırım Üretim San. ve Tic. A.Ş. on 10 May 2022 with all its assets and liabilities, and the two companies merged.



Yenilikçi Yapı Malzemeleri Yatırım Üretim Sanayi ve Ticaret A.Ş.

Yenilikçi Yapı Malzemeleri was established in 2013 as a 100% subsidiary of Kümaş Manyezit Sanayi A.Ş. with the aim to contribute to the country's economy, prevent environmental pollution and ensure sustainability.

The Company has merged with Odak Refrakter ve Madencilik Sanayi ve Ticaret A.Ş., another subsidiary of Kümaş Manyezit as of 10 May 2022, under the name Yenilikçi Yapı Malzemeleri Yatırım Üretim Sanayi ve Ticaret A.Ş.

Yenilikçi Yapı Malzemeleri, which has been operating in the field of recycling for nearly twenty years, began to be among the affiliated companies with Erdemir's acquisition of Kümaş Manyezit in 2021.

Erdemir Enerji Üretim A.Ş.

The Company was established with Erdemir providing 100% of the capital for the purpose of producing renewable energy. The "Kızılcapınar Hydroelectric Power Plant", which was realized within the body of Erdemir Energy, is located in the Kızılcapınar Village of the Karadeniz Ereğli district of Zonguldak.

The hydroelectric power plant, which generates electricity based on a renewable resource, entered operation on 18 June 2021 after obtaining the Ministry Acceptance Report given by the Ministry of Energy and Natural Resources.

The Kızılcapınar HEPP has two units, one with an installed capacity of 4.28 MWm/4.13 MWe and the other with an installed power of 1.26 MWm/1.22 MWe, with a total installed capacity of 5.54 MWm/5.35 MWe. Although the output varies depending on hydrological conditions, the annual average production capacity is 18,700,000 kWh.



İsdemir Linde Gaz Ortaklığı A.Ş.

İsdemir Linde Gaz Ortaklığı A.Ş. was established in a 50-50% partnership with Linde Gas Türkiye in order to meet İsdemir's additional needs for industrial gas and to reduce the costs of the existing industrial gas system. The Company entered operations in December 2016.

Erdemir Asia Pacific PTE. LTD.

Founded in Singapore in 2014 as a 100% subsidiary of Erdemir, the Company has conducted Erdemir's commercial activities in the Far East since its establishment.

OUR MINING METALLURGY COMPANIES IN 2023

6 million 704 thousand tons

Production of Flat Final Products

652 thousand tons

Production of Long Final Products

2 million 236 thousand tons

Production of Magnesite and Ore

802 thousand tons

Exports

USD 6 billion 238 million

Sales Revenues

USD 643 million

EBITDA

USD 977 million

Investment Expenditure

TL 53 million 218 thousand

R&D Expenditure

According to the 2022 results of the “**R&D 250, Türkiye's Top R&D Spending Companies Research**” prepared by Turkishtime, Erdemir ranked **16th** in terms of the number of projects carried out in the R&D Center and the number of utility models received, and **39th** in the general list.

Erdemir ranks **12th** among Türkiye's largest companies according to the **Fortune 500 Türkiye** list, which covers all sectors except financial institutions and holdings.



ISO 500

Erdemir Ranks **5th**

İsdemir Ranks **6th**

Ersem Ranks **59th**

Ermaden Ranks **166th**



Capital 500

Erdemir Ranks **11th**

İsdemir Ranks **21st**

Erdemir ranked **6th** and İsdemir ranked **23rd** in the general ranking of the survey Türkiye's “**Global 100**” companies, carried out by the Platin magazine in conjunction with Ipsos. In sectoral ranking, Erdemir took **1st** place while İsdemir took the **3rd**.

Sustainability Index

Erdemir was included in the Sustainability Index for the **9th time** this year. İsdemir has also been included in the sustainability index for the last 5 years in which it has been evaluated.

Erdemir's rating grade of compliance with **Corporate Governance Principles** increased to **9.65**.

İsdemir's rating grade of compliance with **Corporate Governance Principles** also recorded as **9.65**.



Awards

Ersem won the OHS special award with its “**Crane Domain Project**” at the Common Future Award Program organized by TİSK (Confederation of Employer Associations).

Erdemir ranked **1st** in the “**Best Investor Relations Team**” category and **3rd** in the “**Best Company in Investor Relations**” category of the “2023 Europe & Emerging EMEA Equities Awards-Emerging EMEA-Large Cap (Basic Materials)” category.

Ersem ranked **1st** in the MESS Occupational Safety Stars Competition with its “**Unmanned Crane Application**” project in the Digital OHS category, and won an award with its “**Mechanical Lock Project**” in the OHS Ambassadors category.

Ersem received an award in the “**Star of Industry**” category in the “Those Who Add Value to Kocaeli, the Center of Technology and Industry” program organized under the coordination of the Ministry of Industry and Technology.

Participating in the Industrial Energy Efficiency Project Competition (SENER 2023), İsdemir won an award with its “**Reducing Steam Consumption of Turbo Blower No. 8 (Turbocompressor)**” project.

WE INTEGRATE OUR PRIORITIES AND FOCUS AREAS INTO OUR BUSINESS MODEL.

SUSTAINABILITY

- 20 Strategic Approach
- 24 Business Model
- 26 Value Chain
- 28 Materiality Analysis
- 30 Stakeholder Relations

STRATEGIC APPROACH

We map out our strategies by anticipating the challenges in an ever-changing, dynamic environment and integrate our priorities and focus areas into our business model in order to provide competitive advantage.

As OYAK Mining Metallurgy Companies, we shape our activities around the goals of developing in a way that benefits society and the environment, managing our risks correctly, reducing our carbon footprint, and integrating risks and opportunities arising from climate change into our entire business processes.

We design our value generation understanding on the basis of three basic concepts as follows:

- sustainable growth,
- responsible production,
- an approach that puts people at the center.

Sustainable Growth

As OYAK Mining Metallurgy Companies, one of the largest industrial organizations in Türkiye, we maintain our strong financial performance by implementing effective cost and capacity management. We pursue balanced growth in foreign markets as well as in the domestic market.

We reduce imports and contribute to economic growth by meeting the needs of the domestic market with the production of steel, which is one of the main raw materials of the Turkish industry.

The employment we create, our production volume, our share in the trade cycle and our exports, our contribution to the development of the domestic market and our contribution to keeping the wheels of the economy turning prove the effectiveness of our sustainable growth strategy.



Priorities

- Sustainable Profitability
- Product Quality
- Responsible Procurement and Supply Chain Management



Focus Areas

- Contribution to industry and economic growth in Türkiye as the industry leader
- Competitive cost management
- Maintaining and rising market share
- Increasing high value-added grades in product groups
- Being a reliable solution partner for customers, with zero errors
- Increasing company value
- Rising resource and investment efficiency

Responsible Production

We view responsible production as a key necessity in achieving sustainable growth. In line with this awareness, we focus on reducing our environmental impacts, particularly the impacts caused by climate change, playing a role in the transition to a green circular economy and implementing pioneering practices to achieve the best performance in the field of occupational health and safety.

We realize regular R&D investments both to improve responsible production processes and to offer the products which meet the needs of our customers. In addition, we define the digital transformation in a manner which will render our entire business more effective, more efficient and create more value, and we invest in digital technologies in our work processes.

We design, execute and invest in a large number of projects to implement environmentally friendly practices in our facilities. In line with our responsible production strategy, we strive to improve efficiency in many areas from the energy we use to the water we consume.



Priorities

- Climate Change
- Occupational Health and Safety
- Energy Management
- Waste Management
- Production Technologies with Low Emissions
- Water Management
- R&D and Innovation
- Circular Economy
- Air Emissions
- Operational Efficiency
- Biodiversity



Focus Areas

- Transparent and accountable management
- R&D focus in production processes
- Reducing environmental impacts
- Developing pioneering OHS practices
- Developing products and services in line with current trends and technologies
- Increasing operational efficiency
- End-to-end integrated solutions

People-Centered Approach

As OYAK Mining Metallurgy Companies, we act with the approach of generating value for our stakeholders. We prioritize contributions to the socio-economic development of local communities with the employment we create in the regions where we operate and the support we provide to the development of the region.

We develop projects to improve the skills and competencies of our human resources, our most valuable asset, and to increase their satisfaction. We care about the happiness of our employees as well as their health and safety. Our strategy which puts people at the heart of what we do also includes the responsibility of providing the best for our employees.

As one of Türkiye's largest direct employers with 12,487 employees, we create indirect employment for approximately 300,000 people in the regions where we operate.



Priorities

- Employee and Human Rights
- Employee Satisfaction and Talent Management
- Corporate Governance
- Ethics and Transparency
- Digitalization
- Equal Opportunity and Diversity
- Contribution to Local Development
- Community Investment Programs



Focus Areas

- Social contribution in the regions where there are operations
- Increasing employee satisfaction
- The employees who have adopted corporate priorities and values and who act together

STRATEGIC APPROACH

Our Strategic Priorities	Our Focus Areas	Relevant Indicators	The SDGs We Contribute to
Sustainable Growth	Contribution to industry and economic growth in Türkiye as the industry leader	<ul style="list-style-type: none"> EBITDA Finished Product Sales Tonnage Finished Product Production Tonnage Pig Iron Production Tonnage 	 
	Competitive cost management	<ul style="list-style-type: none"> Conversion Cost 	 
	Maintaining market share	<ul style="list-style-type: none"> Market Share 	 
	Increasing high value-added grades in product groups	<ul style="list-style-type: none"> The Share of High Value-added Grades 	 
	Being a reliable solution partner for customers, with zero errors	<ul style="list-style-type: none"> Customer Satisfaction Survey Score Claim Conclusion Time On Time Delivery Rate 	 
	Increasing company value	<ul style="list-style-type: none"> Stock Value Corporate Reputation Survey Score 	 
	Rising resource and investment efficiency	<ul style="list-style-type: none"> Investment Expenditures 	 
Responsible Production	Transparent and accountable management	<ul style="list-style-type: none"> Corporate Governance Principles Compliance Rating Score 	
	R&D focus in production processes	<ul style="list-style-type: none"> Ratio of R&D Budget to Group Sales Revenue 	
	Reducing environmental impacts	<ul style="list-style-type: none"> Specific Energy Consumption Waste Reduction Amount Waste Recovery Ratio Greenhouse Gas Emissions Water Consumption 	   

SDG: Sustainable Development Goals

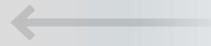
Our Strategic Priorities	Our Focus Areas	Relevant Indicators	The SDGs We Contribute to
Responsible Production	Developing pioneering OHS practices	<ul style="list-style-type: none"> Accident Frequency Rate Accident Severity Rate OHS Systematics Application Ratio OHS Training Hours Per Employee 	  
	Developing products and services in line with current trends and technologies	<ul style="list-style-type: none"> New Products Sales Tonnage Ratio of the Turnover of New Steel Grades Developed in the Last 3 Years to the Last Year's Turnover Number of Grades Developed Sales Revenue of New Grades Developed/Supported in the Last 3 Years 	
	Increasing operational efficiency	<ul style="list-style-type: none"> Total Equipment Effectiveness Asset Management Performance 	 
	End-to-end integrated solutions	<ul style="list-style-type: none"> Compliance with Digital Transformation Projects Time Schedule 	
People-Centered Approach	Social contribution in the regions where there are operations	<ul style="list-style-type: none"> Corporate Social Responsibility Projects 	 
	Increasing employee satisfaction	<ul style="list-style-type: none"> Employee Satisfaction Survey Employee Turnover Rate 	
	The employees who have adopted corporate priorities and values and who act together	<ul style="list-style-type: none"> Training Hours Per Employee Number of Suggestions Implemented Per Person 	

BUSINESS MODEL

INPUTS

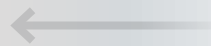
FINANCIAL CAPITAL

Net Sales Revenue	USD 6.2 billion
Consolidated Net Assets	USD 10.5 billion



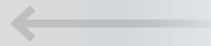
PRODUCED CAPITAL

Liquid Steel Capacity	7.3 million tons
Factories in 7 Provinces	7 Factories
Investment Expenditures	USD 977 million



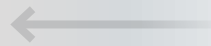
HUMAN CAPITAL

Number of Employees	12,487
Training Hours per Employee	35



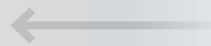
INTELLECTUAL CAPITAL

R&D Expenditures	TL 53 million 218 thousand
Management Standards	8
Number of Kaizen Initiated	1,658



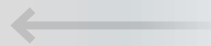
SOCIAL CAPITAL

Membership of Institutions or Associations	68
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NATURAL CAPITAL

Energy Purchased	24,906,323 Gigajoule
Energy Produced	5,558,127 Gigajoule
Surface Water	70.1 million m³
Groundwater	2.4 million m³



We demonstrate sustainable growth with our vast knowledge and integrated power, and contribute to our country's economy with our ability to create employment, our production volume, our high share in the trade cycle and our exports.

OUTPUTS

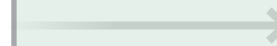
FINANCIAL CAPITAL

EBITDA	USD 643 million
Taxes Paid	USD 108 million
Export Revenues	USD 785 million



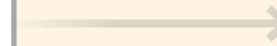
PRODUCED CAPITAL

Liquid Steel Production	7.2 million tons
Flat Product Production	6.7 million tons
Long Product Production	652,000 tons



HUMAN CAPITAL

Indirect Employment	~ 300,000
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INTELLECTUAL CAPITAL

New Product Grade	18
Number of Registered Patents and Utility Models	37
Number of Completed R&D Projects	34



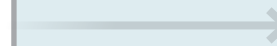
SOCIAL CAPITAL

Social Project Contribution	TL 868 million 937 thousand
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NATURAL CAPITAL

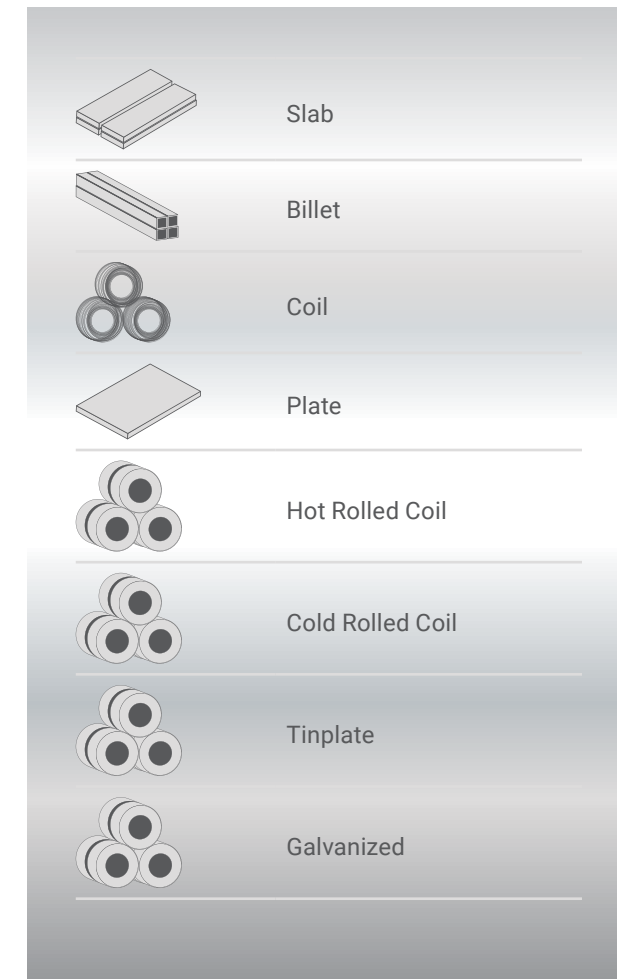
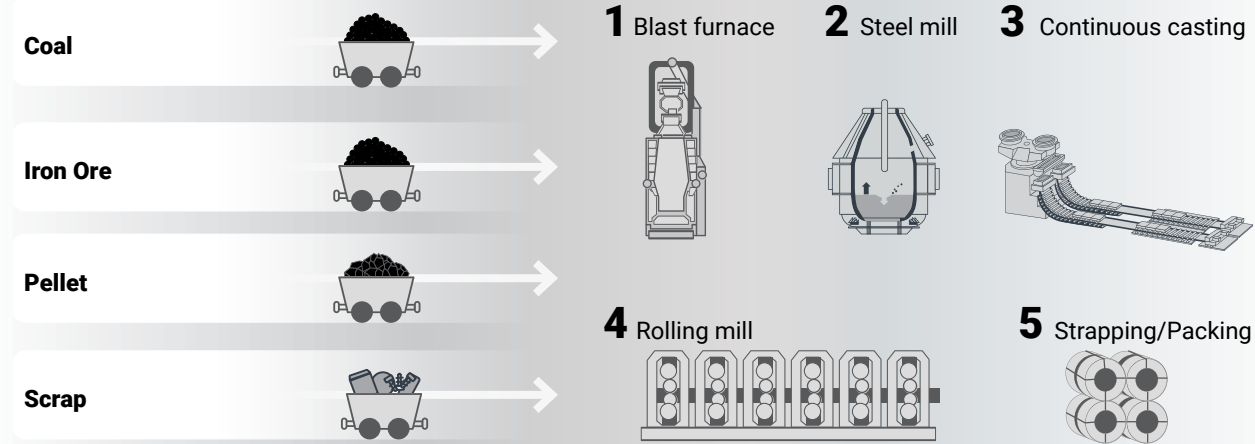
Energy Savings Achieved through Efficiency Projects	2,110,954 Gigajoule
Energy Amount Saved from Waste Heat	3,183,661 Gigajoule
Reused Water	948 million m³



VALUE CHAIN

Our Raw Materials

Integrated Production Process



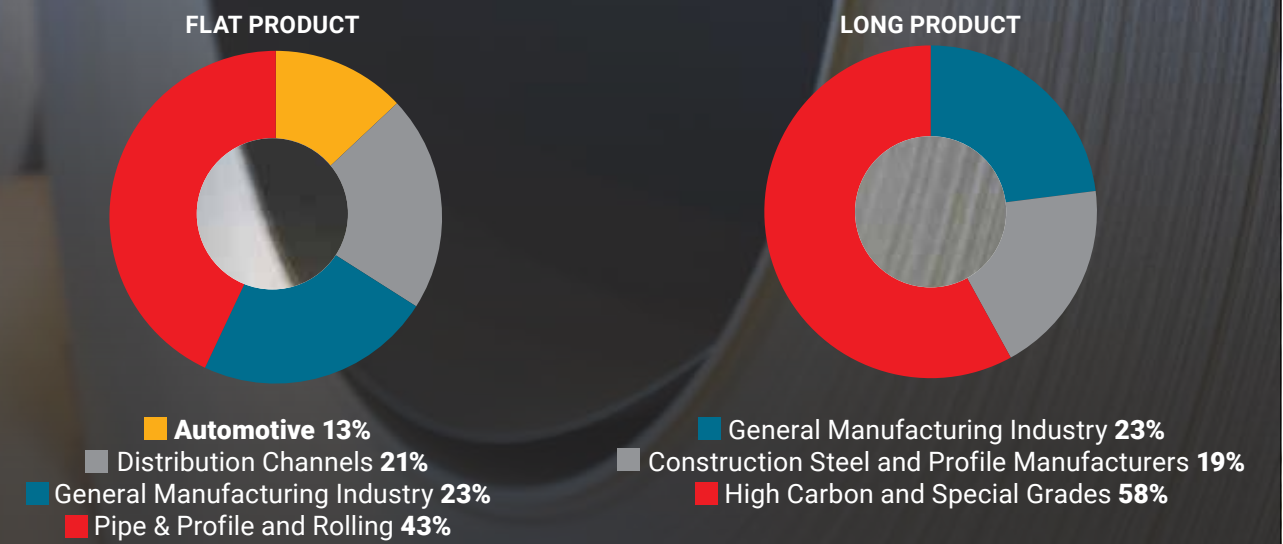
İsdemir Slab Stock Field

Steel Production Outputs

- 1 Steel (100% Convertible)**
- 2 Byproducts**
 - Slag
 - Dust
 - Process Gases
 - Cement, Highway Material
 - Sinter Blend
 - Electricity Generation
- 3 Waste**

**WE MINIMIZE
THE NEGATIVE ENVIRONMENTAL AND SOCIAL
IMPACTS ARISING FROM OUR ACTIVITIES IN
OUR VALUE CHAIN.**

MAIN SECTORS WHERE THE STEEL WE PRODUCE IS USED IN OUR COUNTRY



MATERIALITY ANALYSIS

Materiality Matrix



OYAK Mining Metallurgy Companies, which are among the components of economic development, consider it as their responsibility to create holistic support mechanisms with environmental, social and governance (ESG) dimensions.

Material issues constitute one of the most important inputs to our strategy and business model.

We use the materiality analysis as a tool to guide our strategies. We determine the material issues by taking into account the views and feedback of our stakeholders, and keep in regular contact with each stakeholder group throughout this process.

We take into consideration the global and industry risks and opportunities, strategic priorities, the financial, social and environmental impacts on our operations and value chain, and stakeholder concerns and expectations as important issues while identifying our material topics.

We benefit from the outcomes of the feedback from the senior management of our Mining Metallurgy Companies

and our strategic plan, as well as from the opinions of our Board of Directors in the determination of material issues.

As a result of the analyzes we carried out with the participation of different functions in 2023, we reviewed our material issues. This year, we announced our Net Zero Roadmap within the scope of Climate Change and Low Emission Production Technologies, which are among our “very highly material” issues.

While “very highly material” and “highly material” issues constitute the main topics we focused on in the report, we also included our other priorities in the report.

Within the scope of stakeholder analysis; we received the expectations of different stakeholder groups, including OYAK Mining Metallurgy Companies’ employees, customers, suppliers, solution partners, public institutions, analysts and investors, non-governmental organizations, media and universities, through face-to-face/online meetings.

We placed the common material issues for our Mining Metallurgy Companies and stakeholders in the materiality matrix.

Very Highly Material

Sustainable Profitability
Climate Change
Occupational Health and Safety
Energy Management
Product Quality
Waste Management
Low Emission Production Technologies

Highly Material

Responsible Procurement and Supply Chain Management
Water Management
Employee and Human Rights
R&D and Innovation
Circular Economy
Air Emissions
Employee Satisfaction and Talent Management
Corporate Governance
Ethics and Transparency
Operational Efficiency

Material

Digitalization
Equal Opportunity and Diversity
Community Investment Programs
Contribution to Local Development
Biodiversity

Importance Level	Material Issue	Relevant SDG	How We Manage the Issue	Relevant Section
Very Highly Material	Sustainable Profitability		We deem financial sustainability to be critical as we move decisively towards our long-term goals.	Financial Performance and Developments in Stocks
	Climate Change		Tackling the climate crisis is our responsibility to the planet and humanity. We manage all of our strategies and policies within the scope of this responsibility.	Environmental Performance
	Occupational Health and Safety		Aware that the health of our employees comes first, we attach importance to the OHS practices in order to ensure that our employees work in a safer ecosystem and to create an OHS culture.	Occupational Health and Safety
	Energy Management		We place priority on minimizing the consumption of energy resources and using these resources efficiently.	Environmental Performance
	Product Quality		We implement investments and improve our current processes in order to always provide safe, high-quality products and services to our customers.	Product Management, Customer’s Solution Partner, R&D and Innovation
	Waste Management		In order to overcome waste generation with a zero-waste approach, we aim to minimize waste at the source, apply recycling techniques and take necessary care to dispose of wastes in a manner which does not harm the environment.	Environmental Performance
	Low Emission Production Technologies		We plan our investments by closely following new technologies in order to minimize our greenhouse gas emissions.	Environmental Performance, R&D and Innovation

STAKEHOLDER RELATIONS

We locate the expectations and needs of our stakeholders at the center of our business processes, and we adopt the principles of transparent communication and cooperation with our stakeholders.

Stakeholders are at the heart of the business model for OYAK's Mining Metallurgy Companies. Accordingly, we believe in the importance of communicating effectively with our stakeholders in order to generate long-term value.

We define our stakeholders as individuals and organizations which are either affected by or which affect our activities, and which may also have an impact on achieving our sustainability goals.

We use various communication methods depending on our stakeholder groups in order to correctly understand the views, demands and expectations of our stakeholders.

Methods of Communication with Stakeholders

Stakeholder Group	Communication Method and Frequency	Communication Channels
Employees	<ul style="list-style-type: none"> Intranet/Continuously In-Group TV/Continuously Integrated report/Annually Website/Continuously Stakeholder analysis/Every 2 years Social media/Continuously Employee loyalty survey Internal newspaper/Monthly Face-to-face meetings/Continuously Activities for employees and their families/Annually Suggestion system/Continuously Internal announcements/Continuously 	<ul style="list-style-type: none"> 35 news posts per year on the Intranet More than 100 video shares per year on Group TV Integrated report regularly published every year Learning and development activities through the Digital HR system Evaluation of institutions/organizations which there we interact with Posts made on a weekly basis Periodic surveys Published 10 newspapers during the year Interviews as part of performance evaluations Events organized within the scope of special days and company anniversaries, social club events More than 60,000 suggestions submitted by employees Informing employees of relevant issues through internal announcements
Suppliers	<ul style="list-style-type: none"> One-to-one meetings/Continuously Tenders/When needed Integrated annual report/Annually Website/Continuously Stakeholder analysis/Every 2 years Social media/Continuously 	<ul style="list-style-type: none"> Field visits and inspections for suppliers Integrated report regularly published every year Continuity of commercial meetings with internet-based applications Analysis of suppliers with which there is an interaction Posts on a monthly basis

Stakeholder Group	Communication Method and Frequency	Communication Channels
Public Institutions	<ul style="list-style-type: none"> One-to-one meetings/when needed Integrated annual report/Annually Website/Continuously Stakeholder analysis/Every 2 years 	<ul style="list-style-type: none"> Meetings held to expand the impact of corporate social responsibility projects Integrated report regularly published every year Meeting the in-kind and cash aid requests conveyed by public institutions
Local People	<ul style="list-style-type: none"> EIA public participation meetings/When required as part of the investments Integrated annual report/Annually Website/Continuously Local press relations/Continuously Press releases/When needed Stakeholder interviews/Continuously Social media/Continuously 	<ul style="list-style-type: none"> Two EIA meetings held throughout the year Integrated report regularly published every year Informative posts on websites and social media accounts, announcement of corporate social responsibility projects Preparation of press releases in line with company based events (21 press releases served.) Social media posts released on a weekly basis
Customers	<ul style="list-style-type: none"> One-to-one meetings/Continuously Fairs/Special for fair periods Marketing activities/Continuously Post-sales communication/Continuously Regular technical meetings/Continuously Integrated annual report/Annually Seminars and conferences Website/Continuously Stakeholder analysis/Every 2 years Social media/Continuously 	<ul style="list-style-type: none"> Continuing improvement work in line with Customer Satisfaction Surveys (2023 was the year when customer complaints dropped to their lowest level in the last 10 years.) Conducting regular customer visits
Industry Organizations, Associations and NGOs	<ul style="list-style-type: none"> Collaborations/Within the scope of joint projects and working groups Memberships/Annually Participation in working groups/Within the periods determined by the working groups themselves Integrated annual report/Annually Website/Continuously Stakeholder analysis/Every 2 years Social media/Continuously 	<ul style="list-style-type: none"> Meeting NGOs under certain events in order to expand the impact of corporate social responsibility projects Meeting the in-kind and financial aid requests submitted by associations Participation in working groups at periodic intervals
Investors	<ul style="list-style-type: none"> Annual General Meeting/Annually Teleconferences/According to the demand of the investors One-to-one meetings/Continuously Integrated annual report/Annually Website/Continuously Stakeholder analysis/Every 2 years Social media/Continuously Material Event Disclosures/When Needed Interim Reports/Quarterly Investor presentations and teleconferences/Quarterly 	<ul style="list-style-type: none"> Periodic publication of information, which may affect the exercise of shareholder rights, on the corporate website Integrated report regularly published every year Realization of investor conferences and meetings throughout the year

WE FOCUS ON DIRECTING THE INDUSTRY THROUGH THE GREEN TRANSFORMATION JOURNEY.

GENERAL OVERVIEW

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- 52 Investments

THE ECONOMIC AND INDUSTRIAL ENVIRONMENT

WORLD ECONOMY

Monetary tightening policies implemented simultaneously around the world, geopolitical tensions, weak confidence environment and slowing global trade put pressure on growth.

Year 2023 was an era in which;

- The global economy returned to the averages of the last 40 years after its record growth in 2021,
- Economic growth showed a more durable performance compared to expectations at the beginning of the year,
- There is a separation between the manufacturing industry and services, and the services sector contributes more to economic growth,
- The US showed better than expected, China showed more moderate than expected, and the EU showed negative economic realizations,
- The effects of Russia's invasion of Ukraine continue,
- The impact of the war-related energy crisis on the economy continues,
- High costs affect capital investments negatively,
- Price increases lost momentum due to insufficient demand,
- The tendency to keep low stock continues,
- Commodity trade decreased and commodity exchanges weakened,
- Protectionist measures have increased in many countries and regions,
- Intense competition in market conditions for the steel industry causes a downward trend.

The global economy showed a growth performance above expectations.

The global economy, which started 2023 with a very risky outlook, demonstrated significant resilience despite regional and sectoral divergences and managed to emerge from the recession environment at the beginning of the year by showing a slow but above-expected growth performance.

Simultaneous monetary tightening around the world, geopolitical tensions, weak confidence environment and slowing global trade due to structural changes in the supply chain put pressure on growth.

Although high interest rates seem to control inflation without creating a serious financial crisis or high unemployment rates, contrary to fear, they have led to a slowdown in the performance of the global economy.

In the Global Economic Outlook Report published in January 2024, the IMF predicted that global economic growth, which was 3.5% in 2022, will slow down in 2023, with a partial slowdown due to the greater than expected resilience of the US and some major developing economies and the support in China, to be at 3.1%. The IMF also states that it estimates a similar growth of 3.1% for 2024 and a growth of 3.2% in 2025.



Entering a period of structurally low growth, China slowed down again after showing relatively strong growth in the first quarter of 2023 due to the effect of early reopening. China's economy, which grew by 5.2% for the full year, exceeded the official government target of 5.0%, but excluding the pandemic years, 2023 economic growth was the slowest annual growth rate in the country since 1990. This underlines the deepening property crisis, persistently weak consumption, increasing deflationary risks and the impact of global turmoil.

In the coming periods, the driving force in the Chinese economy is expected to be manufacturing and investments, not the real estate sector. As structural adjustments in China's growth strategy continue, it is estimated that the decline in the real estate sector will no longer derail growth, and this will be partially offset by the momentum in manufacturing and consumption.

Consumption in China, which is in the race to become the world's largest economy, has not reached the desired level despite the incentives. This situation is better understood when we look at the increasing youth unemployment rate in China, contrary the positive course of the labor markets in the US, another major economic actor.

For comparison, when evaluated in nominal terms, it is seen that the US's gross domestic product (GDP) will increase by 6.3% in 2023, not adjusted for inflation, leaving behind China's 4.6% growth. Although some of this superior performance includes price increases in the US, it is clear that in any case, the US economy has made a better exit from the pandemic period than China.

THE ECONOMIC AND INDUSTRIAL ENVIRONMENT

The European Commission estimates that the region, where economic activity is expected to recover gradually in the coming period, will see growth of 0.6% in 2023 and 1.3% in 2024.

The strongest recovery among developed economies in 2023 was experienced in the US, where GDP exceeded its pre-pandemic course. US growth continued to be stronger than expected, with consumers continuing to spend their pandemic-era savings (the personal savings rate was at its lowest in more than 60 years, except for July 2005), unemployment near historic lows, and plenty job opportunities. The growth of the US economy, which is the largest economy in the world, and which grew by 2.5% in 2023, is expected to decrease to 2.1% in 2024.

The slowdown in the economy of the European Union (EU) region in 2023 was deeper than that of the United States. This slowdown was caused by the European Central Bank (ECB)'s faster monetary tightening, even though it started later than the Fed, as well as weak foreign demand and narrowing producer margins.

The European Commission estimates that the region, where economic activity is expected to recover gradually in the coming period, will see growth of 0.6% in 2023 and 1.3% in 2024.

There was a widespread slowdown in the manufacturing sector.

Recently announced data point to a comprehensive slowdown or contraction in the manufacturing sector. Accordingly, there were declines in capital investments and international trade in goods. The weakness in the manufacturing industry stemmed from the fact that the consumption of durable goods, which was brought forward during the pandemic period, was replaced by the services sector in the post-opening period.

In addition, the monetary tightening experienced in 2023 and the end of financial supports during the pandemic period negatively affected access to liquidity and purchasing power. Consumers began to feel both inflation and the rise in loan interest rates more. This situation resulted in the normalization of service demand, which remained high in the second half of 2023.

In 2023, EU industrial production moved into the contraction zone in March due to weak demand and high energy costs. Similarly, high input and financing costs, as well as labor shortage, negatively affected construction activities, especially housing. Tightening credit standards and low demand seem likely to continue to put pressure on the construction industry until the second half of 2024.

The global manufacturing industry purchasing managers index continued to remain in the contraction zone, maintaining its course below the 50 level for 16 months as of the end of 2023. The global manufacturing industry, which had difficulty in creating sustainable growth due to insufficient demand, remained in the contraction zone for 15 months in the 2001 crisis and 14 months in the 2009 crisis. Although the global manufacturing industry made a moderate recovery in the second half of 2023, it continues to present a cautious outlook.

Rising wages, continued employment growth and a further slowdown in inflation are expected to stimulate consumption by increasing the purchasing power of households in 2024 and 2025. Energy markets appear to be at their most vulnerable, as renewed disruptions in energy supply have the potential to significantly impact the energy prices, global production and the overall price level. Economic developments in China, one of the EU's main trading partners, also pose a risk.

Tensions in the Middle East create significant uncertainty in commodity markets.

In commodity markets, which have been struggling with the impact of a series of extraordinary shocks in recent years, before the tensions in the Middle East began, OPEC + producers voluntarily withdrew oil supplies, causing energy prices to increase by 9% in the third quarter. The World Bank commodity price index, which increased by 5% during this period, is now 45% above the 2015-19 average.

The impact of tensions on commodity prices seems limited for now. As a matter of fact, the ongoing tensions do not directly affect the supply-demand balance, and the negative effects arising from logistics are overshadowed by the low global demand environment. However, the possibility that oil and other commodity prices will rise if tensions escalate poses an upside risk to the inflation outlook and raises concerns about supply security.

Estimates for growth in global goods trade have been revised downwards.

The slowdown in global trade in 2023 is seen to cover a large number of countries and a wide range of products. The World Trade Organization (WTO) made a downward revision in its forecasts for growth in global goods trade in 2023, due to the continuation of the recession that started in the fourth quarter of 2022.

According to WTO data, the contraction in global trade was 5.6% in the January-September period compared to the same period of the previous year. It is predicted that global trade volume will decrease by 4.5% in 2023, falling below USD 31 trillion, and will increase by 3.3% in 2024, along with slow but stable economic growth.

The trade slowdown is due to geopolitical tensions, interest rate hikes to fight global inflation, a low demand environment and expanding trade protectionism measures. Evaluating the risks as balanced in general, the WTO takes into account trade fragmentation and geopolitical tensions, but states that there are no strong signals of a trend away from globalization.

It seems that geopolitical developments have replaced economic concerns in the expectations for 2024.

It is expected that the global economy will maintain its resilience in 2024, but vulnerabilities that need to be managed effectively will continue to exist. It is estimated that factors such as policies that will provide a permanent solution to inflation without entering into recession, reforms to improve governance, facilitate regulations and reduce trade barriers, and global cooperation against the climate crisis will maintain their importance on the global economy.

In addition, it is anticipated that the election processes that will take place in many countries in 2024 will influence policies and shape expectations and economic data throughout the year.

In Europe, which is currently struggling in an environment close to recession, a shallow recovery is expected in 2024, with falling headline inflation and real wage growth supporting consumption in a limited way. It is estimated that the Asian region will continue to be the main growth engine in 2024, and that there will be significant differences within the region due to the slowdown in China's growth rate.

The pressure on investments caused by increasing financing costs, production difficulties, logistics costs and energy bottlenecks play a key role in commodity markets. Prices in commodity markets, where there is a supply shortage due to lack of investment, are expected to balance in 2024 and stabilize in 2025.

In the current outlook for global inflation, although there is a decline at different rates in different countries, the general trend is estimated to be downward.

Among the risk factors that stand out in 2024, when the fight against inflation through monetary policy will remain important, are the course of geopolitical tensions, regional divergence, growth gap between developed countries and developing countries, structural changes in the supply chain and trade wars. In addition, it is predicted that a much more dominant competitive environment will emerge in areas such as green energy transformation and digitalization in the coming period.

THE ECONOMIC AND INDUSTRIAL ENVIRONMENT

TURKISH ECONOMY

The Turkish economy managed to demonstrate a strong growth performance despite the slowdown in the global economy in 2023.

Gross Domestic Product (GDP) increased by 4.5% in 2023.

Türkiye, which grew by 11.4% in 2021 with the contribution of domestic and international demand conditions, showed a positive growth performance and completed the year with a growth of 5.6% in 2022, distinguishing itself positively among major economies.

In 2023, the Turkish economy was under the influence of many negative developments, such as the slowdown in the global economy and the weakening in the main export markets, as well as the major earthquake that occurred in our country in February 2023.

Although it lost some momentum due to the earthquake disaster in the first quarter of 2023, the Turkish economy recorded an economic growth performance close to its long-term average with the support of consumption expenditures and grew by 4%. In the economy that grew by 3.9% in the second quarter of 2023, consumption expenditures continued to be the locomotive of growth, and the recovery in investment expenditures was also supportive.

During this period, net exports greatly limited growth, especially due to the sharp decline in exports, and on the production side, the contraction in the industrial sector and the loss of momentum in services came to the fore. In the second half of 2023, it was observed that the contribution of consumption expenditures to growth decreased slightly due to economic policies that prioritized the fight against inflation.

Despite these developments, GDP recorded a strong increase of 6.1% in the 3rd quarter compared to the same period of the previous year, and grew by 4% in the 4th quarter, with particular support of the private and public consumption and investments.



Erdemir Steel Mill

The slowdown in global activity had a negative impact on the manufacturing sector.

Although Türkiye's manufacturing industry production compensated for the deep contraction experienced due to the earthquake in February 2023 during the period until July, the slowdown in credit growth and global activity had a negative impact on the manufacturing sector as of the second half of the year.

The manufacturing industry production index, which remained below the threshold value of 50 for 3 months during the pandemic period, remained below the threshold value for 10 months between March and December 2022. Türkiye's manufacturing industry, which had a relatively strong start to 2023, slowed down in the second half of the year. Challenging market conditions both at home and abroad led to a slowdown in new orders and a decrease in production. The manufacturing industry PMI index, which closed 2023 with 47.4, continued its course below the threshold value for 6 months.

When the realizations of indicators such as the Central Bank composite leading economic indicators index in recent months are examined, there are signs that the moderate slowdown in industrial production in Türkiye will continue until the second half of the year. While the leading manufacturing industry indices point out that the loss of strength in the growth trend in the sector has deepened in the third quarter, they suggest that much lower industrial production increases will be seen due to the high base effect of last year.

Nevertheless, the tendency of industrial producers to maintain employment is considered positive in terms of labor markets. At the same time, the fact that inflation has the potential to decline in 2024 creates optimism about the recovery of demand in the sector.

In addition, since supporting production is as critical as suppressing demand in the fight against inflation, it is expected that the secondary effects of the tightening in financial conditions will be eliminated with selective credit policies, and implementation of practices that will support both investment and production activities.

The construction sector confidence index is progressing towards a moderate increase.

The construction industry could not grow due to the exchange rate crisis in the third quarter of 2018 and the pandemic, which increased its impact in 2020 after the economic slowdown in 2019. After a short-term revival thanks to the credit incentives given, there was a contraction in the sector again as of the third quarter of 2021.

Due to the earthquake disaster that occurred in 2023, the housing need that emerged both in the earthquake region and in the provinces where people affected by the earthquake migrated indicates that the sector may grow again despite the high construction costs and housing prices, and the problem of access to credit. The construction sector confidence index, which recovered later and slower compared to the manufacturing industry due to cost and demand factors, has entered a moderate increase path, especially with the effect of new construction works in recent months.

Uncertainties on a global scale are expected to suppress economic growth in the coming period.

It is estimated that global uncertainties, weak foreign demand and ongoing geopolitical risks will suppress growth in the Turkish economy in 2024. In addition, it is thought that if the tight monetary policy implemented in our country takes longer than expected to be reflected in economic activity, it will be a difficult course for companies, households and government finances to adapt to the high interest rate environment.

It is anticipated that exchange rate and inflation risks will continue to be among the factors that will put pressure on the economy. Financing costs are expected to remain high at least in the first quarter of the year.

By ensuring macroeconomic stability in the future and implementing the right policies to increase direct foreign investments, Türkiye has the potential to become a production center that can solve global supply chain problems with the support of its strategic location.

THE ECONOMIC AND INDUSTRIAL ENVIRONMENT

THE GLOBAL STEEL INDUSTRY

The World Steel Association estimates that steel consumption has increased by 1.8% to 1,815 million tons in 2023.

The global steel consumption faced a new cycle as of 2021. Global steel consumption, which was at record levels with the effect of the delayed demand experienced in 2021 and China's rapid recovery, contracted and lost its growth momentum due to the second wave in China, the world being under inflationary pressures, the Russia-Ukraine war, and the energy crisis. Contributing the most to the saturation of steel consumption in developed countries in the last 20 years, China has entered a period of stagnation in the steel industry as of 2022. In the next period, the increase in steel consumption is expected to come mostly from developing Asia, excluding China.

There has been a sharp decline in the activities of steel-using sectors since the second half of 2022, with both investment and consumption weakening. Considering the delayed effects of tight monetary policies, the recovery in steel demand is expected to be slow in 2024, especially in developed economies.

According to the report published by the World Steel Association (worldsteel) in October, steel consumption is estimated to increase by 1.8% to 1,815 million tons in 2023. For 2024, demand is expected to increase by 1.9% with the contribution of the world excluding China. This rate remains below the historical average increase in steel demand, which is 3.2%.

China's outlook for 2024 remains uncertain, depending on policy orientations to overcome current economic difficulties. The extent to which China, whose steel consumption is generally expected to remain at a similar level to 2023 during the year, will limit its production will be decisive in terms of market trends.



Erdemir



Erdemir Port

Another uncertainty regarding the global outlook is considered to be regional conflicts and unrest in Russia-Ukraine, Israel-Palestine and elsewhere. Despite the weakening of construction activity due to high interest rates, infrastructure investments are showing a positive momentum in many regions, even in developed economies, reflecting the impact of decarbonization efforts.

High interest rates and energy costs in EU countries, which responded more strongly than expected to the energy crisis caused by the Russia-Ukraine war, dealt a heavy blow to manufacturing activities. Despite the ongoing recovery in the EU automotive sector, automotive production is not expected to reach pre-pandemic levels in 2024. In the region, where residential construction is also affected by high interest rates, material costs and labor shortage, a stable trend is observed in infrastructure investments.

It is estimated that steel consumption in EU countries, especially Germany and Italy, will decrease by 5.1% in 2023, falling to its lowest level after the pandemic. This realization marks the lowest consumption level after 2013, excluding the pandemic period.

In Germany, following the 7.8% decrease in steel demand in 2022, it is estimated that there will be a 5.1% decrease in 2023. In Germany, which is in a particularly difficult situation due to both the stagnation in production and the

housing crisis, a recovery in real demand is not expected for 2024 due to the effect of tight monetary policy. However, it is thought that a technical recovery could lead to 5.8% growth in steel demand in 2024 when the destocking cycles end.

Despite the resistance of the US economy to high interest rate increases, the impact of these increases is felt in steel-using sectors. This situation is especially affected by housing construction, which is expected to shrink in 2023 and 2024. However, the commercial construction industry is making a strong recovery thanks to redevelopment activities. Growth in the infrastructure sector is also supported by the Infrastructure Act 2022 and the Inflation Reduction Act (IRA).

In the US, after a 2.6% decrease in 2022, steel demand is expected to decrease by 1.1% in 2023 and then grow by 1.6% in 2024.

Global crude steel production in 2023 was 1,850 million tons, similar to the previous year. Global production, which exceeded its 5-year average in the first 8 months of the year with the support of high volume production in China, fell below the average trend as of September, as production in China slowed down. The weak domestic demand outlook and negative margins were influential on the decline in China.

THE ECONOMIC AND INDUSTRIAL ENVIRONMENT

Among the top 10 producing countries, the countries whose production increased were India, the USA, Russia, South Korea and Iran. Especially in India, the regular production and capacity increases in recent years have come to the fore. In non-Chinese production, especially the EU and Türkiye diverged negatively with deep production decreases.

The following are estimated among other issues that will affect the global steel industry in 2024:

- Global production capacity increases despite slowing global economic growth,
- The course of China's steel consumption patterns and production pace,
- Demand recovery in the EU,
- EU scrap regulations,
- Supply/demand balances disrupted due to geopolitical developments,
- Development of protectionist measures,
- Speed of adoption of green steel,
- Carbon border adjustment mechanisms in countries.

It is also expected that the demand for green steel in Europe and Asia will increase and even accelerate, following the commitments of governments and steel manufacturers to decarbonize the sector.

The outlook for global steel demand in 2024 is considered neutral, with steel markets being largely balanced and in a better position than in 2023. It is predicted that the construction sector will continue to be affected by high interest rates, while the manufacturing, automotive and infrastructure sectors, especially those linked to the energy transition, will be the main drivers of demand.

Protectionist measures taken in the global steel industry, especially by the USA and the EU, have gradually increased and reached the highest historical level. Protectionist measures continue to be a restrictive and affecting factor in steel trade.



Erdemir 2nd Hot Rolling Mill

THE STEEL INDUSTRY IN TÜRKİYE

There has been a gradual recovery in crude steel and flat steel production as of the second half of 2023.

Crude steel production of the Turkish steel industry started to decrease as of the second half of 2022 due to increasing energy input costs and decreasing demand. This decline deepened further in the first half of 2023 with the earthquake disaster in southern Türkiye.

There was an increase in production towards the end of the year, as the facilities in the region restarted production after the earthquake disaster, the pressure created by energy costs decreased and approximately 6 million tons of capacity came into operation. However, since the recovery could not fully cover the approximately 20% decrease in the first half of the year, Türkiye's crude steel production closed 2023 with a 4% decrease.

After a record level of production in the Turkish flat steel industry in 2021, there was a 7% decrease in 2022. In 2023, a limited increase of 1% in flat product production was seen. As of the end of the year, flat product imports were recorded as 9.5 million tons and exports as 3.5 million tons.

Flat steel demand, which started to stagnate in the second half of 2022, was observed to increase again as of the second quarter of 2023. Flat product consumption displayed a similar outlook to the record year of 2017, especially in the second half of 2023. In 2023, flat steel consumption increased by 13% compared to last year and reached a record high level of 19.5 million tons. The construction and infrastructure activities supported after the earthquake had a high impact on the increase in consumption.

The current consumption trend is expected to continue in 2024. It is estimated that the moderate recovery in manufacturing industry production, especially towards the second half of 2024, and post-earthquake reconstruction and urban transformation-related construction activities will have a supportive effect on steel consumption.

Flat steel imports continued to remain at record high levels.

Despite the record levels on the consumption side, there were losses in production, while flat product imports continued to remain at high levels. Especially in the first half of the year, very high tonnages were seen on a monthly basis due to the effect of panic import purchases related to production losses after the earthquake. Flat steel imports approached previous period averages as of the second half of the year.

Another of the most important developments in flat steel imports was the structural change in the source of imports. After 2021, when the presence of Asian manufacturers began to be felt in the Turkish market, the CIS Region, which was the traditional import supplier, was replaced by the Asian Region in 2022, following the Russia-Ukraine war.

In 2023, there were significant increases in imports, especially from China, South Korea and Japan, and these countries ranked first in flat steel imports. While the share of Asian countries in total imports was approximately 20% until 2021, this rate increased to 65% in 2023. There was a decrease of 16% in imports from the EU compared to 2022.



2nd Hot Rolling Mill

THE ECONOMIC AND INDUSTRIAL ENVIRONMENT

Turkish steel exports suffered losses due to the stagnation in global demand.

In addition to the stagnation in global demand, Turkish steel exports suffered losses in 2023 after the contraction in 2022, because of the Asian producers having cost advantages disrupted the balance in the global market with aggressive pricing.

In 2023, Türkiye exported a total of 10.3 million tons of final products, 3.5 million tons of which were flat steel. There were decreases in flat steel exports to regions outside the CIS during the year. While exports to the EU declined by 33%, exports to the MENA region diminished by 27%. The economic stagnation and low demand in the region played an important role in the decrease in exports to the EU.

A moderate recovery and an increase in demand compared to 2023 is expected, especially in the second half of 2024 in the EU, which is one of the main export markets of the Turkish flat steel industry. This possible increase also turns the expectations regarding Türkiye's flat steel exports to the region into positive ones.

While Türkiye's largest long final product market was MENA (Middle East and North Africa) in 2023, long product exports to the region decreased by 18% compared to the previous year, and were at a record low level. Long product exports to the EU decreased by 39%, falling to the lowest level after 2020. South American export tonnages, which reached record high levels in 2021-2022, decreased by 42% in 2023. Exports to the Asian region were at an average level of 1.2 million tons in 2019-2021, but decreased to 74 thousand tons by 2023.

Expectations for 2024

It is predicted that the determining factors on the global economy in 2024 will be geopolitical developments, the course of inflation and the management of the monetary tightening process, structural changes in supply chains, incentives in China and their effects.

The main factors that will designate the direction of the economic trend in 2024 are estimated as follows:

- The course of global inflation,
- Time and speed of central banks to start interest rates cut,
- Flattening of economic growth in China and structural change in the growth model,
- The ongoing separation between the economies of developed and developing countries,
- The speed of recovery of economic activity in the EU,
- Moderation of final demand and ease in the pressure on supply,
- Both supply and demand side difficulties in the housing market,
- Developments regarding energy prices,
- Changes in trade routes and changes in trade policies,
- Geopolitical factors and a busy election calendar in many countries,
- Investments, especially in developed countries, directed towards sustainable and technology-oriented sectors such as green energy and digital infrastructure,
- Effects of the climate crisis.

It is estimated that global steel demand in 2024 will be affected by issues such as increasing infrastructure investments and decarbonization efforts, measures to support domestic consumption in China, commercial construction activities, and the end of destocking cycles.

In the Turkish economy, there is a high expectation for the implementation of practices to support production, particularly in the real sector. The fact that inflation has the potential to decline in 2024 draws an optimistic picture that there may be a demand recovery in the manufacturing industry sector, especially as of the second half of 2024. Similarly, it is predicted that the relatively positive course of construction activities compared to the past will support both economic activity and steel demand.

It is expected that there will be significant increases in Turkish steel industry production in 2024, with the support of new capacities that come into operation mainly in the second half of 2023. In the coming period, apart from capacity increases, it is estimated that energy investments for green transformation and investments in input diversity will also increase.

For 2024, there are anticipations about an increase of production in the sector due to rising demand, support of domestic consumption to the investments made, and growth in the exports of the Turkish steel sector with the moderate recovery in global demand. The fact that the share of imports in steel consumption is around 50% continues to be one of the most critical issues for the Turkish steel industry.



10.3

million tons

In 2023, Türkiye exported a total of 10.3 million tons of final products, 3.5 million tons of which were flat steel.

SHARE PRICE DEVELOPMENTS

Erdemir, which is one of the largest publicly traded companies in Türkiye, reached a market value of TL 143.5 billion as of 2023 year-end. Meanwhile, İsdemir's market value recorded TL 100.3 billion as of the same period.

The Investor Relations Directorate of our Mining Metallurgy Companies ensures continuous, effective and transparent communication with all stakeholders by sharing all necessary information equally.

In this context, 2 webcasts and 98 investor meetings, where the published quarterly financial results were discussed, were held in 2023. Erdemir is currently followed by 20 analysts.

Erdemir Shares

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir) shares have been traded on the stock market with the "EREGL" ticker since the establishment of the Borsa İstanbul (BİST) in 1986. Erdemir, which is listed on the BIST 30 index, is one of the largest publicly traded companies in Türkiye with a free float of 47.16%. The majority of the shares traded on the Borsa İstanbul are held by institutional investors.

Concluding the year at a share price of TL 41.00, Erdemir reached a market value of TL 143 billion 500 million as of 2023 year-end.

2023 Share Price Performance

1 January-31 December 2023		Lowest	Highest	Average	31 December 2023
Erdemir	Share Price (TL)	29.42	49.86	39.25	41.00
	Market Value (USD million)	4,561	9,261	5,920	4,881
İsdemir	Share Price (TL)	26.28	51.90	35.84	34.60
	Market Value (USD million)	3,253	7,981	4,478	3,413

Source: Bloomberg and Matriks

İsdemir Shares

The shares in İskenderun Demir ve Çelik A.Ş. (İsdemir), a Group company, started trading on Borsa İstanbul's Pre-Market Trading Platform under the "ISDMR" ticker on 28 March 2016. Company shares have been started to be traded on the Star Market as of 19 April 2018, due to the fulfillment of the conditions specified in the BİAŞ Quotation Directive after the main shareholder Ereğli Demir ve Çelik Fabrikaları T.A.Ş. realized the sale transaction on the Borsa İstanbul and the publicly traded share ratio exceeded 5%.

Concluding the year at a share price of TL 34.60, İsdemir's market value recorded TL 100 billion 340 million as of 2023 year-end.

