



SUSTAINABILITY REPORT
2022



GREEN TODAY FOR BRIGHT TOMORROW

CONTENTS

3 ABOUT THE REPORT

4 MESSAGE FROM THE CHAIRMAN

5 YÜCEL GRUP: TÜRKİYE'S STEEL BRAND

Corporate Profile
Vision and Values
Group Companies
Yücel Grup in Figures

20 CORPORATE GOVERNANCE

Policies
Efficient Risk Management
Business Ethics and Compliance
Internal Control and Audit

26 SUSTAINABILITY AT YÜCEL GRUP

Sustainability Journey
Sustainability Strategy
Sustainability Governance Structure

34 ACTING FOR THE PLANET

Combating Climate Change
Energy and Emissions Management
Water Management
Waste Management
Biodiversity
Sustainable Supply Chain

47 ACTING FOR THE PEOPLE

Human Resources Approach
Inclusion, Equal Opportunity and Diversity
Employee Commitment
Talent and Career Management
Occupational Health and Safety

58 ACTING FOR THE SOCIETY

Stakeholder Communication
Customer Satisfaction
Corporate Social Responsibility
Memberships and Collaborations

63 ACTING FOR THE FUTURE

R&D, Innovation, and Digitalization

65 ANNEXES

Performance Indicators
GRI Content Index



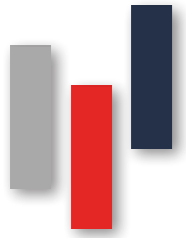
ABOUT THE REPORT

At Yücel Grup, we have steadfastly secured our position as one of Türkiye's leading industrial organizations since the 1950s, thanks to our unwavering commitment to know-how and a dedication to quality.

Through our Sustainability Report, we openly and transparently share our sustainability journey, underpinned by a human and environmentally focused approach while prioritizing stakeholder satisfaction and our responsibility to future generations. Within this report, founded on data from January 2022 to December 2022 and aligned with GRI Standards, we provide a comprehensive account of the initiatives undertaken by Yücel Grup Companies coupled with our forward-looking objectives. As a Group that values the significance of meaningful stakeholder engagement, we are committed to providing annual sustainability reports in the future.

We greatly value comments and feedback on the report as they play a crucial role in enhancing our operations. Should you wish to share your comments and suggestions on the report, please feel free to reach out to us at surdurulebilirlik@yucelgrup.com.





MESSAGE FROM THE CHAIRMAN

Esteemed Stakeholders,

As Yücel Grup, in a journey that commenced in the 1950s, we take immense pride in our position as a pioneering company in the iron and steel, pipe, and section industry. Presently, through our array of companies, production facilities, and port, we persist in generating substantial value for the national economy across diverse sectors encompassing iron and steel, agriculture, energy, logistics, machinery, and automotive. We continue to deliver products and services to meet our customers' needs with the high quality.

In an era marked by global climate change, evolving stakeholder expectations, and increasing environmental and social risks confronting businesses, responsible, accountable, and transparent governance becomes increasingly vital for companies aspiring to ensure their longevity and success in the future. As a Group serving individuals, society, and the environment in alignment with these values, we are pleased to share our initiatives with you, through our Sustainability Report.

Given the climate crisis our planet confronts, we are aware that our environmental and social responsibilities must transcend legal mandates. From this point of view, we embrace and put into practice the principles of a circular economy. By increasing the use of renewable energy sources, we manage our inputs efficiently and effectively, and we are committed to reduce our environmental impact.

We acknowledge that serving individuals and society is one of our foremost responsibilities, recognizing that sustainability

cannot be achieved solely through environmental awareness. Our employees, our most invaluable asset, are at the core of our endeavors. We are dedicated to nurturing a conducive and secure work environment that fosters employee contentment, loyalty, and personal development. We extend equal opportunities to all our employees, without any form of discrimination, and strive to progressively augment the representation of female employees each year. Guided by our mission to add value to society, we actively encourage the voluntary engagement of our employees and embark on projects aimed at enhancing social well-being within the regions where we operate. In our pursuit of mutual growth, we contribute to local employment, education, and the economy within the areas where our operations are based.

