60th year

A legacy from our past and a gift for our future

Integrated Annual Report 2024

th year

A legacy from our past and
a gift for our future

Integrated Annual Report 2024

ERDEMİR I İSDEMİR

ERDEMİR MADEN I ERSEM I ERDEMİR MÜHENDİSLİK
KÜMAŞ MANYEZİT I ERDEMİR ROMANIA
ERDEMİR ENERJİ I İSDEMİR LİNDE GAZ ORTAKLIĞI
ERDEMİR ASIA PASIFIC I YENİLİKÇİ YAPI MALZEMELERİ

This fire, a legacy from our deep-rooted past, a gift for our future...

As Türkiye's leading steel producer, we have proudly stood strong for 60 years! Driven by our commitment to excellence, we focus on delivering the best through cutting-edge technology investments and the expertise of our dedicated team. Our broad portfolio of flat and long steel products offers tailored solutions to meet the unique needs of diverse industries -from automotive and construction to energy and defense. We draw our strength from the depth of our legacy and the unwavering dedication of our people. Today, we are actively shaping the future of the steel industry, guided by a steadfast focus on sustainability and innovation.

Our 60-year journey

1960
A special law is enacted for the establishment of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir) and Erdemir is founded.

1961
Excavation, construction and assembly works of the facility have started.

1965
Erdemir started production on May 15 with an annual capacity of half a million tons of crude steel and 400 thousand tons of flat steel.

1970
İskenderun Demir ve Çelik A.Ş. (İsdemir) was founded.

1972
Crude steel capacity increased to 800 thousand tons with interim expansion investments.

1978
With the completion of the Stage I Expansion Investments, Erdemir's annual crude steel capacity increased to 1.5 million tons.

1983
Phase II Expansion Investments were completed. (Capacity: 1.7 million tons/ year crude steel)

1986
With the opening of the Istanbul Stock Exchange (BIST), Erdemir shares started to be traded on the stock exchange.

1987
Following the completed investments, a crude steel capacity of 2 million tons was reached.

1996
Within the scope of the KAM I and KAM II investment projects, Erdemir's annual capacity increased to 3 million tons of crude steel.

1997
The 2nd Cold Rolling Mill Facilities, which significantly expanded Erdemir's product portfolio, were commissioned.

1998
Erdemir Port, the largest port on the Black Sea coast, was put into operation.

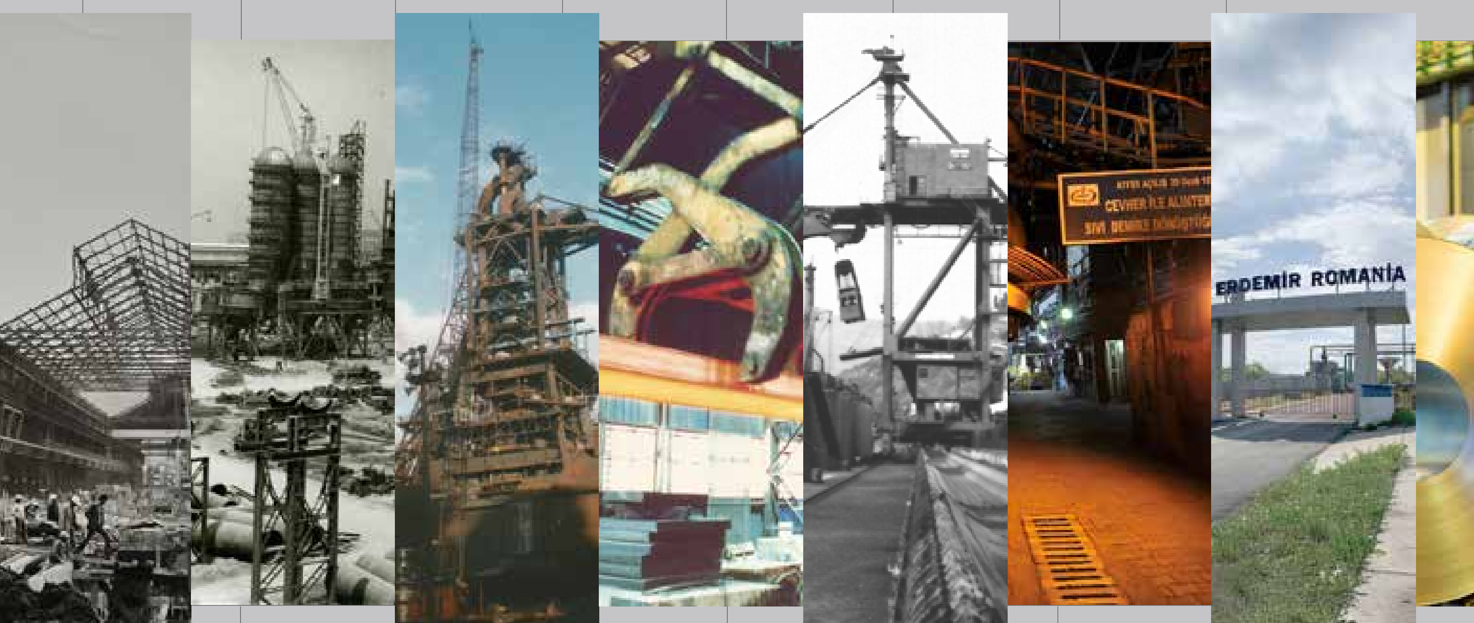
1999
The Tin Chrome Plating Line with an annual capacity of 290 thousand tons was commissioned at Erdemir.

2000
Flat steel production exceeded 3 million tons capacity.

2001
Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. was established.

Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (Ersem) started operations in Gebze with an annual capacity of 150 thousand tons.

2002
İsdemir and Erdemir Romania incorporated Erdemir.



The tender process for the privatization of Erdemir started on 30 May 2005.

2005

The New Blast Furnace No. 1 Ayşe, which was entirely the work of Erdemir engineers and workers from the project to its construction and commissioning, was commissioned.

İsdemir produced the first flat finished product coil at the Hot Rolling Mill with a capacity of 3.5 million tons, which was established within the scope of Modernization and Transformation Investments.

2008

Ersem launched its new steel service center in Ereğli facilities.

Erdemir's Environmental Management Process-Environmental Performance Index and Sustainability Activities were among the best practices that will represent our country in the competition for the Selection of the Best Practices in the Field of Sustainable Development and Green Economy in Türkiye.

2012

Erdemir Asia Pacific Pte. Ltd. was established as a wholly owned subsidiary of Erdemir in order to carry out purchasing, marketing and sales activities in the Asia-Pacific Region. Ltd. was established as a 100% subsidiary of Erdemir.

Erdemir brought Türkiye's first steel R&D Center approved by the Republic of Türkiye Ministry of Science, Industry and Technology to the sector.

Erdemir's has outlined its 2020 vision.

2014

İsdemir achieved a first in Türkiye and exceeded 5 million tons in liquid iron production.

In order to support İsdemir's industrial gas production, İsdemir Linde Gaz Ortaklığı A.Ş. was established through a 50%-50% partnership with the German Linde Group.

2016

Erdemir Enerji Üretim A.Ş. was established.

Erdemir Maden started a coal field investment in Alacaağzı, Zonguldak.

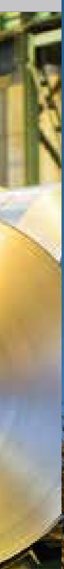
2019

Kümaş Manyezit, which is the world's largest mining operator in the quality magnesite ore sector in and the Turkish market leader in the refractory sector, was acquired by Erdemir.

2021

Erdemir and İsdemir established the "Net Zero Roadmap" green transformation strategy. Towards the 2050 Net Zero emission target, decarbonization efforts were accelerated.

2024








2004

Divriği-Hekimhan Madenleri San. ve Tic. A.Ş. (DİVHAN) was acquired and its title was changed to Erdemir Madencilik San. ve Tic. A.Ş.

Erdemir received the Competence in Excellence Award at the European Quality Award and the Achievement Award in the Large Scale Organizations category of the National Quality Award.

2006

Erdemir was acquired by OYAK. İsdemir realized its first slab production.

Erdemir won first place in the Management Category of the EU Environment Awards Türkiye Program.

The first slab was produced within the scope of modernization and transformation investments at İsdemir.

2011

İsdemir's 4th Blast Furnace was commissioned.

Erdemir Maden's Ekinbaşı operation started operations.

2013

Erdemir's headquarters moved to Istanbul.

2015

Ersem Manisa Steel Service Center opened.

Erdemir celebrated its 50th anniversary

2018

Commissioning of the 8th Air Separation Plant by İsdemir Linde Gaz Ortaklığı A.Ş.

2020

Erdemir celebrated the 55th anniversary of its commissioning and İsdemir celebrated its 50th anniversary.

Erdemir, İsdemir, Ersem and Erdemir Maden facilities received the zero waste certificate.

Erdemir Maden opened the Ore Production and Enrichment Plant to produce pellets by bringing the ore from Hasançelebi in Malatya to Divriği.

2023

Erdemir commissioned its new 2nd Blast Furnace Zübeyde on the 100th anniversary of the Republic of Türkiye.

Contents

INTRODUCTION
07 About the Integrated Annual Report
10 Message from the Chairman
14 Board of Directors
16 Senior Management
18 Corporate Profile
24 Our Mining Metallurgy Companies in 2024

SUSTAINABILITY
30 Strategic Approach
34 Business Model
38 Value Chain
40 Materiality Analysis
42 Stakeholder Relations

OVERVIEW
46 Economic and Industrial Environment
62 Share Price Developments
66 Financial Performance
68 Investments

SUSTAINABLE GROWTH
74 Production and Sales
78 The Customer's Solution Partner
80 Product Management
82 Process Development Work
86 Management Systems
90 Supply Chain Management

RESPONSIBLE PRODUCTION
94 Occupational Health and Safety
102 Environmental Performance
120 R&D and Innovation
126 Digital Transformation and Technology

PEOPLE-CENTERED APPROACH
130 Employees
136 Social Contribution

CORPORATE GOVERNANCE
142 Corporate Governance Approach
144 Board of Directors
145 Senior Management
146 Compliance with Ethical Principles
147 Internal Audit System
148 Risk Management
151 Risk Management Projects

APPENDIX
154 Social Performance Indicators
156 Environmental Performance Indicators
158 Corporate Memberships
160 Corporate Governance Principles Compliance Statement
161 Sustainability Principles Compliance Framework
170 Corporate Governance Compliance Report
176 Corporate Governance Information Form
187 Erdemir TSRS Report 2024
211 İsdemir TSRS Report 2024
236 Affiliated Company Report 2024
237 Board of Directors Committees Operating Principles and an Assessment of Such Committees' Effectiveness
239 Other Issues
240 Statement of Responsibility
247 Consolidated Financial Statements and Independent Auditor's Report for the Period January 1-December 31, 2024
355 GRI Content Index

CONTACT

About the Integrated Annual Report

Resilient, strong, sustainable

The Scope and Standards Used
The sixth 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.

Reflecting the management approach of OYAK Mining Metallurgy Companies in material issues, the report was 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), it also includes the data of the OYAK Mining Metallurgy Companies. The companies covered by the presented data are specified in the relevant sections. The 2024 integrated annual report has been prepared with reference to the International Integrated Reporting Framework recommended by the International Integrated Reporting Council (IIRC) and the "GRI Standards" published by GRI. Content of the report is compiled in accordance with the content determination methods described in GRI Standards, mainly with materiality analysis. Performance indicators are presented mainly in the context of "GRI Standards" disclosures.

Reporting Period
The numerical data in this report covers the operational period from January 1, 2024 to December 31, 2024, unless otherwise specified.

The data presented in the report serves as a benchmark for future integrated annual reports to be published by the Mining Metallurgy Companies.

Reporting Cycle
OYAK Mining Metallurgy Companies publish their integrated annual reports on an annual basis and intend to continue reporting their activities on a yearly cycle in subsequent periods.

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. Other content other than financial data has not undergone any external audit or control process.

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

The transformation shaping the future from fire to steel

10 Message from the Chairman
14 Board of Directors
16 Senior Management
18 Corporate Profile
24 Our Mining Metallurgy Companies in 2024

Introduction

Message from the Chairman

Despite fluctuations in the global steel sector, Türkiye stood out as one of the countries with the highest proportional growth, driven by an increase in production volumes.

3.2%

Turkish Economy Growth Rate in the First Nine Months of 2024

Dear Stakeholders, Business Partners and Colleagues,

Though 2024 was marked by uncertainty and challenges across all sectors globally, it also opened the door to new opportunities and innovative approaches.

The global economy became increasingly volatile due to supply chain disruptions, rising costs, high inflation, interest rate fluctuations, and supply-demand imbalances. At the same time, nations worked to strike a delicate balance between economic growth and sustainable development. This dynamic environment fueled a rise in economic protectionism and geopolitical competition, while significantly accelerating the prominence of sustainability efforts—particularly in green energy transformation, which emerged as a key pillar in the pursuit of energy independence.

Still, the biggest risk is climate change

All these global developments have led to unexpected shifts in supply and demand, pushing organizations and companies to adopt more flexible and agile strategies.

Addressing these uncertainties -while ensuring sustainable development, accelerating the green energy transition, and combating climate change, which remains the most pressing existential threat to our planet- requires enhanced collaboration across the business world.

Türkiye continues its growth trajectory

The past year brought positive developments in the Turkish economy, largely in line with expectations. Economic stability improved notably following the local elections, as policy implementation gained momentum and inflation -long a key challenge- began to ease.

Signs of growing confidence in Türkiye's economic direction became increasingly evident through rising foreign capital inflows, a strengthening of foreign reserves, removal from the FATF gray list, and credit rating upgrades by international agencies. Türkiye's economy grew by 3.2% in the first nine months of the year, placing it among the top five best-performing economies in the G20.

Looking ahead to 2025 from today's perspective, we do not anticipate a dramatically different landscape amid slowing global demand and intensifying trade wars. Once again, "uncertainty" will define the business environment and the global economy.

The evolving global economic outlook -particularly shaped by the reshuffling of international trade relationships- will play a critical role in determining the trajectory of steel production throughout the year. At the same time, declining steel demand in China is expected to reinforce a cautious global sentiment toward the steel sector in 2025.

While fluctuations and downturns in the global economy and steel sector will inevitably impact Türkiye -the world's eighth-largest steel producer- and its domestic manufacturers, the country has now recovered from the production decline caused by the 2023 earthquake disaster.

Süleyman Savaş ERDEM
Chairman of the Board of Directors

Türkiye recorded a 9.4% increase in crude steel production, one of the highest proportional growth rates globally.

According to the World Steel Association, global crude steel production in 2024 declined by 0.9%, totaling 1,839 billion tons. The primary driver of this global contraction was a reduction in China's output, which led to significant unpredictability in the steel sector. During this period, China's production fell by 1.7%, amounting to 1 billion tons. As in previous years, India followed China in production volume. In 2024, India's steel production rose by 6.3%, reaching 149.6 million tons, fueled by continued capacity expansions. Türkiye, meanwhile, achieved a notable recovery from the production losses caused by the 2023 earthquake and recorded a 9.4% increase in crude steel production, one of the highest proportional growth rates globally. With this performance, Türkiye's steel output rose to 36.9 million tons.

We achieved our targets with agile and experienced management

In a challenging environment for both our sector and the broader economy, OYAK Mining Metallurgy Companies successfully limited the contraction in profit margins. This resilience was made possible by our high adaptability, seasoned management, and expert human resources, which allowed us to navigate uncertainty and deliver on our targets with agility and precision.

While some producers faced production cuts, indefinite shutdowns, and workforce reductions due to declining global steel demand and rising operational costs, we maintained both production and employment throughout this challenging period. At the same time, we remained firmly committed to our strategic vision, continuing with planned investments and advancing our green transformation initiatives without interruption.

2024 was a year marked by ongoing uncertainty in the global economy, yet it also presented new opportunities. Through our strong operational capabilities, as OYAK Mining Metallurgy Companies, we achieved steady growth during this period.

In 2024, total crude steel production reached 8.5 million tons. Final product output included 7.1 million tons of flat products and 965 thousand tons of long products. By year-end, total exports amounted to 1.54 million tons, with international sales accounting for 19% of total sales, and we successfully exported flat products to 35 countries and long products to 7 countries.

Our companies delivered strong consolidated financial results in 2024. EBITDA reached USD 646 million, corresponding to an EBITDA margin of 10.4%. Year-end net profit totaled USD 411 million, with a net profit margin of 6.6%.

Message from the Chairman

Through our strong operational capabilities, as OYAK Mining Metallurgy Companies, we achieved steady growth during this period.

646

USD million

2024 OYAK Mining Metallurgy EBITDA Value

Steel: The Foundation of Development

Steel production has been a cornerstone not only of industry but of development itself for over a century—serving as a foundational pillar of modern industrialization and a powerful driver of economic growth. As such, organizations engaged in steel production bear a responsibility that extends far beyond their sectoral boundaries and operational outputs. OYAK Mining Metallurgy Companies have proudly embraced this responsibility since their inception, drawing strength from past achievements to confidently pursue even greater challenges. We understand that leadership in this field means more than producing steel faster, more efficiently, and to the highest quality standards—it also entails a commitment to innovation, forward-looking investments, green transformation, social development, and sustainability.

In 2024, OYAK Mining Metallurgy Companies achieved significant breakthroughs across all key strategic areas. As part of a long-term vision, the companies have planned transformation investments totaling USD 3.2 billion through the end of 2030. For the fiscal year 2024 alone, investment expenditures reached USD 1.1 billion, bringing the cumulative total since 2016 to USD 4.3 billion. Notably, a substantial portion of these investments has been dedicated to green transformation projects.

Strong steps in green transformation

Following the completion of the Bingöl Avnik Pelletizing Plant, a cornerstone of our green transformation strategy, we aim to increase our self-sufficiency in pellets from the current 25–30% range to 80–85%, and in total ferrous raw materials from 15–20% to 40–45%.

By placing climate change mitigation and sustainability at the heart of our business processes, we implemented numerous national and international innovations in 2024. Erdemir's sustainability policy serves as a strong foundation for a wide range of initiatives, including carbon footprint reduction, investment in renewable energy, enhancing energy efficiency, and the adoption of circular economy practices.

In 2024, we unveiled the net-zero emissions roadmap for Erdemir and İsdemir, both of which are advancing their green transformation journey without losing momentum. Aligned with the European Green Deal, our goal is to reduce carbon emissions per ton of crude steel production by 25% by 2030 and by 40% by 2040, using 2022 as the base year, ultimately reaching net-zero emissions by 2050. As pioneers of Türkiye's iron and steel industry and global players empowered by OYAK's strategic vision and strength, Erdemir and İsdemir will continue to lead the sector on this critical path toward a sustainable and low-carbon future.

Celebrating our 60th anniversary with investments

In 2024, Erdemir successfully completed hydrogen injection in its 1st Blast Furnace, marking yet another industry first in Türkiye. As one of only three steel manufacturers in Europe currently utilizing this advanced technology, we take great pride in bringing such innovative infrastructure to our country. In parallel, we have taken a significant step toward reducing fossil fuel dependency by commissioning a pilot Pyrolysis Facility with an annual biochar production capacity of 7,000 tons. This initiative not only supports our carbon emissions reduction goals but also offers cost efficiency by decreasing fossil fuel consumption.

Erdemir Stock Yard

OYAK Mining Metallurgy Companies proudly represent Türkiye on the global stage through their international operations and achievements.

As Erdemir enters its 60th operational year, investment activities will continue at full pace throughout 2025. A key milestone will be the commissioning of the 4th Coke Battery, which will add 800,000 tons of capacity. This new facility is designed to enhance operational efficiency through advanced environmental protection systems and increased automation, while also reducing dependence on imported coke. Additionally, energy efficiency will be further supported by the expansion of the 1st Blast Furnace, which will increase final product volumes and enable the use of additional blast furnace gas from liquid raw iron production for electricity generation.

Commissioning Türkiye's highest capacity furnace

As İsdemir approaches its 55th anniversary, the company has finalized all preparations for the launch of its 1st Blast Furnace, which stands as Türkiye's highest-capacity blast furnace. This next-generation facility will offer far more than increased liquid pig iron production capacity—it will also play a key role in advancing İsdemir's sustainable growth vision through enhanced energy efficiency, environmentally responsible manufacturing practices, and the integration of cutting-edge technologies.

One of our Group's most significant achievements in 2024 was the discovery of gold deposits in a mining field under Ermaden's jurisdiction, located in the province of Sivas. To assess the full potential of this discovery, reserve evaluation studies are currently being conducted in accordance with the standards of the National Mining Resource and Reserve Reporting Commission (UMREK). Updates on the progress and outcomes of these studies will be shared with stakeholders through the Public Disclosure Platform (KAP) in due course.

Eurobond issue demonstrates market confidence

OYAK Mining Metallurgy Companies proudly represent Türkiye on the global stage through their international operations and achievements. A clear testament to this global confidence is the successful Eurobond issuance of USD 950 million by Erdemir, which reflects strong trust from international investors in both our country and our company. The proceeds from this issuance will not only strengthen our financial position by extending the average maturity of our credit portfolio, but also provide critical support to our ongoing investment program.

With a workforce of 12,366 employees, OYAK Mining Metallurgy Companies rank among Türkiye's largest direct employers, while also supporting approximately 300,000 indirect jobs, thereby continuing to generate substantial national value. As we move forward with confidence in the global marketplace, we remain committed to systematically implementing world-class practices in the steel industry.

Our achievements are rooted in the trust of our stakeholders, the dedication and expertise of our colleagues, and our unwavering commitment to our country.

I extend my sincere gratitude to all our stakeholders for their continued support, especially the Turkish Armed Forces Pension Fund (OYAK).

Sincerely,

Süleyman Savaş ERDEM
Chairman of the Board of Directors

Board of Directors

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

Gürtan DAMAR
Deputy Chairman and Executive Director
(Representative of OMSAN Lojistik A.Ş.)

Mustafa Serdar BAŞOĞLU
Board Member and Executive Director
(Representative of OYAK Pazarlama Hizmet ve Turizm A.Ş.)

Sezai Afif ENSARİ
Independent Board Member

Emre GÖLTEPE
Independent Board Member

Kadri ÖZGÜNEŞ
Independent Board Member

Baran ÇELİK
Board Member
(Representative of OYKA Kağıt Ambalaj San. ve Tic. A.Ş.)

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

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

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

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

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

Şevket Selim YILMAZ
Procurement Group Vice President

Gürtan DAMAR
Deputy Chairman and Executive Director
Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. General Manager

Süleyman Savaş ERDEM
Chairman of the Board of Directors

Mustafa Serdar BAŞOĞLU
Board Member and Executive Director
Financial Management and Financial Affairs Group Vice President

Ercan KAYA
Corporate Architecture and Human Resources Group Vice President

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

Corporate Profile

We generate value for our customers with our high-quality products and services. We develop and renew ourselves in line with their needs and expectations.

8^{th} place

Ranking of crude steel production in Europe

52^{nd} place

Global ranking of crude steel production

At OYAK Mining Metallurgy Companies, we have been working for our country and stakeholders for 60 years. With an awareness that comes with being the leading player in the steel industry, we focus on sustainable growth, responsible production and putting people at the heart of everything we do.

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

We serve the Turkish industry with 11 companies including our parent company, Erdemir, which was Türkiye's first flat steel producer, and its affiliates, İsdemir, Erdemir Maden, Erdemir Çelik Servis Merkezi, Erdemir Mühendislik, Erdemir Romania, Erdemir Asia Pacific, Erdemir Enerji, İsdemir Linde Gaz Ortaklığı, Kümas 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 generating energy, and we lead the sector with our pioneering practices.

As the leading steel producer in our industry, we produced 8.5 million tons of crude steel in 2024. We have also maintained our strong position in the global steel market. OYAK's Metallurgy Companies rank 4^{th} among EU member countries' producers, 8^{th} in Europe and 52^{nd} in the world in terms of crude steel production, based on figures published by the World Steel Association.

We provide raw materials to almost every branch of industry, in particular to the automotive, white goods, construction, machinery, shipbuilding, pipe, energy, defense and packaging industries. We are preferred as a high-quality and reliable supplier both in Türkiye and abroad.

We conduct advanced steel research at the Erdemir R&D Center to expand our product range, offer innovative solutions that propel our customers forward, use our resources efficiently, and evaluate alternative resources. This center holds the distinction of being the Turkish steel sector's first R&D Center approved by the Ministry of Industry and Technology.

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

Erdemir Hot Rolling Mill

With the strength we draw from our employees and the steel we produce, we are working to shape a better future and create added value for our country.

We derive our strength from our 12,366 employees, with their competence, experience, determination and their belief in our common future.
We care about the satisfaction and development of our employees, observe their rights and believe in their potential. We aim to add value to the lives of our employees, support their developmental needs throughout their career paths and support their innovative and creative ideas.

Providing our employees with healthy and safe work areas is our top priority. We develop feedback systems so we can immediately identify risky behavior elements. We act with the principle that every accident is preventable in our facilities. We support our employees with continuous and systematic OHS training in order to instill a sustainable safety culture.

Together with all our companies, we continue to carry out our activities with a sense of responsibility by considering all environmental risks caused by climate change, and by not only being in the present but also in the future.

OYAK Mining

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

Erdemir, playing one of the most significant roles in Türkiye's industry, began production on May 15, 1965, at its facilities established in Karadeniz Ereğli to meet the country's flat steel requirements. 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 59 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 finished 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 initiated ore extraction operations in 1938 in the Divriği district of Sivas, subsequently continuing as Iron Mines Enterprise from 1940. Incorporated into the Erdemir group in 2004, Erdemir Maden distinguishes itself as the proprietor of the sole pellet facility addressing the requirements of Türkiye's iron and steel industry.

The company furnishes the Turkish steel sector with indigenous raw materials through its production capacity of 1.5 million tons of pellets alongside 750 thousand tons of hematite lump and powder ore.

In addition to its concentration and pellet facility situated in Sivas Divriği, Erdemir Maden controls a portfolio of 16 mining sites, comprising 12 iron fields, one coal and quartz sand field, one manganese field, and two clay deposits.

The iron ore reserves within the company's licensed territories constitute 52.3% of Türkiye's viable iron ore reserves. Operating independently, Erdemir Maden covers 33% of the national iron ore production and satisfies 14% of the country's ferrous raw material demand.

Metallurgy Companies

Erdemir Çelik Servis Merkezi San. and 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 size cutting 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.

Upon completion of the investments initiated by Ersem in 2022, its slitting and cut-to-length production capacity will increase from a total of 1 million 950 thousand tons to 2 million 225 thousand tons. Türkiye's largest steel service center, Ersem operates four production facilities located 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.

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 an annual production capacity of 120 thousand tons, Erdemir Romania supplies fully processed NGO (non-grain oriented) grades to the market and offers products and services for all electronic-technical applications, electric motor, power transformer and generator manufacturing industries, drawing upon over 40 years of technical expertise.

The company, strategically positioned near Europe's main transportation routes in Romania, operates within OYAK Mining Metallurgy, Türkiye's largest steel producer. Through group synergy, the company enhances our technical and financial strength with an operational model compliant with ISO 9001, ISO 14001, ISO 45001 and ISO 50001 standards. Furthermore, in 2023, we reaffirmed our sectoral excellence by obtaining the IATF 16949:2016 Quality Management System Certificate, which attests to the superior quality of our products and the conformity of our processes with automotive industry standards.

Corporate Profile

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

Erdemir Engineering was founded in 2001 and joined the OYAK Group Companies in 2006.

Erdemir Engineering develops value-creating projects for its clients by providing engineering solutions for the iron and steel sector, producing integrated solutions to international standards with sustainability at their core.

Encompassing all major engineering disciplines, Erdemir Engineering delivers comprehensive engineering and project management services, from feasibility studies to implementation, including project management, design, procurement, contract management and supervision. Whilst creating distinction in the sector through innovative and high-caliber future-oriented projects, the company leads the sustainable transformation process in alignment with the net-zero carbon target by 2050.

Erdemir Engineering prioritizes efficiency, energy conservation and minimal environmental impact in the installation of facilities that are subject to investment projects.

Kümaş Manyezit Sanayi A.Ş.

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

Established in Kütahya in 1972, Kümaş Manyezit San. A.Ş. started to produce sinter magnesite from natural magnesite ore in 1976. The Company has rich magnesite and dolomite resources and reserves. The Company, the market leader of the Turkish refractor industry in terms of its reserves and size, owns mining sites in Kütahya, Eskişehir, and Konya. Kümaş Manyezit primarily serves iron and steel, as well as concrete and glass industries.

Kümaş Manyezit, the world's largest mining operator in the quality magnesite ore sector and market leader in Türkiye's refractory sector, was acquired by Erdemir on 3 February 2021. With this acquisition, we aim for cost control and productivity increases through vertical integration.

Odak Refrakter ve Madencilik Sanayi ve Ticaret A.Ş., a subsidiary of Kümaş Manyezit, was transferred to Yenilikçi Yapı Malzemeleri Yatırım Üretim San. ve Tic. A.Ş. on 10 May 2022 with all its assets and liabilities, resulting in the merger of the two companies.

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. in order to contribute to the national economy, prevent environmental pollution, and provide sustainability.

The Company merged with Odak Refrakter ve Madencilik Sanayi ve Ticaret A.Ş., another subsidiary of Kümaş Manyezit, effective from 10 May 2022, forming Yenilikçi Yapı Malzemeleri Yatırım Üretim Sanayi ve Ticaret A.Ş.

Yenilikçi Yapı Malzemeleri, operating in the recycling sector for approximately twenty years, joined the affiliated companies following 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.

Kızılcapınar HEPP became operational on 18 June 2021 as a renewable hydroelectric power plant within the framework of the Ministry Acceptance Certificate issued by the Ministry of Energy and Natural Resources. Kızılcapınar HEPP features two units, one 4.28 MWm/4.13 MWe and one 1.26 MWm/1.22 MWe, with a total installed capacity of 5.54 MWm/5.35 MWe. Subject to hydrological conditions, the plant's average annual production capacity is 18 million 700 thousand 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 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.

Successful operational results

7 million 120 thousand tons
Flat Finished Product Production

USD 6 billion 225 million
Sales Revenue

965 thousand tons
Long Finished Product Production

USD 646 million
EBITDA

2 million 535 thousand tons
Magnesite and Ore Production

USD 1 billion 70 million
Investment Expenditure

1 million 540 thousand tons
Export

TL 335 million 591 thousand
R&D Expenditure

According to the 2023 results of the "R&D 250, Türkiye's Companies with the Highest R&D Expenditures Survey" prepared by Turkishtime, Erdemir ranked 16th in terms of the number of projects carried out at the R&D Center and the number of utility models received, and 45th in the overall list.

Erdemir ranks 17th among Türkiye's largest companies according to the Fortune 500 Türkiye list, which includes all sectors except financial institutions and holdings.

In Sustainability Index;

Erdemir was included in the Sustainability Index for the 10th time this year. İsdemir, on the other hand, has been included in the Sustainability Index for the last six years.

Erdemir's **Corporate Governance Principles** compliance rating increased to **9.70**.

İsdemir's **Corporate Governance Principles** compliance rating was **9.70**.

Our Mining Metallurgy Companies

ISO 500

Erdemir	İsdemir	Ersem	Ermaden
10th place	12th place	75th place	204th place

CAPITAL 500

Erdemir	İsdemir
17th place	35th place

Erdemir ranked 1st place in the sector in Türkiye's 500 largest companies ranking.

Erdemir ranked 7th and İsdemir 26th in the overall ranking of Türkiye's "Global 100" companies organized by Platin magazine in cooperation with Ipsos.

Awards

At the MESS Stars of Occupational Safety Competition, Ersem ranked first in the OHS Special Award category with its “Safe Overhead Crane” project and won an award in the OHS Ambassadors category with its “Safe Production Line” project.

Ersem was awarded worthy of an award at the “4th OSB Stars Research Award Ceremony” held under the coordination of the Ministry of Industry and Technology.

İsdemir was awarded the HIT-30: High Technology Investment Award organized by the Ministry of Industry.

Participating in the “Energy Efficiency Competition between Industry and Universities” organized by the Ministry of Energy, İsdemir won an award with its project on “Reducing Steam Consumption in Turbo Bellows No. 8.”

Erdemir received the “First Prize in the Iron and Steel Sector” award in the ranking of Türkiye’s largest companies organized by Capital magazine.

The sustainable future legacy from fire to steel

30 Strategic Approach
34 Business Model
38 Value Chain
40 Materiality Analysis
42 Stakeholder Relations

Sustainability

Strategic Approach

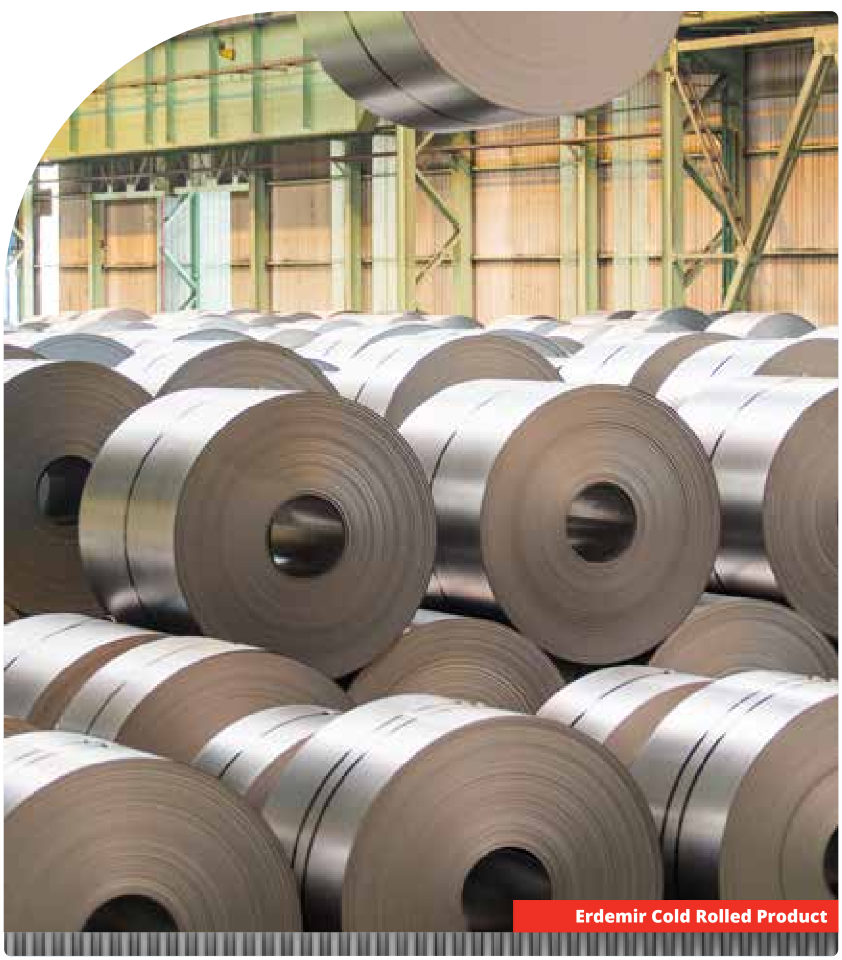
As OYAK Mining Metallurgy Companies, we maintain our strong financial performance through effective cost and capacity management, and exhibit balanced growth in foreign markets as well as the domestic market.

We formulate our strategies by anticipating challenges in an ever-changing dynamic environment, and integrate our priorities and focus areas into our business model to ensure competitive advantage.

As OYAK Mining Metallurgy Companies, we build our operations around the goals of developing our activities in a way that will benefit society and the environment, managing our risks correctly, reducing our carbon footprint and integrating climate change-related risks and opportunities into all of our business processes.

We shape our approach to value creation on the basis of three basic concepts as follows:

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


Erdemir Cold Rolled Product

Sustainable Growth

As OYAK Mining Metallurgy Companies, one of Türkiye's largest industrial enterprises, we maintain our strong financial performance through effective cost and capacity management, and exhibit balanced growth in foreign markets as well as the domestic market.

With the production of steel, one of the main raw materials of Turkish industry, we meet the needs of the domestic market, reduce imports and contribute to economic growth.

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 Financial Performance
- 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 increasing market share
- Increasing high value-added grades in product groups
- Being a reliable solution partner for customers with zero errors
- Increasing company value
- Increasing resource and investment efficiency

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.

Responsible Production

Our Mining Metallurgy Companies 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. We invest in digital technologies in our work processes.

We are designing, executing and investing 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
- Low Emission Production Technologies
- 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 creating 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 much as their health and safety. Our strategy, which places people at the center, also includes the responsibility to offer the best to our employees. As one of the few economic actors that create the largest direct employment with 12,366 employees in Türkiye, we provide indirect employment to approximately 300 thousand 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

- Providing social contribution to the regions of activity
- Increasing employee satisfaction
- Employees who have adopted corporate priorities and values and who act together

Strategic Approach

Our Strategic Priorities	Our Focus Areas	Relevant Indicators	SDGs We Contribute to
Sustainable Growth	Contribution to industry and economic growth in Türkiye as the industry leader	EBITDA Finished Product Sales Tonnage Finished Product Production Tonnage Pig Iron Production Tonnage	8, 9
Sustainable Growth	Competitive cost management	Conversion Cost	8, 9
Sustainable Growth	Maintaining and increasing market share	Market Share	8, 9
Sustainable Growth	Increasing high value-added grades in product groups	The Share of High Value-added Grades	8, 9
Sustainable Growth	Being a reliable solution partner for customers with zero errors	Customer Satisfaction Survey Score Claim Conclusion Time On Time Delivery Rate	8, 9
Sustainable Growth	Increasing company value	Stock Value Corporate Reputation Survey Score	8, 9
Sustainable Growth	Increasing resource and investment efficiency	Investment Expenditures	8, 9
Responsible Production	Transparent and accountable management	Corporate Governance Principles Compliance Rating Score	9
Responsible Production	R&D focus in production processes	Ratio of R&D Budget to Group Sales Revenue	9
Responsible Production	Reducing environmental impacts	Specific Energy Consumption Waste Reduction Amount Waste Recovery Ratio Greenhouse Gas Emissions Water Consumption	6, 12, 13, 14
Responsible Production	Developing pioneering OHS practices	Accident Frequency Rate Accident Severity Rate OHS Systematics Application Ratio OHS Training Hours Per Employee	3, 4, 12
Responsible Production	Developing products and services in line with current trends and technologies	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	9
Responsible Production	Increasing operational efficiency	Total Equipment Effectiveness Asset Management Performance	8, 12
Responsible Production	End-to-end integrated solutions	Compliance with Digital Transformation Projects Time Schedule	9
People-Centered Approach	Social contribution in the regions where there are operations	Corporate Social Responsibility Projects	4, 9
People-Centered Approach	Increasing employee satisfaction	Employee Satisfaction Survey Employee Turnover Rate	4
People-Centered Approach	Employees who have adopted corporate priorities and values and who act together	Training Hours Per Employee Number of Suggestions Implemented Per Person	4


Erdemir Continuous Casting

Business Model

Value for

Inputs

Financial Capital	Net Sales Revenue **USD 6.2 billion**	Consolidated Net Assets **USD 12 billion**
Produced Capital	Liquid Steel Capacity **7.3 million tons** **7** Factories in 7 Provinces	Investment Expenditures **USD 1 billion** **70 million**
Human Capital	Number of Employees **12,366**	Annual Average Training Hours per Employee **36.94**
Intellectual Capital	R&D Expenditures **TL 335 million** **591 thousand** **8** Management Standards	Number of Kaizen Initiated **2,146**
Social Capital	**72** Membership of Institutions or Associations	
Natural Capital	Energy Purchased **24 million 660 thousand 919 GJ** Energy Generated **6 million 530 thousand 806 GJ**	Surface Water **77.7 million m^3** Groundwater **2.5 million m^3**

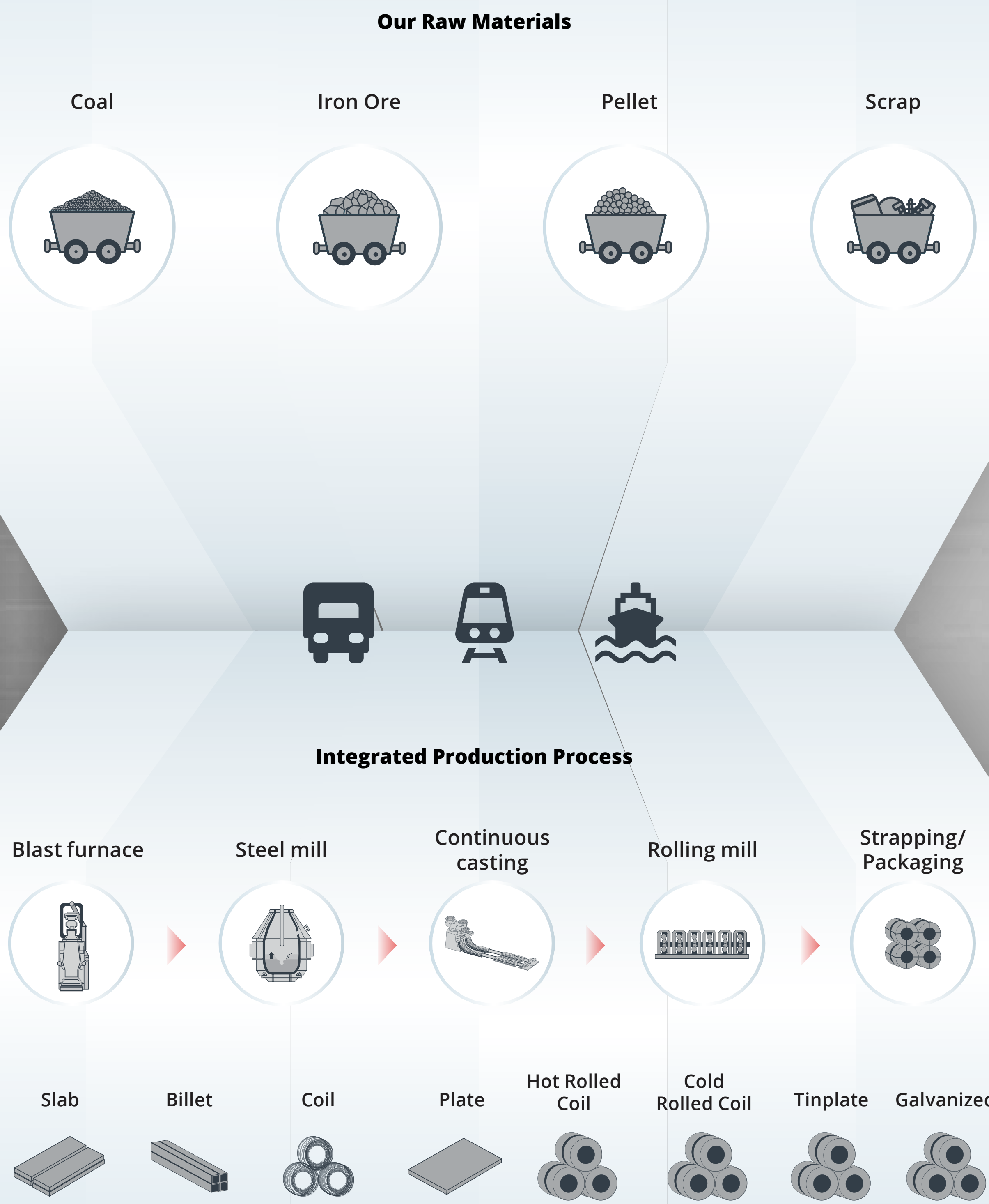
Steel

Outputs

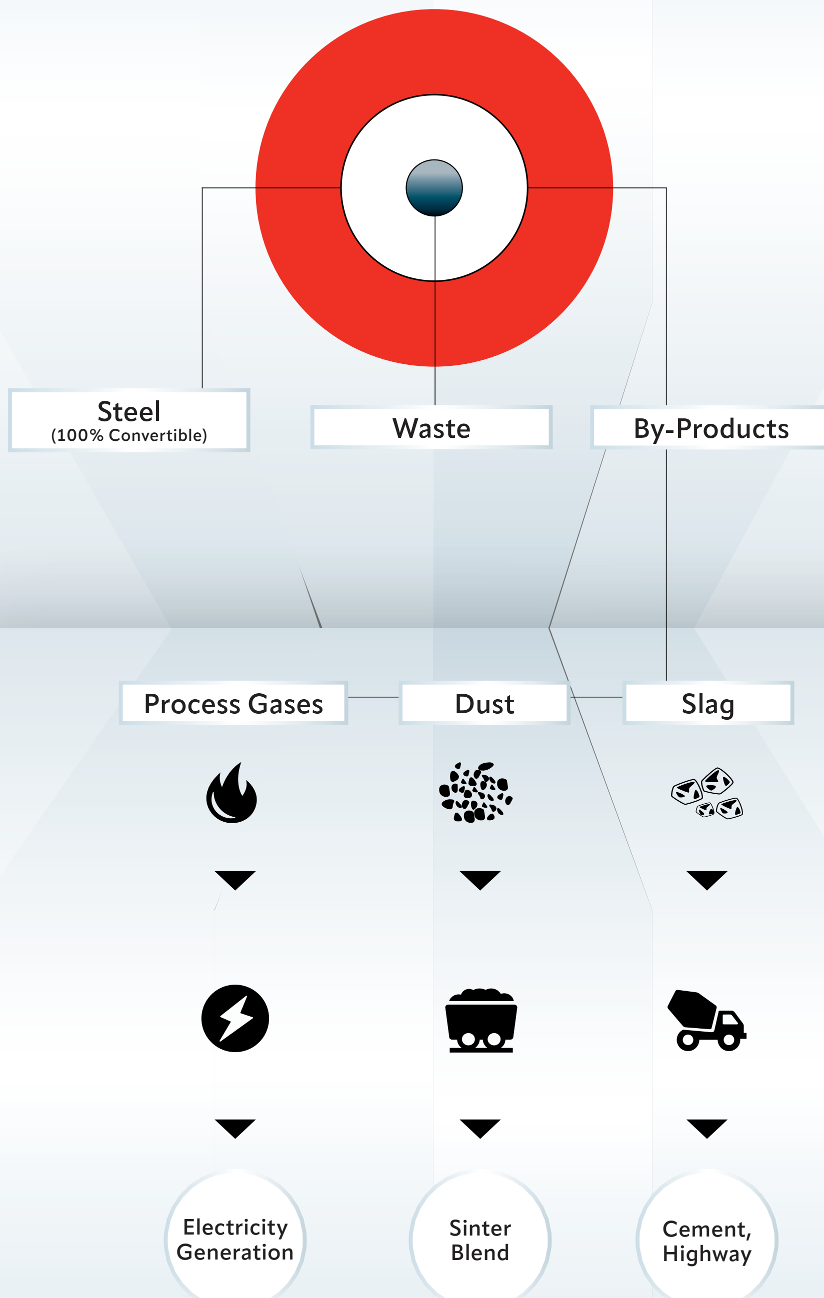
Financial Capital	EBITDA **USD 646 million**; Taxes Paid **USD 14 million**; Export Revenues **USD 1 billion 236 million**	
Produced Capital	Liquid Steel Production **8.7 million tons**; Flat Product Production **7.1 million tons**	Long Product Production **965 thousand tons**
Human Capital	Indirect Employment **~ 300,000**	
Intellectual Capital	New Product Grade **20**; Number of Registered Patents and Utility Models **50**	Number of Completed R&D Projects **37**
Social Capital	Social Project Contribution **TL 101.1 million**	
Natural Capital	Energy Savings Achieved through Efficiency Projects **2,110,954 GJ**; Amount of Energy Gained from Waste Heat **3,183,661 GJ**	Reused Water **1.1 billion m³**

With our extensive know-how and integrated strength, we exhibit sustainable growth and contribute to our national economy with our employment, production volume, high share in the trade cycle and exports.

Value Chain


Our Raw Materials
Coal
Iron Ore
Pellet
Scrap
Integrated Production Process
Blast furnace
Steel mill
Continuous casting
Rolling mill
Strapping/ Packaging
Slab
Billet
Coil
Plate
Hot Rolled Coil
Cold Rolled Coil
Tinplate
Galvanized

Steel Production Outputs



Materiality Analysis

We identify material topics by considering the insights and feedback of our stakeholders, maintaining regular engagement with each stakeholder group throughout the process.

OYAK Mining Metallurgy Companies, which are among the components of economic development, accept it as a 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.

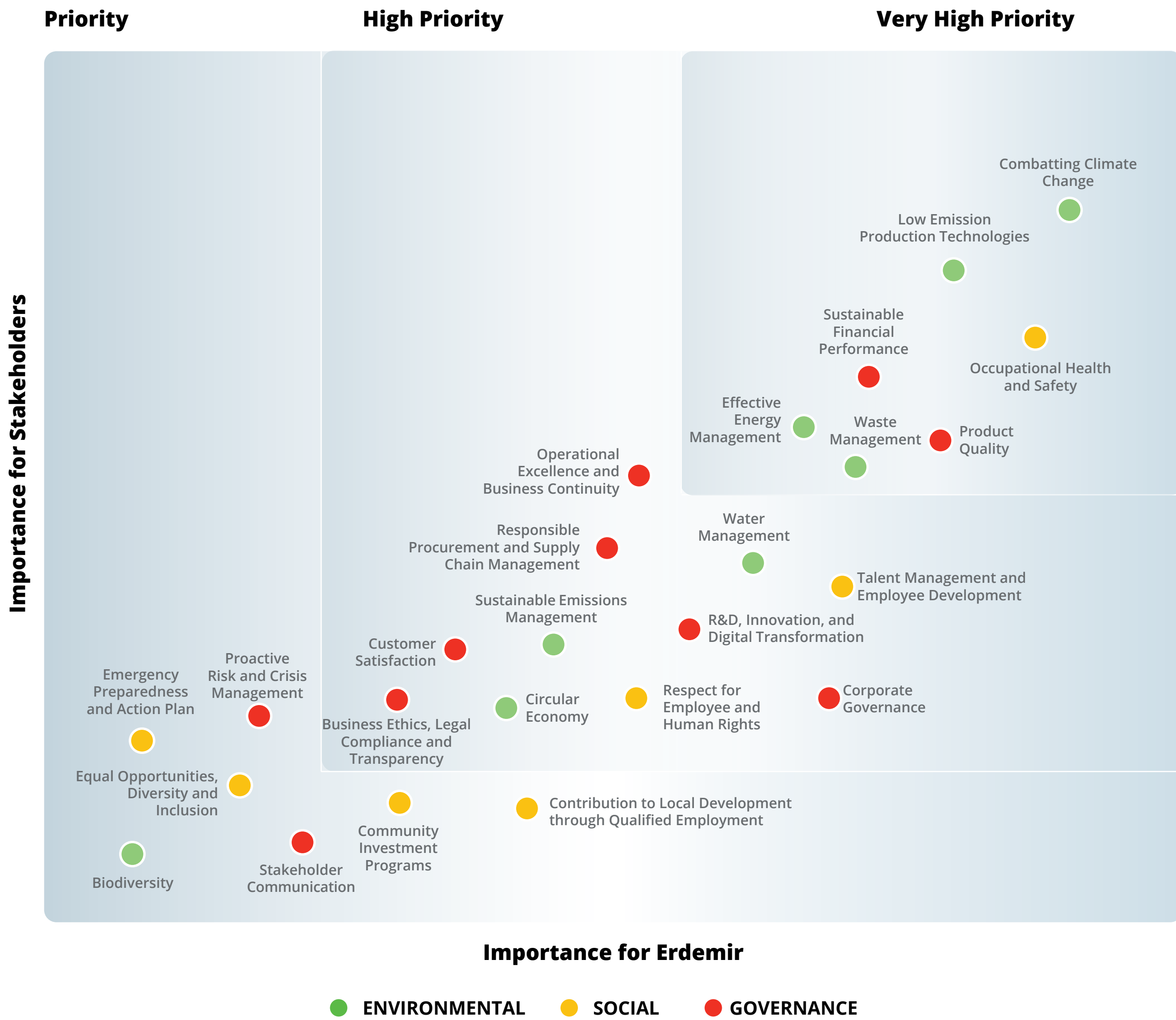
In our efforts to identify our material issues, we consider global and industry-related risks and opportunities, strategic priorities, financial, social and environmental impacts on our operations and value chain, and stakeholders' concerns and expectations as the most important criteria for us.

While determining the issues prioritized by OYAK Mining Metallurgy Companies, we benefit from the outputs of the meetings held with the executives of our Companies, the opinions of the Board of Directors and the outputs of the strategic plan.

While "very high priority" and "high priority" issues are the main topics we focus on in the report, we have also included our other priorities in the report.

Within the scope of the 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 interviews.

We mapped the common priorities of stakeholders and our Companies in the Materiality Matrix.



Very High Priority

- Combatting Climate Change
- Low Emission Production Technologies
- Occupational Health and Safety
- Sustainable Financial Performance
- Effective Energy Management
- Product Quality
- Waste Management

High Priority

- Operational Excellence and Business Continuity
- Responsible Procurement and Supply Chain Management
- Water Management
- Respect for Employee and Human Rights
- R&D, Innovation, and Digital Transformation
- Sustainable Emissions Management
- Customer Satisfaction
- Talent Management and Employee Wellbeing
- Corporate Governance
- Circular Economy
- Business Ethics, Legal Compliance and Transparency

Priority

- Proactive Risk and Crisis Management
- Emergency Preparedness and Action Plan
- Equal Opportunities, Diversity and Inclusion
- Community Investment Programs
- Contribution to Local Development through Qualified Employment
- Stakeholder Communication
- Biodiversity

Stakeholder Relations

We define our stakeholders as individuals and organizations that are either affected by our activities or have the capacity to influence them, and who may also play a role in advancing our sustainability goals.

Tube and Wire Fair

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

Stakeholders are at the heart of the business model for OYAK 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 that are either affected by our activities or have the capacity to influence them, and who may also play a role in advancing our sustainability goals.

We utilize various methods to communicate with our stakeholders, whom we categorize in order to accurately understand their opinions, demands and expectations.

Methods of Communication with Stakeholders

Stakeholder Group	Communication Method and Frequency	Communication Channels
Employees	• Intranet/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	• 35 News posts per year on the Intranet • Integrated report published regularly 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 • 10 newspapers published 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	• One-to-one meetings/Continuously • Tenders/When needed • Integrated report/Annually • Website/Continuously • Stakeholder analysis/Every 2 years • Social media/Continuously	• Field visits and inspections of suppliers • Integrated report published regularly every year • Continuity of commercial meetings with internet-based applications • Analysis of suppliers with which there is an interaction • Posts on a monthly basis
Public Institutions	• One-to-one meetings/When needed • Integrated report/Annually • Website/Continuously • Stakeholder analysis/Every 2 years	• Integrated report published regularly every year • Meeting the in-kind and cash aid requests conveyed by public institutions
Local People	• EIA public participation meetings/When required as part of the investments • Integrated report/Annually • Website/Continuously • Local press relations/Continuously • Press releases/When needed • Stakeholder meetings/Continuously • Social media/Continuously	• Two EIA meetings held throughout the year • Integrated report published regularly 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	• One-to-one meetings/Continuously • Fairs/Special for fair periods • Marketing activities/Continuously • Post-sales communication/Continuously • Regular technical meetings/Continuously • Integrated report/Annually • Seminars and conferences • Website/Continuously • Stakeholder analysis/Every 2 years • Social media/Continuously	• Continuing improvement work in line with Customer Satisfaction Surveys • Conducting regular customer visits
Industry Organizations, Associations and NGOs	• 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 report/Annually • Website/Continuously • Stakeholder analysis/Every 2 years • Social media/Continuously	• 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	• Annual General Meeting/Annually • Teleconferences/According to the demand of the investors • One-to-one meetings/Continuously • Integrated 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	• Periodic publication of information, which may affect the exercise of shareholder rights, on the corporate website. • Integrated report published regularly every year • Realization of investor conferences and meetings throughout the year

A global perspective on the industry from fire to steel

46 Economic and Industrial Environment
62 Share Price Developments
66 Financial Performance
68 Investments

Overview

Economic and Industrial Environment

IMF published the latest update of its World Economic Outlook report on January 17th and slightly revised its global growth forecast for 2025 upward.

3.3 %

2025 and 2026 global economic growth forecast

In 2024, countries generally succeeded in implementing policies that provided lasting solutions to inflation without falling into recession. However, expectations for reforms to strengthen communication, simplify regulations, and reduce trade barriers did not materialize, nor was global cooperation against the climate crisis achieved. On the contrary, the cost of green transformation was increasingly questioned in 2024, and some green projects were announced to be postponed due to financial challenges.

In 2024;

- The global landscape was characterized by high inflation being brought under control through globally implemented measures,
- High interest rates and uncertainty negatively affecting capital investments,
- Continued tendency toward maintaining low inventory levels,
- The US performing better than expected, while China showing weaker performance despite stimulus announcements,
- Activity in Europe's leading economies remaining far from significant recovery,
- Ongoing effects of Russia's invasion of Ukraine,
- Continued negative impact of war-related high energy costs on Europe,
- Increased geopolitical tensions in the Middle East,
- Deepening divergence between the US and Chinese economies,
- Increased protectionist measures in many countries and regions,
- Intense competition in steel sector market conditions causing a downward trend.

Global economy showed growth performance above expectations.
Although starting 2024 with the negative effects of monetary tightening, the global economy managed to maintain stability throughout the year. Expectations increased that monetary tightening would end during the year due to inflation trending downward from the first months, however, service inflation performing stronger than expected and rising geopolitical tensions began to present an inflationary outlook, especially from the second half of the year. In the final months of the year, the realization that trade protectionism would increase, combined with growing inflation concerns, led to downward revisions of interest rate cut expectations and reduced risk appetite.

IMF published the latest update of its World Economic Outlook report on January 17th and slightly revised its global growth forecast for 2025 upward. The report indicated that the global economy, estimated to have grown by 3.2% in 2024, is expected to grow by 3.3% in 2025 and 2026, though this rate remains below the historical (2000-19) average of 3.8%. Nevertheless, noting that risks to the global growth outlook remain tilted to the

Erdemir 2nd Cold Rolling Mill

According to the IMF, the global economy, led by the United States, demonstrated surprising resilience in 2024 despite interest rate hikes implemented by central banks to achieve price stability.

downside, the average growth forecast for the next five years was maintained at approximately 3%. This forecast pointed to expected continued weakness in global economic growth.

"The divergence between the US and the rest of the world" dominated the IMF's first report published in 2025. Indeed, the IMF's upward revision to its global growth forecast was largely attributed to the US economy performing better than expected. The US was the country with the most significant upward revision to its growth forecast among developed economies, with its GDP forecast for 2025 raised by 0.5 percentage points to 2.7%.

Despite overall stability, the global economy showed marked disparities between nations. On a country-by-country basis, the US has returned to its pre-pandemic growth potential, whereas the Eurozone and China failed to achieve this.

The 2025 GDP forecast for the Eurozone was reduced by 0.2 percentage points to 1%. Indeed, although consumption in the region increased due to recovery in real incomes, ongoing weakness in production and goods exports constrained growth. Germany, whose economic growth performance lagged behind other Eurozone countries, saw a downward revision of 0.5 percentage points and is expected to grow by only 0.3% in 2025.

Growth in India declined more than expected in 2024 due to industrial activities slowing more sharply than anticipated. The country's economic growth rate decreased from 8.2% to 6.5% in 2024, with expectations of maintaining 6.5% growth in both 2025 and 2026. In Japan, the economy contracted by 0.2% in 2024 due to supply chain difficulties. The Japanese economy is expected to recover with 1.1% growth in 2025.

Economic and Industrial Environment

In its January update, the IMF projected that the Turkish economy would grow by 2.6% in 2025 and 3.2% in 2026. The organization estimates that Türkiye grew by 2.8% in 2024.

4.6%

2025 Chinese economic growth forecast

1%

2025 Eurozone GDP forecast

The IMF revised its growth forecast for the Chinese economy upward, setting it at 4.6% for 2025 and 4.5% for 2026. The upward revision compared to October's projection reflects expectations of delayed effects from the fiscal package announced in November 2024. The Chinese government had announced consecutive monetary stimulus measures to achieve its 5% growth target for 2024. These measures are expected to remain effective in 2024 and balance the negative impacts of trade policy uncertainties and real estate market slowdown on investments. Nevertheless, despite the upward revision, the IMF's latest forecasts indicate that the slowdown in the Chinese economy will persist.

In its January update, the IMF projected that the Turkish economy would grow by 2.6% in 2025 and 3.2% in 2026. The organization estimates that Türkiye grew by 2.8% in 2024.

Growth in 2024 was marked with regional and sectoral inequalities.
According to Global Purchasing Managers' Index (PMI) data, global economic activity rose in the early months of 2024. Output expanded at its fastest rate since June 2023 and showed growth signals in an increasing number of countries. In March, expansion rates accelerated in both manufacturing and service sectors. Manufacturing saw its largest increase in 21 months, with growth evenly distributed across consumer, intermediate, and investment goods industries.

Similarly, the Global Manufacturing Purchasing Managers' Index (PMI) indicated strong growth performance in the first half of 2024. However, Global Manufacturing, which recovered in the first half of 2024, declined again in the second half of the year and continued to present a weak outlook.

Manufacturing PMI finished the year in contraction for 5 of the last 6 months. During the second half of the year, the manufacturing index exceeded the 50 threshold only in November, when it registered at 50.1. By December 2024, the index returned to contraction at 49.6, indicating widespread weakness across most manufacturing sub-sectors. Production volumes declined in intermediate and investment goods, increasing only in consumer goods.

Monetary tightening and inflation in 2024 adversely affected purchasing power. Additionally, consumers began to feel the impact of rising credit interest rates more profoundly throughout the year. The global manufacturing sector, struggling to generate sustainable growth due to insufficient demand, had previously remained in contraction for 15 months during the 2001 crisis and 14 months during the 2009 crisis.

The service sector, exhibiting solid growth throughout 2024, served as the driving force behind global growth.