Ticker Symbols

Erdemir

Borsa İstanbul: EREGL

Bloomberg: EREGL TI

Reuters: EREGL.IS

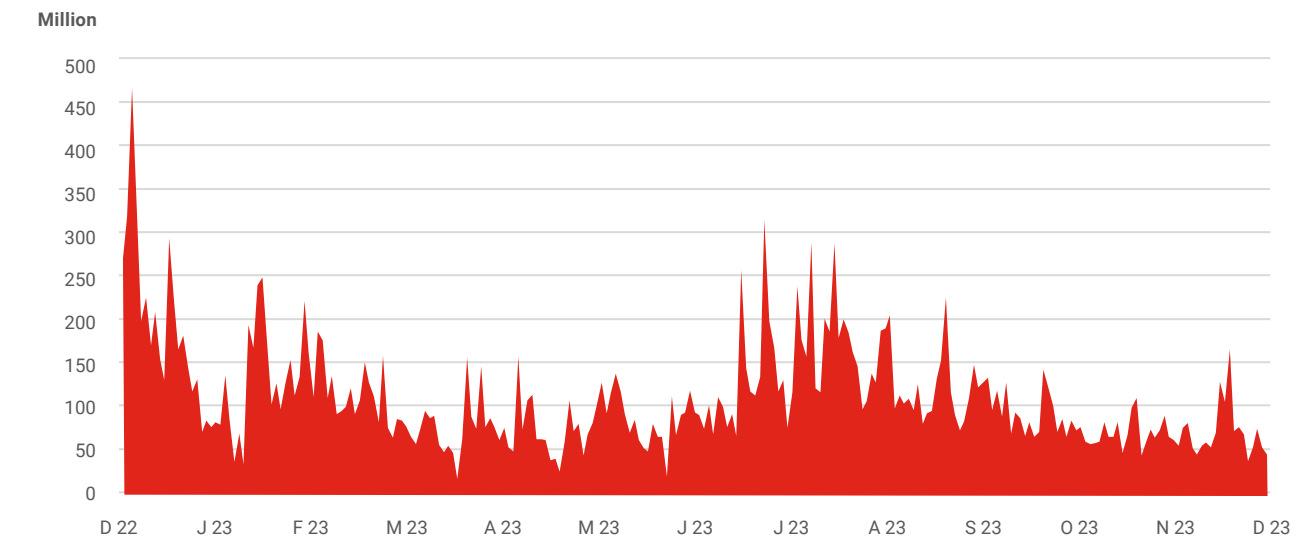
İsdemir

Borsa İstanbul: ISDMR

Bloomberg: ISDMR TI

Reuters: ISDMR.IS

Daily Transaction Volumes in 2023



Shareholding Structure

Erdemir

Shareholders	Share Amount (TL thousand)	%
ATAER Holding A.Ş.	1,724,982	49.29
Quoted in Stock Exchange	1,650,776	47.16
Shares Held by Erdemir	124,242	3.55
General Total	3,500,000	100.00

İsdemir

Shareholders	Share Amount (TL thousand)	%
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	2,751,326	94.87
Quoted in Stock Exchange	148,674	5.13
General Total	2,900,000	100.00

SHARE PRICE DEVELOPMENTS

Erdemir and İsdemir increased their corporate governance rating scores from 9.61 to 9.65 in 2023 in the Corporate Governance Principles Compliance Rating Report published in 2022.

OYAK MINING METALLURGY COMPANIES DEVELOPMENTS IN 2023

Increase in Erdemir's corporate governance rating score

In the Corporate Governance Principles Compliance Rating Report, in which compliance with Corporate Governance Principles is evaluated, Erdemir increased its corporate governance rating score from 9.61 in 2022 to 9.65 in 2023. Thanks to its success, Erdemir once again qualified for inclusion in the Corporate Governance Index. With this success, Erdemir proved once again that it is a transparent, fair, responsible and accountable institution.

İsdemir once again included in Corporate Governance Index.

İsdemir increased its corporate governance rating score to 9.65 in 2023, which stood at 9.61 in the Corporate Governance Principles Compliance Rating Report published in 2022. With this success, İsdemir once again qualified for inclusion in the Corporate Governance Index.

The Corporate Governance Principles Compliance Rating Scores of Erdemir and İsdemir were issued following the examination of 456 criteria, which were prepared by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for "BIST First Group Companies". The criteria are grouped under the main headings of shareholders, public disclosure and transparency, stakeholders and the board of directors.

The scores obtained demonstrate that the companies exhibited a high level of compliance with the Corporate Governance Principles published by the Capital Markets Board. They also show that the risks which may arise are largely identified and kept under control. Erdemir and İsdemir, which are among the BIST 1st group companies, once again qualified for inclusion in the BIST Corporate Governance Index in 2023 with their scores.



Ersem Manisa

Erdemir and İsdemir qualified for inclusion in the Sustainability Index in 2023, which includes companies traded on the Borsa İstanbul (BIST) and which demonstrate a high corporate sustainability performance.

Erdemir and İsdemir are included in the BIST Sustainability Index in 2023 as well.

Aiming to establish sustainability and generate permanent value in all their activities, Erdemir and İsdemir qualified for inclusion in the Sustainability Index in 2023, which includes companies traded on the Borsa İstanbul (BIST) and which demonstrate a high corporate sustainability performance.

Erdemir has been included in the Borsa İstanbul Sustainability Index since November 2015 as the first steel producer in the index, and İsdemir has been included in the Index since November 2019, when it was evaluated.

International Awards

As a result of an independent research survey conducted by "Institutional Investor Research", Erdemir ranked 1st in the "Best Investor Relations Team" category and 3rd in the "Best Company in Investor Relations" category of the "2023 Europe & Emerging EMEA Equities Awards-Emerging EMEA-Large Cap (Basic Materials)" category.

Share Buyback Program

Based on the "Share Buyback Program" approved at Erdemir's Ordinary General Assembly Meeting No. 79 dated 31 March 2023, and the authority given within the scope of the Board of Directors decision dated 27 April 2023, it was decided to allocate funds 1,000,000,00 (one billion Turkish Liras) for the Company to buy back its own shares. In this context 16,405,000 shares were bought back for TL 524,272 thousand as of 31 December 2023.

Debt instrument issuances

As of 12 October 2022, Erdemir issued a financial bill with a nominal value of 900,000 thousand and an issue price of 0.89188, maturing on 7 April 2023. The Company issued another financial bill for 1,100,000 thousand TL at 8 November 2022, with a simple annual interest rate of 32.50 and a maturity of 7 November 2023.

FINANCIAL PERFORMANCE

As one of the main suppliers of Turkish industry, OYAK Mining Metallurgy Companies meet the demand in the domestic market with the steel they provide to all areas of industry, while reducing dependence on imports.

On-time and effective solutions meeting customer needs

OYAK Mining Metallurgy Companies, which contribute to the growth of the Turkish economy, aim to achieve sustainable growth by maintaining the balance between capacity and cost. As Türkiye's largest steel producer, OYAK Mining Metallurgy Companies rank 48th among the world's largest steel producers.

As OYAK Mining Metallurgy Companies, we meet the needs and expectations of our customers with our high-quality products and services. We implement practices of operational excellence with the aim of rolling out efficiency to every link of our value chain in order to increase the value we create for our stakeholders.

The iron and steel industry acts as a driving force for national economies. Türkiye ranks on first places among the world's leading countries in this industry both in terms of production and consumption. In our country, which is the 8th largest steel producer and consumer in the world, steel consumption increased by 17% YoY in 2023 to reach 38.1 million tons. Türkiye's steel production remained at the same level of previous year, despite the earthquake that occurred on February 2023, and registered as 37.1 million tons.

In 2023, OYAK Mining Metallurgy Companies increased their total revenue to TL 147.9 billion, generating TL 15,240 million consolidated EBITDA, and TL 4,033 million net profit of parent company.



İsdemir Billet Casting

	Currency	2021	2022	2023
Revenue	(TL million)	68,227	127,783	147,900
	(USD million)	7,667	8,107	6,238
Operating Profit Before Financing Income (Expense)	(TL million)	24,866	23,651	13,227
	(USD million)	2,794	1,501	558
EBITDA	(TL million)	26,886	27,010	15,240
	(USD million)	3,021	1,714	643
Net Period Profit of Parent Company Inventories	(TL million)	15,527	18,005	4,033
	(USD million)	1,745	1,142	170
Current Assets	(TL million)	65,694	80,656	134,518
	(USD million)	4,929	4,314	4,570
Fixed Assets	(TL million)	60,749	94,237	175,515
	(USD million)	4,558	5,040	5,962
Total Assets	(TL million)	126,442	174,894	310,033
	(USD million)	9,486	9,353	10,532
Short Term Liabilities	(TL million)	23,477	35,909	89,292
	(USD million)	1,758	1,917	3,028
Long Term Liabilities	(TL million)	18,417	20,323	29,213
	(USD million)	1,379	1,085	991
Equity of the Parent Company	(TL million)	82,293	115,645	186,191
	(USD million)	6,176	6,187	6,328

INVESTMENTS

OYAK Mining Metallurgy Companies continue their investment activities in their facilities with a focus on lowest cost, high efficiency and innovative solutions, and constantly renew themselves according to changing market conditions.

In Erdemir and İsdemir, which continue their investments without interruption, the total number of ongoing investments in 2023 was 39. 5 of these investments were started in 2023, and 7 of them were completed in 2023.

Completed Investments

Erdemir 2nd Blast Furnace Renovation Project

Considering the reline needs of the second blast furnace, it was aimed to renew the blast furnace with minimum production loss and cost.

Erdemir Modernization of BOF Convertors Project

The sustainability of the steel production process was ensured with equipment modernizations that would eliminate erosions and deformations that would stop production.

Steel Shop Secondary Dust Collection System Capacity Improvement Project

Within the scope of the project, a new dust collection system was installed in addition to the existing secondary dust collection system. In this way, it was possible to fulfill appropriate working conditions in terms of occupational health and safety and environmental obligations.



Erdemir 2nd Blast Furnace Zübeyde

Erdemir 1st Slab Furnace Modernization Project

Furnace shell defects caused by the slab furnace were eliminated, the mandatory use of the 4th furnace due to quality problems was reduced, and the 1st furnace was used more effectively in strip production.

Erdemir Plate Rolling Mill Housing System Renewal Investment Project

Production capacity and quality were increased by ensuring production continuity in the plate rolling mill, as well as increasing the crushing power by providing a stronger housing compared to the existing housing geometry.

Erdemir 60 MW Turbo Generator Project

With the project of purchasing a new 60 MW turbo generator instead of the 2nd and 3rd turbo generator, a new generator with higher efficiency than the existing generators was put into operation. Thus, it is aimed to reduce the amount of electricity purchased by producing more electricity with the same steam input.

İsdemir Container City Investment Project

Following the major earthquake disaster that occurred in our country on 6 February 2023, the container city project, which aims for the safe settlement of employees in the İskenderun facility, was started immediately after the earthquake and was completed at the end of 2023 and the containers were delivered to the employees.



İsdemir Container City

Ongoing Investments

Erdemir 4th Coke Oven Battery Project

The aim is to ensure coke balance within Erdemir, to eliminate external coke purchases, to comply with environmental legislation and relevant regulations, and to renew By-Product Facilities that have reached the end of their economic life. Within the scope of the project, equipment manufacturing, supply and field installation works continue.

Erdemir 5th Coke Oven Battery Project

It is aimed to provide the metallurgical coke required by Erdemir blast furnaces economically and continuously. With this investment, it will be possible to eliminate emission problems caused by the 3rd coke oven battery, prevent additional costs due to external coke purchases, and eliminate risks that may occur in coke production.

Erdemir Steel Shop Charging Hall New Charging Cranes Investment Project

It is aimed to ensure the sustainability of liquid steel production by renewing the cranes that have completed their service life in the steel shop charging hall.

Erdemir Domestic Waste Water Treatment Plant Modernization Project

It is aimed to conduct domestic waste water treatment activities in Erdemir in accordance with the relevant laws and regulations.

Erdemir Structural Rehabilitation of Docks

The project aims to carry out structural improvements to comply with legal regulations at the 1st cargo and 1st unloading docks and the necessary repair work for other docks.



Erdemir 2nd Blast Furnace Opening Ceremony

Erdemir New Turbo Blower Project

It is planned to install a new Turbo Blower to ensure the safety and continuity of liquid crude iron production in blast furnaces.

Erdemir Energy Distribution System Additional Investments

It is aimed to eliminate production losses that may occur due to transformer failures and to allow the step-down central transformer loads of the Erdemir Energy Distribution System to be reduced to safer levels.

Erdemir 2nd Hot Rolling Mill Investment Projects

Improvements are planned in the engine park and control systems to ensure the sustainability and safe production of the line. The project aims to reduce unplanned downtimes, minimize material losses, improve product quality and increase customer satisfaction.

Erdemir 1st Galvanizing Line Level-1 Automation System Modernization Project

It is aimed to ensure the sustainability of the Level-1 Automation System, which currently has no technical support, by renewing it with current and efficient technologies and ensuring its sustainability in production.

Erdemir Continuous Annealing Line (CAL) Drives System and Level 2 Automation Modernization Project

Within the scope of the project, continuity in production is aimed by renewing the Level-1 Drive System, which currently has no technical support, and the Level-2 System, whose software sustainability has ended, with current and efficient technologies.

Transfer of Existing Slitting Line to the Ersem Facilities and the Warehouse Construction Project

The aim is to meet the demand for cold slitting products by selling sliced products instead of unprocessed products.

INVESTMENTS

İsdemir New 1st Blast Furnace Project

Savings in electricity purchases are aimed by converting the blast furnace gas, whose amount rises with the increase in final product volumes and liquid crude iron production, into electricity generation parallel with the expansion in the furnace volume. Field installation works continue within the scope of the project.

İsdemir Vacuum Degassing Plant Project

With the Vacuum Degassing Plant, which will enable the production of high quality clean steel with low hydrogen, low nitrogen and ultra-low carbon ratio, it is aimed to gain carbon removal capability and prevent production losses in process time and crucibles.

İsdemir 1st Blast Furnace Top Pressure Recovery Turbine (TRT) Project

It is aimed to provide additional electricity production by utilizing the pressure of the blast furnace gas to be produced in the new 1st blast furnace.

İsdemir 3rd Steam Boiler Retubing (Partial Pipe Replacement) and Burner Modification

In order to ensure that steam production is carried out economically and safely, the aim is to replace the pipes and modify the burner system in the 3rd steam boiler, which has operated for 240,000 hours since its establishment.

İsdemir Port-1 New Grab Ship Unloader Cranes Project

The aim is to ensure the continuity of port activities, the sustainability of steel production and to achieve more efficient working conditions with new cranes.

İsdemir Upgrade of Hot Rolling Mill Level 1 System Project

Software update and modernization studies are planned to ensure production continuity, as existing systems running on old operating systems and whose company support has been terminated pose a risk in terms of information security, and there are problems in the supply processes of old generation computer systems on which current software works.

İsdemir Port Capacity Increase Investment

After the investments are made within the scope of the Investment Plan, it is aimed to create the necessary additional port capacity for İsdemir cargoes.



İsdemir Vacuum Degassing Plant Project

İsdemir New 1st and 2nd Turbo Generator Project

It is aimed to increase efficiency by increasing condenser capacities and renewing turbine rotors. Savings are expected on external electricity purchases, thanks to the increase in electricity production that will be achieved through efficiency and capacity increases.

İsdemir Electricity Generation from the Steam Produced in Coke Dry Quenching Project

After the commissioning of the 3rd coke battery, it is aimed to provide additional electricity generation by reducing the pressure of the total steam obtained from the Coke Dry Quenching Facility with a Counter Pressure Turbine instead of a pressure reducing station.

New Investments

Erdemir and İsdemir Robotic Applications and Automation Projects

Within the scope of the project, it is aimed to increase automation and digital transformation rates in facilities through below mentioned works:

- Carrying out all or part of the activities currently carried out by human power in a risky working environment, through robotic equipment and automation systems,
- Increasing employee occupational health and safety by removing all or some of the employees from the risky area,
- Achieving improvement in quality and costs by replacing processes that run on operator initiative during work with robotic systems that will provide standard output.

İsdemir Sea Water Pump Station Sustainability Investment Project

It is aimed to restore the pre-earthquake operating performance and ensure the sustainability of the Sea Water System, which was submerged and disabled after the 6 February 2023 earthquake disaster, but was temporarily made operational in order to reduce production loss. Thus, it is aimed to prevent future shutdowns due to possible lack of sea water in critical production facilities that need sea water.

Repair, Renovation and Strengthening Project of İsdemir's Earthquake Damaged Port Facilities

Within the scope of the project, it is aimed to renew and repair the damaged parts of the dock structural elements, breakwaters, roads and railways in the İsdemir port area after the earthquake on 6 February 2023.



İsdemir Coke Battery

WE AIM FOR LESS EMISSIONS WITH ENERGY MANAGEMENT AND EFFICIENCY.

SUSTAINABLE GROWTH

- 58 Production and Sales
- 62 Customer's Solution Partner
- 64 Product Management
- 66 Process Development Work
- 70 Management Systems
- 74 Supply Chain Management

PRODUCTION AND SALES



PRODUCTION

Producing 7.8 million tons of crude steel in 2022, OYAK Mining Metallurgy Companies' total crude steel production amount was recorded as 7.2 million tons in 2023. Mining Metallurgy Companies realized 21% of Türkiye's crude steel production in 2023, in line with the principle of quality production with optimum cost and maximum efficiency.

The earthquake that occurred in our country on 6 February 2023 caused crude steel production in İskenderun facilities to decrease by 6% to 4,361 thousand tons, due to the suspension of production until the due diligence studies at İsdemir facilities were completed. Crude steel production in Ereğli facilities decreased by 10% compared to last year, reaching 2,818 thousand tons.

PRODUCTION (x1,000 tons)	2020	2021	2022	2023
Liquid Steel	8,709	9,203	7,968	7,332
Ereğli	3,736	3,433	3,223	2,897
İskenderun	4,973	5,770	4,745	4,435
Crude Steel	8,530	9,021	7,789	7,179
Ereğli (Slab)	3,633	3,337	3,127	2,818
İskenderun (Slab)	3,875	4,819	3,907	3,679
İskenderun (Billet)	1,022	865	755	682
Flat Finished Products	7,266	7,515	7,048	6,704
Ereğli (Tin)	247	259	252	212
Ereğli (Galvanized)	539	610	568	584
Ereğli (Cold)	988	1,038	931	855
Ereğli (Hot)	1,969	2,112	1,951	1,961
Ereğli (Plate)	369	378	361	296
İskenderun (Hot)	3,154	3,054	2,985	2,796
İskenderun (Slab-non-group)	0	64	0	0
Long Finished Products	992	857	736	652
Billet	403	275	196	219
Coil	589	582	540	
Iron and Magnesite	2,137	2,630	2,571	2,236
Pellet and Magnesite	1,524	1,895	1,910	1,692
Other	613	735	661	544

The capacity utilization ratios of OYAK Mining Metallurgy Companies were as follows:

Capacity Utilization Ratios (%)	1 January-31 December 2022	1 January-31 December 2023
Liquid Steel	83	76
Crude Steel	82	75

PRODUCTION AND SALES

SALES

Total flat product sales of OYAK Mining Metallurgy Companies in 2023 was 6.7 million tons. Domestic flat product sales remained at the same level as the previous year's sales at 5.9 million tons. Long product sales, which decreased by 15%, were recorded as 649 thousand tons, while domestic long product sales decreased by 14% compared to the previous year, reaching 600 thousand tons.

As of the end of 2023, the final product export amount at OYAK Mining Metallurgy Companies was 802 thousand tons in total, including 753 thousand tons of flat products and 49 thousand tons of long products. This amount constitutes 11% of total sales. The number of countries exported to was 33 for flat products and 9 for long products.

SALES (x1,000 tons)	2020	2021	2022	2023
Flat Finished Products	7,489	7,400	7,005	6,684
Ereğli (Tin)	260	267	242	226
Ereğli (Galvanized)	312	242	263	259
Ereğli (Cold)	756	799	757	694
Ereğli (Hot)	1,710	1,700	1,508	1,553
Ereğli (Plate)	341	357	335	273
İskenderun (Hot)	3,152	2,930	2,836	2,715
İskenderun (Slab-non-group)	0	64	0	0
Ersem (Galvanized)	281	325	309	320
Ersem (Cold)	343	312	265	229
Ersem (Hot)	334	404	490	415
Long Finished Products	1,006	846	764	649
Billet	412	258	216	212
Coil	594	588	548	437
Iron and Magnesite	2,031	2,364	2,293	2,375
Pellet and Magnesite	1,507	1,711	1,770	1,596
Other	524	653	523	779

OYAK Mining Metallurgy Companies' domestic flat product sales in 2023 were recorded as 5.9 million tons and long product sales as 649 thousand tons. The final product export amount was 802 thousand tons in total, including 753 thousand tons of flat products and 49 thousand tons of long products.

Ermaden Bingöl Avnik Field

CUSTOMER'S SOLUTION PARTNER

We consider customer satisfaction as the focal point in all our activities and continue to diversify our product portfolio in light of the current needs and expectations of our customers.



Our Relevant Priorities

- Product Quality
- Responsible Procurement and Supply Chain Management
- R&D and Innovation
- Operational Efficiency

Just-in-time and effective solutions to customer needs

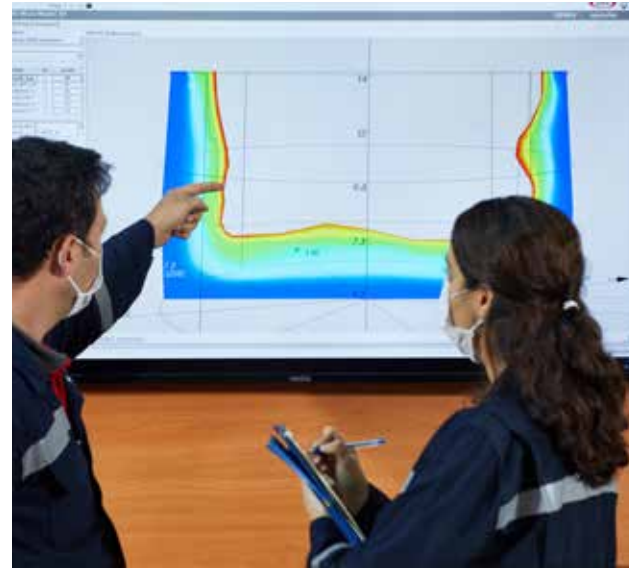
As OYAK Mining Metallurgy Companies, we focus on achieving lasting success with the differences we create in the Turkish industry, and we reflect our quality as a solution partner that provides a wide range of effective services to customers in all our activities.

With our proactive approach to providing timely and effective solutions to our customers' requirements, we increase our product and service quality every year and aim to create high customer satisfaction and competitive advantage.

We invest in operational excellence to increase efficiency in our entire value chain and provide quality-price advantage in our products.

We take care of the satisfaction of our customers, who constitute one of our main stakeholder groups, under all circumstances, and we develop long-term and sustainable business relationships with our customers.

In 2023, we added 87 new customers to our portfolio and our total number of customers reached to 1,110. Our largest customer groups in terms of sales are our rolling, pipe profile, distribution channels and our export customers.



Customer satisfaction monitored with regular surveys

We continue to be a solution partner for all kinds of needs with our customer-oriented approach.

By providing technical support to our customers, we become their solution partner thanks to our experience in technical support issues such as selection of steel suitable for customer processes, welding, sheet metal forming and cutting processes. We monitor our customers' satisfaction with our products and services through regular customer satisfaction surveys. In the last survey conducted in this context, the customer satisfaction score, which was evaluated between -65 and +135 points, was at a strong level with +85 points.

Customer Technical Services: The Key to Reliable Solutions and Satisfaction

As Erdemir, we act with the vision of keeping customer satisfaction at the highest level. In this context, our Customer Technical Services department plays a key role in our Company's customer relations. Our Customer Technical Services team aims to support our customers not only after product sales, but also during the use of the products. This department offers tailor-made solutions for the needs of Erdemir and İsdemir customers in significant product groups, and carefully evaluates customer feedback, solves problems and constantly works for improvements.

Our Customer Technical Services team instantly monitors complaints and requests received through online portals and thus takes rapid actions to ensure customer satisfaction. In addition, it collects direct feedback by regularly visiting customer sites and uses this information to improve product and service quality.

2023 was a year in which the lowest complaint rates of the last 10 years were achieved for both of our factories. This success is a result of our Customer Technical Services department's effective cooperation with the Business and Quality teams of our factories and our strategy focused on customer satisfaction.

This department not only provides solutions to technical problems, but also strives to understand and meet our customers' expectations by creating a strong communication network with them. Customer Technical Services department plays a critical role in keeping customer satisfaction at the highest level and establishing long-term business relationships, in line with our Company's mission.

Customer Feedback Process

The feedback we receive from our customers constitutes the foundation of our customer technical service processes, and form the basis of our new product development and strategic investment planning.

→ Obtaining Feedback

The feedback received through the customer visits conducted by the sales and product teams, and the erdemironline system is examined meticulously.

→ Preliminary Assessment

A preliminary assessment is conducted within one day of customer feedback being received.

→ Technical Review

On-site technical investigations and laboratory examinations are carried out depending on the nature of the feedback.

→ Resolution and Commercial Settlement

Depending on the result of the examinations, actions are taken and resolved. Commercial settlements are then carried out entirely online through the erdemironline system.

PRODUCT MANAGEMENT

With the effective cost management practices we implemented in 2023, we achieved successful results in terms of improving our carbon footprint as well as creating a competitive advantage.



Our Relevant Priorities

- Product Quality
- Low Emission Production Technologies
- Circular Economy
- R&D and Innovation
- Operational Efficiency

Productivity increase achieved as a result of quality improvement and development studies

In 2023, we introduced 20 new product qualities to our customers, mostly for automotive OEM companies. The sales amount of the products we developed in the last three years was 842 thousand tons. Our value-added product sales reached 28.8% of final product sales.

In addition to creating a competitive advantage for our Mining Metallurgy Companies with our effective cost management practices, we have also achieved successful results in terms of improving the carbon footprint. With our quality improvement and development efforts this year, we increased our efficiency in production and achieved a cost reduction of 4 million 750 thousand USD/year. Thanks to the qualities and products we have developed, we have created a new potential of 550 tons/year.

Product catalog that becomes online with digital transformation

In an age shaped by the power of technology, we care about establishing closer, more connected and more effective communication with our customers. For this purpose, we have transformed our product catalog, of which we are proud, into a digital format in order to meet the challenging demands of the steel industry.

With the Digital Catalog, we offer our customers the opportunity to quickly access and compare flat and long products of Erdemir and Isdemir, and to choose the right steel quality with online comparison tools. In this way, we also aim to increase the effectiveness of the sales team.



The Digital Catalog application, which we developed within the OMM Information Technologies Directorate using up-to-date software technologies and architectural infrastructure, was put into use as the product of a fifteen-month intensive work including data analysis, design, software and testing processes.

We digitalized our business processes and protected our corporate memory by ensuring data updates were made digitally with the Admin Panel application we developed together with the Digital Catalog.

With the analytics product positioned in our infrastructure, user interactions can be monitored, and user preferences can be analyzed. Analysis reports were created using cloud technology. We plan to appeal to a wider user base by offering multi-platform support for iOS and Android platforms with our mobile application, which we will launch in the near future.

Digital Catalog



PROCESS DEVELOPMENT WORK

We implement operational excellence projects aimed at lower cost production, extending equipment life, energy saving, raw material usage optimization and improving product quality.



Our Relevant Priorities

- Climate Change
- Product Quality
- Low Emission Production Technologies
- R&D and Innovation
- Operational Efficiency

Operational Excellence

We ensure progress in the fields of energy efficiency, climate change, occupational health and safety, digitalization and operational activities through the operational excellence (OPEX) projects we carry out.

The driving force behind the design and implementation of these projects is the participation and contributions of our employees. The experience of our employees and the innovative ideas they produce turns into value with OPEX Projects implemented using kaizens, improvement suggestions, statistical analyzes and experimental designs.

In 2023, we continued the OPEX Projects, which we developed with the goals of lower cost production, extending equipment life, energy saving, raw material usage optimization and improving product quality. We expect to obtain a return of approximately 770 thousand USD/year in Erdemir and 0.6 million USD/year in İsdemir from the OPEX projects completed during the year.

During 2023, 10,016 suggestions were given at Erdemir, 7,475 suggestions were implemented, and a return of USD 989,746 was achieved from 265 suggestions whose returns were calculated in suggestion systems. While 1,506 kaizens were established in Erdemir, 1,393 kaizens were completed and a return of USD 2.9 million was obtained.

At İsdemir, 9,695 suggestions were given in 2023 and 6,065 recommendations were implemented. A return of USD 0.2 million was achieved from 36 suggestions

received by İsdemir Suggestion Systems and whose returns were calculated. 324 kaizens were established in İsdemir, and the return of 216 kaizens completed was USD 3.3 million.

We moved the training activities carried out in Erdemir and İsdemir to increase the effectiveness and prevalence of continuous improvement studies and some of the training provided within the scope of OPEX to the digital environment.

The names of trainings prepared entirely from internal resources at İsdemir in 2023, and the number of people completed these trainings in digital environment are given below:

- OYAK Digital HR Suggestion System Basic Training, 297 people
- OYAK Digital HR Kaizen Basic Training, 283 people
- OYAK Digital HR OPEX Projects Information Training, 14 people
- OYAK Digital HR SMED Information Training, 859 people

In-class trainings continued at İsdemir in 2023. The following trainings were given face to face in a classroom environment: Kaizen Level-1 and Kaizen Level-2 Specialization Trainings to a total of 24 people; Minitab Supported Statistical Data Analysis Training to 12 people; Measurement Systems Analysis Training to 12 people; Experimental Design Training to 10 people.

The names of trainings prepared entirely from internal resources at Erdemir in 2023, and the number of people completed these trainings carried out face to face are given below:

- Statistical Data Analysis Training, 15 people
- Experimental Design Training, 8 people
- Measurement System Analysis Training, 8 people

The number of people who completed the training for new employees was 44 in the OYAK Digital HR ERÖS-How to Give Suggestions training, and 49 in the OYAK Digital HR How to Give Kaizen training.

OPEX PROJECTS

Erdemir

The OPEX Project to Prevent Contractions at the First 100 Meter in the IF Quality Group

Within the scope of the project, which aims to reduce the amount of scrap and increase material efficiency in IF grades, the parameters that cause shrinkage in IF grades at the first 100 meter were modeled. According to 2023 data, the expected potential return as a result of the project was 45,806 USD/year. The project also contributed to the carbon footprint.

The OPEX Project to Increase the Castability and Immersion Nozzle Life of 7112 and 6224 Grades in Continuous Casting Facilities

With the improvement work carried out in the light of literature research, it was aimed to prevent inclusions that cause clogging in the nozzles by adding Ca. With the project, the problem of dipping nozzle clogging in 7112K and 6224K grades and thus affecting production continuity was resolved. As a result of the studies, the expected annual return was 232,146 USD/year.

İsdemir

The OPEX Project to Obtain the Air Needed by Blast Furnace No. 4 in Turbo Blowers No. 7 and 8 with a Lower Amount of Steam

As a result of the field application of the regression model obtained within the scope of the project, the amount of steam spent to produce the same amount of air decreased by an average of 1.2 tons/h, without requiring additional investment. Accordingly, an annual return of USD 0.3 million was achieved.

The OPEX Project to Increase Customer Satisfaction by Reducing Vertical Inner Crack Defect

With the project, all process, chemical analyzes and machine parameters affecting the defect were analyzed using the binary logistic regression analysis method and a trial procedure was created, and customer satisfaction was achieved by reducing the cost of poor quality due to vertical inner crack defect. The project generated a return of USD 36,984.



Continuous Casting

PROCESS DEVELOPMENT WORK



KAİZEN

Erdemir

Steam loss during condensate discharge in the caustic dilution water heating exchanger of the Demineralize-2 facility of the Energy Production and Distribution Directorate was prevented. In demineralization facilities, raw water is subjected to sand filters, cation separation, anion separation, oxygen and carbon dioxide removal processes, respectively, to obtain pure water with low hardness and conductivity. Thus, sediment, organic substances, dissolved salts and gases in the raw water are removed.

Since Demineralize-2 is a resin-based facility, cation and anion resins are used to retain positively and negatively charged ions. Since the resins in question lose their adhesion after a certain period of use, they are subjected to a washing process with diluted caustic and acid, called regeneration, thus removing the positive and negative charges accumulated on the resin.

Steam loss during condensate discharge in the caustic dilution water heating exchanger of the Demineralize-2 facility of the Energy Production and Distribution Directorate was prevented.

In the regeneration process, water brought to a certain temperature is used to dilute the caustic and acid for an efficient washing process, and the washing water in question is heated with steam through a heat exchanger. During the regeneration process, while the dilution water is heated, intense steam condensation occurs in the exchanger and this condensate water is tried to be discharged through a steam trap. However, since the trap cannot respond to condensation, it negatively affects the efficiency of the heating process. In order to ensure efficiency, the by-pass valve on the line is opened at regular intervals and condensate water, which has lost its thermal value, is removed from the heat exchanger. However, after the dilution water reaches the desired temperature value, steam discharge begins from the by-pass valve in the open position, thus creating unnecessary steam loss.

In order to prevent this steam loss observed during the regeneration process, a condensate collection bucket was designed and manufactured on the drainage line to install a thermostat valve instead of the manually opened and closed condensate bypass valve. The temperature measurement apparatus of the thermostat valve was mounted on this manufactured chamber. Afterwards, the valve set was adjusted for the on-off operation of the thermostat valve according to the temperature in the bucket.

After all the work done, the thermostat condensate discharge valve was ensured to close itself when the dilution water reaches the desired temperature. Thus, continued vapor drainage was prevented when the dilution water reached the desired temperature.

İsdemir

Within the scope of kaizen no. 230057 on “Reducing the Annual Energy Consumption of the Hot Rolling Mill Descale System”, an additional 10 m³ air accumulator was added to the system and the sudden flow need was met from this accumulator. Thus, by using 3 pumps instead of 4 pumps in the descale line, electricity consumption was reduced and a return of USD 0.85 million was achieved.



MANAGEMENT SYSTEMS

We manage all of our business processes in compliance with our strategies, national and international laws and regulations, and the needs and expectations of our stakeholders.

“The Total Quality Management Culture” and our customer-oriented approach

As OYAK Mining Metallurgy Companies, within our Total Quality Management approach, which also includes a focus on customers, we rely on the experience and knowledge of our employees, and we design new and contemporary systems which aim for success with optimum resource use, and carry out continuous improvement works.

Our companies adopt the PDCA (Plan-Do-Check-Act) cycle as the basic philosophy for the implementation of their management systems.

Within the scope of our efforts to prioritize digitalization, we prepared approximately 22,400 documents aimed at the effective execution and continuity of the management systems. We completed all checks of the documents at our companies and published them in the IDMS Document Management Module. We reviewed these documents, which are in a digital media format, in 2023 as in every year, and realized the necessary revisions.

In 2023, we switched to a new document management software in order to increase the effectiveness and sustainability of management systems. Within the scope of the transition works, we carried out 1,900 man*hours of work together with the contractor company.

With the new software, not only monthly-paid but also hourly-paid employees can access the system through their own user accounts. In addition, the process management approach started to be managed with the module. Video trainings prepared for the modules were announced and made available to all users.

At our Mining Metallurgy Companies, we conducted risk analysis studies by evaluating the sustainability of management systems practices. Within the context of internal audits, which are conducted at least once a year in order to evaluate the effectiveness and efficiency of management systems at Erdemir and İsdemir, on-site audit methods were applied in 2023, as well.

Internal Audits

	Number of Departments Audited	Number of Processes Audited	Identified Positive Observations	Opportunities for Improvement Made	Areas Identified as Requiring Improvement	Number of Auditors Involved
Erdemir	48	34	687	418	116	255
İsdemir	38	29	1,063	345	99	118

At our companies, we followed up actions to improve the findings which were identified in internal audits, through the BBYS CPAR (Corrective/Preventive Action Request) Module. Within the scope of the auditor rewarding system, we rewarded 39 internal auditors, who had worked for 5 years or more, and 30 internal auditors, who had worked for 10 years or more.

Apart from internal audits, 55 corrective actions were taken at Erdemir and 43 at İsdemir. The developments regarding the actions taken for corrective actions were monitored on a monthly basis and reported to the relevant parties.

Within the scope of management systems, we hold the Management Review Meeting on March and September, in order to transform it into more effective, efficient and value-creating process.

In the meeting held in March, we evaluated the 2022 performance of the management systems together with the specialized units. In the meeting held in September, we evaluated all the developments and realizations in the management systems in 2023.

As a result of these meetings, 12 decisions were taken at Erdemir and 4 at İsdemir. The activities carried out for the implementation of these decisions were followed up on a quarterly basis.

In order to increase the effectiveness of our management systems and ensure their continuous improvement, we provided the training activities specified in the table below in 2023 through in-class, virtual classroom application, Digital HR and remote connection (Zoom, Skype, etc.) methods.



İsdemir Hot Rolling Mill

MANAGEMENT SYSTEMS

Trainings	Name of the Training	Number of Participants
Internal Source	GYS Internal Auditor Information Refreshment Training (Zoom)	17
	ISO 17025 Laboratory Management System Internal Auditor Information Refreshment Training (Zoom)	13
	Integrated Internal Auditor Information Refreshment Training	106
	ISO 9001 and IATF 16949 Internal Auditor Information Refreshment Training	57
	Manufacturing Process Audit-Auditor Information Refreshment	27
	ISO 27001 BGYS Internal Auditor Information Refreshment Training	43
	Energy Management System Awareness Training	326
	Information Security Management System Awareness Training	326
	Quality Management System Awareness Training	326
	Environmental Management System Awareness Training	326
	Occupational Health and Safety Management System Awareness Training	326
	Automotive Quality Management System Awareness Training	326
	Internal Auditor Information Training	143
	IATF 16949 Special Characteristics Training	150
	CQI-9 (4 th Issue) Heat Treatment Process 1/2. Party Internal Auditor Training	20
	CQI-11 Coating System Evaluation Training	23
	ISO 9001 Quality Management System Basic Training	84
	ISO 9001 Quality Management System Basic and Internal Auditor Training	17
	ISO 45001 Occupational Health and Safety Management System Basic Training	118
External Source	ISO 14001 Environmental Management System Basic Training	128
	ISO 50001 EYS Management System Basic Training	121
	ISO 17025 Laboratory Management System Basic and Internal Auditor Training	21
	Design FMEA Training	47
	Process FMEA Training	87
	APQP/PPAP Training	22
	VDA 6.3 Process Audit Training	52
	Security Management System Internal Audit Training	14

A process meeting agenda was created in order to hold process meetings more effectively and efficiently at Erdemir and İsdemir. A total of 196 process meetings were held in 2023, 45 in Erdemir and 38 in İsdemir.

Erdemir and İsdemir successfully completed the external audits carried out by certification bodies in 2023 within the scope of their management systems.

The practices and documented management systems that contribute to our priorities of energy efficiency, occupational health and safety, sustainability and digitalization in our OYAK Mining Metallurgy Companies are listed below.

Management Standard	Erdemir	İsdemir	Ersem	Erdemir Romania	Erdemir Maden
ISO 9001:2015 Quality Management System	√	√	√	√	-
ISO 14001:2015 Environmental Management System	√	√	√	√	-
ISO 45001:2018 Occupational Health and Safety Management System	√	√	√	√	√
IATF 16949: 2016 Quality Management System for Automotive Industry	√	√	√	-	-
ISO 50001 Energy Management System	√	√	-	√	-
ISO 17025:2017 Testing and Calibration Laboratory Accreditation Certificate	√	-	-	-	-
ISO 17025:2017 Test Laboratory Approval Certificate	-	√	-	-	-
ISO 27001:2017 Information Security Management System	√	√	√	-	-

SUPPLY CHAIN MANAGEMENT

In 2023, it was observed that the high inflation environment that occurred worldwide after the pandemic and which affected our country more than the developed economies of the world, has continued. Due to the Russia-Ukraine war and lockdowns in China, the activities of steel-using sectors decreased in the last quarter of 2022. A positive start was made to 2023 with the expectations that the current situation would not last long and demand would normalize in China. However, the continuation of the war, the failure to see the expected revival in the Chinese economy, and unemployment becoming a major problem led to a worse-than-expected contraction in steel demand. Despite positive factors such as Europe’s resilience in the face of the energy crisis and the easing of supply chain bottlenecks, the recovery of steel demand in 2023 was seen to remain limited.

Producing half of the world’s steel, China was trying throughout 2023 to revitalize the steel industry with state support on the one hand, and to control air pollution with capacity adjustments on the other. For most of the year, the country continued to produce steel at a loss. It is expected that 2024 will be more positive for the steel industry with the revival of the construction sector.

The developed economies experienced a serious contraction in steel demand in 2022 due to monetary tightening and high energy costs. It is evaluated that the recovery expected for 2023 is postponed to 2024. The EU steel industry continued to feel the impact of the war throughout the year. In 2024, it is anticipated that there will be a significant recovery in steel demand as the impact of the war and supply chain disruptions are expected to disappear. The US economy started to recover after the epidemic, with the Fed’s sharp interest rate hikes to combat inflation. However, increasing interest rates created negative pressure, especially on the construction sector.

Showing a remarkable development in the global steel industry in 2022, India strengthened its economy by managing inflation well in 2023. It was observed that the country achieved healthy growth in 2023, especially with the investments made in the infrastructure, construction, energy and automotive sectors. It is estimated that India’s influence on the steel industry will continue to increase in the coming years.

Within the scope of supply chain management, which is critical for all our operations, we support the supplier companies we work with to raise their standards in line with the principles we have determined.



In Egypt, the leading country in the steel industry in the MENA region, demand was observed to shrink in 2023 because of the high inflation and exchange rate depreciation causing the postponement of large-scale projects.

In our country, the construction sector has been in a process of contraction since 2018. Despite the restructuring efforts in regions with high base effect and earthquake risk, the expected growth in the sector did not materialize in 2023. It seems that expectations were not met in the automotive industry due to the negative impact of chip supply problems that continued to manifest themselves in the first half of the year.

Effective management of procurement processes

In the steel industry, it is vital to procure the raw materials, auxiliary raw materials and other consumables (operation, spare parts, manufacturing, consumables) required for production on time and at the desired quality.

Purchasing units at OYAK Mining Metallurgy Companies, Türkiye's largest steel producer, make comprehensive plans to have the necessary product groups available at appropriate time intervals. Procurement of alternative products and services is also meticulously monitored during purchasing processes, which are managed by taking into consideration factors such as cost, quality and time.

In our Companies that make purchases in various categories, the main supply categories are raw material purchase, material purchase, service procurement, logistics and projected works.

Disruptions that may occur in the supply chain as a result of external dependence affect the continuity of production operations and input costs. In this regard, we are making capacity increase investments that will ensure the sustainability of our production facilities in order to reduce foreign dependency and increase the use of local resources in raw materials.

We are developing new projects in the field of operational excellence to spread quality and efficiency in production to every link of our value chain. In line with the principles that we have determined within the scope of supply chain management, we support the companies we work with in raising their standards.

As OYAK Mining Metallurgy, we quickly adapted to the fluctuating market conditions in 2023 and created alternative sources for our strategic inputs. We targeted optimum cost and stock levels in coordination with our sales and production units. We planned our purchasing activities to react proactively to different situations that may occur in global markets. We created our purchasing strategies within the framework of these plans and executed them in accordance with the main strategies of our Companies.

We worked together with our production units to diversify our inputs, taking into account quality, efficiency and cost factors. Thus, we created alternatives in terms of both resources and input. We closely monitored not only market conditions but also technological developments, and continued our digitalization efforts with determination.

The last few years, during which extreme events such as pandemics, supply chain disruptions, war and natural disasters took place, resulted in a very intense learning, adaptation and action taking experience for our employees. In this way, we made the necessary improvements in our business processes and improved our ability to make quick decisions and implement them with a much more flexible perspective. We continued to support our employees with training and information programs. Accordingly, we provided the necessary ground for them to transform the experiences they gained in the field into a sustainable feature from an academic perspective.

We observed all stages from material production processes to quality control systems during supplier visits based on the importance of the types of materials we purchased.

SUPPLY CHAIN MANAGEMENT

In our companies, we implement an application process in which suppliers can submit bids for purchases above certain limits.

Supplier application and repertory management processes

Within the framework of our supply chain management approach, we classify suppliers by examining their positions in the market. We evaluate supplier companies in line with the criteria we have determined. These criteria include;

- Whether they have an Environment, OHS and Energy Management System,
- Their human rights policies and practices in this regard,
- Dangerous goods transportation,
- Works on environment and energy efficiency,
- Their capacities and references,
- Their sustainability strategies and whether they make investments in this regard..

In our companies, we implement an application process in which suppliers can submit bids for purchases above certain limits. Details of this process are published on the e-procurement platform until the bidding period matures.

Companies that intend to make an offer, log in to the supplier application section on the platform in question and fill in the necessary information according to the type of purchase. During the bidding process, suppliers with offering and purchasing status are expected to comply with the ethical values published on the website.

Companies that meet the criteria are registered in the supplier repertory following the necessary approvals. Supplier application and repertory management processes are subject to periodic improvement and development.



Efforts to expand the supplier portfolio

The goals we set within the scope of supply chain management include the following:

- Ensuring supply security in terms of delivery, quality and price through long-term contracts with main suppliers,
- Identifying existing dependencies in the supply process on a product or supplier basis, and to determine alternative products and suppliers to reduce dependency,
- Supporting the development of suppliers through supplier visits.

At OYAK Mining Metallurgy Companies, we are carrying out new supplier search and finding efforts to ensure supply security. For this purpose, we identify potential suppliers by participating in sectoral conferences, fairs and events, and we assign the ones we find successful during the trial process to supplier status.

Supplier risk analysis and performance evaluation

We prepare action plans that include risk analyzes to manage our supply chain in a sustainable manner. These analyzes are carried out by making impact and probability assessments based on whether the supplier is an only company, its legal status, ethical principles, financial situation, geopolitical location and corporate governance criteria. We request suppliers with low scores to implement corrective actions in areas open to improvement within a specified period of time.

In addition, we evaluate the performance of companies that supply items in the list of materials, equipment and services that directly affect quality. Supplier evaluation score consists of price, quality, delivery and service criteria. While we continue to work with class A suppliers, we warn class B suppliers and ask them to take precautions, and we make improvement plans with class C suppliers. We end working with Class D suppliers by removing them from the list.

Future collaborations with suppliers

We believe that the biggest goal in the steel industry in the medium and long term will be to create a more environmentally friendly structure. In order to achieve this goal, we are aware of the need to make changes in the quality of the raw materials used and to support traditional steel production methods by new technologies.

In this context, we have established collaborations with our suppliers to develop raw materials and methods that comply with this requirement. Thus, we transformed bilateral relations into strategic relations beyond pure trade.



Erdemir Galvanized Product Stock Field

RESPONSIBLE PRODUCTION

- 80 Occupational Health and Safety
- 86 Environmental Performance
- 102 R&D and Innovation
- 104 Digital Transformation and Technology

WE PRODUCE WITH A CIRCULAR ECONOMY FOCUS AND AWARENESS OF OUR RESPONSIBILITIES.

OCCUPATIONAL HEALTH AND SAFETY (OHS)



Our Relevant Priorities

- Climate Change
- Occupational Health and Safety
- Employee and Human Rights
- Employee Satisfaction and Talent Management
- Operational Efficiency

"Accident-Free Steel" target in activities

The companies within the sector in which our OYAK Mining Metallurgy Companies operate, are in the very dangerous class according to the "Communiqué on Workplace Hazard Classes on Occupational Health and Safety".

We describe our employees as our most important asset, and position occupational health and safety at the center of our responsible production approach, which also includes process safety.

By adopting the approach that all accidents are preventable, we carry out our activities with targeting "Accident-Free Steel". While we work to reduce accident frequency and accident severity rates to zero and to extend a behavior-oriented safety culture, we also manage OHS risks by using the latest technologies and approaches. We aim to keep work places and processes safe, to prevent work accidents and work-related diseases, and to protect employee health and the environment with the aid of the practices we have implemented in the field of OHS.

We describe our employees as our most important asset, and position occupational health and safety at the center of our responsible production approach, which also includes process safety.

With OHS systems, we identify areas that are open to improvement in terms of occupational health and safety and process safety, and eliminate unsafe conditions and behaviors by dissipating the deficiencies we identify.

The principles we adopt within the scope of our Occupational Health and Safety Policy are listed below:

- To produce "Accident-Free Steel" by identifying risks and managing them systematically.
- To prevent work-related accidents and diseases and to protect the health of our employees by keeping work places and processes healthy and safe.
- To disseminate a sustainable security culture shaped by the participation and ideas of all our employees.
- To implement and maintain the Safety Management System for the Prevention of Major Industrial Accidents caused by processes and hazardous substances that may cause significant production and work losses.

We develop OHS performance of our Mining Metallurgy Companies with applications such as: →

- Informed and Unannounced Security Tours
- OHS Field Tours
- Internal and External Emergency Exercises
- OHS Board Meetings
- Activity Based Risk Assessment Studies
- Legal Legislation Controls
- Company Compliance Checks
- Accident Sharing Presentations
- Near Miss Systematics
- 5S Systematics
- Employee Notification Systematics
- OHS Trainings

OHS activities in our Mining Metallurgy Companies are managed by senior leadership. The OHS Board is chaired by the Deputy General Manager of Operations at Erdemir and İsdemir, and by the General Manager at Erdemir Maden. Therefore, OHS managers are two reporting levels away from the CEO in all companies.

Within the scope of occupational health and safety, Erdemir has a total of 24 Occupational Safety Specialists and 8 Workplace Physicians, including 20 Class A Occupational Safety Specialists, 3 Class B Occupational Safety Specialists, and 1 Class C Occupational Safety Specialist.

İsdemir employs a total of 19 Occupational Safety Experts and 7 Workplace Physicians, including 10 Class A Occupational Safety Experts, 4 Class B Occupational Safety Experts, and 5 Class C Occupational Safety Experts.

OHS Risk Assessment Activities

Our OYAK Mining Metallurgy Companies meticulously evaluate the risks they may encounter during their activities within the scope of OHS studies and take the necessary precautions, thus aim to prevent work accidents and occupational diseases.

With our OHS risk assessment studies, we identify areas open to improvement in terms of process safety, take actions focused on eliminating unsafe conditions and behaviors by extinguishing deficiencies and ensuring the continuity of OHS awareness by turning it into a culture.

We share work accidents and near-accidents with the presentations we realized throughout the year, and we aim to learn from these incidents and prevent similar accidents.

2023	Accident Frequency Rate	Accident Severity Rate
Erdemir	5.67	0.153
İsdemir	1.62	0.886
Ersem	1.489	0.557
Erdemir Maden	0.56	0.031



Erdemir Safe Behavior Center

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Occupational Health and Safety Culture

At our OYAK Mining Metallurgy Companies, we have created directorate-based Emergency Plans for internal and external emergencies. We conduct directorate-based and general drills every year within the framework of the scenarios we have determined in these plans. In 2023, we carried out a total of 68 drills at Erdemir and 233 drills at İsdemir. In the Emergency Plans, we also defined the search and rescue, fire-fighting and first aid support teams that will take part in emergencies and provided these teams with training appropriate to their duties.

To respond to emergencies, a fire brigade of 37 people, 3 water trucks and a rescue vehicle are on duty at Erdemir, and a fire team of 27 people, 4 water tankers and 2 ladder vehicles are on duty 24/7 in İsdemir. In addition, the Emergency Health Team affiliated with the Health Directorates provides service 24/7 with 2 ambulances.

Erdemir has the Erdemir Natural Disaster Search and Rescue (ERDAK) Team, trained by AFAD, consisting of 50 volunteer personnel with professional equipment that can carry out search and rescue operations in disasters that may occur in the facilities or within the country.

A Search and Rescue Team consisting of 25 volunteer personnel, trained by AKUT and certified by the International Search and Rescue Advisory Group (INSARAG), is on duty at İsdemir. When needed, Emergency Response training is provided for emergencies in the factory.

After the earthquake disaster that occurred at the beginning of 2023, search and rescue efforts were carried out by the İsdemir Fire Department in the affected areas of Payas and İskenderun, and other necessary aid and logistics activities were carried out under the coordination of AFAD. During the post-earthquake normalization process, the necessary assistance and support was provided by the İsdemir Fire Department in order to respond to fire and other emergencies in a timely manner in the emergency living areas (such as tents and living containers) established in the İsdemir Site-Lodgings area.

There are Automatic Fire Extinguishing Systems with gas and water in 195 regions throughout İsdemir, and Fire Detection Systems in 152 regions. We monitor the Fire Detection and Extinguishing System on a 24/7 basis via the Fire Brigade Emergency Communication Center. We have 6,901 portable fire extinguishers in our factory sites, which we regularly check and maintain. In addition, after the earthquake disaster in our region, we reviewed and

To respond to emergencies, a fire brigade of 37 people, 3 water trucks and a rescue vehicle are on duty at Erdemir, and a fire team of 27 people, 4 water tankers and 2 ladder vehicles are on duty 24/7 in İsdemir.

renewed the existing emergency response equipment (debris response equipment such as live search detector, rechargeable separation-cutting equipment).

We aim to prevent accidents and reduce their effects with the Prevention of Major Industrial Accidents and Mitigation (SEVESO II Directive) studies we carry out at Erdemir and İsdemir.

Studies carried out on SEVESO and process safety at Erdemir and İsdemir are listed below:

- Reviewing Risk Assessment studies in existing facilities within the scope of Change Management,
- Reviewing the Scenario Document prepared in accordance with the Safety Report within the scope of the Major Accident Scenario Document (MASD) and carrying out revision studies,
- By reviewing scenario-based studies (HazOp, ETA, FTA) in workplaces/facilities belonging to Coke Plants, Blast Furnaces, Energy Facilities, Steel Mills, Continuous Castings, Hot Rolling Mills, Sinter and Raw Material Manipulation, Water Facilities and Stock Management Directorate, re-evaluating the relevant frequency value (1x10-4),
- Reviewing the Scenario-Based Emergency Response Plan Forms (SBERPF) and revising the necessary issues,
- Reviewing modeling studies to determine the impact areas of the scenarios and revising the necessary issues,
- Reviewing the existing Internal Emergency Plan (IEP) in Erdemir and İsdemir and revising the necessary issues,
- Making of Internal and External Emergency Drills through relevant scenarios in facilities evaluated within the scope of SEVESO and Process Safety (such as Coke Plants, Blast Furnaces, Energy Facilities, Steel Mills, Continuous Castings, Hot Rolling Mills, Sinter and Raw Material Manipulation, Water Facilities and Stock Management Directorate).



- In accordance with the regulations and IEP notification, revision of the “Dangerous Substance Intervention Card (DSIC)” by taking the opinions of the municipality, Provincial Health and Provincial Disaster (AFAD) Directorates,
- Reviewing the existing service groups and revising the necessary issues to respond to emergencies that may occur within the scope of the IEP notification,
- Providing training to personnel assigned to service groups in accordance with the IEP notification.

A labor inspection was carried out at Erdemir in 2023 within the scope of SEVESO by 3 labor inspectors affiliated with the Inspection Directorate of the Ministry of Labor and Social Security, and the inspection was completed successfully.

The “Occupational Health and Safety Programmed Inspection Within the Scope of the Regulation on the Prevention of Major Industrial Accidents and Reducing Their Effects”, carried out by the Ministry of Labor and Social Security officials at İsdemir, was completed successfully and without nonconformities.

At Erdemir and İsdemir, process safety studies regarding deficiencies and improvements are carried out within the framework of the action plans created. In accordance with the “Regulation on the Protection of Employees from the Dangers of Explosive Environments” and the “Regulation on Equipment and Protective Systems Used in Possibly Explosive Environments”, which are the basis of these studies, the existing explosion protection document and Ex-proof equipment are reviewed, and necessary revisions are made with conformity assessment studies in line with changing standards and field conditions.

At Erdemir and İsdemir, process safety studies regarding deficiencies and improvements are carried out within the framework of the action plans created.