Following 2023, industrial production in the Eurozone continued to contract in 2024 due to weak demand and high energy costs. Although the European Central Bank implemented interest rate cuts in line with inflation approaching target levels, low demand continued to exert pressure across sectors. The lowest manufacturing PMI figures in the Eurozone were observed in Germany and France, while Spain proved an exception within the region with high PMI data.

Throughout the year, manufacturing activity contracted across the entire Eurozone, particularly in France and Germany, as well as in the US and Japan. China's official PMI occasionally rose slightly above the 50 threshold, but generally remained weak. India, however, demonstrated robust growth for most of the year, emerging as the best-performing country by a significant margin. Beyond India, Saudi Arabia, UAE, Brazil, and Spain also concluded the year with positive outlooks.

The service sector, exhibiting solid growth throughout the year, served as the driving force behind global growth, compensating for the decline in manufacturing. December notably saw increases in production, new orders, employment, and new export items in the service sector, contrasting with the decline in manufacturing.

Consumer spending is expected to revive in 2025 as household purchasing power increases due to rising real wages resulting from further inflation deceleration. Meanwhile, US trade policy and economic developments in China, a major EU trading partner, are anticipated to influence global manufacturing trends.

Geopolitical developments had limited impact on commodity markets.

Despite geopolitical developments superseding economic concerns in 2024, their impact on commodity markets remained constrained. Ongoing tensions did not directly disrupt the supply-demand equilibrium, while logistics-driven cost increases were balanced by subdued global demand. Nevertheless, the possibility of escalating tensions driving oil and other commodity prices upward featured prominently in market assessments throughout the year.

Precious metals such as gold and silver appreciated significantly in 2024 as investors sought safe-haven assets. This upward trajectory was further bolstered by central banks' substantial gold acquisitions and low interest rates.

Erdemir 2nd Blast Furnace Zübeyde

Economic and Industrial Environment

Global trade, slowing amid worldwide geopolitical tensions and structural changes in supply chains, created pressure on growth.
Geopolitical tensions led to diminished trade between adversarial nations, while strengthening commercial ties among politically aligned countries. Critical shipping route disruptions, such as those affecting the Panama Canal, alongside environmental risks, featured among the factors impacting trade flows.

The Panama Canal faced extraordinary challenges in 2024. Prolonged drought conditions caused water levels in Lake Gatun, which feeds the canal, to fall to historically low levels. This necessitated restrictions on vessel transit capacity, reducing daily passages from 36 to 24 and imposing limitations on maximum vessel draft depths. These constraints significantly increased shipping costs and extended transit times.

In 2024, significant elections took place in many countries, and the results of these elections shaped expectations.

The Red Sea featured prominently on the global agenda in 2024 due to various security concerns. Houthi forces in Yemen intensified attacks against Israeli commercial vessels using unmanned aerial vehicles and missiles, disrupting maritime transportation routes. The number of vessels transiting the Suez Canal declined markedly as ships opted for longer, costlier routes due to security considerations. This situation not only elevated commercial costs, but also triggered substantial increases in insurance premiums.

Egypt experienced a substantial decline in Suez Canal revenues in 2024. Tensions in the Red Sea and regional issues caused annual canal revenue to contract between 40% and 60%. In March, Egypt implemented a currency devaluation to address economic challenges, the fourth devaluation in two years, resulting in a 26.5% depreciation of the Egyptian pound against the USD. The devaluation facilitated an agreement with the IMF and provided Egypt with competitive advantages in export markets due to the currency's reduced value.

Concurrently, the United States continued its strategy of reducing Chinese imports in favor of alternative supplier countries, resulting in diminished trade volume between the two nations. China, meanwhile, sought to offset its export losses to the US by strengthening its position in Asian and European markets.

In their updated forecasts on October 10, WTO economists projected global merchandise trade would increase by 2.7% in 2024, slightly exceeding their previous estimate of 2.6%.

Looking toward 2025, declining global inflation and stable economic growth projections suggest continued positive momentum in global trade during the early part of the year. WTO economists anticipate world merchandise trade volume will likely expand by 3.0% in 2025. However, this trend faces significant challenges. Potential shifts in US trade policy, increasing protectionism, and nations' efforts to achieve industrial self-sufficiency will adversely affect global trade growth. Additionally, the specter of renewed and expanded trade wars, alongside persistent geopolitical tensions, introduces uncertainty to the global trade outlook for 2025.

In 2024, the ongoing Ukraine-Russia war had a significant economic and political impact on Europe.
Monetary tightening policies maintained to combat inflation, coupled with elevated energy costs resulting from reduced Russian energy supplies, produced not only economic difficulties but political tensions as well. Mounting uncertainty led to deteriorating outlooks for countries throughout the region.

During the 2024 European Parliament elections held from June 6-9, 2024, while the center-right European People's Party (EPP) maintained its position as the largest group, far-right parties demonstrated remarkable gains. Following the elections, the influence of the far-right became increasingly apparent, particularly in areas such as immigration, trade, and foreign policy. Coalition formations among centrist parties commanding fewer seats complicated decision-making processes.

The Draghi Report underscored the imperative for EU leaders to implement economic reforms.
In 2024, Mario Draghi presented a comprehensive report urging the European Union to accelerate economic reforms and enhance global competitiveness. The report emphasized that the EU requires additional annual investments of EUR 750-800 billion. Substantial investments were deemed particularly necessary in digitalization, defense industries, energy infrastructure, and green transformation. Draghi cautioned that Europe risks falling increasingly behind major economies such as the United States and China.

Ermaden Pellet

Precious metals such as gold and silver appreciated significantly in 2024 as investors sought safe-haven assets.

China's economic slowdown remained under close scrutiny throughout the year.

After entering a structurally lower growth phase, China initially demonstrated relatively robust expansion in the first quarter of 2023 due to early reopening effects, before subsequently decelerating. The Chinese economy grew by 5.2% for the full year 2023, exceeding the official government target of 5.0%. However, excluding pandemic years, this 2023 economic growth represented the slowest annual expansion rate in the country since 1990.

In 2024, beyond the persistent economic deceleration, deteriorating consumer confidence, weak demand, a contracting real estate market, mounting deflationary risks, and tensions with the United States led to diminished expectations for the country. The Chinese government, which began the year with a 5% growth target, announced monetary stimulus packages throughout the year to achieve this objective. The People's Bank of China (PBOC) injected additional liquidity into the market by lowering short-term interest rates and reserve requirement ratios during the year. State banks reduced minimum down payment ratios for second home purchases and lowered mortgage interest rates. The government took steps aimed at reducing local government debt burdens through special bonds while supporting new investments. However, the vague nature of the announced stimulus measures and their failure to meet expectations limited their impact on growth. Another factor weakening the effectiveness of these stimulus measures was the introduction of palliative remedies rather than addressing structural problems.

In contrast to its limited support for the struggling real estate sector, the Chinese government bolstered industrial production through campaigns implemented throughout the year. As in 2024, the driving force behind China's economy in coming periods is expected to be industrial and infrastructure sectors rather than real estate. However, the continued increase in industrial production failed to find sufficient corresponding demand on the consumption side, resulting in diminished corporate profitability and heightened deflation risk. Additionally, the technology-focused nature of industrial sector growth facilitated China's transition to a new economic structure while causing commodity demand growth to lose momentum.

Despite stimulus measures, the failure to achieve consumption growth in China deepened the country's economic challenges. With domestic consumption insufficient to support production, Chinese companies increasingly turned to exports. The Chinese government repeatedly announced support for exporters in numerous statements. China's decision to increase exports without resolving its production surplus issue, despite global criticism, led to a rapid rise in investigations against the country in 2024. These investigations are expected to conclude no earlier than 2025, with protectionist measures against China being implemented gradually.

The specter of renewed and expanded trade wars, alongside persistent geopolitical tensions, introduces uncertainty to the global trade outlook for 2025.

In 2024, tensions with the United States contributed to diminished expectations regarding China.

Another factor contributing to deteriorating expectations for China was its tensions with the United States. In 2024, the US imposed various economic sanctions against China. New regulations targeting chip and artificial intelligence technologies were particularly implemented to restrict high-technology transfers. The export of advanced chips used in semiconductor production to China was banned. Additionally, regulations restricting American companies' investments in China's critical technology sectors were implemented. The primary objective of these sanctions was to impede China's development of military technologies and artificial intelligence systems while reducing US national security risks. In response, China focused on strengthening its economic independence by intensifying efforts to develop its own high-technology products.

Throughout 2024, Beijing delineated its diplomatic boundaries through what it termed the "four red lines," issues on which it would brook no compromise: China's economic development rights, governance model, sovereign territory, and interpretation of human rights. Despite this rhetorical framework, Taiwan remained the thorniest flashpoint in Sino-American relations. Washington continued bolstering Taiwan's defensive capabilities through arms packages, ostensibly to maintain the strategic balance as Chinese influence expanded regionally. Beijing, for its part, condemned these transfers as fundamentally violating the One China principle and enabling separatist tendencies, while periodically signaling its willingness to pursue reunification by force if deemed necessary. Taiwan's 2024 elections markedly intensified cross-strait tensions. As Washington maintained its supportive stance toward Taipei, Beijing responded by reasserting its territorial claims and escalating military exercises around the island.

TURKISH ECONOMY

In the final quarter, GDP grew by 3.0%, surpassing median expectations. With this fourth quarter data, growth rate for the entirety of 2024 reached 3.2%.

During the first half of 2023, the Turkish economy experienced adverse effects from global economic slowdown, weakening in main export markets, and the devastating earthquake disaster that struck the country in February. Following the May elections, a new economic program was implemented with changes to economic policies, including a significant, albeit gradual, increase in the policy interest rate. These developments led to reduced contributions from private and public consumption expenditures to annual growth in the second half of the year. In the final quarter of 2023, reconstruction activities following the earthquake disaster provided support to economic growth. Thus, the Turkish economy, having weathered a difficult year, managed to outperform expectations with 4.5% growth in 2023.

China's export policy approach to support economic growth in 2025, having failed to achieve its domestic consumption targets, will be significant for the outlook of major export markets.

Prior to the local elections in 2024, the Central Bank of the Republic of Türkiye continued its interest rate increases. Rising financing costs due to higher interest rates became a determining factor in individuals' purchasing and investment decisions. Credit appetite and inventory holding tendencies remained low throughout the year. Consequently, while the Turkish economy expanded in the first quarter of 2024 compared to the previous quarter, it contracted in the second and third quarters of 2024. With two consecutive quarters of contraction, the Turkish economy entered recession in the technical sense of the word. In the final quarter, Türkiye's economy emerged from technical recession as consumption and investment expenditures regained momentum.

The manufacturing sector in Türkiye displayed widespread weakness in 2024.

Industrial production data in the first quarter of 2024 showed no indication of weakness in growth trends. Although industrial production lost momentum in March, the first quarter average remained robust when considering the double-digit annual increase in February. However, the manufacturing sector began losing momentum in April, influenced by the 500 basis point interest rate increase implemented in March and other measures tightening financial conditions.

With deteriorating operating conditions in April, the PMI declined to 49.3 and continued to remain in contraction territory throughout the remaining months of 2024. In line with domestic demand contraction and decreasing orders, production in the manufacturing industry consistently recorded annual contraction from April through November.

Although Türkiye's Manufacturing Industry PMI remained below the 50 threshold, industrial production showed signs of recovery in the final months of the year. In November, Türkiye's industrial production index demonstrated significant recovery with a calendar-adjusted annual increase of 1.5% and a seasonally and calendar-adjusted monthly increase of 2.9%, indicating the strongest production level in eight months. The positive trajectory in manufacturing continued in December, following November. December data showed that economic activity continued its recovery, with support from both external and internal demand.

Türkiye's PMI data for the end of 2024 is considered to paint a promising picture for 2025. While the slowdown in operating conditions continued in December, it was quite mild, with signs of improvement observed in many sub-indices within the survey. According to Andrew Harker, Economics Director at S&P Global Market Intelligence, if this trend can be maintained at the beginning of 2025, the sector may return to growth.

İsdemir Port

Economic and Industrial Environment

In 2024, beyond the persistent economic deceleration in China, deteriorating consumer confidence, weak demand, a contracting real estate market, mounting deflationary risks, and tensions with the United States led to diminished expectations for the country.

In 2024, the expansion was fueled partly by certain sectors redirecting efforts toward international markets to compensate for declining domestic demand.

Türkiye's exports surged to an all-time high in 2024, breaking the Republic's historical record by reaching USD 262 billion,
Türkiye's exports in 2024 increased, representing a 2.5% increase over 2023 figures. This growth materialized despite significant headwinds: weakness in European economies and currency fluctuations that disadvantaged exporters. The expansion was fueled partly by certain sectors redirecting efforts toward international markets to compensate for declining domestic demand. Notably, exporting companies demonstrated remarkable determination throughout the year, striving to maintain market share despite compressed profit margins.

The government has set an ambitious export target of USD 280 billion for 2025, announcing plans to expand trade policies to support this goal. However, dollar strength-driven currency fluctuations and rising protectionist measures are expected to influence trade flows in 2025. Additionally, China's export strategy as it grapples with underwhelming consumption growth will significantly impact the outlook for Türkiye's main export markets.

The construction sector displayed robust performance in 2024.
The construction sector had been unable to grow due to the currency crisis in the 3rd quarter of 2018, the economic slowdown in 2019, and the pandemic that intensified its effects in 2020. After experiencing contraction from the third quarter of 2021 following a brief credit-stimulus-driven revival, the sector returned to growth in 2023. This turnaround was powered by urgent housing demands both in earthquake-affected regions and in cities receiving displaced populations, overcoming persistent challenges of elevated construction costs, housing prices, and credit accessibility barriers.

Global uncertainties are expected to constrain economic growth in the upcoming period.
In 2025, global uncertainties alongside weak external demand and ongoing geopolitical risks are projected to constrain growth in the Turkish economy. Moreover, should the impact of the country's tight monetary policy on economic activity take longer than anticipated, firms, households, and government finances are expected to face a challenging adjustment period to the high interest rate environment. The Turkish Lira's real value is expected to continue exerting pressure on the economy. Looking forward, Türkiye possesses the potential to become a manufacturing hub capable of resolving global supply chain issues, supported by its strategic location, provided that macroeconomic stability is achieved and appropriate policies to increase foreign direct investment are implemented.

İsdemir Steel Mill

Despite stimulus measures, the failure to achieve consumption growth in China deepened the country's economic challenges. With domestic consumption insufficient to support production, Chinese companies increasingly turned to exports.

THE GLOBAL STEEL INDUSTRY

Global steel demand is expected to increase by 1.2% in 2025, driven by worldwide contribution excluding China. While this indicates a recovery in consumption, it remains below the historical average increase of 3.2% in steel demand.

Despite responding more robustly than expected to the energy crisis triggered by the Russia-Ukraine conflict, EU countries have seen manufacturing activities severely impacted by high interest rates and energy costs. Although the EU automotive sector continues to recover, automotive production is not expected to reach pre-pandemic levels in 2024. Housing construction in the region has been affected by high interest rates, material costs, and labor shortages, while infrastructure investments show steady progress.

Steel consumption in European countries, particularly Germany and Italy, is estimated to have declined by 1.5% in 2024 following an 8.7% decrease in 2023, falling to its lowest post-pandemic level. Germany, struggling due to both industrial stagnation and a housing crisis, reported a 13.5% drop in steel demand in 2023 after an 8.3% decline in 2022, with a further 7% contraction estimated for 2024. The German economy, experiencing stagnation for approximately five years, is about 5% below its expected economic size when compared to pre-pandemic growth trends. Expectations for the country in 2025 are not particularly bright either. Although the World Steel Organization forecasts that steel consumption in the country will grow by 5.7% in 2025 due to looser monetary policy and increased real incomes, the upcoming early election and tariff threats from the US could impact Germany's economic activity.

In the US, final steel demand was reported to have decreased by 4.2% in 2023 following a 2.6% decline in 2022. Final steel demand is estimated to have contracted by 1.5% in 2024. While demand is expected to increase in 2025 due to Fed interest rate cuts, deteriorating inflation outlook and slower interest rate cuts pose risks for final steel consumption.

Economic and Industrial Environment

In 2025, China's steel exports are expected to continue at high levels, determining the outlook for export markets.

Global crude steel production fell by 0.9% to 1,839 million tons in 2024.
Global crude steel production maintained a strong trajectory during the first six months of the year, bolstered by high-volume production in China. However, Chinese production notably decelerated beginning in the summer months. Weak domestic demand outlook and negative margins contributed significantly to the decline in Chinese crude steel production during the second half of the year.

Among the top 10 producer countries, production increases were recorded in India, Germany, Türkiye, and Brazil. India's production particularly benefited from consistent capacity expansions and consumption growth in recent years. Non-Chinese production, especially in the EU and Türkiye, experienced high growth rates due to the low base effect from the previous year. Despite annual increases, European crude steel production continued to remain below historical averages.

China's steel exports are expected to continue at elevated levels in 2025, determining the outlook for export markets. After increasing exports by 35% to 91 million tons in 2023, China further expanded its steel exports in 2024. The country achieved steel exports of 111 million tons in 2024, representing a 22% increase, the highest export tonnage since 2025. When considered alongside the country's steel imports declining to 6 million tons, China's net export volume reached a record 104 million tons in 2024.

Due to China's increasing exports, steel markets in many countries, particularly in Asia, faced import pressure, resulting in a rising number of investigations targeting steel imports from China.

Throughout 2024, steel consumption benefited from the supportive effects of post-earthquake reconstruction and urban transformation construction activities.

Among the key issues affecting the global steel sector in 2024 were;

- Capacity expansions despite weak global economic growth, deepening the overcapacity problem
- China's redirection of production surplus toward exports due to its declining steel consumption.

Other issues that will affect the global steel sector in 2025 include:

- The nature of China's economic stimulus measures aimed at achieving its growth targets,
- US foreign trade policy and changes to customs duties,
- Supply chain disruptions due to geopolitical developments,
- Evolution of protectionist measures,
- Implementation speed of green steel projects,
- Border carbon adjustment mechanisms in various countries.

Demand for green steel in Europe and Asia is expected to grow, following commitments by governments and steel producers to decarbonize.

Key Dates to Watch:

- March 5: China's annual parliamentary meeting begins, where the country will announce Beijing's growth targets and decide on economic stimulus measures.
- June: The World Steel Association will release its 2024 industry outlook.
- End of 2025: The EU will complete the data collection phase for its Carbon Border Adjustment Mechanism (CBAM).
- 2026: Chinese steel exports are expected to decline as protectionist measures begin to be phased in.
- 2027: The UK will implement its own Carbon Border Adjustment Mechanism.

THE STEEL INDUSTRY IN TÜRKİYE

Throughout 2024, steel consumption benefited from the supportive effects of post-earthquake reconstruction and urban transformation construction activities.

Türkiye's monthly average crude steel production in 2024 reached 3.1 million tons, 9% above last year's level but 9% below the 2021 annual average. Capacity expansions by local producers contributed significantly to the production increase in 2024. Additionally, the recovery in domestic demand within the construction sector supported crude steel production. During the same period, Türkiye's steel shipments to export markets, particularly Europe, the Middle East, and North Africa, also increased.

Flat steel imports maintained high levels.

Flat steel production in 2024 reached 16,652 kilotons, representing a 22% annual increase. This figure indicated a production volume 22% above the 2017-2023 average. Simultaneously, monthly average flat steel production in 2024 reached 1,388 kilotons, exceeding the previous record set in 2021 by 14%. Conversely, flat steel consumption totaled 18,954 kilotons annually, 2.9% below the previous year.

Flat steel imports maintained high levels. Despite record production levels in Türkiye's steel sector in 2024, the persistently high levels of flat product imports amid consumption losses remained one of the most critical issues for the sector. Like many other markets, the Turkish market was adversely affected by cheap imports from China. Steel prices declined throughout 2024. Türkiye imported 8.4 million tons of flat steel in 2024. Approximately 5 million tons, or about 60% of this amount, came from Asian countries. In October, a communiqué published in the Official Gazette announced anti-dumping measures against "hot-rolled flat steel" imports originating from China, India, Japan, and Russia. Following this development, import tonnages converged toward past period averages in the final months of the year.

Flat steel producers in Türkiye also increased their imports of slabs, the semi-finished input, in 2024. The annual cumulative growth rate of slab imports, which reached 4 million tons in 2024, was 47%.

Turkish steel exports experienced losses due to global demand stagnation.

Following contraction in 2022, Turkish steel exports had continued to experience losses in 2023 due to global demand stagnation and market disruption caused by Asian producers with aggressive pricing stemming from cost advantages. Production losses resulting from the earthquake disaster in 2023 and manufacturers prioritizing domestic market sales had also contributed to lower steel export performance.

Economic and Industrial Environment

In line with changing foreign trade policies, increasing uncertainty brings downward risks.

In 2024, Türkiye recorded 13 million tons of finished product exports, including 5.7 million tons of flat steel.

Despite the contraction in global steel demand, Turkish steel sector exports demonstrated robust recovery in 2024. Weak domestic consumption due to the adverse effects of monetary tightening, as opposed to increased production in 2024, led to higher export tonnage. Ongoing tensions in the Red Sea during 2024 complicated Far Eastern producers' access to European markets, enabling Turkish producers to partially meet this demand. Additionally, developments in Europe, Türkiye's primary export market, supported the country's export growth.

The European Commission announced its decision to extend protective measures on imports of 26 steel products until 2026, determining that such protections remain necessary to prevent potential damage to the EU steel sector. Additionally, certain technical regulations were introduced to prevent quotas in the "other countries" category for hot-rolled coil imports from being depleted in the early days by a limited number of countries. Specifically, the quota application was restricted so that countries selling to the EU under the other countries category could use only 15% of the total quota during each quota period. Indeed, while product exports from traditional suppliers like Türkiye had significantly decreased, exports to the EU from new countries, particularly in Asia, had increased substantially in a short period. This limitation enabled Türkiye to regain effectiveness in the EU market.

Meanwhile, tensions in the Middle East led to a decline in our exports to that market. Our exports to Asia also continued to remain at low levels due to China's shift toward exports as its domestic consumption weakened.

In 2024, Türkiye recorded 13 million tons of finished product exports, including 5.7 million tons of flat steel.

As we enter 2025, the uncertain environment surrounding geopolitical developments and global trade policies brings downward risks. Additionally, the unknown impact of China's announced stimulus policies on its domestic demand and consequently on global overcapacity is causing an increase in cautious approaches.

Erdemir 4th Coke Oven Battery Project

Economic and Industrial Environment

Following recent capacity expansions, Türkiye's steel industry is likely to continue its investment trajectory in green energy transformation projects and raw material diversification initiatives.

Global steel demand is expected to increase by 1.2% in 2025, driven by worldwide contribution excluding China. While this indicates a recovery in consumption, it remains below the historical average increase of 3.2% in steel demand.

Expectations for 2025

In 2025, the determining factors affecting global economy and consequently steel demand are anticipated to be geopolitical developments, supply chain transformations, protectionist measures, currency exchange fluctuations, inflation outlook, management of the exit from monetary tightening processes, and China's stimulus measures and their effects.

Additionally, the outcomes of Europe and India's ongoing reviews of steel import measures will play a decisive role in shaping global steel trade patterns.

Potential developments that could impact the steel sector in 2025 include;

- The course of Middle East conflicts and the Ukraine-Russia war,
- Embargoes on energy supplier countries and oil supply,
- Government policies regarding green steel production,
- Which countries will implement border carbon taxes and how these will evolve,
- Changes in monetary and fiscal policies applied by China and other leading countries,
- Effects of customs duties and rifts between countries on global trade flows,
- Government-backed steel sector investments aimed at national self-sufficiency and the commissioning of additional production capacity,
- Progress of investigations opened against exporting countries, particularly China, and protectionist measures that are set to be implemented,
- Changes in countries' export policies for strategic raw materials such as steel scrap and rare elements

The potential decline in inflation during 2025 paints an encouraging economic picture. The Turkish economy is poised to implement initiatives supporting production, with particular emphasis on the real sector. Construction activity is expected to maintain its comparative strength in comparison to previous terms, bolstering both broader economic performance and steel consumption. Furthermore, following recent capacity expansions, Türkiye's steel industry is likely to continue its investment trajectory in green energy transformation projects and raw material diversification initiatives.

Erdemir 2nd Blast Furnace Zübeyde

Share Price Developments

Erdemir, completing 2024 with a share price of TL 24.40, reached a market value of TL 170 billion 800 million as of year-end 2024.

İsdemir, completing 2024 with a share price of TL 40.54, reached a market value of TL 117 billion 566 million as of year-end 2024.

Developments in Erdemir and İsdemir Shares

Erdemir
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 Istanbul (BIST) 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 46.74%. The majority of the shares traded on the Borsa Istanbul are held by institutional investors.

Erdemir, completing 2024 with a share price of TL 24.40, reached a market value of TL 170 billion 800 million as of year-end 2024.

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, 4 webcasts and 107 investor meetings, where the published quarterly financial results were discussed, were held in 2024. Erdemir is currently followed by 22 analysts.

İsdemir
Shares in İskenderun Demir ve Çelik A.Ş. (İsdemir), a group company, started trading on Borsa Istanbul's Pre-Market Trading Platform under the "ISDMR" ticker on 28 March 2016. Since April 19, 2018, Company shares have been started to be traded on Yıldız Pazar, 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 Istanbul and the publicly traded share ratio exceeded 5%.

İsdemir, completing 2024 with a share price of TL 40.54, reached a market value of TL 117 billion 566 million as of year-end 2024.

Ticker Symbols

Erdemir

Borsa Istanbul:
EREGL

Bloomberg:
EREGL TI

Reuters:
EREGL.IS

İsdemir

Borsa Istanbul:
ISDMR

Bloomberg:
ISDMR TI

Reuters:
ISDMR.IS

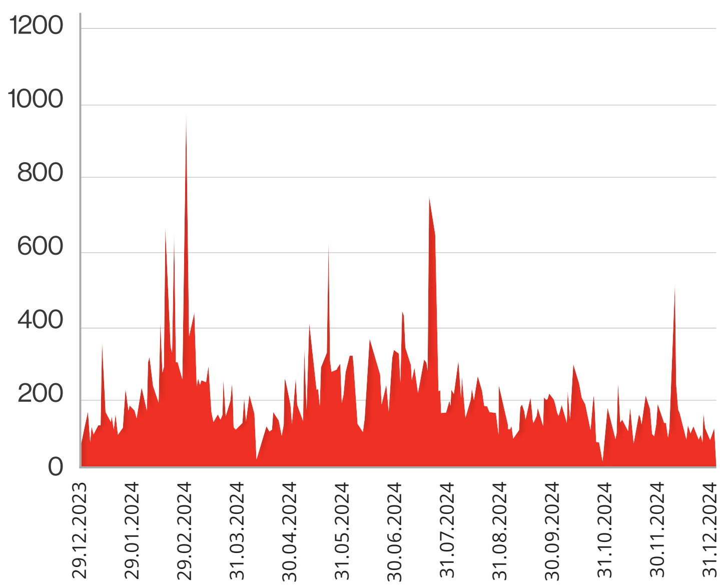
2024 Share Price Performance

1 January-31 December 2024		Lowest	Highest	Average	December 31, 2024
Erdemir	Share Price (TL)	19.14	29.70	24.04	24.40
	Market Capitalization (USD million)	4,170	6,299	5,131	4,849
İsdemir	Share Price (TL)	32.22	42.14	37.23	40.54
	Market Capitalization (USD million)	2,908	3,522	3,299	3,338

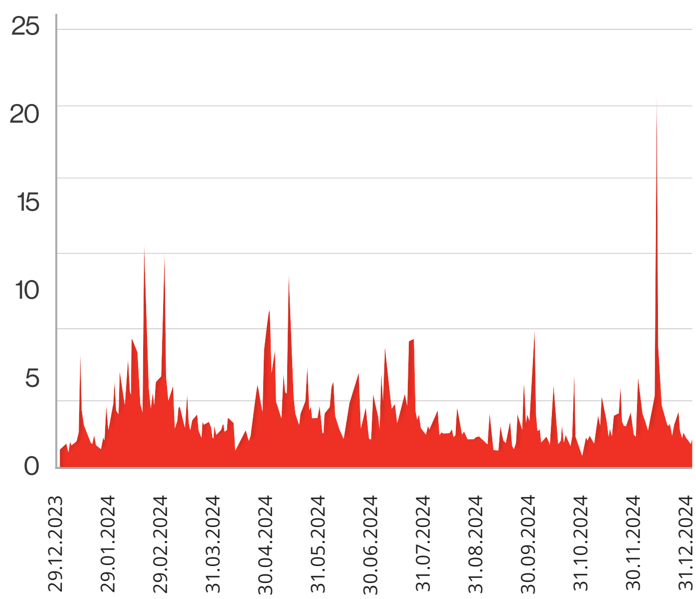
Source: Bloomberg and Matriks

2024 Daily Trading Volumes

EREGL Daily Trading Volume, TL million



ISDMR Daily Trading Volume, TL million



SHAREHOLDING STRUCTURE (TL thousand)

Erdemir

Shareholders	31.12.2024	%
ATAER Holding A.Ş	3,449,965	49.29
Free Float	3,271,911	46.74
Shares Held by Erdemir	278,124	3.97
Grand Total	**7,000,000**	**100.00**

İsdemir

Shareholders	31.12.2024	%
Ereğli Demir ve Çelik Fabrikaları T.A.Ş	2,751,326	94.87
Free Float	148,674	5.13
Grand Total	**2,900,000**	**100.00**

Share Price Developments

Erdemir qualified once again to be featured in the Corporate Governance Index by raising its corporate governance rating from 9.65 in 2023 to 9.70 in 2024.

8.375%

Coupon Rate of the Bond Sold in 2024

950

USD million

Nominal Value of the Bond Sold in 2024

OYAK MINING METALLURGY DEVELOPMENTS IN 2024

Erdemir recognized for successful Corporate Governance

In the Corporate Governance Principles Compliance Rating Report, Erdemir raised its corporate governance rating from 9.65 in 2023 to 9.70 in 2024, securing its continued presence in the Corporate Governance Index through this exemplary performance. With this success, Erdemir proved once again that it is a transparent, fair, responsible and accountable institution.

İsdemir recognized for successful corporate governance

İsdemir raised its corporate governance rating from 9.65 in the Corporate Governance Principles Compliance Rating Report published in 2023 to 9.70 in 2024, earning continued inclusion in the Corporate Governance Index through this achievement.

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 found that the risks which may arise are largely identified and kept under control. Erdemir and İsdemir, which are among the BIST first group companies, qualified for inclusion in the BIST Corporate Governance Index in 2024 with their scores.

Erdemir and İsdemir were included in the BIST Sustainability Index.

Aiming to establish sustainability and generate permanent value in all their activities, Erdemir and İsdemir, OYAK Mining Metallurgy companies, qualified for inclusion in the Sustainability Index in 2024, which includes companies traded on the Borsa Istanbul (BIST) and which demonstrate a high corporate sustainability performance.

Erdemir, a group company, 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

In Extel's 2024 Developed Europe & Emerging EMEA Executive Team independent research survey, Erdemir demonstrated exceptional performance by ranking first, second and third in 6 different categories.

Erdemir's Deputy Chairman of Financial Management and Financial Affairs Group, Serdar Başoğlu, secured first place in the Best CFO category in the Emerging EMEA - Metals & Mining (SMID Cap) segment, while Erdemir also earned the prestigious "Most Honored Company" designation. In the Best IR Professional category, İdil Önay Ergin ranked 2nd and Ali Seydi Böler ranked 3rd. Additionally, it ranked 1st in the Best IR Team category and 2nd in the Best ESG Program, Best Investor/Analyst Day, and Best IR Program categories.

Erdemir Stock Yard

As of December 31, 2024, 31,225,000 shares were repurchased at a cost of TL 1,198,790 thousand.

Share Buyback Program
Pursuant to the "Share Buyback Program" approved at Erdemir's 79th Ordinary General Assembly Meeting held on 31 March 2023, and the authority granted by Board of Directors' resolutions dated 27 April 2023 and 11 March 2024, the Company allocated a total fund of 4,000,000,000 TL (Four Billion Turkish Liras) for repurchasing its own shares. Under this program, as of 31 December 2024, the Company repurchased 31,225,000 shares at a cost of 1,198,790 thousand Turkish Liras.

Issuance of Debt Instruments
The sale to international investors of the bond approved by the Capital Markets Board on 28.06.2024 and listed on Euronext Dublin was completed on 23.07.2024. The proceeds from the sale of the bond, which has a nominal value of USD 750 Million, a 5-year maturity ending 23.07.2029, was priced at an 8,625% yield to maturity, and carries an 8,375% coupon rate, have been transferred to our company's accounts following the completion of its international issuance.

The sale to international investors of the bond approved by the Capital Markets Board on 28.06.2024 and listed on Euronext Dublin as part of the additional issuance was completed on 02.08.2024. The proceeds from the sale of the bond, which has a nominal value of USD 200 million, a 5-year maturity ending 23.07.2029, was priced at an 8,125% yield to maturity, and carries an 8,375% coupon rate, have been transferred to our company's accounts following the completion of its international issuance.

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.

At OYAK Mining Metallurgy Companies, we meet the needs and expectations of our customers with our high-quality products and services.

Just-in-time and effective solutions to customer needs
Contributing to the growth of the Turkish economy, OYAK Mining Metallurgy Companies aim to achieve sustainable growth by maintaining the balance between capacity and cost. OYAK Mining Metallurgy Companies, Türkiye's largest steel producer, also rank 52nd among the world's largest steel producers.

At 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 among the world's leading countries in this industry, both in terms of production and consumption. In Türkiye, the world's 8th largest steel producer and consumer, steel consumption reached **38.3** million tons in 2024, representing a **0.5%** increase from the previous year.

In 2024, OYAK Mining Metallurgy Companies achieved total revenue of 204 billion 60 million Turkish Liras, while generating consolidated EBITDA of 21,171 million Turkish Liras and net profit attributable to the parent company of 13,481 million Turkish Liras.

İsdemir Billet Cooling Grate

	Currency	2022	2023	2024
Revenue	(TL million)	127,783	147,900	204,060
	(USD million)	8,107	6,238	6,225
Operating Profit Before Financing Income (Expense)	(TL million)	23,651	14,643	21,506
	(USD million)	1,501	618	656
EBITDA	(TL million)	27,010	16,655	21,171
	(USD million)	1,714	702	646
Net Period Profit of Parent Company Inventories	(TL million)	18,005	4,033	13,481
	(USD million)	1,142	170	411
Current Assets	(TL million)	80,656	134,518	182,856
	(USD million)	4,314	4,570	5,183
Fixed Assets	(TL million)	94,237	175,515	242,303
	(USD million)	5,040	5,962	6,868
Total Assets	(TL million)	174,894	310,033	425,159
	(USD million)	9,353	10,532	12,051
Short Term Liabilities	(TL million)	35,909	89,292	76,289
	(USD million)	1,917	3,028	2,158
Long Term Liabilities	(TL million)	20,323	29,213	104,446
	(USD million)	1,085	991	2,955
Parent Company Equities	(TL million)	115,645	186,191	236,947
	(USD million)	6,187	6,328	6,721

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.

The Vacuum Degassing Facility aims to enhance carbon removal capability, reduce processing time, and prevent production losses in ladles.

OYAK Mining Metallurgy Companies continue their investment activities in their facilities by focusing on the lowest cost, high efficiency, and innovative solutions.

OYAK Mining Metallurgy Companies continue their investment activities in their facilities by focusing on the lowest cost, high efficiency, and innovative solutions.

The number of ongoing investments at Erdemir and İsdemir in 2024 totaled 28. Of these investments, 2 were initiated in 2024 and 6 were completed in 2024.

Completed Investments

Erdemir Energy Distribution Systems Additional Investments
Production losses that may occur due to transformer failures were eliminated and the loads of step-down central transformer of the Erdemir Energy Distribution Systems were reduced to safer levels.

The Structural Improvement of Erdemir Port Docks Project
With the project, necessary structural rehabilitations and repair activities were carried out at the 1^{st} Cargo and 1^{st} Unloading Docks.

Erdemir New Turbo Blower Project
A New Turbo Blower was installed to ensure the safe continuity of liquid crude iron production in Blast Furnaces.

İsdemir 3^{rd} Coke Oven Battery Coke Crushing and Screening Plant Project
As part of the İsdemir 3^{rd} Coke Oven Battery Modernization investment, which was completed in 2022, the load on the existing crushing and screening plants, whose capacity was insufficient, was reduced, and the coke produced in 5-6 batteries was crushed less and delivered to the 4^{th} Blast Furnace.

The İsdemir Vacuum Degassing Plant Project
The Vacuum Degassing Plant, which will enable the production of high-quality clean steel with low hydrogen, low nitrogen, and ultra-low carbon rates, was commissioned. The plant aims to gain carbon removal capability and “prevent production losses” in process time and crucibles.

The Upgrade of Hot Rolling Mill Level 1 System Project
Since the existing systems, which run on old operating systems and for which the company has terminated its support, pose a risk in terms of information security, with problems encountered in the supply processes of old generation computer systems, on which the existing software operates, the software required to ensure the continuity of production was updated and modernized.

Erdemir 2nd Blast Furnace

Erdemir 4th Coke Oven Battery Project aims at ensuring a balance of coke within Erdemir itself and thus eliminating the need to purchase coke externally.

Ongoing Investments

Erdemir 4th Coke Oven Battery Project

The project is aimed at ensuring a balance of coke within Erdemir itself and thus eliminating the need to purchase coke externally, as well as compliance with environmental legislation and related regulations, and the renewal of By-Product Facilities, which have reached the end of their economic life. The work on the equipment supply, manufacturing, and field assembly is underway within the scope of the project.

Erdemir 5th Coke Oven Battery Project

This project is aimed at providing the metallurgical coke needed by the Erdemir blast furnaces economically and continuously. The investment will eliminate the emission problems arising from the 3rd Coke Oven Battery, prevent additional costs arising from external coke purchases, and eliminate risks that could arise during the coke production process.

Erdemir 2nd Blast Furnace Stoves Modernization

For Erdemir's 2nd Blast Furnace, commissioned in 2023, the old furnace's stoves had to be used due to the lack of space for constructing new stoves. With the commissioning of the new furnace, some of the old furnace is demolished, and new stoves are manufactured instead.

Erdemir Steelshop Charging Hall New Charging Cranes Investment Project

We aim to ensure the sustainability of liquid steel production by renewing the out-of-use cranes in the steel mill charging hall.

Erdemir Domestic Waste Water Treatment Plant Modernization Project

The project aims to ensure that domestic wastewater treatment activities at Erdemir can be conducted in a sustainable manner in accordance with the relevant laws and regulations.

Erdemir 2nd Hot Rolling Mill Investment Projects

The project aims to ensure the continuity of the engine park and control systems in order to ensure the sustainability of the line and ensure its production. With the project, we aim to reduce unplanned downtimes and material losses, improve product quality and increase customer satisfaction.

Investments

İsdemir New 1^{st} Blast Furnace Project aims to achieve savings in electricity purchases by converting gas emitted from the blast furnace, which will increase with the increase in finished product volumes and liquid crude iron production, into electricity in line with the expansion in furnace volume.

İsdemir 1^{st} Blast Furnace Top Pressure Recovery Turbine (TRT) Project aims at generating additional electricity by utilizing the pressure of the blast furnace gas to be produced in the new 1^{st} Blast Furnace.

Erdemir 1^{st} Galvanizing Line Level-1 Automation System Modernization Project
The project aims to replace the Level-1 Automation System, which currently doesn't have technical support, with up-to-date and efficient technologies and ensure sustainability in production.

Erdemir Continuous Annealing Line (CAL) Drives System and Level-2 Automation Modernization Project
With the project, we will replace the Level-1 Automation System, which currently doesn't have technical support, and the Level-2 System, which doesn't have software sustainability, with up-to-date and efficient technologies, ensuring sustainability in production.

Transfer of Erdemir's Existing Slitting Line to the Ersem Facilities and the Warehouse Construction
We aim to meet the demands for cold slitting products by selling sliced products rather than unprocessed products.

İsdemir New 1^{st} Blast Furnace Project
The project is aimed at achieving savings in electricity purchases by converting gas emitted from the blast furnace, which will increase with the increase in finished product volumes and liquid crude iron production, into electricity in line with the expansion in furnace volume. Field assembly work within the scope of the project continue.

İsdemir 1^{st} Blast Furnace Top Pressure Recovery Turbine (TRT) Project
The project aims at generating additional electricity by utilizing the pressure of the blast furnace gas to be produced in the new 1^{st} Blast Furnace.

The İsdemir 3^{rd} Steam Boiler Retubing (Partial Pipe Replacement) and Burner Modification
The project aims to replace the pipes of the 3^{rd} Steam Boiler, which completed 240,000 hours of operation since its installation, and to modify the burner system in order to provide steam production in an economical and safe manner.

İsdemir Port-1 New Grab Ship Unloader Cranes Project
The project aims to ensure the continuity of port operations and the sustainability of steel production, and to achieve more efficient working conditions with the new cranes.

İsdemir New 1^{st} and 2^{nd} Turbo Generator Project
The project aims to increase efficiency by boosting condenser capacities and renewing turbine rotors. As a result of enhanced efficiency and expanded capacity, electricity generation will increase, thereby reducing the need to purchase electricity externally.

The İsdemir Port Investments aim to prepare the necessary filling areas in accordance with İsdemir expansion plans and to make them available for use in the investment plans for future years.

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.

İsdemir Seawater Pump Station Sustainability Investment Project

It is aimed to restore the pre-earthquake operating performance and ensure the sustainability of the Seawater 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 seawater in critical production facilities that need seawater.

İsdemir Port Capacity Increase Investment

Within the scope of the Investment Plan, we aim to create the necessary additional port capacity for İsdemir cargoes after the investments are made.

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.

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 carrying out all or part of the activities currently carried out by human power in a risky working environment with 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.

New Investments

Erdemir Biomass Gasification Plant Investment Project

While biochar is produced from biomass in the Biomass Gasification Plant, at the same time, the syngas generated can be exported from the plant to produce gas or electricity (with a gas engine). We aim to save coal and reduce carbon emissions with the use of biochar, and to save natural gas consumption with the use of syngas in natural gas/coke gas furnaces.

İsdemir the South Harbor Sea Reclamation Project

The project aims to prepare the necessary filling areas in accordance with İsdemir expansion plans and to make them available for use in the investment plans for future years.


İsdemir Port

Sustainable growth strategies from fire to steel

74 Production and Sales
78 The Customer’s Solution Partner
80 Product Management
82 Process Development Work
86 Management Systems
90 Supply Chain Management

Sustainable Growth

Production and Sales

In 2024, 23% of Türkiye's crude steel production was realized by OYAK Mining Metallurgy Companies.

8.5

million tons

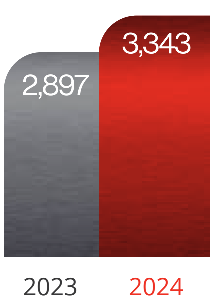
2024 OYAK Mining Metallurgy Total Crude Steel Production

PRODUCTION

Producing 7.2 million tons of crude steel in 2023, OYAK Mining Metallurgy Companies' total crude steel production in 2024 was recorded as 8.5 million tons. In line with the principle of quality production at optimum cost and maximum efficiency, Mining Metallurgy Companies realized 23% of Türkiye's crude steel production in 2024. Crude steel production at Iskenderun facilities increased by 21.5% to 5.3 million tons. At Ereğli facilities, crude steel production increased by 15.2% year-on-year to 3.2 million tons.

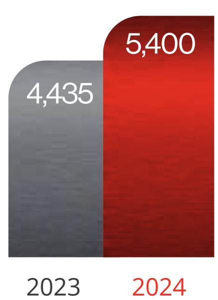
Production (thousand tons)

Ereğli (Liquid Steel)



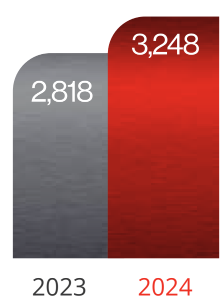
15 %
Increase

Iskenderun (Liquid Steel)



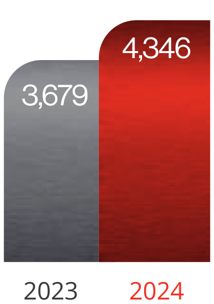
22 %
Increase

Ereğli (Slab)



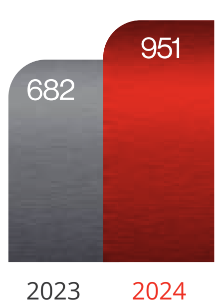
15 %
Increase

İskenderun (Slab)



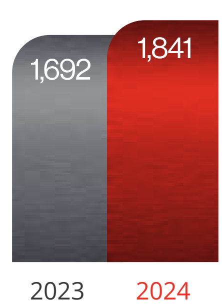
18%
Increase

İskenderun (Billet)



39%
Increase

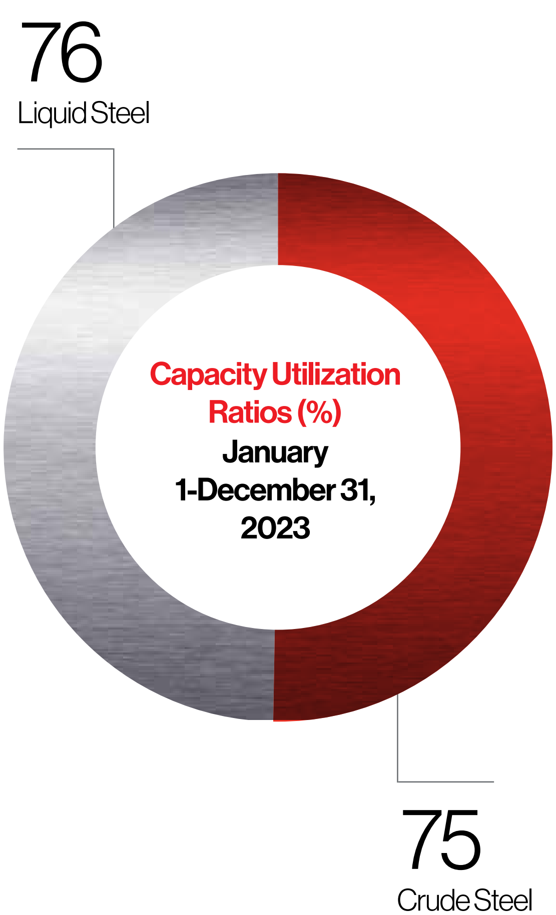
Pellet and Magnesite

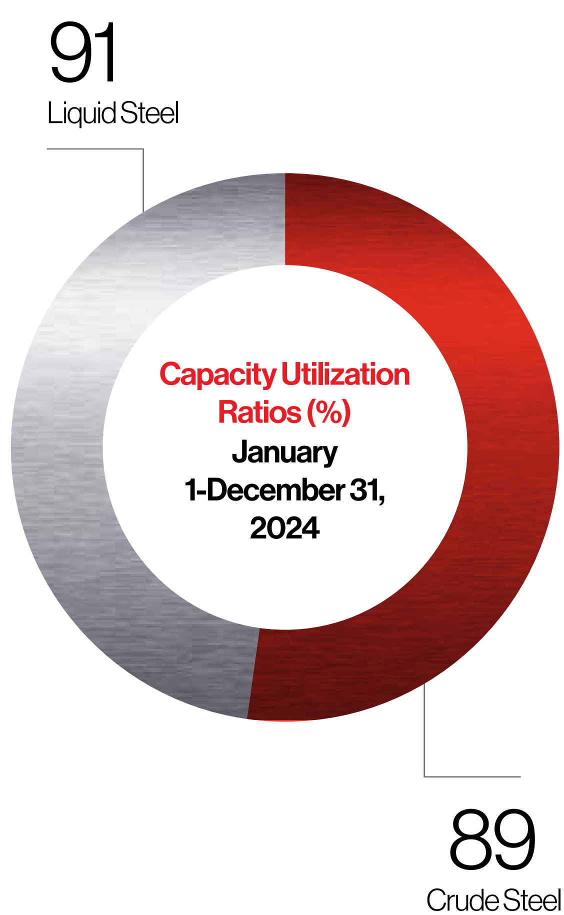


9 %
Increase

Production (thousand tons)	2020	2021	2022	2023	2024
Liquid Steel	8,709	9,203	7,968	7,332	8,743
Ereğli	3,736	3,433	3,223	2,897	3,343
İskenderun	4,973	5,770	4,745	4,435	5,400
Crude Steel	8,530	9,021	7,789	7,179	8,545
Ereğli (Slab)	3,633	3,337	3,127	2,818	3,248
İskenderun (Slab)	3,875	4,819	3,907	3,679	4,346
İskenderun (Billet)	1,022	865	755	682	951
Flat Finished Products	7,266	7,515	7,048	6,704	7,120
Ereğli (Tinplate)	247	259	252	212	231
Ereğli (Galvanized)	539	610	568	584	512
Ereğli (Cold)	988	1,038	931	855	886
Ereğli (Hot)	1,969	2,112	1,951	1,961	2,047
Ereğli (Plate)	369	378	361	296	346
İskenderun (Hot)	3,154	3,054	2,985	2,796	2,920
İskenderun (Slab-non-group)	0	64	0	0	178
Long Finished Products	992	857	736	652	965
Billet	403	275	196	219	406
Coil	589	582	540	433	559
Iron and Magnesite	2,137	2,630	2,571	2,236	2,535
Pellet and Magnesite	1,524	1,895	1,910	1,692	1,841
Other	613	735	661	544	694

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





Production and Sales

OYAK Mining Metallurgy Companies' total flat product sales amounted to 7.1 million tons in 2024.

5.6

million tons

2024 Domestic Flat Product Sales

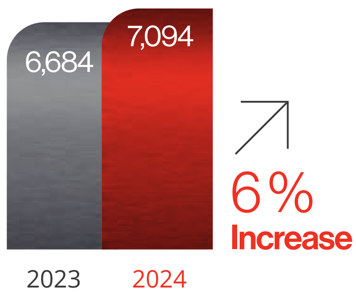
SALES

OYAK Mining Metallurgy Companies' total flat product sales amounted to 7.1 million tons in 2024. Domestic flat product sales were realized at 5.6 million tons, 6.1% lower than the previous year. Long product sales increased by 47.5% to 957 thousand tons, while domestic long product sales increased by 57.2% year-on-year to 943 thousand tons. The Group exported a total of 1,540 thousand tons of finished products, including 1,526 thousand tons of flat products and 14 thousand tons of long products. This amount constitutes 19% of total sales. It exported to 35 countries in flat products and 7 countries in long products.

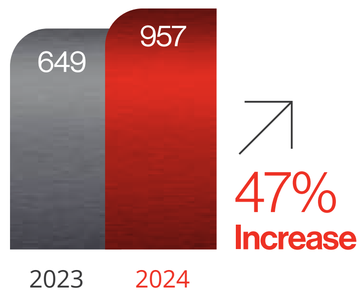
Erdemir Steel Mill

Sales (thousand tons)

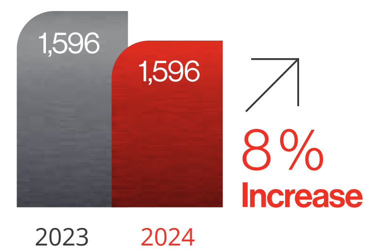
Flat Finished Products



Long Finished Products



Pellet and Magnesite



Sales (thousand tons)	2020	2021	2022	2023	2024
Flat Finished Products	7,489	7,400	7,005	6,684	7,094
Ereğli (Tinplate)	260	267	242	226	239
Ereğli (Galvanized)	312	242	263	259	220
Ereğli (Cold)	756	799	757	694	683
Ereğli (Hot)	1,710	1,700	1,508	1,553	1,712
Ereğli (Plate)	341	357	335	273	342
İskenderun (Hot)	3,152	2,930	2,836	2,715	2,795
İskenderun (Slab)	0	64	0	0	178
Ersem (Galvanized)	281	325	309	320	302
Ersem (Cold)	343	312	265	229	255
Ersem (Hot)	334	404	490	415	368
Long Finished Products	1,006	846	764	649	957
Billet	412	258	216	212	405
Coil	594	588	548	437	551
Iron and Magnesite	2,031	2,364	2,293	2,375	2,410
Pellet and Magnesite	1,507	1,711	1,770	1,596	1,723
Other	524	653	523	779	687

OYAK Mining Metallurgy Companies' domestic flat product sales in 2024 were recorded as 5.6 million tons and long product sales as 957 thousand tons. The total amount of finished product exports was 1,540 thousand tons, including 1,526 thousand tons of flat products and 14 thousand tons of long products.

The Customer's Solution Partner

In 2024, we added 80 new customers to our portfolio, working with a total of 924 customers, with export customers accounting for 18%.

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 successes through our contribution to the Turkish industry. We reflect our quality as a solution partner, offering 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 level of 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.

By providing technical support to our customers, we become their solution partner with our experience in issues such as the selection of steel that is suitable for their processes, welding, sheet metal forming, and cutting operations.

In 2024, we added 80 new customers to our portfolio, working with a total of 924 customers, with export customers accounting for 18%. In terms of sales weighting, our biggest customer groups are our rolling, pipe profile, distribution channels, and export customers.

Customer satisfaction monitored with regular surveys

We continue to be a solution partner meeting all requirements through our customer-centric approach.
By providing technical support to our customers, we become their solution partner with our experience in technical support, such as the selection of steel, which is suitable for their processes, welding, sheet metal forming and cutting operations.

We monitor customer satisfaction with our products and services through periodic customer satisfaction surveys. In the last survey conducted in this regard, the customer satisfaction score, which was evaluated between -65 and +135 points, was strong at +85.

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's customers with its specialized team and experience on a sectoral basis. It carefully evaluates customer feedback, solves problems, and continuously works for improvements.

We continue to diversify our product portfolio in light of our customers' current needs and expectations.

Our Customer Technical Services team instantly monitors complaints and requests received through online portals and thus takes rapid action 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.

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 Technical Services 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

After obtaining feedback, a preliminary assessment is made for our customers within 48 hours in the automotive OEM sector and within 8 business days in other sectors.

Technical Review

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

Resolution and Commercial Settlement

The issue is resolved with the actions taken as a result of the investigations. Commercial settlements are then carried out entirely online through the ErdemirOnline system.

Product Management

An annual cost savings of USD 400,000 was realized in the fourth quarter through the optimization of alloy costs, implemented as part of the digital transformation project.

Our Relevant Priorities

- Product Quality
- Low Emission Production Technologies
- Ethics and Transparency
- R&D and Innovation
- Operational Efficiency

Quality Improvement and Development Studies
In 2024, with the commissioning of the İsdemir VAGG (Vacuum Degassing) plant, new vacuum grades were developed, and a total of 63 new product grades were introduced to our customers for OEM and export channels. The sales amount of the products we developed in the last three years amounted to 451 kilotons.

In order to meet the expectations of the sector, 681 thousand tons of new potential was created by making improvements in existing grades in addition to the grades offered for sale. In 2024, our quality improvement and development efforts also increased production efficiency, resulting in a cost reduction of ~USD 2 million/year.

Within the scope of customer and market-oriented product development efforts, we have become active in the market in grades that could not be produced before, following improvements in the tinplate product group for the American export market, new brand-registered quality work, and modernization of the plate rolling mill.

We continued to be the business partner of OEM customers in their new projects. Erdemir/İsdemir line and quality approval studies are planned to continue in 2025. The commissioning of the İsdemir Vacuum Degassing Plant will enable the domestic supply of the automotive industry's diverse coated product requirements.

Digital Transformation Efforts
Launched in 2023, the mobile application of our online product catalog was opened to the world by taking its place in the application markets for Android and IOS operating systems, and our online catalog was visited by 15,000 different users. Product brochures designed by sector and usage area were integrated with the online catalog.

Within the scope of the digital transformation project, the study on optimization of alloy costs was commissioned. To capitalize on fluctuations in alloy prices, new/substitute product recipes are developed to achieve cost savings. The project, which was commissioned in the last quarter of the year, resulted in cost savings of USD 400 thousand/year.

In 2024, we achieved successful results in creating a competitive advantage in addition to improving our carbon footprint with our effective cost management practices.

Process Development Work

We expect to generate a return of approximately USD 606 thousand/year at Erdemir and USD 378 thousand/year at İsdemir from OPEX projects.

Our Relevant Priorities

- Climate Change
- Product Quality
- Low Emission Production Technologies
- Innovation
- Operational Efficiency

Operational Excellence
Through our operational excellence (OPEX) projects, we improve energy efficiency, climate change, occupational health and safety, digitalization, and operational activities.

The participation and contributions of our employees constitute the driving force behind the design and realization of these projects. Employees' experiences and innovative ideas are turned into value through kaizens, improvement suggestions and the OPEX projects, which are implemented by using statistical analysis and design of experiment studies.

In 2024, we continued the OPEX Projects, which we implemented with the objectives of production with lower cost, extending equipment life, energy saving, raw material usage optimization and improving product quality. We expect to generate a return of approximately USD 606 thousand/year at Erdemir and USD 378 thousand/year at İsdemir from OPEX projects completed during the year.

A total of 7,120 suggestions were provided at Erdemir during 2024, of which 5,487 were put into practice, with a return of USD 977,780 obtained from 183 suggestions whose returns had been calculated in the suggestion systems. While 1,277 kaizens were initiated at Erdemir, 1,173 kaizens were completed, resulting in a return of USD 1,779,023.

In 2024, 20,143 suggestions were given at İsdemir, 13,157 of which were implemented. The 132 suggestions received through the İsdemir Suggestion Systems, and whose return was calculated yielded a return of USD 0.7 million. At İsdemir, 978 kaizens were initiated, and 973 kaizens were completed, yielding a return of USD 13.6 million.

The trainings provided within the scope of OPEX continued in the digital environment in order to increase the effectiveness and spread of continuous improvement activities at İsdemir. The names of trainings prepared entirely from internal resources at İsdemir in 2024, and the number of people who completed these trainings in the digital environment, are given below:

- OYAK Digital HR Suggestion System Basic Training, 749 people,
- OYAK Digital HR Kaizen Basic Training, 441 people,
- OYAK Digital HR OPEX Projects Information Training, 32 people,
- OYAK Digital HR SMED (Single Minute Exchange of Dies) Information Training, 845 people.

In 2024, in-class training was also carried out at İsdemir. 43 people participated in Kaizen Level-1 and Kaizen Level-2 Specialization Trainings; 29 people in Minitab Supported Statistical Data Analysis Training; 23 people in Measurement Systems Analysis Training; 11 people in Experimental Design Training; 15 people in Statistical Modeling Training for Managers (SMTM); 21 people in 8D Training. In addition, 443 new employees were provided with Participation Systems Information Training.

3,212 people completed the Erdemir Suggestion System and Kaizen System trainings, which were transferred to digital platforms at Erdemir.

In 2024, 13 people completed the Statistical Data Analysis Training and 10 people completed the Design of Experiments Training, which was prepared using internal resources only and carried out face-to-face at Erdemir.

Employees' experiences and innovative ideas are turned into value through kaizens, improvement suggestions and the OPEX projects, which are implemented by using statistical analysis and design of experiment studies.

Process Development Work

The optimization of the operating speeds of Boiler 3 ID-FD resulted in an increase in efficiency and a decrease in CO_2 emission values.

The Opex project for Reducing Variability in BOF Gas (Basic Oxygen Furnace Gas) Injection Amount yielded a return of USD 254,000/ year. The emission reduction impact of the project was 1,362 tons of CO_2.

OPEX PROJECTS

Erdemir

Boiler 3 Optimization of ID-FD Fan Operating Speed to Increase Efficiency OPEX Project
In order to determine the Boiler 3-4 ID-Fan Driver fan operating speeds according to the boiler load and efficiency, experimental groups were formed at different loads and Fan Driver fan speeds according to different fuel combinations based on the design of the boilers. Tests of the experimental groups were carried out, and boiler parameters were examined.

In the experimental group with BFG+OG 90%+ COG 10% combination, tests were carried out at 70, 80, 90 and 100 tons/hour loads with Fan Driver fan turbine speeds of 3800 rpm and 4000 rpm, and the efficiency results of these tests were compared with the "Two sample T test" method on minitab20.

After the comparisons, differences in efficiency were found between 3800 and 4000 rpm Fan Driver fan turbine speeds.

In the boiler's BFG+OG 90%+ COG 10% fuel combination;

- Running the Fan Driver fan turbine speed at 4000 rpm at loads of 70, 90 and 100 tons/hour,
- Running the Fan Driver fan turbine speed at 3800 rpm at a load of 80 tons/hour,

increased the boiler efficiency. The project yielded a return of USD 110,103.6/year. The project reduced CO_2 emission values and contributed to the carbon footprint.

Reducing the Risk of LSA (Longitudinal Surface Crack) Defect with Mold Cooling Optimization OPEX Project
It aimed at reducing the amount of LSA defects seen in plate grades in Continuous Casting 3&4 plants. Pareto Analysis was used to determine the grade group, quality, and size in which the defect was most common, and the studies were continued on the 6053K grade in which the defect was most common. At present, a 13.7% LSA defect was detected in grade 6053K. This defect rate was targeted to be reduced by 70% to 4.11%. All input parameters of the related process were analyzed by Binary Logistic Regression, and it was determined that the input parameter that most affected the occurrence of the defect was "Wide-side Constant Mold-water Average Flow Rate." It was observed that as the "Wide-side Constant Mold-water Average Flow Rate" was reduced, the occurrence of LSA defects decreased. While the "Wide Side Constant Mold Water Average Flow Rate" was 3500 L/ min in the current situation, studies were carried out with 3400 L/min and 3300 L/ min in the trial study and 3300 L/min in the validation study. In the validation study, the rate of LSA defects decreased to 1.38%. As a result of the improvement, a return of USD 116,293/year was achieved.

İsdemir
In the Opex project completed for the Reduction of Variability in BOF Gas (Basic Oxygen Furnace Gas) Injection Amount, the operator-induced variability in BOF Gas injection amount was reduced, resulting in a reduction of 280,093 Sm3 in power plant natural gas consumption due to BOF Gas injection and 1,844 MWh in electricity purchased from outside. The project yielded USD 254,000/year. The emission reduction impact of the project was 1,362 tons of CO_2.