In 2023, in order to ensure that repair and maintenance operations comply with the standards and, most importantly, to increase the field competence of the personnel working with ex-equipment, 85 maintenance personnel were given applied Ex-Equipment assembly-disassembly training within the scope of ATEX, in addition to the 191 personnel previously trained at Erdemir.

Applied ATEX training was provided to 32 maintenance personnel at İsdemir. In addition, awareness and ATEX training was provided to 64 employees in line with the principles of explosive environments and protection from their effects.

Safety Tours

We conduct announced and unannounced safety tours to identify areas open to improvement in OHS, to eliminate unsafe conditions by resolving the identified deficiencies, and to spread the OHS culture among all our employees. By recording the data we obtain during these tours into the OHS Systematics Tracking Application, we monitor the latest progress in improvements in the digital environment.

A total of 717 safety tours were carried out at Erdemir in 2023. A total of 18,645 non-conformities from OHS systematics (Safety Tours, Non-Conformity, Accident Reports, Drills, OHS Board Meetings, Near Miss and Hazard Notifications) were detected and 92.8% were improved.

In 2023, 618 internal and external safety tours were carried out at İsdemir. 96% of the total 13,725 non-conformities detected through OHS systematics (HGT, Non-Conformity, Accident Reports, Exercise, OHS Board Meetings, Near Miss and Employee Hazard Notifications) were improved.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

In our companies, we also carry out regulatory audits and general audits within a program we determine, in order to inspect subcontractor work and sites.

Occupational Health and Safety Trainings

Considering that education is one of the most important tools for cultural transformation, we carry out training and awareness-raising activities on occupational health and safety in our OYAK Mining Metallurgy Companies in order to reduce risks, provide positive behavioral change and raise awareness.

In 2023, we continued OHS trainings with different contents, determined according to the needs of our fields of activity. Some topics from these trainings are listed below:

- Basic Occupational Safety Trainings
- Training on Handling and Sliding
- Certified First Aider Training and Certified First Aider Renewal Training
- Atex Information Training
- IECEx Trainings
- EKED Trainings
- NEBOSH Trainings
- Explosion Protection Document Preparation Trainings
- Training on Gas Safety and Use of Equipment
- Working at Height Training
- Training on the Use of Protective Materials
- Training on Workplace-Specific Risks
- Risk Management Overview
- Identification and Evaluation of Hazardous Substances
- Training Required by the Communiqué for Personnel Assigned to Service Groups Created within the Scope of SEVESO Internal Emergency Plan
- Safe Behavior Center Trainings
- Training on OHS Systematics

We carry out training and awareness-raising activities on occupational health and safety in our OYAK Mining Metallurgy Companies in order to reduce risks, provide positive behavioral change and raise awareness.

- Identification of Hazardous Equipment (Vade Mecum Method, DOW F&EI Method)
- Identification of Internal and External Hazards (HazOP, Checklist Method)
- Creation and Analysis of Major Accident Scenarios (FTA, ETA, LOPA and Bowtie Diagram Analysis)
- Fire Prevention and Extinguishing Training

In 2023, we provided an average of 22.1 hours of OHS training per employee at Erdemir. Despite the earthquake disaster in the region at the beginning of the year, we managed to provide 6.2 hours of training at İsdemir. At İsdemir, we contributed to the safe working culture with the 58,916 manxhours of OHS training we provided to our subcontractors before their work in our sites.

We care about the health and safety of our visitors.

As OYAK Mining Metallurgy Companies, we attach importance to our employees as well as our visitors being informed about occupational health and safety.

We provide information through video screenings to ensure the safety of our visitors and to protect our employees from external dangers that may arise due to rule violations by outsiders. We inform our visitors about what to do in case of emergency, provide brochures, and keep records of the necessary information by having them sign the Visitor OHS Information Form.

2023	Hours of OHS Training per Person
Erdemir	22.1
İsdemir	6.2
Ersem	20
Erdemir Maden	20

We take proactive measures in occupational health and safety.

Due to the high risk of accidents and occupational diseases in our Mining Metallurgy Companies, we take proactive measures to prevent work accidents and conduct studies to reduce the incidence of occupationally-related diseases such as chronic lung disease, hearing loss and musculoskeletal diseases, back and waist discomfort, neck pain.

Occupational Health and Safety Projects

Erdemir Lifeline Project

At Erdemir, we have installed lifelines in accordance with EN795: 2012 and EN353-1 standards by taking into account the demands of the units, in order to ensure safety during work at heights (roof cleaning, sheet metal replacement, maintenance and cleaning on the crane runway, climbing from the deck ladder installed for maintenance purposes).

Within the scope of the project called lifelines, which provides uninterrupted safety harness connection, we installed 90,405 meters of lifeline to be installed in areas such as roof tops, crane runways and vertical ladders. With the project, which is the longest lifeline in Türkiye as of the year it was built, we ensure that personnel working at heights work safely by being anchored to the lifeline with a safety harness.

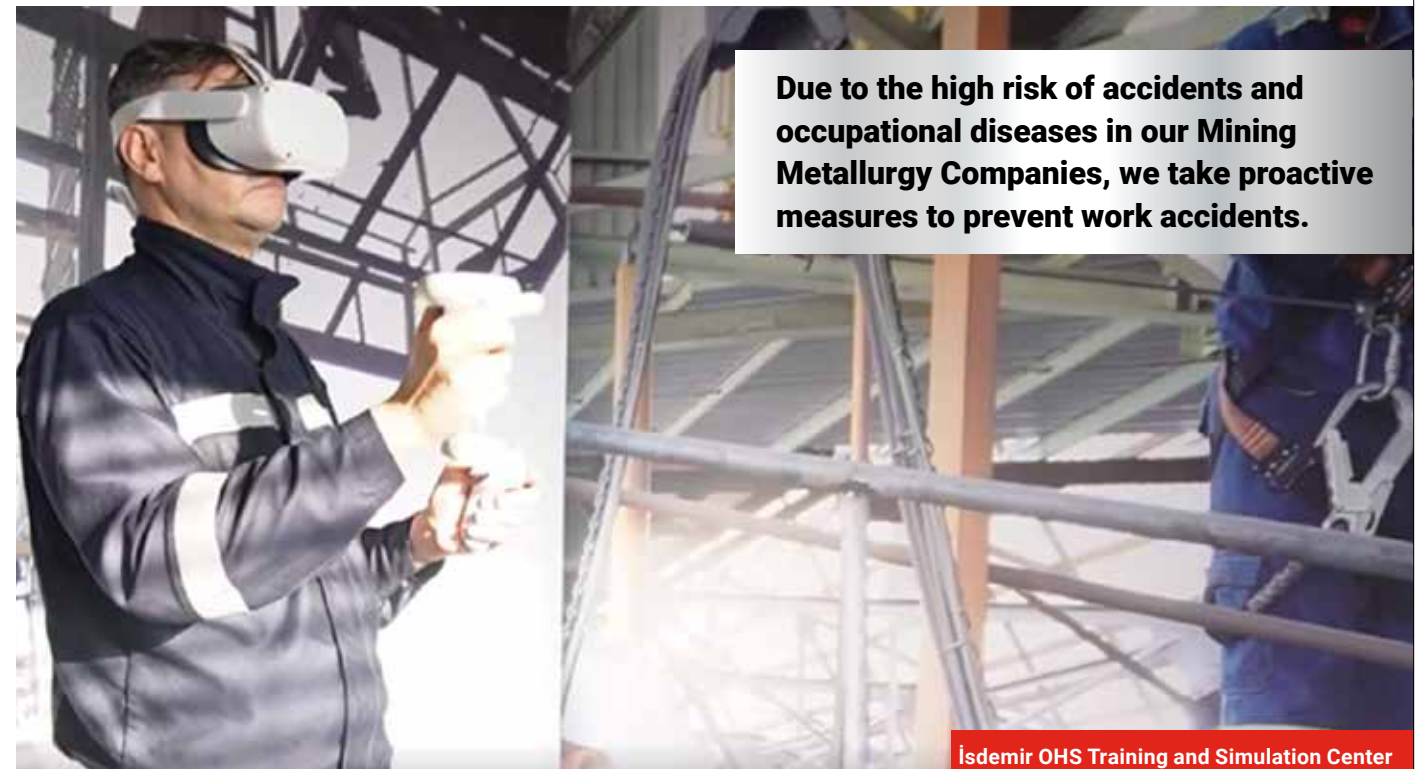
ODAK Software Work

As OYAK's Mining Metallurgy Companies, we have continued throughout the year to work on the software platform that we are developing across all our Companies in order to manage occupational safety, environment and health processes in an integrated manner, enabling the active participation of our employees in these processes and providing instant dynamic reporting.

In 2023, we added the Accident and Analysis Module and Health Module at İsdemir to the software platform where we first activated the employee notifications section. Our work on the Risk Assessment Module, Business Permit Module, Legislation Follow-up Modules, Checklists and non-compliance reporting continues. With ODAK Software, we aim to align our companies within the scope of OHS, Environment and Health Modules.

Erdemir Safe Behavior Center

A total of 602 people were trained in 2023 at the OHS Simulators Training Center (EGDM), which was established within the factory site in order to provide employees with safe behaviors by experience.



Due to the high risk of accidents and occupational diseases in our Mining Metallurgy Companies, we take proactive measures to prevent work accidents.

İsdemir OHS Training and Simulation Center

ENVIRONMENTAL PERFORMANCE



Our Relevant Priorities

- Climate Change
- Energy Management
- Waste Management
- Low Emission Production Technologies
- Water Management
- Air Emissions
- Circular Economy
- Biodiversity

For a cleaner and livable world...

As OYAK Mining Metallurgy Companies, we focus on producing sustainable value in every field and continue our activities with our corporate citizen identity that is aware of the responsibilities towards the economy, environment and society.

Industry-related impacts directly affect global climate change. The climate change, limited natural resources and rapidly decreasing biodiversity pose serious risks for the steel industry, which has a high environmental impact. Integrated steel production involves energy-intensive processes within the scope of current production technologies.

As OYAK Mining Metallurgy Companies, we also take into consideration the continuous development of our environmental performance while conducting our activities. In order to fulfill our responsibility towards the environment, we have determined as our main focuses to use existing resources effectively, efficiently and correctly, to benefit from communication channels for the development and awareness of all our stakeholders, and to inherit a cleaner and livable world to future generations.

While conducting our activities at OYAK Mining Metallurgy Companies, we take into account the continuous development of our environmental performance and take care to use existing resources effectively, efficiently and correctly.

Our Environmental Policy, which we have set out by following a proactive approach in environmental management, includes the following elements:

- To apply environmentally friendly technologies as a result of technical, economic and commercial evaluations from a life cycle and sustainable development perspective, to use natural resources effectively and efficiently and to protect biodiversity.
- To reduce waste at its source, improve recovery methods and encourage recycling.
- To inform and raise awareness of all our stakeholders, including employees, customers, suppliers, society and the state, by communicating openly about our environmental perspective, our practices and the results we achieve.

While continuing their activities in their production facilities, our Companies identify potential environmental risks in advance and take precautions against these risks, monitor and control their environmental impacts with continuous measurements, and implement improvement and investment projects to minimize them in line with our Environmental Policy. The technologies used in these projects contribute to the development of the economy through the efficient use of vital resources.

The amount of environmental investments and expenditures we made in 2023 was a total of USD 48.8 million, including USD 34.1 million in Erdemir and USD 14.7 million in İsdemir.

The policies and processes we have designed aim to mitigate our environmental impacts throughout the entire value chain, reduce energy use, use efficient resources, reduce waste, act in accordance with recycling, especially at every stage of the activity cycle, and protect and develop human capital.

We base our environmental management practices on international standards and certifications. Our companies Erdemir, İsdemir, Ersem and Erdemir Romania have ISO 14001: 2015 (Environmental Management System Standard); Erdemir, İsdemir and Erdemir Romania have ISO 50001 (Energy Management System Standard) certification.

In order for sustainability to be internalized by our employees, we provide sustainability training, especially on environmental issues. We continued to provide training in this context on the Digital HR platform with online access in 2023.

Environmental Permit and License Certificate

In the fields of waste water discharge, air emission, class 1 regular landfill, waste acceptance facility, non-hazardous waste recovery, we have fulfilled the Permit and License Certificate's requirements which we have taken from the Ministry of Environment, Urbanization and Climate Change, in September 2020 at Erdemir, and in March 2021 at İsdemir, and which still remains valid. We ensured the continuity of our Environmental Permit and License Certificates in 2023.

While continuing their activities in their production facilities, our Companies identify potential environmental risks in advance and take precautions against these risks in line with our Environmental Policy.



ENVIRONMENTAL PERFORMANCE

Environmental Impact Assessment (EIA) Process

The Environmental Impact Assessment (EIA) process is a study conducted in coordination with the Ministry of Environment, Urbanization and Climate Change to determine the significant impacts on the environment of new projects or developments in projects for which EIA has already been carried out.

Projects for which EIA Positive decision was given at Erdemir:

- 4 project progress reports were prepared in 3-month periods for the Re-Establishment and Modernization of the 2nd Blast Furnace and the 4th Coke Battery and By-products Facility Capacity Increase Project, for which the EIA positive decision was given, and submitted to the Ministry of Environment, Urbanization and Climate Change.
- For the Erdemir Port No. 1 Cargo and No. 1 Discharge Docks Renovation Project, for which the EIA positive decision was given, 4 Project Progress Reports were prepared every 3 months and submitted to the Ministry of Environment, Urbanization and Climate Change.

Projects given an EIA Out of Scope opinion at Erdemir:

- Power Plant Turbine Generator-10 (60 MW) Project
- Mobile Pilot Pyrolysis Equipment
- 2nd Cold HH Continuous Annealing Line (CAL) Furnace Modernization (Insulation and Combustion System) Project
- Bottom Dredging Project

The production techniques we use in our investments and activities also comply with the Best Applicable Techniques Reference Documents published by the European Union.

For the 150,000 m² Filling Area Project in İsdemir, Hatay Environment, Urbanization and Climate Change Directorate made the decision “EIA is not Required”.

At İsdemir, we continued to have monitoring and follow-up reports prepared by a company with an EIA Qualification Certificate in 3-month periods in 2023 for the Coke Crushing and Screening Plant and Steel Mill Capacity Increase Project and the Capacity Increase and Continuous Pickling Plant Project.

Projects given an EIA Out of Scope opinion at İsdemir:

- 1st Blast Furnace Ground Bunker Construction
- Hot HH Director Building Construction
- Hot HH Office Container Making
- Port Repair

EIA activities carried out in Ermaden:

- The final report regarding the EIA process of the Derindere Tailings Dam capacity increase project, which is at the completion stage, has been uploaded to the system. The report will be called the banns after being reviewed by the Ministry.
- The file prepared for the EIA permit of the new Ekinbaşı Mine with license number 201500515 was submitted via the e-EIA system. The relevant process continues.
- Within the scope of Bingöl investment, the tender process for EIA permit was completed and the work started.

The production techniques we use in our investments and activities also comply with the Best Applicable Techniques Reference Documents published by the European Union.

Climate Change

Paris Agreement

Global greenhouse gas (GHG) emissions continue to trend upward all over the world. The transition to a low-carbon economy depends on a wide range of closely interrelated drivers and constraints. Although alternative development policies and deep decarbonization technologies, where significant progress has been achieved in the last decade, are promising, limiting the negativities posed by the climate crisis requires strengthening adopted policies, coordination of efforts, and sectoral cooperation as well as between countries.

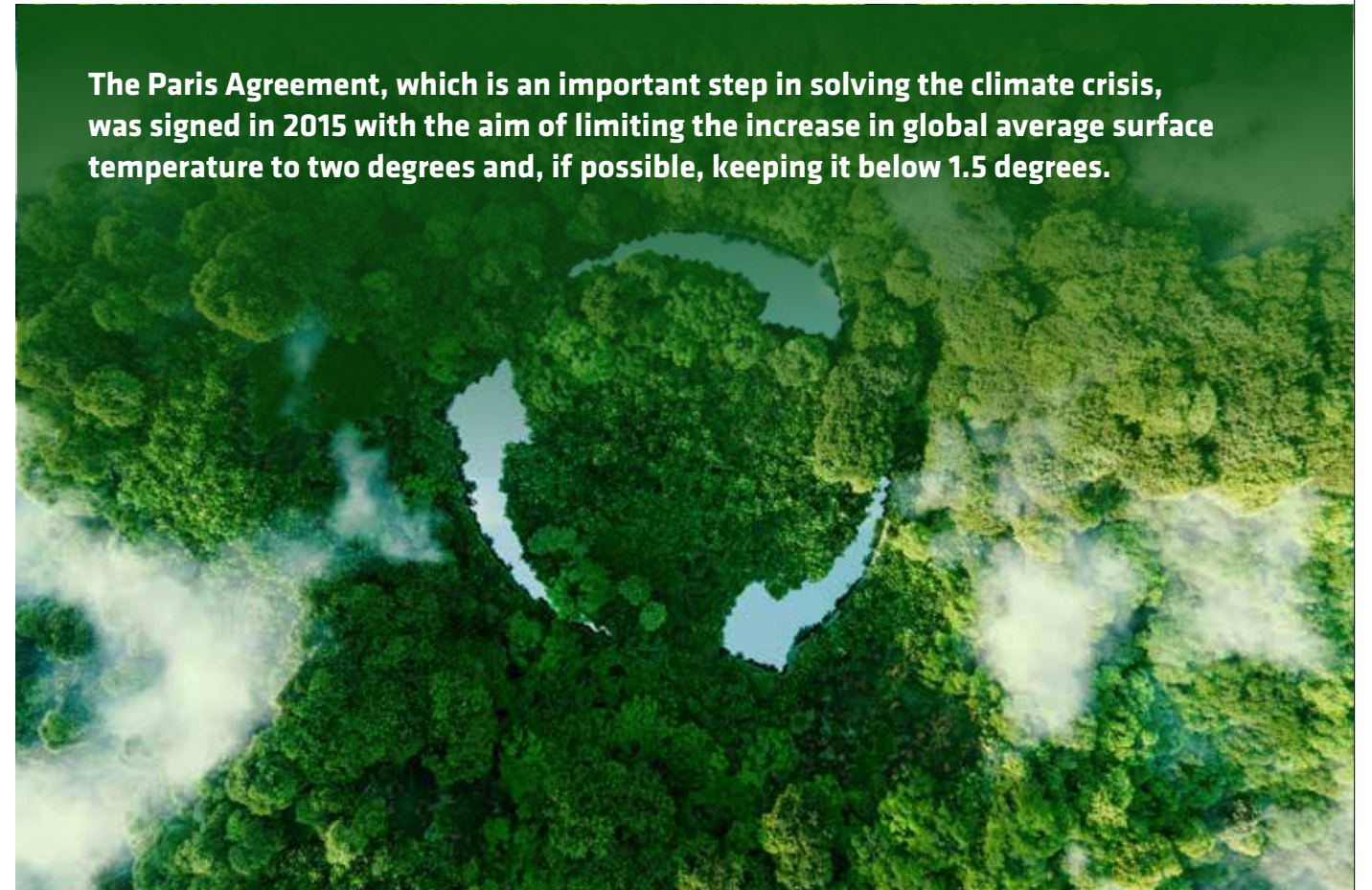
The Paris Agreement*, which was signed in 2015 with the aim of limiting the increase in global average surface temperature to two degrees, and keeping it below 1.5

* The Paris Agreement is an agreement on climate change mitigation, adaptation and financing within the scope of the United Nations Framework Convention on Climate Change (UNFCCC) that was signed on 12 December 2015 and entered into force in 2016. As of March 2021, 191 members of the UNFCCC are parties to the agreement.

degrees if possible, and which is an important step in solving the climate crisis, created a unity of language around this need. As the fight against the climate crisis gains momentum, companies as well as the countries party to the agreement have begun to announce net zero emission and carbon neutral targets.

Türkiye ratified the Paris Agreement in 2021 and committed to net zero carbon emissions by 2053. Türkiye's Nationally Determined Contributions (NDC) was declared at the 27th Conference of the Parties (COP 27) High Level Ministerial Summit in 2022. With this declaration, our country upwardly revised the reduction target, which was announced as 21% in 2015, to 41% for 2030.

The Paris Agreement, which is an important step in solving the climate crisis, was signed in 2015 with the aim of limiting the increase in global average surface temperature to two degrees and, if possible, keeping it below 1.5 degrees.



ENVIRONMENTAL PERFORMANCE

The United Nations Conference of the Parties (COP28), held in Dubai between 30 November and 13 December 2023, was closed with an agreement that laid the groundwork for a rapid, fair and equitable transition and marked the “beginning of the end” of the fossil fuel era.

COP (UN Conference of the Parties)

Short, medium and long-term physical and transition risks arising from climate change and their correct management are of great importance. These risks closely concern governments as well as all private sector enterprises and industries.

The work conducted in the context of combating the climate crisis is discussed on an annual basis at COP (UN Conference of the Parties) meetings with participation at the government level, and gains are achieved with new decisions agreed upon by the parties. Within the framework of these decisions, all governments and businesses are expected to reflect their commitments to emission cuts in real performance results.

The United Nations Conference of the Parties (COP28), held in Dubai between 30 November and 13 December 2023, was closed with an agreement that laid the groundwork for a rapid, fair and equitable transition and marked the “beginning of the end” of the fossil fuel era.

Within the framework of this agreement, nearly 200 delegations participating in COP28 agreed on the world’s first “global stocktake” in order to accelerate climate action. The global stocktaking, which includes all negotiated elements, is now considered the central outcome of COP28 as it can be used by countries to develop stronger climate action plans by 2025.

The global stocktake announced at COP28 emphasizes that global greenhouse gas emissions must be reduced by 43% compared to 2019 levels by 2030 in order to limit global warming to 1.5°C. It also calls on parties to take action to triple global renewable energy capacity and double energy efficiency improvements by 2030.

The global stocktake also includes accelerating efforts to phase out inefficient fossil fuels, reduce coal power plants; It recommends taking different measures to guide this transition in a fair, orderly and equitable manner.



The European Green Deal

The “European Green Deal” published by the European Union (EU) Commission in 2019 foresees the European continent to be the first climate neutral continent by 2050. The goal of the deal was announced as providing the European continent with a cleaner environment, more affordable energy, smarter transportation, new employment opportunities and a generally better quality of life.

Within the framework of the “Fit for 55” legislation published by the EU Commission in 2021, the Carbon Border Adjustment Mechanism (CBAM) will be launched primarily as an emission reporting obligation for six carbon-intensive sectors (cement, electricity, fertilizer, iron and steel, aluminum and hydrogen) as of 2023. As of 2026, it is planned to transition to the financial implementation period within the scope of the reporting systematic.

Türkiye, which exports almost half of its exports to the EU, will inevitably be affected by the EU’s green transformation. It is estimated that Carbon Border Adjustment Mechanism will create a cost on Türkiye’s GDP and increase costs in sectors such as cement, electricity generation, fertilizer, iron and steel, aluminum and hydrogen. However, the real problem is expected to be in access to finance unless Turkish companies put forward permanent policies and practices against the climate crisis.

The “European Green Deal” published by the European Union (EU) Commission in 2019 foresees the European continent to be the first climate neutral continent by 2050.



OYAK Maden Metalürji İstanbul Headquarters Building

Planning the sectoral impacts of the European Green Deal and the smooth transition to compliance with the deal is of great importance. In this context, a Green Deal Action Plan containing 32 goals and 81 actions under 9 basic criteria was announced under the leadership of the Ministry of Commerce, with the coordination of all public and private sectors.

The plan, which is a road map, aims to continue and strengthen Türkiye’s competitiveness in the international arena, to increase green investments in Türkiye, and to make the country a center of attraction for green investments.

In addition to the financial impacts that the Carbon Border Adjustment Mechanism is expected to bring to Turkish exporters, considering it as an opportunity for our country’s transition to a circular economy will be beneficial in many ways.

ENVIRONMENTAL PERFORMANCE

OYAK Mining Metallurgy Companies carries out feasibility studies that take into account the level reached by low-emission steel production technologies within the scope of combating climate change.

Assessment of risks and opportunities related to climate change

At our OYAK Mining Metallurgy Companies, which are among the important industrial organizations of our country, the detailed action plans and road maps we have prepared for climate-related risks and opportunities and their most accurate management constitute the focus of our sustainability efforts and contribute to our corporate risk management studies.

We adopt a circular economy approach in the fight against climate change. We evaluate our companies' waste, ensure resource efficiency, and aim to reduce our water and carbon footprint by constantly improving our facilities with most recent technologies.

The fact that steel, the world's most recycled material, is 100% recyclable and long-lasting without losing its properties, thus remaining in use for many years, proves that it is an environmentally friendly product. We care about the contribution of steel, which is used in many areas such as construction, infrastructure, durable consumer goods and automotive, to the circular economy, and in this context, we strive to further improve the features of our products.



Isdemir 4th Blast Furnace

As it is known, groundbreaking technologies need to become widespread in order to significantly reduce the emission values of integrated production facilities, and technological transformations can only be realized with effective investment moves and collaborations. Latest technological developments, such as the use of hydrogen instead of carbon in production and carbon capture, utilization and storage, create important opportunities in the fight against climate change.

Our Erdemir and Isdemir Companies calculate their annual emissions with the mass-balance method and share the calculated values with the Ministry of Environment, Urbanization and Climate Change after the approval of the verifier. In our companies, we conduct analysis studies on the reasons for changes in annual emission values and identify emission sources that cause changes in the amount of emissions. In addition, we carry out monthly analyzes with the greenhouse gas monitoring systematic we developed in order to better monitor our greenhouse gas emissions.

Erdemir and Isdemir announced their Net Zero Road Map, which is expected to contribute to Türkiye's 2053 net zero emission target. Shaping the green transformation steps, Erdemir and Isdemir aim to reduce carbon emissions per ton by 25% by 2030, compared to 2022, which they determined as the base year, and by 40% by 2040, and to reach net zero emissions in 2050. Türkiye's leading producers in the sector, Erdemir and Isdemir, which are the second largest steel producers in Europe and the eighth largest in the world, will continue to play an active role in the steel industry with their green transformation compliance efforts.

We will realize a transformation investment of USD 3.2 billion in Erdemir and Isdemir by the end of 2030, in order to reduce our carbon emissions per crude steel produced by at least 25%, which is our short-term goal. Details of relevant investments are explained in the Net Zero Road Map.

Net Zero Roadmap



42%

Within the context of reducing energy consumption studies, we have achieved energy savings of 42% in Erdemir and 40% in Isdemir.

ENERGY MANAGEMENT

Under the coordination of Erdemir and Isdemir Occupational Safety and Environment Directorates, studies are carried out on the integration of Carbon Border Adjustment Mechanism (CBAM), Corporate and Product Carbon Footprint, Water Footprint, Life Cycle Assessment and Verification of Greenhouse Gas Emissions into the Environmental Management System. In this context, observations were made regarding the flows affecting emissions specifically for CBAM, activity limits were determined, and data studies related to the processes were initiated.

We achieved financial savings of USD 37.1 million in 2023 with projects to increase energy efficiency.

Erdemir, Isdemir and Erdemir Romania facilities, which possess the ISO 50001 International Energy Management System certificate, have the capacity of financial saving by producing electrical energy with by-products produced in the process.

Erdemir and Isdemir Energy Policy

- Implementing technological innovations that increase energy efficiency,
- Profiting the most of the released by-product gases and waste heat,
- Minimizing energy losses through systematic measurement and monitoring.



Stock Field

In both of our facilities, we continue energy efficiency and quality oriented improvement efforts in production lines parallel to the principle of continuous development, with the awareness of using resources efficiently.

Our main focus points in energy management of our OYAK Mining Metallurgy Companies are determined as:

- Increasing efficiency in energy production and consumption,
- Gain of by-products,
- Planning and implementing improvements through systematic measurement, monitoring and analysis studies,
- Reducing carbon emissions by saving energy as a result of systematic studies on energy efficiency.

While we contribute to the protection of natural resources and the environment through our studies on the effective use of energy, we also gain a competitive advantage. We reduce our greenhouse gas emissions with the energy savings we provide as a result of our systematic work on energy efficiency.

We monitor energy production and consumption values on a daily and monthly basis, identify areas open to improvement, determine savings projects and carry out improvement works. We plan activities to reduce energy consumption by determining monthly and annual energy consumption targets with business units according to each year's production program. With these studies, we have achieved energy savings of 42% in Erdemir and 40% in Isdemir since the year the monitoring started.

ENVIRONMENTAL PERFORMANCE

Erdemir and İsdemir are among the companies that achieved successful results in “Specific Energy Consumption”, one of the important performance indicators of the iron and steel industry. The specific energy consumption in Erdemir in 2023 was 87,637,502 Gigajoules, and in İsdemir it was 92,785,536 Gigajoules.

We have implemented the following projects within the scope of the energy efficiency studies we carried out in 2023 at Erdemir and İsdemir:

- Starting the 2nd Sinter Factory 2D Main Fan Motor with the driver
- Making the Descale System work with 3 pumps
- Increasing energy efficiency by modeling the Oxygen Gas Injection Amount
- Increasing efficiency with Chemical Washing in Turbo Generator Condensers
- Reducing the HF gas expelled from the flue by changing the 2nd Steam Boiler pipes
- Renewal of 4 cooling tower fan blades
- Air supply to 4th Blast Furnace with Turbo-Blowers No. 2
- Construction of 290 Pressurized Phase-1 Air Compressors and Dryer Systems
- Reducing electricity consumption in castings with ideal temperatures at Ladle Furnace Stations
- Steam Boiler No. 5 Fan Driver Application
- Efficient fan operation in water facilities HSMC system
- Driver application in water facilities cold rolling mill tower fans
- Reducing electricity consumption in castings with ideal temperatures at Ladle Furnace Stations
- Efficiency increase in cooling tower fans
- Reducing the gas discharged from the flue by predicting the stove transitions of blast furnaces
- Reducing steam consumption in Turbo Bellow No. 8 (Turbocompressor)
- Saving electricity at the Steel Mill Electric Ladle Furnace Station
- Improvement efforts to reduce fuel consumption
- Reducing natural gas consumption through fuel optimization of certain grades in the annealing line
- Installation of a chemical washing system for turbine blades to extend the downtime of TRT (Top Pressure Recovery Turbine) Units.

Training programs are organized at Erdemir and İsdemir to raise awareness about energy efficiency. In this context, steam training digitalization work was completed at Erdemir. Burning training was also offered to all employees through Digital HR in 2023.

With its energy efficiency projects, Erdemir achieved 822,560 Gigajoule energy savings and 90,770 tons of CO₂ emission reduction in 2023, and İsdemir achieved 1,288,394 Gigajoule energy savings and 173,217 tons of CO₂ emission reduction.

The importance given to renewable energy sources

In our country's energy strategies, priority is given to the investment of projects compatible with the “National Energy and Mining Policy” of the Ministry of Energy and Natural Resources, on the basis of ensuring supply security with domestic and national resources within the scope of combating the current account deficit. In order to reduce carbon emissions in full compliance with this basic policy, Erdemir Enerji Üretim A.Ş. commissioned the Kızılcapınar Hydroelectric Power Plant (HEPP) renewable energy investment.

Following the acceptance procedures carried out by the acceptance committee of the Ministry of Energy and Natural Resources, the Ministry's Acceptance Report was prepared and the renewable hydroelectric power plant, Kızılcapınar HEPP, went into operation.

Although it varies depending on hydrology, the average annual production capacity of Kızılcapınar HEPP is 18,700,000 kWh.

Thanks to the renewable energy produced by Kızılcapınar HEPP, the amount of natural gas or coal imports of our country from abroad is reduced. The annual average production amount of the power plant corresponds to the electricity consumption of approximately 6,250 households. Approximately 10,000 tons of CO₂ emissions are prevented with the annual energy produced in the renewable energy plant.

Being aware of the importance of renewable energy, we prioritize efforts to produce energy from renewable energy sources other than hydroelectricity at our OYAK Mining Metallurgy Companies, and in this context, we accelerate our feasibility studies.

Although it varies depending on hydrology, the average annual production capacity of Kızılcapınar HEPP is 18,700,000 kWh.

18.7 million kWh



Erdemir Enerji Kızılcapınar Hydroelectric Power Plant

ENVIRONMENTAL PERFORMANCE

As OYAK Mining Metallurgy Companies, we prioritize reducing production-related waste at its source and increasing recovery and reuse. With this approach, we reduce greenhouse gas emissions and iron ore use and ensure the protection of limited natural resources.

WASTE MANAGEMENT AND CIRCULAR ECONOMY

Among the factors that create advantages for the iron and steel industry in terms of circularity and waste management are the more efficient use of raw materials in production, increasing the rate of reintroduction of by-products into production, and the fact that steel can be recycled countless times. Effective management of waste, which poses both risks and opportunities for the sector, and the transition to a circular economy facilitate compliance with legal regulations and provide benefits such as a reduction in operational expenses for companies.

As OYAK Mining Metallurgy Companies, we prioritize reducing production-related waste at its source and increasing recovery and reuse. With this approach, we reduce greenhouse gas emissions and iron ore use and ensure the protection of limited natural resources.

At Erdemir and İsdemir, we contribute to the circular economy by selling 100% of blast furnace slag to cement plants and using steel mill slag on highways. In 2023, 100% of the granulated blast furnace slag released at Erdemir was sold, generating a profit of 49.5 million TL. In İsdemir, all of the steel mill and blast furnace granulated slag was sold, and a profit of 113 million TL was achieved.

In addition to coal and iron ore, scrap is also among the important inputs of the iron and steel industry. Scrap is defined as recyclable materials left over from the production of iron and steel products and/or consumption of iron and steel products used in other sectors or that have completed their useful life.

Especially with the increasing importance of the circular economy in recent years, scrap has become an important raw material that meets global needs in significant quantities and is used in the production of new products. The need for scrap has increased globally due to reduced fossil fuel use. In 2023, we contributed to the circular economy by using a total of 1,342 thousand tons of scrap, 625 thousand tons in Erdemir and 717 thousand tons in İsdemir.

Hazardous Wastes

We dispose of the hazardous wastes generated as a result of our production within the legal regulations, store them or sell them as input to other industries for energy recovery. While we store hazardous waste in accordance with the regulations, we also sell flue dust, waste oil, bilge and sludge ship waste as alternative raw materials within the scope of industrial symbiosis studies.

Erdemir stores oily scale within the scope of Class 1 Hazardous Waste Landfill Permit and sends some of it to licensed companies for recovery/disposal together with other hazardous wastes.

In 2023, we sold 7% of the 6,046 tons of hazardous waste at Erdemir and 4.7% of the 8,679 tons of hazardous waste at İsdemir, bringing it back into the economy.

Waste Recovery

We utilize the waste and by-products generated as a result of production in our facilities in different ways such as raw material substitution, recycling or fuel production. In 2023, through internal recycling and external sales, Erdemir brought back 69.69% of 1.3 million tons of production waste and by-products as raw material replacement, and İsdemir added to the economy 82% of 2.2 million tons of waste.

The financial savings obtained from the total waste and by-product sales in both our companies was USD 15 million in Erdemir and USD 52 million in İsdemir.

In 2023, the amount of waste sold to licensed companies in Erdemir in accordance with the regulation was 1,241.3 tons, and the profit was TL 62,163,961.

By supplying some of the raw materials we use in the sinter factories of our OYAK Mining Metallurgy Companies from waste materials, we both contribute to the circular economy and provide significant financial savings. While Erdemir achieved financial savings of USD 9 million by using 288,430 tons of waste material as a substitute input instead of 232,600 tons of raw material, the savings achieved by İsdemir was USD 10 million against 199,278 tons of waste material.

At Erdemir, our by-products, which are removed from the waste category and included in the scope of by-products, comply with the TSE Standard. TSE standard compliance inspections of our steel mill slag, tar, benzol and iron oxide by-products were carried out by TSE officials. The inspections were completed successfully, and our visa expired documents were renewed. The documents were updated via Erdemir online. The compliance of the zinc porridge with TS EN 13283 and the secondary zinc quality designation “ZSA” for zinc and zinc alloys has been documented.

At Erdemir and İsdemir, we send the waste oils generated during our operations to licensed companies for refining. We monitor the recycling rates of waste oils generated after use on a monthly basis. In 2023, 97 tons of recoverable waste oil at Erdemir was sent to licensed refining facilities with a profit of approximately TL 798 thousand. At İsdemir, we sent 100 tons of waste oil to recycling and made a profit of TL 1,034,539.

At Erdemir, in addition to the 1,751 kg of waste vegetable oil collected as a result of cafeteria activities and sent to licensed recycling companies for biodiesel production, we have implemented 4 waste vegetable oil collection bins at the personnel door entrances and exits in order to encourage employees to recycle waste vegetable oils. In 2023, we sent 280 kg of waste vegetable oils generated in the housing areas of İsdemir for recycling.

A total of 338 kg of waste batteries were collected in Erdemir in 2023 and sent to the disposal company for recycling.

We send the e-waste generated in our companies (all products within the scope of the Waste Electrical and Electronic Equipment Regulation) to companies licensed by the Ministry for recycling within the framework of the legislation.

2,754 wooden pallet packages, which came with the refractory materials purchased in 2023, were returned to the selling company within the scope of the deposit application with the contributions of the Purchasing and Refractory Directorates and were put into use again, while a price advantage was also provided.

In 2023, by ensuring the recycling of our process wastes at Erdemir, studies were conducted at OYAK Cement Factories to carry out industrial symbiosis studies with our Group Companies. In this context;

- 9,038 tons of Blast Furnace Steel Plant Filter Cake (Sludge) was sent to Ünye Çimento,
- 3,836 tons of flue dust was sent to Bolu Çimento. In addition, ship waste was sent to bilge and sludge for energy recovery.

3,518 tons of flue dust was sent from İsdemir to Befesa Silvermet company.

Management of Chemicals

In our companies, we store substances that may be a source of volatile organic compounds (VOC) in closed tanks, and we monitor the open areas where the relevant tanks are located with regular measurements made every two years.

Safety data sheets in English were prepared for the benzol, tar, zinc paste, metallurgical coke and coke powder materials produced in Erdemir in 2023.

ENVIRONMENTAL PERFORMANCE

Zero Waste Policy

As OYAK Mining Metallurgy Companies, we continued to classify waste and send it to relevant companies in 2023. We uploaded our waste information within the scope of the Zero Waste Regulation through the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change.

Waste management studies at Erdemir:

94.4 tons of waste paper was collected, and 1,604 trees were prevented from being cut down. 236 m³ of waste storage space and 387,040 kWh of energy was saved. 16,708.8 kg of greenhouse gas emissions were prevented.

- By collecting 54.36 tons of plastic; 681.34 barrels of oil, 241,353.2 kWh of energy, and 96.14 m³ of waste storage space was saved. 1,713.8 kg of greenhouse gas emissions were prevented.
- By collecting 307.6 tons of metal waste; 197,517.72 kWh of energy, 922.98 m³ of waste storage space and 399.96 raw materials was saved. 29,227.7 kg of greenhouse gas emissions were prevented.

Waste management studies at İsdemir:

76.40 tons of waste paper was collected, and 1,298 trees were prevented from being cut down. 191 m³ of waste storage space, 313,240 kWh of energy, and 2,139 m³ of water was saved. 13,522 kg of greenhouse gas emissions were prevented.

- By collecting 132 tons of waste plastic; 345,299 liters of oil, 764,477 kWh of energy, 331 m³ of waste storage space was saved. 5,428 kg of greenhouse gas emissions were prevented.
- By collecting 2 tons of waste glass; 2.27 tons of raw materials, 79 kWh of energy, 3 m³ of waste storage space was saved. 57 kg of greenhouse gas emissions were prevented.
- By collecting 0.28 tons of waste vegetable oil, 280 liters of biodiesel were recovered.

Waste management studies at Ersem:

51.15 tons of waste paper was collected, and 870 trees were prevented from being cut down. 209,715 kWh of energy and 1,432.2 m³ of water was saved. 9,053 kg of greenhouse gas emissions were prevented.

- By collecting 8.17 tons of waste plastic; 31,468.3 kWh of energy, and 13.62 m³ of waste storage space was saved. 334 kg of greenhouse gas emissions were prevented.
- By collecting 0.38 tons of waste glass, 14,213.6 liters of oil was saved. 223.45 kg of greenhouse gas emissions were prevented.

WATER MANAGEMENT

Although the iron and steel sector is among the sectors with high water intensity, water is one of the most important inputs of the process for the continuity of production. With the drought caused by climate change, the importance of water is increasing both in the world and in our region. In this regard, we closely monitor water usage in our facilities and reduce consumption amounts through continuous improvement projects.

We have determined that the main principle we apply in water management in our OYAK Mining Metallurgy Companies is to increase the amount of water reused by reducing the amount of water withdrawn from nature.

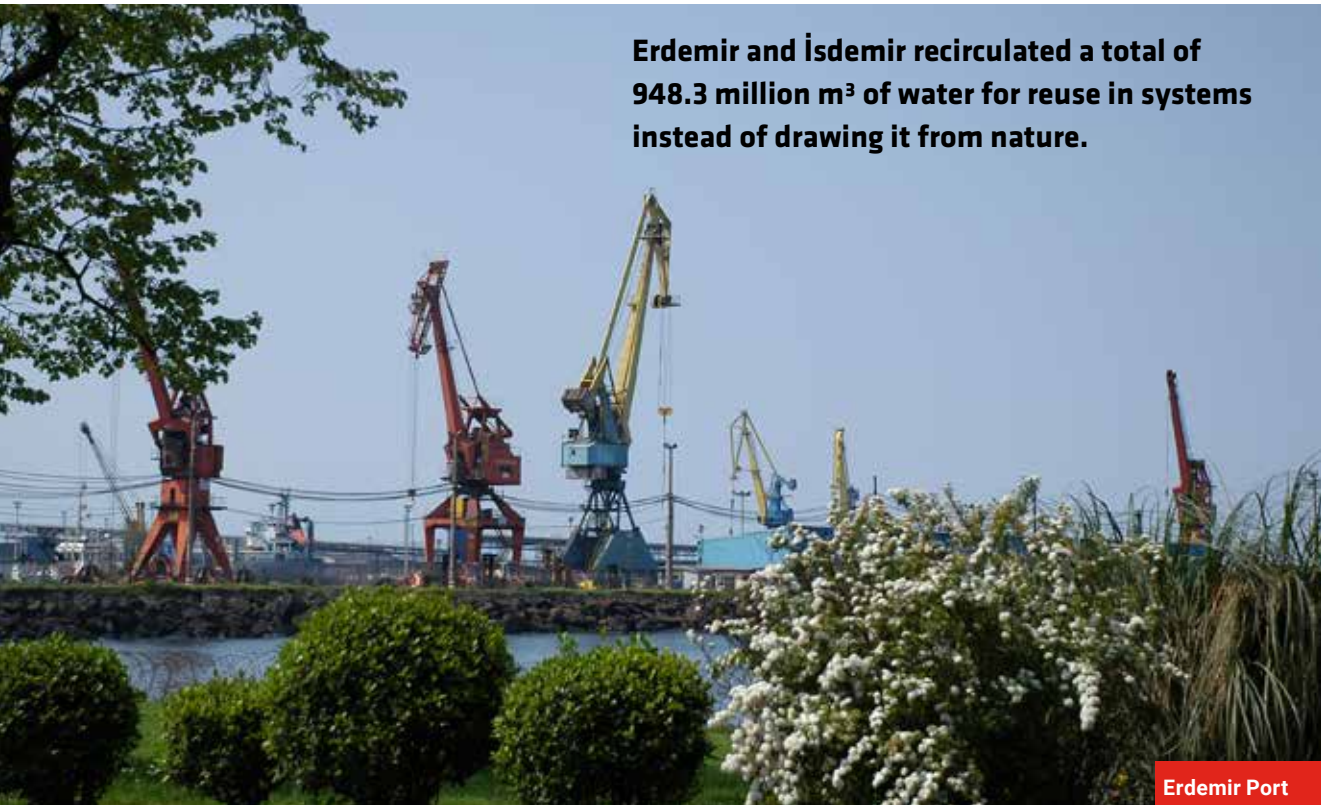
Our facilities have closed-circuit circulation systems that we have installed to minimize water use in production processes. Thanks to these systems, although the amount of water we use in production increases every year, we keep the amount of water withdrawn to a minimum. We follow-up the recirculation rate in order to monitor the amount of water reused.

In 2023, 91.4% of the water used in Erdemir and 94% in İsdemir was used as recirculation water. A total of 401,598,921 m³ of water was recirculated in Erdemir and

546,712,985 m³ in İsdemir. The two facilities recirculated a total of 948.3 million m³ of water for reuse in systems instead of drawing it from nature.

- In Erdemir, the “Salt Water Pump Station Sea Water Intake Structure Improvement” Engineering Project, which was approved by the Ministry of Environment, Urbanization and Climate Change and which aims to draw colder water from deeper into the sea, was completed. After the improvement work, temperature measurements are continued at different points in the sea to monitor the temperature change performance.
- Blast Furnace Sludge Dewatering system project continues.
- Alternative Sedimentation System Project for Blast Furnace Gas Washing Facility continues.
- The project to collect water from by-product gas drains throughout the factory continues.
- Contribution was made to the studies carried out with the Engineering System Development Feasibility and Portfolio Project Management Directorates regarding the Domestic Wastewater Treatment Plant Project. Main engineering works have been initiated.

Work started on the İsdemir Sea Water Intake Pump Station, which was damaged after the earthquake in Hatay, under the name “Sea Water Sustainability



Erdemir and İsdemir recirculated a total of 948.3 million m³ of water for reuse in systems instead of drawing it from nature.

Erdemir Port

ENVIRONMENTAL PERFORMANCE

Investment”. Within the scope of the project, which will continue in 2024, a new system consisting of 5 pumps that can work integrated with the existing system is being installed. Renovation work of damaged buildings and equipment continues.

At İsdemir, the works carried out in the Hot Rolling Mill WTP unit to reduce the feed water used were completed in 2023. In this way, we predict that approximately 2.3 million m³ of water will be saved annually.

After the improvement in the single-pass 02 water used for cooling water in İsdemir PCI Facilities in line with the recycling studies, 322 units were included in the recirculation system and approximately 1.3 million m³ of water per year began to be recirculated instead of being withdrawn from nature.

The water used in all our facilities is discharged in accordance with legal regulations. We sample the waste water and cooling water released from the processes at the discharge points and analyze them with parameters such as dissolved oxygen, pH, temperature, suspended solids, chemical oxygen demand, conductivity and flow rate through the Continuous Wastewater Monitoring Systems (CWMS) in our facilities.

We confirm that our wastewater meets the limit values through integrated comparison tests every three months by accredited laboratories authorized by the Ministry, and through frequent analyzes every 15 days within the scope of internal monitoring. Data transmission continues in the SAİSs, which we established to monitor wastewater online, of which there are 4 in Erdemir and 3 in İsdemir, through the Continuous Monitoring Center (CMC) connection under the Ministry of Environment, Urbanization and Climate Change, from 2021 to the present.

BIODIVERSITY

As OYAK Mining Metallurgy Companies, we take care not to harm living species in the regions where we operate. With the “Let the Fields Be Ploughed, Let the Tradition Continue” project, we support the preservation of the world-famous Ottoman Strawberry grown in Karadeniz Ereğli.

AIR EMISSIONS

Transportation, storage, heating and processing of raw materials used in our OYAK Mining Metallurgy Companies cause air emissions. Developing technology and legal regulations for air quality have resulted in a significant decrease in emissions in recent years.

Aware of the effects of emissions on humans and the environment, we make investments to reduce emissions and increase efficiency in order to improve air quality in our companies, all our facilities and the surrounding regions. We keep air emissions below legal limits with the improvement investments we make.

In Erdemir and İsdemir, we constantly monitor the Continuous Emission Measurement Systems (CEMS), which are connected to the data network of the Ministry of Environment, Urbanization and Climate Change. The accredited laboratory carries out emission measurements on all flues every two years, assigned through the Central Laboratory Determination System.

By commissioning the Continuous Emission Measurement System of the Steam Boiler No. 6 of the Power Plant at Erdemir, the data of a total of 13 flues were connected to the central network of the Ministry of Environment, Urbanization and Climate Change. In these systems, we meet the conditions specified in the CEMS Communiqué, the Regulation on the Control of Industrial Air Pollution and the Environmental Permit and License Regulation.

Air quality measurements (precipitated dust, PM10 and passive sampling measurements) in Erdemir and İsdemir were completed by the laboratory authorized by the Ministry for 2 months.

At Erdemir and İsdemir, we theoretically calculate and use blend compositions, especially in sinter, and thus reduce SOx (sulfur oxides) emissions. We take into account issues regarding the reduction of SOx, NOx and other pollutants in new investments. In addition, we include bags or electro filter systems in all process systems in order to minimize the spread of PM10 (particles smaller than ten microns). We control the efficiency and operating status of our filter systems through the Maintenance Management System.

The Greenhouse Gas Monitoring report in Ermaden was revised, the Emission Report was verified and sent to the Ministry of Environment, Urbanization and Climate Change through the relevant system

In Erdemir

Dust Suppression System was installed at Continuous Casting 1-2 Tundish Tipple.

Dust Collection System was installed at Continuous Casting 3-4 Tundish Tipple.

Dust Collection System was installed in the new Coke Crusher building.

2nd Blast Furnace Foundry Dust Collection Project continues.

Steel Mill Secondary Dust Collection Capacity Increase Project was put into operation.

In İsdemir

The Project for the Construction of an Additional Ammonia Column for the Coke By-Products Facilities continued.

Blast Furnaces Sludge Dewatering Plant Establishment Project continued.

Investments regarding the Vacuum Degassing Facility have been completed.

Investments for the installation of Dust Collection Systems in the Foundry and Charging Facilities (new 1st Blast Furnace) continue.

Investments related to Blast Furnace Top Pressure Turbine (TRT) continue.

Investments in Steam Boiler Retubing and Burner Modification continue.

Investments regarding the establishment of a Dedusting System in Unit Area No. 170-171 continue.

Investments regarding the construction of Unit No. 191 Dedusting System continue.

Investments regarding the installation of Scrap Cleaning Systems continue.

R&D AND INNOVATION

Our R&D activities, which we deem important in terms of proactively internalizing and commercializing global trends and competitive developments, also directly serve our development and transformation goals.

The first ministry-approved R&D Center in the steel industry

Research and development activities at OYAK Mining Metallurgy Companies are carried out by the “Erdemir R&D Center”, which received the approval of the Ministry of Industry and Technology in 2014. These activities are conducted under five main groups: raw materials and iron production, steel production and casting technologies, hot product and process, cold product and process, energy and environment.

In 2023, 18 new product grades were developed in the R&D Center, the number of grades in flat products reached 582 and in long products reached 323. 6 patent applications were made within the scope of research and development activities, in which 34 projects were completed and 60 projects were ongoing. Of the 77 applications made so far within the center, 37 have been registered, including 23 for patents and 14 for utility models.

A team of 61 people, consisting of 34 researchers, 21 technicians and 6 support personnel, works at the R&D Center. Doctorate and master’s degree education is encouraged at the R&D Center, which has 5 staff with doctoral degrees and 8 doctoral students. Providing 16 technical trainings in various fields of expertise in 2023, the Center has published 90 articles, papers and posters in national and international organizations to date.

Pilot Facilities and New Products

In 2023, the following studies were successfully carried out at the Experimental Product Development Simulation Center Hot Rolling Simulator:

- Development of new heat treated steels in the plate product group,
- Homologation of submarine steel grades for the defense industry,
- Improvement of thick-section wear-resistant steel grades,

- Development of high strength heat treated structural steel grades,
- Development of pipe steel grades suitable for hydrogen transportation,
- Product localization.

In addition, studies such as coil rolling optimizations were conducted in the rim steels, electrical steel and long product groups. In addition, process improvement studies were carried out to save alloy in the plate product group in the hot rolling simulator.

Pilot-scale studies were completed in a shorter time with the 250-ton capacity tensile and 750 joule capacity impact test devices provided to the R&D Center. Additionally, the ability to measure the wear performance of wear-resistant steels was added to the R&D Center.

Advanced high-strength steels, electrical steels and coating quality improvement studies were carried out in the Cold Rolling Simulator and Annealing and Coating Process Simulator in the Experimental Product Development Simulation Center. In addition, studies such as process optimization were conducted on an industrial scale in order to develop advanced high-strength steel grades, improve existing product properties and provide cost advantages.

By optimizing the annealing temperature in cold IF (without interstitial atoms) grades, natural gas savings were achieved, and CO₂ emissions of the annealing process were reduced. Preliminary studies to reduce the alloy cost with analysis design revisions in cold and galvanized micro-alloyed grades and preparations for adaptation to the process in 2024 have been completed.

Work on the development of the cold rolling finite element model continued in 2023. The forming characterization data collected since 2014 for cold forming simulations of automotive companies was transferred to a database and made ready for modeling studies.

As part of the development of our material testing and characterization capabilities, electrochemical measurement procedures to determine the basic properties for tin-plated tin materials were put into operation in 2023.

Pilot-scale production of steel qualities needed in R&D projects and studies was carried out using open and vacuum induction furnaces located in the R&D Center casting laboratory infrastructure. Theoretical-practical studies were conducted to determine pilot-scale casting practices of qualities that are becoming increasingly important, especially environmentally friendly free-cutting steel grades.

With computer-aided simulation studies, studies were carried out to predict the effects of variables in production practices on slab quality and to develop ideal production practices.

Studies were conducted with the participation of supplier companies on viscosity, melting behavior, characterization studies, chemical analyzes and their potential effects on slab quality in our newly established high temperature rheology laboratory of casting powders, which are critical for slab production.

Wood Shredding Equipment, which aims to reduce CO₂ emissions by using biochar instead of fossil fuel in iron and steel production processes, was put into operation in 2023. With the equipment in question, studies were carried out to reduce the size of the wood waste generated and stocked every year and use it as secondary raw material for biochar production in the Pilot Pyrolysis Plant.

In 2023, a petrography laboratory was added to the R&D Center infrastructure in order to characterize coal, coke and biochar materials and use their outputs in project activities.

Work was carried out on the “Customized Membrane Applications for Green and Emerging Industries” (CUMERI Project), which is the first Horizon Europe project funded in the iron and steel sector in Türkiye.

In 2023, the Energy and Environment R&D Directorate was established in order to conduct R&D studies on energy and environment issues, and İsdemir R&D Center staff was established. Within the scope of climate change strategies, it is aimed to develop projects on efficient energy use, alternative clean energy and alternative treatment systems in order to achieve 2050 net zero carbon emission targets.

Works planned for 2024 and beyond

OYAK Mining Metallurgy Companies aim to design projects for value-added products such as automotive steels, heat treatment steels, electrical steels, packaging steels and long products in 2024. These include projects that can yield results at focal points such as the following:

- Coating quality improvement studies,
- Optimization of quality and efficiency in processes,
- Maximum use of waste,
- Reducing emissions.

The Vertical Vibration Press Briquetting Facility and Pilot Pyrolysis Facility, the procurement processes of which were carried out in 2023, are planned to be completed in 2024 and the facilities will be put into operation.