İsdemir Billet Continuous Casting

These enhancements made on the Tin Line optimized production costs and enhanced product quality, resulting in a more efficient production process.

KAIZEN

Erdemir

Productivity and Quality Improvement by Using a New Type of Additive in the Tin-Plating Process of the Tin Line

The additive chemicals used in the tin plating process at the Tin Line play an important role. This chemical inhibits tin crystal growth immediately upon adhesion to the steel-strip surface, thereby producing a denser and finer-grained structure. However, the previous additive did not fulfill this function sufficiently, resulting in quality defects called tin agglomeration and high chemical consumption. This both increased production costs and had a negative impact on product quality.

In order to eliminate this problem, a new type of additive with a higher grain shrinking effect was introduced. As a result of discussions and exchange of views with the chemical manufacturer during this transition process, a product that provides more effective results with less consumption was preferred. Using the new additive, the adhesion of tin to the surface of the steel strip has become stronger, while ensuring a homogeneous and even distribution of the crystals. Thus, a significant reduction in quality defects resulting from tin agglomeration was observed.

As a result of this improvement, the optimum additive value was achieved, resulting in both a reduction in chemical consumption and a noticeable improvement in product quality. While increasing the efficiency of the process, we decreased costs. In light of this success, we aim to review the other chemicals used in the Tin Line in a similar way and prevent possible quality defects. In addition, the advantages of using new types of additives were shared with the production staff and necessary information was provided for the sustainability of the process.

These enhancements optimized production costs and enhanced product quality, resulting in a more efficient production process.

İsdemir

In the Kaizen project on Reducing the Energy Cost of 40 atm Steam Used in Steel Mill BOF (Basic Oxygen Furnace) Boilers, the 40 atm steam inlet line, which is continuously supplied from the Energy Facilities, was decommissioned to be used only during long-term shutdowns, and a return of USD 5.9 million/year was achieved by providing the steam requirement of the BOF boilers entirely from the BOF waste heat boilers. The kaizen project's emission reduction impact is 22,455 tons of CO_2.

Management Systems

With our Total Quality Management approach, we rely on the experience and know-how of our employees and design new and modern systems that aim to achieve success with optimum resource utilization.

We use the "BBYS Document Management Software" to ensure the effective execution and continuity of management systems.

"The Total Quality Management Culture" and our customer-oriented approach

At OYAK Mining Metallurgy Companies, with our Total Quality Management approach, which includes customer orientation, we rely on the experience and know-how of our employees, design new and modern systems that aim for success with optimum resource utilization, and carry out continuous improvement activities.

Our approaches, developed and continuously improved in line with internationally recognized management systems and standards, are based on working principles focused on quality, occupational health and safety, environment, energy, and information security.

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

Under our digital priority, we use the "BBYS Document Management Software" to ensure the effective execution and continuity of management systems, and we review 23,122 documents published as of 2024 when necessary and make the necessary revisions.

We conduct internal audits at least once a year for all management systems in order to evaluate the effectiveness, efficiency, and compliance with standards of management systems practices at OYAK Mining Metallurgy Companies. A total of 394 auditors took part in the internal audits conducted at Erdemir and İsdemir in 2024.

Internal Audits

	Number of Departments Audited	Number of Processes Audited	Identified Positive Observations	Identified Suggestions	Areas Identified as Requiring Improvement	Number of Auditors Involved
Erdemir	48	34	1,011	489	118	216
İsdemir	38	28	1,768	417	152	178

394

Number of people involved in internal audits

441

Total number of corrective actions

At our companies, we follow up the actions taken to improve the findings identified in internal audits through the BBYS CPAR Module and reward our internal auditors who took part in the audits. In 2024, we rewarded 28 (27 Erdemir + 1 İsdemir) internal auditors with 5 or more years of service and 11 (İsdemir) internal auditors with 10 or more years of service as part of the auditor reward systematic.

We identify the root causes of nonconformities or potential nonconformities identified at every stage of all our activities and eliminate the root causes to prevent a recurrence. In 2024, in addition to internal audits, 66 corrective actions were initiated at Erdemir and 105 at İsdemir, and developments regarding the actions taken for corrective actions were monitored monthly and reported to our senior management.

As part of the management systems, we hold management review meetings twice a year at Erdemir and İsdemir in order to determine our compliance with our policies, objectives, and the requirements of the management system standards, and to ensure their effectiveness, continuity, and improvement. In the meeting held in March, we evaluated the 2023 performance of the management systems together with the specialized units. In the meeting held in August, we evaluated all the developments and realizations in the management systems for 2024. As a result of these meetings, 15 decisions were taken at Erdemir and 8 at İsdemir. The activities carried out for the implementation of these decisions are 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 2024 through in-class, virtual classroom application, Digital HR and remote connection (Microsoft Teams, etc.) methods.

Training	Course	Number of Participants in 2024
Internal Source	Safety Management System Internal Auditor Refresher Training	58
	ISO 17025 Laboratory Management System Internal Auditor Refresher Training	37
	Integrated Internal Auditor Refresher Training	158
	ISO 9001 and IATF 16949 Internal Auditor Refresher Training	83
	Manufacturing Process Audit - Auditor Refresher Training	28
	ISO 27001 Information Security Management System Internal Auditor Refresher Training	45
	ISO 9001 Quality Management System Awareness Training	557
	IATF 16949 Automotive Quality Management System Awareness Training	729
	ISO 27001 Information Security Management System Awareness Training	729
	ISO 50001 Energy Management System Awareness Training	729
	ISO 14001 Environmental Management System Awareness Training	729
	ISO 45001 Occupational Health and Safety Management System Awareness Training	729
	ISO 27001:2023 Information Security Management System Awareness Training	2,271
External Source	ISO 27001 Information Security Management System Basic Training	113
	IATF 16949 Automotive Quality Management System Basic and Internal Auditor Training	28
	IATF 16949 Automotive Quality Management System Basic Training	23
	ISO 9001 Quality Management System Basic Training	47
	ISO 9001 Quality Management System Internal Auditor Training	47
	ISO 45001 OHS Quality Management System Basic Training	48
	ISO 14001 Environmental Management System Basic Training	47
	ISO 50001 Energy Management System Basic Training	47
	ISO 17025 Laboratory Management System Basic and Internal Auditor Training	1
	Security Management System Basic Training	25
	Process Management and Process Improvement Techniques	47
	Design FMEA Training	32
	Process FMEA Training	14
	VDA 6.3:2023 Transition Information Training	15

Management Systems

Erdemir and İsdemir successfully concluded the external audits, which were carried out by the certification bodies within the scope of management systems, in 2024.

In 2024, a total of 176 process meetings were held at Erdemir and İsdemir.

We hold regular process review meetings at Erdemir and İsdemir. In 2024, a total of 176 (73 at Erdemir and 103 at İsdemir) process meetings were organized for 45 processes at Erdemir and 38 processes at İsdemir.

Erdemir and İsdemir successfully concluded the external audits, which were carried out by the certification bodies within the scope of management systems, in 2024.

With the project to transition to the revised ISO 27001 Information Security Management System standard, a current status analysis was first carried out at Erdemir and İsdemir and the actions to be taken for the revisions to be made in the existing practices and documentation within the scope of the new standard, as well as the new items added to the standard, were determined. 83 documents were revised, and 20 new documents were issued. "ISO 27001.2023 Information Security Management System Awareness Training" was updated and assigned to employees via DigitalHR. Internal audits were conducted and reported. The transition to the ISO 27001:2023 Information Security Management System standard is aimed, with the external audit planned to be carried out by TSE following the management review meetings planned to be held in January.

The practices and documented management systems that contribute to our priorities in the fields of energy efficiency, occupational health and safety, sustainability, and digitalization at 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 the Automotive Industry	√	√	√	√	-
ISO 50001:2018 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

OYAK Mining Metallurgy quickly adapted to the existing market conditions and created alternative sources for the strategic inputs.

Since energy-intensive processes are used in steel production, high energy costs have been a major burden for steel producers and increased production costs.

The post-COVID-19 period's inflationary environment and geopolitical factors, such as the Russia-Ukraine war, had significant economic impacts on the iron and steel industry and supply chains by 2024. High energy costs, supply chain disruptions, workforce constraints, and trade restrictions led to rising production costs and supply chain uncertainties. To adapt to these economic and geopolitical factors, steel producers are increasingly seeking to establish more flexible, digitized, and sustainable supply chains.

Following the pandemic, the economic recovery in 2020 and 2021 led to high inflationary pressures in 2022 and 2023 due to factors such as supply chain disruptions, labor shortages, and supply-demand imbalances. This continues to affect economic dynamics as of 2024. Since supply chains are still recovering in the post-pandemic period, production costs have generally increased. Supply chain disruptions, material supply and logistics problems led to higher raw material prices. This directly affected costs in the iron and steel sector. Prices of key inputs such as iron ore, coal, and scrap prices have soared following the pandemic due to a supply-demand imbalance. In the first years of the pandemic, global logistics networks such as maritime transportation suffered major disruptions, while the recovery of supply chains after the pandemic led to an increase in the costs of container transportation and logistics in particular.

In the wake of COVID-19, consumer spending has fluctuated around the world. While an increase in demand was observed in certain regions, economic uncertainty and high prices put pressure on demand in others. This volatility directly affected steel-consuming industries such as construction and automotive. The construction sector recovered on the back of low interest rates and government incentives, while the automotive sector faced supply chain problems such as semiconductor shortages.

The war highlighted Russia's crucial role in the global market as an energy producer. While Europe was heavily dependent on Russian natural gas and oil, European countries took steps to stop supplying energy from Russia after the outbreak of the war. As a result, global energy prices have risen, pushing up costs in energy-intensive sectors such as steel production.

Natural gas and electricity prices

Since energy-intensive processes are used in steel production, high energy costs have been a major burden for steel producers and increased production costs. Russia and Ukraine are among the world's major suppliers of raw materials. In particular, Russia's iron ore and Ukraine's steel production play a major role in global trade. Due to the war, production and exports in these countries have been disrupted, and uncertainties have emerged in the supply chain.

The iron and steel sector is recognized for its intensive energy consumption and significant carbon emissions. However, as of 2024, environmental sustainability has become a more significant focus in the sector.

The war has led to significant trade barriers, particularly in the steel sector, due to international sanctions imposed on Russia. The European Union, the United States, and other countries have restricted Russia's access to the global supply chain by imposing sanctions on Russian steel. This has tightened global steel supply, increasing prices. In the post-COVID period, high inflation accelerated in line with the global economic recovery. By 2024, many countries raised interest rates to contain inflation. Elevated interest rates restrained investments, particularly in the construction sector, and resulted in a decrease in steel demand.

The iron and steel sector is recognized for its intensive energy consumption and significant carbon emissions. However, as of 2024, environmental sustainability has become a more significant focus in the sector. This requires making all processes in the supply chain eco-friendly. Green production methods; new production technologies that reduce carbon emissions (e.g., electric arc furnaces and steel production with hydrogen) are increasingly being adopted. Sustainable supply chain; raw material procurement, increased recycling rates, and eco-friendly transportation methods are gaining greater importance. The iron and steel industry benefits significantly from digitalization. As of 2024, digitization in the supply chain has made processes more efficient. The utilization of AI and data analytics is on the rise in areas such as demand forecasting, inventory management, and supplier management. This helps to optimize production planning and reduce waste.

In Türkiye, iron and steel production is a largely energy-intensive process. As of 2024, high energy costs and increased natural gas prices have significantly raised the costs in the sector. Additionally, Türkiye's dependence on foreign energy sources has led to a further increase in production costs. While this situation narrows profit margins in the sector, it also leads to higher export prices.

Ersem Gebze Packaging

As a major global player in iron and steel exports, Türkiye has been facing challenges in its export markets as of 2024. Global inflation and the contraction in demand adversely affected export demand, particularly in European and Asian markets. In the domestic market, on the other hand, demand fluctuations in steel-consuming sectors such as construction and automotive affected the sector. Türkiye's growing infrastructure projects, especially railways and urbanization, have pushed up steel demand, while inflationary pressures and interest rate hikes have led to a contraction in demand in areas such as the housing sector.

OYAK Mining Metallurgy quickly adapted to the existing market conditions and created alternative sources for the strategic inputs. Common targets were set for our Sales, Procurement, and Production departments, and joint efforts were carried out to achieve optimum cost and inventory levels. Our procurement activities have been planned to adapt to different situations that may arise in global markets, procurement strategies have been created within the framework of these plans, and they have been carried out in line with the umbrella strategies of our Companies.

The focus was on cost optimization, supplier/material diversification, and expansion of locations where procurement is made. The use of financial instruments in procurement processes has become even more widespread. The extension of payment terms for all purchased materials has been incorporated into the negotiation process. In addition, our Sales, Purchasing and Finance departments carried out joint efforts to ensure the effective use of hedging mechanisms in procurement processes.

In the medium and long term, the steel industry's biggest task will be to achieve a more eco-friendly structure. This will require changes in the quality of the raw materials used, and traditional steel production methods will need to be supported by new technologies. In this context, we have established strategic collaborations with our suppliers to develop raw materials and methods in alignment with this requirement, thereby transforming our relationships into strategic partnerships that go beyond mere trading.

Environmentally friendly production from fire to steel

94 Occupational Health and Safety
102 Environmental Performance
120 R&D and Innovation
126 Digital Transformation and Technology

Responsible Production

Occupational Health and Safety

We consider our employees as our most important asset and position occupational health and safety at the center of our responsible production approach.

By adopting the approach that all accidents are preventable, we carry out our activities with the goal of "Accident Free Steel."

"Accident-Free Steel" Target in Operations
Based on the "Communiqué on Workplace Hazard Classes on Occupational Health and Safety," companies within the industry in which our OYAK Mining Metallurgy Companies operate, are classified as highly dangerous.

We consider our employees as our most important asset and position occupational health and safety at the center of our responsible production approach, including process safety.

By adopting the approach that all accidents are preventable, we carry out our activities with the goal of "Accident Free Steel." We work to reduce the frequency of accidents and the severity of accidents to zero, and to roll out a behavior- oriented safety culture. We manage OHS risks utilizing state-of-the-art technologies and approaches. We aim to keep working environments and processes safe, prevent occupational accidents and work-related diseases, and protect employee health and the environment with the many practices we have implemented in the field of OHS.

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

TS EN ISO 45001 Occupational Health and Safety Management System Standard is implemented at our OYAK Mining Metallurgy Companies.

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

- To produce "Accident-Free Steel" by identifying and systematically managing risks.
- To prevent work related accidents and diseases and to protect the health of our employees by keeping the work environments and processes healthy and safe.
- To roll out the sustainable safety 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 materials, which may cause significant losses to work and production.

OHS activities at our Mining Metallurgy Companies are managed by high level leadership. The OHS Board is chaired by the Deputy Chief Executive of Operations at Erdemir and İsdemir and by the General Manager at Erdemir Maden. Accordingly, the OHS managers are within two reporting levels of the CEO in all companies.

Within the scope of occupational health and safety, there are a total of 21 Occupational Safety Specialists, including 17 Class-A Occupational Safety Specialists, 3 Class-B Occupational Safety Specialists, 1 Class-C Occupational Safety Specialist and 8 Occupational Physicians at Erdemir.

There are a total of 25 Occupational Safety Specialists, including 16 Class-A Occupational Safety Specialists, 7 Class-B Occupational Safety Specialists, 2 Class-C Occupational Safety Specialists and 7 Occupational Physicians at İsdemir.

Erdemir 2nd Blast Furnance Zübeyde Casting Hall

45

Number of drills carried out at Erdemir in 2024

277

Number of drills carried out at İsdemir in 2024

OHS Risk Assessment Activities

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

Through 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 eliminating deficiencies, and ensuring the continuity of OHS awareness by turning it into a culture.

Through the presentations we make throughout the year, we share occupational accidents and near misses, aiming to learn from these incidents and prevent similar accidents.

The Occupational Health and Safety Culture

We have established directorate-based Emergency Plans for internal and external emergencies at our OYAK Mining Metallurgy Companies. We conduct directorate based and general drills every year within the framework of the scenarios we determine in these plans. In 2024, we conducted a total of 45 drills at Erdemir and 277 drills at İsdemir. In the Emergency Plans, we have also established the search and rescue, extinguishing, protection, first aid support teams that will take part in emergencies and provided them with training appropriate to their duties.

In order to respond to emergencies, 34 firefighters, 3 fire engines and a rescue vehicle are on hand at Erdemir, while 33 firefighters, 5 fire engines and 1 ladder vehicles are available at İsdemir. In addition, the Emergency Medical Team under the Health Directorates provides a 24/7 service with two ambulances.

An AFAD trained the Erdemir Natural Disaster Search and Rescue (ERDAK) Team, consisting of 33 volunteer personnel is in place at Erdemir, equipped with professional equipment to perform search and rescue operations in the event of disasters which may occur in the facilities or elsewhere in 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 trainings are provided for emergencies in the factory.

We perform Prevention of Major Industrial Accidents and Mitigation (SEVESO III Directive) work at Erdemir and İsdemir with the aim of preventing accidents and reducing the impact of any accidents.

The 22nd Period audits of 494 sites within İsdemir were carried out within the scope of the 5S Systematic, the areas to be improved were entered into the 5S Tracking System and the improvement of the sites was monitored during 2024.

Automatic fire extinguishing systems are installed in İsdemir with gas and water in 195 regions, and a Fire Detection System in 152 regions. We monitor the Fire Detection and Extinguishing System on a 24/7 basis through the Fire Brigade Emergency Communication Center. We have a total of 6,912 portable fire extinguishers which we regularly check and maintain at our factory sites.

We perform Prevention of Major Industrial Accidents and Mitigation (SEVESO III Directive) work at Erdemir and İsdemir with the aim of preventing accidents and reducing the impact of any accidents.

The activities carried out at Erdemir and İsdemir on SEVESO and process safety are described below:

- Review or creation of Risk Assessment studies in existing facilities and newly operational facilities within the scope of Change Management,
- Review and revision of the Scenario Document prepared based on the Safety Report within the scope of the Major Accident Scenario Document (MASSD) Communiqué,
- Review of the Coke Plants, Blast Furnaces, Power Plants, Steel Mill, Continuous Castings, Hot Rolling Mill, Sinter and Raw Material Manipulation, Water Plants, Air Separation Plants, Cold Rolling Mills Directorate's workplaces/facilities, scenario-based studies (Hazard and Operability Analysis_HazOp, Fault and Event Tree Analysis_FTA-ETA) and re-evaluation of the relevant frequency value (1x10-4),
- Review of the Scenario Based Emergency Response Plan Forms (SBADMF) and revision of the necessary aspects,
- Review of the modeling studies for determining the impact areas of the scenarios and revision of the necessary issues,
- Review of the existing Internal Emergency Situation Plan (IESP) at Erdemir and İsdemir and revision of the necessary issues,
- The conduct of Internal and External Emergency Drills based on relevant scenarios at the facilities evaluated within the scope of SEVESO and Process Safety (Coke Plants, Blast Furnaces, Power Plants, Steel Mill, Continuous Castings, Hot Rolling Mill, Sinter and Raw Material Manipulation, Water Plants, Air Separation Plants, Cold Rolling Mills and Stock Management Directorate),
- Review of the existing service groups for responding to emergencies that may occur within the scope of the DADP communiqué and revising the necessary issues,
- Provision of training to the personnel assigned to service groups in accordance with the DADP communiqué.

Work inspections were carried out at Erdemir twice on January 23, 2024 and December 10-11, 2024 by experts from the Provincial Directorate of Environment of the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change within the scope of SEVESO Bekra Notifications, Internal Emergency Plan, Hazardous Substance Response Cards and the Grand Scenario Document. As a result of the inspections, no negativity was detected and they were completed successfully.

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

In 2024, the Bekra and Internal Emergency Situation Plan (IEP) Composite Audit was carried out at İsdemir by the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change.

At İsdemir, the Safety Management System (SMS) internal audits required to be carried out in accordance with the Safety Report Communiqué were carried out between February 15-27, 2024, 15 units were audited and all nonconformities identified were eliminated.

At Erdemir and İsdemir, process safety studies on deficiencies and improvements are being 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 Atmospheres" and "Regulation on Equipment and Protective Systems Used in Potentially Explosive Atmospheres," which are the basis of these studies, the existing explosion protection document and Ex-proof (explosion-proof) equipment are reviewed in line with changing standards and field conditions through conformity assessment studies and necessary revisions are made.

In order to ensure continuity and increase awareness of the Safety Management System (SMS), Seveso, Internal Emergency Situation Plan (IEP) trainings previously provided at İsdemir, the Safety Management System Internal Auditor Training was provided to 36 employees, the Training on the relationship between the Safety Management System (SMS) and the IEP was provided to 837 employees and the Seveso Awareness Training was provided to all of our employees with a total of 4,756 monthly and hourly wages. In addition, the Explosion Protection Awareness Training module was prepared in 2024 and it is aimed to be given to the relevant İsdemir Unit employees in 2025.

Within the scope of the OHS Law No. 6331, an unannounced audit was carried out in our company between 24-27.09.2024 by the Adana Guidance and Inspection Directorate of the Turkish Ministry of Labor and Social Affairs. The audit was successfully completed. In 2024, it was ensured that at least one OHS improvement was carried out in 73 chief engineers/supervisors of the units located in the İsdemir production area.

The 22nd Period audits of 494 sites within İsdemir were carried out within the scope of the 5S Systematic, the areas to be improved were entered into the 5S Tracking System and the improvement of the sites was monitored during 2024.

Safety Tours

We conduct announced and unannounced safety tours to identify areas open to improvement in terms of OHS, to eliminate unsafe conditions by eliminating the identified deficiencies, and to spread OHS culture among all our employees. We record the data we obtain during these tours in the OHS Systematics Tracking Application and monitor the latest progress in improvements digitally.

Ermaden Crusher

Occupational Health and Safety

At our OYAK Mining Metallurgy Companies, we carry out training and awareness-raising activities on occupational health and safety to reduce risks, ensure positive behavioral change and raise awareness.

405

Number of security tours conducted at Erdemir in 2024

In 2024, 821 internal and external security tours were carried out at İsdemir. A total of 21,097 non-conformities through OHS systematics (HGT, Nonconformity, Accident Reports, Drills, OHS Board Meetings, Near Misses and Employee Hazard Notifications) were identified and 95% of them were improved.

Safety Tours were carried out in all MCC-PLC-Hydraulic Rooms and Electrical Panels at İsdemir in 2024, and the improvements of the issues identified in these tours were monitored in the OHS Systematics Tracking Application. In addition, risk-specific safety tours were conducted at a total of 5 units (Steel Mill, Continuous Castings, Stock Management, Electronic Automation and Port Directorates), which have explosion hazardous areas within the scope of the Explosion Protection Document (PKD). The improvements of the issues identified during the tours are also monitored in the OHS Systematics Tracking Application.

We also conduct legislative audits and general audits in our companies to inspect subcontractor works and sites within a program we have determined.

İsdemir Coil Rolling Mill

Erdemir Quality Control

22.5
hours
Average OHS training per employee at Erdemir

A total of 116,953.7 person x hours of OHS related training was provided at Erdemir and 8,849 man x hours of training was provided remotely to subcontractor companies before the gate entry.

Occupational Health and Safety Training

Based on the fact 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, ensure positive behavioral change and raise awareness.

In 2024, we continued to offer OHS training with a range of content which we determined in accordance with the needs of our fields of activity. Some of the titles of these trainings are listed below:

- Basic Occupational Safety Training
- Training on Handling and Slinging
- Certified First Aid Training and Certified First Aid Renewal Training
- Atex Information Training
- IECEx Training
- EKED Training
- Training on the Preparation and Awareness of the Explosion Protection Document
- Training on Gas Safety and Use of Equipment
- Work at Height Training
- Training on the Use of Protective Equipment
- Training for Workplace Specific Risks
- Overview of Risk Management
- Training for Radiation Measurement and Protection from Radiation
- Identification and Evaluation of Hazardous Substances
- Security Management System (SMS) Internal Auditor Training
- Trainings Required by the Communiqué for the Personnel Assigned in the Service Groups Established within the Scope of the SEVESO Internal Contingency Plan
- Safe Behavior Center Trainings
- İsdemir OHS Training and Simulation Center Trainings
- Training on OHS Systematics
- Security Management System Auditor Training
- Scaffolding Erection and Inspection Training
- 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)
- Search and Rescue and Evacuation Training
- Fire Prevention and Extinguishing Training
- Safety Coaching

In 2024, an average of 22.5 hours of OHS training was provided per employee at Erdemir. A total of 116,953.7 person x hours of OHS related training was provided at Erdemir and 8,849 man x hours of training was provided remotely to subcontractor companies before the gate entry. At İsdemir, we contributed to a safe working culture with the 48,420 person x hour OHS trainings we provided to our subcontractors prior to their work on our sites.

Occupational Health and Safety

We provide information with video demonstrations to ensure the safety of our visitors and to protect our employees from external dangers that may occur due to rule violations by those visiting the sites from outside.

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

We care about the health and safety of our visitors.
OYAK Mining Metallurgy Companies attach importance to ensuring that our visitors, as well as our employees, are informed of occupational health and safety.

We provide information with video demonstrations to ensure the safety of our visitors and to protect our employees from external dangers that may occur due to rule violations by those visiting the sites from outside. We inform our visitors of what action to take in an emergency, provide brochures and keep records, requiring all visitors to sign the Visitor OHS Information Form stating that the necessary information has been provided.

We take proactive measures in occupational health and safety
Due to the high risk of accidents and occupational illness in our Mining Metallurgy Companies, we take proactive measures to prevent occupational accidents. We are working to reduce the incidence of occupational diseases such as chronic lung disease, hearing loss and musculoskeletal system diseases as well as back and waist ailments and neck pain.

Occupational Health and Safety Projects

The Erdemir Lifeline Project
At Erdemir, lifelines were installed in accordance with the EN795: 2012 and EN353-1 standards by taking into account the demands of the units in order to ensure safety during the work to be carried out at height such as roof cleaning, sheet metal replacement, maintenance and cleaning on the crane runway and climbing up vertical ladders established for maintenance purposes.

Within the scope of the “Lifelines” project, we set up a lifeline of 94,210 meters where workers anchor their safety harnesses without interruption, to be installed in areas such as on roofing, crane runway or vertical ladders. The project was the longest lifeline project to be carried out in Türkiye when it was put in place. With the project, we protect the work safety of personnel working at height by ensuring they are anchored to the lifeline with a safety harness.

ODAK Software Work
Throughout the year, OYAK Mining Metallurgy Companies continued to work on the software platform which we are developing throughout all of our Companies. We develop the software platform in order to manage occupational safety and environmental and health processes in an integrated manner, enabling our employees to actively participate in these processes and to provide instant dynamic reporting.

In the first stage, we commissioned the employee notifications section of the software platform, and we continued our efforts to commission the Subcontractor and Risk Assessment Modules in Erdemir in 2024. In 2024, the focus was particularly on commissioning the Subcontractor/ Employer and Non-Compliance Modules. We are also working on the Risk Assessment Module, Work Permit Module, Legislation Tracking Modules and Checklists. With the ODAK Software, we aim to align our companies within the scope of the OHS, Environment and Health Modules.

396

The number of people trained at the OHS Simulators Training Center in 2024

Erdemir Safe Behavior Center

A total of 396 people were trained in 2024 at the OHS Simulators Training Center (EGDM), which was established within the factory site in order to provide employees with safe behaviors through experience.

Road Safety Projects

A Traffic Commission was established with broad participation in order to ensure the healthy management of road and rail traffic within Erdemir. In addition to the signalization system at level crossings, the Commission is also working on extending the use of arm barriers, switching to precast concrete system at level crossings, closing the railway route with fencing, and widening the pedestrian sidewalks on the main lines.

İsdemir OHS Training and Simulation Center

A total of 486 people were trained in 2024 in order to ensure that our employees receive training by touching and feeling, and that behavioral changes occur in the field as a result of these trainings.

2024	Injury Frequency Rate	Severity of Accidents
Erdemir	5.99	0.837
İsdemir	2.94	0.103
Ersem	1.489	0.557
Erdemir Maden	0.56	0.031

32.38 hours

Average OHS training per employee at İsdemir

We improve the OHS performance of our Mining Metallurgy Companies through the following applications:

- Announced-Unannounced Safety Tours,
- OHS Field Tours,
- Internal and External Emergency Drills,
- OHS Board Meetings,
- Activity-Based Risk Assessment Studies,
- Legal Legislation Controls,
- Company Compliance Controls,
- Incident Sharing Presentations,
- Near Miss System,
- 5S System,
- Employee Notification System,
- OHS Trainings.

In order to respond to emergencies, 34 firefighters, 3 fire engines and a rescue vehicle are on hand at Erdemir, while 27 firefighters, 4 fire engines and 2 ladder vehicles are available at İsdemir.

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

At our OYAK Mining Metallurgy Companies, we carry out training and awareness-raising activities on occupational health and safety to reduce risks, ensure positive behavioral change and raise awareness.

2024	OHS Training Hours per Person
Erdemir	51.6
İsdemir	32.38
Ersem	20
Erdemir Maden	20

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

Environmental Performance

As OYAK Mining Metallurgy Companies, we also consider the continuous improvement of our environmental performance while conducting our activities.

Our Relevant Priorities

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

For a cleaner and livable world...
As OYAK Mining Metallurgy Companies, we focus on generating sustainable value in every field. We maintain our activities as a corporate citizen aware of its responsibilities to the economy, the environment and society.

Impacts arising from the industry directly affect global climate change. Climate change limited natural resources and rapidly diminishing biodiversity pose serious risks to the steel industry, which has a high environmental impact. Integrated steel production includes energy intensive processes within the scope of existing production technologies.

As OYAK Mining Metallurgy Companies, we also consider the continuous improvement of our environmental performance while conducting our activities. In order to fulfill our responsibility to the environment, we have determined our main focus as using existing resources effectively, efficiently and correctly. Our other focus areas include the use of communication channels in development and raising awareness among all of our stakeholders, and leaving a cleaner and more livable world to future generations.

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

- As a result of technical, economic and commercial evaluations with a life cycle and sustainable development perspective, applying environmental technologies, using natural resources effectively and efficiently, and protecting biodiversity.
- To reduce waste at its source, to develop recovery methods and to encourage recovery and recycling.
- To inform all our stakeholders, including our employees, customers, suppliers, society and the government, and raise awareness about our perspective on the environment, our practices and the results we have achieved by establishing open communication.

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

In 2024, the environmental investments and expenditures we realized amounted to a total of USD 50.1 million, of which USD 34.1 million at Erdemir and USD 16 million at İsdemir.

The policies and processes we established aim to mitigate our environmental impacts throughout the entire value chain and reduce energy consumption, promote the effective use of resources and reduce the generation of waste. They also aim to support recycling, especially in every stage of operation cycle, while maintaining and developing human capital.

OYAK Mining Metallurgy Head Office

While conducting our activities at OYAK Mining Metallurgy Companies, we take into consideration the continuous improvement of our environmental performance; we pay attention to the effective, efficient and correct use of existing resources.

25.3

USD million

Environmental investments and expenditure amount of Erdemir for the year 2024

16

USD million

Environmental investments and expenditure amount of İsdemir for the year 2024

We treat international standards and certifications as a base in our environmental management practices. Some of our companies, including Erdemir, İsdemir, Ersem and Erdemir Romania, hold the ISO 14001: 2015-Environmental Management Standard certificate. Erdemir, İsdemir and Erdemir Romania also hold the ISO 50001-Energy Management Standard certificate.

We provide sustainability training, the majority of which is on environmental topics, in order for our employees to internalize sustainability. In 2024, we continued to provide training within this context on the DigitalİK platform, which can be accessed online.

Environmental Permit and License Certificate

We fulfilled all necessary environmental obligations regarding wastewater discharge, air emissions, 1st class landfill (hazardous waste landfill), waste acceptance facility, non-hazardous waste recovery. The Environmental Permit and License Certificates obtained from the Ministry of Environment, Urbanization and Climate Change in September 2020 at Erdemir and in March 2021 at İsdemir remained valid and were maintained in 2024.

Environmental Impact Assessment (EIA) Process

The Environmental Impact Assessment (EIA) process is a study carried out 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 that have already undergone EIA.

Projects with EIA Positive Opinion in Erdemir

- Four project progress reports were prepared and submitted to the Ministry of Environment, Urbanization and Climate Change on a quarterly basis for the 2nd Blast Furnace Reconstruction and Modernization Project and the 4th Coke Battery and Secondary Products Plant Capacity Increase Project.
- Four Project Progress Reports were prepared and submitted to the Ministry of Environment, Urbanization and Climate Change on a quarterly basis for the Erdemir Port No. 1 Cargo and No. 1 Discharge Docks Renovation Project.

Environmental Performance

Türkiye ratified the Paris Agreement in 2021 and committed to net zero carbon emissions by 2053.

Short, medium and long-term physical risks and transition risks arising from climate change and their proper management are of great importance.

Projects in Erdemir for which an EIA Out of Scope Opinion was Given

- Gülüç Spillway Gate Project
- Water Tower (4 compartments 4800 m3/h flow rate)
- No. 1 Blast Furnace Reline (1,775,000 tons/year)

Projects in Erdemir for which EIA is deemed not necessary

- 5th Coke Battery (900,000 tons/year), New Sinter Project, 1st Cold Rolling Mill Tin Anode Foundry, 2nd Cold Rolling Mill 1st Hydrogen Facility Projects

Projects in İsdemir for which EIA Out of Scope Opinion was Given

- No. 3 BF Gas Combustion Chimney
- Port 277 m2 Prefabricated Building
- 8000 m2 Warehouse Construction
- Sea Water Pumping Station Improvement and Construction of 1 DM Electrical Building

Monitoring and follow-up reports continued to be prepared in quarterly periods in 2024 by a company with an EIA Qualification Certificate for the Coke Crushing and Screening Plant and Steel Mill Capacity Increase Project and the Capacity Increase and Continuous Pickling Plant Project at İsdemir. In addition, the EIA process of the Port Capacity Increase Project within the scope of ANNEX-1 of the EIA Regulation was carried out. It is foreseen that the EIA Positive Decision will be taken for the project in 2025.

EIA Activities in Ermaden

- The final report on the EIA process of the Derindere Waste Dam capacity increase project, which is in the process of completion, has been uploaded to the system. The report will be published after it is reviewed by the Ministry.
- The file prepared for the EIA permit for the new Ekinbaşı Mining Quarry with license number 201500515 has been submitted via the e-EIA system. The relevant process is ongoing.
- Within the scope of Bingöl investment, the tender process for the EIA permit has been completed and work has started.
- The production techniques we use in our investments and operations also comply with the Best Practicable Techniques Reference Documents published by the European Union.

Climate Change

Paris Agreement

Global greenhouse gas (GHG) emissions continue to increase worldwide. The transition to a low-carbon economy depends on a wide range of closely associated drivers and constraints. While alternative development policies and deep decarbonization technologies that have made significant progress in the last decade are promising, limiting the adverse impacts of the climate crisis requires strengthening policies, coordinating efforts, and cooperation across countries as well as across sectors.

The COP29 Presidency launched three energy initiatives on Green Energy, Hydrogen and Global Energy Storage and Grids.

The Paris Agreement*, signed in 2015 with the aim of limiting the increase in global average surface temperature to two degrees Celsius and, if possible, keeping it below 1.5 degrees Celsius, is an important step towards solving the climate crisis. As the fight against the climate crisis gains momentum, companies as well as countries party to the agreement have started to announce net zero emission and carbon neutrality targets.

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

COP (UN Conference of the Parties)
Short, medium and long-term physical risks and transition risks arising from climate change and their proper management are of great importance. These risks are of concern to governments as well as to all private sector enterprises and industries.

The work carried out in the context of combating the climate crisis is discussed at the annual COP (UN Conference of the Parties) meetings with the participation of governments, and gains are achieved with new decisions agreed upon by the parties. Under these decisions, all governments and businesses are expected to reflect their commitments to emissions cuts in their real performance results.

The 29th Conference of the Parties, COP29, also called the "Financing COP," which took place in Baku, Azerbaijan between November 11-22, focused on annual financing for climate action by undeveloped and developing countries.

The conference decided not to include the discussions on Carbon Border Adjustment Mechanism (CBAM) in the conference agenda and emphasized that the era of fossil fuels is over, and recommended cooperation with financial markets, strengthening innovative financing sources such as pollution taxes and increasing the credit capacity of multilateral development banks.

The COP29 Presidency launched three energy initiatives on Green Energy, Hydrogen and Global Energy Storage and Grids. The transformative role of artificial intelligence and digital technologies in combatting climate change has been in focus. The COP29 Green Digital Action Declaration was shared, promoting the use of digital tools to reduce greenhouse gas emissions, support climate resilience and advance sustainable development.

At COP29, the declaration on "Methane Reduction from Organic Waste" was approved and signed. With the declaration signed by 35 countries, including Türkiye, it was announced that with a commitment to reduce methane emissions from organic waste by 47% worldwide, it was decided to set sectoral targets for methane reduction from organic waste in future National Contribution Declarations (NDCs).

In line with the decisions taken by Türkiye at COP29, it was stated that by 2053, 99% carbon emission reduction will be achieved in the iron and steel sector, 93% in the cement sector, 75% in the aluminum sector and 75% in the fertilizer sector.

100
million tons
Türkiye's total carbon emission reduction target by 2030

69.1%
2053 target for renewable energy share in Türkiye's energy production

A series of commitments, declarations and initiatives aiming to strengthen cooperation in various fields and take concrete steps to combat climate change were shared with the public. These include the Ceasefire Appeal, the Global Energy Storage and Grids Commitment, the Green Energy Regions and Corridors Commitment, the Hydrogen Declaration, the Climate Migration Declaration, the Human Rights and Climate Declaration, the Peace, Relief and Recovery Declaration, the Culture and Climate Declaration, the Sports and Climate Declaration, the Media and Climate Declaration and the Faith and Climate Declaration, among many others.

Decisions Taken at COP 29

New Collective Quantified Goal (NCQGs) - The 2009 target of USD 100 billion was tripled to USD 300 billion by 2035.

- Agreement reached on UN-backed global carbon credit market. It has the potential to reduce the cost of implementing countries' climate plans by USD 250 billion annually.
- Article 6 of the Paris Agreement has been determined. Ten years of negotiations have paved the way for a USD 1 trillion annual investment in carbon markets by 2050.
- A commitment of USD 730 million has been raised to put the Loss and Damage Fund in place by 2025.
- The agreement reached at COP28 to phase out fossil fuels has been confirmed.
- With the Green Digital Action Declaration, 75 countries and 1,000 digital technology leaders agreed to collaborate on using digital tools to achieve climate goals.
- ISO announced that the Net Zero Standard will be shared at COP30.

Decisions Taken by Türkiye at COP29

- In 2025, it was announced that the National Green Taxonomy Regulation will be shared and the Emissions Trading System will be put into practice.
- It was stated that a total of 100 million tons of carbon emission reduction will be achieved with a 16% reduction in energy consumption by 2030.
- It was announced that energy efficiency investments will be increased to USD 20.2 billion by 2030.
- It was stated that the Akkuyu Nuclear Power Plant will reduce 30 million tons of carbon emissions annually and increase nuclear power capacity to 7.2 GW by 2035.
- It was declared that by 2035, renewable energy investments will be increased to USD 59 billion and energy storage investments to USD 2.5 billion.
- It was announced that by 2053, 69.1% of energy production will be provided from renewable sources and installed solar and wind energy capacity will be quadrupled.
- It was stated that by 2053, 99% carbon emission reduction will be achieved in the iron and steel sector, 93% in the cement sector, 75% in the aluminum sector and 75% in the fertilizer sector.

Planning the sectoral impacts of the European Green Deal and the smooth transition to compliance with the deal is crucial.

European Green Deal

The "European Green Deal" published by the European Commission in 2019 envisages Europe becoming the first climate neutral continent by 2050. The goal of the memorandum is to bring the European continent to a cleaner environment, more affordable energy, smarter transportation, new employment opportunities and an overall better quality of life.

Within the framework of the Fit for 55 Package" published by the European Commission in 2021, it is planned to launch the Carbon Border Adjustment Mechanism (CBAM) as an emission reporting obligation for six carbon-intensive sectors (cement, electricity, fertilizer, iron and steel, aluminum and hydrogen) as of 2023, and to start the financial implementation period within the scope of the reporting system as of 2026.

With almost half of its exports going to the EU, Türkiye will inevitably be affected by the EU's green transformation. Carbon regulation at the border is estimated to cost over Türkiye's GDP, increasing costs in sectors such as cement, electricity generation, fertilizer, iron and steel, aluminum and hydrogen. But the real problem is expected to be access to finance unless Turkish companies put in place permanent policies and practices to address the climate crisis.

Planning the sectoral impacts of the European Green Deal and the smooth transition to compliance with the deal is crucial. In this framework, under the leadership of the Ministry of Trade and with the coordination of the entire public and private sector, a Green Deal Action Plan was announced with 32 objectives and 81 actions under 9 key criteria.

The plan, which is a roadmap, aims to maintain and strengthen Türkiye's competitiveness in the international arena, increase green investments in Türkiye, and make the country a center of attraction for green investments.

In addition to the projected financial impact of the CBAM on Turkish exporters, it will be beneficial in many ways to consider it as an opportunity for Türkiye's transition to a circular economy.

As Erdemir and İsdemir, we have calculated the data for 2023 by evaluating the demands of our customers in the best way possible, and we will continue to share our data with our customers every year by calculating the data for 2024.

We utilize the waste generated by our Companies and ensure resource efficiency. We aim to reduce our water and carbon footprint by constantly improving our facilities with new technologies.

Steel is the most recycled material in the world. The fact that steel can be 100% recycled without losing any of its properties, and the length of its life cycle ensuring it remains in use for many years, stands as testament to its credentials as an environmentally friendly product.

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 roadmaps we prepare for climate-related risks and opportunities and for managing them in the most accurate way constitute the focus of our sustainability efforts and are an important part of our corporate risk management efforts.

We adopt the circular economy approach in tackling climate change. We utilize the waste generated by our Companies and ensure resource efficiency. We aim to reduce our water and carbon footprint by constantly improving our facilities with new technologies.

Steel is the most recycled material in the world. The fact that steel can be 100% recycled without losing any of its properties, and the length of its life cycle ensuring it remains in use for many years, stands as testament to its credentials as an environmentally friendly product. We care about the contribution of steel, which is used in many fields such as construction, infrastructure, consumer durables and the automotive industry to the circular economy. In this context, we strive to further improve the properties of our products.

It is widely recognized that ground-breaking technologies will need to become commonplace in order to significantly reduce emissions from the integrated production facilities. Technological transformations can only be realized with the initiation of significant investments and major collaborations.

We will realize a transformation investment of USD 3.2 billion in Erdemir and İsdemir 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.

The latest technological developments, such as the use of hydrogen instead of carbon in production and carbon capture, use and storage present important opportunities in the efforts to tackle against climate change.

Our Erdemir and İsdemir Companies calculate their annual emissions by using the mass-balance method and submit the calculated values to the Ministry of the Environment, Urbanization and Climate Change after approval from the verifying body. With the coordination of the Strategic Planning and Sustainability Department and the participation of all relevant units, we carry out work for the examination and implementation of new applications in order to reduce emissions. In addition, we conduct monthly analyses with the greenhouse gas monitoring system we have developed to better monitor our greenhouse gas emissions.

OYAK Mining Metallurgy Companies Erdemir and İsdemir announced the Net Zero Roadmap to contribute to Türkiye's 2053 net zero emission target. Erdemir and İsdemir, which are shaping their green transformation steps, aim to reduce carbon emissions per ton by 25% by 2030, 40% by 2040 and reach net zero emissions by 2050 compared to 2022, which they set as the base year. As the second largest steel producer in Europe and the eighth largest in the world, Erdemir and İsdemir, Türkiye's leading producers in the sector, 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 İsdemir 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. The details of the related investments are explained in the Net Zero Roadmap.

Under the coordination of the Environmental Directorates of Erdemir and İsdemir, work is being carried out to integrate the Carbon Border Adjustment Mechanism, Corporate and Product Carbon Footprint, Water Footprint, Life Cycle Assessment and Verification of Greenhouse Gas Emissions into the Environmental Management System. In this context, determinations were made at Erdemir regarding the flows affecting emissions specific to the CBAM for 2023, activity boundaries were determined and data studies on the processes were completed.

Water Footprint

At Erdemir and İsdemir, in line with the requirements of the TS EN ISO 14046:2016 standard, we prepared our Corporate Water Footprint report by comprehensively addressing our responsibility for environmental impacts such as water scarcity, freshwater and marine acidification, eutrophication, freshwater ecotoxicity and thermal pollution resulting from our activities. In this context, processes for the establishment and operation of a sustainable monitoring system for the protection and efficient use of water resources have been determined. At the same time, recommendations have been developed and feasible steps have been put forward to contribute to water conservation and water efficiency efforts within the framework of the United Nations Sustainable Development Goals. In order to inform our stakeholders about our environmental sensitivities and our commitment to water management, an approach based on international standards has been adopted and it is aimed to establish information mechanisms in this direction.

Corporate Carbon Footprint:

In line with the TS EN ISO 14064-1:2018 standard, the year 2023 was accepted as the base year and Erdemir corporate carbon footprint calculations were made with the data for 2023. In this context, emissions from stationary combustion, mobile combustion, industrial processes, personnel transportation, goods transportation or distribution, raw material procurement, etc. were calculated in 5 categories and a Corporate Carbon Footprint report was created.

Life Cycle Assessment (LCA)

The gap analysis associated with obtaining primary data for 2023 within the scope of LCA has been completed. Detailed studies on raw material utilization, waste assessment, emission data, fuel consumption, etc. were conducted to prepare the LCA report.

Carbon Border Adjustment Mechanism (CBAM)

Within the scope of the Carbon Border Adjustment Mechanism, our data for 2023 has been calculated and started to be shared in line with customer requests.

Environmental Performance

We are continuing improvement activities at Erdemir and İsdemir with the aim of maximizing energy efficiency and raising quality in the production lines with an awareness of using resources efficiently, on the basis of the continuous improvement principle.

42%

Erdemir energy saving rate

With projects to increase energy efficiency, we achieved a total financial saving of USD 37.1 million in 2024, including USD 19 million in İsdemir alone.

ENERGY MANAGEMENT

Under the coordination of the Erdemir and İsdemir Occupational Safety and Environment Directorates, work is being carried out to integrate the Carbon Border Adjustment Mechanism, Corporate and Product Carbon Footprint, Water Footprint, Life Cycle Assessment and Verification of Greenhouse Gas Emissions into the Environmental Management System. In this context, determinations were made regarding the flows affecting emissions specific to the CBAM, activity boundaries were determined and data studies on processes were started.

With projects to increase energy efficiency, we achieved a total financial saving of USD 37.1 million in 2024, including USD 19 million in İsdemir alone.

The Erdemir, İsdemir and Erdemir Romania facilities, which hold the ISO 50001 International Energy Management System certificate, have the capacity to save money by generating electricity from the by-products produced in the process.

The Erdemir and İsdemir Energy Policy can be summed up as follows:

- To implement technological innovations which increase energy efficiency,
- To utilize the released by-product gases and waste heat to the highest level,
- To minimize energy losses through systematic measurement and monitoring.

We are continuing improvement activities at two of our facilities with the aim of maximizing energy efficiency and raising quality in the production lines with an awareness of using resources efficiently, on the basis of the continuous improvement principle.

We determined our main focus areas in energy management of OYAK Mining Metallurgy Companies as follows:

- To increase efficiency in the production and consumption of energy,
- The recovery of by-products,
- To plan and implement improvement activities through systematic measurement, monitoring and analysis activities,
- To reduce carbon emissions by saving energy as a result of systematic work on energy efficiency.

While we contribute to the protection of natural resources and the environment with our efforts for the effective use of energy, we also gain competitive advantage. As a result of our systematic efforts for energy efficiency, we reduce our greenhouse gas emissions with the energy savings we achieve.

We monitor energy production and consumption values on a daily and monthly basis. We identify areas which are open to improvement, determine saving projects and carry our improvement activities. We plan activities to reduce energy consumption by determining monthly and annual energy consumption targets with the operation units depending on the production schedules for each year. Through these activities, we have reduced our energy consumption by 42% at Erdemir and by 40% at İsdemir since we began monitoring.

18.7

million kWh

Annual average production capacity of Kızılcapınar HEPP

Importance given to renewable energy sources

Priority is given to investments in projects which are in line with the "National Energy and Mining Policy" set out by the Ministry of Energy and Natural Resources in our country's energy strategies on the basis of ensuring supply security with domestic and national resources within the scope of bringing down the current account deficit. In order to reduce carbon emissions, which is in full compliance with this fundamental policy, Erdemir Enerji Üretim A.Ş. commissioned the Kızılcapınar Hydroelectric Power Plant (HEPP) renewable energy investment.

After the acceptance procedures carried out by the acceptance committee of the Ministry of Energy and Natural Resources, the Ministry Acceptance Minute was issued and the hydroelectric power plant Kızılcapınar HEPP based on a renewable resource was put into operation.

Despite some variation depending on hydrology, the annual average production capacity of the Kızılcapınar HEPP stands at 18,700,000 kWh.

The renewable energy generated by Kızılcapınar HEPP allows a reduction of the amount of natural gas or coal imports from abroad. The facility's average annual production corresponds to the electricity consumption of approximately 6,250 households. The energy generated in the renewable power plant has prevented the emission of approximately 10,000 tons of CO_2 emissions.

At our OYAK Mining Metallurgy Companies, we prioritize energy generation from renewable energy sources other than hydroelectricity with the awareness of the importance of renewable energy, and we accelerate our feasibility studies in this context.

Environmental Performance

At OYAK Mining and Metallurgy Companies, we prioritize reduction of waste arising from production at the source and increasing recycling and reuse.

1,111

thousand tons

The amount of scrap used at Erdemir and İsdemir to contribute to the circular economy in 2024

At Erdemir and İsdemir, we contribute to the circular economy by selling 100% of the blast furnace slag to cement plants and by directing steel mill slag for use on highways.

WASTE MANAGEMENT AND CIRCULAR ECONOMY

Among the advantages for the iron and steel industry in terms of cyclicality and waste management are the more efficient use of raw materials in production, the higher rate of re-inclusion of the by-products formed into production and the fact that steel can be recycled countless times. The effective management of waste, which poses both risks and opportunities for the industry, and the transition to a circular economy, both facilitate compliance with legal regulations and provide gains for companies such as reduction in operational expenditures.

At OYAK Mining and Metallurgy Companies, we prioritize reduction of waste arising from production at the source and increasing recycling and reuse. With this approach, we reduce greenhouse gas emissions and the use of iron ore and therefore, enable the protection of limited natural resources.

At Erdemir and İsdemir, we contribute to the circular economy by selling 100% of the blast furnace slag to cement plants and by directing steel mill slag for use on highways. In 2024, 100% of the granulated blast furnace slag released at Erdemir was sold, generating a profit of TL 76.5 million. At İsdemir, all of the steel mill and blast furnace granulated slags were sold, generating a profit of TL 172 million.

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

With the increasing importance of the circular economy, especially in recent years, scrap has become an important raw material which meets a significant area of global needs and which is used in the production of new products. The need for scrap has increased globally, as it reduces the use of fossil fuels. In 2024, we contributed to the circular economy by using a total of 1,111 thousand tons of scrap, 283 thousand tons at Erdemir and 828 thousand tons at İsdemir.

Hazardous Waste

We dispose of the hazardous wastes generated as a result of our production within the framework of legal regulations, store them or send them to recovery and disposal facilities authorized by the Ministry of Environment, Urbanization and Climate Change for recovery for energy purposes. While ensuring that hazardous wastes are stored in accordance with the regulation, we direct wastes such as chimney dust, waste oil, bilge and sludge to licensed recovery facilities or industrial facilities that are allowed to use them as alternative raw materials within the framework of the relevant legislation.

Erdemir stores oily mill scale within the scope of our Class 1 Hazardous Waste Landfill license, and we send some of it to licensed companies for recycling/recycling together with hazardous waste. In 2024, we sold 7% of 6,046 tons of hazardous waste at Erdemir and 7% of 6,292 tons of hazardous waste at İsdemir and recycled it into the economy.

68%

The waste recovery rate returned to the economy by Erdemir in 2024

93%

The waste recovery rate returned to the economy by İsdemir in 2024

Waste Recovery

We utilize the wastes and by-products arising from production in different ways such as the replacement of raw materials, recovery or fuel generation. In 2024, we recycled 67.67% of 1.27 million tons of production waste and by-products as raw material substitutes through internal recovery and external sales at Erdemir and 93% of 2.7 million tons of waste at İsdemir.

In both companies, the total financial savings from the sale of waste and by-products amounted to USD 47 million at Erdemir and USD 65 million at İsdemir.

In 2024, the amount of waste sold to licensed companies in Erdemir in accordance with the regulation amounted to 1419.1 tons and the profit obtained was TL 4,541,516.

At our OYAK Mining and Metallurgy Companies, we supply some of the raw materials we use at sinter factories from waste materials, and therefore both contribute to the circular economy and also achieve significant savings. Erdemir achieved financial savings of USD 12.8 million by using 354,577 tons of waste material as a substitute input for 296,323 tons of raw material, while İsdemir's savings amounted to USD 22 million for 366,947 tons of waste material.

Our products, which were removed from the waste class at Erdemir and included in the scope of by-products, are found to comply with the TSE Standard. TSE officials carried out inspections of our steel mill slag, tar, benzol and iron oxide by-products for compliance with TSE standards. The audits were successfully completed and our visa expired documents were renewed. The documents were updated on Erdemir online. In addition, zinc poultice was certified to comply with TS EN 13283 standard and 'ZSA', the secondary zinc quality designation for zinc and zinc alloys.

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 2024, 331 tons of recoverable waste oil was sent to licensed refining facilities at Erdemir, earning approximately TL 1,319,741, while at İsdemir, we sent 173 tons of waste oil for recovery, earning TL 1,728,675.

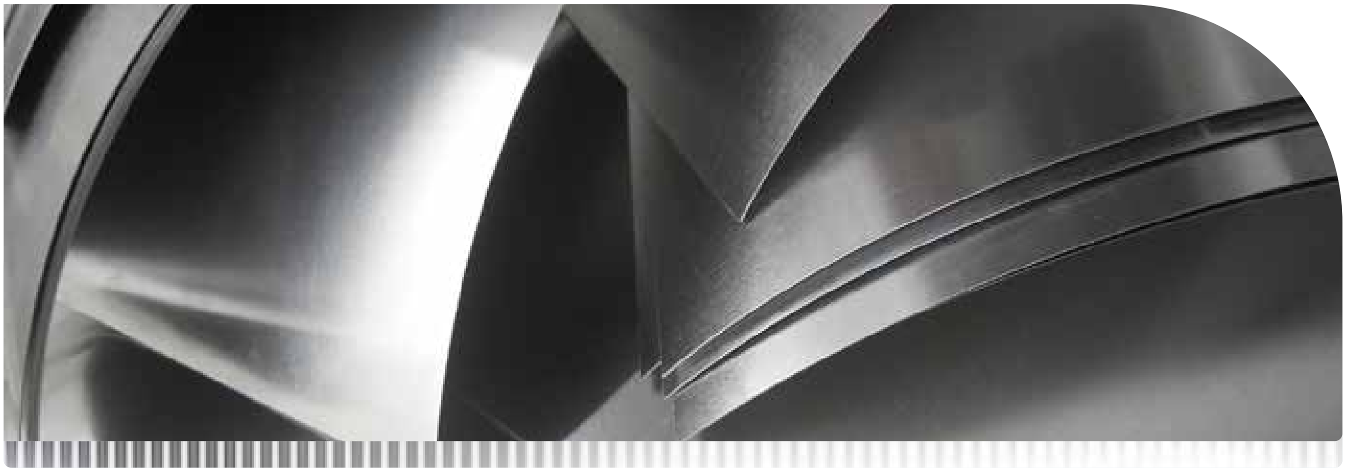
At Erdemir, apart from the 6,380 kg of vegetable waste oil collected as a result of cafeteria activities and sent to licensed recovery companies for the production of biodiesel, we introduced four vegetable waste oil collection bins at the entrances and exits of personnel doors in order to encourage employees to recycle vegetable waste oil. In 2024, the collection of vegetable waste oils generated in the lodgings area of İsdemir continued to be sent for recycling.

A total of 261 kg of waste batteries were collected in Erdemir in 2024 and sent to the disposal company for recycling.

At İsdemir, 240 kg of waste batteries were collected and sent to the disposal company for recycling.

We send the e-waste generated in our companies to companies licensed by the Ministry for recycling within the framework of the legislation.

1,867 wooden pallet packages that came with the refractory materials purchased in 2024 were returned to the company within the scope of the deposit application with the contributions of the Purchasing and Refractory Directorates, and a price advantage was also provided.



Environmental Performance

As OYAK Mining Metallurgy Companies, we separated waste at its source and recycled it in 2024.

In 2024, safety data sheets for ammonium sulfate, steel mill slag, calcium oxide, basic oxygen slag, crude benzol, crude tar materials were prepared at Erdemir.

In 2024, work was carried out at Erdemir Cement Plants to carry out industrial symbiosis studies with our Group Companies by ensuring the recovery of our process wastes. In this context;

- Ship waste bilge and sludge sent for energy recovery.
- 9,038 tons of YF Steel Mill Filter Cake (Sludge) was sent to Ünye Cement.
- 3,836 tons of flue dust was sent to Bolu Cement. Ship waste bilge and sludge were also sent for energy recovery.
- İsdemir also sent 4,276 tons of flue dust to Befesa Silvermet and Vitamin Metal.

Management of Chemicals
At our Companies, we store substances that could potentially be a source of volatile organic compounds (VOC) in closed tanks. We monitor the open areas, where the relevant tanks are located, with regular measurements carried out every two years.

In 2024, safety data sheets for ammonium sulfate, steel mill slag, calcium oxide, basic oxygen slag, crude benzol, crude tar materials were prepared at Erdemir.

Zero Waste Policy
At OYAK Mining Metallurgy companies, during 2024 we continued to send wastes to relevant companies after their classification. We entered information on the waste through the Integrated Environmental Information System put in place by the Ministry of Environment, Urbanization and Climate Change under the Zero Waste Regulation.

413,508,913
m^3
The amount of water recirculated by Erdemir in 2024

655,691,505
m^3
The amount of water recirculated by İsdemir in 2024

WATER MANAGEMENT

The iron and steel industry is a water-intensive industry, with water being one of the most important inputs of the process for the continuity of production. With climate change leading to drought, water has taken on increasing importance both in the world and in our region. In this vein, we closely monitor the use of water in our factories and reduce the amount of consumption through continuous improvement projects.

Our main principle in water management at our OYAK Mining Metallurgy Companies is reducing the amount of water extracted from the natural environment and increasing the amount of water which is reused.

There are closed-circuit circulation systems at our facilities, which we installed to minimize the use of water in the production processes. Although the amount of water we use in production increases each year, these systems allow us to keep the amount of water we extract from the natural environment to a minimum. We monitor the recirculation rate in order to monitor the amount of water we reuse.

In 2024, 90.7% of the water used in Erdemir and 94.2% in İsdemir was used as recirculation water. A total of 413,508,913 m3 of water was recirculated at Erdemir and 655,691,505 m3 of water was recirculated at İsdemir. In total, the two facilities recirculated 948.3 billion m^3 of water to be reused in systems, reducing the amount of water needed to be extracted from nature.

At Erdemir, within the scope of the "Salt Water Pumping 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 deeper and colder water from the sea, temperature measurements continue at different points in the sea to monitor the performance of sea water temperature change.

Investments for the establishment of a Blast Furnace Sludge Dewatering System are ongoing.

Investments continue for the collection of water from by-product gas drains throughout the factory.

Investments in the modernization of the Erdemir Domestic Waste Water Treatment Plant continue. Contribution was made to the efforts carried out with the Engineering System Development Feasibility and Portfolio Project Management Directorates for the Domestic Wastewater Treatment Plant Project. Main engineering works have started.

At the İsdemir Sea Water Intake Pump Station, which was damaged after the earthquake in Hatay, work continued in 2024 under the name of "Sea Water Sustainability Investment." Within the scope of the project, which will continue in 2025, the installation of a new system consisting of 5 pumps that can work integrated with the existing system has been completed. Renovation of damaged buildings and equipment is underway.

The Blast Furnace Sludge Dewatering System project, which is currently under construction at İsdemir, is planned to be completed in 2025. The wastewater to be obtained after the dewatering process will be reused in the systems, aiming to save approximately 1.3 million m3 of water.

At İsdemir, work has started to obtain the Blue Water Efficiency Certificate within the scope of the "Water Efficiency Regulation," which entered into force on 27.12.2024.

At Erdemir and İsdemir, we monitor the Continuous Emission Measurement Systems (CEMS), which is connected to the data network of the Ministry of Environment, Urbanization and Climate Change, 24/7. The accredited laboratory performs emission measurements every two years on all chimneys assigned through the Central Laboratory Determination System (MELBES).

We sample wastewater released from the processes and cooling water flowing from the discharge points. We conduct measurements of the water on parameters such as dissolved oxygen, pH, temperature, suspended solid mater, chemical oxygen demand, conductivity and flow rate through the Continuous Wastewater Monitoring Systems (CWMS) at our facilities.

We confirm that our wastewater meets the limit values through integrated comparison tests conducted by accredited laboratories authorized by the Ministry every three months and analyses conducted every 15 days as part of internal monitoring. In the CMCs, which we have established to monitor wastewater online, which have been installed in Erdemir since 2015 with 4 units and in İsdemir with 3 units, data transmission continues with the connection to the Continuous Monitoring Center (CMC) affiliated to the Ministry of Environment, Urbanization and Climate Change since 2021.