With the addition of the Vacuum Extrusion Briquetting Facility to the R&D Center infrastructure in 2024, it is aimed to briquetting iron-containing solid wastes with low impurity content and high iron content and recycling them into the process. In addition, studies will be carried out to increase coke production along with the increase in bulk density that will be achieved by briquetting coal and adding it to the coal blend at a certain rate.

OYAK Mining Metallurgy Companies will focus on reducing primary raw material use and emissions in the coming period, and increasing coal usage efficiency by using alternative carbon sources (biochar, plastic, etc.) and bulk density increasing methods.

In addition, the companies aim to develop projects on the reduction of ferrous raw materials with hydrogen, enrichment methods for DR grade pellet production, alternative renewable energy sources, carbon capture and conversion into valuable chemicals.

DIGITAL TRANSFORMATION AND TECHNOLOGY



Isdemir 4th Blast Furnace Control Room

Application development activities focused on digital transformation

We are rapidly moving towards turning our awareness of the need for our companies to quickly adapt to the digital transformation process into a competitive advantage with target projects. The modernization work we carry out in production systems, together with big data projects, transforms processes with easy-to-manage, safe and agile structures.

Aware of the added value that big data will create, we focus on integrated supply chain, production and quality, maintenance and reliability, energy and resource management, occupational health and safety, and human and cultural dimensions, and aim for excellent stakeholder experience and operational excellence.

We continue to support our digital transformation journey, which progresses in line with the strategic plan we have determined, with up-to-date technologies. These technologies range from the internet of things to cloud technology, from big data to artificial intelligence, from image processing to digital twins.

We believe that the most important factor of digital transformation should be big data. In 2023, we continued the data collection project that we started in 2022, which will enable the transfer of qualified and verified data from sensors in the field to the data lake infrastructure.

Based on the fact that knowledge is power in the new world, we will use the data we collected with this project in improvement projects that we will develop under various headings such as intuitive maintenance, product development, machine learning, operational efficiency and artificial intelligence.

With these studies, we aim to quickly and accurately collect and store data, which is the most valuable asset of the digitalization process, and process big data with advanced analytical methods. We aim to make artificial intelligence technologies ready for use by effectively using the collected data at all levels of our companies, supported by analytical studies.

With our digital transformation project, which includes the **“Production Control System and Level-3 Production Systems Modernization”** used in all production processes within Erdemir, we aim to transform production processes into a lean, flexible and agile structure supported by end-to-end digital applications. We believe that the increase in efficiency and a secure infrastructure that will be achieved through this process transformation will also accelerate our technological transformation.

OYAK Mining Metallurgy Companies continues their digital transformation journey in line with the business model they have determined in line with their vision of creating value for all their stakeholders.

With the **“Raw Material Supply and Planning System”** project, we aim to prepare a detailed supply plan according to annual production targets and production needs, to revise the plans in accordance with changing conditions with an effective material control, and to keep the required material ready at the desired place and time by keeping the stock level at a minimum.

With the **“Digital Product Catalog Application”** we developed for Erdemir and Isdemir, we provided our customers and sales teams with the opportunity to get detailed information about the steel grade they want, compare different steel grades, and quickly access the product features they are looking for.

The **“Inflation Accounting Project”** we have implemented has strengthened the fiscal management of our OYAK Mining Metallurgy Companies and contributed to sustainable growth by improving decision-making processes.

As a result of the efforts made to provide OYAK Mining Metallurgy Companies’ web pages with a more user-friendly interface using new technology and infrastructure, Erdemir’s www.erdemir.com.tr page was renewed. We continue to update the websites of our other companies.

Knowledge Management System applications, which meet the process requirements of all documentation and management systems that contain the corporate memory for OYAK Mining Metallurgy Companies, have been completely renewed and put into use.

Infrastructure and data security in information technologies

In 2023, renovation projects were completed, and emergency drills were carried out in the data centers of OYAK Mining Metallurgy Companies in accordance with today’s technology and infrastructure. The fact that the applications structured in Isdemir data centers continued to provide uninterrupted service during the earthquakes on 6 February 2023, once again demonstrated the added value of the investments made.

Within the scope of big data management, we designed in-database analytics to process data volumes at petabyte scale by creating a data warehouse. We support business processes that focus on data by positioning state-of-the-art solutions on this scalable, high-performance, cloud-ready and highly accessible analytical platform.

In order to use artificial intelligence to improve our services, we are conducting efforts to establish our responsible artificial intelligence principles and artificial intelligence framework, including all our infrastructure and network activities. We plan to leverage artificial intelligence for a stronger defense against new cyber threats.

As OYAK Mining Metallurgy Companies, we aim to ensure the security of all our information assets and processes that we use while carrying out our activities in light of the principles of integrity, accessibility and confidentiality. We continue our efforts to take measures to protect the physical and environmental security of information systems.

By reviewing the information technologies organizational structure and processes, and restructuring them to meet the needs, we ensured their functional alignment with business processes along with the IT Corporate Architecture.

OYAK Mining Metallurgy Companies meticulously comply with ITIL, COBIT, GDPR, KVKK, ISO 27001 Information Security Management System, as well as the laws, legislation and regulations regulated by organizations such as the Presidential Digital Transformation Office and the Energy Market Regulatory Authority. Internal/ external compliance and audit activities were continued in 2023, and the continuity of existing certifications was ensured through quality and process improvements and necessary enhancements were made.

WE IMPROVE OUR DIGITAL AND HUMAN RESOURCES COMPETENCIES.

THE APPROACH THAT PUTS PEOPLE AT THE CENTER

108 Employees

114 Social Contribution

EMPLOYEES



Our Relevant Priorities

- Employee and Human Rights
- Talent Management
- Equal Opportunity and Diversity

Human resources practices aiming to improve competencies and working conditions

As OYAK Mining Metallurgy Companies, we work to provide a happy, safe, inclusive and equitable work environment for our employees.

We support the professional and personal development of our employees and aim to improve their living standards. In this regard, we organize work places and work processes to be healthier, more efficient, and ergonomic.

We believe in learning, developing and achieving together with all our employees, and we contribute to the development of the professional and technical knowledge and skills they need through the training programs we organize.

We place people at the center of all our activities and business model. The human resources practices we create by taking into account employee needs and expectations include projects to improve competencies and working conditions.

We support the development of the regions in which we operate by creating employment, contribute to the socio-economic development of our country, and implement projects aimed at creating social value.

The focus areas of our human resources strategy are to be the preferred employer brand, to make social contribution to our operating regions, and to recruit employees who embrace the corporate priorities and values.

At our OYAK Mining Metallurgy Companies, we share common goals, values, principles, and corporate culture as members of a large family. As of the end of 2023, the number of people directly employed by our companies, which are among Türkiye's largest employment creating organizations, was 12,487.

As OYAK Mining Metallurgy Companies, we support the development of the regions in which we operate with the employment we create, and we contribute to the socio-economic development of our country.

Our workforce consists of 68% hourly paid and 32% monthly paid. The employee turnover rate for 2023 was calculated as 8.3% at our Mining Metallurgy Companies which are among the top employers preferred by employees in our country.

High standard, flexible and scalable human resources processes

We are aware that it is our main responsibility to provide qualified workforce to both our country and our Companies, and to invest in the development of employees. We believe in the importance of providing opportunities for our employees to strengthen their competencies while achieving our business goals.

We implemented the Human Resources Transformation Project, which includes more effective, flexible and measurable processes, while maintaining a certain standard in human resources management. The application, which contains employee personal information, includes Performance Management, Selection, Placement and Organization Management, Talent and Backup Management, Compensation and Benefits Management, Learning and Development Platform. We ensure that human resources management, in which we follow a holistic approach, is carried out through a comprehensive, common system.



İsdemir Hot Rolling Mill

Performance Management

Within the scope of performance management, our monthly paid employees undergo a target-based individual performance evaluation process once a year.

In the Individual Performance Management process, we evaluate the extent to which our employees have achieved the performance indicators assigned to them on the Performance System, where annual individual targets are monitored.

During the evaluation process, our employees hold annual performance meetings with their managers. Employees who do not agree with the outcome of the meeting are given the opportunity to object through the system. In this regard, we provide effective feedback to our employees to support them increase their performance, identify areas of strength and areas that need improvement, plan and follow up development activities.

We use individual performance results obtained on an annual basis to achieve corporate goals in determining variable wages, creating individual development plans and talent management processes.

68%

Our workforce consists of 68% hourly paid and 32% monthly paid.

EMPLOYEES



Compensation and Benefits

As OYAK Mining Metallurgy Companies, we create our compensation and benefits policies by taking into account the structure and competitive conditions of the sectors in which we operate, and support them with various practices in the light of analyzes aimed at increasing employee loyalty and motivation.

We apply a systematic approach in remuneration according to the job levels determined for the positions. While the wages and benefits of our hourly paid employees are determined by the collective bargaining agreement, we use an internationally valid methodology based on a defined systematics to determine the wages of our monthly paid employees.

While we offer benefits such as private health insurance, life insurance, performance-based variable wage and employer-sponsored private pension to monthly paid employees, we provide benefits such as bonuses and fuel allowance to hourly paid employees within the scope of the collective bargaining agreement.

We also provide our employees with rights such as lodging, nursery, social facilities, kindergarten and health services.

We attach importance to cross-functional and inter-company transitions by offering our employees the opportunity to gain experience in different fields and locations. We increase the career and development opportunities of our employees by creating individual development plans and career goals.

Talent Management

We position ensuring that our employees work in the most appropriate business area that suits their abilities and increasing their personal and professional competencies at the center of our holistic talent management approach.

Within the scope of our talent management strategy, we prioritize internal resource appointments by conducting potential evaluations of employees for career opportunities in our companies through the “OYAK Measurement and Evaluation Center” practice. With our learning and development activities, we prepare our employees for the future and support their sustainable development by creating individual development plans in line with their career goals.

While preparing our companies for the future, we identify critical roles and create our backup plans. In line with our talent and backup processes, we create career paths for our employees by prioritizing internal candidates whose competencies and experiences match open positions. We also feel the power of being a large structure in our backup processes.

We attach importance to cross-functional and inter-company transitions by offering our employees the opportunity to gain experience in different fields and locations. We increase the career and development opportunities of our employees by creating individual development plans and career goals.

In the external candidate search process, in addition to selection and placement tools, we provide job opportunities to young talents through university collaborations and support their adaptation through our orientation process.

Equal Opportunity and Diversity

Our OYAK Mining Metallurgy Companies have a working environment that offers equal opportunities. Our human resources processes, especially in recruitment, are not based on gender, language, race, ethnic origin, political opinion, belief, religion, sect, age, physical disability or similar factors. We believe that respect for different beliefs and opinions enriches us.

Aiming to prevent all kinds of discrimination, we support gender equality and carry out our recruitment activities with this awareness.

Training Activities

The training activities we carry out as OYAK Mining Metallurgy Companies include all learning and development activities aimed at improving the current and required competencies of our employees. In line with our training goals, we carry out comprehensive training activities that support the professional and basic competencies of our employees.

In addition to short/long-term training programs for our monthly and hourly paid employees, we plan annual training programs such as development programs, technical faculties, internal training programs, catalog trainings for our monthly paid employees. We also

offer many learning opportunities such as on-the-job, classroom, e-learning, domestic/international conferences and seminars using various training methods suitable for adult education. We support our employees in their career journeys with both technical and managerial faculty trainings.

We manage our human resources processes more efficiently thanks to our DigitalHR application, where employees can effectively access all learning and development activities regardless of time and place. We started to actively use distance education methods through our DigitalHR Learning and Development platform.

Some of the e-trainings we offer to our employees in 2023 are listed below:

- Personal Data Protection Law (KVKK)
- Code of Ethics and Business Conduct
- Greenhouse Gas Emissions
- Information Security Awareness
- E-Orientation
- OHS Training
- Zero Waste Management System Training



EMPLOYEES



Internal Tutorage

Basic Project Management Training and Advanced Project Management Training

We provide Project Management training in order to develop the project management approach and learn techniques. Under the headings of Basic Project Management Training and Advanced Project Management Training, we aim to improve the skills of project managers on issues such as time, cost, quality, people, customer satisfaction and risk at all stages of the projects.

Personal development and technical training programs provided for different employee categories

Management Development Program for Personnel Processing Ore

We carry out the Ore Processors Development Program in order to help chief engineer and manager level employees get to know themselves, improve team management and business practices, and increase effective communication and cooperation that will support business results.

Site Procurement Faculty

We design and train the Site Procurement Faculty in parallel with the technical and professional development stages in order to improve the competencies of procurement unit employees. Participants are entitled to receive CPP (Certified Procurement Professional) and CPPM (Certified Procurement Professional Manager) certificates depending on their success in the exams administered at the end of the training.

Faculty of Finance

In line with the finance approach of OYAK Mining Metallurgy Companies, we design and provide training for the Faculty of Finance in order to strengthen professional and technical competencies and increase cooperation between teams.

Expert Development Program

We design the Expert Development Program and provide training for employees working at the expert level in OYAK Mining Metallurgy Companies to acquire individual awareness, improve business processes and increase their competencies through relationship management, business management and future management modules.



Training topics provided within the scope of disseminating operational excellence projects

Statistical Data Analysis Training (SDA)

In line with the Statistical Data Analysis Training, we open two courses during the year for five days and give information about statistical data analysis techniques and conceptual infrastructures to our expert and manager level employees with practical examples using the Minitab program, and support them with workshops. At the end of the training, we add the participants who are successful in the exam covering SDA training topics to the Experimental Design Training participant pool. We issue a certificate of achievement to successful participants.

Topics covered during the training:

- Introduction to Statistics
- Graphical Analysis
- Measurement System Analysis
- Process Adequacy Analysis
- Correlation Analysis
- Introduction to Hypothesis Testing
- Mean and Variability Hypotheses
- Ratio Hypotheses
- Regression Models
- Statistical Process Control
- Cart Analysis

Measurement System Analysis Training (MSA)

We provide Measurement System Analysis Training to our employees once a year as a course for two days. Within the scope of the training, we support participants to develop their measurement and analysis skills. We perform analyzes with Minitab-supported statistical methods in the system, which includes both measurement tools and measurement personnel. We issue a certificate of achievement to participants who are successful in the exam held at the end of the training.

Topics covered during the training:

- Measurement System Analysis: Introduction
- Type-I Study
- Gage Linearity & Bias Study
- Gage R&R Crossed
- Gage R&R Nested
- Gage R&R Expanded
- Attribute Gage Study (Analytical Method)
- Attribute Agreement Study

Design of Experiments Training (DOE)

As a continuation of the SDA training, we provide Design of Experiments Training to our participants once a year for three days. In the classroom training consisting of participants who have successfully passed the Statistical Data Analysis Training exam, advanced statistical analysis techniques and concepts are taught with practical examples and workshops using the Minitab program. At the end of the training, we give participants an exam covering DOE subjects and issue certificates to our successful employees.

Topics covered during the training:

- SDA General Review
- ANOVA
- Introduction to Design of Experiments
- Full Factorial Experiments
- Fractional Factorial Experiments
- Multiple Output Optimization

Statistical Modeling Training for Managers (SMTM)

We provide Statistical Modeling Training for Managers once a year, for two days, as a summary of the SDA training for managers and above. We complete the training with sample applications, workshops and statistical analyzes using the Minitab program.

Topics covered during the training:

- Introduction to Statistics with Minitab®
- Minitab® Charts
- Measurement System Analyzes
- Introduction to Hypothesis Tests
- Regression Models

SOCIAL CONTRIBUTION

As OYAK Mining Metallurgy Companies, we include contributing to the social development and welfare of the society, especially in the regions where we operate, among our basic responsibilities.

Social development supported by education and culture-art-oriented projects

Since the day we were founded, we have been supporting social development in the regions where we operate and carrying out social responsibility activities in different areas in order to create sustainable and lasting value for the society. We return a part of the added value we produce to society through the social responsibility projects we carry out.

We contribute to social development with our education and culture-art-oriented projects that we develop through our collaborations with public institutions, national and local non-governmental organizations.

The support we provided to social projects in 2023 reached TL 868 million 937 thousand. Following the Kahramanmaraş-centered earthquakes, one of the biggest disasters our country has experienced, we provided cash support to the Disaster and Emergency Management Presidency within the scope of the aid campaign launched throughout the country to heal the wounds in the region. For the month of Ramadan, we provided food aid to families in need at the regions where our Companies are located.

Education and culture-art projects are at the center of our approach of supporting the development of society. The projects in question aim to improve the conditions in education, provide more people with access to educational opportunities and expand cultural and artistic activities.

We continue to meet the needs of schools in the lodging and nearby areas in Ereğli, İskenderun and Divriği, such as electricity, water, heating and cleaning. In addition, we encourage the participation of educational institutions in our operating regions in events and competitions in the fields of science, culture-art and sports, contribute to the improvement of their physical conditions, and support them with equipment and technical equipment.

Children's theater, which has become a tradition at OYAK Mining Metallurgy Companies, brings together children between the ages of 5 and 12 with art. In 2023, the musical children's play called "The Clown Dropping His Nose" was staged for a week for children in the İsdemir lodging area, Ermaden and Erdemir regions. A total of 2,500 children attended these theatre performances.

Prioritizing its work in the field of education, Erdemir continued to support the construction of faculties affiliated with Zonguldak Bülent Ecevit University in Karadeniz Ereğli and the work of the Space Team Grizu-263 within the University.

Erdemir, which meets the various needs of educational institutions every year, especially in the region where it operates, provided maintenance, repair, material and equipment support to 7 educational institutions in 2023.

Erdemir Steel and Life Sculpture Competition, in which we aim to support young talents who will play a role in the development of the art of sculpture, contribute to art education in Türkiye and draw attention to the various uses of steel through art, could not be held in 2023 due to the earthquake. Steel sent from Erdemir and İsdemir is also used in the production of the sculptures within the scope of the competition, which will be held for the 8th time in 2024.

Erdemir Maden, one of OYAK Mining Metallurgy Companies, continued to support education, sports and social activities to contribute to the development of Divriği and Sivas, where its facilities are located. The Company provides regular assistance to educational institutions in matters such as hygiene and cleaning services, and also contributes to the activities carried out by public institutions and non-governmental organizations to improve the facilities of educational institutions.



Hatay Silk Project

İsdemir took the first step in 2022 to launch a silk weaving course in cooperation with İskenderun Public Education Center in order to popularize Hatay Silk, which was added to the forgotten cultural heritage by the Ministry of Culture.

The project, which aims to include the spouses of İsdemir employees and subsequently the women in the region into socio-economic life, was paused for a year due to the earthquake disaster on 6 February 2023.

It is planned to start Hatay Silk weaving courses for the wives of employees living in the İsdemir site area in 2024, and to expand them to neighboring districts depending on the interest from women in the region.

Children of the Republic, Türkiye's Future Children's Truck

The mobile truck project, launched with the initiative of OYAK Mining Metallurgy Companies and equipped with many educational and entertaining activities, continued in 2023. During the period between 23 April

National Sovereignty and Children's Day and 19 May Commemoration of Atatürk, Youth and Sports Day, the mobile truck met with children and young people living in the earthquake zone and provided fun moments for 3 days to the children in the İsdemir lodging area on 19 May.

"Let Elpek Cloths Be Woven, Let Our Cultural Heritage Be Preserved" Project

Aiming to keep the cultural values of Karadeniz Ereğli alive, Erdemir continued its "Let Elpek Cloths Be Woven, Let Our Cultural Heritage Be Preserved" project in the production area established in Pınarcık Village.

Within the scope of the project, where 18 women from Pınarcık Village received training and gained silk weaving skills, a cooperative was established named Pınarcık Village Silk Cloth Weaving Women's Enterprise Production and Operation Cooperative. Logo and brand identity work for the cooperative has been completed. Women participating in economic life with the support of Erdemir continue their production and product development activities.




WE ARE PREPARING FOR THE FUTURE WITH STRATEGIC STEPS.

CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE APPROACH

**Our Relevant Priorities**

- Corporate Governance
- Ethics and Transparency


Corporate governance practices ensuring fulfillment of responsibilities towards stakeholders

With the awareness that they operate in a sector where global competition is at a high level, OYAK Mining Metallurgy Companies believe that qualified corporate governance practices are important in having a voice in the world.

Determining their corporate governance model in line with this belief, OYAK Mining Metallurgy Companies observe ethical values, honesty, transparency and fairness at the highest level in their activities. In this context, our Companies define these principles as integral parts of corporate governance in order to fulfill their responsibilities towards their stakeholders and protect their rights, to use resources effectively, to work efficiently and to ensure the sustainability of the added value produced for stakeholders.

Policies

The policies and principle documents of OYAK Mining Metallurgy Companies, which they have created within the framework of applicable laws, legislation and regulations, and which also reflect their corporate governance and sustainability understanding, are disclosed to the public on their websites.

Anti-Corruption Policy 	Management Systems Policy 	Public Disclosure Policy 	Compensation Policy 	Donations and Contribution Policy 
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OYAK Mining Metallurgy Companies reflects their corporate governance approach, which forms the basis of sustainable economic performance and also outlines ethical principles and responsibilities, in all their activities.

OYAK Mining Metallurgy Companies, which fulfill all their responsibilities towards society and the state correctly and on time as a corporate citizen, adopts the Corporate Governance Principles published by the Capital Markets Board and carries out studies to integrate these principles into all management processes.

Our companies implemented the corporate governance principles included in the annex of the Corporate Governance Communiqué and required to be implemented by the relevant legislation during the activity period ending on 31 December 2023. Paying utmost attention to compliance with non-mandatory voluntary principles, our Companies did not face any conflict of interest with stakeholders to date, regarding those that cannot be complied with.

Corporate governance activities at OYAK Mining Metallurgy Companies are carried out under the direction and management of the Board of Directors. The Board of Directors consists of a total of 9 members, 1 of whom is a woman and 3 of whom are independent.



Staff Compensation Policy 	Dividend Distribution Policy 	Supplier Code of Conduct 	Code of Ethics and Business Conduct 
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BOARD OF DIRECTORS

Board of Directors	Duty	Date of Taking Office
OYTAŞ İç ve Dış Ticaret A.Ş. (Representative: Süleyman Savaş ERDEM)	Chairman of the Board of Directors	27.05.2013 ^(*)
OMSAN Lojistik A.Ş. (Representative: Baran ÇELİK)	Deputy Chairman and Executive Director	11.09.2012 ^(*)
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Representative: Gürtan DAMAR)	Board Member and Executive Director	13.09.2012 ^(*)
Privatization Administration, Ministry of Treasury and Finance of the Republic of Türkiye (Representative: Bekir Emre HAYKIR)	Board Member	20.09.2012 ^(*)
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (Representative: Güliz KAYA)	Board Member	12.09.2012 ^(*)
OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. (Representative: Eren Ziya DİK)	Board Member	12.09.2012 ^(*)
Ali FİDAN	Independent Board Member	31.03.2017
Emre GÖLTEPE	Independent Board Member	17.03.2022
Kadri ÖZGÜNEŞ	Independent Board Member	31.03.2023

(*) Based on the date of appointment of the legal entity Board Member.

Changes Made in the Board of Directors During the Period

- At the election held during the Ordinary General Assembly Meeting on 31 March 2023, Board Members were appointed to serve for 3 years as follows: OYTAŞ İç ve Dış Ticaret A.Ş. Representative Süleyman Savaş ERDEM, OMSAN Lojistik A.Ş. Representative Baran ÇELİK, OYAK Pazarlama Servis ve Turizm A.Ş. Representative Gürtan DAMAR, Ministry of Treasury and Finance Privatization Administration Representative Bekir Emre HAYKIR, OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. Representative Volkan ÜNLÜEL and OYAK Denizcilik ve Liman İşletmeleri A.Ş. Representative Güliz KAYA. At the same election, Ali FİDAN, Emre GÖLTEPE and Kadri ÖZGÜNEŞ were elected as Independent Board Members to serve for 1 year.
- With the decision no. 9887 of the Board of Directors, in the distribution of duties among the Members of the Company's Board of Directors to serve for a period of 1 year, the following appointments were made: Board Member and OYTAŞ İç ve Dış Ticaret A.Ş. Representative Süleyman Savaş ERDEM as the Chairman of the Board of Directors, Board Member and OMSAN Lojistik A.Ş. Representative Baran ÇELİK as the Deputy Chairman of the Board of Directors. With the same decision, Deputy Chairman of the Board of Directors and OMSAN Lojistik A.Ş. Representative Baran ÇELİK, and Board Member and OYAK Pazarlama Hizmetleri ve Turizm A.Ş. Representative Gürtan DAMAR have been authorized as "Executive Director".
- By the decision of the Board of Directors no. 9921, since the duty of the real person representative Volkan ÜNLÜEL, acting on behalf of OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. and Board Member has ended, it has been decided to register Eren Ziya DİK, who was appointed in his place, in the trade registry and to announce it in the Turkish Trade Registry Gazette.

SENIOR MANAGEMENT

Senior Management	Position	Date of Taking Office	Education	Professional Experience
Baran ÇELİK	Deputy Chairman and Executive Director	14.02.2023	Boğaziçi University - International Trade	20 Years
Gürtan DAMAR	Board Member and Executive Director, Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. General Manager	23.02.2021	Yıldız Technical University - Mechanical Engineering	28 Years
Mustafa Serdar BAŞOĞLU	Financial Management and Financial Affairs Group Vice President	24.09.2020	Karadeniz Technical University - Finance (Undergraduate) Bülent Ecevit University - Business Administration (Graduate)	20 Years
Sercan BÜYÜKBAYRAM	Marketing and Sales Group Vice President	19.06.2023	Middle East Technical University - Political Science and Public Administration (Undergraduate) Middle East Technical University - Sociology (Graduate)	24 Years
Şevket Selim YILMAZ	Procurement Group Vice President	22.02.2024	Atatürk University -Business Administration (Graduate)	20 Years
Ercan KAYA	Corporate Architecture and Human Resources Group Vice President	21.07.2020	Hacettepe University - Economics (Graduate) Selçuk University - Economics (Doctorate)	36 Years
Niyazi Aşkın PEKER	Ereğli Demir ve Çelik Fabrikaları A.Ş. General Manager	12.09.2022	Yıldız Teknik University - Metallurgical Engineering	30 Years
Salih Cem ORAL	İskenderun Demir ve Çelik A.Ş. General Manager	12.09.2022	İstanbul Technical University - Metallurgical Engineering	30 Years
Halil YILDIRIM	Erdemir Madencilik Sanayi ve Ticaret A.Ş. General Manager	02.09.2013	Cumhuriyet University - Geological Engineering	29 Years
İbrahim ÖZBUNAR	Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. General Manager	01.04.2022	Ege University - Agricultural Engineering	28 Years
Hakan KORKMAZ	Kümaş Manyezit Sanayi A.Ş. General Manager	11.09.2023	İnönü University - Mining Engineering	24 Years

- Board Member Baran ÇELİK served as the real person representative of OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. between 18.02.2019 - 13.02.2023.
- Can ÖRÜNG served as Information Technologies Group Vice President between 21.02.2017-31.01.2023.
- Sercan BÜYÜKBAYRAM was appointed as "Marketing and Sales Group Vice President" as of 19 June 2023.
- By the Board of Directors' decision no. 9911, the vacant Information Technologies Group Vice President position has been closed, effective from 1 October 2023.
- Hakan KORKMAZ was appointed as Kümaş Manyezit Sanayi A.Ş. General Manager as of 11.09.2023.
- İsmail Kürşad KORKMAZ served as Procurement Group Vice President between 21.02.2017-22.02.2024.

COMPLIANCE WITH ETHICAL PRINCIPLES

The Code of Ethics and Business Conduct together with the Anti-Corruption Policy sets out our expectations, execution standards and ethics practices which form the basis for all business relations and activities of our Mining Metallurgy Companies. The Anti-Corruption Policy defines our anti-corruption and anti-bribery policies and practices.

The Code of Ethics and Anti-Corruption Policy apply OYAK Mining Metallurgy Companies and all third parties acting on behalf of these companies and their employees. All our stakeholders can access the Code of Ethics and Business Conduct and Anti-Corruption Policy documents via our Companies’ websites.

The Code of Ethics and Business Conduct and Anti-Corruption Policy documents are included as a part of the contracts we enter into with suppliers and customers. We expect the companies with which we have commercial business relations to comply with these terms. We consider companies that we find to be in violation of ethical rules as risky and we avoid conducting commercial activities with these companies.

The Code of Ethics and Business Conduct consists of four main headings:

- Integrity
- Avoidance of Conflict of Interest
- Protection of Trade Secrets and Confidentiality
- Our Responsibilities

In the article on Responsibilities to Society and Humanity, we commit to respect human rights and to acting in accordance with the Labor Law and the International Labor Organization (ILO) agreements to which the Republic of Türkiye is a party, regarding the avoidance of child labor. In our Responsibilities Towards Our Competitors article, we have a commitment to compete only in legal and ethical areas and to avoid unfair competition.

We carry out training activities to raise awareness among employees on codes of ethics and business conduct. We provide training on Code of Ethics and Business Conduct to new employees within the scope of the orientation program.

Additionally, we organize refresher training for all employees every year. In these trainings, which are given electronically through the DigitalHR platform, we share information about the Code of Ethics and Business Conduct, as well as the behaviors expected to be exhibited in situations that may be encountered in business life, with our employees through various case examples.

After completing ethics training, monthly salaried employees attest to conformance with the Code of Ethics and Business Conduct. We examine the declaration forms with the joint efforts of Human Resources and Internal Audit functions and implement corrective/ preventive actions when necessary. In cases of potential conflict of interest, we take measures such as change in the area of responsibility or rotation.

Ethics Hotline

Our employees and all other stakeholders can submit their questions about compliance with the Code of Ethics and Business Conduct and the Anti-Corruption Policy or their complaints about non-compliance through the ethics hotlines. In order to increase the effectiveness of ethical communication channels, the ethics hotline was updated in 2022 offering a variety of reporting options, including phone, email and online reporting. The ethics hotline is managed by Remed, a company independent from OYAK Mining Metallurgy.

The ethics hotline is an impartial and independent reporting line where ethical concerns can be submitted anonymously. Our employees and other stakeholders can submit their notifications via the call center (0212 924 7865), which provides uninterrupted and live service 24/7, e-mail (erdemir@etikhat.com) or web form (www.remedetikhat.com.tr).

Especially thanks to the newly added web form, there has been a significant increase in the number of notifications sent digitally. If the person’s identity data or personal information is shared during the notification, this information is not forwarded to OYAK Mining Metallurgy Companies without data owner’s explicit consent. Information shared through the ethics line is stored in accordance with the Personal Data Protection Law (KVKK) and relevant legislation.

The reports submitted to OYAK Mining Metallurgy by Remed are only accessible to authorized ethics compliance professionals in the Internal Audit Department, who report directly to the Board of Directors. We conduct investigations in line with the confidentiality principles and keep tip- offs, complaints as well as the identities of complainants and informers confidential. We follow a policy to prevent possible retaliatory actions and behaviors towards any employees or individuals who report ethical violations.

Audit activities focused on ethical compliance

The Internal Audit Directorate carries out the investigation and probing activities about the notifications received regarding compliance with the Code of Ethics and Business Conduct and the Anti-Corruption Policy. The Ethics Committee is responsible for resolving any incidences of non-compliance and implementing disciplinary action when deemed necessary.

The Ethics Committee consists of 3 executives: Board Member and Executive Director, Human Resources Group Vice President and Group Legal Director. The Internal Audit Director acts as the secretary of the Ethics Committee.

Besides taking disciplinary actions against those found to be violating ethical standards, we take measures to strengthen the internal control environment in order to prevent the re- occurrence of similar situations in the future.

The Internal Audit Directorate regularly reports the results of ethical compliance activities and investigation to the Audit Committee, which consists of Independent Board Members. In this context, 4 meetings were held in 2023.

Activities carried out within the scope of ethical compliance and their results are reviewed annually and actions are taken to improve ethical compliance processes. We have a corporate membership in the Turkish Ethics and Reputation Association (TEİD) within the scope of the development of the ethics compliance program.

INTERNAL AUDIT SYSTEM

The adequacy and effectiveness of risk management, control and governance processes at OYAK’s Mining Metallurgy Companies is evaluated by the Internal Audit Directorate according to a risk- based audit plan. The Internal Audit Directorate, whose purpose, authority and responsibilities are determined by the Internal Audit Charter, reports directly to the Board of Directors.

The Internal Audit Directorate periodically reports the internal audit activities and the effectiveness of the internal control system to the Audit Committee, which consists of Independent Board Members. In this context, 4 meetings were held in 2023.

Audits of business processes at OYAK Mining Metallurgy Companies are carried out with a risk-oriented and value-added approach, within the framework of the annual audit calendar, and with reference to international standards for professional practice of internal auditing.

Audit activities are performed through the Integrated Audit System. During the audits, the adequacy and the effectiveness of risk management, control and governance processes are evaluated, and recommendations are developed to improve processes. While reviewing the processes, error risk and productivity losses that may arise from human intervention-intensive processes are taken into consideration and recommendations related to digitalization and automating the process and controls are developed.

In addition to risk-oriented audit and consultancy activities, we perform continuous audit and monitoring activities with the support of the Integrated Audit System. We continuously evaluate the effectiveness of the critical controls in the SAP system by automated business rules installed in the Process Control module. Transactions outside the defined standards are automatically reported by the system, and necessary analyses are performed in relation to the findings.

Action plans are developed to address internal audit findings. Audit findings and actions are tracked through the Integrated Audit System. There is a followup process to monitor completion status of actions and ensure that audit actions have been effectively implemented.

RISK MANAGEMENT

As OYAK Mining Metallurgy Companies, we proactively manage risks and opportunities within the framework of our value-oriented and sustainable business model. Given the dynamics of the iron and steel industry we operate in, we encounter various risks and opportunities across different areas. With this awareness, we constantly monitor uncertainties arising from external and internal and take appropriate actions in order to identify risks and opportunities, benefit from and control the appropriate ones.

As companies operating in the commodity field, we are affected by macroeconomic fluctuations and geopolitical developments. The risks and opportunities faced by our Companies in 2023 include the direct effects of the earthquake in Kahramanmaraş and the fluctuations in the demand for our products and product prices due to the pressure on the global economy caused by interest rate increases originating from central banks. In addition, external risks such as climate change, protectionist measures and cyber threats, financial risks and internal risks arising from commercial activities and production operations are among the factors affecting our activities.

In order to identify potential events that may affect our companies, manage existing risks, identify possible risks early and manage them appropriately, a central Enterprise Risk Management function operates within the Financial Management and Financial Affairs Group Vice Presidency, and carries risk issues to the Board of Directors bimonthly through the Early Detection of Risk Committee. Risk Management activities are audited by internal audit, external audits and an independent audit firm.

We carry out comprehensive risk management studies within the framework of the Enterprise Risk Management Procedure in order to systematically and comprehensively identify, evaluate, economically control and monitor threats and opportunities that may affect the assets, reputation and profitability of our companies. We created the framework in question based on international standards and good practices, especially ISO 31000.

In addition to internal risks, we also closely monitored external risks that may arise in the supply chain, raw material prices and product demands due to wars in nearby regions and evaluated their possible effects. We also analyzed the realization of the actions we planned regarding climate change, updated our plans accordingly and continued to monitor the process by determining new actions.

In addition to taking action for short and medium-term risks, we also make plans for risks on critical issues that may have an impact in the long term (10+ years). In order to keep our risks under control and reduce external dependency, we make the investments detailed in the “INVESTMENTS” and “RISK MANAGEMENT PROJECTS” sections of the report and carry out research and development activities in constant communication and cooperation with suppliers, customers, Group companies and research institutions.

We base our audit activities on the Integrated Audit System that we have implemented within the scope of our digitalization efforts. During the audit of processes, we evaluate the effectiveness of risk management, control and governance processes.

1- Risk Identification
Internal risks are periodically identified by business units with a comprehensive approach. Changing external environment risks are determined with the continuous monitoring method. Newly detected risks are added to the risk list.

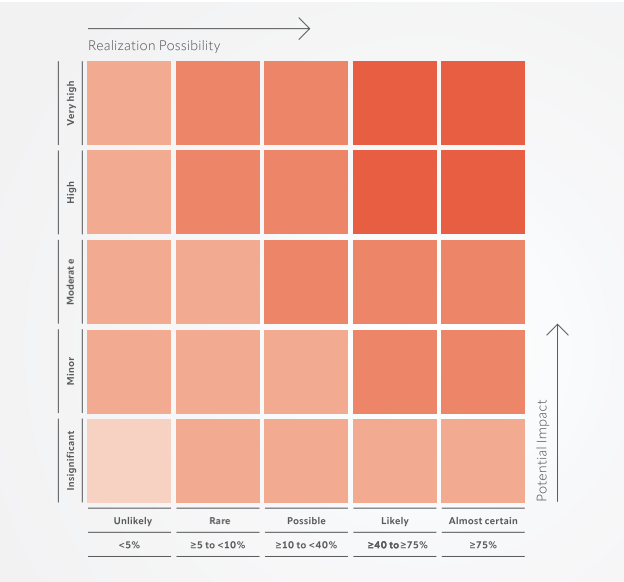
2- Prioritization
The criticality of risks is determined in the light of expert opinion, scenarios and calculations made through developed models, and impact and probability scales, by taking into account existing control measures.

3- Risk Improvement
Detailed action plans, ranging from quick gains to long-term, comprehensive investment plans, are prepared to bring risks that may exceed the tolerance level in any of the impact criteria to an acceptable level.

4- Monitoring & Reporting
Identified risks and progress of the determined action plan are regularly monitored and reported.

RISK MANAGEMENT

We prioritize the risks we identify, report them, plan action and track risk changes within the framework of the matrix below.



Risk management activities in our OYAK Mining Metallurgy Companies and the effectiveness of the control and governance processes regarding this issue are evaluated within the scope of risk-focused audits carried out by the Internal Audit Directorate. The Internal Audit Directorate, whose purpose, authority and responsibilities are determined by the Internal Audit Regulation, operates directly under the Board of Directors.

The Internal Audit Directorate regularly informs the Audit Committee, consisting of Independent Board Members, about audit activities and the effectiveness of the internal control system. In this context, 4 meetings were held in 2023.

Audits of business processes at OYAK Mining Metallurgy Companies are carried out with a risk-oriented and value-added approach, within the framework of the annual audit calendar, and with reference to international standards for professional practice of internal auditing.

Audit activities are performed through the Integrated Audit System. During audits, the effectiveness of control and governance processes related to risk management is evaluated and suggestions are developed to improve the processes. When assessing risks, error risks and

productivity losses that may arise from processes that involve intense human intervention, are taken into account. Recommendations are developed to automate and improve controls, considering digitalization needs and automation opportunities.

In addition to risk-oriented audit and consultancy activities, continuous audit and monitoring activities are carried out with the support of the Integrated Audit System. Thanks to the automatic business rules defined in the Integrated Audit System, the effectiveness of critical controls in the SAP system is constantly analyzed. Transactions outside the defined standards are automatically reported by the system and necessary investigations are carried out regarding the findings.

Action plans are developed for the findings identified as a result of internal audit activities. Audit findings and actions are tracked through the Integrated Audit System. The completion status of the actions is monitored regularly, and the effectiveness of the completed actions is evaluated.

Potential Impact

We have established an Enterprise Risk Management Procedure in order to identify, evaluate, economic control and monitor threats and opportunities that may affect the assets, reputation and profitability of our companies systematically and comprehensively.

The Risk Management Framework we have established consists of various interrelated components. We define these components as the management process consisting of risk identification, prioritization, improvement, reporting, monitoring/surveillance and routine and immediate communication phases regarding risk.

We created this framework to identify potential events that may affect our OYAK Mining Metallurgy Companies, to manage risks in accordance with our Companies’ corporate risk-taking profile, and to provide a reasonable level of assurance that our Companies will achieve their goals. This systematic process is adopted by the Board of Directors, Senior Management and all other employees of the Companies, is used in determining strategies, and is implemented in all Companies.

Risk Groups

Risk	How Do We Manage?
Exchange Rate Risk	We evaluate exchange rate risk under three main headings: sales-related, payments-related and non-sales collection-related. To manage this risk in accordance with the Financial Risk Management Policy, we hedge the exchange rate risks arising from transactions carried out outside the functional currency through derivative transactions.
Interest Risk	We manage interest risk primarily by creating a financial asset-liability portfolio with a balanced interest structure. In addition, due to cost advantage, maturity advantage and similar reasons, the remaining interest risk arising from interest types that are in the financial asset and liability portfolio or may occur in the future is primarily managed by natural “hedge” positions, and when this is not possible, through derivative transactions, in accordance with the Financial Risk Management Policy.
Price Risk	Fluctuations in coal, iron ore, steel and similar commodity prices may affect our Companies due to the sector in which we operate. We analyze the effects of prices changes of our main inputs and products on our financial indicators through the models we have developed. We have determined our basic approach in managing these risks as securing the sales profitability in contract/ forward sales. We keep the risk level within the determined limits by realizing “hedging” derivative transactions to protect our companies from price fluctuations and to lock the sales profits.
Liquidity Risk	We mainly manage liquidity risk by having ready resources that can fulfill financial obligations at an adequate level and on time. For this purpose, we regularly monitor estimated and actual cash flows for short, medium and long-term funding and liquidity requirements, and manage liquidity risk by ensuring the continuation of sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities.
Counterparty Risk	We consider counterparty risk as the risk that our counterparties, with whom we have business relations, will not be able to fulfill their financial obligations towards us, including receivables risk. We obtain bank guarantee or Receivable Risk Insurance to manage customer-related counterparty risk. In order to manage the counterparty risk associated with financial institutions, we assign limits to financial institutions according to current evaluations within the framework of the Financial Institution Counterparty Risk Model we developed, and carry out transactions within these limits.
Legislative Change	One of the most important elements of the European Green Deal that will affect international trade is the Carbon Border Adjustment Mechanism (CBAM). With this regulation, the European Union (EU) aims to ensure that a cost equivalent to the carbon cost incurred during the production of commercial goods within the EU borders is also applied to goods imported to EU countries. In this regard, the regulation on CBAM implementation was published in the EU Official Gazette on 16 May 2023. The Carbon Border Adjustment Mechanism (CBAM) transition period, which also includes the iron and steel industry, started as a reporting period as of October 2023. In the light of all these developments, we are studying both the reflections of CBAM on exports and the effects of the possible carbon pricing mechanism planned to come into effect in our country, on a scenario basis. We take into account scenario-based effects in our investment feasibilities and make our plans accordingly.

RISK MANAGEMENT

Risk	How Do We Manage?
Extreme Weather Events	We anticipate the physical effects of the climate crisis and make necessary action plans. Sustainable water supply is critical to our production. We work to reduce our water footprint and waste water discharges. We foresee that risks such as excessive rainfall, sea level rise, and water supply difficulties due to the climate crisis may cause problems in ports, warehouses, raw material supply and production, and we follow the risks and take actions in this context.
Access to Finance	The use of fossil fuels in the current blast furnace production route leads to carbon-intensive work by integrated iron and steel producers. The transition to a low-carbon economy brings with it high costs as well as the need for technology change. In line with this fact, we follow opportunities to access advantageous financing for investments to be implemented in the fight against climate change and green transformation. We convey the criticality of the issue and the practices abroad to the relevant parties in various meetings for the legislation regulations in our country.
Carbon Pricing Mechanisms	The non-fiscal period of the EU Carbon Border Adjustment Mechanism (CBAM) started in 2023, and the fiscal period is planned to start in October 2026. Türkiye, which does not want to encounter a negative situation in the change that the European Union will create in trade with the regulation designed as a new international trading system, has started working to establish its own carbon pricing mechanism. In this context, we study the possible situation of Türkiye's carbon pricing on the basis of scenarios and use the calculated effects in our strategy and investment planning.
Occupational Health and Safety Risk	The sectors in which our companies operate are classified as very dangerous in accordance with the relevant legislation. We consider it one of our basic responsibilities for our employees to work in a healthy, safe and ideal environment. We carry out all operations in our companies by taking into account employee health and safety. In order to effectively manage occupational health and safety risks, our companies have separate organizational teams that focus specifically on the management of these risks. We manage all our operations with the goal of zero occupational accidents and make occupational health and safety a strong business culture.

We develop numerical risk models and monitor risk levels with probability-based quantitative calculations in order to determine the effects that our critical risks may have both independently and interactively. We provide information flow through rapid reporting and prepare action plans for risks that may exceed risk tolerance levels.

RISK MANAGEMENT PROJECTS

Kızılcapınar Hydroelectric Power Plant

We carried out the hydroelectric power plant installation project to benefit from the water wasted from the bottom weir of the Kızılcapınar Dam, which was taken over and operated by Erdemir by fulfilling all its financial obligations in 1995. The hydroelectric power plant, established within the scope of the project we started to generate electricity, became operational in 2021 under Erdemir Enerji Üretim A.Ş., which is a 100% subsidiary of Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

Kızılcapınar Hydroelectric Power Plant was among the 34 hydroelectric facilities mass inaugurated by the Presidency on 11 August 2022. The facility, which will support Türkiye's strategy of ensuring energy supply and security with domestic and national resources, has an average annual production capacity of 18 million 700 thousand kWh.

The facility, which will serve to reduce the amount of natural gas and coal imported from abroad, will be able to produce an amount corresponding to the electricity consumption of approximately 6,250 households annually. The facility will meet the high-quality electricity supply needs of consumers in the region by having a positive impact on the energy quality in the electricity distribution network at the point of connection. At the same time, the annual 10,500 tons of CO₂ emissions resulting from this amount of energy production will be prevented.

Hasançelebi Iron Ore Production Project

The project includes the production and enrichment of iron ore in the Hasançelebi iron mine site and its delivery to the Divriği Pellet Facility blending area. We started the project on 9 March 2018, with the aim of contributing to the country's economy and securing the supply chain by taking advantage of domestic resources that will replace imported products. We aim to complete the project by the end of 2026.

Within the scope of the project, which is a first in terms of low-grade iron ore evaluation, 2,236,445 tons of ore produced in 2023 was delivered to Divriği Pellet Facility and approximately 935 thousand tons of pellets were produced from this ore. Total ore production by the end of 2023 was 10.1 million tons.

Information about other completed and ongoing investments, especially about occupational health and safety, energy efficiency and digitalization, can be found in the INVESTMENTS section.

Alacaağzı Coal Production Project

The Alacaağzı Coal Production Project, located in the Kandilli Town of Ereğli District, is planned to enter production for a period of nine years from 2025, following the preparatory phase and investment period in the coal and quartz sand site, which was commissioned in 2019. According to the feasibility study of the project, 600 thousand tons of raw coal and 411 thousand tons of salable coal annually are expected after production gets underway.

According to MTA (Institute of Mineral Survey and Exploration) data, there are 400 million tons of quartz sand reserves in the project area, which corresponds to 25% of Türkiye's reserves. Survey-project studies continue to evaluate quartz sand reserves.

The coals to be produced, which has PCI (pulverized coal injection) feature, are planned to be used in Erdemir and İsdemir blast furnace pulverized coal injection and coke production blend.

Bingöl Avnik Pellet Project

Around 250-300 million tons of magnetite iron ore potential was detected in the drilling exploration at Bingöl-Avnik iron mine field, which started in 2021 and 80% of which was completed in the region. The field mobilization phase has begun in order to process this resource and bring it into the Turkish economy.

With the enrichment facility with a capacity of 3.0 million tons to be established in the region, we aim to meet the raw material needs of our iron and steel factories domestically and increase self-sufficiency in ferrous raw materials. In this way, the supply security of our Companies will be ensured, and significant contributions will be made to the regional and national economy. The facility, which will provide employment for nearly 2 thousand people during the construction phase and approximately one thousand people when it becomes operational, will create a huge economic value.



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SOCIAL PERFORMANCE INDICATORS

Number of Employees as per Gender and Category	2021		2022		2023	
	Woman	Man	Woman	Man	Woman	Man
Monthly-paid	635	3,568	644	3,551	633	3,394
Hourly-paid	75	8,510	75	8,389	73	8,387
Total	12,788		12,659		12,487	
Number of Employees Within the Scope of Collective Agreement	2021		2022		2023	
	Woman	Man	Woman	Man	Woman	Man
	87	8,323	88	8,193	86	8,171
Total	8,410		8,281		8,257	
Number of Employees as per Age	2021		2022		2023	
	Woman	Man	Woman	Man	Woman	Man
Under 30	123	1,760	129	1,804	143	2,551
Between 30-50	545	9,335	532	8,790	494	7,717
Over 50	42	983	58	1,346	69	1,513
Number of Employees as per Education Level	2021		2022		2023	
	Woman	Man	Woman	Man	Woman	Man
Primary school	23	1,163	19	1,038	13	703
High school and equivalent	109	6,373	108	6,330	98	6,369
Vocational high school	42	1,679	49	1,696	54	1,984
University	425	2,492	423	2,467	407	2,326
Masters/Doctorate	111	371	124	405	134	399
Employees by Year of Employment	2021		2022		2023	
	Woman	Man	Woman	Man	Woman	Man
0-5 years	237	2,274	253	2,360	302	3,130
5-10 years	123	1,833	126	1,892	123	1,720
10 years and over	349	7,971	340	7,688	281	6,931

Parental Leave	2021		2022		2023	
	Woman	Man	Woman	Man	Woman	Man
Number of employees left for parental leave	20	431	13	449	14	289
Number of employees returned from parental leave	14	431	13	449	7	288
Number of Employees Hired as per Gender and Age	2021		2022		2023	
	Woman	Man	Woman	Man	Woman	Man
Under 30	44	852	41	303	53	1,043
Between 30-50	30	115	24	116	50	129
Over 50	2	10	0	8	5	23
Number of Employees Left as per Gender and Age - Employee Turnover	2021		2022		2023	
	Woman	Man	Woman	Man	Woman	Man
Under 30	6	74	16	118	20	146
Between 30-50	34	212	33	214	109	1,560
Over 50	1	162	8	278	25	899
Trainings	2021		2022		2023	
Training hours (excluding OHS training)	258,751		419,262		360,512	
Average number of training hours	20.2		33		29	
Total Training Cost (TL)	3,393,672		15,439,463		28,748,254.76	

ENVIRONMENTAL PERFORMANCE INDICATORS

	2021		2022		2023	
Energy Management	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total energy consumption (Gigajoule)	95,814,798	111,828,193	86,154,495	97,345,264	87,637,502	92,785,536
Purchased energy (Gigajoule)	19,028,484	7,941,432	17,206,007	7,988,568	16,511,800	8,394,523
Produced energy (Gigajoule)	3,868,419	3,537,742	2,756,213	3,161,523	2,865,118	2,693,009
Total energy savings achieved through energy efficiency projects (Gigajoule)	1,020,986	826,549	1,090,420	1,113,268	822,560	1,288,394
Amount of energy production from waste heat (Gigajoule)	850,314	2,157,617	762,221	1,997,208	941,585	2,242,076
Amount of CO ₂ reduced through energy efficiency projects (CO ₂)	157,479	125,638	116,779	149,673	90,770	173,217
Financial savings achieved through energy efficiency projects (USD)	15,591,304	14,992,555	35,413,605	14,872,568	19,571,146	17,481,338
	2021		2022		2023	
Water Management	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total water consumption (m³)	36,594,975	39,595,256	39,915,348	37,893,189	37,461,602	35,104,050
Surface water (m³)	36,594,975	37,033,096	39,915,348	35,325,676	37,461,602	32,656,387
Ground water (m³)	0	2,562,160	0	2,567,512	0	2,447,663
Recirculated/reused water (m³)	421,365,010	677,154,857	411,007,574	635,232,359	401,598,921	546,712,985

	2021		2022		2023	
Circular Economy and Waste Management	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total amount of waste and by-products (ton)	1,801,069	2,725,850	1,413,987	2,227,701	1,299,695	2,222,763
Total amount of waste and by-products brought into the economy (ton)	1,604,266	2,519,877	1,369,106	2,225,751	911,337	1,754,419
Financial savings achieved through the sales of waste and by-products (USD million)	34	68	117	68	15	52
Total amount of waste reused in the processes (ton)	347,522	201,959	288,458	225,650	288,430	199,278
The amount of alternative raw material used to replace the use of natural resources (ton)	248,678	221,662	251,110	227,529	232,600	185,229
Financial savings achieved through the reused waste in the processes (USD million)	15.0	14.2	11.04	17	9	10
Amount of hazardous waste (ton)	20,000	1,735	9,212	3,710	6,046	8,679
Amount of scrap consumption (ton)	722,866	909,311	698,473	740,778	625,008	716,612

	2021		2022		2023	
Greenhouse Gas Emission Values*	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Greenhouse Gas Emission - Scope 1 (tCO ₂ e/ton crude steel)	-	-	2.26	2.04	2.11	2.07
Greenhouse Gas Emission - Scope 1 (tCO ₂ e)	-	-	7,068,563	9,492,256	5,954,521	9,018,940
Greenhouse Gas Emission - Scope 1 + Scope 2 (tCO ₂ e/ton crude steel)	-	-	2.39	2.13	2.24	2.17
Greenhouse Gas Emission - Scope 1 + Scope 2 (tCO ₂ e)	-	-	7,479,743	9,950,717	6,324,693	9,474,519
Consolidated Greenhouse Gas Emission - Scope 1 + Scope 2 (tCO ₂ e/ton crude steel)	-	-	2.24		2.20	
Consolidated Greenhouse Gas Emission - Scope 1 + Scope 2 (tCO ₂ e)	-	-	17,430,460		15,799,212	

	2021		2022		2023	
Environmental Investments and Expenditures	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total amount of environmental investments and expenditures (USD)	6,086,001	2,552,321	50,964,279	27,879,546	34,141,000	14,695,521

* Disclosure of Greenhouse Gas emission values has started as of the 2022 report. The 3rd party verification process of 2023 data has been completed and the data has been revised.