Environmental Performance

At Erdemir and İsdemir, we constantly monitor the Continuous Emission Measurement Systems (CEMS), which is connected to the data network of the Ministry of Environment, Urbanization and Climate Change.

As every year, Erdemir, İsdemir and Ermaden reported their greenhouse gas emissions to the Ministry after verifying them.

BIODIVERSITY

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

MANAGEMENT OF AIR EMISSIONS

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

Being aware of the effects of air emissions on humans and the environment, we make investments to reduce emissions and increase efficiency in order to improve air quality at all our facilities and in the surrounding areas. With the investments for improvement we make, we keep the air emissions below the legal limits.

At Erdemir and İsdemir, we monitor the Continuous Emission Measurement Systems (CEMS), which is connected to the data network of the Ministry of Environment, Urbanization and Climate Change, 24/7. In all our chimneys, emission measurements, which must be carried out every 2 years in accordance with the legislation, are carried out by authorized laboratories assigned through the Central Laboratory Determination System (MELBES)

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

At Erdemir and İsdemir, we use the blend compositions calculated on a theoretical basis, especially in sintering, and thus reduce SOx (sulfur oxides) emissions. In new investments to be carried out, we take account of the issues related to the reduction of SOx, NOx and other pollutants. In addition, we provide bags or electro filter systems in all process systems in order to minimize the emissions of PM10 (particles smaller than 10 microns). We monitor the efficiency and working status of our filter systems through the Maintenance Management System.

As every year, greenhouse gas emissions at Erdemir and İsdemir were verified and sent to the Ministry of Environment, Urbanization and Climate Change. The improvement report, which includes improvements in our greenhouse gas emissions, was also uploaded to the same system.

At Ermaden, the Greenhouse Gas Monitoring report was revised, the Emission Report was verified and sent to the Ministry of Environment, Urbanization and Climate Change via the relevant system.

In line with our Environmental Policy, our Companies identify potential environmental risks in advance and take measures to address these risks while continuing their activities in their production facilities.


Ersem Manisa Cut to Length

Environmental Performance

Erdemir and İsdemir are among the companies to have achieved successful results in "Specific Energy Consumption," one of the important performance indicators in the iron and steel industry.

822,560
Gigajoule
Erdemir energy savings in 2024

798,604
Gigajoule
İsdemir energy savings in 2024

Erdemir and İsdemir are among the companies to have achieved successful results in "Specific Energy Consumption," one of the important performance indicators in the iron and steel industry. The specific energy consumption for 2024 was 87,637,502 Gigajoules at Erdemir and 107,603,847 Gigajoules at İsdemir.

In 2024, Erdemir achieved 822,560 Gigajoules of energy savings and 90,770 tons of CO_2 emission reduction, while İsdemir achieved 798,604 Gigajoules of energy savings and 123,178 tons of CO_2 emission reduction through energy efficiency projects.

At OYAK Mining and Metallurgy Companies, we prioritize reduction of waste arising from production at the source and increasing recycling and reuse. With this approach, we reduce greenhouse gas emissions and the use of iron ore and therefore, enable the protection of limited natural resources.

Erdemir waste management activities

- 163.3 tons of waste paper was collected and 2,776 trees were prevented from being cut down. 408 m3 of waste storage space saved, 669,530 kWh of energy was saved. 28.904 kg of greenhouse gas emissions were prevented.
- 239.6 tons of plastic waste was collected, saving 3,906 barrels of oil, 1,383,912 kWh of energy, 551.26 m3 of landfill space and preventing 9,826 kg of greenhouse gas emissions.
- 245.9 tons of metal waste was collected, saving 157,867 kWh of energy,
737.7 m3 of waste storage space, 319.67 tons of raw materials were saved. 23.360 kg of greenhouse gas emissions were prevented.
- 72.6 tons of glass waste was collected, saving 3049 kWh of energy, 108 m3 of waste storage space and 87 tons of raw materials. 2.178 kg of greenhouse gas emissions were prevented.

2,776

Number of trees prevented from being cut down at Erdemir

1,532

Number of trees prevented from being cut down at İsdemir

İsdemir waste management activities

- 0.34 tons of waste batteries was collected, saving 0.765 m3 of landfill space.
- 17.86 tons of waste motor oil was collected and 12.50 liters of base oil was recovered.
- By collecting 90.16 tons of waste paper, 1,532.72 trees were prevented from being cut down.
  - 225.4 m3 of waste storage space was saved.
  - 369,656 kWh of energy was saved.
  - 2,524.48 m3 of water saved.
  - 15,958.32 kg of greenhouse gas emissions were prevented.
- By collecting 133.96 tons of waste plastic, 349,367.68 liters of oil was saved.
  - 773,485.04 kWh of energy was saved.
  - 334.9 m3 of waste storage space was saved.
  - 5,492.36 kg of greenhouse gas emissions were prevented.
- 11.30 tons of waste glass was collected and
  13.54 tons of raw material was recovered.
  - 474.6 kWh of energy was saved.
  - 16.95 m3 of waste storage space was saved.
  - 339 kg of greenhouse gas emissions were prevented.

Ersem waste management studies

- 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 water was saved. 9.053 kg of greenhouse gas emissions were prevented.
- 8.17 tons of waste plastic was collected, saving 31,468.3 kWh of energy and 13.62 m3 of landfill space, and 334 kg of greenhouse gas emissions were prevented.
- 0.38 tons of waste glass was collected, recovering 14,213.6 liters of oil and preventing 223.45 kg of greenhouse gas emissions.

At Erdemir

- Investments in the operations of the 2nd BF Foundry Dust Collection Project are ongoing.
- Steel Mill Secondary Dust Collection Capacity Increase Project system was commissioned.
- Investments in the Modernization of Domestic Waste Water Treatment Plant continue.
- Investments for the Supply and Installation of 4th Coke Battery - Dust Collection System continue.
- The 6th Steam Boiler Project has been commissioned and the remaining works are ongoing.
- Turbo Blower Project No. 6 has been commissioned and the remaining works are ongoing.
- 60 MW New Turbo Generator Project has been commissioned and the remaining works are ongoing.
- Structural Improvement of Port Docks Project was completed.
- Investments in Pollination Prevention systems continue.
- Investments continue for the collection of water from by-product gas drains throughout the factory.
- Investments for the Improvement of the Blast Furnace Raw Material Dust Collection System continue.
- Investments for the Installation of Vacuum Dust-Debris Collection System on the Steel Mill Floors and Fash Conveyor continue.
- Investments for the establishment of a Blast Furnace Sludge Dewatering System are ongoing.
- Modernization of Tandem Line PCB Substations and CPL Line 13.8 0.4kV-1000kVA PCB Substation Modernization is ongoing.

At İsdemir

- The Project for the Construction of an Additional Ammonia Column at the Coke By-Products Plant was sustained.
- Blast Furnaces Sludge Dewatering Plant Establishment Project was sustained.
- The investments for the installation of Dust Collection Systems at the Foundry and Charging Facilities (new Blast Furnace 1) were sustained.
- The investments in the Blast Furnace Peak Pressure Turbine (TRT) were sustained.
- The investments in Steam Boiler Retubing and Burner Modification were sustained.
- The investments for the installation of a Dedusting System at Unit 170-171 were sustained.
- The investments for the construction of the Dedusting System at Unit No. 191 were sustained.
- The investments in the installation of Scrap Cleaning Systems were sustained.
- The investments for the installation of a Dust Collection System at the Ferro Alloy Unit were sustained.

In total, Erdemir and İsdemir recirculated 948.3 million m³ of water to be reused in systems, reducing the amount of water needed to be extracted from nature.

R&D and Innovation

In 2024, 20 new product grades were developed, bringing the number of grades for flat products to 602 and for long products to 331.

58

Number of employees at Erdemir R&D Center

50

Number of registrations

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 carried out under five main groups: raw materials and iron production, steel production and casting technologies, hot products and processes, cold products and processes, energy and environment.

In 2024, 20 new product grades were developed, bringing the number of grades for flat products to 602 and for long products to 331. As part of research and development activities, where 37 projects were completed and 32 projects are ongoing, 4 patent applications were realized. As a result of the work carried out within the OMM, 50 of the 88 applications made to date have been registered, including 33 patents and 17 utility models.

The R&D Center employs a team of 58 people, including 31 researchers, 21 technicians and 6 support staff. At the R&D Center, which has 8 PhD personnel and 5 PhD students, PhD and master's degrees are encouraged. Providing 13 technical trainings in various fields of expertise in 2024, the Center has published 105 articles, papers and posters in national and international organizations to date.

Pilot Facilities and New Products

In 2024, studies were carried out at the Experimental Product Development Simulation Center Hot Rolling Simulator to improve process and product features in the hot and long product group, and a total of 258 rolling trials were carried out. In the Hot Rolling Simulator, the development of new heat treatment 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 super bainitic and Q&P (Quench&Partitioning) steel grades, which are in the 3rd generation advanced high-strength steels class, development of structural plate steel grades, development of pipe steel grades suitable for hydrogen transportation, product localization studies were successfully carried out.

In addition, studies such as the development of environmentally friendly free-cutting steel in long product group and coil rolling optimizations were also carried out. Furthermore, process improvement studies were carried out in the hot rolling simulator to save alloys in the plate product group.

With the 250-ton capacity tensile and 750 joule capacity impact testers brought to the R&D Center, pilot-scale studies were completed in a shorter time. Moreover, a dry abrasive wear device was commissioned in the R&D Center infrastructure to measure the wear performance of wear-resistant steel grades.

Erdemir R&D Center

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

In the context of computational material simulation studies, deep drawing, Nakajima forming tests, quenching unit and butt welding process simulation studies were carried out using Simufact and ANSYS infrastructures.

Within the scope of carbon emission reduction and sustainability efforts, a prototype of thermoelectric generators that generate electricity from the waste heat emitted to the atmosphere as a result of iron and steel production processes was produced and laboratory-scale energy generation was realized.

Cold Rolling and Annealing/Coating Process Simulators within the Experimental Product Development Simulation Center play an important role in value-added product development processes. In this context, new product development, improvement of product properties, localization and process optimization studies are carried out for cold rolled and annealed/coated products. In particular, the focus was on improving the coating quality of advanced high-strength steels and electrical steels.

Studies on electrical steels are contributing to the development of high-performance products with low magnetic losses. In this way, the performance of electric vehicle engines is increased, enabling more efficient use of batteries. In addition, a finite element model for the cold rolling process was developed and the amount of deformation on the surfaces of the work rolls in contact with the strip was calculated in detail.

In line with the demands of the automotive industry, the R&D Center carries out projects to reduce alloy costs in cold and galvanized HSLA (high strength low alloy) steels. At the same time, new product concepts are being evaluated in accordance with HSLA, IF, BH and DP quality demands. Pilot-scale simulation studies for new generation packaging steels are underway to meet the needs of the packaging industry for increasingly thinner materials with high forming properties.

With the modeling studies carried out, process simulations, prediction of error risks and improvement of slab quality were carried out.

Using the open and vacuum induction furnaces in the R&D Center casting laboratory infrastructure, pilot scale production of steel grades required in R&D projects was carried out.

Artificial intelligence-based image processing applications are used in microstructure characterization, and innovative solutions are developed to reduce magnetic losses of electrical steels used in electric vehicle motors. The electrochemical corrosion laboratory is effectively used for coating characterization, corrosion resistance of packaging materials and the study of defects in production processes.

In addition, spot welding homologation studies demanded by the automotive industry are carried out in accordance with SEP 1220-2 and ISO 18272-2 standards, thus providing both time and cost advantages.

Using the open and vacuum induction furnaces in the R&D Center casting laboratory infrastructure, pilot scale production of steel grades required in R&D projects was carried out.

With the modeling studies carried out, process simulations, prediction of error risks and improvement of slab quality were carried out. R&D activities were carried out to improve steel cleanliness, production continuity and product quality. Research on the effects of hot ductility behavior of materials on crack formation was carried out and studies were carried out on the sustainability of production. Studies were carried out on the effects of mineralogical, chemical and physical properties of casting powders on slab quality and continuous casting performance.

İsdemir Continuous Casting

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

The CO_2 mineralization (carbonation) technique that enables the use of steel mill slag as aggregate in structures such as breakwaters/tetrapods was developed with the Investigation of the Usability of Steel Mill Slag in Breakwater/Tetrapod Applications Project. In the current project, the mortar design was determined in cooperation with Yıldız Technical University Civil Engineering Department and 13-ton tetrapods were produced.

As a result of successful laboratory trials in the carbonation of steel mill slag project, the process was transferred to pilot scale and optimization studies were completed in the pilot carbonation reactor. A patent application was filed for the carbonation method in the project. Work has been initiated for the industrial carbonation reactor and synergy studies are currently being carried out with the relevant units.

In line with the goal of reducing CO_2 emissions, the Pilot Pyrolysis Plant was commissioned for the use of alternative carbon sources to fossil fuels in iron and steel production processes. In order to produce raw materials of appropriate size for the plant, studies were carried out to reduce the size of wood waste in wood shredding equipment and to use it for biochar production in the Pilot Pyrolysis Plant. Appropriate biochar production and utilization conditions were established for the processes where biochar will be used.

In order to facilitate the recycling of by-products/surpluses generated in iron and steel production facilities by agglomerating them and thus contribute to sustainable production, the installation works of the Vertical Vibratory Press Briquetting Plant and Vacuum Extrusion Briquetting Plant were carried out.

Work was carried out on the "Customized Membrane Applications for Green and Emerging Industries" (CUMERI Project), the first Horizon Europe project funded in the iron and steel sector in Türkiye. The "Decarbonized Steel Production with New Processes" (ZEROSTEEL Project), in which the company participated as a partner, was entitled to be funded under the Horizon Europe program. The project aims to reduce carbon emissions in steel production through innovative processes to be developed within the scope of the project. We were a project sponsor in the EU-RFCS project with the short name "Safe H-DRI" to investigate the production of hydrogen direct reduced iron (H-DRI) and the conditions for the safe transportation of H-DRI. Erdemir is planned to contribute to the ore pool to be used in the reduction works in the project.

Within the scope of establishing an R&D Center at İsdemir, work continues on building design, simulator and laboratory infrastructures.

The laboratory infrastructure for the electrochemical reduction of iron ores, which is an alternative iron production method for decarbonization, has been established and experimental studies have started.

Within the scope of the TÜBİTAK 1004 - Center of Excellence Support Program High Technology Platforms - Green Transformation Call, a proposal platform was prepared under the leadership of Dokuz Eylül University, titled "Hydrogen Technologies Platform (H2-TEK)." In this context, the project titled "Investigation of Green Steel Production Using Hydrogen," in which the Turkish Energy, Nuclear and Mineral Research Agency (TENMAK) – Institute of Clean Energy Research acts as the Research Program Executing Institution (RPEI), includes collaboration from various partners. The support status of the platform by the TÜBİTAK 1004 program will be determined according to the results of the referee evaluation.

- In line with 2549 TÜBİTAK-Poland National Center for Research and Development (NCBR) Bilateral Cooperation Call, the application for the project "Development of Biocoke Production Technologies for Blast Furnace-Steel Production Route" was accepted. In this study, we will try to evaluate the usability of biochar in the coke process.
- The laboratory infrastructure for the electrochemical reduction of iron ores, which is an alternative iron production method for decarbonization, has been established and experimental studies have started.
- A decision was taken to establish a laboratory infrastructure for the reduction of iron ores with hydrogen, and work began on the design of a laboratory-scale reactor. Ore beneficiation research was carried out for local ores in order to produce pellets suitable for the direct reduction process.
- Infrastructure needs and equipment determination studies have started for the establishment of the laboratory that will serve the projects of the Energy and Environment R&D Directorate, which was included in the R&D Center organization in 2023. Within the scope of climate change strategies, projects were developed on efficient energy use, alternative clean energy technologies and alternative treatment systems to reach the 2050 net zero carbon emission targets. In 2024, projects were carried out within the scope of university-industry cooperation on waste disposal and emission reduction through microbiological methods. In order to utilize waste heat, different technologies such as Organic Rankine Cycle and Thermal Electricity Generators are examined and studies on energy recovery potential and application areas are carried out in cooperation with stakeholders and universities.
- Under the framework of carbon capture and conversion into value-added products, HEKTAŞ applied to the TÜBİTAK SAYEM 1833 call for the synthesis of urea and derivatives from carbon dioxide captured from industrial waste gases.

Within the scope of establishing an R&D Center at İsdemir, work continues on building design, simulator and laboratory infrastructures. This new R&D Center will contribute to the development of innovative technologies for green steel production. In order to strengthen the human resources infrastructure of the R&D Center to be established after 2025, it is aimed to complete the personnel

In 2025, OYAK Mining Metallurgy Companies aim to produce projects for value-added products such as armor steels for the defense industry, automotive steels, heat treatment steels, electrical steels, packaging steels, and the development of environmentally friendly free-cutting steel in the long product group.

structuring process for 3 different directorates before the construction of the facility and to strategically plan qualified staff in accordance with their areas of expertise.

Planned Activities for 2025 and Beyond

In 2025, OYAK Mining Metallurgy Companies aim to produce projects for value-added products such as armor steels for the defense industry, automotive steels, heat treatment steels, electrical steels, packaging steels, and the development of environmentally friendly free-cutting steel in the long product group. These include the projects that can yield results in focus areas such as coating quality improvement studies, optimization of quality and efficiency in processes, bringing waste into the circular economy, reducing emissions, and converting waste heat into electrical energy through the Organic Rankine Cycle system and the thermoelectric generator system created with thermoelectric semiconductors.

With the commissioning of the Vertical Vibratory Press Briquetting Plant and Vacuum Extrusion Briquetting Plant, studies will be carried out to determine the recycling conditions and contribute to the circular economy by briquetting the by-products/surpluses generated in production processes.

With the aim of decarbonizing the steel sector, laboratory-scale studies are planned to be carried out to investigate alternative iron production methods such as electrochemical reduction of iron ores and direct reduction with hydrogen. In this context, ore enrichment studies for the development of ferrous raw materials suitable for direct reduction will also continue.

In 2025, with the addition of the Vacuum Extrusion Briquetting Plant to the infrastructure of the R&D Center at the İsdemir location, it is aimed to briquet solid wastes with a lower residue content and a high iron content to be recycled into the process. In addition, studies will be carried out to increase coke production with the increase in bulk density to be obtained by briquetting coal and adding it to the coal blend at a certain rate.

The companies also aim to develop projects on hydrogen reduction of ferrous raw materials, enrichment methods for DR quality pellet production, alternative renewable energy sources, energy efficiency, carbon capture and conversion into valuable chemicals.

Digital Transformation and Technology

We continue to support our digital transformation journey, which progresses in parallel with our strategic plan, with up-to-date technologies.

We are transforming our processes into easy-to-manage, secure and agile structures with modernization works and big data projects in production and Enterprise Resource Management (ERP) systems.

Digital Transformation Oriented Application Development Activities

We focus on production and quality, maintenance and reliability, energy and resource management, occupational health and safety, occupational health and safety, human and sustainability dimensions, and aim for excellent stakeholder experience and operational excellence by empowering our companies with targeted digital transformation projects, based on the fact that knowledge is power. We are rapidly moving towards turning our awareness of the need for our companies to adapt to the digital transformation process into a competitive advantage with targeted projects.

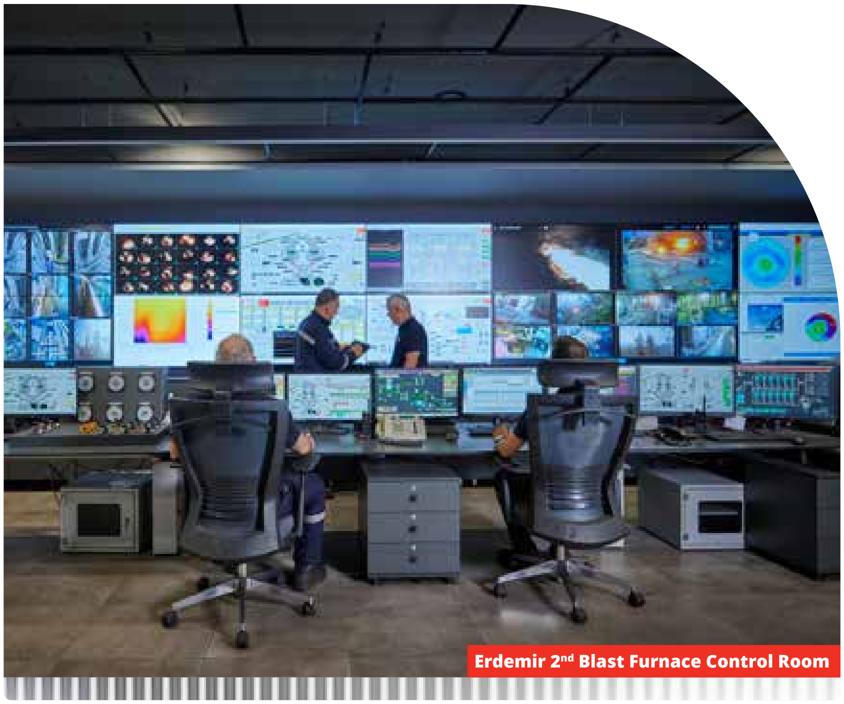
We are transforming our processes into easy-to-manage, secure and agile structures with modernization works and big data projects in production and Enterprise Resource Management (ERP) systems.

We continue to support our digital transformation journey, which progresses in parallel with our strategic plan, with up-to-date technologies. These technologies range from the Internet of Things to cloud technology, data analytics, artificial intelligence, image processing and digital twins.

We believe that data is the most important factor in digital transformation. Launched in 2022, we continue the data collection project that will enable the transfer of qualified and verified data from sensors in the fields to the data lake infrastructure, supported by data analytics. We will process the data we collect with productive artificial intelligence technology in topics that will add value to our companies such as intuitive maintenance, product development, machine learning, operational efficiency and sustainability, and use it in improvement projects.

With our digital transformation project, which covers 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 to be achieved through this process transformation will also accelerate our technological transformation.

With the "Raw Material Supply and Planning System" project, we ensured that we prepare a detailed supply plan according to annual production targets and production needs, renew plans in line with changing conditions through effective material control, and keep stock levels to a minimum to ensure that the required material is available where and when required. We continue our efforts to transform the data collected in the system into value-added information that will create competitive advantage by processing it with data analytics methods.



Erdemir 2nd Blast Furnace Control Room

We continue to renew and strengthen the systems and network infrastructures of OYAK Mining Metallurgy Companies in accordance with today's technology and requirements.

We have completed our "Microsoft365" and "e-transformation" projects in line with the Cloud Technology strategy. With our "SAP HANA" transformation project, we are strengthening our cloud strategy and making our infrastructure ready with the goal of making productive artificial intelligence technologies a part of our processes.

We have completed the first phase of our "Alloy Costs Optimization" data analytics project, which will enable the analysis of alloy costs on a quality basis and the effective management of related cost saving efforts. We continue to expand our project to include advanced data analysis and the use of artificial intelligence.

We renewed the web pages of all OYAK Mining Metallurgy companies as a result of the work carried out to provide a more user-friendly interface using new technology and infrastructure.

Infrastructure and Data Security in Information Technologies

We continue to renew and strengthen the systems and network infrastructures of OYAK Mining Metallurgy Companies in accordance with today's technology and requirements. We conducted our security, emergency and disaster tests in 2024.

We continue our efforts to support our data center infrastructures with cloud technologies for a more powerful and back-up infrastructure.

We are expanding our efforts to establish our productive artificial intelligence principles and artificial intelligence framework in line with our artificial intelligence technology transformation goals to include our human resources and all our infrastructure and network activities.

As OYAK Mining Metallurgy Companies, we aim to ensure the security of all information assets and processes we use while carrying out our activities in the 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 using new cyber technology applications and constantly monitoring cyber threats.

In 2024, "Cyber Maturity Level" measurement studies were completed and improvement efforts were initiated by creating action plans. The project to modernize backup infrastructures was completed, ensuring a high level of security for backups. A transition was made to a new security infrastructure that combines many features such as artificial intelligence-supported antivirus, malware protection, threat detection and response to these threats on a single platform in order to detect and prevent cyber threats on computers and servers faster and increase visibility on computer networks.

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 Presidency Digital Transformation Office and the Energy Market Regulatory Authority. Internal/external compliance and audit activities continued in 2024, ensuring the continuity of existing certifications through quality and process improvements and necessary improvements were made.

OYAK Mining Metallurgy Companies continue their digital transformation journey in line with their way of doing business, which they have determined in line with their vision of creating value for all stakeholders.

The value of human capital from fire to steel

130 Employees
136 Social Contribution

People-Centered Approach

Employees

We support our employees with continuous development opportunities so that they can effectively adapt to rapidly changing market conditions and digital transformation processes.

Our Relevant Priorities

- Employee Experience
- Talent Management
- Digital Transformation
- Equal Opportunity and Diversity

12,366

Number of people directly employed

Human resources practices that aim to improve competencies and working conditions for employee welfare and productivity

As OYAK Mining Metallurgy Companies, we strive to provide a happy, safe, inclusive and equitable working environment by prioritizing the health and safety of every employee.

We support the professional and personal development of our employees and aim to improve their living standards. In this context, we are making the necessary arrangements to make workspaces and business processes healthier, more efficient and ergonomic. We believe in learning, development and achieving together with all our employees. We contribute to the development of the professional and technical knowledge and skills they need through the training programs we organize. We walk together towards our goal of sustainable success by offering continuous development opportunities to our employees.

We place people at the heart of all our activities and business model. Our human resources practices, which 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 realize projects aimed at generating social value.

The focus areas of our human resources strategy are to be the preferred employer brand, to contribute to society in our areas of activity, and to bring together the employees who have adopted the priorities and values of the institution.

At our OYAK Mining Metallurgy Companies, we share the common goals, values, principles and corporate culture as a member of a big family. As of the end of 2024, the number of employees directly employed by our companies, which are among the largest employment generators in Türkiye, was 12,366.

Employees paid on an hourly basis comprise 68% of our workforce with employees drawing a salary consisting of the other 32%. The employee turnover rate for 2024 was calculated as 13% at our Mining Metallurgy Companies, which rank among the top employers preferred by employees in our country.

High-standard, flexible and scalable human resources processes

We are aware that providing a qualified workforce for both our country and our Companies and investing in the development of our employees is our main responsibility. We believe in the importance of providing our employees with opportunities to strengthen their competencies while achieving our goals. We support our employees with continuous development opportunities so that they can effectively adapt to rapidly changing market conditions and digital transformation processes. While our training programs allow our employees to follow digital trends and industry dynamics, we strengthen our competitive advantage by periodically updating our employees' competency sets.

Erdemir 2nd Hot Rolling Mill

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

We launched 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, Recruitment, Placement and Organization Management, Talent and Succession Management, Remuneration and Benefits Management, Learning and Development Platform. We ensure that human resources management, which we follow a holistic approach, is carried out through a comprehensive, common system.

Performance Management

Within our performance management processes, our monthly paid employees undergo a target-based individual performance evaluation once a year.

In the Individual Performance Management process, we evaluate the extent to which our employees achieve the performance indicators assigned to them on the Performance System, where annual individual targets are monitored. During the evaluation process, our employees have an annual performance meeting with their managers. Following the meeting, we allow employees who disagree to file an objection through the system in line with our principle of equality. Accordingly, we adopt a fair solution approach by conducting an impartial evaluation process.

We provide our employees with effective feedback to support them in improving their performance, identify their strengths and areas for improvement, plan and monitor their development activities.

We use individual performance results, which are obtained on an annual basis for the achievement of corporate goals, in determining variable salaries, creating individual development plans and talent management processes.

Compensation and Benefits

At OYAK Mining Metallurgy Companies, we create our compensation and benefits policies by taking into account the structure of the industries in which we operate as well as the market conditions. We support employees through various practices based on analyses aimed at increasing employee loyalty and motivation.

We apply a systematic approach in compensation which is based on the job levels determined for each position. While the compensation and benefits of our hourly paid employees are determined through collective labor agreements, the compensation and benefits of our monthly paid employees are determined by a methodology based on an internationally valid and defined system.

While we provide benefits such as private health insurance, life insurance, performance-based variable pay and employer contributed private pension to our monthly paid employees, we provide benefits such as bonuses and a heating expense allowance under the collective labor agreement to our hourly paid employees.

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

Employees

Through 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.

We adopt a fair approach in the opportunities we offer to all our employees at OYAK Mining Metallurgy Companies.

Talent Management
At the center of our holistic talent management approach, we aim to ensure that our employees work in the right business area that best suits their talents and to increase their personal and professional competencies.

Within the scope of our talent management strategy, we prioritize internal appointments by conducting potential evaluations of our employees for career opportunities that arise in our Companies through the "OYAK Measurement and Evaluation Center" application. Through 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 key roles and create successions plans. In line with our talent and succession processes, we prioritize internal candidates whose competencies and experience match the vacant positions and offer our employees opportunities to continue their career development. We support our employees through coaching programs, providing them with the necessary resources and guidance to prepare for leadership roles and plan their long-term career goals. We also feel the power of being a large organization in our succession planning processes.

We offer our employees the opportunity to gain experience in different areas and locations, enabling cross-functional and inter-company transitions. In this way, our employees develop their organizational competencies by experiencing various business processes.

We increase career and development opportunities by creating individual development plans and setting career goals for our employees. In the external candidate search process, in addition to selection and placement tools, we provide young talents with job opportunities through university collaborations and support their adaptation through our orientation process.

We prioritize open and continuous communication in our strategies to increase the motivation and loyalty of our employees. In this context, we evaluate the internal dynamism of our organization through the employee engagement survey we organize throughout the year, we work on action plans with our managers, taking into account the opinions and suggestions of our employees in our regular feedback meetings, and we continuously improve working conditions. We support the strengthening of social ties among our employees through internal communication activities we organize throughout the year.

Equal Opportunity and Diversity
We adopt a fair approach in the opportunities we offer to all our employees at OYAK Mining Metallurgy Companies. We do not discriminate based on gender, language, race, ethnic origin, political opinion, belief, religion, sect, age, physical disability and similar reasons in any human resources process, especially in recruitment processes. We set impartial and fair criteria to ensure a level playing field for all candidates and to eliminate any prejudices that may lead to discrimination. We believe that respect for different beliefs and views enriches us and we value each of them equally.
We support gender equality by aiming to prevent all kinds of discrimination and we carry out our recruitment activities with this awareness.

Thanks to our Digital HR application, where employees may effectively access all learning and development activities regardless of the time and place, we are able to manage our human resources processes more efficiently.

Training Activities

At OYAK Mining Metallurgy Companies, the training activities we carry out cover all learning and development activities aimed at improving the existing 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 year-round training programs such as development programs, technical faculties, internal trainer programs, catalogue trainings for our monthly paid employees.

We also offer many learning opportunities such as on-the-job, in-class, virtual classroom, e-learning, domestic and international congresses, conferences and seminars where various training methods suitable for adult education are used. We support our employees in their career journeys with both technical and managerial faculties.

Personal development and technical training programs for different categories of employees

Vocational and Technical Development Training Programs

With a sustainability and environmental perspective, we develop vocational training programs to increase energy efficiency and support the design of environmentally friendly production processes. In this context, with the mission of integrating engineering solutions into production processes, we carry out training programs that will guide the work and strengthen the professional and technical competencies of engineers. We design development programs to strengthen the design of innovative technologies and solutions and the development of processes in the digital transformation process.

We conduct training to develop the project management approach and to teach the necessary techniques. In this context, 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 projects.

Erdemir Galvanized Stock Yard

Employees

Every year, we organize "Vocational High School Skills Internship Program" and "University Short-Term Internship Program" at OYAK Mining Metallurgy companies.

We provide on-the-job orientation training for our hourly employees and professional development trainings within the scope of the In-Unit Training System (UES).

We provide on-the-job orientation training for our hourly employees and professional development trainings within the scope of the In-Unit Training System (UES). We monitor employees' job description professional qualification certificates and trainings through the Equivalency Program carried out with the Vocational Training Center.

In order to support the career development of qualified human resources and to strengthen the relationship between qualified workforce and production in vocational education, we come together with students at events within the scope of cooperation with universities and Vocational/Technical Anatolian High Schools.

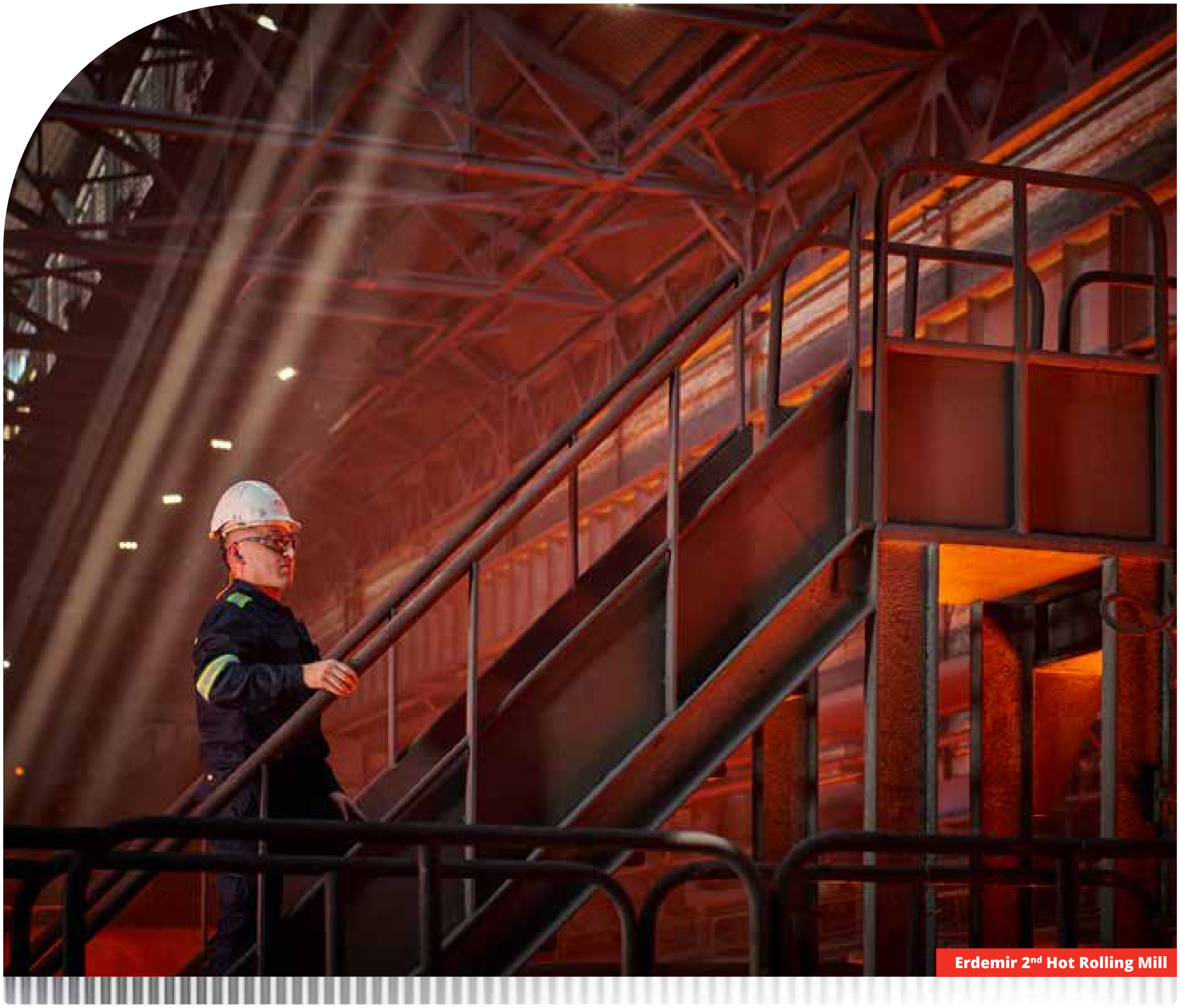
We conduct vocational training, technical training and awareness programs to strengthen Operational Excellence (OPEX) projects carried out to optimize business processes, increase efficiency and improve quality. Some of the trainings we offered to our employees in 2024 are listed below;

- ISO/IEC 27001 Information Security Management System Awareness Training
- OPEX Projects Information Training
- Suggestion System Basic Training
- Kaizen Basic and Specialization Training
- Single Minute Exchange of Die (SMED) Information Training
- Statistical Data Analysis Training
- Measurement Systems Analysis (MSA) Training
- Design of Experiments (DOE) Training
- Statistical Data Analysis (SDA) Training
- Statistical Modeling Training for Managers (SMTM)

Internship and Training Programs
Every year, we organize "Vocational High School Skills Internship Program" and "University Short-Term Internship Program" at OYAK Mining Metallurgy companies. We aim to provide students from vocational high schools and different engineering fields with a multidisciplinary internship and training program to reach a level of knowledge and experience.

Orientation and Training Programs
We carry out orientation programs and trainings at regular intervals in a modular structure in order to ensure that employees who start working at OYAK Mining Metallurgy companies get to know OYAK Mining Metallurgy and gain awareness about the corporate culture.

Within the scope of the program, we conduct training programs on occupational health and safety, risk management, legislation and regulations, as well as company introduction, information about the production process with an integrated structure, production processes and products, sustainability activities.


Erdemir 2nd Hot Rolling Mill

Thanks to our Digital HR application, we manage our human resources processes more efficiently.

DigitalHR Learning and Development Platform E-Trainings

Thanks to our Digital HR application, where employees may effectively access all learning and development activities regardless of the time and place, we are able to manage our human resources processes more efficiently. We actively use distance learning platforms and training methods through our Digital HR Learning and Development platform. Some of the e-trainings and distance learning platforms we offered to our employees in 2024 are listed below;

- Digital HR Learning and Development Platform
- OYAK Competency Development Catalog Trainings
- Busuu Online Language Learning Platform
- Udemy Business Platform
- MIT Sloan Learning Platform
- Personal Data Protection Law (KVKK) Training
- Code of Ethics and Working Principles Training
- Information Security Awareness Training
- Safe E-Mail Usage Training
- E-Orientation Training
- Occupational Health and Safety Training
- OHS Culture and Sustainability Training
- Energy Management System and Applications Training
- Greenhouse Gas Emissions Training
- Zero Waste Management System Training
- Environmental Awareness and Environmental Management Training
- Management Systems Awareness Training

Social Contribution

The children's theater, which has become a tradition at OYAK Mining Metallurgy Companies, brings children between the ages of 5 and 12 together with art.

101.1

TL million

Support to community projects in 2024

Social development supported by education and culture and arts 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 to create sustainable and lasting value for society. We give back a portion of the added value we generate to society through the social responsibility projects we carry out.

We contribute to social development with our education and culture and arts projects developed through collaborations with public institutions, national and local non-governmental organizations.

In 2024, the support we provided to social projects reached TL 100 million 143 thousand. During the month of Ramadan, shopping cards were distributed to families in need at the locations of our Companies.

The education and culture and arts projects are at the forefront of our approach to supporting the development of society. These projects aim to improve conditions in education, access to educational opportunities and expand cultural and artistic activities.

We continue to meet the electricity, water, heating and cleaning needs of schools located in the lodging areas in Ereğli, İskenderun and Divriği and surrounding areas. In addition, we encourage the participation of educational institutions in events and competitions in the fields of science, culture, the arts and sports. We contribute to the improvement of their physical conditions, and support them with equipment and technical hardware.

The children's theater, which has become a tradition at OYAK Mining Metallurgy Companies, brings children between the ages of 5 and 12 together with art. in 2024, the musical children's play "Red Shoes" was staged for a week for children in the İsdemir lodging area, Ermaden and Erdemir regions. A total of 2,500 children attended these plays.

Prioritizing its work in the field of education, Erdemir continued to support the construction of faculties TSRS with Zonguldak Bülent Ecevit University in Karadeniz Ereğli.

Meeting the various needs of educational institutions, especially in the region where it operates every year, Erdemir provided maintenance, repair, material and equipment support to 11 educational institutions in 2024.

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

Our fusion of steel and art

The 8th Erdemir Steel and Life Sculpture Competition, which aims 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, will be organized for the 8th time in 2025. A Green Legacy for the Future: The competition, which will be organized with the theme of "Zero Carbon," will be open to the participation of undergraduate and graduate students continuing their undergraduate and graduate education in the sculpture departments of fine arts faculties of universities in Türkiye. Steel sent by Erdemir and İsdemir is also used in the production of the sculptures within the scope of the competition.

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

Erdemir Maden regularly provides important support in the field of education and training every year with a sense of social responsibility. In 2024, an amount of approximately TL 450,000 was provided in this context, and approximately TL 650,000 was contributed to public institutions and organizations.

İsdemir continued its support in many areas in the region as it has done every year in İskenderun with a sense of social responsibility in 2024. We contributed approximately 25,137,000 TL to institutions and organizations throughout 2024.

Hatay Silk Project

In 2024, İsdemir continued to provide social and economic support to the people of the region in İskenderun, where it operates. In this context, İsdemir took the first step in 2022 to start a silk weaving course in cooperation with the İskenderun Public Education Center in order to disseminate Hatay Silk, which was added to the list of cultural heritage that was about to be forgotten by the Ministry of Culture, and to include the wives of İsdemir employees in socioeconomic life. In March 2024, Hatay Silk Weaving courses were started for the wives of employees living in the İsdemir site container area.

As Türkiye's leading steel producer, we had the opportunity to promote our products and services on a global scale by participating in the industry's most prestigious fairs in 2024.

With the initiative of OYAK Mining Metallurgy Companies, children's activities were continued in 2024 following the Children of the Republic, Türkiye's Tomorrows traveling truck, which included many educational and entertaining activities.

İsdemir Children's Festival
With the initiative of OYAK Mining Metallurgy Companies, children's activities were continued in 2024 following the Children of the Republic, Türkiye's Tomorrows traveling truck, which included many educational and entertaining activities. Children's Festivals were held in the İsdemir Indoor Sports Hall on March 1-2-3, 2024 and in the İsdemir site container area on April 20-21 as part of the April 23 National Sovereignty and Children's Day. The establishment of fun playgrounds for children such as a huge slide, a jumping area, a climbing wall, mini bowling, magician shows and a ball pool provided fun and activity-filled moments for our children in the container zone.

"Protecting Our Cultural Heritage through Elpek Cloth Weaving" Project
Erdemir, which aims to keep the cultural values of Karadeniz Ereğli alive, continued its support by supplying the products produced by the women's cooperative established within the scope of the "Let Elpek Cloths Be Protected, Let Our Cultural Heritage Be Protected" project.

In 2024, we will take part in the career fairs of various universities, especially the faculties of Metallurgical and Materials Engineering, and meet with future engineers and industry professionals to inform them about job and internship opportunities.

We came together with our industry and stakeholders

As Türkiye's leading steel producer, we had the opportunity to promote our products and services on a global scale by participating in the industry's most prestigious fairs in 2024. In this context, we took part in AISTech, Coiltech, Ankiros, Metal Expo, CWIEME, Tube and Steel, Metal Expo, CWIEME, Tube and Steel fairs organized in a wide geography from Düsseldorf to the USA, from Istanbul to Italy and Germany, and brought our innovative solutions, sustainable production approaches and advanced technology-based product portfolio together with industry representatives. As Erdemir, İsdemir, Erdemir Mühendislik and Erdemir Romania, we will continue our participation in fairs in the coming period in order to strengthen international cooperation, closely follow the latest developments in the sector and increase our competitiveness on a global scale.

As Erdemir, the global steel power of our country, we organized the first of our steel sector meetings in Türkiye and Italy in June in Istanbul with an intense participation. At our second industry meeting in October in Milan, Italy, where we hosted nearly 200 participants, we talked about the steel industry's carbon zero emission target and the future of the European steel market.

In addition to our industry meetings, we also come together with young people who will be the future architects of steel. In 2024, we will take part in the career fairs of various universities, especially the faculties of Metallurgical and Materials Engineering, and meet with future engineers and industry professionals to inform them about job and internship opportunities.

The way to success from fire to steel

142 Corporate Governance Approach
144 Board of Directors
145 Senior Management
146 Compliance with Ethical Principles
147 Internal Audit System
148 Risk Management
151 Risk Management Projects

Corporate Governance

Corporate Governance Approach

OYAK Mining Metallurgy Companies observe ethical values, honesty, transparency and fairness at the highest level in their activities.

Our Relevant Priorities

- Corporate Governance
- Ethics and Transparency

Corporate governance practices that ensure fulfillment of responsibilities towards stakeholders

OYAK Mining Metallurgy Companies are aware that they operate in a sector where global competition is at a high level and believe that an important element of having a voice in the world is qualified corporate governance practices.

OYAK Mining Metallurgy Companies, which determine their corporate governance model in line with this belief, 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 to protect their rights, to use resources effectively, to work efficiently and to sustain the added value generated for stakeholders.

OYAK Mining Metallurgy Companies, which fulfill all their responsibilities towards the society and the state as a corporate citizen in an accurate and timely manner, adopt the Corporate Governance Principles published by the Capital Markets Board and carry out efforts to integrate these principles into all management processes.

In the activity period ending on December 31, 2023, 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. Our Companies pay utmost attention to compliance with non-mandatory voluntary principles, and no conflicts of interest with stakeholders have arisen to date in relation to those that have not been 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 9 members, 1 of whom is a woman and 3 of whom are independent.

OYAK Mining Metallurgy Companies reflect the corporate governance approach, which forms the basis of sustainable economic performance and outlines the framework of ethical principles and responsibilities, to all its activities

Board of Directors

Members of the Board of Directors in office as of the reporting date:

Board of Directors	Duty	Date of Taking Office
OYTAŞ İç ve Dış Ticaret A.Ş. (Representative: Süleyman Savaş ERDEM)	Chairman	27.05.2013 (*)
OMSAN Lojistik A.Ş. (Representative: Gürtan DAMAR)	Deputy Chairman and Executive Director	11.09.2012 (*)
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Representative: Mustafa Serdar BAŞOĞLU)	Board Member and Executive Director	13.09.2012 (*)
Republic of Türkiye Ministry of Treasury and Finance Privatization Administration (Representative: Bekir Emre HAYKIR)	Board Member	20.09.2012 (*)
OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. (Representative: Baran ÇELİK)	Board Member	12.09.2012 (*)
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (Representative: Güliz KAYA)	Board Member	12.09.2012 (*)
Emre GÖLTEPE	Independent Board Member	17.03.2022
Kadri ÖZGÜNEŞ	Independent Board Member	31.03.2023
Sezai Afif ENSARİ	Independent Board Member	28.03.2024

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

Changes to the Board of Directors during the Period

- At the Ordinary General Assembly Meeting held on March 28, 2024, Emre GÖLTEPE, Kadri ÖZGÜNEŞ and Sezai Afif ENSARİ were elected as Independent Board Members for a term of office of 1 year.
- With the decision of the Board of Directors numbered 9963;
- To appoint Gürtan DAMAR as the real person representative of OMSAN Lojistik A.Ş. instead of Baran ÇELİK as Deputy Chairman of the Board of Directors and Managing Director,
- To appoint Mustafa Serdar BAŞOĞLU as the real person representative of OYAK Pazarlama Hizmet ve Turizm A.Ş. instead of Gürtan DAMAR as Board Member and Managing Director,
- It has been decided to appoint Baran ÇELİK as the real person representative of OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. instead of Eren Ziya DİK.

Senior Management

Members of the Senior Management in office as of the reporting date:

Senior Management	Duty	Date of Taking Office	Education	Professional Experience
Gürtan DAMAR	Deputy Chairman and Executive Director	03.06.2024	Yıldız Technical University - Mechanical Engineering	29 Years
Mustafa Serdar BAŞOĞLU	Board Member and Executive Director	03.06.2024	Bülent Ecevit University - Business Administration (Master's degree) Karadeniz Technical University - Finance (Bachelor's degree)	21 Years
Mustafa Serdar BAŞOĞLU	Financial Management and Financial Affairs Group Vice President	24.09.2020	Bülent Ecevit University - Business Administration (Master's degree) Karadeniz Technical University - Finance (Bachelor's degree)	21 Years
Sercan BÜYÜKBAYRAM	Marketing and Sales Financial Affairs Group Vice President	19.06.2023	Middle East Technical University - Sociology (Master's degree) Middle East Technical University - Political Science and Public Administration (Bachelor's degree)	25 Years
Şevket Selim YILMAZ	Procurement Group Vice President	22.02.2024	Ataturk University - Business	20 Years
Ercan KAYA	Corporate Architecture and Human Resources Group Vice President	21.07.2020	Selçuk University - Economics (PhD) Hacettepe University - Economics (Master's degree)	37 Years
Niyazi Aşkın PEKER	Ereğli Demir ve Çelik Fabrikaları T.A.Ş. General Manager	12.09.2022	Yıldız Technical University - Metallurgical Engineering	31 Years
Salih Cem ORAL	İskenderun Demir ve Çelik A.Ş. General Manager	12.09.2022	Istanbul Technical University - Metallurgical Engineering	31 Years
Halil YILDIRIM	Erdemir Madencilik Sanayi ve Ticaret A.Ş. General Manager	02.09.2013	Cumhuriyet University - Geological Engineering	30 Years
İbrahim ÖZBUNAR	Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. General Manager	01.04.2022	Ege University - Agricultural Engineering	29 Years
Hakan KORKMAZ	Kümaş Manyezit Sanayi A.Ş. General Manager	11.09.2023	Inonu University - Mining Engineering	25 years

Compliance with Ethical Principles

The “Code of Ethics and Business Conduct” and the “Anti-Corruption Policy” contain our expectations, standards and ethical practices that form the basis of all business relations and transactions of OYAK Mining Metallurgy Companies. The Anti-Corruption Policy includes our practices against corruption and bribery.

The Code of Ethics and Business Conduct and the Anti-Corruption Policy cover OYAK Mining Metallurgy Companies, all third parties acting on behalf of these companies and their employees.

All our stakeholders can access the Principles and Policy documents through our Companies’ websites.

In the contracts we enter into with suppliers and customers, we make the Code of Ethics and Business Conduct and Anti-Corruption Policy documents a part of the contracts and expect the institutions with which we have commercial business relations to comply with these conditions. We deem any company which we find to be violating the terms as a risky company and avoid doing business with these companies.

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

1. Integrity
2. Avoidance of Conflict of Interest
3. Protection of Trade Secrets and Confidentiality
4. Our Responsibilities

In the article on Responsibilities to Society and Humanity, we commit to respect human rights. We comply with and act according to constitutions of International Labour Organization (ILO) to which Republic of Türkiye is a party regarding non-exploitation of child labour. Our Responsibilities towards our Competitors includes our commitment to compete only in areas that are legal and ethical and to avoid unfair competition.

We conduct training activities to raise employee awareness on the Code of Ethics and Business Conduct.

We provide training on the Code of Ethics and Business Conduct to newly recruited employees at OYAK Mining Metallurgy Companies as part of the orientation program.

We also provide refresher trainings to all employees every year. In these trainings, which are provided electronically through the Digital HR application, 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 various case examples.

After the ethics trainings, we expect monthly paid employees to declare their compliance with the Code of Ethics and Business Conduct. We analyze the declaration forms with the work conducted jointly by the Human Resources and Internal Audit functions and take corrective/preventive actions if necessary. In cases of potential conflicts of interest, we implement measures such as changes 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 Anti-Corruption Policy or their complaints about non-compliance via OYAK Mining Metallurgy’s ethics hotline “SpeakHub.”

The ethics hotline is an impartial and independent hotline where ethics-related reports can be submitted anonymously. The ethics hotline is managed by Remed, a company independent from OYAK Mining Metallurgy. All employees and other stakeholders can submit their notifications via the call center (0212 924 7865), which provides 24/7 uninterrupted and live service, e-mail (erdemir@etikhat.com) or web form (www.remedetikhat.com.tr). In the event that identity data or personal information is shared by the individual during the notification, this information is not transmitted to OYAK Mining Metallurgy Companies without the explicit consent of the individuals. The information shared through the ethics hotline is stored in accordance with the Personal Data Protection Law (KVKK) and relevant legislation.

The reports submitted to OYAK Mining Metallurgy Companies 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.

Ethical investigation activities

The Internal Audit Directorate carries out the examination and investigation activities regarding the notifications received regarding compliance with the Code of Ethics and Business Conduct and the Anti-Corruption Policy. The activities of resolving any incidences of non-compliance and implementing disciplinary action, when deemed necessary, are under the responsibility of the Ethics Committee.

The Ethics Committee consists of 3 senior executives, namely the Executive Director, Executive of Human Resources and Executive of Legal. 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, five meetings were held in 2024.

The ethical compliance activities and their results are reviewed annually and actions are taken to improve ethical compliance processes. We are a corporate member of the Turkish Ethics and Reputation Society (TEİD) as part of the development of our ethical compliance program.

Internal Audit System

At OYAK Mining Metallurgy Companies, risk management activities and the effectiveness of related control and governance processes are evaluated within the scope of risk-focused audits conducted by the Internal Audit Directorate. The Internal Audit Directorate, whose objectives, authorities 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, five meetings were held in 2024.

The internal audits of business processes in OYAK Mining Metallurgy Companies are carried out according to annual audit calendar, with a risk-based and value-added approach and with reference to international standards for professional practice of internal auditing.

We perform the audit activities with the use of 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. When assessing risks, the risks of errors and productivity losses that may arise from human intervention-intensive processes are taken into account. Recommendations are developed to automate and improve controls by considering digitalization needs and automation opportunities.

In addition to risk-based audit and consultancy activities, we perform continuous audit and monitoring activities with the support of the Integrated Audit System. We continuously analyze the effectiveness of the critical controls in the SAP (ERP) system by automated business rules installed in the Process Control module. Transactions outside the defined standards are automatically reported by the system and necessary investigations are carried out on the findings.

Actions plans are developed to address internal audit findings. Audit findings and actions are monitored through the Integrated Audit System. There is a follow-up 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. Due to the dynamics of the iron and steel industry in which we operate, we may face many risks and opportunities in different areas. With this awareness, we continuously monitor external and internal uncertainties and take appropriate actions to identify, capitalize on and control risks and opportunities.

As companies operating in commodities, we are affected by macroeconomic fluctuations and geopolitical developments. In 2024, the risks and opportunities faced by our Companies include the finalization of the insurance compensation for the damage caused by the earthquake in Kahramanmaraş, high interest rates of central banks and fluctuations in the demand for our products and product prices due to China's increasing iron and steel exports. In addition, external risks such as climate change, protectionism measures and cyber threats, financial risks and internal risks arising from commercial and production operations are among the factors affecting our operations.

In order to identify potential events that may affect our companies, manage existing risks, identify risks that may arise early and manage them appropriately, a centralized Corporate Risk Management Directorate operates within the Financial Management and Financial Affairs Group Vice Presidency and, through the Early Detection of Risk Committee, brings risk issues to the Board of Directors in six meetings throughout the year. Risk Management activities are audited by internal audit, external audits and an independent audit organization.

We carry out comprehensive risk management activities within the framework of the Corporate 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 this framework on the basis of international standards and good practices, the ISO 31000 standard in particular.

In addition to internal risks, we closely monitored external risks that may arise in the supply chain, raw material prices and product demands due to geopolitical changes and wars in nearby regions and assessed their potential impacts. In addition, we continued to assess the impacts of risks by closely following developments related to climate change, analyzed the realization of the actions we had planned, updated our plans accordingly and continued to monitor the process by identifying new actions.

In addition to taking action for short- and medium-term risks, we also plan for critical risks that may have a long-term impact. In order to keep our risks under control and reduce external dependency, we realize the investments detailed in the "INVESTMENTS" and "RISK MANAGEMENT PROJECTS" sections of the report; we carry out research and development activities in constant communication and cooperation with suppliers, customers, Group companies and research institutions.

Our audit activities are based on the Integrated Audit System, which we commissioned as part of our digitalization efforts. During the audit of the processes, we evaluate the effectiveness of the risk management, control and governance processes.

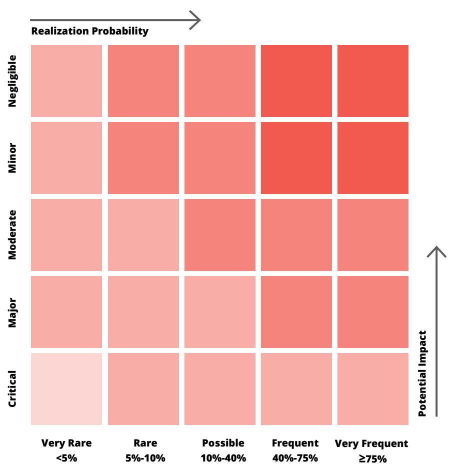
1 - Risk Identification
Internal risks are periodically identified by units with an inclusive approach. Changing external environment risks are identified through continuous monitoring. Newly identified risks are added to the risk list.

2 - Materiality
The severity of risks is determined by taking into account the existing control measures through expert opinion, scenario analysis and calculations made through developed models and, impact and probability scales.

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

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

We prioritize, report, plan actions and monitor risk changes in accordance with the matrix below.



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Potential Impact

We created an Enterprise Risk Management Procedure for systematic and comprehensive identification, evaluation, economic control and monitoring of threats and opportunities which may affect the assets, reputation and profitability of our companies.

The Risk Management Framework consists of several interrelated components. We define these components as a management process consisting of phases such as risk identification, prioritization, mitigation, reporting, monitoring, surveillance and routine and immediate communication related to risk.

We have created this framework to identify potential events which may affect OYAK Mining Metallurgy Companies, to manage risks in accordance with our Companies' profile of corporate risk taking, and to provide a reasonable degree of assurance that our Companies will achieve their objectives. This systematic process is adopted by the Board of Directors, Senior Management and all other employees of the companies, is used in determining the strategies and is applied in all Companies.

Risk Management

Risk	How do we manage it?
Exchange Rate Risk	Exchange rate risk may arise due to sales, payments or non-sales related collections. For the management of this risk, in accordance with the Financial Risk Management Policy, we hedge exchange rate risks arising from the transactions performed outside the functional currency through derivative transactions.
Interest Rate Risk	We primarily manage interest rate risk by creating a financial asset-liability portfolio with a balanced interest rate structure. Accordingly, we primarily manage the remaining interest rate risk associated with the portfolio of financial assets and liabilities which has been established due to their cost advantages, maturity advantages or similar reasons, as well as interest rate risk associated with movements in interest rates which may occur in the future, with natural “hedging” positions, and when this is not possible, through derivative transactions, in accordance with the Financial Risk Management Policy.
Price Risk	Due to the industry in which we operate in, fluctuations in the prices of coal, iron ore, steel and similar commodities may affect our companies. We analyze the effects of price changes of our main inputs and products on our financial indicators through the models we develop. 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	Primarily we manage liquidity risk by making available ready resources which allow the fulfillment of financial obligations adequately and on time. For this purpose, we regularly monitor the estimated and actual cash flows for short, medium and long-term funding and liquidity requirements. We manage the liquidity risk by providing the continuity of sufficient funds and borrowing reserves by matching the financial assets with the maturities of liabilities.
Counterparty Risk	We consider the counterparty risk as the risk of our business partners being unable to fulfill their financial obligations to us, including the risk of receivables. We obtain bank guarantees or obtain Credit Risk Insurance in order to manage the counterparty risk originating from the customer. On the other hand, we manage the counterparty risk associated with financial institutions within the framework of the Financial Institution Counterparty Risk Model which we have developed where we assign limits to financial institutions based on the current assessments and carry out transactions within these limits.
Legislation Change	We analyze both the reflections of the Carbon Border Adjustment Mechanism (CBAM) in exports and the effects of the possible carbon pricing mechanism planned to be put into effect in our country, and we carry out our investment feasibilities and make our plans accordingly. Detailed information on the legislative change is included in the Environmental Performance section of the report under the European Green Deal heading, and detailed information on the CBAM is included in the Turkish Sustainability Reporting Standards (TSRS).
Extreme Weather Events	We are preparing necessary action plans by anticipating the physical effects of the climate crisis. Sustainable water supply is vital to our production. We are working to reduce our water footprint and waste water discharge. We anticipate that risks caused by the climate crisis such as excessive rainfall, sea level rise, water supply difficulties may cause problems in ports, warehouses, raw material supply and production, and we monitor risks and take actions accordingly.
Access to Financing	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 entails high costs as well as the need for technology change. In line with this reality, we follow up opportunities to access preferential financing for investments to be undertaken in combatting climate change and the green transformation. We convey the importance of the issue and international practices to the relevant parties in various meetings held in regard to legislative measures in our country.
Carbon Pricing Mechanisms	The non-financial period of the EU Carbon Border Adjustment Mechanism (CBAM) started in October 2023 and the financial period is scheduled to start in 2026. Türkiye is unwilling to be exposed to any negative situation in the change in trade created by the EU regulations, which are designed as a new international trade system on trade. The Turkish government has started working to establish its own carbon pricing mechanism.
Occupational Health and Safety Risk	The sectors which our companies operate in are classified as very dangerous on the basis of the relevant legislation. Ensuring that our employees work in a healthy, safe and ideal environment is one of our most fundamental responsibilities. All operations in our companies are conducted by considering employee health and safety. In order to effectively manage occupational health and safety risks at our companies, separate organizational teams are in place which focus specifically on the management of these risks. We manage all of our operations with the goal of zero work accidents, and we turn occupational health and safety into a strong work culture. Detailed information on Occupational Health and Safety Risk is provided under the Occupational Health and Safety (OHS) section of the report.

We develop quantitative risk models to identify the potential impacts of our critical risks both independently and through their interactions, and we monitor risk levels using probability-based quantitative calculations. For risks that are likely to exceed our risk tolerance levels, we ensure rapid information flow through swift reporting and prepare action plans accordingly.

Risk Management Projects

The Hasançelebi Iron Ore Production Project
The project covers the production of iron ore from the Hasançelebi iron mine site, the enrichment of the iron ore and its delivery to the Divriği Pellet Plant blending site. We started to work on the project on 9 March 2018 with the aim of contributing to the country's economy and to secure the supply chain by utilizing domestic resources to replace the imported product. We aim to complete the project by the end of 2026.