CORPORATE MEMBERSHIPS

Company	Name of the Association/Corporation
Erdemir	Packaging Manufacturers’ Association (ASD)
Erdemir	R&D Centers Communication and Cooperation Platform (ARGEMİP)
Erdemir	Association of Fastener Industrialists and Businessmen (BESİAD)
Erdemir	Steel Exporters’ Association (ÇİB)
Erdemir	Foreign Economic Relations Board (DEİK) Business Councils: Egypt - USA - Brazil - Canada - China - Australia - UK - Singapore - Spain - Italy - Romania
Erdemir	World Energy Council Turkish National Committee
Erdemir	Ecovadis
Erdemir	Education and Development Platform Association (TEGEP)
Erdemir	Ethics and Reputation Association (TEİD)
Erdemir	Enamel Association
Erdemir	Chamber of Maritime Trade (İMEAK)
Erdemir	Economic Development Foundation (İKV)
Erdemir	İstanbul Ferrous and Non-Ferrous Metals Exporters’ Association (İDMMİB)
Erdemir	İstanbul Chamber of Industry (İSO)
Erdemir	İstanbul Chamber of Commerce (İTO)
Erdemir	Karadeniz Ereğli Education Foundation
Erdemir	Karadeniz Ereğli Chamber of Commerce and Industry
Erdemir	Association of Turkish Machine Manufacturers (MİB)
Erdemir	Corporate Governance Association of Türkiye (KRYD)
Erdemir	Metal Packaging Manufacturers Association (MASD)
Erdemir	International Chamber of Commerce Turkish National Committee (ICC)
Erdemir	Business Council for Sustainable Development (SKD Türkiye)
Erdemir	International Tinplate Association (ITA)
Erdemir	International TAR Association
Erdemir	Integrated Reporting Türkiye (ERTA)
Erdemir	Corporate Communicators Association (KİD)
Erdemir	Turkish Ferrous and Non-Ferrous Metals Council (TOBB)
Erdemir	Environment and Climate Change Standing Committee (TOBB)
Erdemir	Turkish Lloyd
Erdemir	Turkish Constructional Steelwork Association (TUCSA)
Erdemir	The Institute of Internal Auditing - Türkiye (TİDE)
Erdemir	Turkish Cogeneration Association
Erdemir	Corporate Governance Association of Türkiye (TKYD)
Erdemir	Turkish Employers Association of Metal Industries (MESS)
Erdemir	Turkish Wind Energy Association (TÜREB)
Erdemir	Turkish Investor Relations Society (TÜYİD)
Erdemir+İsdemir	Turkish Association of People Management (PERYÖN)

Company	Name of the Association/Corporation
Erdemir+İsdemir	World Steel Association Committees: Committee on Economic Studies (ECON), Committee on Education & Training (ETCO), Committee on Environment (ECO), Committee on Raw Materials (RAMCO), Committee on Technology (TECO), Committee on Safety & Health (SHCO), Life Cycle Assessment (LCA) Expert Group, Sustainability Reporting Expert Group (SREG), World Auto Steel
Erdemir+İsdemir	Turkish Quality Association (KalDer)
Erdemir+İsdemir	Port Operators Association of Türkiye (TÜRKLİM)
Erdemir+İsdemir	Turkish Steel Producers Association (TÇÜD) Committees: Quality Committee, Energy Committee, OHS Committee, Environmental Committee, Raw Material Committee
Erdemir Romania	Dambovita County Chamber of Commerce
Erdemir Romania	Romania Steel Producers Association (UNIROMSIDER)
Erdemir Romania	Ankara Chamber of Commerce (ATO)
Erdemir Maden	Sivas Chamber of Industry
Erdemir Maden	Ankara Chamber of Industry (ASO)
Erdemir Maden	Malatya Chamber of Commerce and Industry
Erdemir Maden	Karadeniz Ereğli Chamber of Commerce and Industry
Erdemir Maden	Turkish Mining Association
Erdemir Maden	Turkish Mining Council (TOBB)
Erdemir Maden	White Goods Suppliers Association (BEYSAD)
Ersem	Steel Exporters’ Association (ÇİB)-İMMİB
Ersem	Eastern Anatolian Exporters Association
Ersem	Gebze Chamber of Commerce
Ersem	İstanbul Ferrous and Non-Ferrous Metals Exporters’ Association -İMMİB
Ersem	Kocaeli Chamber of Industry
Ersem	Manisa Chamber of Commerce and Industry
Ersem	Automotive Suppliers Association of Türkiye (TAYSAD)
Ersem	Turkish Ferrous and Non-Ferrous Metals Council (TOBB)
Ersem	Turkish Metal Industrialists’ Union (MESS)
Ersem	Karadeniz Ereğli Chamber of Commerce and Industry
Ersem	İskenderun Chamber of Commerce and Industry
Ersem	Mediterranean Exporters’ Association
İsdemir	Steel Exporters’ Association (ÇİB)-İMMİB
İsdemir	Dört Yol Chamber of Commerce and Industry
İsdemir	İMEAK Chamber of Maritime Trade
İsdemir	İskenderun Chamber of Commerce and Industry
İsdemir	Middle Anatolian Exporters Association-Machinery and Accessories
İsdemir	Turkish Ferrous and Non-Ferrous Metals Council (TOBB)
İsdemir	Turkish Ferrous and Non-Ferrous Metals Council (TOBB)
Erdemir Enerji	İstanbul Chamber of Commerce (İTO)
Erdemir Enerji	İstanbul Chamber of Commerce (İTO)
Erdemir Mühendislik	İstanbul Ticaret Odası (İTO)

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Company), one of the public companies in Türkiye with the broadest base, enjoys a leading position in its field in the Turkish industry, and is well aware of its responsibilities towards its stakeholders. In this context, the Company has adopted the concepts of “equality”, “transparency”, “accountability” and “responsibility”, which form the basis of corporate governance in its activities, and has taken maximum care and effort to comply with the Capital Markets Law and the secondary regulations and decisions of the Capital Markets Board (CMB).

In line with the corporate governance efforts, the Company has started to operate corporate governance mechanisms in accordance with the principles since 26.06.2012. Our Company, which is included in the BIST Corporate Governance Index (XKURY) as of 29.07.2015 and also is subject to corporate governance rating every year by the rating agency KOBİRATE Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş., which is authorized to perform activities in Türkiye in accordance with the rating methodology approved by the CMB. Corporate Governance Rating Reports are available on our Corporate Website (www.erdemir.com.tr).

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. believes in the importance of ensuring full compliance with the Principles of the Corporate Governance. In the activity period ended on 31 December 2023, the Company has continued to adopt the mandatory corporate governance principles that are included in the Corporate Governance Communiqué annexed to the relevant legislation.

The Company pays utmost attention to compliance with voluntary principles that are not fully complied yet with in the relevant legislation and there is no conflict of interest between the stakeholders so far.

For the period ended at 31 December 2023, compliance with the corporate governance principles included in the Corporate Governance Communiqué and the explanations of those who have not yet achieved compliance are included in the annual report; Corporate Governance Compliance Report, Corporate Governance Information Form, Sustainability Report and other related sections of the report.

In the future, corporate governance practices of the Company, efforts to improve our corporate governance practices, including non-mandatory principles that have not been put into practice in a limited number, will be continued.

In case of a significant change in the Sustainability Report during the period, the relevant change will be published in the interim activity reports. When there is a change in the Corporate Governance Compliance Report or Corporate Governance Information Form, there will be a material event disclosure and it will be published in the interim activity reports as well.

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

		COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	PARTIAL	NO	N/A		
A. General Principles							
A1. Strategy, Policy and Targets							
A1.1	The Board of Directors determines material environmental, social and governance (ESG) issues, risks and opportunities.	X				Risks and opportunities within the scope of ESG issues have been determined.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
	The Board of Directors establishes relevant ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) and they are publicly disclosed.	X				Our policies within the scope of ESG issues have been determined and disclosed to the public on the company website.	https://www.oyakmadenmetalurji.com.tr/homepage#/corporate/management-systems-policy/
A1.2	Publicly discloses short- and long- term goals set according to ESG policies	X				Strategy and objectives are explained in the “Strategic Approach” section of the integrated report.	2022 Integrated Annual Report / Strategic Approach (Page 24)
A2. Implementation / Monitoring							
A2.1	Determines and discloses the committees/units responsible for the execution of ESG policies, and the highest level positions in charge of ESG issues at the Company and their duties.	X				Departments such as Strategic Planning and Sustainability, Occupational Safety and Environment etc., which are responsible for the execution of ESG policies, are included in the integrated report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
	The responsible committee and/or unit reports the activities carried out as per the policies during the year at least once a year to the Board of Directors.	X				The duties of the relevant departments include reporting their activities which are within the scope of ESG policies to the Board of Directors at least once a year.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
A2.2	Creates and discloses implementation and action plans aligned with ESG targets	X				The investments and activities planned in line with the targets are explained in the integrated annual report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
A2.3	Discloses ESG Key Performance Indicators (KPI) and the degree of their achievement by years.	X				Key performance indicators have been determined and detailed follow-ups are carried out within the company on a daily, monthly and annual basis. Indicators that come to the fore are presented in the Environmental and Social Performance Indicators section of our integrated annual report.	2022 Integrated Annual Report / Social and Environmental Performance Indicators (Page 112)

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

		COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	PARTIAL	NO	N/A		
A2.4	Discloses efforts for improving sustainability performance with respect to work processes or products and services	X				In the integrated report and net zero roadmap, activities to improve the sustainability performance of products and services have been disclosed.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf https://www.erdemir.com.tr/storage/uploads/2024/01/25ac341311c9ef6c067ecc6b2c070737.pdf
	A3. Reporting						
A3.1	Discloses sustainability performance, targets and actions in an intelligible, accurate and adequate manner in annual reports.	X				Sustainability performance is constantly reviewed and reported. Information on sustainability activities is explained in the relevant sections of the Integrated report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
A3.2	Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities relate to.	X				Our activities' connection and contribution to the SDGs are explained in the "Strategic Approach" and "Prioritization Analysis" sections of the integrated report.	2022 Integrated Annual Report / Strategic Approach (Page 24)
A3.3	Makes disclosures regarding the lawsuits filed and/or concluded against the company on account of ESG issues, which are material with respect to ESG policies and/or have material impact on operations.		X			Lawsuits brought against and / or concluded to our company, those that are deemed necessary / important are disclosed on the Public Disclosure Platform (PDP)	https://www.kap.org.tr/en/sirket-bilgileri/ozet/944-eregli-demir-ve-celik-fabrikalari-t-a-s
	A4. Verification						
A4.1	ESG Key Performance measurements are verified by an independent third party and publicly disclosed.		X			Some of the parameters related to sustainability are approved by the verifier (independent third party) and shared with the Ministry.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
	B. Environmental Principles						
B1	Publicly discloses its environmental management policy and practices, action plans, environmental management systems (known by ISO 14001 standard) and programs	X				Policies and practices, action plans, environmental management systems and programs created within the scope of environmental management are explained in the integrated report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
B2	Publicly discloses the limitations over the reporting scope, reporting period, reporting date, reporting conditions of the environmental reports to be prepared for providing environmental management information.	X				There is information about the period, date, limits and limitations of the environmental report included in the integrated report.	2022 Integrated Annual Report / About the Report (Page 3)

		COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	PARTIAL	NO	N/A		
B4	Discloses the environmental targets included in rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (board members, executives, employees and so on).	X				Employee goals also include environmental goals. Realizations of the targets are supported by incentives and are explained in the integrated report.	2022 Integrated Annual Report / Employees (Page 92)
B5	Explains how environmental issues identified to be material are integrated into business goals and strategies.	X				Environmental problems and risks were taken into account in the analyzes and studies carried out while determining the targets and strategies, and they are explained in the Risk Management section of the integrated report.	2022 Integrated Annual Report / Risk Management (Page 105)
B7	Explains how it manages environmental issues throughout the Company's value chain including suppliers and customers so as to cover the operation process as well and how they are integrated into its business goals and strategies.	X				Our stakeholder relations are explained in our integrated report.	2022 Integrated Annual Report / Risk Management (Page 105)
B8	Discloses whether it is involved in policy-making processes on environmental issues of relevant institutions and non-governmental organizations and its collaborations with these institutions and organizations, if any.	X				It is explained in the "Corporate Memberships" section of the integrated report.	2022 Integrated Annual Report / Corporate Memberships (Page 116)
B9	Periodically reports information about its environmental impacts comparatively in the light of environmental indicators; GHG emissions Scope-1 (Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity implications).		X			Environmental indicators are explained in our integrated annual report and net zero roadmap.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf https://www.erdemir.com.tr/storage/uploads/2024/01/25ac341311c9ef6c067ecc6b2c070737.pdf
B10	Discloses the standard, protocol, methodology and baseline year details used to collect and calculate its data		X			The standard and methodology used in the integrated annual report are mentioned in general terms.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

		COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	PARTIAL	NO	N/A		
B11	Publicly discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years	X				Prominent indicators are presented in the "Environmental Performance Indicators" section of our integrated annual report in comparison with previous years.	2022 Integrated Annual Report / Environmental Performance Indicators (Page 114)
B12	Sets short and long-term goals to reduce its environmental impact and discloses these goals and the progress, if any, as compared to the targets set in previous years.		X			Although the targets are followed within the company, numerical targets are not included in the integrated annual report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
B13	Discloses its strategy and actions to combat the climate crisis.	X	-			Activities carried out in the context of combating the climate crisis are mentioned in net zero roadmap.	https://www.erdemir.com.tr/storage/uploads/2024/01/25ac341311c9ef6c067ecc6b2c070737.pdf
B14	Explains its programs or procedures to prevent or minimize the potential negative impacts of the products and/ or services it offers.	X				The efforts spent in order to prevent or minimize the negative potential impacts of our products on the environment are explained in our integrated annual report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
	Takes and explains its actions for driving reduction of GHG emission quantities of third parties (e.g. suppliers, sub-contractors, dealers, etc.).		X			Actions to reduce greenhouse gas emissions of third parties are in progress but have not been disclosed to the public yet.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
B15	Discloses the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/revenues and cost savings they provide.	X				Important projects and actions are included in our integrated annual report, especially energy savings in the context of energy efficiency are explained.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
B16	Reports energy consumption data (gas, diesel oil, fuel oil, LPG, coal, electricity, heating, cooling, etc.) and discloses its energy consumption as Scope-1 and Scope-2.		X			Our total energy consumption is disclosed in the integrated report.	2022 Integrated Annual Report / Environmental Performance Indicators (Page 114)

		COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	PARTIAL	NO	N/A		
B17	Discloses information about the electricity, heat, steam and cooling generated during the reporting year.		X			Within the scope of the "Energy Efficiency Law" numbered 5627, the energy production and consumption data of the previous year are entered annually as data in the "Energy Efficiency Portal" according to the criteria determined by the Department of Energy Efficiency and Environment of the Ministry of Energy and Natural Resources	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
B18	Conducts and discloses studies on increasing the use of renewable energy, transition to zero or low carbon electricity..	X				Our renewable energy works are explained in the integrated report and net zero roadmap.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf https://www.erdemir.com.tr/storage/uploads/2024/01/25ac341311c9ef6c067ecc6b2c070737.pdf
B19	Discloses data on its renewable energy generation and consumption.	X				Relevant data is disclosed in the integrated report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
B20	Develops energy efficiency projects and discloses the quantity reduced in energy consumption and emission enabled by these efforts.	X				It is explained in the integrated report and net zero roadmap.	2022 Integrated Annual Report / Environmental Performance Indicators (Page 114) https://www.erdemir.com.tr/storage/uploads/2024/01/25ac341311c9ef6c067ecc6b2c070737.pdf
B21	Reports the amount of underground or overground water withdrawn, recycled and discharged, the resources and procedures.	X				It is presented in comparison with previous years in the Environmental Performance Indicators section of our integrated annual report.	2022 Integrated Annual Report / Environmental Performance Indicators (Page 114)
B22	Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).				X	No taxation system has come into force in our country. The information that we participate in Partnership for Market Readiness (PMR) studies conducted in our country is given in the integrated annual report. Erdemir Romania's activities are included in the EU ETS system and are reported.	

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

		COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	PARTIAL	NO	N/A		
B23	Discloses the carbon credits saved or purchased during the reporting period.				X	No taxation system has come into force in our country. The information that we participate in Partnership for Market Readiness (PMR) studies conducted in our country is given in the integrated annual report. Erdemir Romania's activities are included in the EU ETS system and are reported.	
B24	Discloses the details if carbon pricing is applied within the Company				X	No taxation system has come into force in our country. The information that we participate in Partnership for Market Readiness (PMR) studies conducted in our country is given in the integrated annual report. Erdemir Romania's activities are included in the EU ETS system and are reported.	
B25	Discloses the platforms that it reports its environmental information to.	X				The platforms such as EIA public participation meetings, website, social media, one-to-one meetings with suppliers, sectoral organizations, associations and NGOs, collaborations, memberships, participation in working groups are described in the integrated report	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf

		COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	PARTIAL	NO	N/A		
	C. Social Principles						
	C1. Human Rights and Employee Rights						
C1.1	Develops a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye and other applicable legislation. Discloses the policy and the roles and responsibilities associated for its implementation.	X				Our commitment is stated in the code of ethics and working principles and shared on our website.	https://www.erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
C1.2	Incorporates equitable workforce, improvement of working standards, women's employment and inclusion (not discriminating on the basis of gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identity, family responsibilities, union activities, political affiliation, disabilities, social and cultural differences, etc.) in its policy concerning employee rights, while looking out for the effects of supply and value chain..	X				Our policy is stated in the code of ethics and working principles and shared on our website.	https://www.erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
C1.3	Discloses the measures taken throughout the value chain for protecting the rights of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or for securing minority rights/equal opportunity.	X				It is explained in the relevant sections of our integrated report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
C1.4	Reports on progress in relation to actions for preventing and remedying discrimination, inequality, human rights violations, forced labor and child labor.		X			There are internal (in-company) reports.	Internal (in-company) reports

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

		COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	PARTIAL	NO	N/A		
C1.5	Incorporates investments in employees (training, development policies), employee compensation, fringe benefits granted, the right to unionize, work/ life balance solutions and talent management in its policies concerning employee rights.	X				It is explained in the relevant sections of our integrated report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
	Determines the mechanisms for resolution of employee complaints and labor disputes, and establishes conflict resolution processes.	X				Mechanisms for the resolution of employee complaints and disputes have been established, and dispute resolution processes have been specified in the code of ethics and working principles.	https://www.erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
	Discloses the activities for ensuring employee satisfaction during the reporting period	X				It is explained in the relevant sections of our integrated report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
C1.6	Establishes and discloses occupational health and safety policies.	X				Occupational health and safety policies have been established and shared on our website.	https://www.oyakmadenmetalurji.com.tr/homepage#/corporate/management-systems-policy/
	Discloses the measures adopted for preventing workplace accidents and for protecting occupational health along with statistical data on accidents.	X				It is explained in the Occupational Health and Safety section of the integrated report.	2022 Integrated Annual Report / Occupational Health and Safety (Page 70)
C1.7	Establishes and discloses personal data protection and data security policies.	X				Personal data protection and data security policies have been established and shared on our website.	https://www.erdemir.com.tr/en/personal-data-protection-law-kvkk
C1.8	Establishes and discloses a code of ethics.	X				Ethics policy has been established and shared on our website.	https://www.erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
C1.9	Discloses information on activities with regards to community investments, social responsibility, financial inclusion and access to finance.	X				It is explained in the Social Contribution section of the integrated report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
C1.10	Organizes information meetings and training programs on ESG policies and practices for employees.	X				Regular trainings are provided to the employees within the framework of the developmental plans.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf

		COMPLIANCE STATUS				EXPLANATION	RELATED REPORT / LINK
		YES	PARTIAL	NO	N/A		
	C2. Stakeholders, International Standards and Initiatives						
C2.1	Establishes and discloses a customer satisfaction policy for handling and resolving customer complaints.	X				The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and explained in the integrated report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
C2.2	Discloses information about the communication maintained with stakeholders (which stakeholders, topics and frequency).	X				Details on stakeholder communication are described in the integrated report.	2022 Integrated Annual Report / Stakeholder Relations (Page 34)
C2.3	Discloses the international reporting standards embraced in its reporting.	X				Adopted international reporting standards are explained in the integrated report.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
C2.4	Discloses the principles embraced in relation to sustainability, international organizations, committees and principles that it is a signatory or member of.	X				Signatory or member international organizations or principles are publicly disclosed in the integrated report.	2022 Integrated Annual Report / Corporate Memberships (Page 116)
C2.5	Makes improvements and concrete efforts to qualify for inclusion in sustainability indices of Borsa İstanbul and/ or international index providers.	X				It is included in the Borsa İstanbul Sustainability Index.	2022 Integrated Annual Report (Page 47)
	D. Corporate Governance Principles						
D1	Seeks stakeholders' opinions when determining the measures and strategies in relation to sustainability.	X				Opinions of stakeholders are sought in determining measures and strategies in the field of sustainability.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf
D2	Works on raising awareness of sustainability and its importance through social responsibility projects, awareness activities and training programs.	X				Studies are carried out to raise awareness on the issue of sustainability and the importance of sustainability through social responsibility projects, awareness activities and trainings.	https://www.oyakmadenmetalurji.com.tr/Sites/1/upload/files/Entegre_Faaliyet_Raporu_2022_ENG-5168.pdf

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no transaction notice in this manner.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.					X	In 2023 fiscal year, there was no participation demand from the media.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.		X				Company's capital is divided into shares Group A and Group B. 1 (one) share of certificate, issued to the bearer amounting to 1 Kr (one Kuruş) is A group. The right of usufruct shall be established in favor of and to the name of Privatization Administration on the shares of A Group with all rights appertaining thereto unless otherwise decided by Supreme Board of Privatization.
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross ownership provides management control.					X	No cross-shareholding relations exist in the capital of the Company.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.		X				Even though minority rights are not determined less than one in twenty by the Articles of Association, parallel with the general practices, in accordance with Article 38 of the Articles of Association, provisions of Turkish Commercial Code and Capital Market Law shall be applied to the issues that are not written in the Articles of Association in regard to minority rights. On the other hand, the Company recognizes equal rights to each shareholder and comply with relevant regulations regarding the exercise of shareholder rights. There is no plan to regulate and expand minority rights in the Articles of Association.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				Although there is no provision in the articles of association, employees are encouraged to participate in management through internal practices.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance	X					
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chair and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations Department and the Corporate Governance Committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				Although there is no policy regarding the target of minimum 25% for the ratio of female members in the board of directors, there is one female member in the current board of directors structure.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	NA	
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attend the majority of the board meetings in person or via an electronic board meeting system	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Due to the Board Member's work and industry experience and contribution to the board of directors, there is no restriction for the Board Members to assume any other duties outside the company. The duties undertaken by the members of the board of directors outside the company were presented to the shareholders at the general assembly meeting. Since this current practice does not create any negative situation in terms of corporate governance, no change is expected in 2024.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			The company's board of directors consists of 9 members and operates with 3 committees. 3 of our 9 members take part in committees as independent board members. Due to the number of Board members, each board member is assigned to more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	In 2023, any committee did not receive consultancy services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			The performance of the Board of Directors was not evaluated.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				In line with the general practices, salaries, bonuses and other benefits of the key management are shared in the annual report as total. Remuneration for the members of the board on an individual basis are shared with the public in the minutes of the general assembly.

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/ etc.) organized by the company during the year	98
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1122412
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There was no such transaction during the year.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction under Article 9.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/en/Bildirim/1119938
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations / Corporate Governance / Policies and Regulations / Donations and Contribution Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/194744
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	None.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	There was no participation in the General Assembly meeting regarding 2022 activities except for the shareholders. However, there is no restriction on participation of stakeholders in the General Assembly.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Privatization Administration / 0.0% / One share of certificate, issued to the bearer amounting to one kurus.
The percentage of ownership of the largest shareholder	49.29%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-

1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate Governance / Policies and Regulations / Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	-
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
31/3/2023	0	56%	0,146%	56%	Investor Relations / General Assembly / Minutes of General Assembly	Investor Relations / General Assembly / The questions asked on General Assembly Meetings	-	215	https://www.kap.org.tr/en/Bildirim/1122412

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations / Corporate Governance, Reports and Presentations, Integrated Annual Reports, Disclosures and Announcements, General Assembly, FAQ
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations / Corporate Governance / Ownership Structure
List of languages for which the website is available	Turkish, English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Investor Relations / Reports and Presentations / Interim Financial Reports / Declarations of Independent Board Members
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Investor Relations / Integrated Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees' Effectiveness

CORPORATE GOVERNANCE INFORMATION FORM

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Investor Relations / Reports and Presentations / Interim Financial Reports / Number of Meetings of the Board of Directors and Attendance of the Board Members
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Investor Relations / Reports and Presentations / Interim Financial Reports / Information about Amendments in Legislation That May Significantly Affect the Company's Activities
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Investor Relations / Integrated Annual Reports / Notes to the Consolidated Financial Statements / Provision for Lawsuits
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Investor Relations / Integrated Annual Reports / Other Issues
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	No cross ownership subsidiaries that the direct contribution to the Company's capital exceeds 5%.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Investor Relations / Integrated Annual Reports / A People-Centered Approach
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations / Corporate Governance / Policies and Regulations / Staff Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	205
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Committee
The contact detail of the company alert mechanism	Mail: erdemir@etikhat.com, Phone : 0 212 924 78 65
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
Corporate bodies where employees are actually represented	Union
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Short, long and medium term succession plans are prepared for key positions within the scope of talent management studies carried out within our Company. Succession plans and assignments to key roles are submitted for the approval of the Board of Directors, when necessary, in line with defined procedures.

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	OYAK Mining Metallurgy / Career / HR Practices
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership program.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Investor Relations / Corporate Governance / Code of Ethics and Business Conduct / Responsibilities to Our Employees
The number of definitive convictions the company is subject to in relation to health and safety measures	9
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations / Corporate Governance / Code of Ethics and Business Conduct
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Corporate / Values and Corporate Culture / CSR Policy
Any measures combating any kind of corruption including embezzlement and bribery	Board members and employees of OYAK Mining Metallurgy Companies and all third parties acting on behalf of OYAK Mining Metallurgy Companies should avoid any act or behavior that may bring OYAK Mining Metallurgy under suspicion of corruption. Regardless of being in public or private sector, accepting or giving any cash/ non-cash benefit that may be in the scope of corruption is forbidden.
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Süleyman Savaş ERDEM - Chairman (Representative of OYTAŞ İç ve Dış Ticaret A.Ş.), Baran ÇELİK - Deputy Chairman and Executive Director (Representative of OMSAN Lojistik A.Ş.),Gürtan DAMAR - Board Member and Executive Director (Representative of OYAK Pazarlama Hizmet ve Turizm A.Ş.)
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Investor Relations / Integrated Annual Reports / Internal Audit System
Name of the Chairman	Süleyman Savaş ERDEM - Chairman (Representative of OYTAŞ İç ve Dış Ticaret A.Ş.)
Name of the CEO	Niyazi Aşkın PEKER

CORPORATE GOVERNANCE INFORMATION FORM

If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	CEO and Chairman are not the same person.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	1, 11%

Composition of Board of Directors							
Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification That Includes the Independency Declaration	Whether the Independent Director Considered By the Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy the Independence or Not	Whether the Director Has At Least 5 Years' Experience On Audit, Accounting and/or Finance or Not
OYTAŞ İç ve Dış Ticaret A.Ş. (Represented by: Süleyman Savaş ERDEM)	Non-executive	Not independent director	27/05/13		Not considered	No	Yes
OMSAN Lojistik A.Ş. (Represented by: Baran ÇELİK)	Executive	Not independent director	11/09/12		Not considered	No	Yes
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Represented by: Gürtan DAMAR)	Executive	Not independent director	13/09/12		Not considered	No	Yes
Republic of Türkiye Ministry of Treasury and Finance Privatization Administration (Represented by: Bekir Emre HAYKIR)	Non-executive	Not independent director	20/09/12		Not considered	No	Yes
OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. (Represented by: Eren Ziya DİK)	Non-executive	Not independent director	12/09/12		Not considered	No	Yes
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (Represented by: Güliz KAYA)	Non-executive	Not independent director	12/09/12		Not considered	No	Yes
Ali FİDAN	Non-executive	Independent director	31/03/17	https://www.kap.org.tr/tr/Bildirim/1119932	Considered	No	Yes
Kadri ÖZGÜNEŞ	Non-executive	Independent director	31/03/23	https://www.kap.org.tr/tr/Bildirim/1119932	Considered	No	Yes
Emre GÖLTEPE	Non-executive	Independent director	17/03/22	https://www.kap.org.tr/tr/Bildirim/1119932	Considered	No	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period	6
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3-5 Days
The name of the section on the corporate website that demonstrates information about the board charter	There are internal regulations in which the working principles of the Board of Directors meetings are determined, but they are not published on the corporate website.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	-

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Investor Relations / Integrated Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees' Effectiveness
Link(s) to the PDP announcement(s) with the board committee charters	The working principles of the Committee are available on our corporate website. (Investor Relations / Corporate Governance / Policies and Regulations)

Composition of Board Committees-I

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Corporate Governance Committee	-	Kadri Özgüneş	Yes	Board member
Corporate Governance Committee	-	Emre Göltepe	No	Board member
Corporate Governance Committee	-	İdil Önay Ergin	No	Not board member
Audit Committee	-	Emre Göltepe	Yes	Board member
Audit Committee	-	Ali Fidan	No	Board member
Committee of Early Detection of Risk	-	Ali Fidan	Yes	Board member
Committee of Early Detection of Risk	-	Kadri Özgüneş	No	Board member

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Integrated Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees’ Effectiveness
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Integrated Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees’ Effectiveness
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Integrated Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees’ Effectiveness
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Integrated Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees’ Effectiveness
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Investor Relations / Integrated Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees’ Effectiveness
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Investor Relations / Integrated Annual Reports / Other Issues
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations / Corporate Governance / Policies and Regulations / Compensation Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Investor Relations / Integrated Annual Reports / Notes to the Consolidated Financial Statements / Related Party Disclosures / Salaries, bonuses and other benefits of the key management

Composition of Board Committees-II					
Names of the Board Committees	Name of Committees Defined as “Other” in the First Column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on Its Activities Submitted to the Board
Audit Committee	-	100%	100%	4	4
Corporate Governance Committee	-	100%	67%	4	3
Committee of Early Detection of Risk	-	100%	100%	6	6

AFFILIATED COMPANY REPORT 2023

In the 2023 operating year, there are no legal transactions carried out with the Turkish Armed Forces Pension Fund (OYAK), our Company's majority shareholder, and/or OYAK's affiliated companies, or with the direction of OYAK, for the benefit of OYAK or a company affiliated with it, and any measures taken or refrained from being taken for the benefit of OYAK or its affiliated companies.

All commercial activities carried out during 2023 operating year between our Company and our majority shareholder, and its affiliated companies were consistent with market conditions.

BOARD OF DIRECTORS COMMITTEES OPERATING PRINCIPLES AND AN ASSESSMENT OF SUCH COMMITTEES’ EFFECTIVENESS

At OYAK Mining Metallurgy Companies, the Corporate Governance Committee, the Audit Committee and the Early Detection of Risk Committee serve to support the duties and responsibilities of the Board of Directors. Due to the number of Board Members, each Board Member serves on more than one committee. Committees can invite experts to meetings to get their opinions. Reports on the results of committee meetings are prepared and presented to the Board Members on a regular basis.

Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

Under our Company’s Board of Directors resolution, it was resolved to make the following appointments to the below mentioned committees that were set up pursuant to the provisions of the Capital Markets Board of Türkiye’s (CMB) Corporate Governance Communiqué no. II-17.1:

- To appoint Independent Board Members Emre GÖLTEPE and Ali FİDAN to serve as the Audit Committee and Emre GÖLTEPE to be the committee’s chairman;
- To appoint Independent Board Members Kadri ÖZGÜNEŞ and Emre GÖLTEPE and Investor Relations Manager İdil ÖNAY ERGİN to serve as the Corporate Governance Committee and Kadri ÖZGÜNEŞ to be committee’s chairman;
- To appoint Independent Board Members Ali FİDAN and Kadri ÖZGÜNEŞ to serve as the Early Detection of Risk Committee and Ali FİDAN to be the committee’s chairman.

Taking the structure of the Company’s Board of Directors into account, the Board decided under resolution 9148 dated 29 June 2012 to delegate the authorities, duties, and responsibilities of both a Nomination Committee and a Remuneration Committee to the Corporate Governance Committee instead.

Committees’ meeting schedules and their activities, and operational procedures are specified in sets of regulations that are published on our corporate website www.erdemir.com.tr. The decisions that such committees take are of an advisory nature and they are submitted as such to the Board of Directors, which has the final say.

During 2023, the Board of Directors’ committees fulfilled their duties and responsibilities as required by corporate governance principles and their own regulations and they convened in accordance with their annual meeting schedules as indicated below:

- The Audit Committee convened four times; 3 March 2023, 2 May 2023, 8 August 2023 and 26 October 2023.
- The Corporate Governance Committee convened four times; 3 March 2023, 2 May 2023, 8 August 2023 and 26 October 2023.
- Early Detection of Risk Committee convened six times; 3 March 2023, 2 May 2023, 5 July 2023, 8 August 2023, 26 October 2023 and 28 December 2023.

Reports containing information about these committees’ activities and the results of the committees’ meetings were submitted to the Board of Directors.

As part of their areas of responsibility;

- **The Audit Committee**; oversaw the operation and effectiveness of the Company’s accounting system, public disclosure of financial information, independent auditing, and internal control and internal auditing system.

- **The Corporate Governance Committee**’s activities consisted of:

- » Contributing to the determination and implementation processes of the Company’s corporate governance principles and making solution-oriented suggestions to the Board of Directors on such matters; ascertaining whether or not corporate governance principles are being complied with at the Company and, if they are not, identifying both the reasons for and any conflicts of interest that may arise on account of such less than full compliance; making recommendations to the Board of Directors on ways to improve corporate governance practices.
- » Overseeing the activities of the Investor Relations Department.
- » Working on a transparent system for identifying, evaluating, and training candidates for seats on the Board of Directors and for executives with administrative responsibilities identifying policies and strategies for such a system.
- » Regularly assessing the structure and effectiveness of the Board of Directors; making recommendations to the Board of Directors concerning possible changes in such matters.
- » Determining and overseeing approaches, principles, and practices applicable to performance evaluations and career-planning processes of Board Members and managers under executive responsibilities.
- » Making suggestions pertaining to principles governing the remuneration of Board Members and managers under executive responsibilities taking the Company’s long-term objectives into account.

- **Early Detection of Risk Committee**’s activities consisted, as required by laws and regulations, of identifying risks with the potential to threaten the Company’s existence, development, and/or continuity, ensuring that due precautions are taken with respect to risks that are identified and dealing with risk management issues.

İskenderun Demir ve Çelik A.Ş.

Under our Company’s Board of Directors resolution, it was resolved to make the following appointments to the below mentioned committees that were set up pursuant to the provisions of the Capital Markets Board of Türkiye’s (CMB) Corporate Governance Communiqué no. II-17.1:

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- To appoint Independent Board Members Ali FİDAN and Kadri ÖZGÜNEŞ to serve as the Early Detection of Risk Committee and Ali FİDAN to be the committee’s chairman.

Taking the structure of the Company’s Board of Directors into account, the Board decided under resolution 523 dated 22 March 2019 to delegate the authorities, duties, and responsibilities of both a Nomination Committee and a Remuneration Committee to the Corporate Governance Committee instead.

Committees’ meeting schedules and their activities, and operational procedures are specified in sets of regulations that are published on our corporate website www.isdemir.com.tr. The decisions that such committees take are of an advisory nature and they are submitted as such to the Board of Directors, which has the final say.

BOARD OF DIRECTORS COMMITTEES OPERATING PRINCIPLES AND AN ASSESSMENT OF SUCH COMMITTEES’ EFFECTIVENESS

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Reports containing information about these committees’ activities and the results of the committees’ meetings were submitted to the Board of Directors.

As part of their areas of responsibility;

- **The Audit Committee** oversaw the operation and effectiveness of the Company’s accounting system, public disclosure of financial information, independent auditing, and internal control and internal auditing system.
- **The Corporate Governance Committee’s** activities consisted of:
 - » Contributing to the determination and implementation processes of the Company’s corporate governance principles and making solution-oriented suggestions to the Board of Directors on such matters; ascertaining whether or not corporate governance principles are being complied with at the Company and, if they are not, identifying both the reasons for and any conflicts of interest that may arise on account of such less than full compliance; making recommendations to the Board of Directors on ways to improve corporate governance practices.
 - » Overseeing the activities of the Investor Relations Department.
 - » Working on a transparent system for identifying, evaluating, and training candidates for seats on the Board of Directors and for executives with administrative responsibilities identifying policies and strategies for such a system.
 - » Regularly assessing the structure and effectiveness of the Board of Directors; making recommendations to the Board of Directors concerning possible changes in such matters.
 - » Determining and overseeing approaches, principles, and practices applicable to performance evaluations and career-planning processes of Board Members and managers under executive responsibilities.
 - » Making suggestions pertaining to principles governing the remuneration of Board Members and managers under executive responsibilities taking the Company’s long-term objectives into account.
- **Early Detection of Risk Committee’s** activities consisted, as required by laws and regulations, of identifying risks with the potential to threaten the Company’s existence, development, and/or continuity, ensuring that due precautions are taken with respect to risks that are identified and dealing with risk management issues.

OTHER ISSUES

Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

- Necessary arrangements are made in “Code of Ethics and Business Conduct” document in order to prevent conflicts of interest between the Company, its employees and institutions that provide services to the Company. The prevention of potential conflicts of interest between the Company and institutions providing investment advisory and rating services is assured through signed contracts. During 2023, no conflicts of interest occurred with these institutions.
- Our Company did not disclose any guidance in 2023.
- In 2023, our Company had no significant buying or selling activity of assets, except those indicated on note 13 and note 14 of consolidated financial statements for the year ended 31 December 2023.
- No extraordinary general assembly was held throughout the year.
- Apart from the developments mentioned above, there has been no significant development since 31 December 2023.

İskenderun Demir ve Çelik A.Ş.

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- No extraordinary general assembly was held throughout the year.
- Apart from the developments mentioned above, there has been no significant development since 31 December 2023.

STATEMENT OF RESPONSIBILITY

Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD’S COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS’ RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORT
RESOLUTION DATE: 22.02.2024
RESOLUTION NUMBER: 9932

We have reviewed the consolidated financial statements for the period 1 January - 31 December 2023, which are prepared by our Company and are subject to independent auditing, in accordance with Capital Market Board’s (CMB) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets” and Turkish Accounting Standards/ Turkish Financial Reporting Standards (TMS/TFRS) in a CMB approved format and annual report prepared in accordance with Turkish Commercial Code and CMB Communiqué.

We hereby present to your information and declare that we are responsible for the following disclosures:

- We have reviewed the consolidated financial statements and annual report,
- Based on the information we possess within the scope of our duties and responsibilities in our Company, the consolidated financial statements and the annual report do not contain any incorrect statement or any omission of material facts that may result in misleading conclusion as of the date of the issuance,
- Based on the information we possess within the scope of our duties and responsibilities in our Company, the consolidated financial statements prepared in accordance with the financial reporting standards in effect provide an honest view of the assets, liabilities, financial position and profit and loss of the Company; the annual report prepared in accordance with the Turkish Commercial Code and CMB Communiqué provides an accurate view of the development and performance of the business and the consolidated financial position of the Company along with the principal risks and uncertainties the Company is exposed to.

Sincerely,

Mustafa Serdar BAŞOĞLU

Financial Management and Financial
Affairs Group Vice President

Ali FİDAN

Member of the Audit Committee

Emre GÖLTEPE

Chairman of the Audit Committee

İskenderun Demir ve Çelik Fabrikaları A.Ş.

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD’S COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS’ RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORT
RESOLUTION DATE: 22.02.2024
RESOLUTION NUMBER: 791

We have reviewed the financial statements for the period 1 January - 31 December 2021, which are prepared by our Company and are subject to independent auditing, in accordance with Capital Market Board’s (CMB) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets” and Turkish Accounting Standards/ Turkish Financial Reporting Standards (TMS/TFRS) in a CMB approved format and annual report prepared in accordance with Turkish Commercial Code and CMB Communiqué.

We hereby present to your information and declare that we are responsible for the following disclosures:

- We have reviewed the consolidated financial statements and annual report,
- Based on the information we possess within the scope of our duties and responsibilities in our Company, the consolidated financial statements and the annual report do not contain any incorrect statement or any omission of material facts that may result in misleading conclusion as of the date of the issuance,
- Based on the information we possess within the scope of our duties and responsibilities in our Company, the consolidated financial statements prepared in accordance with the financial reporting standards in effect provide an honest view of the assets, liabilities, financial position and profit and loss of the Company; the annual report prepared in accordance with the Turkish Commercial Code and CMB Communiqué provides an accurate view of the development and performance of the business and the consolidated financial position of the Company along with the principal risks and uncertainties the Company is exposed to.

Sincerely,

Mustafa Serdar BAŞOĞLU

Financial Management and Financial
Affairs Group Vice President

Ali FİDAN

Member of the Audit Committee

Emre GÖLTEPE

Chairman of the Audit Committee

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023 AND
INDEPENDENT AUDITOR’S REPORT**

INDEPENDENT AUDITOR’S REPORT

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte refers to one or more of Deloitte Touche Tohmatsu limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms

3) Emphasis of Matters

Consolidated financial statements as of 31 December 2023 are subject to inflation adjustment in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies" within the scope of the "Announcement on the Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit" dated 23 November 2023 published by the POA. Accordingly, we draw attention to Note 2 of the consolidated financial statements, which describes the transition to inflation accounting. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR’S REPORT

Without qualifying our opinion, we draw attention to the matter in Note 20 to the accompanying consolidated financial statements. The court cases related to Capital Market Board’s (“CMB”) claim that the Company had prepared its 31 .December 2005 financial statements in accordance with International Financial Reporting Standards instead of Communique Serial XI, No: 25 on “Accounting Standards in Capital Markets” without taking the permission of the CMB in prior years were concluded against the Company at Council of State and such conclusions declared to the Company via notifications sent in July 2012. On 1 August 2012, the Company applied to the Administrative Court to remove the conflicting decisions of this court, but the Administrative Court decided to reject the application by the notification made on 17 February 2014. For the lawsuit filed by the Republic of Turkey Prime Ministry Privatization Administration (“PA”) decision of the local court has been reversed by the Supreme Court 11th Civil Chamber with the decision dated 24 May 2017. The decision of reversal has been notified to the Company on 2 August 2017. The Company has applied for rectification. With the decision of the 11th Civil Chamber of the Supreme Court dated 27 June 2019, which was notified to the Company on 28 August 2019, it was reported that the Company’s application for rectification of the decision has been rejected. The case has been accepted on 30 December 2021 by the 3rd Commercial Court of First Instance of Ankara with subject to appeal. The Company appealed this decision on 3 March 2022. Legal process is ongoing as of the date of audit report and our opinion is not qualified in respect of this matter.

4) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition While conducting its assessments, the Group management takes into account the detailed conditions set out in TFRS 15 regarding the fulfilment of performance obligations and recognition of the transaction costs allocated to them as revenue, in particular whether the control of goods and services have passed to the customer. The Group recognizes revenue by analyzing whether the significant risks and rewards are transferred to the buyer according to the delivery terms of export sales. In this context, revenue recognition has been determined as one of the key audit matters since determining whether the revenue recognition criteria are met as well as determining whether the revenue is recorded in the financial statements in the correct period requires significant judgment of management. Please refer to notes 2.8.1 and 25 to the consolidated financial statements for the Group’s disclosures on revenue recognition, including the related accounting policy.	We performed the following procedures in relation to the revenue recognition: <ul style="list-style-type: none">• The design and implementation of the controls on the revenue process have been evaluated. The Group’s sales and delivery procedures have been analyzed.• Terms of trade and delivery with respect to contracts made with customers have been examined and the timing of revenue recognition in the financial statements for the different shipment arrangements has been assessed.• For substantive procedures, special emphasis is given for transactions where the goods billed but revenue has not been earned. Customers with the longest delivery period have been identified among the existing customers of the Group and a date range has been determined and sales lists have been provided from the relevant departments. The control of the completeness and accuracy of these lists have been tested. In addition, we assessed the adequacy of the disclosures in Note 25 under TFRS.

5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

6) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulations of the Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the regulations of the Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, · based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR’S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 22 February 2024.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 January-31 December 2023 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Volkan Becerik.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED



Volkan Becerik, SMMM
Partner

Istanbul, 22 February 2024

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EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

ASSETS	Note	(Unaudited) Current Period 31 December 2023 USD'000	(Unaudited) Current Period 31 December 2023 TRY'000	(Audited) Previous Period 31 December 2022 USD'000	(Audited) Previous Period 31 December 2022 TRY'000
CURRENT ASSETS		4.569.509	134.518.116	4.313.559	80.656.225
Cash and Cash Equivalents	4	817.746	24.072.967	812.184	15.186.458
Financial Investments	5	59.033	1.737.825	37.447	700.187
Trade Receivables		691.386	20.353.161	834.415	15.602.149
<i>Due From Related Parties</i>	34	23.390	688.565	35.457	662.994
<i>Other Trade Receivables from Third Parties</i>	8	667.996	19.664.596	798.958	14.939.155
Other Receivables		4.342	127.846	3.272	61.164
<i>Due From Related Parties</i>	34	393	11.582	387	7.227
<i>Other Receivables from Third Parties</i>	9	3.949	116.264	2.885	53.937
Financial Derivative Instruments	6	387	11.396	3.164	59.160
Inventories	10	2.285.354	67.276.704	2.361.306	44.152.408
Prepaid Expenses		69.601	2.048.925	46.494	869.363
<i>Prepaid Expenses to Related Parties</i>	34	434	12.782	2.205	41.233
<i>Other Prepaid Expenses to Third Parties</i>	11	69.167	2.036.143	44.289	828.130
Other Current Assets	22	641.660	18.889.292	215.277	4.025.336
NON CURRENT ASSETS		5.962.156	175.515.133	5.039.891	94.237.398
Financial Investments	5	5.502	161.973	6.833	127.774
Other Receivables		2.940	86.537	3.114	58.235
<i>Due From Related Parties</i>	34	2.551	75.091	2.518	47.083
<i>Other Receivables from Third Parties</i>	9	389	11.446	596	11.152
Investments Accounted for Using Equity Method	12	30.039	884.293	32.412	606.053
Investment Properties	13	149.725	4.407.645	48.378	904.591
Property, Plant and Equipment	14	5.007.614	147.415.137	4.316.732	80.715.554
Right of Use Assets	16	15.134	445.527	12.949	242.122
Intangible Assets	0	275.362	8.106.172	283.694	5.304.594
<i>Goodwill</i>	17	18.781	552.886	18.781	351.177
<i>Other Intangible Assets</i>	15	256.581	7.553.286	264.913	4.953.417
Prepaid Expenses		432.920	12.744.353	276.841	5.176.437
<i>Prepaid Expenses to Related Parties</i>	34	6.214	182.922	9.165	171.363
<i>Other Prepaid Expenses to Third Parties</i>	11	426.706	12.561.431	267.676	5.005.074
Deferred Tax Assets	32	8.639	254.324	13.068	244.350
Other Non Current Assets	22	34.281	1.009.172	45.870	857.688
TOTAL ASSETS		10.531.665	310.033.249	9.353.450	174.893.623

The details of presentation currency translation to TRY explained in Note 2.1.

The accompanying notes form an integral part of these consolidated financial statements.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

LIABILITIES	Note	(Unaudited) Current Period 31 December 2023 USD'000	(Unaudited) Current Period 31 December 2023 TRY'000	(Audited) Previous Period 31 December 2022 USD'000	(Audited) Previous Period 31 December 2022 TRY'000
CURRENT LIABILITIES		3.027.730	89.291.663	1.916.965	35.908.584
Short Term Borrowings	7	1.560.968	46.034.968	994.478	18.628.567
Short Term Portion of Long Term Borrowings	7	363.704	10.726.115	135.796	2.543.723
Trade Payables		794.372	23.427.066	599.415	11.228.240
<i>Due to Related Parties</i>	34	38.328	1.130.333	33.712	631.491
<i>Other Trade Payables to Third Parties</i>	8	756.044	22.296.733	565.703	10.596.749
Payables for Employee Benefits	19	60.898	1.795.959	63.717	1.193.538
Other Payables		39.428	1.162.795	11.078	207.513
Financial Derivative Instruments		4.120	121.502	2.692	50.424
Deferred Revenue		44.553	1.313.940	54.397	1.018.967
Current Tax Liabilities	32	109.607	3.232.450	23.406	438.448
Short Term Provisions	20	23.689	698.605	27.730	519.432
Other Current Liabilities		26.391	778.263	4.256	79.732
NON CURRENT LIABILITIES		990.553	29.212.704	1.084.927	20.322.852
Long Term Borrowings	7	372.300	10.979.619	448.882	8.408.449
Financial Derivative Instruments		39	1.148	-	-
Long Term Provisions		189.292	5.582.475	183.531	3.437.905
<i>Long term provisions for employee benefits</i>	19	189.292	5.582.475	183.531	3.437.905
Deferred Tax Liabilities	32	428.353	12.632.683	451.889	8.464.781
Other Non Current Liabilities		569	16.779	625	11.717
EQUITY		6.513.382	191.528.882	6.351.558	118.662.187
Equity Attributable to Equity Holders of the Parent		6.327.990	186.191.490	6.186.525	115.645.231
Share Capital	24	1.818.371	3.500.000	1.818.371	3.500.000
Inflation Adjustment to Capital		81.366	156.613	81.366	156.613
Treasury Shares (-)		(87.182)	(640.504)	(60.387)	(116.232)
Share Issue Premium (Discounts)		55.303	106.447	55.303	106.447
Other Comprehensive Income (Expenses) Not to be Reclassified to Profit (Loss)		(172.837)	68.184.780	(137.144)	43.443.497
<i>Revaluation Reserve of Tangible Assets</i>		11.401	373.251	10.168	208.674
<i>Actuarial (Loss) Gain funds</i>		(168.553)	(2.455.521)	(131.627)	(1.407.323)
<i>Foreign Currency Translation Reserves</i>		(15.685)	70.267.050	(15.685)	44.642.146
Other Comprehensive Income (Expense) to be Reclassified to Profit (Loss)		(287.653)	4.176.664	(279.378)	2.035.446
<i>Foreign Currency Translation Reserves</i>		(285.380)	4.243.700	(279.701)	2.029.402
<i>Cash Flow Hedging Gain (Loss)</i>		(2.273)	(67.036)	323	6.044
Restricted Reserves Assorted from Profit		1.448.797	9.302.588	1.379.085	7.547.778
Retained Earnings		3.301.713	97.371.813	2.186.988	40.966.648
Net Profit (Loss) for the Period		170.112	4.033.089	1.142.321	18.005.034
Non-Controlling Interests		185.392	5.337.392	165.033	3.016.956
TOTAL LIABILITIES AND EQUITY		10.531.665	310.033.249	9.353.450	174.893.623

The details of presentation currency translation to TRY explained in Note 2.1.

The accompanying notes form an integral part of these consolidated financial statements.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

		(Unaudited) Current Period 1 January - 31 December 2023 USD'000	(Unaudited) Current Period 1 January - 31 December 2023 TRY'000	(Unaudited) Current Period 1 July - 31 December 2023 TRY'000	(Unaudited) Previous Period 1 January - 31 December 2022 USD'000	(Unaudited) Previous Period 1 January - 31 December 2022 TRY'000
	Note					
Revenue	25	6.238.260	147.899.792	46.889.466	8.107.125	127.782.881
Cost of Sales	25	(5.637.556)	(133.658.002)	(42.221.475)	(6.486.828)	(102.244.085)
GROSS PROFIT		600.704	14.241.790	4.667.991	1.620.297	25.538.796
Marketing Expenses	27	(49.687)	(1.177.995)	(365.630)	(47.052)	(741.626)
General Administrative Expenses	27	(112.736)	(2.672.791)	(860.730)	(97.486)	(1.536.558)
Research and Development Expenses	27	(8.024)	(190.227)	(64.365)	(6.340)	(99.936)
Other Operating Income	28	193.666	4.591.521	486.523	60.091	947.150
Other Operating Expenses	28	(61.486)	(1.457.738)	(217.309)	(34.123)	(537.838)
OPERATING PROFIT		562.437	13.334.560	3.646.480	1.495.387	23.569.988
Income from Investing Activities	29	15.154	359.280	132.456	7.569	119.294
Expenses from Investing Activities	29	(22.975)	(544.735)	90.249	(7.004)	(110.401)
Share of Investments' Profit (Loss) Accounted by Using The Equity Method	12	3.305	78.356	41.059	4.631	72.996
OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSES)		557.921	13.227.461	3.910.244	1.500.583	23.651.877
Finance Income	30	139.046	3.296.577	508.561	95.380	1.503.360
Finance Expense	31	(353.421)	(8.379.073)	(2.445.733)	(193.049)	(3.042.783)
		29.195	692.164	692.164	-	-
PROFIT BEFORE TAX		372.741	8.837.129	2.665.236	1.402.914	22.112.454
Tax (Expense) Income	32	(190.145)	(4.508.065)	5.490.801	(219.480)	(3.459.400)
Current Corporate Tax (Expense) Income		(200.828)	(4.761.341)	(1.710.276)	(493.562)	(7.779.424)
Deferred Tax (Expense) Income		10.683	253.276	7.201.077	274.082	4.320.024
NET PROFIT (LOSS) FOR THE PERIOD		182.596	4.329.064	8.156.037	1.183.434	18.653.054
Non-Controlling Interests		12.484	295.975	255.519	41.113	648.020
Equity Holders of the Parent		170.112	4.033.089	7.900.518	1.142.321	18.005.034
EARNINGS PER SHARE (LOSS)	33		1,1925	2,2573		5,3078
(TRY 1 Nominal value per share)						

The details of presentation currency translation to TRY explained in Note 2.1.

The accompanying notes form an integral part of these consolidated financial statements.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

	(Unaudited) Current Period 1 January - 31 December 2023 USD'000	(Unaudited) Current Period 1 January - 31 December 2023 TRY'000	(Unaudited) Current Period 1 July - 31 December 2023 TRY'000	(Unaudited) Previous Period 1 January - 31 December 2022 USD'000	(Unaudited) Previous Period 1 January - 31 December 2022 TRY'000
	Note				
PROFIT (LOSS) FOR THE PERIOD		182.596	4.329.064	8.156.037	1.183.434
OTHER COMPREHENSIVE INCOME (LOSS)					
Not to be reclassified subsequently to profit or loss					
Increase (Decrease) in Revaluation Reserve of Tangible Assets		1.357	168.416	66.492	(249)
Actuarial Gain (Loss) of Defined Benefit Plans	19	(49.243)	(1.396.695)	(1.018.092)	(72.938)
Tax Effect of Actuarial Gain (Loss) of Defined Benefit Plans	32	12.310	349.174	254.523	14.588
Foreign Currency Translation Gain (Loss)		-	52.023.347	9.629.297	-
To be reclassified subsequently to profit or loss					
Gain (Loss) in Cash Flow Hedging Reserves		(3.490)	(99.129)	(216.828)	(5.759)
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	32	849	25.037	52.530	1.284
Foreign Currency Translation Gain (Loss)		(1.570)	16.640.701	7.170.783	(46.376)
OTHER COMPRHENSIVE INCOME (EXPENSE)		(39.787)	67.710.851	15.938.705	(109.450)
TOTAL COMPREHENSIVE INCOME (EXPENSE)		142.809	72.039.915	24.094.742	1.073.984
Distribution of Total Comprehensive Income					
Non-controlling Interests		15.976	2.191.103	942.505	35.229
Equity Holders of the Parent		126.833	69.848.812	23.152.237	1.038.755

The details of presentation currency translation to TRY explained in Note 2.1.