Within the scope of the project, which is a first in terms of the utilization of low-grade iron ore, 2,154,572 tons of ore produced in 2024 was delivered to the Divriği Pellet Plant and approximately 810 thousand tons of pellets were produced from this ore. By the end of 2024, total ore production was 12.3 million tons.

The Alacaağzı Coal Production Project
Within the framework of the Alacaağzı Coal Production Project, the coal and quartz sand field in the Kandilli Township of Ereğli District, which was commissioned in 2019, is planned to start nine-year production in the second half of 2025 after the preparation and investment period. According to the feasibility study, yearly 600 thousand tons of raw coal and 411 thousand tons of salable coal will be produced once production gets underway.

According to figures published by the MTA (Institute of Mineral Survey and Exploration), the project site hosts 400 million tons of quartz sand reserves, corresponding to 25% of Türkiye's reserves. Survey-project efforts are underway for the evaluation of quartz sand reserves.
The coals to be produced, which have PCI (pulvarized coal injection) properties, are planned to be used in Erdemir and İsdemir blast furnace pulvarized coal injection and coke production blend.

Bingöl Avnik Pellet Project
In the Bingöl-Avnik iron ore field, a magnetite iron ore potential of around 250-300 million tons was identified in the drilled explorations that started in 2021 and 80% of which were completed in the region. In order to process this resource and bring it into the Turkish economy, the mobilization phase has begun in the field.

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 the self-sufficiency of ferrous raw materials. In this way, both 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 employ nearly 2,000 people during the construction process and approximately 1,000 people when it becomes operational, will create significant economic value.

For the next 60 years from fire to steel

154 Social Performance Indicators
156 Environmental Performance Indicators
158 Corporate Memberships
160 Corporate Governance Principles Compliance Statement
161 Sustainability Principles Compliance Framework
170 Corporate Governance Compliance Report
176 Corporate Governance Information Form
187 Erdemir TSRS Report 2024
211 İsdemir TSRS Report 2024
236 Affiliated Company Report 2024
237 Board of Directors Committees Operating Principles and an Assessment of Such Committees' Effectiveness
239 Other Issues
240 Statement of Responsibility
247 Consolidated Financial Statements and Independent Auditor's Report for the Period January 1-December 31, 2024
355 GRI Content Index

Appendix

Social Performance Indicators

Number of Employees as per Gender and Category	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Monthly-salaried	644	3,551	633	3,394	625	3,334
Hourly-salaried	75	8,389	73	8,387	74	8,333

Number of employees within the scope of collective agreement	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
	88	8,193	86	8,171	85	8,170

Employees by age	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Under 30	129	1,804	143	2,551	149	4,191
Between 30-50	532	8,790	494	7,717	475	6,387
Over 50	58	1,346	69	1,513	75	1,089

Employees by education level	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Elementary School	19	1,038	13	703	8	358
High school and equivalent	108	6,330	98	6,369	86	6,294
Vocational high school	49	1,696	54	1,984	64	2,315
University	423	2,467	407	2,326	404	2,299
Masters/Doctorate	124	405	134	399	137	401

Employees by year of employment	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
0-5 years	253	2,360	302	3,130	276	4,686
5-10 years	126	1,892	123	1,720	132	1,116
10 years and over	340	7,688	281	6,931	291	5,865

Parental Leave	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Number of employees left for parental leave	13	449	14	289	29	349
Number of employees returned from parental leave	13	449	7	288	22	349

Number of employees hired as per gender and age	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Under 30	41	303	53	1,043	62	2,037
Between 30-50	24	116	50	129	37	164
Over 50	0	8	5	23	0	5

Number of employees left as per gender and age - employee turnover	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Under 30	16	118	20	146	22	214
Between 30-50	33	214	109	1,560	54	672
Over 50	8	278	25	899	27	1044

Trainings	2022	2023	2024
Training hours (excluding OHS)	419,262	360,512	456,779
Average annual training hours per employee	33	29	36.94
Total training cost (TL)	15,439,463	28,748,254.76	69,724,110

Environmental Performance Indicators

Energy Management	2022		2023		2024	
	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total energy consumption (Gigajoule)	86,154,495	97,345,264	87,637,502	92,785,536	71,771,025	109,634,122
Purchased energy (Gigajoules)	17,206,007	7,988,568	16,511,800	8,394,523	16,989,969	7,670,950
Generated energy (Gigajoule)	2,756,213	3,161,523	2,865,118	2,693,009	3,229,911	3,300,895
Energy savings through energy efficiency projects (Gigajoules)	1,090,420	1,113,268	822,560	1,288,394	658,563	798,604
Amount of energy recovery from waste heat (Gigajoules)	762,221	149,673	941,585	2,242,076	1,113,986	2,446,342
Amount of CO_2 reduced through energy efficiency projects (ton CO_2)	116,779	149,673	90,770	173,217	115,626	123,178
Financial savings achieved through energy efficiency projects (USD)	35,413,605	14,872,568	19,571,146	17,481,338	18,475,785	19,098,689

Water Management	2022		2023		2024	
	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total fresh water consumption (m3)	39,915,348	37,893,189	37,461,602	35,104,050	39,892,735	40,350,366
Surface water (m3)	39,915,348	35,325,676	37,461,602	32,656,387	39,892,735	37,822,474
Groundwater (m3)	0	2,567,512	0	2,447,663	0	2,527,892
Recirculated/reused water (m3)	411,007,574	635,232,359	401,598,921	546,712,985	413,508,913	655,691,505

Circular Economy and Waste Management	2022		2023		2024	
	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total amount of waste and by- products (ton)	1,413,987	2,227,701	1,299,695	2,222,763	1,327,023	1,948,170
Total amount of waste and by- products brought into the economy (tons)	1,369,106	2,225,751	911,337	1,754,419	970,902	1,946,178
Financial savings achieved through the sales of waste and by-products (USD million)	117	68	15	52	47.00	65
Total amount of waste reused in the processes (ton)	288,458	225,650	288,430	199,278	354,577	366,947
The amount of alternative raw material used to replace the use of natural resources (ton)	251,110	227,529	232,600	185,229	296,323	349,621
Financial savings achieved through the reused waste in the processes (USD million)	11.04	17	9	10	12.84	22
Amount of hazardous waste (tons)	9,212	3,710	6,046	8,679	1,691	6,292
Amount of scrap consumption (ton)	698,473	740,778	625,008	716,612	283,649	828,034

Environmental Investments and Expenditures	2022		2023		2024	
	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Total amount of environmental investments and expenditures (USD)	50,964,279	27,879,546	34,141,000	14,695,521	25,379,498	16,614,453

Emission Values *	2022		2023		2024	
	Erdemir	İsdemir	Erdemir	İsdemir	Erdemir	İsdemir
Greenhouse Gas Emission - Scope 1 (tCO_2e/tons crude steel)	2.26	2.04	2.11	2.07	2.053	2.01
Greenhouse Gas Emission - Scope 1 (tCO_2e)	7,068,563	9,492,257	5,954,521	9,018,940	6,667,232	10,663,364
Greenhouse Gas Emission - Scope 1 + Scope 2 (tCO_2e/tons crude steel)	2.39	2.13	2.24	2.17	2.158	2.096
Greenhouse Gas Emission - Scope 1 + Scope 2 (tCO_2e)	7,479,743	9,950,717	6,324,693	9,474,519	7,006,974	11,104,962
Consolidated Greenhouse Gas Emission - Scope 1 + Scope 2 (tCO_2e/tons crude steel)	2.24		2.200		2.119	
Consolidated Greenhouse Gas Emissions - Scope 1 + Scope 2 (tCO_2e)	17,430,459.56		15,799,212		18,111,936	

** Disclosure of Greenhouse Gas emission values started as of the 2022 report. Greenhouse Gas Emission values of 2023 were affected by the mandatory shutdowns due to the earthquake. 3rd party verification process of the values given for 2024 is ongoing.*

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)-İMMİB
Erdemir	Foreign Economic Relations Board (DEIK) 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 (IMEAK)
Erdemir	Economic Development Foundation (İKV)
Erdemir	Istanbul Ferrous and Non-Ferrous Metals Exporters 'Association-İMMİB
Erdemir	Istanbul Chamber of Industry (İSO)
Erdemir	Istanbul Chamber of Commerce (İTO)
Erdemir	Kdz. Ereğli Education Foundation
Erdemir	Kdz. 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 (BCSD 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	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	Quality Association of Türkiye (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	Turkish Businessmen Association (TİAD)
Erdemir Romania	Romania Steel Producers Association (UNIROMSIDER)
Erdemir Maden	Ankara Chamber of Commerce (ATO)
Erdemir Maden	Sivas Chamber of Commerce and Industry
Erdemir Maden	Bingöl Chamber of Commerce and 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
Ersem	White Goods Suppliers Association (BEYSAD)
Ersem	Steel Exporters' Association (ÇİB)-İMMİB
Ersem	Eastern Anatolian Exporters Association
Ersem	Gebze Chamber of Commerce
Ersem	Istanbul 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 Employers Association of Metal Industries (MESS)
Ersem	Kdz. Ereğli Chamber of Commerce and Industry
Ersem	İskenderun Chamber of Commerce and Industry
İsdemir	Mediterranean Exporters' Association
İsdemir	Steel Exporters' Association (ÇİB)-İMMİB
İsdemir	Dörtyol Chamber of Commerce and Industry
İsdemir	IMEAK 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)
Erdemir Enerji	Kdz. Ereğli Chamber of Commerce and Industry
Erdemir Enerji	Istanbul Chamber of Commerce (İTO)
Erdemir Mühendislik	Istanbul Chamber of Commerce (İTO)
Erdemir Mühendislik	İskenderun Chamber of Commerce and Industry

Corporate Governance Principles Compliance Statement

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 2024, 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 2024, 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 Framework

Ereğli Demir ve Çelik Fabrikaları T.A:Ş.

		Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
	A. GENERAL PRINCIPLES						
	A1. Strategy, Policy and Goals						
A1.1	The prioritised environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.	X				Risks and opportunities within the scope of ESG issues have been determined.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
	The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.	X				Our policies within the scope of ESG issues have been determined and disclosed to the public on the company website.	https://www.erdemir.com.tr/en/corporate/values-and-corporate-culture
A1.2	The short and long-term targets set within the scope of ESG policies have been disclosed to the public.	X				Strategy and objectives are explained in the "Strategic Approach" section of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
	A2. Implementation/Monitoring						
A2.1	The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.	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.erdemir.com.tr/en/investor-relations/integrated-annual-reports
	The activities carried out within the scope of policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.	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.erdemir.com.tr/en/investor-relations/integrated-annual-reports
A2.2	In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.	X				The investments and activities planned in line with the targets are explained in the integrated annual report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

Sustainability Principles Compliance Framework

		Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
A2.3	The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.	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.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
A2.4	The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.	X				In the integrated report and net zero roadmap, activities to improve the sustainability performance of products and services have been disclosed.	https://erdemir.com.tr/en/sustainability/sust-net-zero-roadmap
	A3. Reporting						
A3.1	The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.	X				Sustainability performance is constantly reviewed and reported. Information on sustainability activities is explained in the relevant sections of the Integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
A3.2	The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	X				Our activities' connection and contribution to the SDGs are explained in the "Strategic Approach" and "Prioritization Analysis" sections of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
A3.3	The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.		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	The KPI measurements have been verified by an independent third and disclosed to public.		X			Some of the parameters related to sustainability are approved by the verifier (independent third party) and are explained in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

		Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
	B. Environmental Principles						
B1	The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.	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.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B2	The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.	X				There is information about the period, date, limits and limitations of the environmental report included in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B4	The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).	X				Employee goals also include environmental goals. Realizations of the targets are supported by incentives and are explained in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B5	How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.	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.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B7	The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	X				Our stakeholder relations are explained in our integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B8	Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.	X				It is explained in the "Corporate Memberships" section of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

Sustainability Principles Compliance Framework

		Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
B9	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.		X			Environmental indicators are explained in our integrated annual report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B10	Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.		X			The standard and methodology used in the integrated annual report are mentioned in general terms.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B11	The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.	X				Prominent indicators are presented in the "Environmental Performance Indicators" section of our integrated annual report in comparison with previous years.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B12	The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.		X			Although the targets are followed within the company, numerical targets are not included in the integrated annual report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B13	A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.	X				Activities carried out in the context of combating the climate crisis are mentioned in net zero roadmap.	https://erdemir.com.tr/en/sustainability/sust-net-zero-roadmap
B14	The programs/procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.	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.erdemir.com.tr/en/investor-relations/integrated-annual-reports
	The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.		X			Actions to reduce greenhouse gas emissions of third parties are in progress but have not been disclosed to the public yet.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

		Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
B15	The environmental benefits/ gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.	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.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B16	The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.		X			Our total energy consumption are presented in the "Environmental Performance Indicators" section of our integrated annual report in comparison with previous years.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B17	The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.		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.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B18	The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.	X				Our renewable energy works are explained in the integrated report and net zero roadmap.	https://erdemir.com.tr/en/sustainability/sust-net-zero-roadmap
B19	The renewable energy production and usage data has been publicly disclosed.	X				Relevant datas are disclosed in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
B20	The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.	X				It is explained in the integrated report and net zero roadmap.	https://erdemir.com.tr/en/sustainability/sust-net-zero-roadmap
B21	The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.	X				It is presented in comparison with previous years in the Environmental Performance Indicators section of our integrated annual report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

Sustainability Principles Compliance Framework

		Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
B22	The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions 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.	
B23	The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.				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	If carbon pricing is applied within the Company, the details have been disclosed.				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	The platforms where the Company discloses its environmental information have been disclosed.	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.erdemir.com.tr/en/investor-relations/integrated-annual-reports

		Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
	C. Social Principles						
	C1. Human Rights and Employee Rights						
C1.1	The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.	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	Considering the effects of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.	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	The measures taken for the minority rights/equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	X				It is explained in the relevant sections of our integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C1.4	The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed.		X			There are internal (in-company) reports.	Internal (in-company) reports

Sustainability Principles Compliance Framework

		Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
C1.5	Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.	X				It is explained in the relevant sections of our integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
	The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	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
	The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	X				It is explained in the relevant sections of our integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C1.6	The occupational health and safety policies have been established and disclosed.	X				Occupational health and safety policies have been established and shared on our website.	https://www.erdemir.com.tr/en/corporate/values-and-corporate-culture
	The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	X				It is explained in the Occupational Health and Safety section of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C1.7	The personal data protection and data security policies have been established and disclosed.	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	The ethics policy have been established and disclosed.	X				Ethics policy has been established and shared on our website.	https://www.erdemir.com.tr/storage/uploads/2023/08/edba4578b1bba0941f59b9c2fe136875.pdf
C1.9	The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.	X				It is explained in the Social Contribution section of the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C1.10	The informative meetings and training programs related to ESG policies and practices have been organized for employees.	X				Regular trainings are provided to the employees within the framework of the developmental plans.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports

		Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
	C2. Stakeholders, International Standards and Initiatives						
C2.1	The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.	X				The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and explained in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C2.2	The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.	X				Details on stakeholder communication are described in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C2.3	The international reporting standards that adopted in reporting have been explained.	X				Adopted international reporting standards are explained in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C2.4	The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.	X				Signatory or member international organizations or principles are publicly disclosed in the integrated report.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
C2.5	The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.	X				It is included in the Borsa Istanbul Sustainability Index.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
	D. Corporate Governance Principles						
D1	The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	X				Opinions of stakeholders are sought in determining measures and strategies in the field of sustainability.	https://www.erdemir.com.tr/en/investor-relations/integrated-annual-reports
D2	The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	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.erdemir.com.tr/en/investor-relations/integrated-annual-reports

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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 2024 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					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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 programme 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 organises trainings for employees.	X					
3.3.4 - Meetings have been organised 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					
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					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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. ACTIVITIES OF THE BOARD OF DIRECTORS						
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 Chairman 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					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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 2025.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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 2024, 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 favour 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.) organised by the company during the year	107
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/1252499
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/1251381
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 2023 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
28.03.2024	0	57%	0.491%	56%	Investor Relations / General Assembly / Minutes of General Assembly	Investor Relations / General Assembly / The questions asked on General Assembly Meetings	-	206	https://www.kap.org.tr/en/Bildirim/1252499

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
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

Corporate Governance Information Form

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	234
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.	Career / Our Human Resources Policy
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
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	5
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 behaviour 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), Gürtan DAMAR - Deputy Chairman and Executive Director (Representative of OMSAN Lojistik A.Ş.),Mustafa Serdar BAŞOĞLU - 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	5
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
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%

Corporate Governance Information Form

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	27.05.2013		Not considered	No	Yes
OMSAN Lojistik A.Ş. (Represented by: Gürtan DAMAR)	Executive	Not independent director	11.09.2012		Not considered	No	Yes
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Represented by: Mustafa Serdar BAŞOĞLU)	Executive	Not independent director	13.09.2012		Not considered	No	Yes
Republic of Turkey Ministry of Treasury and Finance Privatization Administration (Represented by: Bekir Emre HAYKIR)	Non-executive	Not independent director	20.09.2012		Not considered	No	Yes
OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. (Represented by: Baran ÇELİK)	Non-executive	Not independent director	12.09.2012		Not considered	No	Yes
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (Represented by: Güliz KAYA)	Non-executive	Not independent director	12.09.2012		Not considered	No	Yes
Sezai Afif ENSARİ	Non-executive	Independent Director	28.03.2024	https://www.kap.org.tr/tr/Bildirim/1251379	Considered	No	Yes
Kadri ÖZGÜNEŞ	Non-executive	Independent Director	31.03.2023	https://www.kap.org.tr/tr/Bildirim/1251379	Considered	No	Yes
Emre GÖLTEPE	Non-executive	Independent director	17.03.2022	https://www.kap.org.tr/tr/Bildirim/1251379	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	-	Sezai Afif Ensari	No	Board member
Committee of Early Detection of Risk	-	Sezai Afif Ensari	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	2
Committee of Early Detection of Risk	-	100%	100%	6	6

TSRS Report

Erdemir TSRS Report

(Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish)
LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION OF EREĞLİ DEMIR VE CELIK FABRİKALARI TÜRK ANONIM SIRKETI AND ITS SUBSIDIARIES PRESENTED IN ACCORDANCE WITH THE TURKIYE SUSTAINABILITY REPORTING STANDARDS

To the Shareholders of Ereğli Demir ve Celik Fabrikaları Türk Anonim Sirketi
We have been assigned to perform limited assurance on the information ("Sustainability Information") presented in accordance with the Turkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" on "Erdemir TSRS Report" section of the Integrated Report of Ereğli Demir ve Celik Fabrikaları Türk Anonim Sirketi and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024.

Our assurance engagement does not include the information related to prior periods, other information included in the 2024 Integrated Annual Report and other information (including any images, audio files or embedded videos) associated with the Sustainability and 2024 Integrated Annual Report.

Limited Assurance Conclusion
Based on the procedures performed and the evidence obtained, as summarized under the section "Summary of the Work we Performed as the Basis for our Assurance Conclusion", nothing has come to our attention that causes us to believe that the Sustainability on "Erdemir TSRS Report" of the Group's Integrated Annual Report for the year ended December 31, 2024, has not been prepared in accordance with the Turkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Turkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M). We do not provide any assurance conclusion regarding the information related to prior periods, other information included in the 2024 Integrated Annual Report and any other information (including any images, audio files or embedded videos) associated with the Sustainability Information and 2024 Integrated Annual Report.

Inherent Limitations in the Preparation of Sustainability Information
The Sustainability Information is subject to inherent uncertainties due to lack of scientific and economic information. The inadequacy of scientific data leads to uncertainties in the calculation of greenhouse gas emissions. Additionally, due to the lack of data regarding the likelihood, frequency, and impacts of potential physical and transition climate risks, the Sustainability Information is subject to uncertainties related to climate-related scenarios.

Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information
The Group's Management is responsible for:
- Preparing the Sustainability Information in accordance with the principles of Turkiye Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.
- Additionally, the Group Management is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

Those charged with Governance is responsible for overseeing the Group's sustainability reporting process.

Responsibilities of the Independent Auditor Regarding the Limited Assurance of Sustainability Information
We are responsible for the following:
- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Group Management. Since we are responsible for providing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation process of the Sustainability Information in order to ensure that our independence is not compromised.

Shape the future
with confidence

Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information and in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements, issued by POA.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, issued by the POA. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk management specialists. We have used the work of our expert team to assess the reliability of the information and assumptions related to the Group's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

Summary of the Work We Performed as the Basis for Our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information:

- Face to face interviews were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Group's internal documentation was used to assess and review sustainability-related information.
- The disclosure and presentation of sustainability-related information was evaluated.
- Through inquiries, an understanding of Group's control environment, processes and information systems relevant to the preparation of the Sustainability Information was obtained. However, the design of particular control activities was not evaluated and evidence about their implementation was not obtained, or their operating effectiveness was not tested.
- It was evaluated whether Group's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Group's estimates.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Musavirlik Anonim Sirketi
A member firm of Ernst & Young Global Limited

Didem Tuşel Özdoğan
SMMM

March 21, 2025
İstanbul, Türkiye

Erdemir TSRS Report

191 1. Introduction
191 1.1. Preparation of the Report
191 1.1.1. Compliance with Türkiye Sustainability Reporting Standards (TSRS)
191 1.1.2. Link to Financial Disclosures
191 1.1.3. Time of Reporting
192 1.1.4. Transition
192 1.2. Reporting Limits and Measurement Approach

193 2. About Erdemir
193 2.1. Erdemir Organization and Value Chain
193 2.1.1. Organization and Field of Activity of Erdemir
194 2.1.2. Erdemir's Business Model and Value Chain

195 3. Governance
195 3.1. Erdemir Sustainability and Climate Change Governance Structure
195 3.2. Board of Directors
195 3.3. Early Detection of Risk Committee
196 3.4. Corporate Risk Management Directorate
196 3.5. Internal Audit
196 3.6. Employees

196 4. Strategy
196 4.1. Climate Risks and Opportunities
197 4.1.1. CBAM Carbon Pricing
201 4.2. Impacts of Climate-Related Risks and Opportunities on Company Strategy: Green Journey of Steel

202 5. Risk Management
202 5.1. Sustainability and Climate Risk and Opportunity Assessment Process
202 5.1.1. Determining Risk Tolerance and Risk Appetite
202 5.1.2. Identification of Risks
202 5.1.3. Prioritization of Risks
203 5.1.4. Modeling Risks
203 5.1.5. Risk Improvement
203 5.1.6. Monitoring and Reporting of Risks and Opportunities
203 5.1.7. Evaluation of the Risk Management Process

203 6. Metrics and Targets
203 6.1. Activity Metrics
204 6.2. Climate Related Metrics
204 6.2.1. Greenhouse Gas Emission Metrics
205 6.3. Other Sustainability Metrics
205 6.3.1. Energy Management
205 6.3.2. Water Management
206 6.3.3. Supply Chain Management
206 6.4. Strategic Initiatives and Targets on the Road to Net Zero Emissions
207 6.4.1. Electric Arc Furnace Investment
207 6.4.2. Energy Efficiency Studies
207 6.4.3. Solar Power Plant (SPP) Investments
208 6.4.4. Biomass Utilization
208 6.4.5. DRI (with Natural Gas) Investment
209 6.4.6. DRI (Green Hydrogen) Investment
209 6.4.7. Carbon Capture and Storage (CCS)

1. Introduction

1.1. Preparation of the Report

1.1.1. Compliance with Türkiye Sustainability Reporting Standards (TSRS)

The Türkiye Sustainability Reporting Standards (TSRS), published in the Official Gazette dated December 29, 2023, entered into force to be implemented for reporting periods beginning on or after January 1, 2024. Erdemir has an obligation to report in accordance with TSRS Standards since it is subject to the regulation and supervision of the Capital Markets Board of Türkiye with its parent company Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ("Erdemir" or the "Company") and its subsidiaries and meets the criteria of exceeding the threshold values of at least two of the specified criteria in two consecutive reporting periods.

This report has been prepared in accordance with the requirements of TSRS 1: General requirements for disclosure of sustainability-related financial information and TSRS 2: Climate-related disclosures. In addition to its core business of iron and steel production, Erdemir has evaluated its entire value chain, including its subsidiaries and affiliates, and included them in the scope of the report. Unless otherwise stated, all information and statements in this report cover Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir) and all of its subsidiaries.

The report also utilizes the Sustainability Accounting Standards Board (SASB) Standards of the International Sustainability Standards Board (ISSB). The guidelines on the Sector-Based Implementation of TSRS 2 have been evaluated to identify, measure, and disclose potential approaches regarding climate-related risks and opportunities for Erdemir's subsidiaries that represent a significant proportion within the consolidated financial statements. For Erdemir's subsidiaries engaged in iron and steel production, the 'Volume 9 — Iron and Steel Producers' guide was used, while for subsidiaries operating in other sectors, such as Kümaş and Ermaden, the 'Volume 10 — Metals and Mining' guide was applied. The sustainability metrics recommended for disclosure in both the 'Volume 9 — Iron and Steel Producers' and 'Volume 10 — Metals and Mining' guides are aligned with each other. In contrast, the explanations related to the supply chain management metric found in the 'Volume 9 — Iron and Steel Producers' guide are included in the 6th section of the report, 'Metrics and Targets.' The disclosure of certain expected operational metrics from the 'Volume 10 — Metals and Mining' guide, such as total number of employees, contractor percentage, and the number of non-compliance incidents related to water quality permits, standards, and regulations, has been excluded from this report as they are not directly related to the significant climate risk disclosed in the report. This Volume 9-Iron and Steel Producers, which is a guide specific to the iron and steel industry, Erdemir's core business, is derived from the SASB Standards maintained by the ISSB.

1.1.2. Link to Financial Disclosures

The sustainability and climate-related disclosures in this report have been prepared for Erdemir and should be evaluated with the consolidated financial statements. The report covers a 12-month period ending December 31, 2024 and the consolidated financial statements are consistent with the reporting period. Relevant financial information can be accessed via this link (https://www.erdemir.com.tr/storage/uploads/2025/02/c9da877b8cae1b93aba4974cecc6a114.pdf).

In line with the timelines used in strategic decision-making processes, Erdemir defines the timeframes in sustainability and climate-related risk assessment processes as follows:

Short term	0 - 1 year
Medium term	2 - 5 year
Long term	6 - 10 year

1.1.3. Time of Reporting

Erdemir is reporting within the scope of Türkiye Sustainability Reporting Standards (TSRS) for the first time for the annual reporting period ending on December 31, 2024 and applies TSRS 1 and TSRS 2 Standards together for the annual reporting period starting from January 1, 2024.

1.1.4. Transition

There are some transitional exemptions under items E3, E4, E5 and E6 in TSRS 1 and items C3, C4 and C5 in TSRS 2. The transition exemptions applied by Erdemir are as follows:

- In its first annual reporting period, an entity is only permitted to disclose information about climate-related risks and opportunities (in accordance with TSRS 2) and therefore only apply the requirements in TSRS S1 to the extent that they relate to disclosing information about climate-related risks and opportunities. Erdemir has only taken into account the risks and opportunities related to climate change when preparing this report. However, information on governance, strategy and risk management approach covers all sustainability issues, including climate.
- As an entity is not required to provide the disclosures required by TSRS S1 and S2 for any period prior to the date of initial application and is not required to provide comparative information, Erdemir only presents its metrics for 2024 in this report. Benefiting from the transition exemption, this report does not include sustainability and climate-related financial disclosures from previous years.
- If, in the annual reporting period immediately preceding the date of initial application of this Standard, an entity used a method other than the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004), the entity is permitted to continue to use the other method. Among the subsidiaries of Ereğli Iron and Steel Works Inc. (Erdemir), İskenderun Iron and Steel Co. (İsdemir), Erdemir Mining Industry and Trade Inc. (Ermaden), and Kümaş Magnesite Industry Inc. (Kümaş) are listed in Annex-1 of the Regulation on the Monitoring of Greenhouse Gas Emissions, which came into force in 2015 in Türkiye. These companies prepare annual emission reports in accordance with the Monitoring, Reporting and Verification (MRV) Communiqué. In addition, Erdemir Romania S.R.L. (Erdemir Romania), one of the subsidiaries, is within the scope of the European Union Emissions Trading System (EU ETS) and performs emission calculations using the Monitoring, Reporting and Verification (MRV) method. Since 2015, Erdemir, which has been subject to this communiqué, calculates the greenhouse gas emission value in accordance with the legislation and submits it to the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change. In 2024, Erdemir's Scope 1 emissions were calculated within the scope of the Communiqué on Monitoring and Reporting of Greenhouse Gas Emissions (MRV). Therefore, the value presented in the TSRS is the calculation in accordance with the MRV communiqué instead of the GHG protocol calculation required by the standard. Calculations shared in the first year using the transitional exemption will be shared in subsequent years using the Greenhouse Gas (GHG) Protocol. The transition exemption was used in the first year and the GHG Protocol will be used in the next reporting.
- In line with TSRS requirements, enterprises are not required to disclose Scope 3 greenhouse gas emissions for the first two years of sustainability reporting. Using this exemption, Erdemir has excluded Scope 3 emissions.
- In an entity's first annual reporting period after an entity applies the TSRS, the entity is permitted to report sustainability-related financial disclosures after the entity has issued the relevant financial statements. Erdemir publishes this report in February 2025, after sharing its financial statements for the period January 1 - December 31, 2024.

This report comprehensively addresses Erdemir's sustainability and climate-related management structure, strategy, risk and opportunity identification and management processes, performance metrics and targets. In line with its vision of shaping the future of steel with sustainability, Erdemir aims to provide reliable and comprehensive information by supporting its commitment to transparency in its sustainability journey.

1.2. Reporting Limits and Measurement Approach

Erdemir applied the equity approach when determining its organizational boundaries for reporting greenhouse gas emissions. According to this approach, GHG emissions of subsidiaries are calculated in line with the shareholding. This approach included Scope 1 and 2 reporting of GHG emissions. Emissions of the joint venture, İsdemir Linde Gaz Ortaklığı, are included in the calculation within the emissions of İsdemir.

Thus, Erdemir used the consolidation method applied in its financial statements in the reporting of greenhouse gas emissions data.

2. About Erdemir

2.1. Erdemir Organization and Value Chain

2.1.1. Organization and Field of Activity of Erdemir

Erdemir consists of Ereğli Demir ve Çelik Fabrikaları T.A.Ş., the parent company, and its subsidiaries over which it has effective management.

Erdemir, Türkiye's first and largest flat steel producer, started production on May 15, 1965. Erdemir produces hot and cold rolled flat steel, hot and cold rolled flat steel, plate, tin, chrome and galvanized coated sheet at international quality standards with the experience gained in its 60-year long history. The products produced by Erdemir, which is among the world's most important steel producers, provide basic input to many sectors such as automotive, white goods, pipe profile, rolling, general manufacturing, electrical electronics, machinery, energy, heat appliances, shipbuilding, defense, packaging and renewable energy.

Among Erdemir's subsidiaries are İskenderun Iron and Steel Co., the only integrated producer in Türkiye capable of producing both flat and long steel; Erdemir Steel and Service Center, which offers tailored sizing and services to steel users; Erdemir Mining, which owns Türkiye's first and only iron ore pelletizing plant; Erdemir Engineering, which provides engineering services at every stage from technical design to commissioning; Kümaş Magnesite, the world's largest magnesite ore operator in the qualified magnesite ore sector and the market leader in the refractory sector in Türkiye; and Innovative Building Materials, a subsidiary of Kümaş that continues its recycling activities. Erdemir Romania, a subsidiary of Erdemir, sells a large portion of the electrical steel it produces to the European market. Erdemir carries out its commercial activities in the Asia Pacific Far East region. The İsdemir Linde Gas Company, which was established to meet İsdemir's need for additional industrial gas and to reduce costs related to the existing industrial gas system, and Erdemir Energy, which was established to generate renewable energy, are also among the affiliated companies.

Erdemir's shares have been traded on the stock exchange since the establishment of Borsa Istanbul (1986). The registered address of the Company is Barbaros Mahallesi Ardıç Sokak No: 6 Ataşehir/İstanbul.

The nature of the businesses and shareholding percentages of the companies included in the consolidation are as follows:

COMPANY NAME	REGION OF OPERATION	FIELD OF ACTIVITY	EFFECTIVE PARTNERSHIP RATE IN 2024 %
İSKENDERUN DEMİR VE ÇELİK A.Ş.	Türkiye	Integrated Iron and Steel Production	94,87
ERDEMİR MADENCİLİK SAN. VE TİC. A.Ş.	Türkiye	Iron Ore, Pellet	90
ERDEMİR ÇELİK SERVİS MERKEZİ SAN. VE TİC. A.Ş.	Türkiye	Steel Service Center	100
ERDEMİR MÜHENDİSLİK YÖN. VE DAN. HİZ. A.Ş.	Türkiye	Management and Consulting	100
ERDEMİR ROMANİA S.R.L.	Romania	Siliceous Steel Production	100
ERDEMİR ASİA PACİFİC PRİVATE LİMİTED	Singapore	Commercial Activity	100
ERDEMİR ENERJİ ÜRETİM A.Ş.	Türkiye	Renewable Energy Generation	100
İSDEMİR LİNDE GAZ ORTAKLIĞI A.Ş.	Türkiye	Industrial Gas Production and Sales	47
KÜMAŞ MANYEZİT SANAYİ A.Ş.	Türkiye	Magnesite Ore, Refractory	100
YENİLİKÇİ YAPI MALZEMELERİ VE ÜRETİM SAN. TİC. A.Ş.	Türkiye	Recycling, Special Purpose Business	100

2.1.2. Erdemir's Business Model and Value Chain

In preparing its climate-related financial disclosures, Erdemir evaluated its entire value chain, including its own operations as well as its subsidiaries and affiliates. Erdemir depends on a large number of resources to deliver its iron and steel products and interacts with many organizations and stakeholders. These stakeholders include suppliers of raw materials required for production operations, suppliers of facilities and equipment, employees, consultants, logistics companies that collaborate to distribute products, and customers who purchase products. Thus, there are many activities and stakeholders involved in the value chain, both upstream and downstream.

Erdemir's upstream and downstream value chain relationships are as shown below:

		Explanation and Definition	Geographical Location
Upstream Value Chain	Suppliers	Solid Fuel	USA, Australia, Indonesia, Colombia, Italy, Local
		Scrap Supply for Steel Production Process	USA, United Kingdom, European Union, Baltic States, Local
		Ore	Brazil, Norway, Australia, South Africa, Local,
		Ferro & Auxiliary Material	European Union, India, China
		Finished & Semi-finished Product	Local
Operations	Auxiliary Functions	Central Units (HR, Finance, IT, etc.) Structure, Management, R&D, Sustainability, Electricity Natural Gas Water Insurance Public & Other	Ereğli, İskenderun
	Port & Logistics & Warehousing	Solid Fuel, Ore, Scrap, Ferro, Auxiliary Material, Finished Product, Semi-finished Product	Ereğli, İskenderun
	Production	Ereğli Demir Çelik Fabrikaları	Ereğli
		İskenderun Demir Çelik Fabrikaları	İskenderun
Downstream Value Chain	Customers	Erdemir Steel Service Center Erdemir Romania Automotive Merchants and Service Centers General Manufacturing Industry Pipe Profile and Rolling	Türkiye Romania Türkiye Türkiye Türkiye Türkiye
		Export	European Union, MENA, UK, North America

3. Governance

3.1. Erdemir Sustainability Governance Structure

Erdemir's governance of issues related to sustainability and climate change is handled with the highest level perspective, starting from the Board of Directors level. This structure includes the assessment of risks and opportunities related to sustainability and climate strategies, policies and targets. The Board of Directors is supported by the Early Detection of Risk Committee (EDRC) on sustainability and climate-related risks and opportunities.

3.2. Board of Directors

Erdemir's sustainability and climate risks and opportunities are monitored and managed by the Board of Directors at the highest level. The Board is responsible for approving sustainability and climate-related policies, strategies and targets in line with short, medium and long-term business objectives. The Board of Directors also ensure that the sustainability strategy is integrated with the company's overall business model and long-term goals.

The Board of Directors evaluates sustainability and climate issues at its biannual meetings. The Board addresses sustainability and climate-related issues within the framework of the company's strategy, performance targets and risk management processes and assesses the alignment of these factors with the company's short, medium and long-term goals.

The Board of Directors regularly reviews risks and opportunities in sustainability and climate issues and integrates these risks and opportunities into strategic decision-making processes. They also determine financing and resource allocation decisions, shapes strategic steps to reduce carbon emissions and provides oversight of the process through the action plans it approves.

The Erdemir Board of Directors evaluates climate risks and opportunities together with financial and operational returns in strategic decisions and long-term planning. Decision-making processes consider a balance between the short-term return of a high/low carbon emission investment and long-term sustainability goals. The Board of Directors discusses these trade-offs and strikes the best balance for the company. Taking all this into account, it has defined the Net Zero Roadmap.

As of 2024, Board members were briefed on the Carbon Border Adjustment Mechanism (CBAM) and green transformation. These briefings support the Board's decision-making processes and raise their awareness on sustainability management.

Our Board members have many years of experience in industry, company management and academia. The EDRC, which is composed of independent Board members, was briefed on sustainability and climate change issues in three meetings held in 2024, thereby enhancing its competence to oversee sustainability and climate risks. The Company plans to provide information on sustainability and climate change issues at two EDRC meetings next year. The Board has the necessary skills and competencies to effectively oversee sustainability and climate-related risks and opportunities. Detailed background information of the members of the Board of Directors can be accessed via this link (https://www.erdemir.com.tr/kurumsal/yonetim/yonetim-kurulu).

Our greenhouse gas reduction targets in the Net Zero Roadmap will be realized with the commissioning of the relevant investments and the completion of the studies. Greenhouse Gas Emission reduction performance metrics are planned to be targeted starting from 2025. In our company, the performances of monthly paid employees are evaluated through individual target scorecards.

3.3. Early Detection of Risk Committee

At Erdemir, sustainability and climate-related risks and opportunities are regularly assessed by the Early Detection of Risk Committee (EDRC). Within the scope of regulatory and legal requirements, the Committee early identifies risks that may threaten the existence, development and continuity of the Company, takes the necessary measures and ensures effective management of risks. The Committee analyzes all risks in line with the Company's risk appetite and strategic priorities and reports to the Board of Directors.

EDRC is composed of two Independent Board Members. The Committee convenes six times a year to assess risks and opportunities in the strategic (economic, political, reputation, climate change and sustainability, etc.), financial, operational and compliance categories and provides regular information to the Board of Directors. In 2024, at meetings held on July 23, August 14 and October 22, the Committee discussed green transformation and sustainability issues, as well as CBAM and climate change-induced flood risk, and presented its findings to the Board of Directors.

Defined controls and procedures are in place to support the management of sustainability and climate-related risks and opportunities, and the Risk Management Procedure is used to ensure the effectiveness of these processes. In this context, it is ensured to work in harmony with the company's overall strategic and risk management processes. Risk management practices are continuously reviewed in integration with other internal functions and suggestions are presented to the Board of Directors to improve processes.

3.4. Corporate Risk Management Directorate

The Risk Management Directorate initiates and monitors risk management activities for targets and processes in critical areas across the central function, subsidiaries and value chain.

The Corporate Risk Management Directorate carries out risk identification and assessment processes in coordination with business units, reports these processes with a proactive approach, monitors and assesses critical risks by updating risk inventories. In addition, Directorate maintains effective risk management practices by monitoring the actions taken for identified risks.

During the reporting period, the Corporate Risk Management Directorate and the Operational Excellence Directorate held regular meetings with independent sustainability consultants, receiving strategic consultancy on identifying and reporting sustainability and climate-related risks and opportunities.

3.5. Internal Audit

The Internal Audit function ensures that corporate risk management activities are carried out in accordance with national and international legislation and standards and the Company's strategies, policies, procedures, principles and objectives. Internal Audit also provides assurance to senior management by assessing the effectiveness and adequacy of first-line controls and second-line process and risk management systems.

3.6. Employees

CRM practices aim to create a risk culture. Each employee is responsible for identifying, assessing, monitoring and taking the necessary actions to manage the risks within his/her responsibility in line with the principles set out.

4. Strategy

4.1. Climate Risks and Opportunities

Climate change is not only an environmental issue, but also one of the greatest global challenges of our time, profoundly affecting economic systems and social structures. Unless the necessary steps are taken quickly to limit the global temperature rise to 1.5°C in line with the Paris Agreement, there is a growing risk that the environmental, economic and social impacts will reach an irreversible point. Aware of these risks, Erdemir acts with the awareness of its responsibility in the fight against climate change. By taking steps to combat climate change in line with its long-term goal of creating value, Erdemir aims to put its economic and social impacts on a sustainable basis.

Erdemir has identified, assessed and prioritized the climate risks and opportunities that are expected to reasonably affect the future in the short, medium and long term. The identified climate risks and analyzes are part of a consolidated risk assessment covering Erdemir and all its subsidiaries. Erdemir determines the risk tolerance level with threshold values calculated on the basis of the ratios determined over the total assets and revenue amount in the financial statements disclosed to the public and decides on the level of impact of risks by considering this tolerance level.

The Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing risk, which is one of the risks and opportunities identified on a consolidated basis, has been assessed in relation to climate change and classified at level 3 (significant) in the long term on the five-point risk impact scale used by Erdemir. In this context, although it is not foreseen to have a critical impact on Erdemir, it is necessary to make an announcement as it is closely followed by other companies in the sector and investors. Other climate-related risks are rated as lower priority. All identified risks are prioritized and reported within the framework of a matrix and risk changes are regularly monitored.

4.1.1. Risk 1: CBAM Carbon Pricing

Risk Title	Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing		
Risk Category	Transition Risk - Policy & Legal Risk		
Risk Definition	The Carbon Border Adjustment Mechanism (CBAM) is an arrangement that enables the imposition of carbon costs on imports into the European Union (EU) from non-EU countries, particularly for carbon-intensive products. The European Green Deal, announced by the European Commission in 2019, sets the goal for Europe to become the first climate neutral continent by 2050. In line with this target, the CBAM entered into force in October 2023 within the framework of the Fit for 55 Package and a transition period will be implemented until the end of 2025. In line with this target, within the framework of the Fit for 55 Package, the CBAM entered into force in October 2023 and a transitional period will be implemented until the end of 2025. Erdemir has addressed and assessed the risk of CBAM in line with the scenario that the financial implementation period will begin in 2026. The CBAM will cover imports of emission-intensive products, introducing carbon pricing for sectors such as iron and steel, cement, electricity, fertilizers, aluminum and hydrogen, and EU importers will be obliged to report the embedded and indirect emissions of these products. They will also be obliged to purchase CBAM certificates against these emissions. As the iron and steel sector requires a production process that is associated with high carbon emissions, the impact of CBAM in the baseline scenario is a closely monitored risk component for companies in the sector. Companies exporting steel and iron to the EU may face uncertainties regarding the pricing of their products exported to the EU linked to the carbon emissions of their production processes under this regulation. This situation will put pressure on firms' product pricing and may negatively affect their profitability by making their competitive advantage more difficult. For the reasons explained above, Erdemir and some of Erdemir's local customers, which produce iron and steel outside the EU, may also face additional costs arising from CBAM when exporting to the EU. In other words, the prices of steel products exported to the EU may be suppressed due to the CBAM, which may affect the competitiveness of our company. The risk of CBAM particularly affects the direct and indirect exports of Erdemir and İsdemir plants to the EU. These impacts will be limited as other subsidiaries have low/no export levels or do not fall within the scope of the CBAM.		
Place in the Value Chain	Downstream Value Chain - Customers		
Impact Time Interval	Short Term	Medium Term	Long Term
Term (Year)	0-1	2-5	6-10
Impact Scale	1 (Low)	2 (Tolerable)	3 (Moderate)
Probability	1	5	5
Current Risk Score	1	10	15

Climate Resilience	The Sustainable Development Scenario (SDS), featured in the 'Iron and Steel Technology Roadmap: Towards More Sustainable Steelmaking' report (https://www.iea.org/reports/iron-and-steel-technology-roadmap), which was prepared based on the climate scenarios in the Energy Technology Perspectives (ETP 2020: https://www.iea.org/reports/energy-technology-perspectives-2020) developed regularly by the IEA (International Energy Agency) since 2006, serves as an important reference for the iron and steel sector and approaches to technological green transformation. The IEA's SDS scenario is also aligned with the Paris climate agreement's targets for limiting temperature rise. In the IEA analysis, short-term, medium-long-term and long-term periods were used. In the short term, technology performance improvements and material efficiency on traditional routes play the biggest role. In the medium and long term, carbon capture and fuel switching, from coal to natural gas, hydrogen and bioenergy play a major role. The analysis evaluated energy use and distribution until 2050. The distribution of energy sources such as coal, electricity, hydrogen and bioenergy is analyzed. In addition to greenhouse gas emissions, other environmental issues such as air pollution, soil pollution and water use are also mentioned in the analysis. The IEA analysis also assessed the steel industry from macroeconomic factor perspectives. A number of macroeconomic factors influence the global and regional dynamics of steel production. Among the most important are economic development, trade and competitiveness, all of which are interlinked. Steel is used in a number of sectors that are closely linked to overall economic activity. The steel industry is a key component of the global economy and a sector with a significant impact on economic growth. With a large share of global market trade, the steel industry is highly competitive. The last five years can be characterized as a period of low prices and low margins, partly explained by overcapacity. China accounts for about half of the world's steel production capacity. Although China has taken steps to reduce its old and inefficient iron and steel production capacity in recent years, continued new investments continue to pose the risk of global oversupply. While preparing the green transformation Net Zero Roadmap, Erdemir evaluated in detail the low CO_2 emission and emission-free green production technologies included in the SDS. The macroeconomic trends in the IEA analysis guided Erdemir's net zero roadmap. The production and energy technologies identified in the road map have been selected to enable Erdemir to develop resilience and flexibility, especially to the impacts of climate change risks. While determining its Net Zero strategy, Erdemir set short-term targets of 2030, medium-term targets of 2040 and long-term targets of 2050 in relation to the periods in the scenario analysis. Scenario analysis was used for Erdemir, the parent company, and İsdemir, a subsidiary, and the net zero road map was created for these two companies. Electric Arc Furnaces (EAF) and Solar Power Plants based on circular generation play an important role in combating climate risks. Also expanding the range of solutions are Direct Reduced Iron (DRI) plants that can run on both natural gas and green hydrogen, and carbon capture and storage technologies for emissions that cannot be avoided. In addition, Erdemir determined the emission reduction targets in the net zero roadmap in 2023 and announced them at the beginning of 2024, taking into account the Faster Innovation Case scenario in the IEA's subject report, in which production technologies with a Technology Readiness Level-TRL currently low are rapidly developed and addressed in order to achieve net zero emissions by 2050. In 2020, the analysis for the 2019-2050 periods in the Iron and Steel Technology Roadmap report published by the IEA was used.
Risk Vulnerable Business Activity	We are exposed to this risk due to the presence of EU member states in our export markets.

[1]Details of the models and basic assumptions used in climate scenarios (valid time intervals and periods, model scope, macroeconomic trends, changes in global parameters such as energy demand, demographics, material efficiency and global warming levels, etc.) can be found at the following link: https://www.iea.org/reports/global-energy-and-climate-model

Risk Impacts	**Uncertainty in Sale Prices:** The CBAM and carbon pricing mechanisms may directly and indirectly affect the prices of the company's products exported to the EU. Especially for companies exporting to the EU, carbon costs may make price competition more difficult, leading to a decline in customer demand. Uncertainty in prices will lead to fluctuating profit margins, making financial predictability difficult. **Weakening of Competitiveness:** The carbon emissions associated with being an integrated facility will create a disadvantage when competing with competitors that produce with lower carbon emissions. With increasing competition in the EU market, competitors that produce with low carbon emissions due to advanced production technologies may be less affected by the cost differences brought by carbon pricing, while companies like Erdemir, which operate carbon-intensive integrated iron and steel production, may need to reflect part of this additional burden in the prices of certain products. As a result, this can have negative consequences for market share and revenues. **Investment Delays:** Environments of financial uncertainty can lead to the postponement of investments in clean energy projects and sustainable production technologies that have been identified to manage risk in a balanced way. Failure to make these investments on time will impact competitiveness and delay the transformation needed to reduce carbon emissions.
Potential Financial Impact	As a result of the assessments made, it has not been determined that it is necessary to make any adjustments to the values of assets or liabilities in the financial statements due to climate-related risks and opportunities. Erdemir has carried out studies to quantitatively measure the Potential Financial Impact foreseen within the scope of the CBAM, but has not been able to obtain consistent results at this stage due to high uncertainties. Based on estimates by various financial institutions, the CBAM may create price pressure on Erdemir and İsdemir products sold directly and indirectly to the EU. Due to this situation, annual sales revenues may decline. The CBAM Impact Model is developed to determine the financial dimension of the impact. In case the projections regarding carbon prices change, the pricing mechanism becomes clearer and reliable results start to be obtained, the current information in the reports will be updated in the following periods.

Measurement Uncertainties	While Erdemir is at the preparation stage of this report, the carbon pricing to be developed based on market-based mechanisms in the coming years has not yet been finalized. Uncertainties regarding the implementation and scope of the CBAM, variability in carbon prices, constantly evolving regulatory arrangements and unclear market balances regarding how the carbon cost will be shared between the customer and the producer create uncertainty for Erdemir's measurements and judgments arising from the CBAM risk.
Precautions / Actions	Within the framework of the CBAM legislation, Erdemir considers the period between October 2023 and December 2025 as a transition period and continues its preparations against the financial impacts that will begin in 2026. In this context, the measures taken and planned are as follows: **Net Zero Roadmap** • Emission Reduction Targets: Scope 1 and Scope 2 emissions are targeted to be reduced by 25% per ton of crude steel by 2030 and 40% by 2040, with the aim of achieving "NET ZERO" by 2050. **Energy Transition and Technology Investments** • Green Energy Use: Projects to increase the use of renewable energy sources aim to reduce carbon costs. • Transition to Clean Technologies: Feasibility studies are being carried out to improve production technologies based on the best available techniques (BAT) and to commission new low-carbon technologies. **Regulatory Tracking and Interaction** • Legislation Observation: Regulations on CBAM are closely monitored and potential impacts are assessed. • Sectoral Cooperation: In cooperation with sector representatives and public institutions, an active role is taken in policy development processes. **Sustainability Governance** • Management and Decision Mechanisms: Specific decision-making mechanisms have been established to monitor and manage the risks arising from CBAM, and these risks are regularly reviewed and necessary actions are taken.
Cost of Responding to Risk	Although the CBAM risk does not have a financial impact on Erdemir as of the reporting year, it is possible that this may change in the long term. Erdemir realizes emission reduction investments in order to minimize the financial liability arising from the CBAM. A total transformation investment of USD 3.2 billion will be realized at Erdemir and İsdemir until the end of 2030. The relevant statement can be accessed via this link (https://www.erdemir.com.tr/kurumsal/medya/basin-bultenleri/erdemir-ve-isdemirde-hedef-2050ye-kadar-net-sifir-emisyona-ulasmak).

4.2. Impacts of Climate-Related Risks and Opportunities on Company Strategy: Green Journey of Steel

Erdemir announced the 2050 Net Zero Roadmap in order to contribute to Türkiye's achievement of the net zero emission target by 2053, which was set within the scope of the Paris Climate Agreement. Erdemir, one of the world's and Türkiye's leading steel producers, will maintain its leading role in the sector to adapt to green transformation processes.

Within the scope of the Net Zero Roadmap strategy, Erdemir accelerated its decarbonization efforts to support a sustainable future. In production processes, innovative solutions are developed to reduce greenhouse gas emissions, technologies that increase energy efficiency are implemented and by-product gases and waste heat released from production are utilized to the maximum extent. While efforts are underway to increase the use of recyclable steel, research is being carried out on the use of biomass with a zero emission factor at various stages of the processes.

With the decisive steps taken to increase energy efficiency and expand the use of renewable energy, Erdemir is committed to achieving a net zero emission target by 2050. In this context, the Company aims to achieve 25% emission reduction per ton of crude steel by 2030, 40% emission reduction by 2040 and net zero emission by 2050, based on the year 2022. Erdemir leverages existing and innovative technologies to strengthen its leadership in the decarbonization process while supporting Türkiye's 2053 net zero emission target.

Erdemir conducts analyzes and determines improvement steps in order to create the necessary actions to reduce greenhouse gas emissions. In this context, steps are taken to reduce emissions through activities such as the establishment of solar power plants, increasing energy efficiency, increasing the share of scrap used in production, and the use of HBI (hot briquetted iron). In addition, by closely monitoring the development of low-emission steel production technologies, a clear zero roadmap has been put forward in line with feasibility studies, including internal carbon pricing. Although there is a high degree of unpredictability and uncertainty due to fluctuations in carbon markets due to global developments, changes in free allowances and the tendency to tighten regulations, the shadow carbon price, which is a component needed in feasibility studies for planned investments, is used in the range of EUR 15-25.

In line with the Green Journey of Steel strategy, Erdemir reshapes its activities to benefit society and the environment and aims to integrate sustainability and climate-related risks and opportunities into all of its business processes. However, it is committed to identifying and managing sustainability and climate-related risks and opportunities in line with national and international standards.

5. Risk Management

5.1. Sustainability and Climate Risk and Opportunity Assessment Process

Erdemir has adopted the corporate risk management framework in order to identify, assess and manage sustainability and climate-related risks and opportunities and integrated these processes into the company's overall risk management approach. The processes for managing sustainability and climate-related risks and opportunities are defined in the Corporate Risk Management (CRM) Procedure. Within the scope of this process, Erdemir also evaluates the opportunities that climate change may bring within the scope of the CRM process. Risks are identified, prioritized and monitored in line with ISO 31000 Risk Management principles, COSO ERM (Corporate Risk Management) frameworks and best practices. Critical risks and opportunities are continuously monitored and the effectiveness of action plans are reviewed and recorded in the risk inventory.

Identifying sustainability and climate-related risks and opportunities is done using inputs such as historical climate data and market trends. Analyses are used to understand the long-term impact of opportunities and assess their alignment with the company's strategic objectives. Opportunities such as energy efficiency projects and the development of low-carbon production technologies are identified and presented to senior management. These opportunities are ranked according to their importance and detailed plans are made for those prioritized.

5.1.1. Determining Risk Tolerance and Risk Appetite

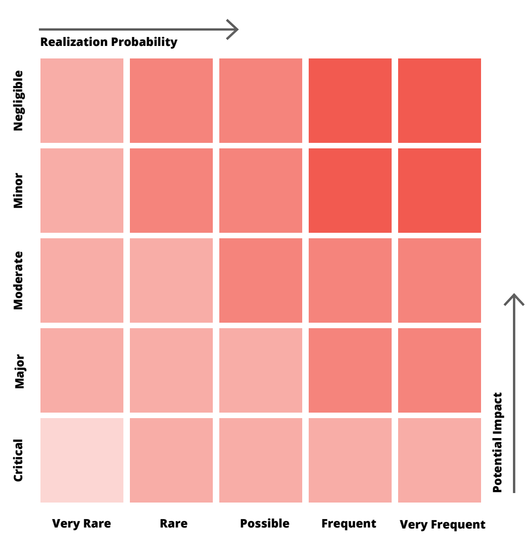
Risk tolerance refers to our capacity to absorb financial losses; risk appetite refers to the highest acceptable level of risk. The impact scales created within the framework of these definitions are regularly reviewed by the Early Detection of Risk Committee.

5.1.2. Identification of Risks

Internal and external factors that may affect strategic objectives are systematically analyzed, and operational disruptions, compliance risks and potential costs are taken into account. Identified risks are integrated into the corporate risk management framework and monitored.

5.1.3. Prioritization of Risks

Risks are prioritized according to impact, probability and maturity criteria through scenario analysis and expert opinions. The financial, environmental and legal impacts of sustainability and climate risks are taken into account and possible reflections on strategic planning are evaluated. risks with "Very High" and "High" scores are closely monitored by senior executives. Risks are assessed on a five-point scale (1-Low, 2-Tolerable, 3-Significant, 4-Major, 5-Very Major) and scored on an impact-probability scale. In this context, the Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing risk has been assessed at level 3 on a five-point scale; although it is not foreseen to have a critical impact on Erdemir, details of the risk are included in the Climate-related Risks and Opportunities section as it is closely followed by other companies in the sector and investors. Other climate-related risks are treated as lower priority. All identified risks are prioritized



5.1.4. Modeling of Risks
Erdemir uses risk modeling processes to understand the impact of prioritized risks and to determine their financial implications. The company's climate-related risks are analyzed with inputs such as greenhouse gas emissions, production data and free allocation reduction levels, and different scenarios are prepared in line with evolving information. This process is expected to produce outputs in the coming periods in line with the 2050 Net Zero Roadmap.

5.1.5. Risk Improvement
Within the scope of risk management, identified risk owners review their risks. Remedial actions to address identified risks are included in the investment plans.

5.1.6. Monitoring and Reporting of Risks and Opportunities
Risks and opportunities are constantly monitored and updated in line with local and global developments. The Company regularly monitors and updates sustainability and climate-related risks and opportunities in line with set metrics and targets. Sustainability and climate risks are monitored within the framework of certain performance indicators and action plans and policies are revised according to these indicators. This process is handled within the framework of the company's overall risk management and contributes to strategic decisions on climate change.

5.1.7. Evaluation of the Risk Management Process
The risk management process is periodically reviewed to improve the company's existing competencies and to evaluate strategies for responding to risks. Efficiency analyses are conducted in line with the data obtained from internal and external sources and continuous improvement is ensured.

6. Metrics and Targets

Erdemir has set emission reduction targets in order to minimize the additional cost risk arising from CBAM and has set out the actions it will take until 2050 through the Net Zero Roadmap. Erdemir has transparently shared this roadmap with the public, which includes the investments and projects it will realize on its journey to net zero. This roadmap also aims to contribute to Türkiye's 2053 net zero commitment under the Paris Agreement.

The Erdemir Net Zero Roadmap was announced in 2024 and no changes were made to the existing targets. In case of any possible changes in the coming years, these changes will be shared in the following year's reports. The Net Zero Roadmap can be accessed from here.

6.1. Activity Metrics[2]

Production Quantities	2024
Crude Steel Production (tons)	8,544,934
Total Iron Ore Production (tons)	1,549,197
Total Coke Production (tons)	2,493,803

[2]Operating metrics include crude steel production, iron ore production and coke production data of Erdemir and İsdemir included in the consolidation of the reporting entity.

6.2. Climate Related Metrics[3]

6.2.1. Greenhouse Gas Emission Metrics

Greenhouse Gas Emissions[4]	2024
Scope 1 (tons CO_2eq)	17,336,630
Scope 2 (tons CO_2eq)[5]	880,092
Total (Scope 1 and 2)	**18,216,722**

Erdemir applied the equity approach when determining its organizational boundaries for reporting greenhouse gas emissions. According to this approach, GHG emissions of subsidiaries are calculated in line with the shareholding. This approach included Scope 1 and 2 reporting of GHG emissions. Emissions of the joint venture, İsdemir Linde Gaz Ortaklığı, are included in the calculation within the emissions of İsdemir.

Erdemir and İsdemir are responsible for 96.5% of the consolidated greenhouse gas emissions of Erdemir. In this context, the calculation method of Erdemir and İsdemir was disclosed within the framework of the MRV Communiqué, but the calculation method was not disclosed due to the low amount of greenhouse gas emissions of other companies. In the 2024 calculation, the 'Calculation-Based Method' was followed: the standard method was used for combustion emissions and process emissions related to the limestone source stream, while the mass balance method was applied for other source streams. The calculation of the emission factor for coals (coking coal, battery blend coal, purchased coke, injection coal, etc.), which cause a large portion of our total emissions, is based on the analysis results of the laboratories (Coal and Coke Laboratory) in our facilities. The emission factors of limestones, ferrous and alloyed raw materials are determined according to the results of in-house laboratory measurements (Cold Rolling Mill and General Chemistry Laboratory). Emission factors for natural gas are determined on the basis of BOTAŞ Erdemir online gas chromatography device. Table 5.4 of Annex-5 of the MRV Communiqué is taken as reference as scrap steel emission factor. For standard reference fuels such as diesel, the national emission factor is used (TurkStat Türkiye Greenhouse Gas Inventory 1990-2021, 2024).

In the calculation of Scope 2 greenhouse gas emissions, the emission factor in Türkiye Electricity Generation and Electricity Consumption Point (2022), the latest published by the Ministry of Energy and Natural Resources of the Republic of Türkiye, is used.

Erdemir and its subsidiaries did not purchase and utilize any carbon credits during the reporting period. Carbon credits may be purchased in the coming periods in order to reach our net greenhouse gas emission targets, but how carbon credits will be used, carbon credit strategy and implementation methods will be clarified in the coming period.

[3]In accordance with TSRS 2 C4(a), in the first year reporting period, Erdemir measured its greenhouse gas emissions for the year 2024 with a method other than the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) with a method other than MRV.
[4]In the equity approach, the entity calculates its emissions based on its equity share. In this approach, the GHG emissions of the enterprise are calculated in line with its shareholding.
[5]The Scope 2 greenhouse gas emissions in the table are calculated and reported on a location-based basis.

6.3. Other Sustainability Metrics[6]

6.3.1. Energy Management

Energy Management	2024
Total Energy Consumed (Giga Joule)	185,404,203
Mains Electricity (%)	3.89
Renewable Energy (%)	0.01
Total Fuel Consumed (Giga Joule)	178,181,319
Coal (%)	89.01
Natural Gas (%)	10.98

6.3.2. Water Management

Water Management	2024
Total Fresh Water Withdrawn (Thousand Cubic Meters (m^3))	85,719
Total Salt Water Withdrawn (Thousand Cubic Meters (m^3))	701,828
Total Fresh Water Consumed (Thousand Cubic Meters (m^3))	81,675
Total Salt Water Consumed (Thousand Cubic Meters (m^3))	63,816
Percent in Areas with High or Extremely High Baseline Water Stress (%)	0 – 5[6]

[6]It will be evaluated with detailed analysis next year.

The production processes of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and all of its subsidiaries subject to consolidation were analyzed and the facilities where water use is mandatory and indispensable in their processes were identified. The locations of each of these facilities were assessed for water stress using the web-based ThinkHazard! portal (https://thinkhazard.org/en/) provided by the Global Facility for Disaster Reduction and Recovery (GFDRR), a global initiative supported by the World Bank Group. As a result, all facilities are located in locations with low levels of water stress.

6.3.3. Supply Chain Management

During raw material procurement planning and agreements with suppliers, geopolitical risks, customs and environmental regulations in the countries where the miners are located and in Türkiye, access to financing in the miners' countries, mining permitting processes, local taxes on mining products, extreme climate events and the effects of climatic factors in general, and potential risks in the entire logistics chain during transportation from the mine to ports and from these ports to Türkiye are evaluated.

Factors such as producers, owners, ports and sanctions on certain commodities are also taken into account. In this context, information is obtained about environmental and social problems encountered in the countries where supplier companies operate and the current situation is closely monitored through global media sources.

6.4. Strategic Initiatives and Targets on the Road to Net Zero Emissions

Erdemir's Net Zero Roadmap is a transition plan that aims to eliminate the company's carbon emissions by 2050. This plan includes action plans that determine the steps the company will take to achieve its sustainability goals and that it will implement systematically. Erdemir will continue to take decisive steps towards a sustainable future with improvement and investment activities aimed at reducing carbon emissions in the green transformation process, which aims to achieve net zero emissions by 2050.

Erdemir aims to reduce the sum of Scope 1 and Scope 2 emissions per ton of crude steel by 25% by 2030 and by 40% by 2040 with the DRI (Direct Reduced Iron) projects, which initially run on natural gas, with Solar Power Plants (SPP), Electric Arc Furnace (EAF), energy efficiency and biomass projects. With the availability of green hydrogen, DRI continues to operate with this resource and aims to achieve "net zero" emissions by 2050 through carbon capture and storage projects. The short, medium and long term strategies to achieve these goals are detailed below. Erdemir's intensity targets for 2030 and 2040 and absolute emission reduction targets for 2050 are presented in the Net Zero Roadmap.7

In line with the short-term target, in order to reduce carbon emissions by at least 25% per ton of crude steel produced, a total transformation investment of USD 3.2 billion is planned to be made at Erdemir and İsdemir until the end of 2030, with 70-80% of this investment to be provided from external sources.

Taking into account the information that 96.50% of greenhouse gas emissions belong to Erdemir and İsdemir companies and that Erdemir and İsdemir are the main companies that will be affected by the CBAM risk, the targets in the Net Zero Roadmap were determined specifically for these two companies.

The performance indicator and reduction target determined jointly for Erdemir and İsdemir are as follows:

Performance Indicator	Unit	Base		% Reduction Target Compared to Base Year		
		Gross Value	Year	2030	2040	2050
Scope 1-2 Total Greenhouse Gas Emissions	tCO_2/TCS*	2.2	2022	25%	40%	Net Zero

**TCS-Ton Crude Steel*

6.4.1. Electric Arc Furnace Investment

Electric Arc Furnace is a method of melting scrap with electric arc in steel production. This technology offers an energy efficient production process, in particular by increasing the use of scrap steel and recycling processes.

Erdemir currently produces all of its production with the Basic Oxygen Furnace (BOF) and plans to produce with the Electric Arc Furnace technology. The Electric Arc Furnace investment aims to achieve a significant reduction in greenhouse gas emissions.

6.4.2. Energy Efficiency Studies

Erdemir is implementing important projects and investments in various areas in order to realize its net zero emission target by 2050. In this context, it attaches great importance to energy efficiency efforts. Erdemir takes steps to reduce greenhouse gas emissions by making systematic improvements to increase energy efficiency in processes. Erdemir aims to reduce external dependency and maximize energy efficiency through more efficient use of its own resources.

Investments realized within the scope of energy efficiency efforts include the Coke Dry Extinguishing System, Oxy-Fuel Utilization and Solar Power Plant (SPP) projects. These projects optimize energy consumption and reduce environmental impact.

Ongoing investments aimed at increasing energy efficiency include Turbo Generator No. 10, Waste Heat Boiler for the 2nd Slab Reheating Furnace, Erdemir-Designed Drive Application, PCI Facility Drive Applications, New Turbo Blower Investment, APC Application at Air Separation Units, and Drive-Controlled Stove Fan for the No. 1 Blast Furnace. These projects aim to reduce emissions by 2022.

6.4.3. Solar Power Plant (SPP) Investments

SPP projects play a critical role in our emission reduction and sustainable production processes. These investments in renewable energy are aimed at reducing Scope 2 emissions.

With the SPP projects to be realized in Van and Malatya regions, full capacity production is planned to be realized by the end of 2025. Within the scope of these projects, solar power plants with a total installed capacity of 424 MWp will be installed and annual electricity generation of 770,000 MWh is expected. Through these investments, it is aimed to achieve emission reductions compared to the emissions of 2022, which is set as the base year, and to significantly reduce dependence on fossil fuels.

6.4.4. Biomass Utilization

Biomass utilization is an important strategy for steelmakers to reduce dependence on fossil fuels and lower greenhouse gas emissions. Biomass is a renewable energy source derived from organic waste and as an alternative with a zero emission factor, its environmental impacts are considerably lower compared to conventional coal use. This approach reduces the carbon footprint of production processes while at the same time creating a sustainable energy supply model. In terms of GHG emission management, the use of biomass helps steel mills to achieve net zero emission targets, especially by replacing the use of high carbon emitting coal.

Raw Biomass > **Processed Biomass** > **Pyrolysis and Carbonization** > **Biochar**

In line with the 2050 net zero emissions target, important steps are being taken to increase the use of biomass. In this context, it is planned to significantly reduce the amount of emissions by gradually increasing the use of biomass with zero emission factor instead of coal. A pilot pyrolysis plant has been established where raw biomass, processed biomass, pyrolysis and carbonization processes are used to convert raw biomass into biochar. With this project, coal utilization will be reduced in various processes such as fossil coal reduction in the Coke Plant, coke dust reduction in the Sinter Plant, PCI coal reduction in the Blast Furnaces and coal reduction in the Steel Mill.

6.4.5. DRI (with Natural Gas) Investment

DRI (Direct Reduced Iron) is a method used in steel production in which iron ore is reduced with natural gas instead of fossil coal to produce iron. DRI produces steel at lower temperatures and with lower carbon emissions than traditional blast furnace methods. Especially when applied with low-carbon energy sources such as natural gas, this technology can significantly reduce environmental impacts.

The main reason why DRI technology is environmentally friendly is that it has the potential to reduce carbon emissions. Conventional steel production uses coal to produce iron in blast furnaces, a process that emits large amounts of carbon dioxide (CO_2). However, when DRI runs on natural gas, emissions are much lower than with coal-fired generation. This helps steel producers manage their greenhouse gas emissions and achieve net zero emission targets.

With the realization of the DRI (with natural gas) investment, it is aimed to achieve a significant reduction in greenhouse gas emissions compared to the base year.

6.4.6. DRI (Green Hydrogen) Investment

Green hydrogen is used to extract iron from iron ore, replacing the natural gas used in conventional DRI production. The use of hydrogen in steel production significantly reduces carbon dioxide (CO_2) emissions. This is because in the reduction process with hydrogen, only water vapor is formed as a by-product and no carbon is emitted. DRI production with green hydrogen has zero carbon emissions. This is considered to be one of the most innovative and effective ways for steel producers to achieve their net zero emission targets.

Erdemir aims to increase the use of green hydrogen with the electrolyzer capacity targets set in Türkiye's Hydrogen Roadmap and to significantly reduce greenhouse gas emissions. DRI (Green Hydrogen) investments constitute one of the company's most important strategies for managing carbon emissions and achieving zero emission targets. By increasing the Electrolyzer capacity in the country, it is aimed to expand the use of green hydrogen and minimize the environmental impact of steelmaking processes.

- ***Türkiye's 2030 Electrolyzer Capacity Target: 2 GW***

The first interim target in Türkiye's Hydrogen Roadmap is to reach 2 GW of electrolyzer capacity by 2030. Electrolyzers are devices that convert water into hydrogen gas through electrolysis and the energy used in this process is derived from renewable sources. Reaching this capacity by 2030 will reduce the use of coal and natural gas in steel production, and by making more green hydrogen available for steelmaking, will lead to a significant reduction in carbon emissions.

- ***Türkiye's 2035 Electrolyzer Capacity Target: 5 GW***

Following the successful completion of the 2030 target, 5 GW of electrolyzer capacity is targeted to be reached in our country by 2035. This increase will enable further upgrading of hydrogen production capacity and significantly increase the rate of green hydrogen utilization in steelmaking. The increased electrolyzer capacity will provide more green hydrogen, which will contribute to a further reduction in carbon emissions.

- ***Türkiye's 2053 Electrolyzer Capacity Target: 70 GW***

Türkiye's biggest goal in line with its net zero carbon target is to reach an electrolyzer capacity of 70 GW by 2053. This target will both ensure that all hydrogen used in steel production is sourced from renewable energy sources and support Türkiye's goal of net zero emissions by 2053. The 70 GW capacity will significantly reduce the sector's carbon emissions by supplying a large portion of the energy used in steel production with green hydrogen.

6.4.7. Carbon Capture and Storage (CCS)

Erdemir aims to realize carbon capture and storage technologies. Among the investments, carbon capture and storage (CCS) technologies are extremely important. CCS technology captures the inevitable emissions from production processes before they reach the atmosphere and safely transfers them to underground storage. Thus, carbon emissions from steelmaking processes are greatly reduced. In particular, this technology will make a significant contribution to achieving our net zero emission target by 2050 and will give a significant impetus to our sustainable production approach.

İsdemir TSRS Report

(Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish)
LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION OF İSKENDERUN DEMİR VE ÇELİK ANONİM ŞİRKETİ PRESENTED IN ACCORDANCE WITH THE TURKIYE SUSTAINABILITY REPORTING STANDARDS

To the Shareholders of İskenderun Demir ve Çelik Anonim Şirketi,
We have been assigned to perform limited assurance on the information ("Sustainability Information") presented in accordance with the Turkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" on "İsdemir TSRS Report" section of the Integrated Report İskenderun Demir ve Çelik Anonim Şirketi ("İsdemir" or "the Company") for the year ended 31 December 2024.

Our assurance engagement does not include the information related to prior periods, other information included in the 2024 Integrated Annual Report and other information (including any images,

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, as summarized under the section "Summary of the Work we Performed as the Basis for our Assurance Conclusion", nothing has come to our attention that causes us to believe that the Sustainability on "İsdemir TSRS Report" of the Company's Integrated Annual Report for the year ended December 31, 2024, has not been prepared in accordance with the Turkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Turkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M). We do not provide any assurance conclusion regarding the information related to prior periods, other information included in the 2024 Integrated Annual Report and any other information (including any images, audio files or embedded videos) associated with the Sustainability Information and 2024 Integrated Annual Report.

Inherent Limitations in the Preparation of Sustainability Information

The Sustainability Information is subject to inherent uncertainties due to lack of scientific and economic information. The inadequacy of scientific data leads to uncertainties in the calculation of greenhouse gas emissions. Additionally, due to the lack of data regarding the likelihood, frequency, and impacts of potential physical and transition climate risks, the Sustainability Information is subject to uncertainties related to climate-related scenarios.

Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information
The Company's Management is responsible for:
- Preparing the Sustainability Information in accordance with the principles of Turkiye Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.
- Additionally, the Company Management is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

Those charged with Governance is responsible for overseeing the Company's sustainability reporting process.

Responsibilities of the Independent Auditor Regarding the Limited Assurance of Sustainability Information
We are responsible for the following:
- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Company Management. Since we are responsible for providing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation process of the Sustainability Information in order to ensure that our independence is not compromised.

Shape the future
with confidence

Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information and in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements, issued by POA.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, issued by the POA. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk management specialists. We have used the work of our expert team to assess the reliability of the information and assumptions related to the Company's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

Summary of the Work We Performed as the Basis for Our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information:

- Face to face interviews were conducted with the Company's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Company's internal documentation was used to assess and review sustainability-related information.
- The disclosure and presentation of sustainability-related information was evaluated.
- Through inquiries, an understanding of Company's control environment, processes and information systems relevant to the preparation of the Sustainability Information was obtained. However, the design of particular control activities was not evaluated and evidence about their implementation was not obtained, or their operating effectiveness was not tested.
- It was evaluated whether Company's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Company's estimates.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Musavirlik Anonim Sirketi
A member firm of Ernst & Young Global Limited

Didem Tuşel Özdoğan,
SMMM

March 21, 2025
İstanbul, Türkiye

İsdemir TSRS Report

215 1. Introduction
215 1.1. Preparation of the Report
215 1.1.1. Compliance with Türkiye Sustainability Reporting Standards (TSRS)
215 1.1.2. Link to Financial Disclosures
215 1.1.3. Time of Reporting
216 1.1.4. Transition
216 1.2. Reporting Limits and Measurement Approach

217 2. About İsdemir
217 2.1. İsdemir Organization and Value Chain
217 2.1.1. Organization and Field of Activity of İsdemir
218 2.1.2. İsdemir's Business Model and Value Chain

219 3. Governance
219 3.1. İsdemir Sustainability and Climate Change Governance Structure
219 3.2. Board of Directors
220 3.3. Early Detection of Risk Committee
220 3.4. Corporate Risk Management Directorate
220 3.5. Internal Audit
220 3.6. Employees

221 4. Strategy
221 4.1. Climate Risks and Opportunities
222 4.1.1. CBAM Carbon Pricing
226 4.2. Impacts of Climate-Related Risks and Opportunities on Company Strategy: Green Journey of Steel

227 5. Risk Management
227 5.1. Sustainability and Climate Risk and Opportunity Assessment Process
227 5.1.1. Determining Risk Tolerance and Risk Appetite
227 5.1.2. Identification of Risks
227 5.1.3. Prioritization of Risks
228 5.1.4. Modeling Risks
228 5.1.5. Risk Improvement
228 5.1.6. Monitoring and Reporting of Risks and Opportunities
228 5.1.7. Evaluation of the Risk Management Process

229 6. Metrics and Targets
229 6.1. Activity Metrics
229 6.2. Climate Related Metrics
229 6.2.1. Greenhouse Gas Emission Metrics
230 6.3. Other Sustainability Metrics
230 6.3.1. Energy Management
230 6.3.2. Water Management
231 6.3.3. Supply Chain Management
231 6.4. Strategic Initiatives and Targets on the Road to Net Zero Emissions
232 6.4.1. Electric Arc Furnace Investment
232 6.4.2. Energy Efficiency Studies
232 6.4.3. Solar Power Plant (SPP) Investments
232 6.4.4. Biomass Utilization
233 6.4.5. DRI (with Natural Gas) Investment
233 6.4.6. DRI (Green Hydrogen) Investment
233 6.4.7. Carbon Capture and Storage (CCS)

1. Introduction

1.1. Preparation of the Report

1.1.1. Compliance with Türkiye Sustainability Reporting Standards (TSRS)

The Türkiye Sustainability Reporting Standards (TSRS) were published in the Official Gazette dated December 29, 2023 and came into effect for reporting periods beginning on or after January 1, 2024. İsdemir has an obligation to report in accordance with TSRS Standards since it is subject to the regulation and supervision of the Capital Markets Board of Türkiye with its parent company İskenderun Demir ve Çelik A.Ş. ("İsdemir" or the "Company") and its subsidiaries and meets the criteria of exceeding the threshold values of at least two of the specified criteria in two consecutive reporting periods.

This report has been prepared in accordance with the requirements of TSRS 1: General requirements for disclosure of sustainability-related financial information and TSRS 2: Climate-related disclosures. In addition to its core business of iron and steel production, İsdemir has assessed its entire value chain, including its subsidiaries, and included it in the scope of the report. Unless otherwise stated, all information and statements in this report cover İskenderun Demir ve Çelik A.Ş. (İsdemir) and all of its subsidiaries subject to full consolidation.

The report also utilizes the Sustainability Accounting Standards Board (SASB) Standards of the International Sustainability Standards Board (ISSB). The 'Volume 9 — Iron and Steel Producers' section, which is part of the TSRS 2 Sector-Based Implementation Guidelines, has been utilized to identify, measure, and disclose potential approaches regarding climate-related risks and opportunities. This volume, which is a guide specific to the iron and steel sector, which is İsdemir's core business, is derived from the SASB Standards maintained by the ISSB. Section 6 - Metrics and Targets of the report refers to the sector-specific disclosure topics and metrics included in this volume. Since İsdemir's subsidiaries operating in different fields of activity other than iron and steel production do not represent a significant proportion of the consolidated financial statements, only the related sector guide is used.

1.1.2. Link to Financial Disclosures

The sustainability and climate-related disclosures in this report have been prepared for İsdemir and should be evaluated with the consolidated financial statements. The report covers a 12-month period ending December 31, 2024 and the consolidated financial statements are consistent with the reporting period. Relevant financial information can be accessed via this link (https://www.isdemir.com.tr/storage/uploads/2025/02/b23b67d7d6e2c64a869e353f3dfcb96f.pdf).

In line with the timelines used in strategic decision-making processes, İsdemir defines the time frames in sustainability and climate-related risk assessment processes as follows:

Short term	0 - 1 year
Medium term	2 - 5 year
Long term	6 - 10 year

1.1.3. Time of Reporting

İsdemir is reporting within the scope of Türkiye Sustainability Reporting Standards (TSRS) for the first time for the annual reporting period ending December 31, 2024 and applies TSRS 1 and TSRS 2 Standards together for the annual reporting period starting from January 1, 2024.

1.1.4. Transition
There are some transitional exemptions under items E3, E4, E5 and E6 in TSRS 1 and items C3, C4 and C5 in TSRS 2. The transition exemptions applied by İsdemir are as follows:

- In its first annual reporting period, an entity is only permitted to disclose information about climate-related risks and opportunities (in accordance with TSRS 2) and therefore only apply the requirements in TSRS S1 to the extent that they relate to disclosing information about climate-related risks and opportunities. İsdemir has only taken into account the risks and opportunities related to climate change when preparing this report. However, information on governance, strategy and risk management approach covers all sustainability issues, including climate.
- As an entity is not required to provide the disclosures required by TSRS S1 and S2 for any period prior to the date of initial application and is not required to provide comparative information, İsdemir only presents its metrics for 2024 in this report. Benefiting from the transition exemption, this report does not include sustainability and climate-related financial disclosures from previous years.
- If, in the annual reporting period immediately preceding the date of initial application of this Standard, an entity used a method other than the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004), the entity is permitted to continue to use the other method. Since 2015, İsdemir, which has been subject to this communiqué, calculates the greenhouse gas value in accordance with the legislation and notifies the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change. İsdemir Scope 1 emissions for the year 2024 were calculated within the scope of the Regulation on the Monitoring of Greenhouse Gas Emissions and the Communiqué on Monitoring and Reporting of Greenhouse Gas Emissions (MRV). For this reason, the calculation in accordance with the MRV communiqué is presented instead of the greenhouse gas protocol calculation required by the standard. The transition exemption was used in the first year and the GHG Protocol will be used in the next reporting.
- In line with TSRS requirements, enterprises are not required to disclose Scope 3 greenhouse gas emissions for the first two years of sustainability reporting. Using this exemption, İsdemir has excluded Scope 3 emissions.
- In an entity's first annual reporting period after an entity applies the TSRS, the entity is permitted to report sustainability-related financial disclosures after the entity has issued the relevant financial statements. İsdemir publishes this report in February 2025, after sharing its financial statements for the period January 1 - December 31, 2024.

This report comprehensively addresses İsdemir's sustainability and climate-related management structure, strategy, risk and opportunity identification and management processes, performance metrics and targets. In line with its vision of shaping the future of steel with sustainability, İsdemir aims to provide reliable and comprehensive information by supporting its commitment to transparency in its sustainability journey.

1.2. Reporting Limits and Measurement Approach

İsdemir has included in the consolidation all of its emissions arising from the iron and steel production facility, which is its main activity and the operation of which it controls, and the emissions of its subsidiary (İsdemir Linde Gaz Ortaklığı A.Ş.) on an equity share basis. Since İsdemir has full authority over the iron and steel production operation, it reports 100% of Scope 1 and 2 greenhouse gas emissions. Due to the equity method of accounting for its joint venture, İsdemir Linde Gaz Ortaklığı Inc. (İsdemir Linde Gaz), the company has applied the equity method for this entity in the accompanying consolidated financial statements and included its share of greenhouse gas emissions (50%) in the consolidation.

The financial data of İsdemir Linde Gaz Ortaklığı A.Ş., a joint venture of İsdemir, are accounted for using the equity share method in the consolidated financial statements. The emission data of İsdemir Linde Gaz is included in the total emission calculation using the same method as in the financial statements (equity share method). Therefore, the emission data of İsdemir Linde Gaz is included in the consolidation in proportion to İsdemir's shareholding rate (50%). Since İsdemir does not include Teknopark Hatay A.Ş., in which it has a 5% shareholding, in the financial consolidation, emission, water and energy consumption data are excluded from the consolidation.

Thus, İsdemir also used the consolidation method applied in its financial statements in the reporting of its environmental data, including greenhouse gas emissions and water and energy consumption.

[1]Under the equity share approach, this entity reports its share of greenhouse gas (GHG) emissions based on its equity share in operations.

2. About İsdemir

2.1. İsdemir Organization and Value Chain

2.1.1. Organization and Field of Activity of İsdemir

İsdemir is subject to the effective management of the parent company, Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (Erdemir) and Erdemir has 94,87% ownership interest in the Company.

İsdemir, Türkiye's only and largest integrated facility producing long and flat products, was established on October 3, 1970. Commissioned in 1975 with a steel bloom production capacity of 1.1 million tons/year, İsdemir carries out production in accordance with international quality standards with the experience gained in its 50-year long history. The main product range of the company, which is among the most important steel producers in the world, consists of billet, coil, slab and hot rolled coil. However, by-products such as coke, oxygen, nitrogen, argon, ammonium sulphate, granulated slag, tar and benzol are also produced. In addition, İsdemir's subsidiaries include İsdemir Linde Gaz Ortaklığı Anonim Şirketi, which was established to meet the company's need for additional industrial gas and to reduce costs related to the existing industrial gas system.

İsdemir's shares have been traded on Borsa Istanbul's Pre-Market Trading Platform since March 28, 2016. The registered address of the Company is Karşı Mahalle Şehit Yüzbaşı Ali Oğuz Bulvarı No:1 31900 Payas/Hatay.

The nature of the businesses and shareholding percentages of the companies included in the consolidation are as follows:

COMPANY NAME	REGION OF OPERATION	FIELD OF ACTIVITY	EFFECTIVE PARTNERSHIP RATE IN 2024 %
İSDEMİR LİNDE GAZ ORTAKLIĞI A.Ş.	Türkiye	Industrial Gas Production and Sales	50
TEKNOPARK HATAY A.Ş.	Türkiye	R&D Center	5

2.1.2. İsdemir's Business Model and Value Chain

In preparing its climate-related financial disclosures, İsdemir evaluated its entire value chain, including its own operations as well as its subsidiaries. İsdemir depends on a large number of resources to deliver its iron and steel products and interacts with many organizations and stakeholders. These stakeholders include suppliers of raw materials required for production operations, suppliers of facilities and equipment, employees, consultants, logistics companies with which the company cooperates to distribute products, and customers who purchase products. Thus, there are many activities and stakeholders involved in the value chain, both upstream and downstream.

İsdemir's upstream and downstream value chain relationships are as shown below:

		Explanation and Definition	Geographical Location
Upstream Value Chain	Suppliers	Solid Fuel	USA, Australia, Indonesia, Colombia, Italy, Local
		Scrap Supply for Steel Production Process	USA, United Kingdom, European Union, Baltic States, Local
		Ore	Brazil, Norway, Australia, South Africa, Local,
		Ferro & Auxiliary Material	European Union, India, China
		Finished & Semi-finished Product	Local
Operations	Auxiliary Functions	Central Units (HR, Finance, IT, etc.) Structure, Management, R&D, Sustainability, Electricity Natural Gas Water Insurance Public & Other	İskenderun
	Port & Logistics & Warehousing	Solid Fuel, Ore, Scrap, Ferro, Auxiliary Material, Finished Product, Semi-finished Product	İskenderun
	Production	İskenderun Demir Çelik Fabrikaları	İskenderun
Downstream Value Chain	Customers	Erdemir Steel Service Center	Türkiye
		Erdemir Romania Automotive Merchants and Service Centers General Manufacturing Industry Pipe Profile and Rolling Other Customers	Romania Türkiye Türkiye Türkiye Türkiye Türkiye
		Export	European Union, MENA, UK, North America

3. Governance

3.1. İsdemir Sustainability and Climate Change Governance Structure

The governance of issues related to sustainability and climate change at İsdemir is handled from the highest level perspective, starting from the Board of Directors level. This structure includes the assessment of risks and opportunities related to sustainability and climate strategies, policies and targets. The Board of Directors is supported by the Early Risk Detection Committee (EDRC) on sustainability and climate-related risks and opportunities.

3.2. Board of Directors

İsdemir's sustainability and climate risks and opportunities are monitored and managed by the Board of Directors at the highest level. The Board is responsible for approving sustainability and climate-related policies, strategies and targets in line with short, medium and long-term business objectives. The Board of Directors also ensure that the sustainability strategy is integrated with the company's overall business model and long-term goals.

The Board of Directors evaluates sustainability and climate issues at its biannual meetings. The Board addresses sustainability and climate-related issues within the framework of the company's strategy, performance targets and risk management processes and assesses the alignment of these factors with the company's short, medium and long-term goals.

The Board of Directors regularly reviews risks and opportunities in sustainability and climate issues and integrates these risks and opportunities into strategic decision-making processes. They also determine financing and resource allocation decisions, shapes strategic steps to reduce carbon emissions and provides oversight of the process through the action plans it approves.

The İsdemir Board of Directors evaluates climate risks and opportunities together with financial and operational returns in strategic decisions and long-term planning. Decision-making processes consider a balance between the short-term return of a high/low carbon emission investment and long-term sustainability goals. The Board of Directors discusses these trade-offs and strikes the best balance for the company. Taking all this into account, it has defined the Net Zero Roadmap.

As of 2024, Board members were briefed on the Carbon Border Adjustment Mechanism (CBAM) and green transformation. These briefings support the Board's decision-making processes and raise their awareness on sustainability management.

Our Board members have many years of experience in industry, company management and academia. The EDRC, which is composed of independent Board members, was briefed on sustainability and climate change issues in three meetings held in 2024, thereby enhancing its competence to oversee sustainability and climate risks. The Company plans to provide information on sustainability and climate change issues at two EDRC meetings next year. The Board has the necessary skills and competencies to effectively oversee sustainability and climate-related risks and opportunities. Detailed background information of the members of the Board of Directors can be accessed via this link (https://www.isdemir.com.tr/kurumsal/yonetim/yonetim-kurulu).

Our greenhouse gas reduction targets in the Net Zero Roadmap will be realized with the commissioning of the relevant investments and the completion of the studies. Greenhouse Gas Emission reduction performance metrics are planned to be targeted starting from 2025. In our company, the performances of monthly paid employees are evaluated through individual target scorecards.

3.3. Early Detection of Risk Committee

At İsdemir, sustainability and climate-related risks and opportunities are regularly assessed by the Early Detection of Risk Committee (EDRC). Within the scope of regulatory and legal requirements, the Committee early identifies risks that may threaten the existence, development and continuity of the Company, takes the necessary measures and ensures effective management of risks. The Committee analyzes all risks in line with the Company's risk appetite and strategic priorities and reports to the Board of Directors.

EDRC is composed of two Independent Board Members. The Committee convenes six times a year to assess risks and opportunities in the strategic (economic, political, reputation, climate change and sustainability, etc.), financial, operational and compliance categories and provides regular information to the Board of Directors. In 2024, at meetings held on July 23, August 14 and October 22, the Committee discussed green transformation and sustainability issues, as well as CBAM and climate change-induced flood risk, and presented its findings to the Board of Directors.

Defined controls and procedures are in place to support the management of sustainability and climate-related risks and opportunities, and the Risk Management Procedure is used to ensure the effectiveness of these processes. In this context, it is ensured to work in harmony with the company's overall strategic and risk management processes. Risk management practices are continuously reviewed in integration with other internal functions and suggestions are presented to the Board of Directors to improve processes.

3.4. Corporate Risk Management Directorate

The Risk Management Directorate initiates and monitors risk management activities for targets and processes in critical areas across the central function, subsidiaries and value chain.

The Corporate Risk Management Directorate carries out risk identification and assessment processes in coordination with business units, reports these processes with a proactive approach, monitors and assesses critical risks by updating risk inventories. In addition, Directorate maintains effective risk management practices by monitoring the actions taken for identified risks.

During the reporting period, the Corporate Risk Management Directorate and the Operational Excellence Directorate held regular meetings with independent sustainability consultants, receiving strategic consultancy on identifying and reporting sustainability and climate-related risks and opportunities.

3.5. Internal Audit

The Internal Audit function ensures that corporate risk management activities are carried out in accordance with national and international legislation and standards and the Company's strategies, policies, procedures, principles and objectives. Internal Audit also provides assurance to senior management by assessing the effectiveness and adequacy of first-line controls and second-line process and risk management systems.

3.6. Employees

CRM practices aim to create a risk culture. Each employee is responsible for identifying, assessing, monitoring and taking the necessary actions to manage the risks within his/her responsibility in line with the principles set out.

4. Strategy

4.1. Climate Risks and Opportunities

Climate change is not only an environmental issue, but also one of the greatest global challenges of our time, profoundly affecting economic systems and social structures. Unless the necessary steps are taken quickly to limit the global temperature rise to 1.5°C in line with the Paris Agreement, there is a growing risk that the environmental, economic and social impacts will reach an irreversible point. Aware of these risks, İsdemir acts with the awareness of its responsibility in the fight against climate change. By taking steps to combat climate change in line with its long-term goal of creating value, İsdemir aims to put its economic and social impacts on a sustainable basis.

İsdemir has identified, assessed and prioritized the climate risks and opportunities that are expected to reasonably affect the future in the short, medium and long term. The identified climate risks and analyzes are part of a consolidated risk assessment covering İsdemir and its subsidiaries. İsdemir determines the risk tolerance level with threshold values calculated on the basis of the ratios determined over the total assets and revenue amount in the financial statements disclosed to the public and decides on the impact level of risks by considering this tolerance level.

The Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing risk, one of the risks and opportunities identified on a consolidated basis, has been assessed in relation to climate change and classified as 2 (tolerable) in the long term on the five-point risk impact scale. In this context, although it is not foreseen to have a critical impact on the company, it is necessary to make an announcement since it is closely followed by other companies in the sector and investors. Other climate-related risks are rated as lower priority. All identified risks are prioritized and reported within the framework of a matrix and risk changes are regularly monitored.

4.1.1. Risk 1: CBAM Carbon Pricing

Risk Title	Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing		
Risk Category	Transition Risk - Policy & Legal Risk		
Risk Definition	The Carbon Adjustment Mechanism (CBAM) is an arrangement that enables the imposition of carbon costs on imports into the European Union (EU) from non-EU countries, particularly for carbon-intensive products. The European Green Deal, announced by the European Commission in 2019, sets the goal for Europe to become the first climate neutral continent by 2050. The Green Deal aims to bring the European continent to a cleaner environment, more affordable energy, smart transportation, new jobs and an overall higher quality of life. In line with this target, the CBAM entered into force in October 2023 within the framework of the Fit for 55 Package and a transition period will be implemented until the end of 2025. İsdemir has addressed and assessed the risk of CBAM in line with the scenario that the financial implementation period will begin in 2026. The CBAM will cover imports of emission-intensive products, introducing carbon pricing for sectors such as iron and steel, cement, electricity, fertilizers, aluminum and hydrogen, and EU importers will be obliged to report the embedded and indirect emissions of these products. They will also be obliged to purchase CBAM certificates against these emissions. As the iron and steel sector requires a production process that is associated with high carbon emissions, the impact of CBAM in the baseline scenario is a closely monitored risk component for companies in the sector. Companies exporting steel and iron to the EU may face uncertainties regarding the pricing of their products exported to the EU linked to the carbon emissions of their production processes under this regulation. This situation will put pressure on firms' product pricing and may negatively affect their profitability by making their competitive advantage more difficult. For the reasons explained above, İsdemir and some of İsdemir's local customers, which produce iron and steel outside the EU, may also face additional costs arising from CBAM when exporting to the EU. In other words, the prices of steel products exported to the EU may be suppressed due to CBAM, which may affect the competitiveness of our company. The risk of CBAM affects the Iskenderun plant's direct and indirect exports to the EU. These impacts will be limited as other subsidiaries have low/no export levels or do not fall within the scope of the CBAM.		
Place in the Value Chain	Downstream Value Chain - Customers		
Impact Time Interval	Short Term	Medium Term	Long Term
Term (Year)	0-1	2-5	6-10
Impact Scale	1 (Low)	1 (Low)	2 (Tolerable)
Probability	1	5	5
Current Risk Score	1	5	10

Climate Resilience	The Sustainable Development Scenario (SDS), featured in the 'Iron and Steel Technology Roadmap: Towards More Sustainable Steelmaking' report (https://www.iea.org/reports/iron-and-steel-technology-roadmap), which was prepared based on the climate scenarios in the Energy Technology Perspectives (ETP 2020: https://www.iea.org/reports/energy-technology-perspectives-2020) developed regularly by the IEA (International Energy Agency) since 2006, serves as an important reference for the iron and steel sector and approaches to technological green transformation. The IEA's SDS scenario is also aligned with the Paris climate agreement's targets for limiting temperature rise. In the IEA analysis, short-term, medium-long-term and long-term periods were used. In the short term, technology performance improvements and material efficiency on traditional routes play the biggest role. In the medium and long term, carbon capture and fuel switching, from coal to natural gas, hydrogen and bioenergy play a major role. The analysis evaluated energy use and distribution until 2050. The distribution of energy sources such as coal, electricity, hydrogen and bioenergy is analyzed. In addition to greenhouse gas emissions, other environmental issues such as air pollution, soil pollution and water use are also mentioned in the analysis. The IEA analysis also assessed the steel industry from macroeconomic perspectives. A number of macroeconomic factors influence the global and regional dynamics of steel production. Among the most important are economic development, trade and competitiveness, all of which are interlinked. Steel is used in a number of sectors that are closely linked to overall economic activity. The steel industry is a key component of the global economy and a sector with a significant impact on economic growth. With a large share of global market trade, the steel industry is highly competitive. The last five years can be characterized as a period of low prices and low margins, partly explained by overcapacity. China accounts for about half of the world's steel production capacity. Although China has taken steps to reduce its old and inefficient iron and steel production capacity in recent years, continued new investments continue to pose the risk of global oversupply. While preparing the green transformation Net Zero Roadmap, Erdemir and İsdemir evaluated in detail the low CO_2 emission and emission-free green production technologies included in the SDS. The macroeconomic trends in the IEA analysis guided the Erdemir and İsdemir's net zero roadmap. The production and energy technologies identified in the roadmap have been selected to enable İsdemir to develop resilience and flexibility, especially to the impacts of climate change risks. While determining the Net Zero strategy, Erdemir and İsdemir set short-term targets of 2030, medium-term targets of 2040 and long-term targets of 2050 in relation to the periods in the scenario analysis. Scenario analysis was used for Erdemir, the parent company, and İsdemir, a subsidiary, and the net zero road map was created for these two companies. Electric Arc Furnaces (EAF) and Solar Power Plants based on circular generation play an important role in combating climate risks. Also expanding the range of solutions are Direct Reduced Iron (DRI) plants that can run on both natural gas and green hydrogen, and carbon capture and storage technologies for emissions that cannot be avoided. In addition, Erdemir and İsdemir determined the emission reduction targets in the net zero roadmap in 2023 and announced them at the beginning of 2024, taking into account the Faster Innovation Case scenario in the IEA's subject report, in which production technologies with a Technology Readiness Level-TRL currently low are rapidly developed and addressed in order to achieve net zero emissions by 2050. In 2020, the analysis for the 2019-2050 periods in the Iron and Steel Technology Roadmap report published by the IEA was used.
Risk Vulnerable Business Activity	We are exposed to this risk due to the presence of EU member states in our export markets.

[2] Details of the models and basic assumptions used in climate scenarios (valid time intervals and periods, model scope, macroeconomic trends, changes in global parameters such as energy demand, demographics, material efficiency and global warming levels, etc.) can be found at the following link: https://www.iea.org/reports/global-energy-and-climate-model

Risk Impacts	**Uncertainty in Sale Prices:** The CBAM and carbon pricing mechanisms may directly and indirectly affect the prices of the company's products exported to the EU. Especially for companies exporting to the EU, carbon costs may make price competition more difficult, leading to a decline in customer demand. Uncertainty in prices will lead to fluctuating profit margins, making financial predictability difficult. **Weakening of Competitiveness:** The carbon emissions associated with being an integrated facility will create a disadvantage when competing with competitors that produce with lower carbon emissions. With increasing competition in the EU market, competitors that produce with low carbon emissions due to advanced production technologies may be less affected by the cost differences brought by carbon pricing, while companies like İsdemir, which operate carbon-intensive integrated iron and steel production, may need to reflect part of this additional burden in the prices of certain products. As a result, this can have negative consequences for market share and revenues. **Investment Delays:** Environments of financial uncertainty can lead to the postponement of investments in clean energy projects and sustainable production technologies that have been identified to manage risk in a balanced way. Failure to make these investments on time will impact competitiveness and delay the transformation needed to reduce carbon emissions.
Potential Financial Impact	Based on the assessments made, no material adjustments to the values of assets or liabilities in the financial statements due to climate-related risks and opportunities have been identified. İsdemir has carried out studies to quantitatively measure the Potential Financial Impact foreseen within the scope of the CBAM, but has not been able to obtain consistent results at this stage due to high uncertainties. Based on estimates by various financial institutions, the CBAM may create price pressure on İsdemir products sold directly and indirectly to the EU. Due to this situation, annual sales revenues may decline. The CBAM Impact Model is developed to determine the financial dimension of the impact. In case the projections regarding carbon prices change, the pricing mechanism becomes clearer and reliable results start to be obtained, the current information in the reports will be updated in the following periods.

Measurement Uncertainties	While İsdemir is at the preparation stage of this report, the carbon pricing to be developed based on market-based mechanisms in the coming years has not yet been finalized. Uncertainties regarding the implementation and scope of the CBAM, variability in carbon prices, constantly evolving regulatory arrangements and unclear market balances regarding how the carbon cost will be shared between the customer and the producer create uncertainty for İsdemir's measurements and judgments arising from the CBAM risk.
Precautions / Actions	İsdemir and Erdemir consider the period between October 2023 and December 2025 as a transition period within the framework of the CBAM legislation and continue their preparations against the financial impacts that will start in 2026. In this context, the measures taken and planned are as follows: **Net Zero Roadmap** • Emission Reduction Targets: Scope 1 and Scope 2 emissions are targeted to be reduced by 25% per ton of crude steel by 2030 and 40% by 2040, with the aim of achieving "NET ZERO" by 2050. **Energy Transition and Technology Investments** • Green Energy Use: Projects to increase the use of renewable energy sources aim to reduce carbon costs. • Transition to Clean Technologies: Feasibility studies are being carried out to improve production technologies based on the best available techniques (BAT) and to commission new low-carbon technologies. **Regulatory Tracking and Interaction** • Legislation Observation: Regulations on CBAM are closely monitored and potential impacts are assessed. • Sectoral Cooperation: In cooperation with sector representatives and public institutions, an active role is taken in policy development processes. **Sustainability Governance System** • Management and Decision Mechanisms: Specific decision-making mechanisms have been established to monitor and manage the risks arising from CBAM, and these risks are regularly reviewed and necessary actions are taken.
Cost of Responding to Risk	Although the CBAM risk does not have a financial impact on İsdemir as of the reporting year, it is possible that this may change in the long term. İsdemir realizes emission reduction investments in order to minimize the financial liability arising from the CBAM. A total transformation investment of USD 3.2 billion will be realized at Erdemir and İsdemir until the end of 2030. The relevant statement can be accessed via this link (https://www.erdemir.com.tr/kurumsal/medya/basin-bultenleri/erdemir-ve-isdemirde-hedef-2050ye-kadar-net-sifir-emisyona-ulasmak).

4.2. Impacts of Climate-Related Risks and Opportunities on Company Strategy: Green Journey of Steel

İsdemir announced the 2050 Net Zero Roadmap in order to contribute to Türkiye's achievement of the net zero emission target by 2053, which was set within the scope of the Paris Climate Agreement. İsdemir, one of the world's and Türkiye's leading steel producers, will maintain its leading role in the sector to adapt to green transformation processes.

Within the scope of the Net Zero Roadmap strategy, İsdemir accelerated its decarbonization efforts to support a sustainable future. In production processes, innovative solutions are developed to reduce greenhouse gas emissions, technologies that increase energy efficiency are implemented and by-product gases and waste heat released from production are utilized to the maximum extent. While studies are underway to increase the use of recyclable steel, research is being carried out on the use of biomass with a zero emission factor at various stages of the processes.

With the decisive steps taken to increase energy efficiency and expand the use of renewable energy, İsdemir is committed to achieving a net zero emission target by 2050. In this context, the Company aims to achieve 25% emission reduction per ton of crude steel by 2030, 40% emission reduction by 2040 and net zero emission by 2050, based on the year 2022. İsdemir is leveraging existing and innovative technologies to strengthen its leadership in the decarbonization process while supporting Türkiye's 2053 net zero emission target.

İsdemir conducts analyzes and determines improvement steps in order to create the necessary actions to reduce greenhouse gas emissions. In this context, steps are taken to reduce emissions through activities such as the establishment of solar power plants, increasing energy efficiency, increasing the share of scrap used in production, and the use of HBI (hot briquetted iron). In addition, by closely monitoring the development of low-emission steel production technologies, a clear zero roadmap has been put forward in line with feasibility studies, including internal carbon pricing. Although there is a high degree of unpredictability and uncertainty due to fluctuations in carbon markets due to global developments, changes in free allowances and the tendency to tighten regulations, the shadow carbon price, which is a component needed in feasibility studies for planned investments, is used in the range of EUR 15-25.

In line with the Green Journey of Steel strategy, İsdemir reshapes its activities to benefit society and the environment and aims to integrate sustainability and climate-related risks and opportunities into all of its business processes. However, it is committed to identifying and managing sustainability and climate-related risks and opportunities in line with national and international standards.

5. Risk Management

5.1. Sustainability and Climate Risk and Opportunity Assessment Process

İsdemir has adopted the corporate risk management framework to identify, assess and manage sustainability and climate-related risks and opportunities and integrated these processes into the company's overall risk management approach. The processes for managing sustainability and climate-related risks and opportunities are defined in the Corporate Risk Management (CRM) Procedure. Within the scope of this process, İsdemir also evaluates the opportunities that climate change may bring within the scope of the CRM process. Risks are identified, prioritized and monitored in line with ISO 31000 Risk Management principles, COSO ERM (Corporate Risk Management) frameworks and best practices. Critical risks and opportunities are continuously monitored and the effectiveness of action plans are reviewed and recorded in the risk inventory.

Identifying sustainability and climate-related risks and opportunities is done using inputs such as historical climate data and market trends. Analyses are used to understand the long-term impact of opportunities and assess their alignment with the company's strategic objectives. Opportunities such as energy efficiency projects and the development of low-carbon production technologies are identified and presented to senior management. These opportunities are ranked according to their importance and detailed plans are made for those prioritized.

5.1.1. Determining Risk Tolerance and Risk Appetite

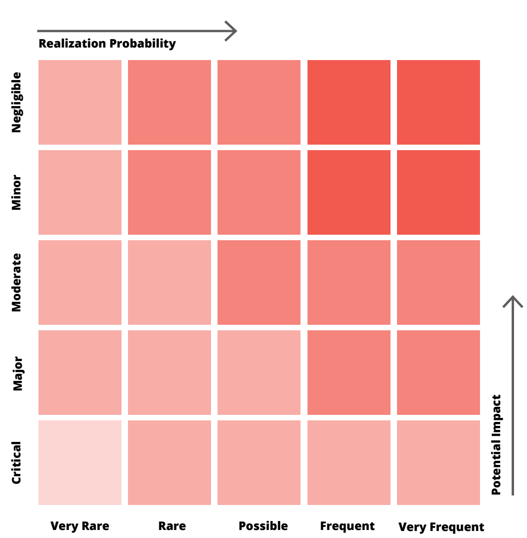
Risk tolerance refers to our capacity to absorb financial losses; risk appetite refers to the highest acceptable level of risk. The impact scales created within the framework of these definitions are regularly reviewed by the Early Detection of Risk Committee.

5.1.2. Identification of Risks

Internal and external factors that may affect strategic objectives are systematically analyzed, and operational disruptions, compliance risks and potential costs are taken into account. Identified risks are integrated into the corporate risk management framework and monitored.

5.1.3. Prioritization of Risks

Risks are prioritized according to impact, probability and maturity criteria through scenario analysis and expert opinions. The financial, environmental and legal impacts of sustainability and climate risks are taken into account and possible reflections on strategic planning are evaluated. risks with "Very High" and "High" scores are closely monitored by senior executives. Risks are assessed on a five-point scale (1-Low, 2-Tolerable, 3-Significant, 4-Major, 5-Very Major) and scored on an impact-probability scale. In this context, the Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing risk has been assessed at level 2 on a five-point scale; although it is not foreseen to have a critical impact on İsdemir, details of the risk are included in the Climate Risks and Opportunities section as it is closely followed by other companies in the sector and investors. Other climate-related risks are treated as lower priority. All identified risks are prioritized and reported within the framework of a matrix and risk impact-probability changes are regularly monitored.



5.1.4. Modeling of Risks
İsdemir uses risk modeling processes to understand the impact of prioritized risks and determine their financial implications. The company's climate-related risks are analyzed with inputs such as greenhouse gas emissions, production data and free allocation reduction levels, and different scenarios are prepared in line with the developing information. This process is expected to produce outputs in the coming periods in line with the 2050 Net Zero Roadmap.

5.1.5. Risk Improvement
Within the scope of risk management, identified risk owners review their risks. Remedial actions to address identified risks are included in the investment plans.

5.1.6. Monitoring and Reporting of Risks and Opportunities
Risks and opportunities are constantly monitored and updated in line with local and global developments. The Company regularly monitors and updates sustainability and climate-related risks and opportunities in line with set metrics and targets. Sustainability and climate risks are monitored within the framework of certain performance indicators and action plans and policies are revised according to these indicators. This process is handled within the framework of the company's overall risk management and contributes to strategic decisions on climate change.

5.1.7. Evaluation of the Risk Management Process
The risk management process is periodically reviewed to improve the company's existing competencies and to evaluate strategies for responding to risks. Efficiency analyses are conducted in line with the data obtained from internal and external sources and continuous improvement is ensured.

6. Metrics and Targets

İsdemir has set emission reduction targets in order to minimize the additional cost risk arising from CBAM and has set out the actions it will take until 2050 through the Net Zero Roadmap. İsdemir has transparently shared this roadmap with the public, which includes the investments and projects it will realize on its journey to net zero. This roadmap also aims to contribute to Türkiye's 2053 net zero commitment under the Paris Agreement.

The Net Zero Roadmap was announced in 2024 and no changes were made to existing targets. In case of any possible changes in the coming years, these changes will be shared in the following year's reports. The Net Zero Roadmap can be accessed here.

6.1. Activity Metrics[3]

Production Quantities	2024
Crude Steel Production (tons)	5,297,400
Total Coke Production (tons)	2,126,524

6.2. Climate Related Metrics[4]

6.2.1. Greenhouse Gas Emission Metrics

Greenhouse Gas Emissions	2024
Scope 1 (tons CO_2eq)	10,663,364
Scope 2 (tons CO_2eq)	471,757
Total (Scope 1 and 2)	**11,135,121**

Since İsdemir has full authority over the iron and steel production operation, it reports 100% of Scope 1 greenhouse gas emissions under MRV and 100% of Scope 2 greenhouse gas emissions under GHG. Due to the equity method of accounting for its joint venture, İsdemir Linde Gaz Ortaklığı Inc., the company has applied the equity method for this entity in the accompanying consolidated financial statements and included its share of greenhouse gas emissions (50%) in the consolidation.

In the calculation of İsdemir's 2024 emissions, the "Calculation Based Method" was followed and the standard method was used for combustion emissions and process emissions associated with limestone source flow, and the mass balance method was used for other source flows. For coals (coking coal, coke, coke dust, anthracite, injection coal, etc.), which cause a large portion of our total emissions, the emission factor calculation is based on the analysis results of the laboratories (Coal, Coke and By-Products Laboratory) in our facilities. The emission factors of limestones and ferrous raw materials are determined according to the results of in-house laboratory measurements (Spectral Analysis Laboratory). Analyses in the plant laboratories (General Chemistry Laboratory) are used to determine the emission factors of alloyed raw materials. Emission factors for natural gas are determined on the basis of BOTAŞ İsdemir online gas chromatography device. Table 5.4 of Annex-5 of the MRV Communiqué is taken as reference as scrap steel emission factor. National emission factor is used for standard reference fuels such as diesel, LPG and fuel oil (TurkStat Türkiye Greenhouse Gas Inventory 1990-2021, 2024). In the calculation of Scope 2 GHG emissions, the emission factor of the consumption point connected to the transmission line in the latest Türkiye Electricity Generation and Electricity Consumption Point (2022) published by the Ministry of Energy and Natural Resources is used.

İsdemir and its subsidiaries did not purchase and utilize any carbon credits during the reporting period. Carbon credits may be purchased in the coming periods in order to reach our net greenhouse gas emission targets, but how carbon credits will be used, carbon credit strategy and implementation methods will be clarified in the coming period.

[3] Operating metrics include crude steel production, iron ore production and coke production data of Erdemir and İsdemir included in the consolidation of the reporting entity.
[4] In accordance with TSRS 2 C4(a), in the first year reporting period, İsdemir measured its greenhouse gas emissions for the year 2024 with a method other than the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) with a method other than MRV.
[5]The Scope 2 greenhouse gas emissions in the table are calculated and reported on a location-based basis.

6.3. Other Sustainability Metrics[6]

6.3.1. Energy Management

Energy Management	2024
Total Energy Consumed (Giga Joule)	109,882,239
Mains Electricity (%)	3.50
Renewable Energy (%)	0.00
Total Fuel Consumed (Giga Joule)	106,038,704
Coal (%)	96.62
Natural Gas (%)	3.38

6.3.2. Water Management

Water Management	2024
Total Fresh Water Withdrawn (Thousand Cubic Meters (m^3))	40,478.71
Total Salt Water Withdrawn (Thousand Cubic Meters (m^3))	394,730.00
Total Fresh Water Consumed (Thousand Cubic Meters (m^3))	40,478.71
Total Salt Water Consumed (Thousand Cubic Meters (m^3))	59,210.00
Percent in Areas with High or Extremely High Baseline Water Stress (%)	0 - 5 [7]

The production processes of İskenderun Demir ve Çelik A.Ş. and all of its subsidiaries subject to full consolidation were examined and the facilities where the use of water in their processes is mandatory and indispensable were identified. The locations of each of these facilities were assessed for water stress using the web-based ThinkHazard! (https://thinkhazard.org/en/) portal provided by the Global Facility for Disaster Reduction and Recovery (GFDRR), a global initiative supported by the World Bank Group. As a result, all facilities are located at a low water stress level.

[6]İsdemir has used the equity share method approach determined for the reporting of greenhouse gas emissions in the same way for the consolidation of energy and water data.
[7]It will be evaluated with detailed analysis next year.

6.3.3. Supply Chain Management

When planning raw material supply and making agreements with suppliers, geopolitical risks, customs and environmental regulations in the countries where the miners are located and in Türkiye, miners' access to financing in their countries, mining permit processes, local taxes on mining products, extreme weather events, and the overall impact of climate factors, as well as potential risks in the entire logistics chain from mines to ports and from ports to Türkiye, are evaluated.

Factors such as producers, owners, ports and sanctions on certain commodities are also taken into account. In this context, information is obtained about environmental and social problems encountered in the countries where supplier companies operate and the current situation is closely monitored through global media sources.

6.4. Strategic Initiatives and Targets on the Road to Net Zero Emissions

The Net Zero Roadmap is a transition plan that aims to eliminate the company's carbon emissions by 2050. This plan includes action plans that determine the steps the company will take to achieve its sustainability goals and that it will implement systematically. İsdemir will continue to take decisive steps towards a sustainable future with improvement and investment activities aimed at reducing carbon emissions in the green transformation process, which aims to achieve net zero emissions by 2050.

İsdemir aims to reduce Scope 1 and Scope 2 emissions by 25% per ton of crude steel by 2030 compared to the baseline year of 2022, through projects such as Solar Power Plants (SPP), Electric Arc Furnace (EAF), energy efficiency, and biomass. Additionally, through DRI (Direct Reduced Iron) projects initially powered by natural gas, it targets a 40% reduction by 2040. With the availability of green hydrogen and the continuation of DRI operations using this resource, along with carbon capture and storage projects, the company aims to achieve a 'net zero' emissions goal by 2050. The short, medium and long term strategies to achieve these goals are detailed below. İsdemir's intensity targets for 2030 and 2040 and absolute emission reduction targets for 2050 are presented in the Net Zero Roadmap.

In line with the short-term target, in order to reduce carbon emissions by at least 25% per ton of crude steel produced, a total transformation investment of USD 3.2 billion is planned to be made at Erdemir and İsdemir until the end of 2030, with 70-80% of this investment to be provided from external sources.

Taking into account the information that 96.50% of the greenhouse gas emissions of Erdemir, which is the parent company, belong to Erdemir and İsdemir companies and that Erdemir and İsdemir are the main companies that will be affected by the CBAM risk, the targets in the Net Zero Roadmap were determined specifically for these two companies.

The performance indicator and reduction target determined jointly for Erdemir and İsdemir are as follows:

Performance Indicator	Unit	Base		% Reduction Target Compared to Base Year		
		Gross Value	Year	2030	2040	2050
Scope 1-2 Total Greenhouse Gas Emissions	tCO_2/TCS*	2.2	2022	25%	40%	Net Zero

**TCS-Ton Crude Steel*

6.4.1. Electric Arc Furnace Investment

Electric Arc Furnace is a method of melting scrap with electric arc in steel production. This technology offers an energy efficient production process, in particular by increasing the use of scrap steel and recycling processes.

İsdemir currently produces all of its production with the Basic Oxygen Furnace (BOF). The Electric Arc Furnace investment aims to achieve a significant reduction in greenhouse gas emissions.

6.4.2. Energy Efficiency Studies

İsdemir is implementing important projects and investments in various areas in order to realize its net zero emission target by 2050. In this context, it attaches great importance to energy efficiency efforts. İsdemir takes steps to reduce greenhouse gas emissions by making systematic improvements to increase energy efficiency in processes. İsdemir aims to reduce external dependency and maximize energy efficiency through more efficient use of its own resources.

Among the investments realized within the scope of energy efficiency efforts are the Coke Dry Extinguishing System, Turbo Generator No. 1-2 Capacity Increase and New Compressed Air Compressors projects. These projects optimize energy consumption and reduce environmental impact.

In addition, ongoing investments to increase energy efficiency include Steam Boiler No. 3 Retubing and Coke Dry Quenching Steam Turbine. These projects aim to reduce emissions by 2022.

6.4.3. Solar Power Plant (SPP) Investments

SPP projects play a critical role in our emission reduction and sustainable production processes. These investments in renewable energy are aimed at reducing Scope 2 emissions.

With the SPP projects to be realized in Çorum, Diyarbakır and Şırnak, full capacity production is planned to be realized by the end of 2025. Within the scope of these projects, solar power plants with a total installed capacity of 530 MWp will be established and an annual electricity generation of 940,000 MWh is expected. Through these investments, it is aimed to achieve emission reductions compared to the emissions of 2022, which is set as the base year, and to significantly reduce dependence on fossil fuels.

6.4.4. Biomass Utilization

Biomass utilization is an important strategy for steelmakers to reduce dependence on fossil fuels and lower greenhouse gas emissions. Biomass is a renewable energy source derived from organic waste and as an alternative with a zero emission factor, its environmental impacts are considerably lower compared to conventional coal use. This approach reduces the carbon footprint of production processes while at the same time creating a sustainable energy supply model. In terms of GHG emission management, the use of biomass helps steel mills to achieve net zero emission targets, especially by replacing the use of high carbon emitting coal.

Raw Biomass > Processed Biomass > Pyrolysis and Carbonization > Biochar

In line with the 2050 net zero emissions target, important steps are being taken to increase the use of biomass. In this context, it is planned to significantly reduce the amount of emissions by gradually increasing the use of biomass with zero emission factor instead of coal. A pilot pyrolysis plant has been established where raw biomass, processed biomass, pyrolysis and carbonization processes are used to convert raw biomass into biochar. With this project, coal utilization will be reduced in various processes such as fossil coal reduction in the Coke Plant, coke dust reduction in the Sinter Plant, PCI coal reduction in the Blast Furnaces and coal reduction in the Steel Mill.

6.4.5. DRI (with Natural Gas) Investment

DRI (Direct Reduced Iron) is a method used in steel production in which iron ore is reduced with natural gas instead of fossil coal to produce iron. DRI produces steel at lower temperatures and with lower carbon emissions than traditional blast furnace methods. Especially when applied with low-carbon energy sources such as natural gas, this technology can significantly reduce environmental impacts.

The main reason why DRI technology is environmentally friendly is that it has the potential to reduce carbon emissions. Conventional steel production uses coal to produce iron in blast furnaces, a process that emits large amounts of carbon dioxide (CO_2). However, when DRI runs on natural gas, emissions are much lower than with coal-fired generation. This helps steel producers manage their greenhouse gas emissions and achieve net zero emission targets.

With the realization of the DRI (with natural gas) investment, it is aimed to achieve a significant reduction in greenhouse gas emissions compared to the base year.

6.4.6. DRI (Green Hydrogen) Investment

Green hydrogen is used to extract iron from iron ore, replacing the natural gas used in conventional DRI production. The use of hydrogen in steel production significantly reduces carbon dioxide (CO_2) emissions. This is because in the reduction process with hydrogen, only water vapor is formed as a by-product and no carbon is emitted. DRI production with green hydrogen has zero carbon emissions. This is considered to be one of the most innovative and effective ways for steel producers to achieve their net zero emission targets.

İsdemir aims to increase the use of green hydrogen with the electrolyzer capacity targets set out in Türkiye's Hydrogen Roadmap and to significantly reduce greenhouse gas emissions. DRI (Green Hydrogen) investments constitute one of the company's most important strategies for managing carbon emissions and achieving zero emission targets. By increasing the Electrolyzer capacity in the country, it is aimed to expand the use of green hydrogen and minimize the environmental impact of steelmaking processes.

- ***Türkiye's 2030 Electrolyzer Capacity Target: 2 GW***

The first interim target in Türkiye's Hydrogen Roadmap is to reach 2 GW of electrolyzer capacity by 2030. Electrolyzers are devices that convert water into hydrogen gas through electrolysis and the energy used in this process is derived from renewable sources. Reaching this capacity by 2030 will reduce the use of coal and natural gas in steel production, and by making more green hydrogen available for steelmaking, will lead to a significant reduction in carbon emissions.

- ***Türkiye's 2035 Electrolyzer Capacity Target: 5 GW***

Following the successful completion of the 2030 target, 5 GW of electrolyzer capacity is targeted to be reached in our country by 2035. This increase will enable further upgrading of hydrogen production capacity and significantly increase the rate of green hydrogen utilization in steelmaking. The increased electrolyzer capacity will provide more green hydrogen, which will contribute to a further reduction in carbon emissions.

- ***Türkiye's 2053 Electrolyzer Capacity Target: 70 GW***

Türkiye's biggest goal in line with its net zero carbon target is to reach an electrolyzer capacity of 70 GW by 2053. This target will both ensure that all hydrogen used in steel production is sourced from renewable energy sources and support Türkiye's goal of net zero emissions by 2053. The 70 GW capacity will significantly reduce the sector's carbon emissions by supplying a large portion of the energy used in steel production with green hydrogen.

6.4.7. Carbon Capture and Storage (CCS)

İsdemir aims to realize carbon capture and storage technologies.
Among the investments, carbon capture and storage (CCS) technologies are extremely important. CCS technology captures the inevitable emissions from production processes before they reach the atmosphere and safely transfers them to underground storage. Thus, carbon emissions from steelmaking processes are greatly reduced. In particular, this technology will make a significant contribution to achieving our net zero emission target by 2050 and will give a significant impetus to our sustainable production approach.

Affiliated Company Report 2024

During 2024, our Company did not enter into any legal transactions with its controlling shareholder, Ordu Yardımlaşma Kurumu (OYAK) and/or OYAK's affiliated companies, or with OYAK's direction, for the benefit of OYAK or any of its affiliated companies, and there were no measures taken or avoided to be taken for the benefit of OYAK or any of its affiliated companies.

In fiscal year 2024, all commercial activities between our Company and both our controlling shareholder and its subsidiaries were carried out in accordance with market conditions

Board of Directors Committees Operating Principles and an Assessment of Such Committees' Effectiveness

Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

Under the 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 Corporate Governance Communiqué no. II-17.1: of Capital Markets Board of Türkiye (CMB);

- To appoint Independent Board Members Emre GÖLTEPE and Sezai Afif ENSARİ 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 Director İdil ÖNAY ERGİN to serve as the Corporate Governance Committee and Kadri ÖZGÜNEŞ to be the committee's chairman;

- To appoint Independent Board Members Sezai Afif ENSARİ and Kurtuluş Kadri ÖZGÜNEŞ to serve as the Early Detection of Risk Committee and Sezai Afif ENSARİ 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 2024, 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:

- Audit Committee convened four times on February 22, 2024, May 9, 2024, August 15, 2024, October 22, 2024,
- Corporate Governance Committee convened four times on February 22, 2024, May 9, 2024, July 23, 2024, October 22, 2024,
- The Early Detection of Risk Committee convened six times on February 22, 2024, May 9, 2024, July 5, 2024, August 15, 2024, October 22, 2024, December 26, 2024. 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.