The accompanying notes form an integral part of these consolidated financial statements.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

					Other comprehensive income (expense) not to be reclassified subsequently to profit or loss						Other comprehensive income (expense) to be reclassified subsequently to profit or loss						Retained Earnings				
(Unaudited)	Note	Share Capital	Inflation Adjustment to Capital	Treasury Shares (-)	Share Issue Premium (Discounts)	Revaluation Reserve of Tangible Assets	Foreign Currency Translation Reserves	Actuarial Gain (Loss) Funds		Cash Flow Hedging Gain (Loss)	Foreign Currency Translation Reserves	Restricted Reserves Assorted from Profit	Retained Earnings	Net Profit For The Period	Equity Attributable to the Parent	Non- controlling Interests	Total Shareholders' Equity				
1 January 2023		3.500.000	156.613	(116.232)	106.447	208.674	44.642.146	(1.427.656)		6.044	2.029.402	8.715.104	41.041.374	18.005.034	116.866.950	3.146.289	120.013.239				
Net loss for the period		-	-	-	-	-	-	-		-	-	-	-	4.033.089	4.033.089	295.975	4.329.064				
Other comprehensive income (loss)		-	-	-	-	164.577	52.023.347	(1.027.865)		(73.080)	14.728.744	-	-	-	65.815.723	1.895.128	67.710.851				
Total comprehensive income (loss)		-	-	-	-	164.577	52.023.347	(1.027.865)		(73.080)	14.728.744	-	-	4.033.089	69.848.812	2.191.103	72.039.915				
Increase (Decrease) through Treasury Share Transactions ^(*)		-	-	(524.272)	-	-	-	-		-	-	524.272	(524.272)	-	(524.272)	-	(524.272)				
Transfers		-	-	-	-	-	-	-		-	-	63.212	17.941.822	(18.005.034)	-	-	-				
Increase (decrease) due to other changes ^(**)	2.1	-	-	-	-	-	(26.398.443)	-		-	(12.514.446)	-	38.912.889	-	-	-	-				
31 December 2023		3.500.000	156.613	(640.504)	106.447	373.251	70.267.050	(2.455.521)		(67.036)	4.243.700	9.302.588	97.371.813	4.033.089	186.191.490	5.337.392	191.528.882				
(Unaudited)																					
1 January 2022		3.500.000	156.613	(116.232)	106.447	147.805	35.670.125	(386.301)		63.830	669.905	4.988.204	21.965.415	15.527.082	82.292.893	2.254.711	84.547.604				
Net profit for the period		-	-	-	-	-	-	-		-	-	-	-	18.005.034	18.005.034	648.020	18.653.054				
Other comprehensive income (loss)		-	-	-	-	60.869	21.490.402	(1.021.022)		(57.786)	9.969.967	-	-	-	30.442.430	742.709	31.185.139				
Total comprehensive income (loss)		-	-	-	-	60.869	21.490.402	(1.021.022)		(57.786)	9.969.967	-	-	18.005.034	48.447.464	1.390.729	49.838.193				
Dividends		-	-	-	-	-	-	-		-	-	-	(15.095.126)	-	(15.095.126)	(628.484)	(15.723.610)				
Transfers		-	-	-	-	-	-	-		-	-	2.559.574	12.967.508	(15.527.082)	-	-	-				
Increase (decrease) due to other changes ^(**)	2.1	-	-	-	-	-	(12.518.381)	-		-	(8.610.470)	-	21.128.851	-	-	-	-				
31 December 2022		3.500.000	156.613	(116.232)	106.447	208.674	44.642.146	(1.407.323)		6.044	2.029.402	7.547.778	40.966.648	18.005.034	115.645.231	3.016.956	118.662.187				

At the Ordinary General Assembly Meeting dated 31 March 2023, the decision not to distribute cash dividends was approved by majority of votes (17 March 2022: TRY 15.575.000 thousand).

^(*) Inflation adjustments were made in accordance with TMS 29 in the financial statements of subsidiaries that were subject to consolidation and whose functional currency was Turkish Lira.

^(**) Within the scope of the "Share Buy-back Program", which was approved at the Company's Ordinary General Assembly Meeting on 31 March 2023, 16.405.000 shares were repurchased in exchange for TRY 524.272 thousand. As of the reporting date, reserves equal to the repurchase price of the repurchased shares have been set aside and classified as restricted reserves under equity.

^(***) Retained earnings; in the consolidated financial statements, in accordance with TAS 21, the details of conversion of retained earnings to the presentation currency, Turkish Lira, in the consolidated statement of financial position dated 31 December 2023 by converting to US Dollars at historical rates, are explained in Note 2.1.

The accompanying notes form an integral part of these consolidated financial statements.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

	Note	(Unaudited) Current Period 1 January - 31 December 2023 USD '000	(Unaudited) Current Period 1 January - 31 December 2023 TRY'000	(Unaudited) Previous Period 1 January - 31 December 2022 USD '000	(Unaudited) Previous Period 1 January - 31 December 2022 TRY'000
CASH FLOWS FROM OPERATING ACTIVITIES		557.746	13.068.139	607.334	8.940.221
Profit (Loss) for The Period		182.596	4.329.064	1.183.434	18.653.054
Adjustments to Reconcile Profit (Loss)		381.095	8.431.947	445.421	7.635.577
Adjustments for Depreciation and Amortisation Expenses	25/27/28	226.616	5.372.718	221.665	3.493.831
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(27.796)	(659.014)	30.985	488.389
Adjustments for Provision (Reversal of Provision) for Receivables	8	(14.212)	(336.934)	44	693
Adjustments for Provision (Reversal of Provision) for Inventories	10	(33.833)	(802.145)	32.877	518.203
Adjustments for Provision (Reversal of Provision) for Property, Plant and Equipment	14	20.249	480.065	(1.936)	(30.507)
Adjustments for Provisions		75.080	1.780.028	60.430	952.507
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	19	60.129	1.425.557	45.074	710.462
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	20	14.951	354.471	15.356	242.045
Adjustments for Interest (Income) and Expenses		94.343	2.236.731	4.229	66.659
Adjustments for Interest Income	30	(103.715)	(2.458.925)	(80.649)	(1.271.181)
Adjustments for Interest Expense	31	215.522	5.109.707	108.001	1.702.305
Unearned Financial Income from Credit Sales		(17.464)	(414.051)	(23.123)	(364.465)
Adjustments for Unrealised Foreign Exchange Differences		(77.475)	(2.069.308)	(69.039)	(627.777)
Adjustments for Fair Value (Gains) Losses		(34.879)	(826.923)	(14.330)	(225.864)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	30	(34.879)	(826.923)	(14.330)	(225.864)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	12	(3.305)	(78.356)	(4.631)	(72.996)
Adjustments for Tax (Income) Expenses	32	190.145	4.508.065	219.480	3.459.400
Other Adjustments from Non-Cash Items		(35.205)	(1.042.088)	-	-
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		2.071	49.083	6.435	101.428
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment	29	2.071	49.083	6.435	101.428
Other Adjustments for Reconciliation of Profit (Loss)		(28.500)	(838.989)	(9.803)	-
Changes in Working Capital		140.399	4.147.211	(217.441)	(4.063.798)
Adjustments for Decrease (Increase) in Trade Receivables		182.255	5.365.259	33.504	626.469
Decrease (Increase) in Trade Receivables from Related Parties		12.067	355.231	(12.096)	(226.174)
Decrease (Increase) in Trade Receivables from Third Parties		170.188	5.010.028	45.600	852.643
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(856)	(25.199)	1.647	30.797
Decrease (Increase) in Other Receivables from Operations from Third Parties		(856)	(25.199)	1.647	30.797
Decrease (Increase) in Derivative Financial Instruments		2.777	81.750	8.891	166.246
Adjustments for Decrease (Increase) in Inventories		116.155	3.419.394	(215.896)	(4.036.888)
Decrease (Increase) in Prepaid Expenses		(39.235)	(1.155.008)	49.880	932.674
Adjustments for Increase (Decrease) in Trade Payables		194.957	5.749.536	95.220	1.783.661
Increase (Decrease) in Trade Payable to Related Parties		4.616	136.132	18.553	347.535
Increase (Decrease) in Trade Payable to Third Parties		190.341	5.613.404	76.667	1.436.126
Adjustments for Increase (Decrease) in Other Payables Related from Operations		25.531	752.942	33.867	634.396
Increase (Decrease) in Other Payables to Third Parties Related from Operations		25.531	752.942	33.867	634.396
Increase (Decrease) in Derivative Liabilities		32.874	969.497	(3.036)	(56.871)
Adjustments for Other Increase (Decrease) in Working Capital		(374.059)	(11.010.960)	(221.518)	(4.144.282)
Decrease (Increase) in Other Assets Related from Operations		(386.294)	(11.371.786)	(154.135)	(2.882.063)
Increase (Decrease) in Other Payables Related from Operations		12.235	360.826	(67.383)	(1.262.219)

The accompanying notes form an integral part of these consolidated financial statements.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

	Note	(Unaudited) Current Period 1 January - 31 December 2023 USD '000	(Unaudited) Current Period 1 January - 31 December 2023 TRY'000	(Unaudited) Previous Period 1 January - 31 December 2022 USD '000	(Unaudited) Previous Period 1 January - 31 December 2022 TRY'000
Cash Flows Provided by Operating Activities		704.090	16.908.222	1.411.414	22.224.833
Payments Related to Provisions for Employee Termination Benefits	19	(28.193)	(668.425)	(12.898)	(203.283)
Payments Related to Other Provisions	20	(10.536)	(249.778)	(6.168)	(97.225)
Income Taxes Refund (Paid)	32	(107.615)	(2.921.880)	(785.014)	(12.984.104)
CASH FLOWS FROM INVESTING ACTIVITIES		(1.146.511)	(27.330.164)	(776.348)	(12.412.441)
Cash Inflows Arising From Purchase of Third Parties' Debt Instruments or Funds		5.379	122.290	3.658	60.000
Cash Outflows Arising From Purchase of Third Parties' Debt Instruments or Funds		(58.572)	(1.107.696)	(10.600)	(189.379)
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		16.895	400.563	2.724	42.941
Cash Inflow from Sales of Property, Plant and Equipment	14/15/29	16.895	400.563	2.724	42.941
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets		(977.104)	(23.165.641)	(722.508)	(11.388.022)
Cash Outflow from Purchase of Property, Plant and Equipment	14	(976.311)	(23.146.840)	(719.111)	(11.334.478)
Cash Outflow from Purchase of Intangible Assets	15	(793)	(18.801)	(3.397)	(53.544)
Cash Outflow from Purchase of Investment Property	13	(12.738)	(302.007)	-	-
Cash Advances and Debts Given		(146.584)	(3.475.287)	(15.914)	(250.833)
Other Cash Advances and Debts Given to Related Parties		2.951	(11.559)	78.486	996.938
Other Cash Advances and Debts Given		(149.535)	(3.463.728)	(94.400)	(1.247.771)
Dividends Received		4.899	112.769	-	-
Other Cash Inflow (Outflows)		21.314	84.845	(33.708)	(687.148)
CASH FLOWS FROM FINANCING ACTIVITIES		628.768	15.009.427	(674.030)	(9.627.701)
Cash Outflows Related to Acquisition of Own Shares and Other Equity Instruments of the Entity		(26.795)	(524.272)	-	-
Cash Inflow from Borrowings		1.850.892	43.879.170	1.415.496	22.348.278
Cash Inflow from Loans	7	1.850.892	43.879.170	1.314.210	20.467.210
Cash Inflow from Issued Debt Instruments	7	-	-	101.286	1.881.068
Cash Outflow from Repayments of Borrowings		(1.105.496)	(26.209.649)	(1.070.622)	(16.874.937)
Cash Outflow from Loan Repayments	7	(1.016.609)	(24.209.649)	(1.070.622)	(16.874.937)
Cash Outflows from Repayments of Issued Debt Instruments	7	(88.887)	(2.000.000)	-	-
Cash Outflow from Debt Payments for Leasing Contracts		(3.576)	(84.789)	(4.469)	(70.439)
Dividends Paid		-	-	(1.061.705)	(15.720.713)
Interest Paid	7	(177.287)	(4.200.514)	(48.447)	(801.123)
Interest Received		91.030	2.149.481	95.717	1.491.233
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		40.003	747.402	(843.044)	(13.099.921)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(34.348)	8.132.559	(79.401)	5.160.860
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		5.655	8.879.961	(922.445)	(7.939.061)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	811.320	15.170.298	1.733.765	23.109.359
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	816.975	24.050.259	811.320	15.170.298

- As of 31 December 2023, the Group's total amount of time deposit interest accrual is TRY 22.708 thousand (USD 771 thousand) (31 December 2022: TRY 16.160 thousand (USD 864 thousand)).

- Currency protected time deposits with maturities of more than 3 months in financial investments in the consolidated statement of cash flow are reported in "Other Cash Inflows (Outflows)" under Cash Flows from Investing Activities. Changes in fair value are accounted for under income (expenses) from investing activities in the consolidated statement of profit or loss.

- Inflation accounting adjustments made to the non-monetary items of subsidiaries whose functional currency of the Group is Turkish Lira are reported in "Other Adjustments for Non-Cash Items" as of the reporting date.

The accompanying notes form an integral part of these consolidated financial statements.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Erdemir Group ("Group"), is composed of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ("Erdemir" or "the Company"), and its subsidiaries which it owns the majority of their shares or has a significant influence on their management structure.

The main parent and ultimate controlling party of the Group are ATAER Holding A.Ş. and Ordu Yardımlaşma Kurumu, respectively.

Ordu Yardımlaşma Kurumu ("OYAK") was incorporated on 1 March 1961 under the Act No. 205 as a private entity under its own law subject to Turkish civil and commercial codes and autonomous in financial and administrative matters. OYAK, being an "aid and retirement fund" for Turkish Armed Forces' members, provides various services and benefits within the framework of social security concept anticipated by Turkish Constitution. OYAK has direct and indirect subsidiaries in industry, finance and service sectors. The detailed information about OYAK can be found on its official website (www.oyak.com.tr).

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. was incorporated in Türkiye as a joint stock company in 1960. The principal activities of the Company are production of iron and steel rolled products, alloyed and non-alloyed iron, cast and pressed steel, coke and their by-products.

The Company's shares have been traded in Istanbul Stock Exchange since the establishment of the Istanbul Stock Exchange (year 1986).

The main operations of the companies included in the consolidation and the share percentage of the Group for these companies are as follows:

Name of the Company	Country of Operation		2023 Effective Share Rate %	2022 Effective Share Rate %
İskenderun Demir ve Çelik A.Ş.	Turkey	Integrated Steel Production	94,87	94,87
Erdemir Madencilik San. ve Tic. A.Ş.	Turkey	Iron Ore and Pellet	90	90
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	Turkey	Steel Service Center	100	100
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	Turkey	Management and Consultancy	100	100
Erdemir Romania S.R.L.	Romania	Silicon Steel Production	100	100
Erdemir Asia Pacific Private Limited	Singapore	Trading	100	100
Erdemir Enerji Üretim A.Ş.	Turkey	Renewable Energy Production	100	100
İsdemir Linde Gaz Ortaklığı A.Ş.	Turkey	Industrial Gas Production and Sales	47	47
Kümaş Manyezit Sanayi A.Ş.	Turkey	Magnesite Ore, Refractor	100	100
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	Turkey	Special Purpose Entity	100	100

The joint venture of the Group, İsdemir Linde Gaz Ortaklığı A.Ş., is accounted for using the equity method in the accompanying consolidated financial statements.

The registered address of the Company is Barbaros Mahallesi Ardıç Sokak No:6 Ataşehir/İstanbul.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (cont'd)

The number of the personnel employed by the Group as of reporting date are as follows:

	Paid Hourly Personnel	Paid Monthly Personnel	31 December 2023 Personnel
Ereğli Demir ve Çelik Fab. T.A.Ş.	4.232	1.820	6.052
İskenderun Demir ve Çelik A.Ş.	3.069	1.463	4.532
Erdemir Madencilik San. ve Tic. A.Ş.	184	168	352
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	234	79	313
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	-	305	305
Erdemir Romania S.R.L.	208	42	250
Erdemir Asia Pacific Private Limited	-	1	1
Kümaş Manyezit Sanayi A.Ş.	522	141	663
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	11	3	14
Erdemir Enerji Üretim A.Ş.	-	5	5
	8.460	4.027	12.487
	Paid Hourly Personnel	Paid Monthly Personnel	31 December 2022 Personnel
Ereğli Demir ve Çelik Fab. T.A.Ş.	4.217	1.801	6.018
İskenderun Demir ve Çelik A.Ş.	3.017	1.650	4.667
Erdemir Madencilik San. ve Tic. A.Ş.	164	165	329
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	227	84	311
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	-	302	302
Erdemir Romania S.R.L.	213	41	254
Erdemir Asia Pacific Private Limited	-	1	1
Kümaş Manyezit Sanayi A.Ş.	615	143	758
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	11	3	14
Erdemir Enerji Üretim A.Ş.	-	5	5
	8.464	4.195	12.659

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Group's subsidiaries incorporated in Türkiye maintain their legal books of account and prepare their statutory financial statements in accordance with accounting principles issued by the Turkish Commercial Code ("TCC") and tax legislation.

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

In addition, the consolidated financial statements are presented in accordance with "Announcement regarding with TFRS Taxonomy" which was published on 4 October 2022 by POA and the format and mandatory information recommended by CMB.

The financial statements are prepared on the basis of historical cost, with the exception of derivative financial instruments carried at fair value and revaluation of iron ore and fixed assets used in the production of silicon flat steel at the fair value determined at the date of purchase. In determining the historical cost, generally the fair value of the amount paid for the assets is taken as basis.

Functional and reporting presentation currency

Although the currency of the country in which is the Company is domiciled is Turkish Lira (TRY), the Company's functional currency is determined as US Dollar. US Dollar is used to a significant extent in, and has a significant impact on the operations of the Company and reflects the economic substance of the underlying events and circumstances relevant to the Company. Therefore, the Company uses the US Dollar in measuring items in its financial statements and as the functional currency.

The financial statements of each entity of the Group are presented in the currency (functional currency) valid in the basic economic environment in which they operate. The functional currency of the Company and its subsidiaries' İskenderun Demir ve Çelik A.Ş. "İsdemir" and Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş "Ersem" and Kümaş Manyezit Sanayi A.Ş. "Kümaş" are US Dollars while the functional currency of Erdemir Madencilik San. ve Tic. A.Ş. "Ermaden" and Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., Erdemir Enerji Üretim A.Ş. and Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş. are Turkish Lira.

The accompanying financial statements are prepared in Turkish Lira (TRY) in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013.

Functional currency for the foreign subsidiaries

The functional currency of the foreign subsidiaries Erdemir Asia Pacific Private Limited "EAPPL" is US Dollars; Erdemir Romania S.R.L is EURO.

Functional currency of the joint venture

The functional currency of the Group's joint venture İsdemir Linde Gaz Ortaklığı A.Ş. is US Dollars.

Adjustment of financial statements during periods of high inflation

The Public Oversight, Accounting and Auditing Standards Authority ("POA") made a statement regarding the scope and application of TAS 29 on 23 November 2023. It has been stated that the financial statements of businesses applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented by adjusting for the effect of inflation in accordance with the relevant accounting principles in TAS 29.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Adjustment of financial statements during periods of high inflation (cont'd)

In accordance with CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards, starting from the annual financial reports for the accounting period ending as of 31 December 2023, has been decided to apply inflation accounting by applying articles of TAS 29.

TAS 29 applies to the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy, including consolidated financial statements. If hyperinflation exists in an economy, TAS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy be expressed in the measurement unit valid at the end of the reporting period.

As of the reporting date, the cumulative change in general purchasing power of the last three years according to the Consumer Price Index ("CPI") figure is over 100%, businesses operating in Türkiye are required to apply the TAS 29 "Financial Reporting in High-Inflation Economics" standard in reporting periods ending on or after 31 December 2023.

Accordingly, inflation adjustments were made in accordance with TAS 29 in the financial statements of Erdemir Madencilik San. ve Tic. A.Ş., Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş., Erdemir Enerji Üretim A.Ş. and Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş., which were subject to consolidation and whose functional currency is Turkish Lira.

All non-monetary assets and liabilities and profit or loss statements of subsidiaries whose functional currency of the Group is Turkish Lira have been adjusted using the Consumer Price Index. As a result of the correction made according to the inflation effect; The effect of TAS 29 indexation until 1 January 2023 is accounted under equity, and the effect of TAS 29 indexation from 1 January 2023 until 31 December 2023 is accounted for in the consolidated statement of profit or loss.

The company and its subsidiaries, İskenderun Demir ve Çelik A.Ş., Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.and Kümaş Manyezit Sanayi A.Ş., operating in Türkiye and whose functional currency is the US Dollar, do not need to make any adjustments within the scope of TAS 29 since their functional currencies are US Dollars in their financial statements to be prepared in accordance with TFRS.

Translation to presentation currency

In accordance with the Public Oversight, Accounting and Auditing Standards Authority's ("POA") announcement "On the Next Measurement of Foreign Currency Monetary Items According to Turkish Accounting Standards" dated 15 March 2021, the Group carried out a valuation for the assets and liabilities in the consolidated financial statements based on the current buying and selling rates effective as of the end of the reporting period, and translated them into the presentation currency at the same exchange rates.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Translation to presentation currency (cont'd)

Presentation currency of the consolidated financial statements is Turkish Lira. According to TMS 21 ("The Effects of Changes in Foreign Exchange Rates") financial statements, that are prepared in USD Dollars for the Company, İsdemir, Ersem, Kümaş and EAPPL; in EURO for Erdemir Romania, have been translated in Turkish Lira as the with following method:

- a) The assets in the consolidated statement of financial position as of 31 December 2023, has been translated into TL using the foreign exchange buying rates effective as of 31 December 2023 announced by the Central Bank of the Republic of Türkiye, TRY 29,4382 = US \$ 1 and TRY 32,5739 = EUR 1 and the liabilities has been translated into TL using the foreign exchange selling rates effective as of 31 December 2023, which is also announced by the Central Bank of the Republic of Türkiye, TRY 29,4913 = US \$ 1 and TRY 32,6326 = EUR 1 (31 December 2022: for asset balances: TRY 18,6983 = US \$ 1, TRY 19,9349 = EUR 1, for liability balances: TRY 18,7320 = US \$ 1, TRY 19,9708 = EUR 1).
- b) Due to the significant fluctuation in the exchange rate in 2023, for the year ended 31 December 2023, statements of profit or loss are translated from the average exchange rates of the relevant month announced by the Central Bank of the monthly operating profits TRY 23,7085 = US \$ 1 and TRY 25,6260 =EUR 1 (31 December 2022: TRY 15,7618 = US \$ 1 TRY 17,3551 = 1 EUR).
- c) Earnings of previous years are carried in US Dollar in the consolidated financial statements after being translated into US Dollar at the historical currency rates as per TAS 21, and retained earnings in the statement of consolidated financial position as of 31 December 2023 are presented by being translated at the TRY 29,4913 = US \$ 1 rate, which is the effective foreign currency selling rate as of 31 December 2023 as announced by the Central Bank of the Republic of Türkiye (31 December 2022: TRY 18,7320 = US \$ 1).
- d) Exchange differences arising from translation to TRY presentation currency are shown in other comprehensive income as of foreign currency translation reserve.
- e) Share capital and other reserves are presented in the accompanying financial statements at their values in the statutory records and other equity items at their historical cost values. The differences between the values arising from translation of the historical values of these items into the presentation currency and their carrying values from statutory records are recognized as foreign currency translation differences in the statement of other comprehensive income.

USD amounts presented in the financial statements

The figures in USD amounts presented in the accompanying consolidated financial statements comprising the statements of financial position as of 31 December 2023 and 31 December 2022, consolidated statement of profit or loss and other comprehensive income, and consolidated statement of cash flows for the year ended 31 December 2023 represent the consolidated financial statements within the frame of functional currency change that the Company has made, which is effective as of 1 July 2013, prepared in accordance with the TAS 21- Effects of Changes in Foreign Exchange Rates.

Going concern

The Group prepared its consolidated financial statements in accordance with the going concern assumption.

Approval of the consolidated financial statements

The consolidated financial statements have been approved and authorized to be published on 22 February 2024 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Restatement and Errors In The Accounting Policies and Estimates

Any change in the accounting policies resulted from the first time adoption of a new standards, if any, is made either retrospectively or prospectively. Changes without any transition requirement, material changes in accounting policies or material errors are corrected retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognized in the period applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.3 Consolidation Principles

The consolidated financial statements include the accounts of the parent company, Ereğli Demir ve Çelik Fabrikaları T.A.Ş., and its subsidiaries on the basis set out in sections below. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/IFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies.

Subsidiaries are the Companies controlled by Erdemir when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are included in the scope of consolidation from the date on which control over their activities is transferred to the Group, and are excluded from the scope of consolidation on the date when control disappears.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company;

(i) has power over the investee, (ii) is exposed, or has rights, to variable returns from its involvement with the investee; (iii) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The statement of financial position and statements profit or loss of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Erdemir and its subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between Erdemir and its subsidiaries are eliminated on consolidation.

The carrying value of, and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from shareholders' equity and income for the year, respectively.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Consolidation Principles (cont'd)

The table below sets out all subsidiaries included in the scope of consolidation and discloses their direct and indirect ownership, which are identical to their economic interests, (%) and their functional currencies as of reporting date.

	31 Aralık 2023			31 Aralık 2022		
	Functional Currency	Ownership Interest	Effective Shareholding	Functional Currency	Ownership Interest	Effective Shareholding
İsdemir	US Dollars	94,87	94,87	US Dollars	94,87	94,87
Ersem	US Dollars	100	100	US Dollars	100	100
Ermaden	Turkish Lira	90	90	Turkish Lira	90	90
Erdemir Mühendislik	Turkish Lira	100	100	Turkish Lira	100	100
Erdemir Romania S.R.L.	Euro	100	100	Euro	100	100
Erdemir Asia Pasific	US Dollars	100	100	US Dollars	100	100
Erdemir Enerji Üretim	Turkish Lira	100	100	Turkish Lira	100	100
İsdemir Linde Gaz	US Dollars	50	47	US Dollars	50	47
Kümaş	US Dollars	100	100	US Dollars	100	100
Yenilikçi	Turkish Lira	100	100	Turkish Lira	100	100

2.4 Comparative Information and Restatement of Consolidated Financial Statements with Prior Periods

The Group's consolidated financial statements are prepared in comparison with the previous period in order to allow for the determination of the financial position and performance trends in accordance with a new illustrative financial statement. Comparative information is reclassified when necessary and important differences are explained in order to ensure compliance with the presentation of the current period consolidated financial statements.

2.5 Significant Judgments and Estimates of the Group on Application of Accounting Policies

The Group, according to TFRS makes estimates and assumptions prospectively while preparing its consolidated financial statements. These accounting estimates are rarely identical to the actual results. The estimates and assumptions that may cause significant adjustments to the carrying values of assets and liabilities in the following reporting periods are listed below.

2.5.1 Useful lives of property, plant and equipment and intangible assets

The Group calculates depreciation for the property, plant and equipment by taking into account their production amounts on the basis of cash flow unit set by independent valuation firm and useful lives that are stated in Note 2.8.3 and 2.8.4 (Note 14, Note 15).

2.5.2 Deferred tax

The Group recognizes deferred tax on the temporary timing differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and TFRS financial statements.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Significant Judgments and Estimates of the Group on Application of Accounting Policies (cont'd)

2.5.2 Deferred tax (cont'd)

The Group has deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, which could reduce taxable income in the future periods. All or partial amounts of the realizable deferred tax assets are estimated in current circumstances. During the evaluation, the expiry dates of future profit projections, financial losses in the current period, unused carried forward financial losses and other tax assets are taken into consideration (Note 32).

2.5.3 Fair values of derivative financial instruments

The Group evaluates its derivative financial instruments by using the foreign exchange and interest rate estimations and based on the valuation estimates of the market values as of the reporting date (Note 6).

2.5.4 Provision for expected credit losses

Provision for expected credit losses reflect the future loss that the Group anticipates to incur from the trade receivables as of the balance sheet date which is subject to collection risk considering the current economic conditions. During the impairment test for the receivables, the debtors are assessed with their prior year performances, their credibility in the current market, their performance after the reporting date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. As of reporting date the provision for expected credit losses is presented in Note 8.

2.5.5 Provision for impairment of inventories

During the assessment of the provision for impairment of inventories the following are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to provision for inventories accounting policy of the Company. Sales prices listed and related data by sales prices of realized sales after reporting date, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories. As a result of these studies, provision is made for inventories whose net realizable value is below the cost value and for slow moving inventories are presented in Note 10.

2.5.6 Provisions for employee benefits

The Group makes various actuarial assumptions such as the discount rate, inflation rate, real salary increase rate, and the voluntarily leave the job in the calculation of its liabilities regarding benefits provided to employees. The details related to employee benefits plans are stated in Note 19.

2.5.7 Provision for lawsuits

The Group reliably determines the probability of losing the lawsuits and the liabilities that will arise in case of loss, based on the possible cash outflows based on the best estimation of the Management, taking into account the opinions of the Group Legal Directorate and external expert lawyers for ongoing lawsuits. As of reporting date, provision for lawsuits is stated in Note 20.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Significant Judgments and Estimates of the Group on Application of Accounting Policies (cont'd)

2.5.8 Impairments on assets

The Group, performs impairment tests for assets that are subject to depreciation and amortization in case of being not possible to prevent recovery of the assets at each reporting period. Assets are grouped at the lowest levels which there are separately identifiable cash flows for evaluation of impairment (cash generating units). As a result of the impairment tests performed by the Group, additional impairment is estimated in the accompanying financial statements for the non-financial assets recognized in expenses from investment activities (Note 29). The Group recognized the amount of provisions released in income from investment activities (Note 29).

2.5.9 Impairment on financial assets

The impairment for financial assets are based on assumptions about risk of default and expected losses rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2.5.10 Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

2.6 Offsetting

Financial assets and liabilities are offset and the net amounts are reported with their net values in the financial position statement where either there is a legally enforceable right to offset the recognized amounts or there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.7 Adoption of New and Revised Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2023 summarized below.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.7 Adoption of New and Revised Financial Reporting Standards (cont'd)

Amendments that are mandatorily effective from 2023

Amendments to TAS 1:	Disclosure of Accounting Policies
Amendments to TAS 8:	Definition of Accounting Estimates
Amendments to TAS 12:	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to TAS 12:	International Tax Reform - Pillar Two Model Rules

The effects of these standards and interpretations on the Group's consolidated financial statements and performance are explained in the relevant paragraphs.

Amendments to TAS 1 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 Definition of Accounting Estimates

With this amendment, the definition of 'a change in accounting estimates' has been replaced with the definition of 'an accounting estimate', sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 International Tax Reform - Pillar Two Model Rules

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

The Group Management has evaluated that these amendments and interpretations, effective from 2023, have no impact on the Group's consolidated financial statements.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.7 Adoption of New and Revised Financial Reporting Standards (cont'd)

New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17:	Insurance Contracts
Amendments to TFRS 17:	Initial Application of TFRS 17 and TFRS 9 - Comparative Information
Amendments to TFRS 4:	Extension of the Temporary Exemption from Applying TFRS 9
Amendments to TAS 1:	Classification of Liabilities as Current or Non-Current
Amendments to TAS 1:	Non-current Liabilities with Covenants
Amendments to TFRS 16:	Lease Liability in a Sale and Leaseback
Amendments to TAS 7 and TFRS 7:	Supplier Finance Arrangements
TSRS 1:	General Requirements for Disclosure of Sustainability-related Financial Information
TSRS 2:	Climate-related Disclosures

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 Insurance Contracts on 1 January 2025.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 - Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application. The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before. Amendments are effective with the first application of TFRS 17.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.7 Adoption of New and Revised Financial Reporting Standards (cont'd)

New and revised TFRSs in issue but not yet effective (cont'd)

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.7 Adoption of New and Revised Financial Reporting Standards (cont'd)

New and revised TFRSs in issue but not yet effective (cont'd)

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.8 Valuation Principles/Significant Accounting Policies Applied

Accounting policies implemented during preparation of financial statements as follows:

2.8.1 Revenue recognition

Group recognizes revenue when the goods or services are transferred to the customer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to the customer. The principal activities of the Company are production of iron and steel rolled products, alloyed and non-alloyed iron, steel and pig iron castings, cast and pressed products and their by-products.

Group recognizes revenue based on the following main principles:

- a) Identification of customer contracts,
- b) Identification of performance obligations,
- c) Determination of transaction price in the contract,
- d) Allocation of price to performance obligations,
- e) Recognition of revenue when the performance obligations are fulfilled.

Group recognized revenue from its customers only when all of the following criteria are met:

- a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- b) Group can identify each party's rights regarding the goods or services to be transferred,
- c) Group can identify the payment terms for the goods or services to be transferred;
- d) The contract has commercial substance,
- e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.1 Revenue recognition (cont'd)

Interest income is accrued in the relevant period in proportion to the remaining principal balance and the effective interest rate that reduces the estimated cash inflows to be obtained from the relevant financial asset to the book value of the asset. Interest income from the Group's time deposit investments are recognized under finance income, maturities sales interest income from trade receivables are recognized in revenue.

2.8.2 Inventories

Inventories are valued at the lower of cost or net realizable value. The costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority valued by using the monthly weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.8.3 Property, plant and equipment

Property, plant and equipment stated through the value of determined by using the historical cost approach that reflects the cost of the assets in purchase date adjusted for impairment and accumulated depreciation. Lands are not subject to depreciation and are shown over the amount after accumulated impairment is deducted from their cost values.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of property, plant and equipment is the higher of net selling price and value in use.

In assessing the value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Provision for impairment are recognized in the consolidated statement of profit or loss.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives or production amount, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The rates that are used to depreciate the property, plant and equipment are as follows:

	Rates
Buildings	2-16%
Land improvements	2-33% and units of production level
Machinery and equipment	3-50% and units of production level
Vehicles	5-25% and units of production level
Furniture and fixtures	5-33%
Exploration costs and other fixed assets with special useful lifes	5-10% and units of production level
Other tangible fixed assets	5-25%

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.3 Property, plant and equipment (cont'd)

Expenses after the capitalization are added to the cost of related asset and reflected in financial statements as a separate asset if they shall mostly provide an economic benefit and their cost is measured in a trustable manner. Property, plant and equipment are reviewed for impairment if there are conditions showing that the securities are more than amount recoverable. Assets are grouped at the lowest level which is cash-generating unit in order to determine impairment (cash-generating unit).

Carrying amount of a tangible asset and recoverable value is the one which is higher than the net sales price following the deduction of commensurable value for the sale of the asset. Useful life of assets are reviewed as of date of balance sheet and adjusted, if required.

Maintenance and repair expenses are recorded as expense to the consolidated statement of profit or loss of the related period. The Group omits the carrying values of the changed pieces occurred with respect to renovations from the balance sheet without considering whether they are subject to depreciation in an independent manner from other sections. Main renovations are subject to deprecation based on the shortest of residual life of the related tangible asset or useful life of the renovation itself.

Advances paid related to purchasing of tangible assets are monitored in prepaid expenses under fixed assets until the related asset is capitalized or recognized under construction in progress.

2.8.4 Intangible assets

Out of the purchased intangible fixed assets, those with a finite life are presented at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized principally on a straight-line basis over their estimated useful lives and production amounts. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, and any changes in the estimate are accounted for on a prospective basis.

The customer relationships acquired as a part of the business combinations are reflected in the financial statements at fair value at the acquisition date. The customer relationships have finite useful lives and are measured at cost less accumulated amortization. The amortization of the customer relationships is calculated on a straight-line basis over their estimated useful lives.

The amortization rates of the intangible assets are stated below:

	Amortization Rates
Rights	2-33%
Other intangible fixed assets	20-33%
Customer relationship	6,6%

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.5 Investment properties

Investment properties, which are held to earn rental income and/or for capital appreciation are measured initially at cost less any accumulated impairment losses.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss under income (expense) from investment activities.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.8.6 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.6 Leases (cont'd)

The Group as lessee (cont'd)

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

- The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
 - The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
 - A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group has disclosed the changes made in the consolidated financial statements during the periods presented in Note 16 with details.

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments incurred on or before the lease actually commences, and other direct initial costs. These assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. (Note 16).

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.6 Leases (cont'd)

The Group as lessor(cont'd)

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. If the Group is in the position of sub-lease, the main lease and sub-lease are recognized as two separate contracts. Sub-lease is classified as financial lease or operating lease regarding the right to use arising from the main lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

2.8.7 Impairment on assets

Assets subject to depreciation and amortization are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. Recoverable amounts are estimated at the lowest level for individual assets (for the cash-generating unit). Non-financial assets that are impaired are evaluated for reversal of impairment amount at each reporting date.

2.8.8 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, one that takes a substantial period of time to get ready for use or sale, are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Investment revenues arising from the temporary utilization of the unused portion of facility loans are netted off from the costs eligible for capitalization.

All other borrowing costs are recognized directly in the consolidated statement of profit or loss of the period in which they are incurred.

2.8.9 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a part of the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

(i) Amortised cost and effective interest method (cont'd)

- a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
- b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item (Note 30).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Financial assets at FVTPL (cont'd)

Equity instruments designated as at FVTOCI (cont'd)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Financial assets at FVTPL (cont'd)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows (all cash-deficiencies) that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial liabilities (cont'd)

b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Entity does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 6.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.9 Financial instruments (cont'd)

Financial liabilities (cont'd)

Hedge accounting (cont'd)

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge).

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 6 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in Note 6.

2.8.10 The effects of foreign exchange rate changes

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Each subsidiaries' financial conditions and performance results stated as Turkish Lira in presentation currency in consolidated financial statements.

The Group records foreign currency (currencies other than the functional currency of the related company) transactions using exchange rates of the date the transaction is completed. Foreign currency monetary items are evaluated with exchange rates as of reporting date and arising foreign exchange income/expenses are recorded in consolidated statement of profit or loss. All monetary assets and liabilities are evaluated with exchange rates of the reporting date and related foreign currency translation differences are transferred to consolidated statement of profit or loss.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.10 The effects of foreign exchange rate changes (cont'd)

Non-monetary foreign currency items that are recognized at cost are evaluated with historic exchange rates. Non-monetary foreign currency items that are recognized at fair value are evaluated with exchange rates of the dates their fair values are determined.

2.8.11 Earnings per share

Earnings/loss per share, disclosed in the consolidated statement of profit or loss, are determined by dividing the net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Türkiye, companies can increase their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares.

2.8.12 Subsequent events

Subsequent events include all events that take place between the balance sheet date and the date of authorization for the release of the balance sheet, although the events occurred after the announcements related to the net profit/loss or even after the public disclosure of other selective financial information.

In the case that events occur requiring an adjustment, the Group adjusts the amounts recognized in its financial statements to reflect the adjustments after the balance sheet date. Post period end events that are not adjusting events are disclosed in the notes when material.

2.8.13 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past legal or subtle event, where it is probable that the Group will be required to settle that obligation and when a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine the probability of outflow of the economically beneficial assets. For contingent liabilities, when an outflow of resources embodying economic benefits are probable, provision is recognized for this contingent liability in the period when the probability has changed, except for the cases where a reliable estimate cannot be made.

When the Group's contingent liabilities' availability is possible but the amount of resources containing the economic benefits cannot be measured reliably, then the Group discloses this fact in the notes.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.14 Related parties

A related party is a person or entity that is related to (reporting entity), the entity that is preparing its financial statements.

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2.8.15 Taxation and deferred income taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis. Income tax expense represents the sum of the current tax and deferred tax.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.15 Taxation and deferred income taxes (cont'd)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in future and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets/liabilities in the financial statements and the corresponding tax bases, used in the computation of the taxable profit, using currently enacted tax rates.

Deferred tax liabilities are generally recognized for all taxable temporary differences where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized if it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.15 Taxation and deferred income taxes (cont'd)

Deferred tax (cont'd)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in the consolidated statement of profit or loss, except when they relate to the items credited or debited directly to the equity (in this case the deferred tax related to these items is also recognized directly in the equity), or where they arise from the initial accounting of a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.8.16 Employee benefits

According to the Turkish and Romanian law and union agreements, employee termination payments are made to employees in the case of retiring or involuntarily leaving. Such payments are considered as a part of defined retirement benefit plan in accordance with TAS 19 (revised) *Employee Benefits* (TAS 19).

The termination indemnities accounted in the balance sheet and seniority incentive premium in accordance with the union agreements in force represent the present value of the residual obligation. Actuarial gains and losses, on the other hand, are recognized in the statement of other comprehensive income.

The Group makes certain assumptions about discount rates, inflation rates, future salary increases and employee turnover rates in calculation of provisions for employee benefits. The present value of employee benefits is calculated by an independent actuary and some changes are done in accounting assumptions used in calculations. The impact of the changes in assumptions is recognized in the statement of profit or loss. The details related with the defined benefit plans are stated in Note 19.

Liabilities due to unused vacations classified as provisions due to employee benefits are accrued and discounted if the discount effect is material.

The Group companies operating in Türkiye are required to pay social insurance premiums to the Social Security Institution. As long as it pays these insurance premiums, the Group does not have any further obligation. These premiums are reflected in the payroll expenses incurred in the period.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.17 Government grants and incentives

Government grants and incentives are recognized at fair value when there is assurance that these grants and incentives will be received and the Group has met all conditions required. Government grants and incentives related to costs are recognized as revenue during the periods they are matched with the costs they will cover.

2.8.18 Statement of cash flows

Cash flows during the period are classified and reported as operating, investing and financing activities in the consolidated statement of cash flows.

Cash flows arising from operating activities represent the cash flows that are used in or provided by the Group's steel products and metal sales activities.

Cash flows arising from investment activities represent the cash flows that are used in or provided by the investing activities (direct investments and financial investments) of the Group.

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprises of the cash on hand, the demand deposits and highly liquid other short-term investments which their maturities are three months or less from the date of acquisition, are readily convertible to cash and are not subject to a significant risk of changes in value.

The translation difference that occurs due to translation from functional currency to presentation currency is shown as translation difference on cash flow statement.

2.8.19 Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2.8.20 Repurchased shares (Erdemir shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid which includes directly attributable costs, is net of any tax effects, and is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings or accumulated losses.

2.8.21 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.21 Goodwill (cont'd)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the consolidated profit or loss on disposal.

2.8.22 Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles/Significant Accounting Policies Applied (cont'd)

2.8.22 Business Combinations (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is measured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

NOTE 3 - SEGMENT REPORTING

The operations of the Group in İskenderun and Ereğli have been defined as geographical segments. However, the segments with similar economic characteristics have been combined into a single operating segment considering the nature of the products and the production processes, methods to allocate the products and the type of customers or to provide services.

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NOTE 4 - CASH AND CASH EQUIVALENTS

As of reporting date the detail of cash and cash equivalents as follows:

	31 December 2023	31 December 2022
Cash	60	56
Banks - demand deposits	892.064	777.149
Banks - time deposits	23.180.843	14.409.253
	24.072.967	15.186.458
Time deposit interest accruals (-)	(22.708)	(16.160)
Cash and cash equivalents in the statement of cash flows	24.050.259	15.170.298

The details of demand deposits are presented below:

	31 December 2023	31 December 2022
US Dollars	203.262	378.139
Turkish Lira	637.374	277.321
EURO	35.745	112.195
Romanian Lei	8.486	7.840
Other	7.197	1.654
	892.064	777.149

The details of time deposits in banks as follows:

	31 December 2023	31 December 2022
US Dollars	19.789.210	7.744.097
Turkish Lira	3.255.433	6.627.464
EURO	134.888	26.178
Romanian Lei	1.312	11.514
	23.180.843	14.409.253

Group's bank deposits consist of deposits with maturity from 1 day to 3 months depending on immediate cash needs. Interest is received based on current short-term rates on the market.

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NOTE 5 - FINANCIAL INVESTMENTS

As of reporting date the detail of financial investments as follows:

Financial assets shown at amortized value and fair value:

	31 December 2023	31 December 2022
Treasury bonds	-	14.894
Currency protected time deposits	619.393	685.293
Other	1.118.432	-
	1.737.825	700.187

The Group made purchases from private sector funds traded on the stock exchange during the reporting period. As of December 31, 2023, the fair value changes of the relevant funds classified as financial investments in the statement of financial position have been accounted for in the consolidated statement of profit or loss.

Group, has made securities investment in order to obtain the return fixed income issued by the private sector in Türkiye. These fixed income securities held by the Group under the business model for collection of contractual cash flows that includes principal and interest payments related with principal amount.

As of reporting period long term financial investments as follows:

	31 December 2023	31 December 2022
Financial investment without an active market	1.089	692
Venture capital investment fund	160.884	127.082
	161.973	127.774

As of reporting date, financial investments, investment ratios and amounts as follows:

Company	Ratio %	31 December 2023	Ratio %	31 December 2022
<i>Financial investments without an active market</i>				
Teknopark Hatay A.Ş.	5	798	5	507
Seramik Araştırma Merkezi A.Ş.	5	291	5	185
		1.089		692

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NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS

As of reporting date the detail of financial derivative instruments as follows:

	31 December 2023		31 December 2022	
	Asset	Liability	Asset	Liability
<i>Fair value hedging derivative financial assets</i>				
Forward contracts for fair value hedges of currency risk of sales	1.462	29.898	28.394	9.507
Forward contracts	2.142	1.601	-	-
	3.604	31.499	28.394	9.507
<i>Cash flow hedging derivative financial assets</i>				
Forward contracts for cash flow hedges of currency risk of sales	154	91.151	30.766	23.645
Commodity swap contracts for cash flow hedges of price fluctuations of raw material purchases	7.638	-	-	17.272
	7.792	91.151	30.766	40.917
	11.396	122.650	59.160	50.424

Derivative instruments for fair value hedge

As of reporting date, the details of forward, swap and cross currency swap transactions for fair value hedge are as follows:

		Assets		Liabilities	
		Nominal value	Fair Value	Nominal value	Fair Value
31 December 2022					
Forward contracts for fair value hedges of currency risk of sales					
Buy USD/Sell EUR	Less than 3 months	231.256	1.462	954.872	27.460
Buy USD/Sell EUR	Between 3 - 6 months	-	-	74.270	2.438
		231.256	1.462	1.029.142	29.898
Forward contracts					
Buy EUR/Sell USD	Between 3 - 6 months	73.844	2.142	-	-
Buy USD/Sell EUR	Between 6 - 12 months	-	-	72.955	1.601
		73.844	2.142	72.955	1.601
		305.100	3.604	1.102.097	31.499

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NOTE 6 - DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Derivative instruments for fair value hedge (cont'd)

		Assets		Liabilities	
		Nominal value	Fair Value	Nominal value	Fair Value
31 December 2022					
Forward contracts for fair value hedges of currency risk of sales					
Buy USD/Sell EUR	Less than 3 months	711.106	28.394	245.304	9.507
		711.106	28.394	245.304	9.507

Derivative instruments for cash flow hedge

Forward contracts for cash flow hedges of currency risk of sales:

Buy USD - Sell EUR forward contracts measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast sales in EUR. These forecast transactions are highly probable and their maturities vary between January 2024 and March 2025.

In respect of these contracts which has a nominal value of TRY 4.836.883 thousand for the purpose of hedging cash flow risk, with related deferred tax effect TRY 98.118 thousand was included in consolidated other comprehensive income (31 December 2022: TRY 30.041 thousand).

In the current period, TRY 87.176 thousand resulting from the sales related forward contracts was accounted under the revenue account of the consolidated the profit or loss statement (31 December 2022: TRY 523.787 thousand).

The terms and conditions of the forward contracts match the terms and conditions of the expected highly probable forecast sales in EUR. As a result, no hedge ineffectiveness arises requiring recognition and is tracked under other comprehensive income accounts since the aforementioned derivative transaction is a cash flow hedge derivative transaction until the sales is realized in accordance with hedge accounting. After the revenue is recognized, those derivative transactions are recognized in the profit or loss table as fair value hedges until the receivable amounts are collected.

Commodity swap contracts for hedges of price risk of raw material purchases:

The Group purchases iron ore and coal on an ongoing basis as its operating activities. The Group has concluded iron ore swap contracts in order to be protected from price risk of iron ore which shall be supplied in future and shall be used in the production of related sales in line with its contracted sales. Group's iron ore forward contracts measured at fair value through other comprehensive income/expense match iron ore price risk associated with future long term sales contracts. The terms and conditions of the iron ore swap contracts made for these sales transactions match the terms and conditions of the sales transactions. Therefore, it is not possible to record any income or expense arising from the ineffectiveness of the protection process.

As of 31 December 2023, reflected TRY 25.921 thousand from consolidated other comprehensive income to inventory cost thousand (31 December 2022: TRY 175.472 thousand).

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NOTE 7 - BORROWINGS

As of reporting date details of borrowings disclosed at amortized are as follows:

	31 December 2023	31 December 2022
Short term bank borrowings	46.034.968	16.657.875
Short term portion of long term bank borrowings	10.617.843	2.483.491
Long term bank borrowings	10.747.946	8.261.399
Total bank borrowings	67.400.757	27.402.765
Short term portion of short term corporate bonds issued	-	1.970.692
Total corporate bonds issued	-	1.970.692
Short term portion of long term lease payables	113.262	62.785
Cost of short term portion of long term lease payables (-)	(4.990)	(2.553)
Long term lease payables	795.883	475.999
Cost of long term lease payables (-)	(564.210)	(328.949)
Total lease payables	339.945	207.282
Total borrowings	67.740.702	29.580.739

Group; has been paid its financing bonds, which issued on 8 November 2022 with a maturity of 7 April 2023, a nominal value of TRY 1.100.000 with an issue price of 89,188, and a maturity of 7 November 2023 with a simple annual interest rate of 32,50, TRY 900.000 thousand.

As of 31 December 2023, the breakdown of the Group's loans with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weighted Average Rate of Effective Interest (%)	Short Term Portion	Long Term Portion	31 December 2023
Fixed	TRY	30,67	4.095.704	-	4.095.704
Fixed	US Dollars	9,94	42.350.022	-	42.350.022
Floating	TRY	TLREF+3,79	1.977.262	-	1.977.262
Floating	US Dollars	TERM SOFR+3,15	7.748.082	8.307.410	16.055.492
Floating	EURO	Euribor+0,48	481.741	2.440.536	2.922.277
			56.652.811	10.747.946	67.400.757

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NOTE 7 - BORROWINGS (cont'd)

As of 31 December 2022, the breakdown of the Group's loans and issued bonds with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weighted Average Rate of Interest (%)	Short Term Portion	Long Term Portion	31 December 2022
Fixed	TRY	22,59	8.111.383	-	8.111.383
Fixed	US Dollars	8,62	11.814.528	912.104	12.726.632
Fixed	EURO	2,70	15.685	-	15.685
Floating	US Dollars	Libor+2,08	756.103	5.628.033	6.384.136
Floating	EURO	Euribor+0,59	414.359	1.721.262	2.135.621
			21.112.058	8.261.399	29.373.457

Maturity distribution of financial borrowings is as follows:

31 December 2023				
	Bank Borrowings	Corporate Bonds Issued	Lease Payables	Total Borrowings
Within 1 year	56.652.811	-	108.272	56.761.083
Between 1-2 years	2.432.144	-	55.364	2.487.508
Between 2-3 years	2.510.568	-	24.623	2.535.191
Between 3-4 years	1.572.208	-	14.260	1.586.468
Between 4-5 years	1.118.965	-	12.516	1.131.481
Five years or more	3.114.061	-	124.910	3.238.971
	67.400.757	-	339.945	67.740.702
31 December 2022				
	Bank Borrowings	Corporate Bonds Issued	Lease Payables	Total Borrowings
Within 1 year	19.141.366	1.970.692	60.232	21.172.290
Between 1-2 years	3.699.053	-	41.729	3.740.782
Between 2-3 years	962.263	-	21.946	984.209
Between 3-4 years	994.660	-	10.210	1.004.870
Between 4-5 years	755.436	-	8.987	764.423
Five years or more	1.849.987	-	64.178	1.914.165
	27.402.765	1.970.692	207.282	29.580.739

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NOTE 7 - BORROWINGS (cont'd)

Movement of net financial borrowings of bank loans and issued bonds as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	29.373.457	16.319.038
Interest expenses	5.074.609	1.650.583
Interest paid	(4.200.514)	(801.123)
Unrealised foreign exchange differences	(1.777.234)	(855.090)
Capitalized financing expense	241.045	(10.198)
Cash inflow from loans	43.879.170	20.467.210
Bonds issued	-	1.881.068
Cash outflow from loan repayments	(24.209.649)	(16.874.937)
Translation difference	21.019.873	7.596.906
Closing balance	67.400.757	29.373.457

Reconciliation of net financial borrowings of financial leases as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	207.282	357.306
Additional in the leases due to acquisition of subsidiaries	-	-
The effect of the increase (decrease) in the lease contract liability	180.339	(515.423)
Cash outflow effect	(84.789)	(70.439)
Increase in interest expenses	34.920	51.722
Foreign exchange effect	2.193	384.116
Closing balance	339.945	207.282

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

As of the reporting date, the details of the Group's trade receivables are as follows:

	31 December 2023	31 December 2022
Short term trade receivables		
Trade receivables	19.784.768	15.291.306
Due from related parties (Note 34)	688.565	662.994
Notes receivables	3.290	1.311
Expected credit loss provision (-)	(123.462)	(353.462)
	20.353.161	15.602.149

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (cont'd)

Movement of short term receivables credit loss provision as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	353.462	271.947
Provision for the period	8.873	6.983
Doubtful receivables collected (-)	-	(381)
Provision released (-)	(345.807)	(5.909)
Translation difference	106.934	80.822
Closing balance	123.462	353.462

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 40-45 days and therefore are all classified as current. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

According to the market conditions and product types, a certain interest charge is applied for deferred trade receivables and overdue interest is applied for overdue trade receivables.

As the Group provides services and products to a large number of customers, collection risk is widely distributed amongst these customers and there is no significant credit risk exposure. Therefore, the Group does not provide for any further provision beyond the expected credit losses provisions that the Group has already provided for in the consolidated financial statements. The detail of overdue receivables included in trade receivables as of the reporting date is disclosed in the management of credit risk management. Other disclosures as to the Group's credit risk are given in Note 35. The Group provides provision according to the balances of all unsecured receivables under legal follow up.

Group's past due but not impaired receivable amount is TRY 59.468 thousand and the maturities of them are between 0 and 90 days (31 December 2022: TRY 107.465 thousand) (Note 35).

As of the balance sheet date, the details of the Group's trade payables are as follows:

Short term trade payables	31 December 2023	31 December 2022
Trade payables	22.279.410	10.570.130
Due to related parties (Note 34)	1.130.333	631.491
Expense accruals	17.323	26.619
	23.427.066	11.228.240

Trade payables consist of payables to sellers for products or services purchased in the ordinary course of business. The average credit period on purchases of certain goods is between 35-40 days.

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

As of the reporting date, the details of the Group's other receivables are as follows:

Short term other receivables	31 December 2023	31 December 2022
Due From Related Parties (Note 34)	11.582	7.227
Receivables from water system construction	1.426	1.407
Deposits and guarantees given	19.786	8.893
Receivables from Privatization Authority	95.052	43.637
	127.846	61.164

Long term other receivables	31 December 2023	31 December 2022
Due From Related Parties (Note 34)	75.091	47.083
Receivables from water system construction	5.356	6.107
Deposits and guarantees given	6.090	5.045
	86.537	58.235

As of the reporting date, the details of the Group's short term other payables are as follows:

Short term other payables	31 December 2023	31 December 2022
Taxes payable	1.102.862	109.669
Deposits and guarantees received	49.989	87.797
Dividend payables to shareholders ^(*)	9.944	10.047
	1.162.795	207.513

(*) Dividend payable represents the uncollected balances by shareholders related to the prior years.

NOTE 10 - INVENTORIES

As of the reporting date, the details of the Group's inventories are as follows:

	31 December 2023	31 December 2022
Raw materials	15.238.693	13.475.310
Work in progress	13.601.334	9.746.058
Finished goods	12.224.831	10.171.443
Spare parts	9.926.059	5.266.129
Goods in transit	13.439.537	4.357.075
Other inventories	5.081.116	3.188.149
Allowance for impairment on inventories (-)	(2.234.866)	(2.051.756)
	67.276.704	44.152.408

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NOTE 10 - INVENTORIES (cont'd)

The movement of the provision for impairment on inventories:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	2.051.756	1.024.586
Provision for the period	132.263	550.403
Provision released (-)	(934.408)	(32.200)
Translation difference	985.255	508.967
Closing balance	2.234.866	2.051.756

The Group has provided the provision for the impairment on the inventories of finished goods and work in progress within the scope of aging reports in the cases when their net realizable values are lower than their costs or for slow moving inventories. The provision released has been recognized under cost of sales (Note 25). There is no stock impairment provision in the financial statements of subsidiaries whose functional currency is Turkish Lira subject to consolidation as of the reporting date.

NOTE 11 - PREPAID EXPENSES

As of the reporting date, the details of the Group's short term prepaid expenses are as follows:

	31 December 2023	31 December 2022
Insurance expenses	1.104.461	385.693
Order advances given	653.761	257.670
Due to related parties (Note 34)	12.782	41.233
Prepaid utility allowance to employees	107.462	62.307
Mine site permit fee	130.606	94.751
Other prepaid expenses	39.853	27.709
	2.048.925	869.363

As of the reporting date, the details of the Group's long term prepaid expenses are as follows:

	31 December 2023	31 December 2022
Order advances given	11.993.644	4.821.967
Due to related parties (Note 34)	182.922	171.363
Insurance expenses	389.948	-
Pickling expenses	172.237	171.284
Other prepaid expenses	5.602	11.823
	12.744.353	5.176.437

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NOTE 12 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The details of the Group's financial investments accounted for using equity method are as follows:

	Right to vote ratio %	31 December 2023	Right to vote ratio %	31 December 2022	Business segment
<i>Joint Venture</i>					
İsdemir Linde Gaz Ortaklığı A.Ş.	50	884.293	50	606.053	Industrial Gas Production and Sale

The Group's shares on assets of investments accounted for using equity method are as follows:

	31 December 2023	31 December 2022
Total assets	1.913.261	1.299.886
Total liabilities	144.675	87.781
Net assets	1.768.586	1.212.105
Group's share on net assets	884.293	606.053
	31 December 2023	31 December 2022
Share capital	140.000	140.000

İsdemir Linde Gaz Ortaklığı A.Ş, as an affiliate of the Group under joint management, has the right of to deduct TRY 228.207 thousand (31 December 2022: TRY 196.398 thousand) from corporate tax of the investment deduction where profit will occur in the upcoming years pursuant to the Resolution No 2012/3305 on Government Aids in Investments and the Cabinet Decision issued in the Official gazette on 22 February 2017. The deferred tax asset of TRY 31.809 thousand of additional investment deduction (its effect in the profit or loss statement of Group is TRY 15.905 thousand) is included in the financial statements prepared as of reporting date.

At the Ordinary General Assembly Meeting of İsdemir Linde Gaz Ortaklığı A.Ş. dated 25 May 2023, 225.538 thousand TRY (the effect on the group cash flow statement is 112.769 thousand TRY) from net profit for the year 2022 and retained earnings cash dividends were approved unanimously. Dividend payment was completed in 8 June 2023.

Group's share on profit of investments accounted for using equity method as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	636.746	532.431
Operating profit	212.611	117.241
Net profit (loss) for the period	156.712	145.992
Group's share on net profit (loss)	78.356	72.996

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NOTE 13 - INVESTMENT PROPERTIES

The details of the Group's investments properties are as follows:

	Land	Buildings	Total
<u>Cost</u>			
Opening balance as of 1 January	545.048	436.696	981.744
Translation difference	313.065	823.688	1.136.753
Alışlar	-	302.007	302.007
Transfers ^(*)	-	2.068.387	2.068.387
Closing balance as of 30 September 2022	858.113	3.630.778	4.488.891
<u>Accumulated Depreciation</u>			
Opening balance as of 1 January	-	(77.153)	(77.153)
Translation difference	-	(36.487)	(36.487)
Charge for the period	-	(56.335)	(56.335)
Transfers ^(*)	-	88.729	88.729
Closing balance as of 30 September 2022	-	(81.246)	(81.246)
Net book value as of 31 December 2021	545.048	359.543	904.591
Net book value as of 30 September 2022	858.113	3.549.532	4.407.645

(*) As of the reporting period, TRY 2.513.561 thousand was transferred from property, plant and equipments to investment properties, and TRY (356.445) thousand was transferred from investment properties to property, plant and equipments.

The fair value of the Group's investment properties is TRY 6.974.198 thousand (31 December 2022: TRY 2.296.154 thousand) according to the most recent valuation reports. The fair values of the investment properties have been determined in reference to the valuations of independent valuation firms authorized by the CMB. The valuations are undertaken predominantly by using the precedent values of similar properties as references under market approach.

All investment properties of the Group consist of land and buildings. The fair value level of these real estates is evaluated as level 2.

The Group does not have contractual obligations regarding the purchase, construction or development of investment properties or maintenance, repair or improvement. For the year ended 31 December 2023, the Group generated rent income amounting to TRY 91.435 thousand (31 December 2022: TRY 29.622 thousand) from rented investment properties under operating leases (Note 29). The Group also has investment properties that do not generate rental income.

The Group has recognized TRY (3.180) thousand (31 December 2022: TRY (834) thousand) of estate tax expenses related to investment properties for the year ended 31 December 2023 under investment expenses (Note 29).

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NOTE 13 - INVESTMENT PROPERTIES (cont'd)

	Land	Buildings	Total
<u>Cost</u>			
Opening balance as of 1 January	388.535	311.297	699.832
Translation difference	156.513	125.399	281.912
Closing balance as of 30 September 2021	545.048	436.696	981.744
<u>Accumulated Depreciation</u>			
Opening balance as of 1 January	-	(43.152)	(43.152)
Translation difference	-	(19.993)	(19.993)
Charge for the period	-	(14.008)	(14.008)
Closing balance as of 30 September 2021	-	(77.153)	(77.153)
Net book value as of 31 December 2020	388.535	268.145	656.680
Net book value as of 30 September 2021	545.048	359.543	904.591

Amortization distribution of investment properties is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Associated with cost of production	2.713	1.803
General administrative expenses	53.622	12.205
	56.335	14.008

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and equipment
Cost				
Opening balance as of 1 January	1.599.301	16.880.927	26.971.279	118.198.399
Additional in property, plant and equivalent due to acquisition of subsidiaries (Note 2.8.23)	205.275	572.711	395.724	1.398.527
Translation difference	929.170	9.817.190	15.600.127	69.216.251
Additions ^(*)	50.960	226.808	33.284	1.449.293
Transfers from CIP ^(**)	59.735	1.195.955	75.421	6.972.405
Transfers to investment properties ^(***)	-	-	445.174	-
Disposals	-	(546.520)	(89.881)	(2.834.852)
Closing balance as of 31 December 2021	2.844.441	28.147.071	43.431.128	194.400.023
Accumulated Depreciation				
Opening balance as of 1 January	-	(13.064.331)	(20.307.001)	(73.318.684)
Additional in property, plant and equivalent due to acquisition of subsidiaries	-	(481.395)	(338.907)	(966.230)
Translation difference	-	(7.469.150)	(11.855.923)	(42.544.324)
Charge for the period	-	(347.488)	(673.136)	(3.477.632)
Impairment ^(***)	-	(160.409)	(85.122)	(167.151)
Disposals	-	546.460	86.268	2.400.438
Transfers to investment properties ^(***)	-	-	(88.729)	-
Closing balance as of 31 December 2022	-	(20.976.313)	(33.262.550)	(118.073.583)
Net book value as of 31 December 2021	1.599.301	3.816.596	6.664.278	44.879.715
Net book value as of 31 December 2022	2.844.441	7.170.758	10.168.578	76.326.440

(*) The amount of capitalized borrowing cost is TRY 241.045 thousand for the current period.

(**) TRY 110.394 thousand is transferred to intangible assets (Note 15), and TRY 2.157.116 thousand of net book value was transferred to investment properties (Note 13).

(***) Due to the earthquake on 6 February 2023; Production activities of İsdemir, one of the subsidiaries of the Group, have been suspended until the due diligence studies are completed. As a result of the due diligence studies carried out by the Group as of the reporting period, an impairment of TRY (480.065) thousand has been calculated for the assets that will be out of use. As of the reporting date, the impairment provision, recalculated in the functional currency and reported by converting it into the presentation currency, is recorded in the "Expenses from Investing Activities" account of the consolidated statement of profit or loss (Note 29).

As of 31 December 2023, the Group has no collaterals or pledges upon its property, plant and equipment.

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Land Improvements	Buildings	Machinery and equipment
Cost				
Opening balance as of 1 January	1.148.988	11.834.555	19.124.700	82.399.862
Translation difference	452.656	4.793.427	7.717.961	33.639.852
Additions ^(*)	252	4.979	3.833	572.668
Transfers from CIP ^(**)	-	251.006	218.616	2.180.314
Disposals	(2.595)	(3.040)	(93.831)	(594.297)
Closing balance as of 31 December 2021	1.599.301	16.880.927	26.971.279	118.198.399
Accumulated Depreciation				
Opening balance as of 1 January	-	(9.113.462)	(14.191.948)	(50.768.210)
Translation difference	-	(3.701.979)	(5.774.260)	(20.853.192)
Charge for the period	-	(251.753)	(433.756)	(2.202.298)
Impairment ^(***)	-	-	177	30.330
Disposals	-	2.863	92.786	474.686
Closing balance as of 31 December 2021	-	(13.064.331)	(20.307.001)	(73.318.684)
Net book value as of 31 December 2020	1.148.988	2.721.093	4.932.752	31.631.652
Net book value as of 31 December 2021	1.599.301	3.816.596	6.664.278	44.879.715

(*) The amount of capitalized borrowing cost is TRY (10.198) thousand for the current period.

(**) TRY 24.631 thousand is transferred to intangible assets (Note 15).

(***) The Group reviewed recoverable amounts for the property,plant and equipment that will be out of use and will not generate independent cash flow. The recovareble amounts of propert, plant and equipment are reviewed based on management's forecasts for following period. As a result of the review, for non used asset, an impairment loss of TRY 30.507 thousand is recognised that on satement of profit or loss under incomes from investment activities (Note 29).

As of 31 December 2022, the Group has no collaterals or pledges upon its tangible assets.

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NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

The breakdown of depreciation expenses related to property, plant and equipment is as follows:

	31 December 2023	31 December 2022
Associated with cost of production	4.660.441	2.989.726
General administrative expenses	137.211	77.579
Marketing, sales and distribution expenses	192.030	135.267
Research and development expenses	42.807	26.837
	5.032.489	3.229.409

NOTE 15 - INTANGIBLE ASSETS

	Rights	Exploration Costs and Other Assets with Specific Useful Life	Other Intangible Assets	Total
Cost				
Opening balance as of 1 January	5.110.997	1.994.097	175.452	7.280.546
Additional in intangible assets due to acquisition of subsidiaries (Note 2.8.23)	30.855	-	15.010	45.865
Translation difference	2.972.401	1.151.158	105.085	4.228.644
Additions	17.554	-	1.247	18.801
Transfers from CIP	109.599	-	795	110.394
Closing balance as of 31 December 2022	8.241.406	3.145.255	297.589	11.684.250
Accumulated amortization				
Opening balance as of 1 January	(1.911.405)	(255.271)	(160.453)	(2.327.129)
	(21.230)	-	(14.809)	(36.039)
Translation difference	(1.148.735)	(187.542)	(100.621)	(1.436.898)
Charge for the period	(147.121)	(168.764)	(15.013)	(330.898)
Closing balance as of 31 December 2022	(3.228.491)	(611.577)	(290.896)	(4.130.964)
Net book value as of 31 December 2021	3.199.592	1.738.826	14.999	4.953.417
Net book value as of 31 December 2022	5.012.915	2.533.678	6.693	7.553.286

As of 31 December 2023, the Group has no collaterals or pledges upon its intangible assets.

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NOTE 15 - INTANGIBLE ASSETS (cont'd)

	Rights	Customer Relationships	Other Intangible Assets	Total
Cost				
Opening balance as of 1 January	3.573.421	1.424.105	123.238	5.120.764
Translation difference	1.460.471	569.992	51.144	2.081.607
Additions	52.474	-	1.070	53.544
Transfers from CIP	24.631	-	-	24.631
Closing balance as of 31 December 2021	5.110.997	1.994.097	175.452	7.280.546
Accumulated amortization				
Opening balance as of 1 January	(1.241.721)	(87.028)	(103.260)	(1.432.009)
Translation difference	(535.044)	(50.458)	(46.696)	(632.198)
Charge for the period	(134.640)	(117.785)	(10.497)	(262.922)
Closing balance as of 31 December 2021	(1.911.405)	(255.271)	(160.453)	(2.327.129)
Net book value as of 31 December 2020	2.331.700	1.337.077	19.978	3.688.755
Net book value as of 31 December 2021	3.199.592	1.738.826	14.999	4.953.417

As of 31 December 2022, the Group has no collaterals or pledges upon its intangible assets.

Customer relationships acquired as a part of business combinations are reflected in the consolidated financial statements over their fair values as of the acquisition date. Amortization of customer relationships is accounted for using the straight-line method over their estimated useful lives.

The breakdown of amortization expenses related to intangible assets is as follows:

	31 December 2023	31 December 2022
Associated with cost of production	299.254	239.241
General administrative expenses	29.876	22.555
Marketing, sales and distribution expenses	6	63
Research and development expenses	1.762	1.063
	330.898	262.922

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NOTE 16 - RIGHT OF USE ASSETS

As of the reporting date the movement of right of use assets are as follows:

	Right to Use Land	Vehicle Leases	Total
Cost			
Opening balance as of 1 January	147.349	194.902	342.251
Inflation effect	-	14.245	14.245
Additions to assets of operating lease	65.329	93.674	159.003
Disposals (-)	-	(27.086)	(27.086)
Translation difference	100.423	114.412	214.835
Closing balance as of 31 December 2023	313.101	390.147	703.248
Accumulated Amortization			
Opening balance as of 1 January	18.875	81.254	100.129
Muhasebe politikası değişikliğinin etkisi	-	5.649	5.649
Charge for the period	8.393	96.107	104.500
Disposals (-)	-	(24.600)	(24.600)
Translation difference	12.869	59.174	72.043
Closing balance as of 31 December 2023	40.137	217.584	257.721
Net book value as of 31 December 2022	128.474	113.648	242.122
Net book value as of 31 December 2023	272.964	172.563	445.527
	Right to Use Land	Vehicle Leases	Total
Cost			
Opening balance as of 1 January	647.264	114.859	762.123
Additions to assets of operating lease	96.108	60.088	156.196
Disposals (-)	-	(29.773)	(29.773)
Effect of liability decrease in lease agreements	(737.302)	-	(737.302)
Translation difference	141.279	49.728	191.007
Closing balance as of 31 December 2022	147.349	194.902	342.251
Accumulated Amortization			
Opening balance as of 1 January	61.241	40.693	101.934
Charge for the period	25.157	49.816	74.973
Disposals (-)	-	(29.030)	(29.030)
Effect of liability decrease in lease agreements	(81.665)	-	(81.665)
Translation difference	14.142	19.775	33.917
Closing balance as of 31 December 2022	18.875	81.254	100.129
Net book value as of 31 December 2021	586.023	74.166	660.189
Net book value as of 31 December 2022	128.474	113.648	242.122

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NOTE 16 - RIGHT OF USE ASSETS (cont'd)

The items right of use assets recognized in profit or loss is as follows:

	31 December 2023	31 December 2022
Amortization of assets to operating lease	104.500	74.973
Interest expense from lease transactions	35.098	51.722

The net book value of the right-of-use assets acquired through the lease is as follows:

	31 December 2023	31 December 2022
Right to use land	272.964	128.474
Car leases	172.563	113.648
	445.527	242.122

The Group has usage permit agreements regarding the port areas of the General Directorate of National Real Estate. The values of tangibles with usage permit periods expiring in 2049 and 2071 are measured at their present value by reducing the borrowing rate by 11% - 16% at the initial calculation.

The area where İsdemir's location and port facilities are located; Within the scope of Law No. 4737, İskenderun Demir ve Çelik A.Ş. Hatay Özel Endüstri Bölgesi has been declared as "İsdemir ÖEB". In 2022, according to the 34th article of the Industrial Zones Regulation and the 12th article of the Regulation on the Administration of Treasury Immovables, the usage permits of the ports and filling areas within the borders of İsdemir ÖEB, which are under the jurisdiction and disposal of the state, have been revised in terms of time and cost for 49 years from contract revision date.

The Group has a usage permit agreement of regarding the forest land and energy transmission line of the General Directorate of Forestry. Forest land use permit will expire in 2039 - 2071, and the energy transmission line use permit will expire in 2064. The values of the immovable assets were measured at present value by reducing the borrowing rate in the first calculation with 10%-15% .

In addition, car lease contracts with useful lives between 2023 - 2026 and with borrowing rate reduced by 7% - 37% are measured at their present value.

Lease agreements are accounted for in the consolidated statement of financial position in the notes of right of use assets and borrowing in accordance with the above explanations (Note 7).

The distribution of amortization expenses related to right of use assets is as follows:

	31 December 2023	31 December 2022
Associated with cost of production	16.836	6.007
General administration expenses	77.259	43.832
Marketing, sales and distribution expenses	2.585	283
Other operating expenses	7.820	24.851
	104.500	74.973

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NOTE 17 - GOODWILL

The purchase of the all shares of Kümaş Manyezit Sanayi A.Ş and its subsidiaries was completed on 3 February 2021. The share price dated 3 February 2021 has been subject to ultimate adjustment in accordance with the financial statements prepared as of the transfer date, and as a result of the adjustment, the ultimate share price has amounted to USD 295.943 thousand (TRY 2.112.206 thousand). As a result of the purchase; the part of the fair value of the acquired assets and liabilities amounting to USD 277.162 thousand (TRY 1.978.161 thousand) below the purchase price is recognized as goodwill amounting to USD 18.781 thousand (TRY 134.045 thousand)

As of the reporting date the movement of goodwill is as follows:

	31 December 2023	31 December 2022
Goodwill	552.886	351.177
	552.886	351.177
	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	351.177	250.335
Translation difference	201.709	100.842
Closing balance	552.886	351.177

Goodwill is subject to impairment test every year. The recoverable amounts of cash generating units are determined on value in use basis. Value in use is determined by discounting the expected future cash flows to be generated by the cashgenerating unit.

The below key assumptions are used in the calculation of the value in use as of 31 December 2023:

The projection period for the purposes of goodwill impairment testing is approved by the management as 7 years between 1 January 2024 and 31 December 2030. Cash flows for further periods (perpetuity) were extrapolated using the estimated average growth rate of economy of the country. Weighted average cost of capital rate of 11,1% - 13,0% is used as after-tax discount rate in order to calculate the recoverable amount of the unit. As of the reporting period, no impairment has been determined in the amount of goodwill associated with the Group's activities.

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NOTE 18 - GOVERNMENT GRANTS AND INCENTIVES

These grants and incentives can be used by all companies, which meet the related legislative requirements and those grants have no sectoral differences:

- Incentives under the jurisdiction of the research and development law (100% corporate tax exemption etc.)
- Support in cash from Tubitak - Teydeb, in return for research and development expenditures,
- Inward processing permission certificates,
- Social Security Institution incentives
- Insurance premium employer share incentive.

Research and development incentive premiums received amounts to TRY 53.218 thousand (31 December 2022: TRY 14.071 thousand) which are considered as a deduction subject in the calculation of corporate tax calculation.

NOTE 19 - EMPLOYEE BENEFITS

The Group's short term payables for employee benefits are as follows:

	31 December 2023	31 December 2022
Due to personnel	671.398	957.083
Social security premiums payable	1.124.561	236.455
	1.795.959	1.193.538

As of the reporting date long term provisions of the employee benefits of the Group are as follows:

	31 December 2023	31 December 2022
Provisions for employee termination benefits	4.761.820	2.922.934
Provisions for seniority incentive premium	296.149	225.046
Provision for unpaid vacations	524.506	289.925
	5.582.475	3.437.905

According to the articles of Turkish Labor Law in force, the Group have obligation to pay the legal employee termination benefits to each employee whose are 25 years of working life by completing at least one year of service, leaving for military services and deceased.

As of 31 December 2023, the amount payable consists of one month's salary limited to a maximum of TRY 23.489,83 (31 December 2022: TRY 15.371,40) for each year of service. As of 1 January 2024, the employment termination benefit has been updated to a maximum of TRY 35.058,58.

The employment termination benefit legally is not subject to any funding requirement.

The employment termination benefit has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. The obligation as of 31 December 2023 has been calculated by an independent actuary and projected unit credit method is used in the calculation.

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NOTE 19 - EMPLOYEE BENEFITS (cont'd)

The actuarial assumptions used in the calculation of the present value of the future probable obligation are as follows:

	31 December 2023	31 December 2022
Discount rate	24,27%	16,19%
Inflation rate	21,02%	14,23%

Discount rates are determined considering the expected duration of the retirement obligations and the currency in which the obligations will be paid. In calculations as of 31 December 2023, a fixed discount rate is used. Long term inflation estimates are made using an approach consistent with discount rate estimates and long term inflation rate fixed over years is used.

The anticipated rate of resignation which do not result in the payment of employee benefits is also considered in the calculation. The anticipated rate of resignation is assumed to be related with the past experience, therefore past experiences of employees are analyzed and considered in the calculation. In the actuarial calculation as of 31 December 2023, the anticipated rate of resignation is considered to be inversely proportional to the past experience. The anticipated rate of resignation is between 2%-0% for the employees with past experience between 0-15 years or over.

The movement of the provision for employee termination benefits is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	2.922.934	1.282.538
Service cost	511.408	146.603
Interest cost	433.718	273.778
Actuarial loss/(gain)	1.396.695	1.305.806
Termination benefits paid	(526.577)	(109.492)
Translation difference	23.642	23.701
Closing balance	4.761.820	2.922.934

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NOTE 19 - EMPLOYEE BENEFITS (cont'd)

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate. All other variables were held constant, the sensitivity analysis of the assumptions which was used for the calculation of provision for employment termination benefits as of 31 December 2023 as follows:

Change in rate	Interest rate	
	1% increase	1% decrease
Change in employee benefits liability	(194.960)	228.483

Change in rate	Inflation rate	
	1% increase	1% decrease
Change in employee benefits liability	233.085	(201.352)

According to the current collective labor agreement, employees completing their 5th, 10th, 15th and 20th service years receive seniority incentive premium payments.

The movement of the provision for seniority incentive premium is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	225.046	183.800
Service cost	30.182	19.468
Interest cost	36.929	32.034
Actuarial loss/(gain)	105.908	76.260
Termination benefits paid	(89.875)	(77.184)
Translation difference	(12.041)	(9.332)
Closing balance	296.149	225.046

The movement of the provision for unused vacation is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	289.925	139.012
Provision for the period	591.157	257.754
Vacation paid during the period (-)	(51.973)	(16.607)
Provisions released (-)	(283.745)	(95.435)
Translation difference	(20.858)	5.201
Closing balance	524.506	289.925

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NOTE 20 - PROVISIONS

The Group's short term provisions are as follows:

	31 December 2023	31 December 2022
Provision for lawsuits	534.502	368.664
Penalty provision for employment shortage of disabled personnel	6.637	9.291
Provision for state right on mining activities	129.992	94.172
Provision for land occupation	27.474	47.305
	698.605	519.432

The movement of the short term provisions is as follows:

	1 January 2023	Change for the period	Payments	Provision released	Translation difference	31 December 2023
Provision for lawsuits	368.664	161.832	(45.039)	(18.238)	67.283	534.502
Penalty provision for employment shortage of disabled personnel	9.291	11	(713)	(2.180)	228	6.637
Provision for state right on mining activities	94.172	130.564	(80.729)	(19.728)	5.713	129.992
Provision for land occupation	47.305	102.297	(123.297)	(87)	1.256	27.474
	519.432	394.704	(249.778)	(40.233)	74.480	698.605

	1 January 2022	Change for the period	Payments	Provision released	Translation difference	31 December 2022
Provision for lawsuits	247.419	112.338	(12.906)	(13.305)	35.118	368.664
Penalty provision for employment shortage of disabled personnel	11.117	3.869	(2.556)	(2.464)	(675)	9.291
Provision for state right on mining activities	39.248	98.443	(45.591)	-	2.072	94.172
Provision for land occupation	35.085	44.689	(36.172)	(1.525)	5.228	47.305
	332.869	259.339	(97.225)	(17.294)	41.743	519.432

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NOTE 20 - PROVISIONS (cont'd)

Provision for lawsuits

As of reporting period lawsuits filed by and against the Group are as follows:

	31 December 2023	31 December 2022
Lawsuits filed by the Group	1.080.796	1.877.331
Provision for lawsuits filed by the Group	32.590	289.132

The provisions for the lawsuits filed by the Group represents provision for trade and other receivables.

	31 December 2023	31 December 2022
Lawsuits filed against the Group	393.968	280.974
Provision for lawsuits filed against the Group	534.502	368.664

The Company, prepared its consolidated financial statements as of 31 March 2005, 30 June 2005 and 30 September 2005 according to CMB's Communiqué Serial XI No 25 on "Accounting Standards to be implemented in Capital Markets" which is not in effect today, whereas its consolidated financial statements of 31 December 2005 was prepared according to International Financial Reporting Standards by virtue of the Article 726 and Temporary Article 1 of the aforementioned Communiqué, and CMB's letter no. SPK.017/83-3483 dated 7 March 2006, sent to the Group Management. The aforementioned Communiqué (Serial XI No. 25 on the "Accounting Standards to be implemented in Capital Markets"), and Communiqués inserting some provisions thereto together with the Communiqués amending it, became effective starting with the consolidated financial statements of the first interim period ending after 1 January 2005.

CMB asked the Company to prepare its consolidated financial statements of 31 December 2005 all over again according to the same accounting standards set used during the period, to publish those statements, and to submit them to the General Assembly Approval as soon as possible, by stating on its decision no. 21/526 dated 5 May 2006 that the Company's changing the accounting standards set used during the term (Serial XI, No 25) at the end of the same term (TFRS) caused a decrease amounting to TRY 152.330 thousand on the period due to negative goodwill income.

The Company challenged the aforementioned decision before the 11th Administrative Court of Ankara (E. 2006/1396). This lawsuit was rejected on 29 March 2007, but the Company appealed this rejection on 11 October 2007. 13th Chamber of the Council of State rejected the appeal on 12 May 2010; however the Company also appealed this rejection on 2 September 2010. However, 13th Chamber of the Council of State also dismissed this appeal against rejection on 6 June 2012 with its decision No. E. 2010/4196, K. 2012/1499. This decision was notified to the Company's lawyers on 16 July 2012.

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NOTE 20 - PROVISIONS (cont'd)

Provision for lawsuits (cont'd)

CMB, prepared the Company's consolidated financial statements as of 31 December 2005, which had been prepared according to the IFRS, by adding the negative goodwill of TRY 152.330 thousand, that had previously been added to the accumulated earnings, to the profit of 2005 on its own motion and account, and published them on Istanbul Stock Exchange Bulletin on 15 August 2006; with the rationale that the Company had not fulfilled its due demand on grounds that "Article 726 and Temporary Provision 1 of CMB's Communiqué Serial XI, No. 25 authorize the use of TFRS on consolidated financial statements of 2005, although CMB had given the Company a 'permission' No. SPK.0.17/83-3483 of 7 March 2006, and the lawsuits regarding this issue are still pending". Company challenged CMB's aforementioned decision by a separate lawsuit on 10 October 2006. 11th Administrative Court of Ankara rejected this case on 25 June 2007. The Company appealed this rejection 11 October 2007; 13th Chamber of the Council of State, accepted the appeal request and abolished the rejection judgement. CMB appealed the Chamber's decision on 6 September 2010. 13th Chamber of the Council of State accepted CMB's appeal and reverted its previous abolishment decision, and ratified 11th Administrative Court of Ankara's judgment by the majority of the votes on 30 May 2012 with its decision no. E. 2010/4405; K. 2012/1352. This decision was notified to the Company's lawyers on 20 July 2012.

Had the Company started to prepare its consolidated financial statements in accordance with IFRS after 31 December 2005, it would also have to present the comparative consolidated financial statements in accordance with IFRS based on "IFRS 1: First-time adoption of International Financial Reporting Standards" and the previously recognized negative goodwill would be transferred directly to retained earnings on 1 January 2005 instead of recognizing in the consolidated statement of profit or loss in accordance with "IFRS 3: Business Combinations". Therefore, the net profit for the periods ended 31 December 2023 and 31 December 2022 will not be affected from the above mentioned disputes.

Company's Shareholders' General Assembly, which was held at 30 March 2006, decided dividend distribution according to the consolidated financial statements as of 31 December 2005, which was prepared according to IFRS. Privatization Administration, who has a usufruct right over 1 (one) equity share among the Company shares it transferred to Ataer Holding A.Ş., filed a lawsuit at 1 May 2006 the 3th Commercial Court of Ankara against the aforementioned General Assembly decision, and claimed that, dividend distribution decision must be abolished and TRY 35.673 thousand allegedly unpaid dividend must be paid to itself (E. 2006/218). The Court rejected the case on 23 October 2008; Privatization Administration appealed this rejection on 7 January 2009. Court of Appeals' 11th Chamber reversed this rejection judgement on 30 November 2010; this time the Company appealed the Chamber's decision on 18 February 2011. However, the Chamber rejected the Company's appeal on 14 July 2011. The case file, sent back to 3th Commercial Court of Ankara once again. The case was dismissed at the hearing held on 26 June 2015. Decision of the local court has been reversed by the Supreme Court 11th Civil Chamber with the decision dated 24 May 2017 and 2015/15771 Docket; 2017/3040 Decision number. The decision of reversal has been notified to the Company on 2 August 2017. Erdemir has applied for revision of the decision against the Supreme Court 11th Civil Chamber's decision dated 24 May 2017 and 2015/15771 Docket; 2017/3040 Decision number. By the decision of the Supreme Court 11th Civil Chamber dated 27 June 2019 and 2017/4580 Docket; 2019/4955 Decision number which was served to Company on 28 August 2019, it was notified that Company's request for revision of the decision has been rejected. In the file No. 2019/418 E. of the 3rd Commercial Court of First Instance of Ankara, the court accepted the case subject to appeal, on 30 December 2021. the Company has appealed on 3 March 2022. Upon the rejection of the Company's appeal, the Company has applied for the revision of the decision. Currently, the case is at the stage of revision of the desicion at the Supreme Court 11th Civil Chamber.

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NOTE 20 - PROVISIONS (cont'd)

Provision for lawsuits (cont'd)

The Company, based on the above mentioned reasons, does not expect for the possible effects of changes in the net profit for the year ended 31 December 2005 due to the lawsuits mentioned above to have any impact in the accompanying consolidated financial statements as of 31 December 2023 and 31 December 2022.

Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.). located at Illinois state of United States of America and the Company executed a contract in 2008. The company fulfilled all its performances arisen from this contract in January and February in 2009. Corus International Trading Ltd. Co. sold to third parties the products supplied from company but thereafter alleged that they directed claim to some compensation and that these claims must be covered by Erdemir. Parties could not reach an exact agreement about this matter and then Corus International Trading Ltd. Co filed an action for compensation at amount of USD 4.800 thousand together with accessory against the Company in Illinois State District Court of USA. It is learnt through a notification made to the Company on 21 July 2010. After the subject case is dismissed by the court from jurisdiction aspect; this time a lawsuit is re-filed by Tata Steel International (North America) Ltd.) in Texas State District Court. This case is also dismissed by the court from jurisdiction aspect.

It is learnt through a notification made to the Company on 31 October 2012 that Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.) filed an action for compensation at amount of USD 4.800 thousand together with accessory against the Company before Ankara 14. Commercial Court of First Instance. As a result of adjudication made; the court adjudged to dismiss the case on procedural grounds because of non-competence and to send the file to commissioned and competent Karadeniz Ereğli Commercial Court of First Instance in Duty when the judgement becomes definite and in case of request. The case continued on file no. 2013/63 in Karadeniz Ereğli 2nd Civil Court of First Instance. At the hearing of the ongoing case dated 28 November 2017, Kdz. Ereğli 2. Civil Court of First Instance has decided to partially accept the case against Company. Company has applied for the appeal against the decision. With the decision of the 22nd Civil Chamber of the Ankara Regional Court of Justice, the decision of the Karadeniz. Ereğli 2nd Civil Court of First Instance has been annulled. The file was sent to the Karadeniz. Ereğli 2nd Civil Court of First Instance to be send back to the Regional Court of Justice after the reasoned decision was written. At the hearing dated February 22, 2022, it was decided that the case was partially accepted and partially rejected, subject to appeal. Company has appealed against this decision on April 13, 2022. 22nd Civil Chamber of the Ankara Regional Court of Justice has decided to revoke the court's decision without consideration of merits and to send the file back to the court in order to be written appropriate grounds in the judgment part. On 27 March 2023 Kdz. Ereğli 2nd Civil Court of First Instance has partially accepted the case subject to appeal. The Company has applied for the appeal against the decision on 27 April 2023. 22. Civil Chamber of the Ankara Regional Court of Justice has sent the file back to the Kdz Ereğli 2. Civil Court of First Instance and requested from the court to send the file back to itself for re-examination after the court's evaluation of the Company's petition of correction. Therefore, Kdz. Ereğli 2. Civil Court of First Instance decided to make the hearing on 11 July 2023. At the hearing dated 11 July 2023, Kdz. Ereğli 2. Civil Court of First Instance has decided to correct the decision. The file was sent to the Regional Court of Justice for the appeal. A provision amounting to TRY 231.284 thousand recognized on consolidated financial statements for the related lawsuit.

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NOTE 20 - PROVISIONS (cont'd)

Resolution of Constitutional Court on Electric and Coal Gas Tax

The claims filed every month for refunding of taxes paid and deduction thereof from Electric and Coal Gas Consumption Tax collected by the Municipality on the Electric and Coal Gas consumption quantity produced by the Company in the facilities and used for industrial production of the Company were concluded in the court of first instance and the Council of State against the company. Thereafter, the Company used its right to individual application at the Constitutional Court on 16 March 2015. In the General Assembly Resolution of Constitutional Court notified to the Company on 27 December 2018, it is decided that the property rights of the Company were violated, and retrial should be held in order to eliminate the consequences of the violation of the property rights for 15 cases which were brought together within the scope of Company's individual application.

Similarly, the Constitutional Court that the Company's property right was violated, and retrial should be held in order to eliminate the consequences of the violation of the property rights for 21 cases which were brought together within the scope of the Company's individual application.

There are 3 applications for which the decisions are awaited from the Constitutional Court.

The cases which the Constitutional Court has sent to Zonguldak Tax Court to be retrialed, have been retrialed by Zonguldak Tax Court and the Court has resolved in favor of the Company. 69 cases have been finalized in favor of the Company.

Decisions are made in favor of the Company regarding the ongoing cases.

Lawsuit against The Municipality of Kdz. Ereğli's Tax Penalty Notifications

A real estate tax review was carried out by the Municipality of Kdz Ereğli under the name of "Real Estate Tax Determination Field Study" at Company's Ereğli facilities in August 2019. As a result of this tax inspection, 1.924 tax penalty notifications were notified to the company on 23 December 2019. With the 1.924 tax penalty notices, the building tax and related cultural assets contribution share has been levied for 2014 to 2019, as well as the tax loss penalty for the same periods. The amount of tax and related cultural assets contribution assessment is TRY 25.586 thousand and TRY 23.888 thousand tax loss penalty has been imposed.

6 lawsuits were filed against the notifications for penalty in the Zonguldak Tax Court by the Company on 20 January 2020. Zonguldak Tax Court has accepted the lawsuits and decided to cancel such notifications. Karadeniz Ereğli Municipality appealed against the decisions. Ankara Regional Administrative Court rejected the appeal of Kdz. Ereğli Municipality subject to appeal. Kdz. Ereğli Municipality appealed to the Council of State. The Council of State rejected the appeal of Kdz. Ereğli Municipality. The cases have been finalized in favor of the Company.

Lawsuits against Cease and Desist Orders and Zoning Administrative Fines of The Municipality of Kdz. Ereğli

The Municipality of Kdz. Ereğli has sealed 15 buildings in Company factory site with cease and desist orders. Subsequently, with Municipal Committee's decisions, administrative fines amounting to TRY 258.683 thousand have been notified to Company. 15 lawsuits with suspension of execution request have filed against aforementioned cease and desist orders and administrative fines at the Zonguldak Administrative Court.

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NOTE 20 - PROVISIONS (cont'd)

Lawsuits against Cease and Desist Orders and Zoning Administrative Fines of The Municipality of Kdz. Ereğli (cont'd)

In all cases, the court decided to cancel the proceedings that were the subject of the lawsuit. The Municipality has appealed against these decisions. In 14 of the cases, the Regional Administrative Court decided to reject the appeal of Karadeniz Ereğli Municipality.

In 11 cases the Municipality has appealed to the Council of State against these decisions. 3 cases were finalized in favor of the Company without appeal. Council of State has decided to approve definitely the 7 cases out of 11 cases in favor of the Company. In 4 cases The Council of State accepted the appeal request and reversed the judgement and decided to send the cases to the Regional Administrative Court to be redecided. Regional Administrative Court has decided to accept the appeals in 4 cases and has sent them back to the local court for a new decision to be given after a merits review. In the last filed case, the Regional Administrative Court has definitely decided to annul the decision and partially accepted the case.

No provision has been made in the consolidated financial statements due to the fact that no significant cash outflow is expected in line with the Group Management's assessments.

Provision for state right on mining activities

According to "Mining Law" numbered 3213 and regulation on "Mining Law Enforcement" published in the Official Gazette, numbered 25716 on 3 February 2005, the Group is calculated state right on mining activities based on the sales and recognized provision on financial statements.

Land occupation

The Group have land property within the Erdemir factory area being within the provision and possession of the state. General Communique of National Estate with the series number 336 lays down the methods and principles of designation, estimation and collection of land occupation to be undertaken by the administration in respect of the land properties within the private possession of the treasury. In accordance with the communique, the land occupation is going to be designated and estimated by the relevant value designation commission with the condition of not being less than 3% of the minimum value which is the basis for the property tax of the land property.

In current period, land occupation provision recognized on balance sheet, considering property fair values presented land occupation notifications and yearly probable increases.

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NOTE 21 - COMMITMENTS AND CONTINGENCIES

The guarantees received by the Group are as follows:

	31 December 2023	31 December 2022
Letters of guarantees received	17.058.993	12.825.995
	17.058.993	12.825.995

The Collaterals, pledges and mortgages (CPM) given by the Group are as follows:

	31 December 2023	31 December 2022
A. Total CPM given for the Company's own legal entity	5.329.066	733.735
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis	3.672.538	2.357.555
C. Total CPM given in favour of other 3rd parties for ordinary trading operations	-	-
D. Other CPM given	-	-
i. Total CPM given in favour of parent entity	-	-
ii. Total CPM given in favour of other Group companies out of the scope of clause B and C	-	-
iii. Total CPM given in favour of other 3rd parties out of the scope of clause C	-	-
	9.001.604	3.091.290

Total CPM given by the Group in favor of subsidiaries consolidated on line-by-line basis amounting to TRY 3.672.538 thousand has been given as collateral for financial liabilities explained in Note 7 and for raw material procurements. As of 31 December 2023, the ratio of the other CPM given by the Group to shareholders equity is 0% (31 December 2022: 0%).

	31 December 2023	31 December 2022
US Dollars	6.706.689	1.269.039
Turkish Lira	531.917	646.853
EURO	1.762.998	1.175.398
	9.001.604	3.091.290

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NOTE 22 - OTHER ASSETS AND LIABILITIES

As of the reporting date, the details of the Group's other assets and liabilities are as follows:

Other current assets

	31 December 2023	31 December 2022
	838.989	-
Other VAT receivable	16.612.894	1.813.456
Deferred VAT	1.284.784	1.996.360
Prepaid taxes and funds	67.246	49.439
Other current assets	85.379	166.081
	18.889.292	4.025.336

Insurance income accruals; It consists of the amount of receivables for which an agreement was made within the scope of insurance of İsdemir, one of the subsidiaries of the Company, due to the earthquake that occurred on February 6, 2023.

Other non-current assets

	31 December 2023	31 December 2022
Other VAT receivable	1.009.172	857.688
	1.009.172	857.688

Other current liabilities

	31 December 2023	31 December 2022
VAT payable	723.755	53.736
Other current liabilities	54.508	25.996
	778.263	79.732

Other non-current liabilities

	31 December 2023	31 December 2022
Other non-current liabilities	16.779	11.717
	16.779	11.717

NOTE 23 - DEFERRED INCOME

As of the reporting date, the details of the Group's short term deferred income are as follows:

	31 December 2023	31 December 2022
Advances received	1.230.613	909.455
Deferred income	83.327	109.512
	1.313.940	1.018.967

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NOTE 24 - EQUITY

As of the Group's reporting date the capital structure is as follows:

Shareholders	(%)	31 December 2023	(%)	31 December 2022
ATAER Holding A.Ş.	49,29	1.724.982	49,29	1.724.982
Quoted in Stock Exchange	47,16	1.650.776	47,63	1.667.181
Erdemir's own shares	3,55	124.242	3,08	107.837
Historical capital	100,00	3.500.000	100,00	3.500.000
Effect of inflation		156.613		156.613
Restated capital		3.656.613		3.656.613
Treasury shares (-)		(640.504)		(116.232)
		3.016.109		3.540.381

The capital of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. is subject to the registered capital limit. The board of directors may, at any time it may think necessary, increase the capital by means of issuing bearer shares each with a nominal value of 1 Kr (one Kuruş) up to the amount of the registered capital, which is TRY 7.000.000.000.

The issued capital of the Company consists of 350.000.000.000 lots of shares (31 December 2022: 350.000.000.000 lots). The nominal value of each share is 1 Kr (Kuruş) (31 December 2022: 1 Kr). This capital is split between A and B group shares. Group A shares consist of 1 share with a share value of 1 Kr and Group B shares consist of 3.499.999.999,99 shares representing TRY 349.999.999.999 of the issued capital.

The Board of Directors consists of 9 members 3 of which are independent. The number and qualifications of independent members are ascertained in compliance with the CMB's Communiqué numbered II-17,1 on Corporate Governance Principles.

The General Assembly has to choose one member to the Board of Directors from the nominees of the Privatization Administration as the beneficiary owner representing A Group shares. In case, the Board member representing the A Group shares leaves the board within the chosen period, a new board member is obliged to be chosen from the nominees of the Privatization Administration as the beneficiary owner. For decisions to be taken about the rights assigned to A Group shares, the board member representing A Group shares is also obliged to use an affirmative vote.

The decisions to change the Articles of Association of the Company that will have an effect on the board of directors' meeting and decision quorum, rights assigned to A Group shares, rights assigned to A Group shares in relation to investments and employment decisions and any other changes in the Articles of Association of the Company which will directly or indirectly affect the rights of A Group shares, have to receive an affirmative vote of the beneficiary owner representing the A Group shares. Otherwise, the decisions are accepted as invalid.

Article IV-K of Articles of Association "According to Turkish Commercial Code Article 329, transactions of an entity's own shares" Erdemir, as of 31 December 2023, holds its own shares with a nominal value of TRY 124.242 thousand (31 December 2022: TRY 107.837 thousand).

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NOTE 24 - EQUITY (cont'd)

Other Equity Items	31 December 2023	31 December 2022
Share Premium	106.447	106.447
Revaluation Reserves of Tangible Assets	373.251	208.674
- Revaluation Reserves of Tangible Assets	373.251	208.674
Cash Flow Hedging Reserves	(67.036)	6.044
Foreign Currency Translation Reserves	74.510.750	46.671.548
Actuarial (Loss)/Gain Fund	(2.455.521)	(1.407.323)
Restricted Reserves Assorted from Profit	9.302.588	7.547.778
- Legal Reserves	9.302.588	7.547.778
Retained Earnings	97.371.813	40.966.648
	179.142.292	94.099.816

However, in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") on 13 June 2013 which is published on Official Gazette numbered 28676, "Paid-in capital", "Restricted profit reserves" and "Share premium" should be presented by using their registered amounts in the statutory records. The restatement differences (e.g. inflation restatement differences) arising from the application of this Communiqué should be associated with the:

- "Capital restatement differences" item following the "paid-in capital" line item in the financial statements, if the differences are caused by "paid-in capital" and have not been added to capital yet;

- "Retained earnings", if the differences are arising from "restricted profit reserves" and "share premium" and have not been associated with either profit distribution or capital increase yet.

Other equity items are carried at the amounts that are valued based on the TFRS. Capital restatement differences may only be considered as part of the paid-up capital.

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate for the publicly-held subsidiaries. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

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NOTE 24 - EQUITY (cont'd)

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used as an internal source of capital increase, dividend distribution in cash or the net off from prior period losses. In case of usage of the inflation adjustment differences in dividend distribution in cash, it is subject to corporate tax.

The Company's financial statements prepared in accordance with the Tax Procedure Law have been subject to inflation adjustment as of 31 December 2023, and the inflation differences of equity items (accumulated profits and resources that can be added to capital) have been recorded in the statutory financial statements as of the reporting date.

The legal reserves and the share premium, which is regarded as legal reserve in accordance with TCC Article 466, are presented using their amounts in statutory records. In this context, the difference of inflation restatements in accordance with TFRS framework, that are not subject to profit distribution or capital increase as of the date of financial statements, is associated with the prior periods' profit or loss.

According to the first paragraph of Article 519 numbered 6102 of the Turkish Commercial Code ("TCC"), 5% of the profit shall be allocated as the first legal reserves, up to 20% of the paid/issued capital. First dividend is appropriated for shareholders after deducting from the profit. Following the deduction of the amounts from the "profit", General Assembly of Shareholders is authorized to decide whether shall be the remaining balance shall be fully or totally placed in extraordinary legal reserves or whether it is distributed, also taking into consideration the Company's profit distribution policy. According to the sub-clause 3 of the clause 2 of Article 519 of the Turkish Commercial Code, after deducting dividends amounting to 5% of the paid/issued capital from the part decided to be allocated; ten percent of the remaining balance shall be appropriated to second legal reserves. If it is decided to distribute the profit as bonus share, through the method of adding the profit to the capital, second legal reserves is not appropriated.

According to the CMB Communiqué, until the Company's Article of Association was revised on 31 March 2008, an amount equal to the first dividend distributed to shareholders is allocated as status reserves in order to be used in the plant expansion. Also, according to the 13th Article of Association before the revision on 31 March 2008, 5% of the net profit for the period after taxation is estimated to be allocated as legal reserves up until reaching 50% of the paid/issued capital. The reserve amount that exceeds the 20% of the legal reserves, defined by the Article 519 of TCC, is recorded as status reserve. Status reserves could be used for free capital increases and profit distribution.

The amendment in TAS-19 "Employee Benefits" does not permit the actuarial gain/loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of profit or loss. The gains and losses arising from the changes in the actuarial assumption have been accounted for by "Actuarial (Loss)/Gain Funds" under the equity. The funds for actuarial gains/(losses) in the employee termination benefits is not in a position to be reclassified under profit and loss.

As it stated in Note 2.1, foreign currency translation reserve arises from expressing the assets and liabilities of the Group's foreign operations in reporting currency TRY by using exchange rates prevailing on the balance sheet date. Exchange differences arising, if any, are recognized under translation reserve in equity.

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NOTE 25 - SALES AND COST OF SALES

The Group derives its revenue from the transfer of goods at a point in time in the following major product lines. The amount of performance obligations in the ongoing contracts of the Group will be eligible for recognition in the future is TRY 1.230.613 thousand (Note 23). The Company plans to recognize related revenue amount as a revenue in a year.

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	124.640.941	102.953.785
Export sales	15.902.785	18.515.681
Other revenues	6.263.422	5.552.987
Interest income from sales with maturities	1.338.564	953.468
Sales returns (-)	(123.089)	(59.359)
Sales discounts (-)	(122.831)	(133.681)
	147.899.792	127.782.881
	-	-
Cost of sales (-)	(133.658.002)	(102.244.085)
	-	-
Gross profit	14.241.790	25.538.796

The total amount of product exports in other revenues is TRY 2.695.768 thousand (31 December 2022: TRY 2.374.772 thousand). Total interest income from export sales with maturities is TRY 12.714 thousand (31 December 2022: TRY 29.580 thousand).

As of Group's reporting date, the detail of cost of sales is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Raw material usage	(98.818.872)	(78.716.216)
Personnel costs	(8.227.579)	(4.411.212)
Energy costs	(12.311.205)	(10.807.920)
Depreciation and amortization expenses	(4.810.904)	(3.143.289)
Manufacturing overheads	(4.254.526)	(1.084.142)
Other cost of goods sold	(1.881.498)	(1.301.314)
Non-operating costs (*)	(2.003.011)	(253.925)
Freight costs for sales delivered to customers	(1.072.038)	(1.199.214)
Allowance expenses for impairment on inventories (Note 4)	(132.263)	(550.403)
Inventory provision released (Note 4)	934.408	32.200
Amortization of right of use assets	(16.836)	(6.007)
Other	(1.063.678)	(802.643)
	(133.658.002)	(102.244.085)

(*) Due to the earthquake that occurred on 6 February 2023, production activities of İsdemir, one of the subsidiaries of the Group, were suspended until the due diligence studies were completed. TRY (2.003.011) thousand of the non-working part expense due to unexpected shutdowns at İsdemir's production facilities due to earthquakes and planned shutdowns at the Group's other production facilities is not associated with the product cost and is directly accounted for in the cost of sales.

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NOTE 26 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

As of Group's reporting date, the detail of marketing, sales and distribution expenses according to their nature is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Marketing expenses (-)	(1.177.995)	(741.626)
General administrative expenses (-)	(2.672.791)	(1.536.558)
Research and development expenses (-)	(190.227)	(99.936)
	<u>(4.041.013)</u>	<u>(2.378.120)</u>

NOTE 27 - OPERATING EXPENSES ACCORDING TO THEIR NATURE

As of Group's reporting date, the detail of marketing, sales and distribution expenses according to their nature is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses (-)	(456.437)	(287.819)
Depreciation and amortization (-)	(192.036)	(135.330)
Benefits and services from third parties (-)	(526.937)	(318.194)
Amortization of right of use assets (-)	(2.585)	(283)
	<u>(1.177.995)</u>	<u>(741.626)</u>

As of Group's reporting date, the detail of general administrative expenses is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses (-)	(1.161.570)	(705.297)
Depreciation and amortization (-)	(220.709)	(112.339)
Benefits and services from third parties (-)	(1.195.761)	(662.265)
Tax, duty and charges (-)	(27.959)	(12.132)
Provision/Provision released for doubtful receivables (net)	10.467	(693)
Amortization of right of use assets (-)	(77.259)	(43.832)
	<u>(2.672.791)</u>	<u>(1.536.558)</u>

As of Group's reporting date, the detail of research and development expenses is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses (-)	(89.943)	(48.586)
Depreciation and amortization (-)	(44.569)	(27.900)
Other (-)	(55.715)	(23.450)
	<u>(190.227)</u>	<u>(99.936)</u>

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NOTE 27 - OPERATING EXPENSES ACCORDING TO THEIR NATURE (cont'd)

Group, Based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority published in the "POA" Official Gazette, the fees related to the services received from the independent auditor/independent audit firm as of the reporting period are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Independent audit fee for reporting period	(6.516)	(3.843)
Fee for other assurance services	(235)	(185)
	<u>(6.751)</u>	<u>(4.028)</u>

NOTE 28 - OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES

As of Group's reporting date, the detail of other operating income is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Prior period fixed asset damage indemnity income	727.981	-
Foreign exchange gain from trade receivables and payables (net)	536.541	-
Forfeit advances from customers	2.055	38.297
Discount income	-	2.176
Provisions released	20.418	15.769
Service income	155.463	70.037
Maintenance repair and rent income	28.547	27.947
Warehouse income	105.842	57.046
Indemnity and penalty detention income	25.725	14.514
Prior period insurance indemnity income	207.873	510.091
Lawsuit income	25.116	2.204
Overdue interest income	122.926	16.876
Income related collections from tax office	2.370.850	-
Other income and gains	262.184	192.193
	<u>4.591.521</u>	<u>947.150</u>

Group recognized prior period fixed asset indemnity incomes obtained from lawsuit compensations in the current period under other operating income.

Due to the earthquake that occurred on 6 February 2023, an agreement was reached to collect the advance fee of TRY 2.370.850 thousand regarding the claim payment to be collected within the insurance scope of Company's subsidiary İskenderun Demir ve Çelik A.Ş. In line with the agreement, the amount of insurance damages to be compensated within the scope of the earthquake has been accounted in other operating income and insurance income accruals accounts within other current assets (Note 22) as of the reporting period.