Board of Directors Committees Operating Principles and an Assessment of Such Committees' Effectiveness

İskenderun Demir ve Çelik A.Ş.

Under the 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 Corporate Governance Communiqué no. II-17.1 of Capital Markets Board of Türkiye (CMB):

- To appoint Independent Board Members Emre GÖLTEPE and Sezai Afif ENSARİ 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 Director İdil ÖNAY ERGİN to serve as the Corporate Governance Committee and Kadri ÖZGÜNEŞ to be the committee's chairman;

- To appoint Independent Board Members Sezai Afif ENSARİ and Kurtuluş Kadri ÖZGÜNEŞ to serve as the Early Detection of Risk Committee and Sezai Afif ENSARİ 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.

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- 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 2024, no conflicts of interest occurred with these institutions.
  Our Company did not disclose any guidance in 2024.
  In 2024, 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 2024.
- No extraordinary general assembly was held throughout the year.
- Apart from the developments mentioned above, there has been no significant development since 31 December 2024.

İskenderun Demir ve Çelik 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 2024, no conflicts of interest occurred with these institutions.
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- In 2024, our Company had no significant buying or selling activity of assets, except those indicated on note 13 of financial statements for the year ended 31 December 2024.
- No extraordinary general assembly was held throughout the year.
- Apart from the developments mentioned above, there has been no significant development since 31 December 2024.

Statement of Responsibility

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUÉ 11-14.1. ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORT
RESOLUTION DATE: 12.02.2025
RESOLUTION NUMBER: 9996

We have reviewed the consolidated financial statements for the period 1 January - 31 December 2024, which are prepared by our Company and are subject to independent auditing, in accordance with Capital Market Board's (CMB) Communiqué Serial 11, 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:

- have been examined by us,
- Based on the information we possess within the scope of our duties and responsibilities in our Company, the 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 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

Kind regards,

Mustafa Serdar BAŞOĞLU	Sezai Afif ENSARİ	Emre GÖLTEPE
Finansal Yönetim ve Mali İşler Grup Başkan Yardımcısı	Denetimden Sorumlu Komite Üyesi	Denetimden Sorumlu Komite Başkanı

İSKENDERUN DEMİR VE ÇELİK A.Ş.

STATEMENT OF RESPONSIBILITY PURSUANT TO THE ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUÉ II-14.1. ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORT
RESOLUTION DATE: 12.02.2025
RESOLUTION NUMBER: 843

We have reviewed the financial statements for the period 1 January - 31 December 2024, which are prepared by our Company and are subject to independent auditing, in accordance with Capital Market Board's (CMB) Communiqué Serial 11, 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:

- have been examined by us,
- Based on the information we possess within the scope of our duties and responsibilities in our Company, the 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 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 financial position of the Company along with the principal risks and uncertainties the Company is exposed to

Kind regards,

Mustafa Serdar BAŞOĞLU Finansal Yönetim ve Mali İşler Grup Başkan Yardımcısı	**Sezai Afif ENSARİ** Denetimden Sorumlu Komite Üyesi	**Emre GÖLTEPE** Denetimden Sorumlu Komite Başkanı

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH- SEE NOTE 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

Consolidated Financial Statements for the Period 1 January - 31 December 2024 And Independent Auditor Report

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Shape the future with confidence

(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ereğli Demir ve Çelik Fabrikaları Türk Anonim Şirketi;

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 Türk Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) and adopted within the framework of Capital Markets Board (CMB) regulations. 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) as issued by the POA and other ethical principles included in CMB legislation, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matters

We would like to 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 Group had prepared its annual consolidated financial statements as of 31 December 2005 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 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) for the cancellation of the resolution of the Company's Shareholders' Meeting dated 30 March 2006, in respect of dividend distribution, the decision of the local court has been reversed by the Supreme Court 11th Civil Chamber with based on 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 application of the Company 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 the decision on 3 March 2022. Upon the rejection of the appeal, the Company applied for the revision of the decision and the decision regarding this request has not yet been communicated to the Company. Our opinion is not modified in respect of these matters.

Shape the future
with confidence

(Convenience translation of a report originally issued in Turkish)

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 Matters	How Key Audit Matters Are Addressed in the Audit
Revenue Recognition	
In assessment of the revenue recognition, the Group's management evaluate the detailed criteria set out in TFRS 15, with a particular focus on whether control over goods and services has been transferred to the customer. A significant portion of the Group's revenue arises from performance obligations that are satisfied at a point in time. The Group primarily generates revenue through the production and sale of mining and metallurgy products. Revenue recognition is determined based on an analysis of the transfer of significant risks and rewards to the buyer, considering the nature of shipment arrangements for both domestic and export sales. For performance evaluation of the Group's financial results, the revenue constitutes one of the key financial indicators. Revenue holds significant importance in assessing the outcomes of the strategies implemented during the year and in measurement of performance. Therefore, it has been identified as a key audit matter due to its status as the most significant item in the consolidated statement of total comprehensive income for the year ended 31 December 2024. The accounting policies for revenue recognition and other information related to revenue are disclosed in Note 2.8.1 and Note 25.	During our audit, the following audit procedures were performed regarding the revenue recognition: - Understanding for the Group's sales, collection, and credit risk management processes were gained. - The design and implementation of controls related to the revenue process were evaluated. Additionally, The Group's sales and delivery procedures were examined. - The compliance of the accounting policies applied by the Company's management for revenue recognition with TFRSs was assessed. - Substantive analytical procedures were performed to assess whether the revenue recorded in the financial statements was at predicted levels or not. - Sample-based tests were conducted to verify the accuracy of sales invoices, and these invoices were reconciled with delivery documents. - For the sampled invoices, it was tested whether control over the related products had been transferred to the customer. - Revenue completeness was tested by selecting samples from delivery documents and matching them with accounting records and related invoices. - Confirmation letters were obtained from customers for a sample of trade receivable balances, and the balances per confirmation replies were reconciled with accounting records. In addition to the above procedures, the adequacy of the disclosures in Note 25 was evaluated in accordance with TFRSs.

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Key Audit Matters	How Key Audit Matters Are Addressed in the Audit
Accounting for Property, Plant, Equipment, and Construction in Progress	
As disclosed in Notes 14 and 11, the total carrying amount related to the property, plant, and equipment and advances given for investments classified under prepaid expenses of the Group is TRY 221.974.890 thousand, representing 52% of total assets as of 31 December 2024. Additionally, as of the same date, the Group has capital expenditures as construction in progress amounting to TRY 80.756.099 thousand reported in property, plant and equipment. The Group's construction in progress investments primarily consist of expenditures related to the production lines. Considering the material amount of additions as capital expenditures during the current period, advances given for these investments and the expectation that these investments will be capitalized in the subsequent period, this matter has been identified as a key audit matter in our audit. The determination of the depreciation and amortization methods for property, plant and equipment, the calculation and accounting of depreciation expenses require significant judgment. The disclosures related to property, plant and equipment, construction in progress, and the prepaid expenses are provided in Notes 2.8.3, 14, and 13.	During our audit, the following procedures were performed related to recognition of property, plant and equipment and construction in progress: - The accuracy of depreciation expenses recorded for the current period was recalculated and verified, considering the economic useful lives determined under the straight-line method and the units of production method applied to specific assets, considering total capacity and production units. - The appropriateness, completeness, and periodicity of capital expenditures incurred during the current period were assessed in accordance with TFRSs and the investments were physically observed during our site visits. - Confirmation letters were obtained from selected suppliers on a sample basis for the balances of advances given and construction in progress, and the balances were reconciled with accounting records. - The impairment assessment prepared by the Group's management for property, plant, and equipment was reviewed, and reconciliations were performed with balances reported in the financial statements. Furthermore, insurance compensation income recognized during the period was verified through the communications with the insurance firms and the related cash collections were tested. In addition to the above procedures, the adequacy of the disclosures in the notes to the financial statements was evaluated in accordance with TFRSs.

5) Other Matter

The full scope audit of the consolidated financial statements for the year ended 31 December 2023, of the Group were performed by another auditor. The auditor has expressed an unmodified audit opinion in the full-scope audit report dated 22 February 2024.

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6) 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.

7) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

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 standards on auditing as issued by the Capital Markets Board of Turkey and InAS 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 standards on auditing as issued by the Capital Markets Board of Turkey and InAS, 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's to cease to continue as a going concern.

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- 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.

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

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 12 February 2025.
2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2024 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Başol Çengel.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
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Mehmet Başol Çengel, SMMM Partner

12 February 2025
İstanbul, Türkiye

TABLE OF CONTENTS

TABLE OF CONTENTS		PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		**250-251**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS		**252**
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME		**253**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		**254**
CONSOLIDATED STATEMENT OF CASH FLOW		**255**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS		**256-350**
NOTE 1	GROUP'S ORGANIZATION AND NATURE OF OPERATIONS	256-257
NOTE 2	BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	257-287
NOTE 3	SEGMENT REPORTING	287
NOTE 4	CASH AND CASH EQUIVALENTS	288
NOTE 5	FINANCIAL INVESTMENTS	289
NOTE 6	DERIVATIVE FINANCIAL INSTRUMENTS	290-291
NOTE 7	BORROWINGS	292-294
NOTE 8	TRADE RECEIVABLES AND PAYABLES	295
NOTE 9	OTHER RECEIVABLES AND PAYABLES	296
NOTE 10	INVENTORIES	297
NOTE 11	PREPAID EXPENSES	297
NOTE 12	INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	298
NOTE 13	INVESTMENT PROPERTIES	299-300
NOTE 14	PROPERTY, PLANT AND EQUIPMENT	301-303
NOTE 15	INTANGIBLE ASSETS	303-304
NOTE 16	RIGHT OF USE ASSETS	305-306
NOTE 17	GOODWILL	307
NOTE 18	GOVERNMENT GRANTS AND INCENTIVES	308
NOTE 19	EMPLOYEE BENEFITS	308-310
NOTE 20	PROVISIONS	311-316
NOTE 21	COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES	317
NOTE 22	OTHER ASSETS AND LIABILITIES	318
NOTE 23	DEFERRED INCOME	318
NOTE 24	EQUITY	319-321
NOTE 25	SALES AND COST OF SALES	322
NOTE 26	RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES	323
NOTE 27	OPERATING INCOME / (EXPENSES) ACCORDING TO THEIR NATURE	323-324
NOTE 28	OTHER INCOME(EXPENSES) FROM OPERATING ACTIVITIES	324-325
NOTE 29	INCOME (EXPENSES) FROM INVESTMENT ACTIVITIES	325
NOTE 30	FINANCE INCOME	326
NOTE 31	FINANCE EXPENSES	326
NOTE 32	TAX ASSETS AND LIABILITIES	326-331
NOTE 33	EARNINGS PER SHARE	331
NOTE 34	RELATED PARTY DISCLOSURES	331-334
NOTE 35	EXPLANATIONS REGARDING NET MONETARY POSITION GAINS/(LOSSES)	335
NOTE 36	NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS	336-347
NOTE 37	FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)	348-350
NOTE 38	SUBSEQUENT EVENTS	350
NOTE 39	OTHER ISSUES AFFECTING THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS MATERIALLY OR THOSE REQUIRED TO BE DISCLOSED FOR A CLEAR UNDERSTANDABLE AND INTERPRETABLE PRESENTATION	350

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

ASSETS	Note	(Audited) Current Period 31 December 2024 USD'000	(Audited) Current Period 31 December 2024 TRY'000	(Audited) Previous Period 31 December 2023 USD'000	(Audited) Previous Period 31 December 2023 TRY'000
CURRENT ASSETS		**5.182.957**	**182.856.284**	**4.569.509**	**134.518.116**
Cash and Cash Equivalents	4	1.566.313	55.259.993	817.746	24.072.967
Financial Investments	5	44.960	1.586.209	59.033	1.737.825
Trade Receivables		750.105	26.463.914	691.386	20.353.161
Due From Related Parties	*34*	*17.116*	*603.847*	*23.390*	*688.565*
Other Trade Receivables from Third Parties	*8*	*732.989*	*25.860.067*	*667.996*	*19.664.596*
Other Receivables		5.546	195.675	4.342	127.846
Due From Related Parties	*34*	*532*	*18.767*	*393*	*11.582*
Other Receivables from Third Parties	*9*	*5.014*	*176.908*	*3.949*	*116.264*
Financial Derivative Instruments	6	7.061	249.118	387	11.396
Inventories	10	2.232.475	78.762.398	2.285.354	67.276.704
Prepaid Expenses		88.128	3.109.169	69.601	2.048.925
Prepaid Expenses to Related Parties	*34*	*706*	*24.900*	*434*	*12.782*
Other Prepaid Expenses to Third Parties	*11*	*87.422*	*3.084.269*	*69.167*	*2.036.143*
Other Current Assets	22	488.369	17.229.808	641.660	18.889.292
NON CURRENT ASSETS		**6.867.932**	**242.302.690**	**5.962.156**	**175.515.133**
Financial Investments	5	5.048	178.085	5.502	161.973
Other Receivables		3.748	132.211	2.940	86.537
Due From Related Parties	*34*	*3.430*	*121.006*	*2.551*	*75.091*
Other Receivables from Third Parties	*9*	*318*	*11.205*	*389*	*11.446*
Investments Accounted for Using Equity Method	12	36.283	1.280.062	30.039	884.293
Investment Properties	13	166.318	5.867.749	149.725	4.407.645
Property, Plant and Equipment	14	5.864.827	206.912.853	5.007.614	147.415.137
Right of Use Assets	16	27.302	963.217	15.134	445.527
Intangible Assets		264.823	9.343.042	275.362	8.106.172
Goodwill	*17*	*18.781*	*662.608*	*18.781*	*552.886*
Other Intangible Assets	*15*	*246.042*	*8.680.434*	*256.581*	*7.553.286*
Prepaid Expenses		456.080	16.090.669	432.920	12.744.353
Prepaid Expenses to Related Parties	*34*	*5.015*	*176.923*	*6.214*	*182.922*
Other Prepaid Expenses to Third Parties	*11*	*451.065*	*15.913.746*	*426.706*	*12.561.431*
Deferred Tax Assets	32	7.248	255.704	8.639	254.324
Other Non Current Assets	22	36.255	1.279.098	34.281	1.009.172
TOTAL ASSETS		**12.050.889**	**425.158.974**	**10.531.665**	**310.033.249**

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 2024

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

LIABILITIES	Note	(Audited) Current Period 31 December 2024 USD'000	(Audited) Current Period 31 December 2024 TRY'000	(Audited) Previous Period 31 December 2023 USD'000	(Audited) Previous Period 31 December 2023 TRY'000
CURRENT LIABILITIES		**2.158.479**	**76.288.847**	**3.027.730**	**89.291.663**
Short Term Borrowings	7	743.215	26.268.031	1.560.968	46.034.968
Short Term Portion of Long Term Borrowings	7	295.470	10.443.033	363.704	10.726.115
Trade Payables		849.469	30.023.470	794.372	23.427.066
Due to Related Parties	*34*	*51.989*	*1.837.483*	*38.328*	*1.130.333*
Other Trade Payables to Third Parties	*8*	*797.480*	*28.185.987*	*756.044*	*22.296.733*
Payables for Employee Benefits	19	139.388	4.926.492	60.898	1.795.959
Other Payables	9	27.964	988.348	39.428	1.162.795
Financial Derivative Instruments	6	-	-	4.120	121.502
Deferred Revenue	23	32.855	1.161.228	44.553	1.313.940
Current Tax Liabilities	32	8.987	317.625	109.607	3.232.450
Short Term Provisions	20	30.770	1.087.544	23.689	698.605
Other Current Liabilities	22	30.361	1.073.076	26.391	778.263
NON CURRENT LIABILITIES		**2.955.135**	**104.445.716**	**990.553**	**29.212.704**
Long Term Borrowings	7	2.392.984	84.577.132	372.300	10.979.619
Financial Derivative Instruments	6	-	-	39	1.148
Long Term Provisions		174.610	6.171.382	189.292	5.582.475
Long term provisions for employee benefits	*19*	*174.610*	*6.171.382*	*189.292*	*5.582.475*
Deferred Tax Liabilities	32	386.901	13.674.548	428.353	12.632.683
Other Non Current Liabilities	22	640	22.654	569	16.779
EQUITY		**6.937.275**	**244.424.411**	**6.513.382**	**191.528.882**
Equity Attributable to Equity Holders of the Parent		**6.721.145**	**236.947.401**	**6.327.990**	**186.191.490**
Share Capital	24	1.918.505	7.000.000	1.818.371	3.500.000
Inflation Adjustment to Capital	24	-	-	81.366	156.613
Treasury Shares (-)	24	(108.569)	(1.315.022)	(87.182)	(640.504)
Share Issue Premium (Discounts)		55.303	106.447	55.303	106.447
Other Comprehensive Income (Expenses) Not to be Reclassified to Profit (Loss)		(199.521)	95.552.077	(184.238)	80.508.477
Actuarial (Loss) Gain funds		*(183.836)*	*(2.961.205)*	*(168.553)*	*(2.455.521)*
Foreign Currency Translation Reserves		*(15.685)*	*98.513.282*	*(15.685)*	*82.963.998*
Other Comprehensive Income (Expense) to be Reclassified to Profit (Loss)		(275.142)	(9.724.549)	(287.653)	(8.483.263)
Foreign Currency Translation Reserves		*(276.487)*	*(9.772.072)*	*(285.380)*	*(8.416.227)*
Cash Flow Hedging Gain (Loss)		*1.345*	*47.523*	*(2.273)*	*(67.036)*
Restricted Reserves Assorted from Profit	24	1.499.365	10.973.470	1.448.797	9.302.588
Retained Earnings	24	3.419.939	120.873.630	3.313.114	97.708.043
Net Profit (Loss) for the Period		411.265	13.481.348	170.112	4.033.089
Non-Controlling Interests		**216.130**	**7.477.010**	**185.392**	**5.337.392**
TOTAL LIABILITIES AND EQUITY		**12.050.889**	**425.158.974**	**10.531.665**	**310.033.249**

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 2024

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

	Note	(Audited) Current Period 1 January - 31 December 2024 USD'000	(Audited) Current Period 1 January - 31 December 2024 TRY'000	(Audited) Previous Period 1 January - 31 December 2023 USD'000	(Audited) Previous Period 1 January - 31 December 2023 TRY'000
Revenue	25	6.225.097	204.059.940	6.238.260	147.899.792
Cost of Sales	25	(5.614.833)	(184.055.336)	(5.577.870)	(132.242.934)
GROSS PROFIT		**610.264**	**20.004.604**	**660.390**	**15.656.858**
Marketing Expenses	27	(62.763)	(2.057.384)	(49.687)	(1.177.995)
General Administrative Expenses	27	(163.408)	(5.356.542)	(112.736)	(2.672.791)
Research and Development Expenses	27	(10.238)	(335.591)	(8.024)	(190.227)
Other Operating Income	28	298.504	9.785.016	193.666	4.591.521
Other Operating Expenses	28	(30.015)	(983.883)	(61.486)	(1.457.738)
OPERATING PROFIT		**642.344**	**21.056.220**	**622.123**	**14.749.628**
Income from Investing Activities	29	15.924	521.994	15.154	359.280
Expenses from Investing Activities	29	(8.437)	(276.571)	(22.975)	(544.735)
Share of Investments' Profit (Loss) Accounted by Using The Equity Method	12	6.244	204.668	3.305	78.356
OPERATING PROFIT BEFORE FINANCE INCOME (EXPENSES)		**656.075**	**21.506.311**	**617.607**	**14.642.529**
Finance Income	30	153.110	5.018.986	139.046	3.296.577
Finance Expense	31	(380.504)	(12.473.048)	(353.421)	(8.379.073)
Monetary Gain/(Loss)	35	(16.166)	(529.928)	(30.491)	(722.904)
PROFIT BEFORE TAX		**412.515**	**13.522.321**	**372.741**	**8.837.129**
Tax (Expense) Income	32	20.461	670.725	(190.145)	(4.508.065)
Current Corporate Tax (Expense) Income		(16.908)	*(554.233)*	*(200.828)*	*(4.761.341)*
Deferred Tax (Expense) Income		37.369	1.224.958	10.683	253.276
NET PROFIT (LOSS) FOR THE PERIOD		**432.976**	**14.193.046**	**182.596**	**4.329.064**
Non-Controlling Interests		21.711	711.698	12.484	295.975
Equity Holders of the Parent		411.265	13.481.348	170.112	4.033.089
EARNINGS PER SHARE (LOSS)	33		2,0040		0,5974
(TRY 1 Nominal value per share)					

The details of presentation currency translation to TRY explained in Note 2.1.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

	Note	(Audited) Current Period 1 January - 31 December 2024 USD'000	(Audited) Current Period 1 January - 31 December 2024 TRY'000	(Audited) Previous Period 1 January - 31 December 2023 USD'000	(Audited) Previous Period 1 January - 31 December 2023 TRY'000
PROFIT (LOSS) FOR THE PERIOD		**432.976**	**14.193.046**	**182.596**	**4.329.064**
OTHER COMPREHENSIVE INCOME (LOSS)					
Not to be reclassified subsequently to profit or loss					
Actuarial Gain (Loss) of Defined Benefit Plans	19	(20.940)	(693.104)	(49.243)	(1.396.695)
Tax Effect of Actuarial Gain (Loss) of Defined Benefit Plans	32	5.235	173.276	12.310	349.174
Foreign Currency Translation Gain (Loss)		-	40.367.505	-	72.009.332
To be reclassified subsequently to profit or loss					
Gain (Loss) in Cash Flow Hedging Reserves		4.892	154.817	(3.490)	(99.129)
Tax Effect of Gain (Loss) in Cash Flow Hedging Reserves	32	(1.223)	(38.704)	849	25.037
Foreign Currency Translation Gain (Loss)		6.596	(1.355.845)	(1.570)	(3.176.868)
OTHER COMPRHENSIVE INCOME (EXPENSE)		**(5.440)**	**38.607.945**	**(41.144)**	**67.710.851**
TOTAL COMPREHENSIVE INCOME (EXPENSE)		**427.536**	**52.800.991**	**141.452**	**72.039.915**
Distribution of Total Comprehensive Income					
Non-controlling Interests		26.087	1.969.317	15.976	2.191.103
Equity Holders of the Parent		401.449	50.831.674	125.476	69.848.812

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.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish – See Note 39)

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(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				
(Audited)	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 2024		**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**
Reclassification effect	2.4	-	-	-	-	(373.251)	12.696.948	-	-	(12.659.927)	-	336.230	-	-	-	-
1 January 2024		**3.500.000**	**156.613**	**(640.504)**	**106.447**	**-**	**82.963.998**	**(2.455.521)**	**(67.036)**	**(8.416.227)**	**9.302.588**	**97.708.043**	**4.033.089**	**186.191.490**	**5.337.392**	**191.528.882**
Inflation effect [**]	2.1	-	-	-	-	-	-	-	-	-	646.823	1.632.401	-	**2.279.224**	244.638	**2.523.862**
Net profit for the period		-	-	-	-	-	-	-	-	-	-	-	13.481.348	**13.481.348**	711.698	**14.193.046**
Other comprehensive income (loss)		-	-	-	-	-	39.097.296	(505.684)	114.559	(1.355.845)	-	-	-	**37.350.326**	1.257.619	**38.607.945**
Total comprehensive income (loss)		-	-	-	-	-	39.097.296	(505.684)	114.559	(1.355.845)	-	-	13.481.348	**50.831.674**	1.969.317	**52.800.991**
Dividends [*]		-	-	-	-	-	-	-	-	-	-	(1.680.469)	-	**(1.680.469)**	(74.337)	**(1.754.806)**
Increase (Decrease) through Treasury Share Transactions [***]		-	-	(674.518)	-	-	-	-	-	-	674.518	(674.518)	-	**(674.518)**	-	**(674.518)**
Transfers		-	-	-	-	-	-	-	-	-	349.541	3.683.548	(4.033.089)	-	-	-
Increase (decrease) due to other changes (****)	2.1	-	-	-	-	-	(23.548.012)	-	-	-	-	23.548.012	-	-	-	-
Capital increase	24	3.500.000	(156.613)	-	-	-	-	-	-	-	-	(3.343.387)	-	-	-	-
31 December 2024		**7.000.000**	**-**	**(1.315.022)**	**106.447**	**-**	**98.513.282**	**(2.961.205)**	**47.523**	**(9.772.072)**	**10.973.470**	**120.873.630**	**13.481.348**	**236.947.401**	**7.477.010**	**244.424.411**
(Audited)																
1 January 2023 (Previously reported)		**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**
Reclassification effect	2.4	-	-	-	-	(208.674)	7.286.968	-	-	(7.268.761)	-	190.467	-	-	-	-
1 January 2023		**3.500.000**	**156.613**	**(116.232)**	**106.447**	**-**	**51.929.114**	**(1.407.323)**	**6.044**	**(5.239.359)**	**7.547.778**	**41.157.115**	**18.005.034**	**115.645.231**	**3.016.956**	**118.662.187**
Inflation effect [**]	2.1	-	-	-	-	-	-	(20.333)	-	-	1.167.326	74.726	-	**1.221.719**	129.333	**1.351.052**
Net profit for the period		-	-	-	-	-	-	-	-	-	-	-	4.033.089	**4.033.089**	295.975	**4.329.064**
Other comprehensive income (loss)		-	-	-	-	-	70.093.536	(1.027.865)	(73.080)	(3.176.868)	-	-	-	**65.815.723**	1.895.128	**67.710.851**
Total comprehensive income (loss)		-	-	-	-	-	70.093.536	(1.027.865)	(73.080)	(3.176.868)	-	-	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	-	-	-	-	-	(39.058.652)	-	-	-	-	39.058.652	-	-	-	-
31 December 2023		**3.500.000**	**156.613**	**(640.504)**	**106.447**	**-**	**82.963.998**	**(2.455.521)**	**(67.036)**	**(8.416.227)**	**9.302.588**	**97.708.043**	**4.033.089**	**186.191.490**	**5.337.392**	**191.528.882**

[*] At the Annual General Assembly dated 28 March 2024, dividend distribution (gross dividend per share: TRY 0,50) amounting to TRY 1.750.000 thousand from 2023 net profit was approved by majority of votes. As of 28 March 2024, which is the dividend distribution decision date of the Company, dividend pertaining to the shares owned by the Company due to the ownership of 3,97% of its own shares with a nominal value of 1 TRY, is shown by netting off the amount of dividends to be distributed. Dividend distribution started on 16 April 2024. The Group approved TRY 74.337 thousand dividend to non-controlling shares on İsdemir, which is subsidiary of the Group.

[**] 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, 14.820.000 shares were repurchased in exchange for TRY 674.518 thousand. As of the reporting date, the repurchased shares have been classified under equity as restricted reserves, with a reserve set aside equal to the repurchase price, in accordance with the Repurchased Shares Communiqué (II-22.1) (31 December 2023: TRY 524.272 thousand).

[****] 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 2024 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 2024

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

	Note	(Audited) Current -Period 1 January - 31 December 2024 USD'000	(Audited) Current Period 1 January - 31 December 2024 TRY'000	(Audited) Previous Period 1 January - 31 December 2023 USD'000	(Audited) Previous Period 1 January - 31 December 2023 TRY'000
CASH FLOWS FROM OPERATING ACTIVITIES		**947.604**	**31.257.701**	**557.746**	**13.068.139**
Profit (Loss) for The Period		**432.976**	**14.193.046**	**182.596**	**4.329.064**
Adjustments to Reconcile Profit (Loss)		**179.487**	**5.863.471**	**309.595**	**6.900.086**
Adjustments for Depreciation and Amortisation Expenses	25/27/28	269.590	8.837.234	226.616	5.372.718
Adjustments for Impairment Loss (Reversal of Impairment Loss)		2.010	65.897	(27.796)	(659.014)
Adjustments for Provision (Reversal of Provision) for Receivables	*8*	*(72)*	*(2.355)*	*(14.212)*	*(336.934)*
Adjustments for Provision (Reversal of Provision) for Inventories	*10*	*6.171*	*202.278*	*(33.833)*	*(802.145)*
Adjustments for Provision (Reversal of Provision) for Property, Plant and Equipment	*14*	*(4.089)*	*(134.026)*	*20.249*	*480.065*
Adjustments for Provisions		69.202	2.268.436	75.080	1.780.028
Adjustments for Provision (Reversal of Provision) for Employee Termination Benefits	*19*	*50.106*	*1.642.457*	*60.129*	*1.425.557*
Adjustments for Provision (Reversal of Provision) for Pending Claims and/or Lawsuits	*20*	*19.096*	*625.979*	*14.951*	*354.471*
Adjustments for Interest (Income) and Expenses		151.146	4.954.594	94.343	2.236.731
Adjustments for Interest Income	*30*	*(151.279)*	*(4.958.958)*	*(103.715)*	*(2.458.925)*
Adjustments for Interest Expense	*31*	*321.178*	*10.528.286*	*215.522*	*5.109.707*
Unearned Financial Income from Credit Sales		*(18.753)*	*(614.734)*	*(17.464)*	*(414.051)*
Adjustments for Unrealised Foreign Exchange Differences		(29.210)	(959.501)	(77.475)	(2.069.308)
Adjustments for Fair Value (Gains) Losses		(1.312)	(42.994)	(34.879)	(826.923)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	*30*	*(1.312)*	*(42.994)*	*(34.879)*	*(826.923)*
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	12	(6.244)	(204.668)	(3.305)	(78.356)
Adjustments for Tax (Income) Expenses	32	(20.461)	(670.725)	190.145	4.508.065
Other Adjustments from Non-Cash Items	28	(260.000)	(8.522.852)	(100.000)	(2.370.850)
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		5.586	183.097	2.071	49.083
Adjustments for Losses (Gains) on Disposal of Property, Plant and Equipment	*29*	*5.586*	*183.097*	*2.071*	*49.083*
Other Adjustments for Reconciliation of Profit (Loss)		(820)	(45.047)	(35.205)	(1.042.088)
Changes in Working Capital		**183.703**	**6.488.487**	**140.399**	**4.147.211**
Adjustments for Decrease (Increase) in Trade Receivables		(42.439)	(1.497.260)	182.255	5.365.259
Decrease (Increase) in Trade Receivables from Related Parties		*6.274*	*221.349*	*12.067*	*355.231*
Decrease (Increase) in Trade Receivables from Third Parties		*(48.713)*	*(1.718.609)*	*170.188*	*5.010.028*
Adjustments for Decrease (Increase) in Other Receivables Related from Operations		(994)	(35.069)	(856)	(25.199)
Decrease (Increase) in Other Receivables from Operations from Third Parties		*(994)*	*(35.069)*	*(856)*	*(25.199)*
Decrease (Increase) in Derivative Financial Instruments		(6.674)	(235.461)	2.777	81.750
Adjustments for Decrease (Increase) in Inventories		53.319	1.881.110	116.155	3.419.394
Decrease (Increase) in Prepaid Expenses		(30.090)	(1.061.584)	(39.235)	(1.155.008)
Adjustments for Increase (Decrease) in Trade Payables		55.097	1.947.338	194.957	5.749.536
Increase (Decrease) in Trade Payable to Related Parties		*13.661*	*482.832*	*4.616*	*136.132*
Increase (Decrease) in Trade Payable to Third Parties		*41.436*	*1.464.506*	*190.341*	*5.613.404*
Adjustments for Increase (Decrease) in Other Payables Related from Operations		67.026	2.368.954	25.531	752.942
Increase (Decrease) in Other Payables to Third Parties Related from Operations		*67.026*	*2.368.954*	*25.531*	*752.942*
Increase (Decrease) in Derivative Liabilities		2.045	72.278	32.874	969.497
Adjustments for Other Increase (Decrease) in Working Capital		86.413	3.048.181	(374.059)	(11.010.960)
Decrease (Increase) in Other Assets Related from Operations		*94.070*	*3.318.809*	*(386.294)*	*(11.371.786)*
Increase (Decrease) in Other Payables Related from Operations		*(7.657)*	*(270.628)*	*12.235*	*360.826*
Cash Flows Provided by Operating Activities		**796.166**	**26.545.004**	**632.590**	**15.376.361**
Payments Related to Provisions for Employee Termination Benefits	19	(50.283)	(1.648.262)	(28.193)	(668.425)
Payments Related to Other Provisions	20	(8.419)	(275.989)	(10.536)	(249.778)
Income Taxes Refund (Paid)	32	(14.160)	(459.898)	(107.615)	(2.921.880)
Other Cash Inflows (Outflows)		224.300	7.096.846	71.500	1.531.861
CASH FLOWS FROM INVESTING ACTIVITIES		**(1.070.361)**	**(35.007.825)**	**(1.146.511)**	**(27.330.164)**
Cash Inflows Arising From Purchase of Third Parties' Debt Instruments or Funds		94.712	3.104.668	5.379	122.290
Cash Outflows Arising From Purchase of Third Parties' Debt Instruments or Funds		(104.054)	(3.332.076)	(58.572)	(1.107.696)
Cash Inflow from Sales of Property, Plant, Equipment and Intangible Assets		(911)	(29.854)	16.895	400.563
Cash Inflow from Sales of Property, Plant and Equipment	14/15/29	*(911)*	*(29.854)*	*16.895*	*400.563*
Cash Outflow from Purchase of Property, Plant, Equipment and Intangible Assets		(1.070.239)	(35.082.667)	(977.104)	(23.165.641)
Cash Outflow from Purchase of Property, Plant and Equipment	*14*	*(1.069.207)*	*(35.048.847)*	*(976.311)*	*(23.146.840)*
Cash Outflow from Purchase of Intangible Assets	*15*	*(1.032)*	*(33.820)*	*(793)*	*(18.801)*
Cash Outflow from Purchase of Investment Property	13	(1.041)	(34.125)	(12.738)	(302.007)
Cash Advances		(13.294)	(435.780)	(146.584)	(3.475.287)
Other Cash Advances to Related Parties		*1.199*	*5.999*	*2.951*	*(11.559)*
Other Cash Advances		*(14.493)*	*(441.779)*	*(149.535)*	*(3.463.728)*
Dividends Received		-	-	4.899	112.769
Other Cash Inflow (Outflows)		24.466	802.009	*21.314*	*84.845*
CASH FLOWS FROM FINANCING ACTIVITIES		**864.455**	**28.376.935**	**628.768**	**15.009.427**
Cash Outflows Related to Acquisition of Own Shares and Other Equity Instruments of the Entity		(21.388)	(674.518)	(26.795)	(524.272)
Cash Outflows from Acquisition of Own Shares of the Entity	24	*(21.388)*	*(674.518)*	*(26.795)*	*(524.272)*
Cash Inflow from Borrowings		3.042.548	99.735.343	1.850.892	43.879.170
Cash Inflow from Loans	7	*2.092.548*	*68.411.628*	*1.850.892*	*43.879.170*
Cash Inflow from Issued Debt Instruments	7	*950.000*	*31.323.715*	-	-
Cash Outflow from Repayments of Borrowings		(1.986.438)	(65.115.807)	(1.105.496)	(26.209.649)
Cash Outflow from Loan Repayments	7	*(1.986.438)*	*(65.115.807)*	*(1.016.609)*	*(24.209.649)*
Cash Outflows from Repayments of Issued Debt Instruments	7	-	-	*(88.887)*	*(2.000.000)*
Cash Outflow from Debt Payments for Leasing Contracts	7	(6.830)	(223.884)	(3.576)	(84.789)
Dividends Paid		(54.159)	(1.754.519)	-	-
Interest Paid	7	(252.461)	(8.275.722)	(177.287)	(4.200.514)
Interest Received		143.183	4.686.042	91.030	2.149.481
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**741.698**	**24.626.811**	**40.003**	**747.402**
Effect of Exchange Rate Changes on Cash and Cash Equivalents		5.649	6.512.678	(34.348)	8.132.559
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**747.347**	**31.139.489**	**5.655**	**8.879.961**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	816.975	24.050.259	811.320	15.170.298
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**1.564.322**	**55.189.748**	**816.975**	**24.050.259**

- As of 31 December 2024, the Group's total amount of time deposit interest accrual is TRY 70.245 thousand (USD 1.991 thousand) (31 December 2023: TRY 22.708 thousand (USD 771 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.
- As of the reporting date, insurance compensation income of TRY 8.522.852 thousand (USD 260.000 thousand) (31 December 2023: TRY 2.370.850 thousand (USD 100.000 thousand)) has been reported under "Other Adjustments from Non-Cash Items" in the consolidated cash flow statements, while insurance compensations received in cash amounting to TRY 7.096.846 thousand (USD 224.300 thousand) have been reported under "Other Cash Inflows (Outflows)" in the consolidated cash flow statements.

The accompanying notes form an integral part of these consolidated financial statements.

(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	Operation	2024 Effective Share Rate %	2023 Effective Share Rate %
İskenderun Demir ve Çelik A.Ş.	Türkiye	Integrated Steel Production	94,87	94,87
Erdemir Madencilik San. ve Tic. A.Ş.	Türkiye	Iron Ore and Pellet	90	90
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	Türkiye	Steel Service Center	100	100
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	Türkiye	Management and Consultancy	100	100
Erdemir Romania S.R.L.	Romania	Electrical Steel Production	100	100
Erdemir Asia Pacific Private Limited	Singapore	Trading	100	100
Erdemir Enerji Üretim A.Ş.	Türkiye	Renewable Energy Production	100	100
İsdemir Linde Gaz Ortaklığı A.Ş.	Türkiye	Industrial Gas Production and Sales	47	47
Kümaş Manyezit Sanayi A.Ş.	Türkiye	Magnesite Ore, Refractor	100	100
Yenilikçi Yapı Malz. ve Üretim San. Tic. A.Ş.	Türkiye	Recycling, 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.

(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 2024 Personnel
Ereğli Demir ve Çelik Fab. T.A.Ş.	3.516	1.758	5.274
İskenderun Demir ve Çelik A.Ş.	3.711	1.437	5.148
Erdemir Madencilik San. ve Tic. A.Ş.	178	169	347
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	240	74	314
Erdemir Mühendislik Yön. ve Dan. Hiz. A.Ş.	-	325	325
Erdemir Romania S.R.L.	194	41	235
Erdemir Asia Pacific Private Limited	-	1	1
Kümaş Manyezit Sanayi A.Ş.	553	146	699
Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş.	15	3	18
Erdemir Enerji Üretim A.Ş.	-	5	5
	8.407	3.959	12.366

	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

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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

In addition, the consolidated financial statements are presented in accordance with "Announcement regarding with TFRS Taxonomy" which was published on 3 July 2024 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. 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 Dollar 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 Dollar; 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 hyper 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.

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 hyper 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 2024, 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.

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.

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 is accounted for in the consolidated statement of profit or loss.

Since the Company's functional currency is a non-inflationary currency; no adjustments made within the scope of inflation accounting for the amounts for the comparative periods presented in the attached consolidated financial statements in accordance with TAS 29.

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.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 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 US 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 2024, has been translated into TRY using the foreign exchange buying rates effective as of 31 December 2024 announced by the Central Bank of the Republic of Türkiye, TRY 35,2803 = US $ 1 and TRY 36,7362 = EUR 1 and the liabilities has been translated into TRY using the foreign exchange selling rates effective as of 31 December 2024, which is also announced by the Central Bank of the Republic of Türkiye, TRY 35,3438 = US $ 1 and TRY 36,8024 = EUR 1 (31 December 2023: for asset balances: TRY 29,4382 = US $ 1, TRY 32,5739 = EUR 1, for liability balances: TRY 29,4913 = US $ 1, TRY 32,6326 = EUR 1).
b) For the year ended 31 December 2024, consolidated statements of profit or loss are translated from for twelve month period of year 2024 January to December average TRY 32,7802 = US $ 1 and TRY 35,4737 =EUR 1 (31 December 2023: TRY 23,7085 = US $ 1 TRY 25,6260 = 1 EUR).
c) Retained earnings and foreign currency translation reported under other comprehensive income (loss) to be reclassified subsequently to be profit or loss 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, in the statement of consolidated financial position as of 31 December 2024 are presented by being translated at the TRY 35,3438 = US $ 1 rate, which is the effective foreign currency selling rate as of 31 December 2024 as announced by the Central Bank of the Republic of Türkiye (31 December 2023: TRY 29,4913 = 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 restricted legal 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 2024 and 31 December 2023, consolidated statement of profit or loss and other comprehensive income, and consolidated statement of cash flows for the year ended 31 December 2024 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 12 February 2025 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

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/TFRS 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.

(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 December 2024			31 December 2023		
	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	Turkish Lira	100	100	Turkish Lira	100	100
İsdemir Linde Gaz	US Dollars	50	47	US Dollars	50	47
Kümaş Manyezit	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.

As of the reporting period, the reclassifications made in the comparative prior period consolidated profit or loss statements are as follows:

	(Previously Reported) 1 January - 31 December 2023	(Restated) 1 January - 31 December 2023	(Change) 1 January - 31 December 2023
Cost of Sales	(133.658.002)	(132.242.934)	1.415.068
Monetary Gain/(Loss)	692.164	(722.904)	(1.415.068)

The inflation adjustment effect arising from differences during the elimination phase of intra-group transactions, amounting to TRY 1.415.068 thousand, reported under "Monetary Gain/(Loss)" in the consolidated profit or loss statement for the year ended 31 December 2023, has been reclassified to the "Cost of Sales" account as of the reporting date.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Comparative Information and Restatement of Consolidated Financial Statements with Prior Periods (cont'd)

As of the reporting period, the reclassifications made in the comparative prior period consolidated financial statements are as follows:

	(Previously Reported) 31 December 2023	(Restated) 31 December 2023	(Change) 31 December 2023
Other Comprehensive Income (Expenses) Not to be Reclassified to Profit (Loss)	70.640.301	82.963.998	12.323.697
Increase (Decrease) in Revaluation Reserve of Tangible	*373.251*	-	*(373.251)*
Foreign Currency Translation Reserves	*70.267.050*	*82.963.998*	*12.696.948*
Other Comprehensive Income (Expenses) to be Reclassified to Profit (Loss)	4.243.700	(8.416.227)	(12.659.927)
Foreign Currency Translation Reserves	*4.243.700*	*(8.416.227)*	*(12.659.927)*
Retained Earnings	97.371.813	97.708.043	336.230
			-

	(Previously Reported) 1 January 2023	(Restated) 1 January 2023	(Change) 1 January 2023
Other Comprehensive Income (Expenses) Not to be Reclassified to Profit (Loss)	44.850.820	51.929.114	7.078.294
Increase (Decrease) in Revaluation Reserve of Tangible	*208.674*	-	*(208.674)*
Foreign Currency Translation Reserves	*44.642.146*	*51.929.114*	*7.286.968*
Other Comprehensive Income (Expenses) to be Reclassified to Profit (Loss)	2.029.402	(5.239.359)	(7.268.761)
Foreign Currency Translation Reserves	*2.029.402*	*(5.239.359)*	*(7.268.761)*
Retained Earnings	40.966.648	41.157.115	190.467
			-

As part of the consolidation of the Group's subsidiaries whose functional currency is other than the US Dollar, foreign currency translation differences arising are recorded in the consolidated financial statements in accordance with TMS 21 at historical exchange rates to the US Dollar and presented under "Other Comprehensive Income (Expense) to be Reclassified to Profit (Loss)" within "Foreign Currency Translation Reserves". As of the reporting periods, as stated in Note 2.1, the exchange rates used for the translation of the relevant item in the consolidated statement of financial position into the presentation currency, Turkish Lira, are disclosed.

Within the framework of the above explanations, as a result of the conversion to the presentation currency, a reclassification has been made to the "Foreign Currency Translation Reserves" account within the item "Other Comprehensive Income (Expenses) Not to be Reclassified to Profit (Loss)" in the consolidated statement of financial position for the year ended 31 December 2023, amounting to TRY 12.659.927 thousand, and in the opening consolidated statement of financial position as of 1 January 2023, amounting to TRY 7.268.761 thousand.

The tangible assets of the Group's subsidiaries operating in iron ore and high-silica flat steel production have been accounted for under "Revaluation Reserve of Tangible Assets" in the consolidated financial statements at the date of initial acquisition, based on the differences between their fair values as deemed cost determined at the initial acquisition date and their book values. The amounts of TRY 373.251 thousand in the consolidated statement of financial position for the year ended 31 December 2023, and TRY 208.674 thousand in the opening consolidated statement of financial position as of 1 January 2023, reported under the item "Revaluation Reserve of Tangible Assets" have been reclassified to the "Retained Earnings" account as of the reporting date.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

2.4 Comparative Information and Restatement of Consolidated Financial Statements with Prior Periods (cont'd)

As of the reporting period, the reclassifications made in the comparative prior period consolidated statements of other comprehensive income are as follows:

	(Previously Reported) 31 December 2023	(Restated) 31 December 2023	(Change) 31 December 2023
Other Comprehensive Income (Expenses) Not to be Reclassified to Profit			
Increase (Decrease) in Revaluation Reserve of Tangible Assets	168.416	-	(168.416)
Foreign Currency Translation Reserves	52.023.347	72.009.332	19.985.985
Other Comprehensive Income (Expenses) to be Reclassified to Profit			
Foreign Currency Translation Reserves	16.640.701	(3.176.868)	(19.817.569)
			-

The mentioned changes do not have any impact on the consolidated financial position statements prepared according to the Group's functional currency, US Dollar. However, they include reclassifications among the equity items of the consolidated financial position statement prepared in accordance with the provisions of TAS 21, which arise during the conversion of the presentation currency to Turkish Lira.

The classifications carried out within the scope of the conversion of the presentation currency to Turkish Lira (TAS 21) have no impact on the Group's total equity.

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.

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).

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)

2.5.3 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.

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).

(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)

2.5.9 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 2024 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 2024 summarized below.

a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	: Classification of Liabilities as Current and Non-Current
Amendments to TFRS 16	: Lease Liability in a Sale and Leaseback
Amendments to TAS 7 and TFRS 7	: Supplier Finance Arrangements

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 Classification of Liabilities as Current and Non-Current Liabilities

In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period.

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.7 Adoption of New and Revised Financial Reporting Standards (cont'd)

a) Amendments that are mandatorily effective from 2024 (cont'd)

Amendments to TAS 1 Classification of Liabilities as Current and Non-Current Liabilities (cont'd)

In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within 12 months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose.

(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)

a) Amendments that are mandatorily effective from 2024 (cont'd)

The Group Management has evaluated that these amendments and interpretations, effective from 2024, have no impact on the Group's consolidated financial statements.

b) 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:

Amendments to TFRS 10 and TAS 28	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
TFRS 17	: Insurance Contracts
Amendments to TAS 21	: Lack of exchangeability

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of these amendments to TFRS 10 and TAS 28 indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

TFRS 17 Insurance Contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after 1 January 2026 with the announcement made by the POA.

Amendments to TAS 21 Lack of Exchangeability

In May 2024, POA issued amendments to TAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

c) The amendments which are effective immediately upon issuance

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.7 Adoption of New and Revised Financial Reporting Standards (cont'd)

d) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

Amendments to TFRS 9 and TFRS 7 – Classification and measurement of financial instruments
Amendments to TFRS 9 and TFRS 7 - Contracts Referencing Nature-dependent Electricity
TFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

TFRS 19 – Subsidiaries without Public Accountability: Disclosures
Annual Improvements to TFRS Accounting Standards – Volume 11

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.

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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.8 Valuation Principles / Significant Accounting Policies Applied (cont'd)

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%

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).

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)

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.

Research and valuation costs

Research and valuation assets should be reflected at cost. When a legal right for research is obtained, if Management concludes that it will not provide future economic benefits, exploration and evaluation expenditures are recognized in the income statement as incurred.

Mining research and development expenses

If the current results and circumstances indicate that the recoverable amount of the net book value of research and valuation assets may exceed their carrying amount, an impairment assessment is performed on the research and valuation assets. In this case, the Group measures and discloses the amount of the impairment loss in accordance with TMS 36.

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%

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.

	Amortization Rates
Buildings	2%

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.

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.

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.

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:

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).

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)

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.

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)

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.

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.

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.

INTRODUCTION
SUSTAINABILITY
OVERVIEW
SUSTAINABLE GROWTH
RESPONSIBLE PRODUCTION
PEOPLE-CENTERED APPROACH
CORPORATE GOVERNANCE
APPENDIX

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.

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.

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.

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.

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)

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 of termination indemnities are recognized in the consolidated statement of other comprehensive income. Actuarial gains and losses of seniority incentive premium are recognized in the profit or loss.

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.

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 Treasury shares (Erdemir shares)

When share capital recognized as equity is reacquired, 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. Reacquired 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.

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

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.

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.

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)

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.

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 TFRS. 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 1 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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 4 – CASH AND CASH EQUIVALENTS

As of reporting date the detail of cash and cash equivalents as follows:

	31 December 2024	31 December 2023
Cash	58	60
Banks – demand deposits	761.365	892.064
Banks – time deposits	53.386.165	23.180.843
Other liquid assets	1.112.405	-
	55.259.993	24.072.967
Time deposit interest accruals (-)	(70.245)	(22.708)
Cash and cash equivalents in the statement of cash flows	55.189.748	24.050.259

The details of demand deposits are presented below:

	31 December 2024	31 December 2023
US Dollars	416.508	203.262
Turkish Lira	274.357	637.374
EURO	56.818	35.745
Romanian Lei	4.871	8.486
Other	8.811	7.197
	761.365	892.064

The details of time deposits in banks as follows:

	31 December 2024	31 December 2023
US Dollars	41.246.829	19.789.210
Turkish Lira	11.343.125	3.255.433
EURO	794.731	134.888
Romanian Lei	1.480	1.312
	53.386.165	23.180.843

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.

Liquid funds recorded in the financial statements at fair value are reported under other liquid assets as of the reporting period due to their high liquidity and insignificant risk of change in value in the short term.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 5 – FINANCIAL INVESTMENTS

As of reporting date the detail of financial investments as follows:

Financial assets shown at amortized value and fair value fair value through profit or loss:

	31 December 2024	31 December 2023
Financial securities	1.586.209	-
Currency protected time deposits	-	619.393
Investment funds	-	1.118.432
	1.586.209	1.737.825

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 2024	31 December 2023
Financial investment without an active market	1.304	1.089
Venture capital investment fund	176.781	160.884
	178.085	161.973

As of reporting date, financial investments, investment ratios and amounts as follows:

Company	Ratio %	31 December 2024	Ratio %	31 December 2023
Financial investments without an active market				
Teknopark Hatay A.Ş.	5	956	5	798
Seramik Araştırma Merkezi A.Ş.	4	348	4	291
		1.304		1.089

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS

As of reporting date the detail of financial derivative instruments as follows:

	31 December 2024		31 December 2023	
	Asset	Liability	Asset	Liability
Fair value hedging derivative financial assets				
Forward contracts for fair value hedges of currency risk of sales	155.454	-	1.462	29.898
Forward contracts	-	-	2.142	1.601
	155.454	-	3.604	31.499
Cash flow hedging derivative financial assets				
Forward contracts for cash flow hedges of currency risk of sales	63.613	-	154	91.151
Commodity swap contracts for cash flow hedges of price fluctuations of raw material purchases	30.051	-	7.638	-
	93.664	-	7.792	91.151
	249.118	-	11.396	122.650

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	
31 December 2024		Nominal value	Fair Value	Nominal value	Fair Value
Forward contracts for fair value hedges of currency risk of sales					
Buy USD/Sell EUR	Less than 3 months	2.151.675	155.183	-	-
Buy USD/Sell EUR	Between 3 - 6 months	6.528	271	-	-
		2.158.203	155.454	-	-

		Assets		Liabilities	
31 December 2023		Nominal value	Fair Value	Nominal value	Fair Value
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 EUR/Sell USD	Between 3 - 6 months	-	-	72.955	1.601
		73.844	2.142	72.955	1.601
		305.100	3.604	1.102.097	31.499

NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

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 2025 and December 2025.

In respect of these contracts which has a nominal value of TRY 4.201.542 thousand for the purpose of hedging cash flow risk, with related deferred tax effect TRY 154.610 thousand was included in consolidated other comprehensive income (31 December 2023: TRY 98.118 thousand).

In the current period, TRY 141.116 thousand resulting from the sales related forward contracts was accounted under the revenue account of the consolidated the profit or loss statement (31 December 2023: TRY 87.176 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 2024, reflected TRY 22.209 thousand from consolidated other comprehensive income to inventory cost thousand (31 December 2023: TRY 25.921 thousand).

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 7 – BORROWINGS

As of reporting date details of borrowings disclosed at amortized are as follows:

	31 December 2024	31 December 2023
Short term bank borrowings	26.268.031	46.034.968
Short term portion of long term bank borrowings	7.333.542	10.617.843
Long term bank borrowings	51.957.630	10.747.946
Total bank borrowings	**85.559.203**	**67.400.757**
Short term portion of short term corporate bonds issued	2.779.280	-
Long term corporate bonds issued	32.036.796	-
Total corporate bonds issued	**34.816.076**	**-**
Short term portion of long term lease payables	360.781	113.262
Cost of short term portion of long term lease payables (-)	(30.570)	(4.990)
Long term lease payables	1.945.026	795.883
Cost of long term lease payables (-)	(1.362.320)	(564.210)
Total lease payables	912.917	339.945
Total borrowings	**121.288.196**	**67.740.702**

The bond issued abroad, with a nominal value of USD 750 million, a maturity of 5 years, a redemption date of 23 July 2029, priced over a resale yield of 8,625%, and a coupon rate of 8,375%, was completed as of 23 July 2024. In addition to aforementioned bond, another bond issued abroad, with a nominal value of USD 200 million, a maturity of 5 years, a redemption date of 23 July 2029, an annual yield rate of 8,125%, and an annual coupon rate of 8,375% with payment per 6 month, was completed as of 30 July 2024. As of the reporting date, the Group has fulfilled its financial ratio obligations related to the bond.

As of 31 December 2024, 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 2024
Fixed	TRY	49,13	7.977.158	-	7.977.158
Fixed	US Dollars	7,92	22.856.911	62.580.718	85.437.629
Floating	US Dollars	TERM SOFR+2,79	5.060.543	19.076.389	24.136.932
Floating	EURO	Euribor+0,47	486.241	2.337.319	2.823.560
			36.380.853	83.994.426	120.375.279

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 7 – BORROWINGS (cont'd)

As of 31 December 2023, 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 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

Maturity distribution of financial borrowings is as follows:

	31 December 2024			
	Bank Borrowings	Corporate Bonds Issued	Lease Payables	Total Borrowings
Within 1 year	33.601.573	2.779.280	330.211	36.711.064
Between 1-2 years	6.808.039	2.557.212	158.593	9.523.844
Between 2-3 years	34.525.580	2.352.887	90.503	36.968.970
Between 3-4 years	5.115.597	2.170.455	31.971	7.318.023
Between 4-5 years	2.133.901	24.956.242	18.115	27.108.258
Five years or more	3.374.513	-	283.524	3.658.037
	85.559.203	34.816.076	912.917	121.288.196

	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

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 7 – BORROWINGS (cont'd)

Movement of net financial borrowings of bank loans and issued bonds as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Opening balance	67.400.757	29.373.457
Interest expenses	10.410.853	5.074.609
Interest paid	(8.275.722)	(4.200.514)
Unrealised foreign exchange differences	(958.112)	(1.777.234)
Capitalized financing expense	930.159	241.045
Cash inflow from loans	68.411.628	43.879.170
Bonds issued	31.323.715	-
Cash outflow from loan repayments	(65.115.807)	(24.209.649)
Cash outflow for bonds	-	(2.000.000)
Translation difference	16.247.808	21.019.873
Closing balance	120.375.279	67.400.757

Reconciliation of net financial borrowings of financial leases as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Opening balance	339.945	207.282
The effect of the increase (decrease) in the lease contract	589.520	180.339
Cash outflow effect	(223.884)	(84.789)
Increase in interest expenses	117.433	34.920
Foreign exchange effect	89.903	2.193
Closing balance	912.917	339.945

NOTE 8 – TRADE RECEIVABLES AND PAYABLES

As of the reporting date, the details of the Group's trade receivables are as follows:

	31 December 2024	31 December 2023
Short term trade receivables		
Trade receivables	25.998.098	19.784.768
Due from related parties (Note 34)	603.847	688.565
Notes receivables	-	3.290
Expected credit loss provision (-)	(138.031)	(123.462)
	26.463.914	20.353.161

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

INTRODUCTION
SUSTAINABILITY
OVERVIEW
SUSTAINABLE GROWTH
RESPONSIBLE PRODUCTION
PEOPLE-CENTERED APPROACH
CORPORATE GOVERNANCE
APPENDIX

NOTE 8 – TRADE RECEIVABLES AND PAYABLES (cont'd)

Movement of short term receivables credit loss provision as follows:

	1 January - 31 December 2024	1 January - 31 December 2022
Opening balance	123.462	353.462
Provision for the period	1.673	8.873
Doubtful receivables collected (-)	(96)	-
Provision released (-)	(3.932)	(345.807)
Translation difference	16.924	106.934
Closing balance	138.031	123.462

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 36. 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 233.953 thousand and the maturities of them are between 0 and 90 days (31 December 2023: TRY 59.468 thousand) (Note 36).

As of the balance sheet date, the details of the Group's trade payables are as follows:

Short term trade payables	31 December 2024	31 December 2023
Trade payables	28.145.294	22.279.410
Due to related parties (Note 34)	1.837.483	1.130.333
Expense accruals	40.693	17.323
	30.023.470	23.427.066

Trade payables consist of payables to sellers for products, services purchased and tangible asset investments in the ordinary course of business. The average credit period on purchases of certain goods is between 35-45 days.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

As of the reporting date, the details of the Group's short and long term other receivables are as follows:

Short term other receivables	31 December 2024	31 December 2023
Due From Related Parties (Note 34)	18.767	11.582
Receivables from water system construction	1.364	1.426
Deposits and guarantees given	25.426	19.786
Receivables from Privatization Authority	150.118	95.052
	195.675	127.846

Long term other receivables	31 December 2024	31 December 2023
Due From Related Parties (Note 34)	121.006	75.091
Receivables from water system construction	4.902	5.356
Deposits and guarantees given	6.303	6.090
	132.211	86.537

As of the reporting date, the details of the Group's short term other payables are as follows:

Short term other payables	31 December 2024	31 December 2023
Taxes payable	922.399	1.102.862
Deposits and guarantees received	55.745	49.989
Dividend payables to shareholders (*)	10.204	9.944
	988.348	1.162.795

(*) 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 2024	31 December 2023
Raw materials	20.511.938	15.238.693
Work in progress	15.716.887	13.601.334
Finished goods	13.830.828	12.224.831
Spare parts	13.719.314	9.926.059
Goods in transit	11.025.208	13.439.537
Other inventories	6.853.416	5.081.116
Allowance for impairment on inventories (-)	(2.895.193)	(2.234.866)
	78.762.398	67.276.704

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 10 – INVENTORIES (cont'd)

The movement of the provision for impairment on inventories:

	1 January - 31 December 2024	1 January - 31 December 2023
Opening balance	2.234.866	2.051.756
Provision for the period	466.262	132.263
Provision released (-)	(263.984)	(934.408)
Translation difference	458.049	985.255
Closing balance	2.895.193	2.234.866

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 2024	31 December 2023
Insurance expenses	2.161.669	1.104.461
Order advances given	622.613	653.761
Due to related parties (Note 34)	24.900	12.782
Prepaid utility allowance to employees	126.461	107.462
Mine site permit fee	116.641	130.606
Other prepaid expenses	56.885	39.853
	3.109.169	2.048.925

As of the reporting date, the details of the Group's long term prepaid expenses are as follows:

	31 December 2024	31 December 2023
Order advances given	14.885.114	11.993.644
Due to related parties (Note 34)	176.923	182.922
Insurance expenses	683.890	389.948
Pickling expenses	302.096	172.237
Other prepaid expenses	42.646	5.602
	16.090.669	12.744.353

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 12 – INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The details of the Group's financial investments accounted for using equity method are as follows:

Joint Venture	Right to vote ratio %	31 December 2024	Right to vote ratio %	31 December 2023	Business segment
İsdemir Linde Gaz Ortaklığı A.Ş.	50	1.280.062	50	884.293	Industrial Gas Production and Sale

The Group's investments accounted for using equity method movement is as follows:

	31 December 2024	31 December 2023
Opening balance as of 1 January	884.293	606.053
Profit (loss) for the period	204.668	78.356
Dividend	-	(112.769)
Translation difference	191.101	312.654
Closing balance as of 31 December	1.280.062	884.293

The Group's shares on assets of investments accounted for using equity method are as follows:

	31 December 2024	31 December 2023
Total assets	2.869.854	1.913.261
Total liabilities	309.731	144.675
Net assets	2.560.123	1.768.586
Group's share on net assets	1.280.062	884.293

	31 December 2024	31 December 2023
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 221.977 thousand (31 December 2023: TRY 228.207 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 (6.230) thousand of additional investment deduction (its effect in the profit or loss statement of Group is TRY (3.115) thousand) is included in the financial statements prepared as of reporting date.

Group's share on profit of investments accounted for using equity method as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Revenue	791.089	636.746
Operating profit	217.256	212.611
Net profit (loss) for the period	409.336	156.712
Group's share on net profit (loss)	204.668	78.356

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

INTRODUCTION
SUSTAINABILITY
OVERVIEW
SUSTAINABLE GROWTH
RESPONSIBLE PRODUCTION
PEOPLE-CENTERED APPROACH
CORPORATE GOVERNANCE
APPENDIX

NOTE 13 – INVESTMENT PROPERTIES

The details of the Group's investments properties are as follows:

Cost	Land	Buildings	Total
Opening balance as of 1 January	858.113	3.630.778	4.488.891
Translation difference	198.931	749.768	948.699
Addition	-	34.125	34.125
Transfers (*)	375.458	349.108	724.566
Closing balance as of 31 December 2024	1.432.502	4.763.779	6.196.281
Accumulated Depreciation			
Opening balance as of 1 January	-	(81.246)	(81.246)
Translation difference	-	(32.505)	(32.505)
Charge for the period	-	(158.492)	(158.492)
Transfers (*)	-	(56.289)	(56.289)
Closing balance as of 31 December 2024	-	(328.532)	(328.532)
Net book value as of 31 December 2023	858.113	3.549.532	4.407.645
Net book value as of 31 December 2024	1.432.502	4.435.247	5.867.749

(*) As of the reporting period, TRY 375.458 thousand was transferred from buildings to land within investment properties, a net amount of TRY 668.277 thousand was transferred from property, plant and equipments to investment properties.

The fair value of the Group's investment properties is TRY 11.137.146 thousand (31 December 2023: TRY 6.974.198 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 2024, the Group generated rent income amounting to TRY 233.862 thousand (31 December 2023: TRY 91.435 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 (29.835) thousand (31 December 2023: TRY (3.178) thousand) of estate tax expenses related to investment properties for the year ended 31 December 2024 under investment expenses (Note 29).

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 13 – INVESTMENT PROPERTIES (cont'd)

Cost	**Land**	**Buildings**	**Total**
Opening balance as of 1 January	545.048	436.696	981.744
Translation difference	313.065	823.688	1.136.753
Addition	-	302.007	302.007
Transfers (*)	-	2.068.387	2.068.387
Closing balance as of 31 December 2023	858.113	3.630.778	4.488.891
Accumulated Depreciation			
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 31 December 2023	-	(81.246)	(81.246)
Net book value as of 31 December 2022	545.048	359.543	904.591
Net book value as of 31 December 2023	858.113	3.549.532	4.407.645

(*) At the prior 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.

Amortization distribution of investment properties is as follows:

	1 January – 31 December 2024	**1 January – 31 December 2023**
Associated with cost of production	3.752	2.713
General administrative expenses	154.740	53.622
	158.492	56.335

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Land Improvements	Buildings	Machinery and equipment	Vehicles	Furniture and Fixtures	Other Property, Plant and Equipment	Construction in Progress (CIP)	Total
Opening balance as of 1 January	2.844.441	28.147.071	43.431.128	194.400.023	11.929.140	6.289.454	2.395.164	44.476.013	333.912.434
Inflation Effect	118.672	387.840	207.374	890.520	1.045.407	660.783	533.919	1.367.916	5.212.431
Translation difference	503.890	5.517.101	8.591.067	38.633.841	1.919.718	946.572	245.859	9.879.620	66.237.668
Additions (*)	-	4.018	50.103	1.399.791	295.732	186.710	116.019	33.926.633	35.979.006
Transfers from CIP (**)	-	1.382.831	1.600.386	5.437.592	15.616	74.697	4.031	(8.592.533)	(77.380)
Transfers to investment properties (****)	-	(7.898)	-	(609.086)	-	(107.348)	(234)	-	(724.566)
Disposals	(2.432)	(13.086)	(674.585)	(496.095)	(7.163)	(226.631)	(8.073)	-	(1.428.065)
Closing balance as of 31 December 2024	3.464.571	35.417.877	53.205.473	239.656.586	15.198.450	7.824.237	3.286.685	81.057.649	439.111.528
Accumulated Depreciation									
Opening balance as of 1 January	-	(20.976.313)	(33.262.550)	(118.073.583)	(8.526.351)	(4.245.542)	(1.040.748)	(372.210)	(186.497.297)
Inflation Effect	-	(247.179)	(167.161)	(500.623)	(1.045.130)	(639.685)	(63.448)	-	(2.663.226)
Translation difference	-	(4.096.931)	(6.543.002)	(23.637.485)	(1.251.714)	(564.827)	(187.079)	(8.022)	(36.289.060)
Charge for the period	-	(657.429)	(978.166)	(5.736.319)	(376.912)	(322.781)	(149.170)	-	(8.220.777)
Impairment released (losses) (***)	-	23.548	86.613	(56.898)	1.761	320	-	78.682	134.026
Disposals	-	12.549	597.329	444.353	6.668	213.317	7.154	-	1.281.370
Transfers to investment properties (****)	-	266	-	42.536	-	13.253	234	-	56.289
Closing balance as of 31 December 2024	-	(25.941.489)	(40.266.937)	(147.518.019)	(11.191.678)	(5.545.945)	(1.433.057)	(301.550)	(232.198.675)
Net book value as of 31 December 2023	2.844.441	7.170.758	10.168.578	76.326.440	3.402.789	2.043.912	1.354.416	44.103.803	147.415.137
Net book value as of 31 December 2024	3.464.571	9.476.388	12.938.536	92.138.567	4.006.772	2.278.292	1.853.628	80.756.099	206.912.853

(*) The amount of capitalized borrowing cost is TRY 930.159 thousand for the current period, average borrowing rate is 7,6%.
(**) TRY 77.380 thousand is transferred to intangible assets (Note 15).
(***) Group has reviewed the recoverable amounts of tangible fixed assets that will be decommissioned and will not generate independent cash flows during the period. Following the review, the impairment released of TRY 134.026 thousand has been accounted for in the profit or loss statement under other income from investment activities (Note 29).
(****) A net book value of TRY 668.277 thousand was transferred to investment properties (Note 13).

As of 31 December 2024, the Group has no collaterals or pledges upon its property, plant and equipment.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (cont'd)

Cost	Land	Land Improvements	Buildings	Machinery and equipment	Vehicles	Furniture and Fixtures	Other Property, Plant and Equipment	Construction in Progress (CIP)	Total
Opening balance as of 1 January	1.599.301	16.880.927	26.971.279	118.198.399	6.089.864	3.079.308	1.227.271	20.048.876	194.095.225
Inflation Effect	205.275	572.711	395.724	1.398.527	2.211.009	1.364.714	718.581	1.139.483	8.006.024
Translation difference	929.170	9.817.190	15.600.127	69.216.251	3.458.265	1.737.550	418.504	13.218.521	114.395.578
Additions (*)	50.960	226.808	33.284	1.449.293	207.078	154.268	56.814	21.209.380	23.387.885
Transfers from CIP (**)	59.735	1.195.955	75.421	6.972.405	23.743	80.887	107.276	(8.625.816)	(110.394)
Transfers to investment properties (**)	-	-	445.174	-	-	-	-	(2.513.561)	(2.068.387)
Disposals	-	(546.520)	(89.881)	(2.834.852)	(60.819)	(127.273)	(133.282)	(870)	(3.793.497)
Closing balance as of 31 December 2023	2.844.441	28.147.071	43.431.128	194.400.023	11.929.140	6.289.454	2.395.164	44.476.013	333.912.434
Accumulated Depreciation									
Opening balance as of 1 January	-	(13.064.331)	(20.307.001)	(73.318.684)	(3.908.808)	(1.811.423)	(667.874)	(301.550)	(113.379.671)
Inflation Effect	-	(481.395)	(338.907)	(966.230)	(2.210.624)	(1.338.321)	(83.350)	-	(5.418.827)
Translation difference	-	(7.469.150)	(11.855.923)	(42.544.324)	(2.211.618)	(1.013.889)	(332.710)	(13.753)	(65.441.367)
Charge for the period	-	(347.488)	(673.136)	(3.477.632)	(240.513)	(203.658)	(90.062)	-	(5.032.489)
Impairment released (losses) (***)	-	(160.409)	(85.122)	(167.151)	(9.448)	(1.028)	-	(56.907)	(480.065)
Disposals	-	546.460	86.268	2.400.438	54.660	122.777	133.248	-	3.343.851
Transfers to investment properties (**)	-	-	(88.729)	-	-	-	-	-	(88.729)
Closing balance as of 31 December 2023	-	(20.976.313)	(33.262.550)	(118.073.583)	(8.526.351)	(4.245.542)	(1.040.748)	(372.210)	(186.497.297)
Net book value as of 31 December 2022	1.599.301	3.816.596	6.664.278	44.879.715	2.181.056	1.267.885	559.397	19.747.326	80.715.554
Net book value as of 31 December 2023	2.844.441	7.170.758	10.168.578	76.326.440	3.402.789	2.043.912	1.354.416	44.103.803	147.415.137

(*) 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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

INTRODUCTION
SUSTAINABILITY
OVERVIEW
SUSTAINABLE GROWTH
RESPONSIBLE PRODUCTION
PEOPLE-CENTERED APPROACH
CORPORATE GOVERNANCE
APPENDIX

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (cont'd)

The breakdown of depreciation expenses related to property, plant and equipment is as follows:

	31 December 2024	31 December 2023
Associated with cost of production	7.633.708	4.660.441
General administrative expenses	245.256	137.211
Marketing, sales and distribution expenses	281.084	192.030
Research and development expenses	60.729	42.807
	8.220.777	5.032.489

NOTE 15 – INTANGIBLE ASSETS

The details of the Group's intangible assets as of the reporting period are as follows:

Cost	Rights	Customer Relationships	Other Intangible Assets	Total
Opening balance as of 1 January	8.241.406	3.145.255	297.589	11.684.250
Inflation Effect	18.863	-	7.825	26.688
Translation difference	1.639.379	624.185	55.564	2.319.128
Additions	32.502	-	1.318	33.820
Transfers from CIP	77.297	-	83	77.380
Disposals	(7.435)	-	(28)	(7.463)
Closing balance as of 31 December 2024	10.002.012	3.769.440	362.351	14.133.803
Accumulated amortization				
Opening balance as of 1 January	(3.228.491)	(611.577)	(290.896)	(4.130.964)
Inflation Effect	(12.106)	-	(7.654)	(19.760)
Translation difference	(655.685)	(139.177)	(54.858)	(849.720)
Charge for the period	(215.943)	(233.488)	(4.409)	(453.840)
Disposals	887	-	28	915
Closing balance as of 31 December 2024	(4.111.338)	(984.242)	(357.789)	(5.453.369)
Net book value as of 31 December 2023	5.012.915	2.533.678	6.693	7.553.286
Net book value as of 31 December 2024	5.890.674	2.785.198	4.562	8.680.434

As of 31 December 2024, the Group has no collaterals or pledges upon its intangible assets.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 15 – INTANGIBLE ASSETS (cont'd)

Cost	Rights	Customer Relationships	Other Intangible Assets	Total
Opening balance as of 1 January	5.110.997	1.994.097	175.452	7.280.546
Inflation Effect	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 2023	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)
Inflation Effect	(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 2023	(3.228.491)	(611.577)	(290.896)	(4.130.964)
Net book value as of 31 December 2022	3.199.592	1.738.826	14.999	4.953.417
Net book value as of 31 December 2023	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.

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 2024	31 December 2023
Associated with cost of production	426.901	299.254
General administrative expenses	24.394	29.876
Marketing, sales and distribution expenses	-	6
Research and development expenses	2.545	1.762
	453.840	330.898

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 16 – RIGHT OF USE ASSETS

As of the reporting date the movement of right of use assets are as follows:

Cost	Right to Use Land	Vehicle Leases	Total
Opening balance as of 1 January	313.101	390.147	703.248
Inflation effect	-	21.382	21.382
Additions to assets of operating lease	137.319	533.690	671.009
Disposals (-)	(50.144)	(235.572)	(285.716)
Translation difference	68.785	91.503	160.288
Closing balance as of 31 December 2024	469.061	801.150	1.270.211
Accumulated Amortization			
Opening balance as of 1 January	40.137	217.584	257.721
Inflation effect	-	8.606	8.606
Charge for the period	22.805	197.207	220.012
Disposals (-)	(13.870)	(212.640)	(226.510)
Translation difference	8.647	38.518	47.165
Closing balance as of 31 December 2024	57.719	249.275	306.994
Net book value as of 31 December 2023	272.964	172.563	445.527
Net book value as of 31 December 2024	411.342	551.875	963.217

Cost	Right to Use Land	Vehicle Leases	Total
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
Inflation effect	-	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

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 16 – RIGHT OF USE ASSETS (cont'd)

The items right of use assets recognized in profit or loss is as follows:

	31 December 2024	31 December 2023
Amortization of assets to operating lease	220.012	104.500
Interest expense from lease transactions (Note 31)	117.433	35.098

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 2048 and 2073 are measured at their present value by reducing the borrowing rate by 11% - 27% at the initial calculation.

The area where Erdemir's location and port facilities are located has been declared as the "Ereğli Demir ve Çelik Fabrikaları T.A.Ş. Zonguldak Özel Endüstri Bölgesi" pursuant to the Presidential Decree No. 8861 dated 28 August 2024, within the scope of Law No. 4737. According to Article 34 of the Industrial Zones Regulation and Article 12 of the Regulation on the Management of Treasury Immovables, the port usage permits within the boundaries of Erdemir Zonguldak ÖEB, which are under the jurisdiction and control of the state, have been revised for a period of 49 years in terms of duration and cost. The usage permits for the remaining reclaimed areas and registered Treasury lands under the jurisdiction and control of the state have been established for 49 years as of 26 December 2024.

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 - 2072, 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%-27% .

In addition, car lease contracts with useful lives between 2024 - 2028 and with borrowing rate reduced by 4% - 51% 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 2024	31 December 2023
Associated with cost of production	61.521	16.836
General administration expenses	145.809	77.259
Marketing, sales and distribution expenses	4.620	2.585
Other operating expenses	8.062	7.820
	220.012	104.500

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 2024	31 December 2023
Goodwill	662.608	552.886
	662.608	552.886

	1 January - 31 December 2024	1 January - 31 December 2023
Opening balance	552.886	351.177
Translation difference	109.722	201.709
Closing balance	662.608	552.886

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 2024:

The projection period for the purposes of goodwill impairment testing is approved by the management as 6 years between 1 January 2025 and 31 December 2030. Cash flows for further periods (perpetuity) were extrapolated using long term bond rate of 2,4% in US dollars. Weighted average cost of capital rate of 9,27% - 11,27% 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.

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 devolopment expenditures,
- Inward processing permission certificates,
- Social Security Institution incentives
- Insurance premium employer share incentive.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 18 – GOVERNMENT GRANTS AND INCENTIVES (cont'd)

Research and development incentive premiums received amounts to TRY 92.716 thousand (31 December 2023: TRY 53.218 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 2024	31 December 2023
Due to personnel	2.256.354	671.398
Social security premiums payable	2.670.138	1.124.561
	4.926.492	1.795.959

As of the reporting date long term provisions of the employee benefits of the Group are as follows:

	31 December 2024	31 December 2023
Provisions for employee termination benefits	5.121.104	4.761.820
Provisions for seniority incentive premium	361.262	296.149
Provision for unpaid vacations	689.016	524.506
	6.171.382	5.582.475

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 2024, the amount payable consists of one month's salary limited to a maximum of TRY 41.828,42 (31 December 2023: TRY 23.489,83) for each year of service. As of the reporting date, the employment termination benefit, which has been taken into account in the calculation of provision and will be applicable as of 1 January 2025, has been updated to TRY 46.655,43 per month.

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 TMS 19 ("Employee Benefits") requires the Group's obligations to be developed using actuarial valuation methods within the scope of defined benefit plans.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 19 – EMPLOYEE BENEFITS (cont'd)

The obligation as of 31 December 2024 has been calculated by an independent actuary and projected unit credit method is used in the calculation. The actuarial assumptions used in the calculation of the present value of the future probable obligation are as follows:

	31 December 2024	31 December 2023
Interest rate	25,88%	24,27%
Inflation rate	21,81%	21,02%

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 2024, 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 2024, 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 2024	1 January - 31 December 2023
Opening balance	4.761.820	2.922.934
Service cost	378.705	511.408
Interest cost	788.176	433.718
Actuarial loss/(gain)	693.104	1.396.695
Termination benefits paid	(1.420.056)	(526.577)
Translation difference	(80.645)	23.642
Closing balance	5.121.104	4.761.820

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 2024 as follows:

	Interest rate	
Change in rate	1% increase	1% decrease
Change in employee benefits liability	(207.629)	244.890
	Inflation rate	
Change in rate	1% increase	1% decrease
Change in employee benefits liability	251.606	(215.677)

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 19 – EMPLOYEE BENEFITS (cont'd)

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 2024	1 January - 31 December 2023
Opening balance	296.149	225.046
Service cost	51.464	30.182
Interest cost	66.959	36.929
Actuarial loss/(gain)	32.603	105.908
Termination benefits paid	(83.331)	(89.875)
Translation difference	(2.582)	(12.041)
Closing balance	361.262	296.149

The movement of the provision for unused vacation is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Opening balance	524.506	289.925
Provision for the period	754.103	591.157
Vacation paid during the period (-)	(144.875)	(51.973)
Provisions released (-)	(429.553)	(283.745)
Translation difference	(15.165)	(20.858)
Closing balance	689.016	524.506

NOTE 20 – PROVISIONS

The Group's short term provisions are as follows:

	31 December 2024	31 December 2023
Provision for lawsuits	880.160	534.502
Penalty provision for employment shortage of disabled	9.505	6.637
Provision for state right on mining activities	149.949	129.992
Provision for land occupation	47.930	27.474
	1.087.544	698.605

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 20 – PROVISIONS (cont'd)

The movement of the short term provisions is as follows:

	1 January 2024	Change for the period	Payments	Provision released	Translation difference	31 December 2024
Provision for lawsuits	534.502	417.392	(63.273)	(45.094)	36.633	880.160
Penalty provision for employment shortage of disabled personnel	6.637	4.157	-	(1.499)	210	9.505
Provision for state right on mining activities	129.992	157.825	(76.197)	(66.958)	5.287	149.949
Provision for land occupation	27.474	160.433	(136.519)	(277)	(3.181)	47.930
	698.605	739.807	(275.989)	(113.828)	38.949	1.087.544

	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

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 20 – PROVISIONS (cont'd)

Provision for lawsuits

As of reporting period lawsuits filed by and against the Group are as follows:

	31 December 2024	31 December 2023
Lawsuits filed by the Group	1.469.097	1.080.796

	31 December 2024	31 December 2023
Lawsuits filed against the Group	587.297	393.968
Provision for lawsuits filed against the Group	880.160	534.502

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 (IFRS) 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.

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 IFRS 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 2024 and 31 December 2023 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. The decision given upon the request for correction of the decision has not been notified to the Company as of the reporting date.

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 2024 and 31 December 2023.

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. Our 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. Our 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 Regional Court of Justice fort he appeal. On 14 June 2024 22. Civil Chamber of the Ankara Regional Court of Justice has partially accepted the case subject to appeal. The Company appealed against the decision on 5 September 2024. A provision amounting to TRY 346.445 thousand recognized on consolidated financial statements for the related lawsuit.

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.

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.

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 one of this case, the Regional Administrative Court has definitely decided to annul the decision and partially accepted the case. 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 three of these cases the local court has partially accepted the cases. The Company has appealed to the Regional Administrative Court against these decisions. In one of these cases the local court has 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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 21 – COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

The guarantees received by the Group are as follows:

	31 December 2024	31 December 2023
Letters of guarantees received	23.234.769	17.058.993
	23.234.769	17.058.993

The Collaterals, pledges and mortgages (CPM) given by the Group are as follows:

	31 December 2024	31 December 2023
A. Total CPM given for the Company's own legal entity	29.342.141	5.329.066
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis	3.999.371	3.672.538
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	-	-
	33.341.512	9.001.604

Total CPM given by the Group in favor of subsidiaries consolidated on line-by-line basis amounting to TRY 3.999.371 thousand has been given as collateral for financial liabilities explained in Note 7, tax receivables and for raw material procurements. As of 31 December 2024, the ratio of the other CPM given by the Group to shareholders equity is 0% (31 December 2023: 0%).

The foreign currency distribution of the collaterals given by the Group is as follows:

	31 December 2024	31 December 2023
US Dollars	11.575.520	6.706.689
Turkish Lira	19.990.720	531.917
EURO	1.775.272	1.762.998
	33.341.512	9.001.604

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

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 2024	31 December 2023
Insurance income accruals	2.264.995	838.989
Other VAT receivable	8.989.807	16.612.894
Deferred VAT	4.804.529	1.284.784
Prepaid taxes and funds	944.183	67.246
Other current assets	226.294	85.379
	17.229.808	18.889.292

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 6 February 2023.

Other non-current assets	31 December 2024	31 December 2023
Other VAT receivable	1.279.098	1.009.172
	1.279.098	1.009.172

Other current liabilities	31 December 2024	31 December 2023
VAT payable	1.050.821	723.755
Other current liabilities	22.255	54.508
	1.073.076	778.263

Other non-current liabilities	31 December 2024	31 December 2023
Other non-current liabilities	22.654	16.779
	22.654	16.779

NOTE 23 – DEFERRED INCOME

As of the reporting date, the details of the Group's short term deferred income are as follows:

	31 December 2024	31 December 2023
Advances received	1.057.726	1.230.613
Deferred income	103.502	83.327
	1.161.228	1.313.940

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 24 – EQUITY

As of the Group's reporting date the capital structure is as follows:

Shareholders	(%)	31 December 2024	(%)	31 December 2023
ATAER Holding A.Ş.	49,29	3.449.965	49,29	1.724.982
Quoted in Stock Exchange	46,74	3.271.911	47,17	1.650.776
Erdemir's own shares	3,97	278.124	3,55	124.242
Historical capital	100,00	7.000.000	100,00	3.500.000
Inflation adjustment to capital		-		156.613
Restated capital		7.000.000		3.656.613
Treasury shares (-)		(1.315.022)		(640.504)
		5.684.978		3.016.109

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 Kurus) up to the amount of the registered capital, which is TRY 7.000.000.000.

With the decision of the Board of Directors of Ereğli Demir ve Çelik Fabrikaları T.A.Ş., it has been decided to increase the issued capital of TRY 3.500.000.000 by TRY 3.500.000.000, which is 100% of the current issued capital, to TRY 7.000.000.000, with TRY 156.613.220,99 from capital adjustment differences and TRY 3.343.386.779,01 from extraordinary reserves within the previous year's profits. The issuance document was approved by the Capital Markets Board with the decision dated 21 November 2024 and numbered 60/1650, and the registration and announcement were completed with its publication in the Türkiye Trade Registry Gazette dated 20 December 2024 and numbered 11233.

The issued capital of the Company consists of 700.000.000.000 lots of shares (31 December 2023: 350.000.000.000 lots). The nominal value of each share is 1 Kr (Kurus) (31 December 2023: 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 6.999.999.999,99 shares representing TRY 699.999.999.999 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 Communique 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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 24 – EQUITY (cont'd)

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 2024, holds its own shares with a nominal value of TRY 278.124 thousand (31 December 2023: TRY 124.242 thousand).

Other Equity Items	31 December 2024	31 December 2023
Share Premium	106.447	106.447
Cash Flow Hedging Reserves	47.523	(67.036)
Foreign Currency Translation Reserves Not to be Reclassified to Profit	98.513.282	82.963.998
Foreign Currency Translation Reserves to be Reclassified to Profit	(9.772.072)	(8.416.227)
Actuarial (Loss)/ Gain Fund	(2.961.205)	(2.455.521)
Restricted Reserves Assorted from Profit	10.973.470	9.302.588
Retained Earnings	120.873.630	97.708.043
	217.781.075	179.142.292

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.

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 2024, 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.

As of the reporting period, the amount of resources available for profit distribution in the Company's statutory records is TRY 16.515.883 thousand.

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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

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 1.057.726 thousand (Note 23). The Company plans to recognize related revenue amount as a revenue in a year.

	1 January - 31 December 2024	1 January - 31 December 2023
Domestic sales	156.718.987	124.640.941
Export sales	36.070.501	15.902.785
Other revenues	9.638.614	6.263.422
Interest income from sales with maturities	1.924.500	1.338.564
Sales returns (-)	(100.619)	(123.089)
Sales discounts (-)	(192.043)	(122.831)
	204.059.940	147.899.792
Cost of sales (-)	(184.055.336)	(132.242.934)
Gross profit	20.004.604	15.656.858

The total amount of product exports in other revenues is TRY 4.416.958 thousand (31 December 2023: TRY 2.695.768 thousand). Total interest income from export sales with maturities is TRY 29.745 thousand (31 December 2023: TRY 12.714 thousand).

As of Group's reporting date, the detail of cost of sales is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Raw material usage	(132.891.342)	(97.403.804)
Personnel costs	(14.714.827)	(8.227.579)
Energy costs	(11.974.512)	(12.311.205)
Depreciation and amortization expenses	(7.848.474)	(4.810.904)
Manufacturing overheads	(7.657.065)	(4.254.526)
Other cost of goods sold	(4.131.596)	(1.881.498)
Non-operating costs (*)	(760.667)	(2.003.011)
Freight costs for sales delivered to customers	(2.035.567)	(1.072.038)
Allowance expenses for impairment on inventories (Note 10)	(466.262)	(132.263)
Inventory provision released (Note 10)	263.984	934.408
Amortization of right of use assets	(61.521)	(16.836)
Other	(1.777.487)	(1.063.678)
	(184.055.336)	(132.242.934)

(*) Non-operating part costs amounting to TRY (760.667) thousand incurred due to planned and/or unplanned halt production in the Group's production facilities is not associated with the product cost and is directly recognized in the cost of sales. Due to the earthquake that occurred on 6 February 2023, the non-working part expense amounting to TRY (2.003.011) thousand, which occurred as a result of unexpected shutdowns in the production facilities of İsdemir, one of the Company's subsidiaries, andplanned shutdowns in other production facilities of the Group, was not associated with the product cost in the prior period and is accounted directly within the cost of sales.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

INTRODUCTION
SUSTAINABILITY
OVERVIEW
SUSTAINABLE GROWTH
RESPONSIBLE PRODUCTION
PEOPLE-CENTERED APPROACH
CORPORATE GOVERNANCE
APPENDIX

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 2024	1 January - 31 December 2023
Marketing expenses (-)	(2.057.384)	(1.177.995)
General administrative expenses (-)	(5.356.542)	(2.672.791)
Research and development expenses (-)	(335.591)	(190.227)
	(7.749.517)	(4.041.013)

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 2024	1 January - 31 December 2023
Personnel expenses (-)	(779.048)	(456.437)
Depreciation and amortization (-)	(281.084)	(192.036)
Benefits and services from third parties (-)	(992.632)	(526.937)
Amortization of right of use assets (-)	(4.620)	(2.585)
	(2.057.384)	(1.177.995)

As of Group's reporting date, the detail of general administrative expenses is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Personnel expenses (-)	(2.268.969)	(1.161.570)
Depreciation and amortization (-)	(424.390)	(220.709)
Benefits and services from third parties (-)	(2.458.467)	(1.195.761)
Tax, duty and charges (-)	(61.262)	(27.959)
Provision/ Provision released for doubtful receivables (net)	2.355	10.467
Amortization of right of use assets (-)	(145.809)	(77.259)
	(5.356.542)	(2.672.791)

As of Group's reporting date, the detail of research and development expenses is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Personnel expenses (-)	(172.618)	(89.943)
Depreciation and amortization (-)	(63.274)	(44.569)
Benefits and services from third parties (-)	(99.699)	(55.715)
	(335.591)	(190.227)

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 27 – OPERATING EXPENSES ACCORDING TO THEIR NATURE (cont'd)

Fees related to services received from the independent audit firm

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 2024	1 January - 31 December 2023
Independent audit fee for reporting period	(9.258)	(6.516)
Fee for other assurance services	(532)	(235)
	(9.790)	(6.751)

NOTE 28 – OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES

As of Group's reporting date, the detail of other operating income is as follows:

Other operating income	1 January - 31 December 2024	1 January - 31 December 2023
Prior period fixed asset damage indemnity income	-	727.981
Foreign exchange gain from trade receivables and payables (net)	233.070	536.541
Forfeit advances from customers	4.323	2.055
Discount income	404	-
Provisions released	46.593	20.418
Service income	273.436	155.463
Maintenance repair and rent income	64.917	28.547
Warehouse income	145.731	105.842
Indemnity and penalty detention income	37.466	25.725
Prior period insurance indemnity income	87.400	207.873
Lawsuit income	3.767	25.116
Overdue interest income	93.683	122.926
Current period insurance indemnity income	8.522.852	2.370.850
Other income and gains	271.374	262.184
	9.785.016	4.591.521

Due to the earthquake on 6 February 2023, an agreement has been reached for the collection of advance payments amounting to TRY 8.522.852 thousand (USD 260.000 thousand) related to the insurance compensation for İsdemir, one of the Company's subsidiaries (31 December 2023: TRY 2.370.850 thousand (USD 100.000 thousand)).

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

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 2024	1 January - 31 December 2023
Other operating expenses (-)		
Provision expenses	(421.549)	(161.843)
Lawsuit compensation expenses	(25.661)	(74.657)
Right of use assets amortization	(8.062)	(7.820)
Donation expenses	(100.143)	(868.937)
Service expenses	(161.293)	(95.253)
Penalty expenses	(47.820)	(109.604)
Other expenses and losses	(219.355)	(139.624)
	(983.883)	(1.457.738)

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 2024	1 January - 31 December 2023
Net gain/(loss) from financial asset at fair value through profit or loss	112.298	255.436
Income from sales on tangible assets	41.808	12.409
Rent income from investment properties	233.862	91.435
Property,plant and equipment provisions released (Note 14)	134.026	-
	521.994	359.280

As of Group's reporting date, the detail of expenses from investment activities is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Loss on sales of tangible assets	(1.358)	(29.056)
Loss on disposal of tangible assets	(223.547)	(32.436)
Impairment of property, plant and equipment (Note 14)	-	(480.065)
Expenses from investment properties	(29.835)	(3.178)
Net gain/(loss) from venture capital mutual fund at fair value through profit or loss	(21.831)	
	(276.571)	(544.735)

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 30 – FINANCE INCOME

As of Group's reporting date, the detail of finance income is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Interest income on bank deposits	4.636.307	2.458.435
Interest income from financial investments	322.651	490
Fair value differences of derivative financial instruments (net)	42.994	826.923
Other financial income	17.034	10.729
	5.018.986	3.296.577

NOTE 31 – FINANCE EXPENSES

As of Group's reporting date, the breakdown of finance expenses is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Interest expenses on borrowings	(10.410.853)	(5.074.609)
Foreign exchange loss (net)	(984.587)	(2.774.644)
Interest cost of employee benefits	(855.135)	(469.499)
Interest expenses on leasings	(117.433)	(35.098)
Other financial expenses	(105.040)	(25.223)
	(12.473.048)	(8.379.073)

During the period, the interest expenses of TRY 930.159 thousand have been capitalized as part of the Group's property, plant and equipment (31 December 2023: TRY 241.045 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 2024	31 December 2023
Corporation tax for the prior period	1.031	54.494
Current corporate tax provision	596.140	5.715.882
Prepaid taxes and funds (-)	(279.546)	(2.537.926)
	317.625	3.232.450

Taxation:	1 January - 31 December 2024	1 January - 31 December 2023
Current corporate tax expense	554.233	4.761.341
Deferred tax (income) / expense	(1.224.958)	(253.276)
Tax (income) expense reported in the profit or loss	(670.725)	4.508.065

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 2023: 25%).

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 current corporate tax rate in Türkiye is 25%, 16% in Romania and 17% in Singapore as of 31 December 2024 (31 December 2023: in Türkiye 25%, in Romania 16%, in Singapore 17%).

The net amount after offsetting of the corporate tax paid by the Group in 2024 is TRY 459.898 thousand (31 December 2023: TRY 2.921.880 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 November 2024. In this case, the terms of use of tax returns and notifications requiring force majeure have been extended until 31 January 2025.

With the temporary article 33 of the Tax Procedure Law; It has been stipulated that no inflation adjustment will be made in the accounting period 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 2024 will be subject to correction regardless of any conditions. In this context; The financial statements dated 31 December 2024, prepared in accordance with the Tax Procedure Law, have been subject to inflation correction.

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. 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 2024, the reduced corporate tax incentive associated with the strategic investment incentive certificate obtained under Article 8/7 of the "Decision on State Aids in Investments" No. 2012/3305 was utilized. The investment contribution rate of the said investment incentive certificate is 50%.

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 2024. The current corporate tax rate is 16% in Romania and 17% in Singapore. (31 December 2023: in Türkiye 25%, 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 2023: 18,75%)

The financial statements dated 31 December 2024, 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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 32 – TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax assets:	31 December 2024	31 December 2023
Provisions for employee benefits	1.971.280	1.395.143
Investment incentive	190.675	15.571
Provision for lawsuits	185.960	131.128
Fair values of the derivative financial instruments	-	29.721
Inventories	490.017	128.251
Unused tax losses	2.149.085	-
Tangible and intangible assets	661.313	494.085
Financial lease payables	228.229	84.986
Other	576.925	593.229
	6.453.484	2.872.114
Deferred tax liabilities:		
Tangible and intangible assets	(19.357.384)	(13.980.769)
Fair values of the derivative financial instruments	(54.865)	-
Amortized cost adjustment on loans	(96.017)	(109.540)
Right of use assets	(241.205)	(109.429)
Inventories	(27.680)	(752.342)
Other	(95.177)	(298.393)
	(19.872.328)	(15.250.473)
	(13.418.844)	(12.378.359)

The Group's unused tax losses have all occurred in the current period, and the Group Management assesses that a significant portion of the unused tax losses subject to deferred tax will be deductible within 1 year based on future profit projections.

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 2024	31 December 2023
Deferred tax assets	255.704	254.324
Deferred tax (liabilities)	(13.674.548)	(12.632.683)
	(13.418.844)	(12.378.359)

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 32 – TAX ASSETS AND LIABILITIES (cont'd)

Movements of deferred tax assets / (liabilities) as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Opening balance	(12.378.359)	(8.220.431)
Inflation effect	-	(192.146)
Deferred tax income/(expense)	1.224.958	253.276
The amount in comprehensive income	134.572	374.211
Translation difference	(2.400.015)	(4.593.269)
Closing balance	(13.418.844)	(12.378.359)

Reconciliation of tax provision is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Profit (Loss) before tax	13.522.321	8.837.129
Statutory tax rate	25%	25%
Calculated tax expense according to effective tax rate	(3.380.580)	(2.209.282)
Reconciliation between the tax provision and calculated tax:		
- Non-deductible expenses	(180.712)	(383.359)
- Effect of currency translation (*)	2.182.947	(1.380.350)
- The effect of investments valued using the equity method	51.167	19.589
- Additional tax effect due to earthquake	-	(623.613)
- Investment incentive	2.007.718	76.810
- Effect of the different tax rates due to foreign subsidiaries	(9.815)	(7.860)
Total tax expense reported in the statement of income (loss)	670.725	(4.508.065)

(*) The effect of exchange rate differences arises from the discrepancy between the company's functional currency and the currency used for determining the tax base.

The Group has a strategic investment incentive certificate based on the Council of Ministers Decision No. 2012/3305 published in the Official Gazette dated 19 June 2012. As of the reporting date, the reduced corporate tax under the strategic investment incentive certificate has been utilized.

As of Group's reporting date, the details of the tax income/(expense) of the other comprehensive income/(loss) are as follows:

	1 January -31 December 2024		
Other comprehensive income/(loss) in current period	Amount before tax	Tax income/ (expense)	Amount after tax
Change in actuarial (loss)/gain	(693.104)	173.276	(519.828)
Change in cash flow hedging reserves	154.817	(38.704)	116.113
Change in foreign currency translation reserves	39.011.660	-	39.011.660
	38.473.373	134.572	38.607.945

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 32 – TAX ASSETS AND LIABILITIES (cont'd)

	1 January -31 December 2023		
Other comprehensive income/(loss) in current period	**Amount before tax**	**Tax income/ (expense)**	**Amount after tax**
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	68.832.464	-	68.832.464
	67.336.640	374.211	67.710.851

NOTE 33 – EARNINGS PER SHARE

	1 January - 31 December 2024	1 January- 31 December 2023
Number of shares outstanding	700.000.000.000	700.000.000.000
Number of shares outstanding after buyback	672.725.531.005	675.151.629.635
Net profit attributable to equity holders	13.481.348	4.033.089
Profit per share with 1 TRY nominal value TRY %	2,004 / 200,4%	0,5974 / 59,74%

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 2024**	**31 December 2023**
OYAK NYK RO-RO Liman İşletmeleri A.Ş. (1)	-	5.335
OYAK Renault Otomobil Fab. A.Ş.(2)	401.046	416.513
OYAK Birleşik Enerji A.Ş. (1)	-	8.849
Miilux Poland Sp. Z.o.o. (1)	19.092	47.878
İsdemir Linde Gaz Ortaklığı A.Ş.(3)	30.207	16.278
OYAK Çimento Fabrikaları A.Ş. (2)	-	66.853
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. (1)	147.976	124.108
Other	5.526	2.751
	603.847	688.565

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

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 34 – RELATED PARTY DISCLOSURES (cont'd)

Other receivables from related parties (short term)	31 December 2024	31 December 2023
OYAK NYK RO-RO Liman İşletmeleri A.Ş. [1]	18.767	11.582
	18.767	11.582

Other receivables from related parties (long term)	31 December 2024	31 December 2023
OYAK NYK RO-RO Liman İşletmeleri A.Ş. [1]	121.006	75.091
	121.006	75.091

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 2024	31 December 2023
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.[1]	23.661	12.578
OYAK Çimento Fabrikaları A.Ş. [1]	1.207	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. [1]	-	204
Other	32	-
	24.900	12.782

Prepaid expenses to related parties (long term)	31 December 2024	31 December 2023
OYAK İnşaat A.Ş.[1]	129.031	126.851
OYAK Savunma ve Güvenlik Sistemleri A.Ş.[1]	47.892	56.071
	176.923	182.922

Prepaid expenses generally related with service 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

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 34 – RELATED PARTY DISCLOSURES (cont'd)

Due to related parties (short term)	31 December 2024	31 December 2023
OYAK Yenilenebilir Enerji A.Ş. (1)	179.674	57.264
Omsan Lojistik A.Ş.(1)	483.109	332.552
Omsan Denizcilik A.Ş.(1)	11.812	-
OYAK Pazarlama Hizmet ve Turizm A.Ş.(1)	245.338	137.198
OYAK Savunma ve Güvenlik Sistemleri A.Ş.(1)	80.644	95.369
Omsan Logistica SRL(1)	9.927	7.921
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (1)	85.697	47.122
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.(1)	22.099	3.356
OYAK İnşaat A.Ş. (1)	57.129	69.850
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. (1)	4.091	10.919
Doco Petrol ve Danışmanlık A.Ş. (1)	20.686	11.294
OYAK Çimento Fabrikaları A.Ş. (2)	13.767	-
Other	623.510	357.488
	1.837.483	1.130.333

Trade payables to related parties mainly arise from purchase of services, fixed assets and energy.

Major sales to related parties	1 January - 31 December 2024	1 January - 31 December 2023
OYAK Renault Otomobil Fab. A.Ş.(2)	2.126.571	1.935.118
OYAK Savunma ve Güvenlik Sistemleri A.Ş.(1)	-	392
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş. (1)	13.929	7.916
OYAK Çimento Fabrikaları A.Ş. (2)	109.954	276.981
Likitgaz Dağıtım ve Endüstri A.Ş. (1)	61.402	52.555
OYAK Denizcilik ve Liman İşletmeleri A.Ş.(1)	14.663	5.833
İskenderun Enerji Üretim ve Ticaret A.Ş. (1)	5.558.814	3.487.755
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. (1)	484.186	459.949
İsdemir Linde Gaz Ortaklığı A.Ş.(3)	413.139	273.019
Other	152.199	59.849
	8.934.857	6.559.367

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

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 34 – RELATED PARTY DISCLOSURES (cont'd)

Major purchases from related parties	1 January - 31 December 2024	1 January - 31 December 2023
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. (1)	14.429	14.171
Omsan Denizcilik A.Ş.(1)	724.001	605.959
OYAK Pazarlama Hizmet ve Turizm A.Ş.(1)	1.705.143	834.315
Omsan Lojistik A.Ş.(1)	4.565.825	2.312.961
OYAK Savunma ve Güvenlik Sistemleri A.Ş.(1)	1.006.205	495.503
Omsan Logistica SRL(1)	200.888	104.574
OYAK Denizcilik ve Liman İşletmeleri A.Ş.(1)	992.989	423.404
Doco Petrol ve Danışmanlık A.Ş. (1)	209.049	124.730
İsdemir Linde Gaz Ortaklığı A.Ş.(3)	695.145	482.662
OYAK Çimento Fabrikaları A.Ş. (2)	410.796	45.962
OYAK İnşaat A.Ş. (1)	528.707	1.350.650
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.(1)	450.752	350.768
Güzel Enerji Akaryakıt A.Ş.(1)	20.733	13.063
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş. (1)	42.692	24.839
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. (1)	27.673	16.056
OYAK Yenilenebilir Enerji A.Ş. (1)	2.269.547	1.504.204
Other	543.273	229.762
	14.407.847	8.933.583

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 2024, the Group provides no provision for the receivables from related parties (31 December 2023: 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 2024, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the key management of the Group is TRY 147.115 thousand (31 December 2023: TRY 98.389 thousand).

NOTE 35 – EXPLANATIONS REGARDING NET MONETARY POSITION GAINS/(LOSSES)

Inflation adjustments have been made in accordance with TAS 29 for all non-monetary assets, liabilities, and profit or loss statements of the Group's subsidiaries whose functional currency is the Turkish Lira.

In this context, the inflation adjustments made 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 are subject to consolidation and have the Turkish Lira as their functional currency, as of the reporting date are as follows:

	31 December 2024 TRY'000
Statement of Financial Position Items	**48.308**
Inventories	62.413
Prepaid Expenses	581.252
Property, Plant and Equipment	2.905.307
Right of Use Assets	3.299
Intangible Assets	997
Inflation Adjustment to Capital	(1.193.039)
Increase (Decrease) in Revaluation Reserve of Tangible Assets	(18.366)
Actuarial Gain (Loss) of Defined Benefit Plans	16.027
Restricted Reserves Assorted from Profit	(717.279)
Retained Earnings	(1.592.303)
Profit or Loss Items	**(578.236)**
Revenue	(1.396.187)
Cost of Sales	775.061
Marketing Expenses	2.284
General Administrative Expenses	44.999
Other Operating Income	(9.173)
Other Operating Expenses	3.761
Income from Investing Activities	(581)
Expenses from Investing Activities	458
Finance Income	(23.463)
Finance Expense	24.605
Net Monetary Position Gains / (Losses)	**(529.928)**

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 36 – 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 analyzes 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 2024	31 December 2023
Total financial liabilities	7	121.288.196	67.740.702
Less: Cash and cash equivalents	4	55.259.993	24.072.967
Net (credit) debt		66.028.203	43.667.735
Total adjusted equity (*)		247.338.093	194.051.439
Total resources		313.366.296	237.719.174
Net (credit) debt/Total adjusted equity ratio		27%	23%
Distribution of net (credit) debt/ total adjusted equity		21/79	18/82

(*) 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".

NOTE 36 – 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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 36 – 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						
	Trade Receivables		Other Receivables		Bank Deposits	Derivative Financial Instruments	Financial Instruments
31 December 2024	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk exposure as of balance sheet date [*] (A+B+C+D+E)	603.847	25.860.067	139.773	188.113	54.147.530	249.118	-
- Secured part of the maximum credit risk exposure via collateral etc.	-	23.234.759	-	-	-	-	-
A. Net book value of the financial assets that are neither overdue nor impaired	603.847	25.626.114	139.773	188.113	54.147.530	249.118	-
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	-	233.953	-	-	-	-	-
- secured part via collateral etc.	-	207.211	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	138.031	-	-	-	-	-
- Impairment (-)	-	(138.031)	-	-	-	-	-
- 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 233.953 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.

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(e) Credit risk management (cont'd)

Credit risk of financial instruments	Receivables						
	Trade Receivables		Other Receivables		Bank Deposits	Derivative Financial Instruments	Financial Instruments
31 December 2023	Related Party	Other Party	Related Party	Other Party			
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	-	-	-	-	-	-	-
E. Bilanço dışı kredi riski içeren unsurlar	-	-	-	-	-	-	-

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.

NOTE 36 – 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 an evidence indicating that debtor is in serious financial distress and the Group has no expectation of collection of the relevant amounts	Amount is written off

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 36 – 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 December 2024				
	TRY (Reporting currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)	RON (Original currency)
1. Trade Receivables	2.998.691	245.477	73.151	-	8.978
2a. Monetary financial assets	29.678.847	28.858.432	21.742	21	2.957
2b. Non- monetary financial assets	-	-	-	-	-
3. Other	407.843	381.905	666	-	200
4. CURRENT ASSETS (1+2+3)	**33.085.381**	**29.485.814**	**95.559**	**21**	**12.135**
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	1.300.283	1.300.138	4	-	-
6b. Non- monetary financial assets	-	-	-	-	-
7. Other	4.128.717	749.422	91.640	56.889	-
8. NON-CURRENT ASSETS (5+6+7)	**5.429.000**	**2.049.560**	**91.644**	**56.889**	**-**
9. TOTAL ASSETS (4+8)	**38.514.381**	**31.535.374**	**187.203**	**56.910**	**12.135**
10. Trade payables	8.119.774	5.588.474	65.536	107.910	12.770
11. Financial liabilities	8.758.685	8.246.778	13.910	-	-
12a. Other monetary financial liabilities	7.766.641	7.698.883	1.052	-	3.906
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. CURRENT LIABILITIES (10+11+12)	**24.645.100**	**21.534.135**	**80.498**	**107.910**	**16.676**
14. Trade payables	-	-	-	-	-
15. Financial liabilities	2.889.586	529.752	64.122	-	-
16a. Other monetary financial liabilities	5.927.570	5.922.437	-	-	690
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. NON-CURRENT LIABILITIES (14+15+16)	**8.817.156**	**6.452.189**	**64.122**	**-**	**690**
18. TOTAL LIABILITIES (13+17)	**33.462.256**	**27.986.324**	**144.620**	**107.910**	**17.366**
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	**(2.038.460)**	**-**	**(55.489)**	**-**	**-**
19a. Off-balance sheet foreign currency derivative financial assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative financial liabilities	2.038.460	-	55.489	-	-
20. Net foreign currency asset/liability position (9-18+19)	**3.013.665**	**3.549.050**	**(12.906)**	**(51.000)**	**(5.231)**
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**515.565**	**2.417.723**	**(49.723)**	**(107.889)**	**(5.431)**
22. Fair value of derivative financial instruments used in foreign currency hedge	118.878	-	3.236	-	-
23. Hedged foreign currency assets	2.038.460	-	55.489	-	-
24. Hedged foreign currency liabilities	-	-	-	-	-
25. Exports	40.517.204				
26. Imports	107.849.486				

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management (cont'd)

	31 December 2023				
	TRY (Reporting currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)	RON (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				

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 36 – 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 2024 asset balances are translated by using the following exchange rates; TRY 35,2803 = US $ 1, TRY 36,7362 = EUR 1, TRY 0,2249 = JPY 1 and 7,3429 TRY = RON 1 and liability are translated by using the following exchange rates; TRY 35,3438 = US $ 1,TRY 36,8024 = EUR 1, TRY 0,2264 = JPY 1 and 7,4389 TRY = RON 1 (31 December 2023: for asset balances: TRY 29,4382 = US $ 1,TRY 32,5739 = EUR 1, TRY 0,2075 = JPY 1 and TRY 6,5113 = RON 1, for liability balances: TRY 29,4913 = US $ 1, TRY 32,6326 = EUR 1, TRY 0,2088 = JPY 1 and TRY 6,5965 = RON 1).

	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
31 December 2024	**Appreciation of foreign currency**	**Depreciation of foreign currency**
1-TRY net asset/liability	354.905	(354.905)
2-Hedged portion from TRY risk (-)	-	-
3-Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	354.905	(354.905)
5-RON net asset/liability	(4.008)	4.008
6-Hedged portion from RON risk (-)	-	-
7-Effect of capitalization (-)	-	-
8- RON net effect (5+6+7)	(4.008)	4.008
9- Euro net asset/liability	155.476	(155.476)
10-Hedged portion from Euro risk (-)	(203.846)	203.846
11-Effect of capitalization (-)	-	-
12- Euro net effect (9+10+11)	(48.370)	48.370
13-Jap. Yen net asset/liability	(1.163)	1.163
14-Hedged portion from Jap. Yen risk (-)	-	-
15-Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(1.163)	1.163
TOTAL (4+8+12+16)	**301.364**	**(301.364)**

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(f) Foreign currency risk management (cont'd)

	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
31 December 2023	**Appreciation of foreign currency**	**Depreciation of foreign currency**
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 Dollars 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**

(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.

NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(g) Interest rate risk management (cont'd)

Interest rate sensivity

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.

	31 December 2024	31 December 2023
Floating interest rate financial instruments		
Financial liabilities	26.960.492	20.955.031

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 100.399 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.

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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(h) Liquidity risk management (cont'd)

31 December 2024

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, issued bonds	120.375.279	147.803.472	22.810.941	15.802.730	104.549.511	4.640.290
Financial lease payables	912.917	2.305.807	90.195	270.586	828.821	1.116.205
Trade payables	30.023.470	30.023.470	30.023.470	-	-	-
Other financial liabilities (*)	3.380.029	3.380.029	3.380.029	-	-	-
Total liabilities	**154.691.695**	**183.512.778**	**56.304.635**	**16.073.316**	**105.378.332**	**5.756.495**
Derivative financial liabilities						
Derivative cash inflows	249.118	6.783.042	4.167.710	2.615.332	-	-
Derivative cash outflows	-	(6.330.515)	(3.715.183)	(2.615.332)	-	-
	249.118	**452.527**	**452.527**	**-**	**-**	**-**

(*) Only the financial liabilities under other payables and liabilities are included.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 36 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(h) Liquidity risk management (cont'd)

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)
Non derivative financial liabilities						
Borrowings from banks	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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 37 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Categories of the financial instruments and their fair values

31 December 2024	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	55.259.993	-	-	55.259.993	4
Trade receivables	26.463.914	-	-	26.463.914	8
Financial investments	1.586.209	-	178.085	1.764.294	5
Other financial assets	327.886	-	-	327.886	9
Derivative financial instruments	-	93.664	155.454	249.118	6
Financial Liabilities					
Borrowings	121.288.196	-	-	121.288.196	7
Trade payables	30.023.470	-	-	30.023.470	8
Other liabilities	3.380.029	-	-	3.380.029	9/19/23
31 December 2023					
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

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.

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 37 – 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		**Fair value level as of reporting date**		
Financial assets and liabilities at fair value through profit/loss	**31 December 2024**	**Level 1**	**Level 2**	**Level 3**
Venture capital and financial investment fund	176.781	-	176.781	-
Derivative financial assets	155.454	-	155.454	-
Financial assets and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	93.664	-	93.664	-
Total	425.899	-	425.899	-

(Amounts are expressed in Turkish Lira ("TRY Thousand") unless otherwise indicated.)

NOTE 37 – FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (cont'd)

Categories of the financial instruments and their fair values (cont'd)

		Fair value level as of reporting date		
Financial asset and liabilities at fair value	**31 December 2023**	**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	-

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 38 – SUBSEQUENT EVENTS

None.

NOTE 39 – OTHER ISSUES AFFECTING THE CONSOLIDATED FINANCIAL STATEMENTS MATERIALLY OR THOSE REQUIRED TO BE DISCLOSED FOR A CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

Convenience translation to English:

As of 31 December 2024, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/ Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

GRI Content Index

Content Index - Essentials Service, the GRI Services reviewed that the GRI Content Index is presented in a manner consistent with GRI Standards reporting requirements and that the information in the index is clearly presented and accessible to stakeholders.

Statement of use		Erdemir reported the period January 1 - December 31, 2024 in accordance with GRI Standards.
GRI 1 used		GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)		Since the sector standard for the iron and steel sector has not yet been prepared, no sector standard has been used.
GRI STANDARD	**DISCLOSURES**	**LOCATION AND/OR DIRECT ANSWERS**
GENERAL DISCLOSURES		
	Organization and Reporting Applications	
	2-1 Organizational details	About the Integrated Annual Report, page 7 Corporate Profile, pages 18-23
	2-2 Entities included in the organization's sustainability reporting	About the Integrated Annual Report, page 7
	2-3 Reporting period, frequency and contact point	About the Integrated Annual Report, page 7 iletisim@erdemir.com.tr
	2-4 Restatements of information	There is no revised declaration.
	2-5 External assurance	The report has not been subject to external assurance review.
	Activities and Employees	
	2-6 Activities, value chain and other business relationships	Corporate Profile, pages 18-23 Our Mining Metallurgy Companies in 2024, pages 24-27 Business Model, pages 34-35 Value Chain, pages 38-39
GRI 2: General Disclosures 2021	2-7 Employees	Employees, pages 130-135 Social Performance Indicators, pages 152-153
	2-8 Workers who are not employees	Employees, pages 130-135 Social Performance Indicators, pages 154-155
	Governance	
	2-9 Governance structure and composition	Board of Directors, pages 14-15 Senior Management, pages 16-17 Corporate Governance Information Form, pages 176-183
	2-10 Nomination and selection of the highest governance body	Corporate Governance Approach, pages 142-143 Corporate Governance Information Form, pages 176-183
	2-11 Chair of the highest governance body	Board of Directors, pages 14-15
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Approach, pages 142-143 Corporate Governance Information Form, pages 176-183
	2-13 Delegation of responsibility for managing impacts	Strategic Approach, pages 30-33 Corporate Governance Approach, pages 142-143
	2-14 Role of the highest governance body in sustainability reporting	Strategic Approach, pages 30-33 Corporate Governance Approach, pages 142-143

GRI Content Index

GRI STANDARD	DISCLOSURES	LOCATION AND/OR DIRECT ANSWERS
GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021	2-15 Conflicts of interest	Compliance with Ethical Principles, page 146 Code of Ethics and Working Principles
	2-16 Communication of critical concerns	Materiality Analysis, pages 40-41 Corporate Governance Approach, pages 142-143
	2-17 Collective knowledge of the highest governance body	Corporate Governance Approach, pages 142-143 Board of Directors, pages 14-15 Senior Management, pages 16-17 Corporate Governance Information Form, pages 176-183
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Approach, pages 142-143 Corporate Governance Information Form, pages 176-183
	2-19 Remuneration policies	Employees, pages 130-135 Remuneration Policy
	2-20 Process to determine remuneration	Employees, pages 130-135 Remuneration Policy
	2-21 Annual total compensation ratio	Employees, pages 130-135 Compensation Policy
	Strategy, Policies and Practices	
	2-22 Statement on sustainable development strategy	Message from the Chairman, pages 10-13 Strategic Approach, pages 30-33
	2-23 Policy commitments	Corporate Governance Approach, pages 142-143 Policies and Regulations
	2-24 Embedding policy commitments	Corporate Governance Approach, pages 142-143 Policies and Regulations
	2-25 Processes to remediate negative impacts	Strategic Approach, pages 30-33 The Customer's Solution Partner, pages 78-79 Corporate Governance Approach, pages 142-143
	2-26 Mechanisms for seeking advice and raising concerns	The Customer's Solution Partner, pages 78-79 Compliance with Ethical Principles, page 146
	2-27 Compliance with laws and regulations	During the reporting period, there were no incidents of non-compliance with laws and regulations and no penalties were imposed for non-compliance with laws and regulations.
	2-28 Membership associations	Corporate Memberships, pages 158-159
	Stakeholder Engagement	
	2-29 Approach to stakeholder engagement	Materiality Analysis, pages 40-41 Stakeholder Relations, pages 42-43
	2-30 Collective bargaining agreements	Employees, pages 130-135 Social Performance Indicators, pages 154-155

GRI STANDARD	DISCLOSURES	LOCATION AND/OR DIRECT ANSWERS
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis, pages 40-41
	3-2 List of material topics	Materiality Analysis, pages 40-41
	Sustainable Financial Performance	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Financial Performance, pages 66-67
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Business Model, pages 34-35 Financial Performance, pages 66-67
	201-2 Financial implications and other risks and opportunities due to climate change	Business Model, pages 34-35 Financial Performance, pages 66-67 Environmental Performance Indicators, pages 156-157
	201-3 Defined benefit plan obligations and other retirement plans	Notes to the Consolidated Financial Statements, page XX
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Investments, pages 68-71
	203-2 Significant indirect economic impacts	Business Model, pages 34-35
	Business Ethics, Legal Compliance and Transparency	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Compliance with Ethical Principles, page 146
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Compliance with Ethical Principles, page 146 Anti-Corruption Policy
	205-2 Communication and training about anti-corruption policies and procedures	Compliance with Ethical Principles, page 146 Anti-Corruption Policy
	205-3 Confirmed incidents of corruption and actions taken	There were no confirmed cases of corruption during the reporting period.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination at Erdemir during the reporting period.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Erdemir does not employ child labor in any way and expects its other stakeholders in the value chain, particularly its suppliers, to comply with the age provisions specified in the relevant laws and regulations.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Erdemir and all its stakeholders in the value chain, particularly its suppliers, do not employ forced labor under any circumstances.
	Combatting Climate Change	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Environmental Performance, pages 102-119
GRI 301: Materials 2016	302-1 Energy consumption within the organization	Environmental Performance, pages 102-119 Environmental Performance Indicators, pages 156-157
	302-4 Reduction of energy consumption	Environmental Performance, pages 102-119 Environmental Performance Indicators, pages 156-157
	302-5 Reductions in energy requirements of products and services	Environmental Performance, pages 102-119

GRI Content Index

GRI STANDARD	DISCLOSURES	LOCATION AND/OR DIRECT ANSWERS
MATERIAL TOPICS		
	Effective Energy Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Environmental Performance, pages 102-119
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Performance, pages 102-119 Environmental Performance Indicators, pages 156-157
	302-4 Reduction of energy consumption	Environmental Performance, pages 102-119 Environmental Performance Indicators, pages 156-157
	302-5 Reductions in energy requirements of products and services	Environmental Performance, pages 102-119
	Water Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Environmental Performance, pages 102-119
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Environmental Performance, pages 102-119
	303-3 Water withdrawal	Environmental Performance, pages 102-119 Environmental Performance Indicators, pages 156-157
	303-5 Water consumption	Environmental Performance, pages 102-119 Environmental Performance Indicators, pages 156-157
	Biodiversity	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Environmental Performance, pages 102-119
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	Environmental Performance, pages 102-119
	Sustainable Emissions Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Environmental Performance, pages 102-119
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	Environmental Performance, pages 102-119 Environmental Performance Indicators, pages 156-157
	Waste Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Environmental Performance, pages 102-119
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Performance Indicators, pages 156-157
	306-2 Management of significant waste-related impacts	Environmental Performance Indicators, pages 156-157
	306-3 Waste generated	Environmental Performance, pages 102-119 Environmental Performance Indicators, pages 156-157
	306-4 Waste diverted from disposal	Environmental Performance, pages 102-119 Environmental Performance Indicators, pages 156-157
	306-5 Waste directed to disposal	Environmental Performance, pages 102-119 Environmental Performance Indicators, pages 156-157

GRI STANDARD	DISCLOSURES	LOCATION AND/OR DIRECT ANSWERS
MATERIAL TOPICS		
	Respect for Employee and Human Rights	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Employees, pages 130-135
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employees, pages 130-135 Social Performance Indicators, pages 154-155
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees, pages 130-135
	401-3 Parental leave	Employees, pages 130-135 Social Performance Indicators, pages 154-155
GRI 402: İşgücü/ Yönetim İlişkileri 2016	402-1 Operasyonel değişikliklerle ilgili asgari bildirim süreleri	In case of significant operational changes, legal notification periods are complied with.
	Occupational Health and Safety	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Occupational Health and Safety, pages 94-101
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety, pages 94-101
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, pages 94-101
	403-3 Occupational health services	Occupational Health and Safety, pages 94-101
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, pages 94-101
	403-5 Worker training on occupational health and safety	Occupational Health and Safety, pages 94-101 Social Performance Indicators, pages 154-155
	403-6 Promotion of worker health	Occupational Health and Safety, pages 94-101
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, pages 94-101
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety, pages 94-101
	403-9 Work-related injuries	Occupational Health and Safety, pages 94-101 Social Performance Indicators, pages 154-155
	403-10 Work-related ill health	Occupational Health and Safety, pages 94-101 Social Performance Indicators, pages 154-155
	Talent Management and Employee Wellbeing	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Employees, pages 130-135
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employees, pages 130-135 Social Performance Indicators, pages 154-155
	404-2 Programs for upgrading employee skills and transition assistance programs	Employees, pages 130-135

GRI Content Index

GRI STANDARD	DISCLOSURES	LOCATION AND/OR DIRECT ANSWERS
MATERIAL TOPICS		
	Equal Opportunities, Diversity and Inclusion	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Employees, pages 130-135
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employees, pages 130-135 Social Performance Indicators, pages 154-155
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	During the reporting period, there were no cases of violation of the right to freedom of association and collective bargaining.
	Contribution to Local Development through Qualified Employment	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Social Contribution, pages 136-139 Corporate Social Responsibility Policy
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Contribution, pages 136-139
	Low Emission Production Technologies	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Environmental Performance, pages 102-119
	Product Quality	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Product Management, pages 80-81 Process Development Work, pages 82-85
	Operational Excellence and Business Continuity	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Process Development Work, pages 82-85 Management Systems, pages 86-89
	Responsible Procurement and Supply Chain Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Supply Chain Management, pages 90-91
	R&D, Innovation, and Digital Transformation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 R&D and Innovation, pages 120-125 Digital Transformation and Technology, pages 126-127

GRI STANDARD	DISCLOSURES	LOCATION AND/OR DIRECT ANSWERS
MATERIAL TOPICS		
	Customer Satisfaction	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 The Customer's Solution Partner, pages 78-79
	Corporate Governance	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Corporate Governance Approach, pages 142-143
	Circular Economy	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Environmental Performance, pages 102-119
	Proactive Risk and Crisis Management	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Risk Management, pages 146-148 Risk Management Projects, page 151
	Emergency Preparedness and Action Plan	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Occupational Health and Safety, pages 94-101
	Community Investment Programs	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Social Contribution, pages 136-139 Corporate Social Responsibility Policy
	Stakeholder Communication	
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, pages 40-41 Stakeholder Relations, pages 42-43

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