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NOTE 28 - OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES (cont'd)

As of Group's reporting date, the detail of other operating expenses is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Provision expenses	(161.843)	(116.207)
Foreign exchange expenses from trade receivables and payables	-	(114.684)
Lawsuit compensation expenses	(74.657)	(8.998)
Right of use assets amortization	(7.820)	(24.851)
Donation expenses	(868.937)	(93.487)
Service expenses	(95.253)	(69.098)
Penalty expenses	(109.604)	(1.439)
Other expenses and losses	(139.624)	(109.074)
	<u>(1.457.738)</u>	<u>(537.838)</u>

NOTE 29 - INCOME/(EXPENSES) FROM INVESMENT ACTIVITIES

As of Group's reporting date, the detail of income from investment activities is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Income from investment activities		
Net gain/(loss) from financial asset at fair value through profit or loss	255.436	51.026
Income from sales on tangible assets	12.409	8.139
Rent income from investment properties	91.435	29.622
Property,plant and equipment provisions released (Note 14)	-	30.507
	<u>359.280</u>	<u>119.294</u>

As of Group's reporting date, the detail of expenses from investment activities is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Expenses from investment activities (-)		
Loss on sales of tangible assets	(29.056)	(14.046)
Loss on disposal of tangible assets	(32.436)	(95.521)
Impairment of property, plant and equipment (Note 6)	(480.065)	-
Expenses from investment properties	(3.180)	(834)
	<u>(544.735)</u>	<u>(110.401)</u>

Due to the earthquake on 6 February 2023; Production activities of İsdemir, one of the subsidiaries of the Group, have been suspended until the due diligence studies are completed. As a result of the due diligence studies carried out by the Group as of the reporting period, an impairment of TRY (480.065) thousand has been calculated for the assets that will be out of use (Note 14).

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NOTE 30 - FINANCE INCOME

As of Group's reporting date, the detail of finance income is as follows:

Finance income	31 December 2023	31 December 2022
Interest income on bank deposits	2.458.435	1.268.689
Interest income from financial investments	490	2.492
Fair value differences of derivative financial instruments (net)	826.923	225.864
Other financial income	10.729	6.315
	<u>3.296.577</u>	<u>1.503.360</u>

NOTE 31 - FINANCE EXPENSES

As of Group's reporting date, the breakdown of finance expenses is as follows:

Finance expenses (-)	1 January - 31 December 2023	1 January - 31 December 2022
Interest expenses on borrowings	(5.074.609)	(1.650.583)
Foreign exchange loss (net)	(2.774.644)	(1.006.173)
Interest cost of employee benefits	(469.499)	(305.812)
Interest expenses on leasings	(35.098)	(51.722)
Other financial expenses	(25.223)	(28.493)
	<u>(8.379.073)</u>	<u>(3.042.783)</u>

During the period, the interest expenses of TRY 241.045 thousand have been capitalized as part of the Group's property, plant and equipment (31 December 2022: TRY (10.198) thousand).

NOTE 32 - TAX ASSETS AND LIABILITIES

The details of the Group's tax expenses as of the reporting period are as follows:

Corporate tax payable:	31 December 2023	31 December 2022
Corporation tax for the year of 2022	54.494	-
Current corporate tax provision	5.715.882	9.150.847
Prepaid taxes and funds (-)	(2.537.926)	(8.712.399)
	<u>3.232.450</u>	<u>438.448</u>
Taxation:	1 January - 31 December 2023	1 January - 31 December 2022
Current corporate tax expense	4.761.341	7.779.424
Deferred tax (income)/expense	(253.276)	(4.320.024)
	<u>4.508.065</u>	<u>3.459.400</u>

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NOTE 32 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate tax

The Group, except its subsidiaries in Romania and Singapore, is subject to Turkish corporate taxes in force. The necessary provisions are allocated in the consolidated financial statements for the estimated liabilities based on the Group's results for the year. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

Institutions with the Law No. 7456 published in the Official Gazette dated 15 July 2023 by making changes in the first paragraph of Article 32 of the Tax Law, the year 2023 and the following the corporate tax rate for corporate earnings of taxation periods has been increased to 25%. As of reporting date, the corporate tax rate for the corporate earnings has been determined as 25% (31 December 2022: 22%).

With the Law No. 7456 published in the 32249 numbered Official Gazette dated 15 July 2023, the exemption rate to be applied to the gains arising from the sale of immovables which in companies' assests before 15 July 2023 has been determined as 25%, and the deferred tax rate to be applied based on the temporary differences arising on the revaluation of the related assets are 18,75%.

The effective corporate tax rate in Türkiye is 25%, 16% in Romania and 17% in Singapore as of 31 December 2023 (31 December 2022: in Türkiye 23%, in Romania 16%, in Singapore 17%).

The total amount of the corporate tax paid by the Group in 2023 is TRY 2.921.880 thousand (31 December 2022: TRY 12.984.104 thousand).

By the Ministry of Treasury and Finance; it has been accepted that the obliged parties in the provinces affected by the earthquake were in force majeure between 6 February 2023 and 30 April 2024. In this case, the terms of use of tax returns and notifications requiring force majeure have been extended until 31 May 2024.

With the temporary article 33 of the Tax Procedure Law; It has been stipulated that no inflation adjustment will be made in the accounting periods of 2021 and 2022 and the provisional tax periods of 2023, regardless of whether the conditions in Article 298/A of the Tax Procedure Law are met, and that the financial statements dated 31 December 2023 will be subject to correction regardless of any conditions. In this context; The financial statements dated 31 December 2023, prepared in accordance with the Tax Procedure Law, have been subject to inflation correction.

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NOTE 32 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate tax (cont'd)

Losses can be carried forward to offset the future taxable income for up to maximum 5 years (Romania: 7 years). However, losses cannot be carried back to offset the profits of the previous periods, retrospectively.

In Türkiye, a definite and distinct reconciliation procedure for tax assessment does not exist. Companies file their tax returns between 1 April - 25 April following the closing period of the related year's accounts. Tax returns and related accounting records may be examined and revised within five years.

Investment discount application

In 2023, the corporate tax reduction incentive based on the regional priority investment incentive certificate received within the scope of article 17/g of the "Decision on State Aids in Investments" numbered 2012/3305 was utilized. The rate of contribution to investment is 40% within the scope of the mentioned decision, 5th region incentives are used.

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon the temporary differences arising between its taxable statutory financial statements and its financial statements prepared in accordance with the TFRS. These differences usually result in the recognition of income and expenses tax bases in different reporting periods in the financial statements prepared according to TFRS.

The tax rate used in calculation of deferred tax assets and liabilities (excluding land) is 25% for the corporate earnings to be obtained in the taxation periods of 2023. The effective corporate tax rate is 16% in Romania and 17% in Singapore. (31 December 2022: in Türkiye 20%, in Romania 16%, in Singapore 17). The deferred tax on the temporary timing differences arising from land is calculated with the 18,75% tax rate. (31 December 2022: 10%)

The financial statements dated 31 December 2023, prepared in accordance with the Tax Procedure Law, have been subject to inflation adjustment. In this context, deferred tax assets have been recorded in the consolidated financial statements as a result of the inflation adjustment made in the statutory financial statements.

As the companies in Türkiye cannot give a consolidated corporate tax declaration, subsidiaries that have deferred tax assets are not netted off with subsidiaries that have deferred tax liabilities and disclosed separately.

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NOTE 32 - TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax assets:	31 December 2023	31 December 2022
Tangible and intangible assets revaluation adjustment	7.908.974	4.467.303
Provisions for employee benefits	1.395.143	687.429
Investment incentive	15.571	30.629
Provision for lawsuits	131.128	70.743
Fair values of the derivative financial instruments	29.721	-
Inventories	128.251	74.351
Tangible and intangible assets	494.085	192.158
Financial lease payables	84.986	41.456
Other	593.229	341.367
	10.781.088	5.905.436
Deferred tax liabilities:		
Tangible and intangible assets	(21.889.743)	(13.455.464)
Fair values of the derivative financial instruments	-	(5.223)
Amortized cost adjustment on loans	(109.540)	(57.161)
Right of use assets	(109.429)	(48.508)
Inventories	(752.342)	(499.773)
Other	(298.393)	(59.738)
	(23.159.447)	(14.125.867)
	(12.378.359)	(8.220.431)

In the financial statements which are prepared according to the TFRS, of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and its affiliates that are separate taxpayer entities, the net deferred tax assets and liabilities of the related companies are classified separately within the accounts of deferred tax assets and liabilities of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and its subsidiaries' consolidated financial statements. The temporary differences disclosed above besides the deferred tax asset and liabilities, have been prepared on the basis of the gross values and show the net deferred tax position.

Presentation of deferred tax assets/(liabilities):	31 December 2023	31 December 2022
Deferred tax assets	254.324	244.350
Deferred tax (liabilities)	(12.632.683)	(8.464.781)
	(12.378.359)	(8.220.431)

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NOTE 32 - TAX ASSETS AND LIABILITIES (cont'd)

Movements of deferred tax assets/(liabilities) as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Opening balance	(8.220.431)	(9.663.074)
Additional in deferred tax assets due to acquisition of subsidiaries	(192.146)	-
Deferred tax income/(expense)	253.276	4.320.024
The amount in comprehensive income	374.211	285.209
Translation difference	(4.593.269)	(3.162.590)
Closing balance	(12.378.359)	(8.220.431)

Reconciliation of tax provision is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Profit before tax	8.837.129	22.112.454
Statutory tax rate	25%	22%
Calculated tax expense according to effective tax rate	(2.209.282)	(4.864.740)
Reconciliation between the tax provision and calculated tax:		
- Non-deductible expenses	(383.359)	(114.459)
- Revaluation of reserve tangible assets	-	4.467.303
- Effect of currency translation not subject to tax	(10.043.549)	(3.134.206)
- Unused tax losses	8.682.788	-
- Additional tax effect due to earthquake	(623.613)	-
- Investment incentive	76.810	189.028
- Effect of the different tax rates due to foreign subsidiaries	(7.860)	(2.326)
Total tax expense reported in the statement of income	(4.508.065)	(3.459.400)

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NOTE 32 - TAX ASSETS AND LIABILITIES (cont'd)

As of Group's reporting date, the details of the tax income/(expense) of the other comprehensive income/(loss) are as follows:

Other comprehensive income/(loss) in current period	1 January - 31 December 2022		
	Amount before tax	Tax income/ (expense)	Amount after tax
Change in revaluation reserves of fixed assets	168.416	-	168.416
Change in actuarial (loss)/gain	(1.396.695)	349.174	(1.047.521)
Change in cash flow hedging reserves	(99.129)	25.037	(74.092)
Change in foreign currency translation reserves	68.664.048	-	68.664.048
	67.336.640	374.211	67.710.851
Other comprehensive income/(loss) in current period	1 January - 31 December 2021		
	Amount before tax	Tax income/ (expense)	Amount after tax
Change in revaluation reserves of fixed assets	60.869	-	60.869
Change in actuarial (loss)/gain	(1.305.806)	261.161	(1.044.645)
Change in cash flow hedging reserves	(82.702)	24.048	(58.654)
Change in foreign currency translation reserves	32.227.569	-	32.227.569
	30.899.930	285.209	31.185.139

NOTE 33 - EARNINGS PER SHARE

	1 January - 31 December 2023	1 January- 31 December 2022
Number of shares outstanding	350.000.000.000	350.000.000.000
	338.196.856.484	339.216.314.817
Net profit attributable to equity holders	4.033.089	18.005.034
Profit per share with 1 TRY nominal value TRY %	1,1925/119,25%	5,3078/530,78%

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NOTE 34 - RELATED PARTY DISCLOSURES

The immediate parent and ultimate controlling parent of the Group are Ataer Holding A.Ş. and Ordu Yardımlaşma Kurumu respectively (Note 1). The transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated in the consolidation and therefore are not disclosed in this note. Trade receivables and payables from related parties operated as current account. Debt collection and debt payment days are between 0 and 30.

The details of transactions between the Group and other related parties are disclosed below:

Due from related parties (short term)	31 December 2023	31 December 2022
OYAK NYK RO-RO Liman İşletmeleri A.Ş. ⁽¹⁾	5.335	-
OYAK Renault Otomobil Fab. A.Ş. ⁽²⁾	416.513	328.074
OYAK Akaryakıt ve LPG Yatırımları A.Ş. ⁽¹⁾	8.849	-
Miilux Poland Sp. Z.o.o. ⁽¹⁾	47.878	76.474
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽³⁾	16.278	26.590
OYAK Çimento Fabrikaları A.Ş. ⁽¹⁾	66.853	158.257
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. ⁽¹⁾	124.108	64.598
Denizli Çimento San. T.A.Ş. ⁽¹⁾	-	8.897
Other	2.751	104
	688.565	662.994

The trade receivables from related parties mainly arise from sales of steel, energy, service and by-products.

⁽¹⁾ Subsidiaries of the parent company

⁽²⁾ Joint venture of the parent company

⁽³⁾ Joint venture of subsidiary

⁽⁴⁾ Ultimate partner

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NOTE 34 - RELATED PARTY DISCLOSURES (cont'd)

Other receivables from related parties (short term)	31 December 2023	31 December 2022
OYAK NYK RO-RO Liman İşletmeleri A.Ş. ⁽¹⁾	11.582	7.227
	11.582	7.227

Other receivables from related parties (long term)	31 December 2023	31 December 2022
OYAK NYK RO-RO Liman İşletmeleri A.Ş. ⁽¹⁾	75.091	47.083
	75.091	47.083

According to TFRS 16 provision, other short term and long term receivables from related parties arise from monetary receivables under the sub-lease transactions.

Prepaid expenses to related parties(short term)	31 December 2023	31 December 2022
OYAK Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	12.578	40.244
OYAK Çimento Fabrikaları A.Ş. ⁽¹⁾	-	989
Other	204	-
	12.782	41.233

Prepaid expenses to related parties (long term)	31 December 2023	31 December 2022
OYAK İnşaat A.Ş. ⁽¹⁾	126.851	135.121
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	56.071	36.242
	182.922	171.363

Prepaid expenses generally related with port services and advance transactions of fixed assets.

- ⁽¹⁾ Subsidiaries of the parent company
- ⁽²⁾ Joint venture of the parent company
- ⁽³⁾ Joint venture of subsidiary
- ⁽⁴⁾ Ultimate partner

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NOTE 34 - RELATED PARTY DISCLOSURES (cont'd)

Due to related parties (short term)	31 December 2023	31 December 2022
OYAK Yenilenebilir Enerji A.Ş. ⁽¹⁾	57.264	-
Omsan Lojistik A.Ş. ⁽¹⁾	332.552	161.648
Omsan Denizcilik A.Ş. ⁽¹⁾	-	7.239
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽¹⁾	137.198	69.013
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	95.369	36.147
Omsan Logistica SRL ⁽¹⁾	7.921	3.299
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽¹⁾	47.122	29.388
OYAK Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	3.356	23.321
OYAK İnşaat A.Ş. ⁽¹⁾	69.850	116.929
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. ⁽¹⁾	10.919	3.617
Doco Petrol ve Danışmanlık A.Ş. ⁽¹⁾	11.294	5.115
Other	357.488	175.775
	1.130.333	631.491

Trade payables to related parties mainly arise from purchase of services, fixed assets and energy.

Major sales to related parties	1 January - 31 December 2023	1 January - 31 December 2022
Miilux Poland Sp. Z.o.o. ⁽¹⁾	-	894.699
OYAK Renault Otomobil Fab. A.Ş. ⁽²⁾	1.935.118	878.749
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	392	1.253
OYAK Akaryakıt ve LPG Yatırımları A.Ş. ⁽¹⁾	7.916	2.417
OYAK Çimento Fabrikaları A.Ş. ⁽¹⁾	276.981	207.051
Denizli Çimento Sanayi T.A.Ş. ⁽¹⁾	-	12.177
Likitgaz Dağıtım ve Endüstri A.Ş. ⁽¹⁾	52.555	-
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽¹⁾	5.833	2.063
İskenderun Enerji Üretim ve Ticaret A.Ş. ⁽¹⁾	3.487.755	2.531.242
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. ⁽¹⁾	459.949	157.827
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽³⁾	273.019	351.748
Other	59.849	66.542
	6.559.367	5.105.768

The major sales to related parties are generally due to the sales transactions of iron, steel, raw material, by-products and service transactions.

- ⁽¹⁾ Subsidiaries of the parent company
- ⁽²⁾ Joint venture of the parent company
- ⁽³⁾ Joint venture of subsidiary
- ⁽⁴⁾ Ultimate partner

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NOTE 34 - RELATED PARTY DISCLOSURES (cont'd)

Major purchases from related parties	1 January - 31 December 2023	1 January - 31 December 2022
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. ⁽¹⁾	14.171	2.742
Omsan Denizcilik A.Ş. ⁽¹⁾	605.959	456.585
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽¹⁾	834.315	417.172
Omsan Lojistik A.Ş. ⁽¹⁾	2.312.961	649.821
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	495.503	412.609
Omsan Logistica SRL ⁽¹⁾	104.574	86.184
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽¹⁾	423.404	374.394
Doco Petrol ve Danışmanlık A.Ş. ⁽¹⁾	124.730	123.307
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽³⁾	482.662	495.019
OYAK İnşaat A.Ş. ⁽¹⁾	1.350.650	286.722
OYAK Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	350.768	263.994
Güzel Enerji Akaryakıt A.Ş. ⁽¹⁾	13.063	10.045
OYAK Akaryakıt ve LPG Yatırımları A.Ş. ⁽¹⁾	24.839	12.506
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. ⁽¹⁾	16.056	-
OYAK Yenilenebilir Enerji A.Ş. ⁽¹⁾	1.504.204	-
Other	275.724	133.266
	8.933.583	3.724.366

The major purchases from related parties are generally due to the purchase of services, fixed assets and energy.

⁽¹⁾ Subsidiaries of the parent company

⁽²⁾ Joint venture of the parent company

⁽³⁾ Joint venture of subsidiary

⁽⁴⁾ Ultimate partner

The terms and policies applied to the transactions with related parties:

The period end balances are un-secured and their collections will be done in cash. As of 31 December 2023, the Group provides no provision for the receivables from related parties (31 December 2022: None).

Salaries, bonuses and other benefits of the key management:

The key management of the Group consists of the Board of Directors, the Group President and Vice Presidents the General Manager and Assistant General Managers. For the year ended 31 December 2023, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the key management of the Group is TRY 98.389 thousand (31 December 2022: TRY 71.965 thousand).

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital through the optimization of the debt and the equity balance that minimizes the financial risk.

Through the forecasts regularly prepared by the Group, the future capital amount, debt to equity ratio and similar ratios are forecasted and required precautions are taken to strengthen the capital.

The capital structure of the Group consists of debt which includes the financial liabilities disclosed in Note 7, cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings as disclosed in Note 24.

The Group's Board of Directors analyze the capital structure in regular meetings. During these analyses, the Board of Directors also evaluates the risks associated with each class of capital together with the cost of capital. The Group, by considering the decisions of the Board of Directors, aims to balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

As of reporting date the net (credit) debt/equity ratio is as follows:

	Note	31 December 2023	31 December 2022
Total financial liabilities	7	67.740.702	29.580.739
Less: Cash and cash equivalents	4	24.072.967	15.186.458
Net (credit) debt		43.667.735	14.394.281
Total adjusted equity ^(*)		194.051.439	120.063.466
Total resources		237.719.174	134.457.747

Net (credit) debt/Total adjusted equity ratio 23% 12%

Distribution of net (credit) debt/total adjusted equity 18/82 11/89

^(*) Total adjusted equity is calculated by subtracting cash flow hedging reserves and actuarial gain/(loss) fund and adding non-controlling interests.

(b) Significant accounting policies

The Group's accounting policies related to the financial instruments are disclosed in Note 2 "Summary of Significant Accounting Policies, 2.8.9 Financial Instruments".

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(c) Financial risk management objectives

The Group manages its financial instruments through a separate treasury function which was established for that purpose. The developments are followed on a real time basis. The Group's corporate treasury function manages the financial instruments through daily regular meetings by evaluating the domestic and international markets and by considering the daily cash inflows and outflows in accordance with the policies and regulations issued by the Group Risk Management Unit.

At the end of each day, each Group company prepares a "Daily Cash report" and Group Risk Management Unit calculates daily for cash and cash equivalents. The information included therein is consolidated by the treasury function and used to determine the cash management strategies.

Thus, all financial transactions of the Group are managed centrally. Additionally, the Group's annual payment schedules are followed through the weekly reports and annual cash management is followed by the monthly reports.

The Group utilizes derivative financial instruments as required and within the terms and conditions determined by the Group Risk Management Unit. Instruments that are highly liquid and securing a high-level yield are preferred when determining the financial instruments. In that respect, the Group has a right to claim the accrued interest on time deposits when withdraw before the predetermined maturity.

(d) Market risk

The Group is exposed primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group utilizes the following financial instruments to manage the risks associated with the foreign exchange rates and interest rates. Also, the Group follows price changes and market conditions regularly and takes action in pricing instantaneously.

The Group prefers floating interest rates for long term borrowings. To hedge against the interest risk the Group uses interest swap contracts for some of its borrowings.

In the current period, there is no significant change in the Group's exposure to the market risks or the manner which it manages and measures risk when compared to the previous year.

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(e) Credit risk management

Trade receivables include a large number of customers scattered in various sectors and regions. There is no risk concentration on a specific customer or a group of customers. The majority trade receivables are assured by bank letters of guarantee and/or credit limits. The credit reviews are performed continuously over the accounts receivable balance of the customers. The Group does not have a significant credit risk arising from any customer.

Credit risk of financial instruments	Receivables				Bank Deposits	Derivative Financial Instruments	Financial Instruments
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
31 December 2023							
Maximum credit risk exposure as of balance sheet date ^(*) (A+B+C+D+E)	688.565	19.664.596	86.673	127.710	24.072.907	11.396	619.393
- Secured part of the maximum credit risk exposure via collateral etc.	-	17.813.786	-	-	-	-	-
A. Net book value of the financial assets that are neither overdue nor impaired	688.565	19.605.128	86.673	127.710	24.072.907	11.396	619.393
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	59.468	-	-	-	-	-
- secured part via collateral etc.	-	56.844	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	123.462	-	-	-	-	-
- Impairment (-)	-	(123.462)	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

The maturity of TRY 59.468 thousand that is overdue but not impaired is in the range of 0-3 months.

^(*) The factors that increase credibility such as guarantees received are not taken into account in determination of the amount.

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(e) Credit risk management (cont'd)

Credit risk of financial instruments	Receivables				Bank Deposits	Derivative Financial Instruments	Financial Instruments
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
31 December 2022							
Maximum credit risk exposure as of balance sheet date ^(*) (A+B+C+D+E)	662.994	14.939.155	54.310	65.089	15.186.402	59.160	685.293
- Secured part of the maximum credit risk exposure via collateral etc.	-	13.931.035	-	-	-	-	-
A. Net book value of the financial assets that are neither overdue nor impaired	662.994	14.831.690	54.310	65.089	15.186.402	59.160	685.293
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	107.465	-	-	-	-	-
- secured part via collateral etc.	-	101.642	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	353.462	-	-	-	-	-
- Impairment (-)	-	(353.462)	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

The maturity of TRY 107.465 thousand that is overdue but not impaired is in the range of 0-3 months.

^(*) The factors that increase credibility such as guarantees received are not taken into account in determination of the amount.

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(e) Credit risk management (cont'd)

Explanation on the credit risk which the Group is exposed:

In order to minimize credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group monitors the credibility of the parties with whom they perform transactions and also takes into account the credit rating of the related instruments when making the investment preference. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, credit limits by customer are determined and defined after the assessment of the potential customer's credit quality.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimize the credit risk, the Group has performed credit ratings considering the default risks of the counterparties and categorized the related parties.

The Group's current credit risk rating methodology includes the following categories:

Category	Description	Basis for recognizing expected credit losses
Secured receivables	Consist of secured receivables	Not generating credit losses
Recoverable receivables	The counterparty has a low risk of default and secured	Not generating credit losses
Doubtful or past due receivables	Amount is past due or there has been a significant	100% allowance for unsecured receivables
Write-off	There is evidence indicating the asset is credit-impaired	Amount is written off

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management

As of reporting period, stated in Note 2.8.9 the foreign currency position of the Group in terms of original currency is calculated as follows:

		31 March 2023				
		TRY	TRY	EURO	Jap. Yen	RON
		(Total in reporting currency)	(Original currency)	(Original currency)	(Original currency)	(Original currency)
1.	Trade Receivables	3.389.199	181.007	96.948	-	7.715
2a.	Monetary financial assets	23.323.467	23.132.463	4.497	21	6.837
2b.	Non- monetary financial assets	-	-	-	-	-
3.	Other	402.620	389.285	345	-	320
4.	CURRENT ASSETS (1+2+3)	27.115.286	23.702.755	101.790	21	14.872
5.	Trade receivables	-	-	-	-	-
6a.	Monetary financial assets	1.255.417	1.255.288	4	-	-
6b.	Non- monetary financial assets	-	-	-	-	-
7.	Other	5.149.331	3.295.756	56.709	-	972
8.	NON-CURRENT ASSETS (5+6+7)	6.404.748	4.551.044	56.713	-	972
9.	TOTAL ASSETS (4+8)	33.520.034	28.253.799	158.503	21	15.844
10.	Trade payables	10.952.493	6.209.024	144.185	11.222	5.454
11.	Financial liabilities	6.649.452	6.161.393	14.956	-	-
12a.	Other monetary financial liabilities	7.243.941	7.119.241	2.733	-	5.386
12b.	Other non-monetary financial liabilities	-	-	-	-	-
13.	CURRENT LIABILITIES (10+11+12)	24.845.886	19.489.658	161.874	11.222	10.840
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	2.662.041	218.590	74.878	-	-
16a.	Other monetary financial liabilities	5.402.788	5.397.499	-	-	802
16b.	Other non-monetary financial liabilities	-	-	-	-	-
17.	NON-CURRENT LIABILITIES (14+15+16)	8.064.829	5.616.089	74.878	-	802
18.	TOTAL LIABILITIES (13+17)	32.910.715	25.105.747	236.752	11.222	11.642
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(1.268.924)	-	(38.955)	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	1.268.924	-	38.955	-	-
20.	Net foreign currency asset/liability position (9-18+19)	(659.605)	3.148.052	(117.204)	(11.201)	4.202
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(4.942.632)	(536.989)	(135.303)	(11.201)	2.910
22.	Fair value of derivative financial instruments used in foreign currency hedge	36.450	-	1.119	-	-
23.	Hedged foreign currency assets	1.268.924	-	38.955	-	-
24.	Hedged foreign currency liabilities	-	-	-	-	-
25.	Exports	18.611.267				
26.	Imports	76.061.063				

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management (cont'd)

		31 December 2022				
		TRY	TRY	EURO	Jap. Yen	RON
		(Total in reporting currency)	(Original currency)	(Original currency)	(Original currency)	(Original currency)
1.	Trade Receivables	4.749.416	94.456	230.730	-	13.822
2a.	Monetary financial assets	11.141.292	10.876.683	6.235	21	35.022
2b.	Non- monetary financial assets	-	-	-	-	-
3.	Other	449.782	419.536	1.447	-	349
4.	CURRENT ASSETS (1+2+3)	16.340.490	11.390.675	238.412	21	49.193
5.	Trade receivables	-	-	-	-	-
6a.	Monetary financial assets	1.042.755	1.042.676	4	-	-
6b.	Non- monetary financial assets	-	-	-	-	-
7.	Other	2.366.826	963.114	70.204	-	1.051
8.	NON-CURRENT ASSETS (5+6+7)	3.409.581	2.005.790	70.208	-	1.051
9.	TOTAL ASSETS (4+8)	19.750.071	13.396.465	308.620	21	50.244
10.	Trade payables	8.000.348	4.812.164	157.683	100.672	6.115
11.	Financial liabilities	8.595.855	8.163.243	21.662	-	-
12a.	Other monetary financial liabilities	2.690.978	2.619.301	2.429	-	5.707
12b.	Other non-monetary financial liabilities	-	-	-	-	-
13.	CURRENT LIABILITIES (10+11+12)	19.287.181	15.594.708	181.774	100.672	11.822
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	1.863.287	142.026	86.189	-	-
16a.	Other monetary financial liabilities	3.339.739	3.335.948	-	-	934
16b.	Other non-monetary financial liabilities	-	-	-	-	-
17.	Non-current liabilities (14+15+16)	5.203.026	3.477.974	86.189	-	934
18.	TOTAL LIABILITIES (13+17)	24.490.207	19.072.682	267.963	100.672	12.756
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(918.894)	-	(46.095)	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	918.894	-	46.095	-	-
20.	Net foreign currency asset/liability position (9-18+19)	(5.659.030)	(5.676.217)	(5.438)	(100.651)	37.488
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(7.556.744)	(7.058.867)	(30.994)	(100.651)	36.088
22.	Fair value of derivative financial instruments used in foreign currency hedge	155.592	-	7.805	-	-
23.	Hedged foreign currency assets	918.894	-	46.095	-	-
24.	Hedged foreign currency liabilities	-	-	-	-	-
25.	Exports	20.920.033				
26.	Imports	70.132.257				

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management (cont'd)

The following table shows the Group's sensitivity to a 10% (+/-) change in the TRY, EURO and Japanese Yen. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

As of 31 December 2023 asset balances are translated by using the following exchange rates; TRY 29,4382 = US \$ 1, TRY 32,5739 = EUR 1, TRY 0,2075 = JPY 1 and 6,5113 TRY = RON 1 and liability are translated by using the following exchange rates; TRY 29,4913 = US \$ 1, TRY 32,6326 = EUR 1, TRY 0,2088 = JPY 1 and 6,5965 TRY = RON 1 (31 December 2022: for asset balances: TRY 18,6983 = US \$ 1, TRY 19,9349 = EUR 1, TRY 0,1413 = JPY 1 and TRY 4,0062 = RON 1, for liability balances: TRY 18,7320 = US \$ 1, TRY 19,9708 = EUR 1, TRY 0,1422 = JPY 1 and TRY 4,0586 = RON 1).

	Profit/(loss) after capitalization on tangible as- sets and before tax and non-controlling interest	
	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2023		
1- TRY net asset/liability	314.805	(314.805)
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	314.805	(314.805)
5- RON net asset/liability	2.637	(2.637)
6- Hedged portion from RON risk (-)	-	-
7- Effect of capitalization (-)	-	-
8- RON net effect (5+6+7)	2.637	(2.637)
9- Euro net asset/liability	(256.277)	256.277
10- Hedged portion from Euro risk (-)	(126.892)	126.892
11- Effect of capitalization (-)	-	-
12- Euro net effect (9+10+11)	(383.169)	383.169
13- Jap. Yen net asset/liability	(234)	234
14- Hedged portion from Jap. Yen risk (-)	-	-
15- Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(234)	234
TOTAL (4+8+12+16)	(65.961)	65.961

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management (cont'd)

	Profit/(loss) after capitalization on tangible as- sets and before tax and non-controlling interest	
	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2022		
1- TRY net asset/liability	(567.622)	567.622
2- Hedged portion from TRY risk (-)	-	-
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(567.622)	567.622
5- RON net asset/liability	14.952	(14.952)
6- Hedged portion from RON risk (-)	-	-
7- Effect of capitalization (-)	-	-
8- RON Dollars net effect (5+6+7)	14.952	(14.952)
9- Euro net asset/liability	80.087	(80.087)
10- Hedged portion from Euro risk (-)	(91.890)	91.890
11- Effect of capitalization (-)	-	-
12- Euro net effect (9+10+11)	(11.803)	11.803
13- Jap. Yen net asset/liability	(1.432)	1.432
14- Hedged portion from Jap. Yen risk (-)	-	-
15- Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(1.432)	1.432
TOTAL (4+8+12+16)	(565.905)	565.905

(g) Interest rate risk management

Some of the Group's borrowings are based on floating interest rate terms. In order to manage the exposure to interest rate movements on certain portion of the bank borrowings, the Group uses interest rate swaps and changes floating rates to fixed rates.

In addition, through the use of deposits in which the Group has a right to claim the accrued interest when withdrawn before the predetermined maturity, the Group minimizes the interest rate risk by increasing the share of floating rate denominated assets in its consolidated the balance sheet. Furthermore, for borrowings denominated in foreign currencies, except for US Dollars, the Group minimizes its interest rate risk by leveraging in foreign currencies that bear lower interest rate. In addition, a higher interest rate is applied to the trade receivables with a maturity when compared to the interest rate exposed for trade payables.

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(g) Interest rate risk management(cont'd)

Interest rate sensitivity

The following sensitivity analysis is based on forecasted interest rate changes for the liabilities denominated in variable interest rates. The information details the Group's sensitivity to an increase/decrease of 0,50% for US Dollars and EURO, 0,25% for Jap.Yen and 1,00% for TRY denominated interest rates.

Since the principal payments of the loans with floating interest rates are not affected from changes in interest rates, the risk exposure of the Group loans is measured using a sensitivity analysis instead of a Value at Risk calculation.

Interest position table	31 December 2023	31 December 2022
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Floating interest rate financial instruments

Financial liabilities	20.955.031	8.519.757
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For the year round, if the US Dollars, EURO and Jap. Yen denominated interest rates increase/decrease by 100 base points in TRY, 50 base points in US Dollars and EURO and 25 base points in Jap.Yen respectively ceteris paribus, the profit before taxation and non-controlling interest after considering the effect of capitalization and hedging would be lower/higher TRY 87.116 thousand.

(h) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities and maintaining adequate funds and reserves.

Liquidity risk tables

Conservative liquidity risk management includes maintaining sufficient cash, availability of sufficient amount of borrowings and funds and ability to settle market positions.

The Group manages its funding of actual and forecasted financial obligations by maintaining the availability of sufficient number of high quality loan providers.

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(h) Liquidity risk management (cont'd)

The following table details the Group's expected maturity for its derivative and non derivative financial liabilities. Interests which will be paid on borrowings in the future are included in the relevant columns in the following table.

31 December 2023

Contractual maturity analysis	Book value	Total cash outflow per agreement (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
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Non derivative financial liabilities

Borrowings from banks, issued bonds	67.400.757	73.778.640	16.225.503	44.185.364	9.704.612	3.663.161
Financial lease payables	339.945	909.145	28.315	84.946	184.677	611.207
Trade payables	23.427.066	23.427.066	23.427.066	-	-	-
Other financial liabilities ^(*)	1.961.944	1.961.944	1.961.944	-	-	-
Total liabilities	93.129.712	100.076.795	41.642.828	44.270.310	9.889.289	4.274.368

Derivative financial liabilities

Derivative cash inflows	11.396	6.265.695	3.309.769	2.803.329	152.597	-
Derivative cash outflows	(122.650)	(6.244.081)	(3.288.155)	(2.803.329)	(152.597)	-
	(111.254)	21.614	21.614	-	-	-

^(*) Only the financial liabilities under other payables and liabilities are included.

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NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(h) Liquidity risk management (cont'd)

31 December 2021

Contractual maturity analysis	Book value	Total cash outflow per agreement (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Borrowings from banks	29.373.457	32.062.141	5.383.664	17.164.771	7.389.849	2.123.857
Trade payables	11.228.240	11.228.240	11.228.240	-	-	-
Other financial liabilities ^(*)	1.964.382	1.964.382	1.964.382	-	-	-
Total liabilities	42.566.079	45.254.763	18.576.286	17.164.771	7.389.849	2.123.857
Derivative financial liabilities						
Derivative cash inflows	59.160	2.522.365	1.753.173	769.192	-	-
Derivative cash outflows	(50.424)	(2.416.375)	(1.647.183)	(769.192)	-	-
	8.736	105.990	105.990	-	-	-

^(*) Only the financial liabilities under other payables and liabilities are included.

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NOTE 36 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Categories of the financial instruments and their fair values

31 December 2023	Financial assets/liabilities at amortized cost	Derivative financial instruments through other comprehensive income	Derivative financial instruments through profit/loss	Carrying value	Note
Financial Assets					
Cash and cash equivalents	24.072.967	-	-	24.072.967	4
Trade receivables	20.353.161	-	-	20.353.161	8
Financial investments	-	-	1.899.798	1.899.798	5
Other financial assets	214.383	-	-	214.383	9
Derivative financial instruments	-	7.792	3.604	11.396	6
	-	-	-	-	
Financial Liabilities					
Borrowings	67.740.702	-	-	67.740.702	7
Trade payables	23.427.066	-	-	23.427.066	8
Other liabilities	1.961.944	-	-	1.961.944	9/19/23
Derivative financial instruments	-	91.151	31.499	122.650	6
31 December 2022					
Financial Assets					
Cash and cash equivalents	15.186.458	-	-	15.186.458	4
Trade receivables	15.602.149	-	-	15.602.149	8
Financial investments	14.894	-	813.067	827.961	5
Other financial assets	119.399	-	-	119.399	9
Derivative financial instruments	-	30.766	28.394	59.160	6
Financial Liabilities					
Borrowings	29.580.739	-	-	29.580.739	7
Trade payables	11.228.240	-	-	11.228.240	8
Other liabilities	1.964.382	-	-	1.964.382	9/19/23
Derivative financial instruments	-	40.917	9.507	50.424	6

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

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NOTE 36 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (cont'd)

Categories of the financial instruments and their fair values (cont'd)

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Financial assets that are carried at cost value including cash and cash equivalents are assumed to reflect their fair values due to their short term nature.

The carrying value of receivables, with related impairments are assumed to reflect their fair values.

Financial liabilities

Fair values of short term borrowings and trade payables are assumed to approximate their carrying values due to their short term nature.

Fair values of long term financial liabilities are assumed to approximate their carrying values due to mostly they have floating interest rates and repricing at short term.

Financial asset and liabilities at fair value	31 December 2023	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through profit/loss				
Venture capital and financial investment fund	1.279.316	-	1.279.316	-
Currency protected time deposits	619.393	-	619.393	-
Derivative financial assets	3.604	-	3.604	-
Derivative financial liabilities	(31.499)	-	(31.499)	-
			-	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	7.792	-	7.792	-
Derivative financial liabilities	(91.151)	-	(91.151)	-
Total	1.787.455	-	1.787.455	-

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NOTE 36 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (cont'd)

Categories of the financial instruments and their fair values (cont'd)

Financial asset and liabilities at fair value	31 December 2022	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial assets and liabilities at fair value through profit/loss				
Venture capital investment fund	127.082	-	127.082	-
Financial assets held for trading	685.293	-	685.293	-
Derivative financial assets	28.394	-	28.394	-
Derivative financial liabilities	(9.507)	-	(9.507)	-
			-	
Financial assets and liabilities at fair value through other comprehensive income/expense				
			-	
Derivative financial assets	30.766	-	30.766	-
Derivative financial liabilities	(40.917)	-	(40.917)	-
Total	821.111	-	821.111	-

First Level: Quoted (non adjusted) prices in active markets for identical assets or liabilities.

Second Level: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Third Level: Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTE 37 - SUBSEQUENT EVENTS

None.

GRI CONTENT INDEX

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the Turkish version of the Report.

STATEMENT OF USE	Ereğli Demir ve Çelik Fabrikaları T.A.Ş. has reported in accordance with the GRI Standards for the period 01.01.2023-31.12.2023.
GRI 1 USED	GRI 1: Foundation 2021
APPLICABLE GRI SECTOR STANDARD(S)	N/A

GRI STANDARD	DISCLOSURE	LOCATION
GENERAL DISCLOSURES		
	Organizational Profile	
GRI 2: GENERAL DISCLOSURES 2021	2-1 Organizational details	About the Integrated Annual Report, Page: 1 Corporate Profile, Page: 10-15
	2-2 Entities included in the organization's sustainability reporting	About the Integrated Annual Report, Page: 1
	2-3 Reporting period, frequency and contact point	About the Integrated Annual Report, Page: 1 Annually Contact Person: Hilal GÜNTEPE ASLIBAY Group Corporate Communications Manager Tel: +90 216 578 8047 E-mail: hgaslibay@erdemir.com.tr
	2-4 Restatements of information	There is no restated information.
	2-5 External assurance	No external assurance was received for the report.
	Activities and Employees	
	2-6 Activities, value chain and other business relationships	Corporate Profile, Page: 10-15 Our Mining Metallurgy Companies In 2023, Page: 16-17 Business Model, Page: 24-25 Value Chain, Page: 26-27 https://erdemir.com.tr/en/corporate/corporate1
	2-7 Employees	Employees, Page: 108-113 Social Performance Indicators, Page: 132-133
	2-8 Workers who are not employees	Employees, Page: 108-113 Social Performance Indicators, Page: 132-133
	Governance	
	2-9 Governance structure and composition	Board of Directors, Page: 120 Senior Management, Page: 121 Corporate Governance Information Form, Page: 155-158
	2-10 Nomination and selection of the highest governance body	Corporate Governance Approach, Page: 118-119 Corporate Governance Information Form, Page: 155-158
	2-11 Chair of the highest governance body	Board of Directors, Page: 6-7
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Approach, Page: 118-119 Corporate Governance Information Form, Page: 155-158
	2-13 Delegation of responsibility for managing impacts	Strategic Approach, Page: 20-23 Corporate Governance Approach, Page: 118-119

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021	2-14 Role of the highest governance body in sustainability reporting	Strategic Approach, Page: 20-23 Corporate Governance Approach, Page: 118-119
	2-15 Conflicts of interest	Compliance with Ethical Principles, Page: 122-123 https://erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
	2-16 Communication of critical concerns	Corporate Governance Approach, Page: 118-119 https://erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
	2-17 Collective knowledge of the highest governance body	Corporate Governance Approach, Page: 118-119 Board of Directors, Page: 120 Senior Management, Page: 121 Corporate Governance Information Form, Page: 155-158 https://erdemir.com.tr/en/investor-relations/corporate-governance/board-of-directors-of-ere%C4%9Fli-demir-ve-celik-fabrikalar%C4%B1-t.a.s
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Approach, Page: 118-119 Board of Directors, Page: 120 Senior Management, Page: 121 Corporate Governance Information Form, Page: 155-158
	2-19 Remuneration policies	Employees, Page: 110 https://erdemir.com.tr/storage/uploads/2023/08/63a93achf61b83bcc6d8efd68bbb8882.pdf
	2-20 Process to determine remuneration	Employees, Page: 110 https://erdemir.com.tr/storage/uploads/2023/08/63a93achf61b83bcc6d8efd68bbb8882.pdf
	2-21 Annual total compensation ratio	https://erdemir.com.tr/storage/uploads/2023/08/63a93achf61b83bcc6d8efd68bbb8882.pdf https://erdemir.com.tr/storage/uploads/2023/08/b36e739afdbb12ed0d225c69218eaafa.pdf

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
	Strategy, Policies and Practices	
GRI 2: GENERAL DISCLOSURES 2021	2-22 Statement on sustainable development strategy	Strategic Approach, Page: 20-23
	2-23 Policy commitments	Corporate Governance Approach, Page: 118-119 https://www.erdemir.com.tr/en/investor-relations/corporate-governance/policies-and-regulations
	2-24 Embedding policy commitments	Statement of Compliance with Corporate Governance Principles, Page: 138 Corporate Governance Compliance Report, Page: 148-151 Corporate Governance Information Form, Page: 155-158 https://www.erdemir.com.tr/en/investor-relations/corporate-governance/policies-and-regulations
	2-25 Processes to remediate negative impacts	Strategic Approach, Page: 20-23 Customer's Solution Partner, Page: 62-63 Corporate Governance Approach, Page: 118-119
	2-26 Mechanisms for seeking advice and raising concerns	Customer's Solution Partner, Page: 62-63 Compliance with Ethical Principles, Page: 122-123
	2-27 Compliance with laws and regulations	Compliance with Ethical Principles, Page: 122-123 https://www.erdemir.com.tr/storage/uploads/2023/09/f521be6df77adef5310479e783b4d217.pdf
	2-28 Membership associations	Corporate Memberships, Page: 136-137
	Stakeholder Engagement	
	2-29 Approach to stakeholder engagement	Materiality Analysis, Page: 28-29 Stakeholder Relations, Page: 30-31
	2-30 Collective bargaining agreements	Employees, Page: 110 Social Performance Indicators, Page: 132-133
	MATERIAL TOPICS	
	GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics Materiality Analysis, Page: 28-29 3-2 List of material topics Materiality Analysis, Page: 28-29
	SUSTAINABLE PROFITABILITY	
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Financial Performance, Page: 50-51
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	Business Model, Page: 24-25 Financial Performance, Page: 50-51
	201-2 Financial implications and other risks and opportunities due to climate change	Business Model, Page: 24-25 Financial Performance, Page: 50-51 Environmental Performance, Page: 86-89, 92
	201-3 Defined benefit plan obligations and other retirement plans	Notes to the Consolidated Financial Statements, Page: 207
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1 Infrastructure investments and services supported	Investments, Page: 52-55
	203-2 Significant indirect economic impacts	Business Model, Page: 24-25

GRI STANDARD	DISCLOSURE	LOCATION
ETHICS AND TRANSPARENCY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Compliance with Ethical Principles, Page: 122-123 https://www.erdemir.com.tr/storage/uploads/2023/09/f521be6df77adef5310479e783b4d217.pdf
GRI 205: ANTI-CORRUPTION 2016	205-1 Operations assessed for risks related to corruption	Compliance with Ethical Principles, Page: 122-123 https://www.erdemir.com.tr/storage/uploads/2023/09/f521be6df77adef5310479e783b4d217.pdf
	205-2 Communication and training about anti-corruption policies and procedures	Compliance with Ethical Principles, Page: 122-123 https://www.erdemir.com.tr/storage/uploads/2023/09/f521be6df77adef5310479e783b4d217.pdf
	205-3 Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption during the reporting period.
CLIMATE CHANGE		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Environmental Performance, Page: 86-101
GRI 301: MATERIALS 2016	301-1 Materials used by weight or volume	Environmental Performance, Page: 96-98 Environmental Performance Indicators, Page: 134-135
	301-2 Recycled input materials used	Environmental Performance, Page: 96-98 Environmental Performance Indicators, Page: 134-135
	301-3 Reclaimed products and their packaging materials	Environmental Performance, Page: 96-98 Environmental Performance Indicators, Page: 134-135
ENERGY MANAGEMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Environmental Performance, Page: 86-101
GRI 302: ENERGY 2016	302-1 Energy consumption within the organization	Environmental Performance, Page: 93-95 Environmental Performance Indicators, Page: 134-135
	302-4 Reduction of energy consumption	Environmental Performance, Page: 93-95 Environmental Performance Indicators, Page: 134-135
	302-5 Reductions in energy requirements of products and services	Environmental Performance, Page: 93-95 Environmental Performance Indicators, Page: 134-135

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GRI STANDARD	DISCLOSURE	LOCATION
WATER MANAGEMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Environmental Performance, Page: 86-101
GRI 303: WATER AND EFFLUENTS 2018	303-1 Interactions with water as a shared resource	Environmental Performance, Page: 99-101 Environmental Performance Indicators, Page: 134-135
	303-3 Water withdrawal	Environmental Performance, Page: 99-101 Environmental Performance Indicators, Page: 134-135
	303-5 Water consumption	Environmental Performance, Page: 99-101 Environmental Performance Indicators, Page: 134-135
BIODIVERSITY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Environmental Performance, Page: 86-101
GRI 304: BIODIVERSITY 2016	304-3 Habitats protected or restored	Environmental Performance, Page: 100
AIR EMISSIONS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Environmental Performance, Page: 86-101
GRI 305: EMISSIONS 2016	305-5 Reduction of GHG emissions	Environmental Performance, Page: 100-101 Environmental Performance Indicators, Page: 134-135
WASTE MANAGEMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Environmental Performance, Page: 86-101
GRI 306: WASTE 2020	306-1 Waste generation and significant waste-related impacts	Environmental Performance, Page: 96-98 Environmental Performance Indicators, Page: 134-135
	306-2 Management of significant waste-related impacts	Environmental Performance, Page: 96-98 Environmental Performance Indicators, Page: 134-135
	306-3 Waste generated	Environmental Performance, Page: 96-98 Environmental Performance Indicators, Page: 134-135
	306-4 Waste diverted from disposal	Environmental Performance, Page: 96-98 Environmental Performance Indicators, Page: 134-135
	306-5 Waste directed to disposal	Environmental Performance, Page: 96-98 Environmental Performance Indicators, Page: 134-135

GRI STANDARD	DISCLOSURE	LOCATION
EMPLOYEE AND HUMAN RIGHTS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Employees, Page: 108-113
GRI 401: EMPLOYMENT 2016	401-1 New employee hires and employee turnover	Employees, Page: 108-113 Social Performance Indicators, Page: 132-133
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees, Page: 108-113 Social Performance Indicators, Page: 132-133
	401-3 Parental leave	Employees, Page: 108-113 Social Performance Indicators, Page: 132-133
GRI 402: LABOR/ MANAGEMENT RELATIONS 2016	402-1 Minimum notice periods regarding operational changes	In case of significant operational changes, legal minimum notice periods are complied with.
OCCUPATIONAL HEALTH AND SAFETY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Occupational Health and Safety, Page: 80-85
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1 Occupational health and safety management system	Occupational Health and Safety, Page: 80-85
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, Page: 80-85
	403-3 Occupational health services	Occupational Health and Safety, Page: 80-85
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, Page: 80-85
	403-5 Worker training on occupational health and safety	Occupational Health and Safety, Page: 80-85 Social Performance Indicators, Page: 132-133
	403-6 Promotion of worker health	Occupational Health and Safety, Page: 80-85
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, Page: 80-85
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety, Page: 80-85 Social Performance Indicators, Page: 132-133
	403-9 Work-related injuries	Occupational Health and Safety, Page: 80-85 Social Performance Indicators, Page: 132-133
	403-10 Work-related ill health	Occupational Health and Safety, Page: 80-85 Social Performance Indicators, Page: 132-133

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GRI STANDARD	DISCLOSURE	LOCATION
EMPLOYEE SATISFACTION AND TALENT MANAGEMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Employees, Page: 108-113
GRI 404: TRAINING AND EDUCATION 2016	404-1 Average hours of training per year per employee	Employees, Page: 108-113 Social Performance Indicators, Page: 132-133
	404-2 Programs for upgrading employee skills and transition assistance programs	Employees, Page: 108-113 Social Performance Indicators, Page: 132-133
EQUAL OPPORTUNITY AND DIVERSITY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Employees, Page: 108-113
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	Employees, Page: 108-113 Social Performance Indicators, Page: 132-133
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There were no incidents in which the right to freedom of association and collective bargaining was at risk during the reporting period.
CONTRIBUTION TO LOCAL DEVELOPMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Social Contribution, Page: 114-115
GRI 413: LOCAL COMMUNITIES 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Contribution, Page: 114-115
PRODUCT QUALITY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Product Management, Page: 64 Process Development Work, Page: 66-69
LOW EMISSION PRODUCTION TECHNOLOGIES		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Environmental Performance, Page: 86-101

GRI STANDARD	DISCLOSURE	LOCATION
OPERATIONAL EFFICIENCY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Investments, Page: 52-55 Customer's Solution Partner, Page: 62-63 Process Development Work, Page: 66-69 Digital Transformation and Technology, Page: 104-105
RESPONSIBLE PROCUREMENT AND SUPPLY CHAIN MANAGEMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Supply Chain Management, Page: 74-77
R&D AND INNOVATION		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 R&D and Innovation, Page: 102-103
CIRCULAR ECONOMY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Environmental Performance, Page: 86-101
CORPORATE GOVERNANCE		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Corporate Governance Approach, Page: 118-119
DIGITALIZATION		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Digital Transformation and Technology, Page: 104-105
COMMUNITY INVESTMENT PROGRAMS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 2-5 Materiality Analysis, Page: 28-29 Social Contribution, Page: 114-115

CONTACT

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. İSTANBUL

Barbaros Mahallesi, Ardiç Sokak, No: 6, 34746
Ataşehir/İSTANBUL-TÜRKİYE
Tel: +90 216 578 80 00
Fax: +90 216 469 48 10

EREĞLİ

Uzunkum Caddesi, No: 7, 67330
Karadeniz Ereğli/ZONGULDAK-TÜRKİYE
Tel: +90 372 323 25 00
Fax: +90 372 333 15 00
E-mail: iletisim@erdemir.com.tr
Web: www.erdemir.com.tr

İSKENDERUN DEMİR VE ÇELİK A.Ş.

Karşı Mahalle, Şehit Yüzbaşı Ali Oğuz Bulvarı, No: 1
Payas/HATAY-TÜRKİYE
Tel: 0326 758 40 40
Fax: 0326 758 53 51- 758 38 38
E-mail: info@isdemir.com.tr
Web: www.isdemir.com.tr

ERDEMİR MADENCİLİK SAN. VE TİC. A.Ş.

Cürek Yolu 5. km
Divriği/SİVAS-TÜRKİYE
Tel: 0346 419 11 21 (5 Line)
Fax: 0346 419 11 50
E-mail: ermaden@erdemirmaden.com.tr
Web: www.erdemirmaden.com.tr

ERDEMİR ÇELİK SERVİS MERKEZİ SAN. VE TİC. A.Ş.

Gebze Organize Sanayi Bölgesi, 700. Sokak, No: 724
Gebze/KOCAELİ-TÜRKİYE
Tel: 0262 679 27 27
Fax: 0262 679 27 97
Web: www.ersem.com.tr

ERDEMİR MÜHENDİSLİK YÖNETİM VE DANIŞMANLIK HİZMETLERİ A.Ş.

Barbaros Mahallesi, Ardiç Sokak, No: 6, 34746
Ataşehir/İSTANBUL-TÜRKİYE
Tel: 0216 578 80 00
Fax: 0216 469 48 37
E-mail: erdemirmuhendislik@erdemir.com.tr
Web: www.muhendislikerdemir.com.tr

KÜMAŞ MANYEZİT SAN. A.Ş.

Eskişehir Karayolu 9 Km.
Merkez/KÜTAHYA-TÜRKİYE
Tel: 0274 225 00 50 (5 Line)
Fax: 0274 225 00 60-62
Web: www.kumasref.com

YENİLİKÇİ YAPI MALZEMELERİ YATIRIM ÜRETİM SANAYİ VE TİCARET A.Ş.

İstanbul Yolu 8 Km.
KÜTAHYA-TÜRKİYE
Tel: 0274 225 16 38
Fax: 0274 225 16 38
Web: www.yenilikciyapi.com

ERDEMİR ROMANIA SRL

18, Soseaua Gaesti, Targoviste 130087
Dambovita-ROMANIA
Tel: 00 40 245 60 71 00
Fax: 00 40 245 60 60 70
E-mail: office@erdemir.ro
Web: www.erdemir.ro

ERDEMİR ASIA PACIFIC PTE. LTD.

10 Science Park Road #03-11 The Alpha
SINGAPORE 117684
Tel: 00 65 6883 00 57 - 59
E-mail: singapore@erdemir.com.tr

İSDEMİR LINDE GAZ ORTAKLIĞI A.Ş.

Karşı Mahalle, Şehit Yüzbaşı Ali Oğuz Bulvarı, No: 1
Payas/HATAY-TURKEY
Tel: 0 326 758 41 00
Fax: 0 326 758 39 91

ERDEMİR ENERJİ ÜRETİM A.Ş.

Barbaros Mahallesi, Ardiç Sokak, No: 6, 34746
Batı Ataşehir/İSTANBUL-TÜRKİYE
Tel: 0 216 578 80 00
Fax: 0 216 469 48 07
Web: www.erdemirenerji.com.tr

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