We are delighted to present to you our sustainability initiatives, which draw from our rich history and continue to evolve day by day, driven by our commitment to ongoing progress, in this report. We will continue to periodically update and share the advancements made on this journey. On this occasion, I would like to express my heartfelt gratitude to our esteemed stakeholders, who have consistently supported us, and to all Yücel Grup employees who steadfastly uphold our understanding of "environmentally conscious, future-committed" to leaving a sustainable world for the generations to come.

Kind regards,

FATİH TAR

Chairman of the Board





YÜCEL GRUP: TÜRKİYE'S STEEL BRAND

Corporate Profile
Vision and Values
Group Companies
Yücel Grup in Figures



YÜCELgrup

Türkiye's Steel Brand



CORPORATE PROFILE

As Yücel Grup, we are ranked within the top 50 entities in the “ISO 500 – Türkiye’s Largest Industrial Enterprise” index with two of our companies. We play a pivotal role in advancing our nation’s industrial sector with production adhering to international quality standards. As a prominent group in Türkiye, we have been establishing a remarkable presence in the iron, steel, and pipe sectors since the 1950s. Our extensive product range, rich history, and management philosophy, which places a strong emphasis on environmental and human well-being, have all contributed to our reputation. We maintain an unwavering momentum in our operations and connect our products with the future, driven by our 10 companies, 12 production facilities, port, and nearly 4,000 employees.

Since our inception, we have upheld our commitment to prioritize customer satisfaction and unwavering quality in every facet of our operations. At Yücel Grup, we strategically advance toward sustainable growth in the steel industry through our innovative approach and the

high-quality products we provide. In alignment with this approach, we embrace the principle of being a driving force that shapes the advancements in our industry. Within the Group, we prioritize our commitment to

people and the environment, leveraging the efforts of our dedicated employees and sustainability perspective, all while aspiring to achieve continuous development.

Corporate Heritage

Fueled by the experience and superior production quality in iron, steel, and pipe manufacturing, our journey, spanning over 70 years, persists in alignment with our aspirations to become a “pioneering” force within the sector and a “globally renowned brand” that our nation can take pride in. Our Group remains committed to building a strong presence in both domestic and international markets, leaving our mark on the iron and steel industry. We are proud to be a major industry influencer. As the leading Turkish group of companies **exporting the highest volume** of longitudinally welded pipes **to Europe**, we further enhance our global presence.

We continuously create sustainable value for our nation through products and services that are firmly grounded in the trust and satisfaction of our stakeholders, adhering to global quality standards. Our mission is to operate as a dynamic Group that upholds ethical principles and demonstrates profound respect for the environment in all our endeavors. At Yücel Grup, we place great importance on preserving the corporate heritage we have inherited. We remain motivated to take the lead in both our industry and within society, bearing the responsibility of being one of the cornerstones of the iron and steel sector.

VISION AND VALUES

Our approach is grounded in the pursuit of maximizing the trust and satisfaction of our customers, employees, shareholders, and all other stakeholders throughout the course of our operations. We aim to generate sustainable value not only for our country but also on a global scale by manufacturing products and services that adhere to global quality standards. We prioritize environmental and social values and continuously drive innovation as a dynamic group, propelled by a robust corporate culture deeply rooted in ethical principles on the path we advance. In this regard, we remain committed to our values, ensuring that both the present and future generations can thrive in a sustainable world.

Yücel Grup has maintained its existence from the past to the present by upholding its core values.

- ⊕ We operate with sound judgment.
- ⊕ We work for continuous improvement.
- ⊕ We communicate openly.
- ⊕ We are swift and enthusiastic about our work.
- ⊕ We promote continuity, innovation, and integrity.
- ⊕ We are responsible and accountable.



GROUP COMPANIES



Having become a part of Yücel Grup in 1985, Kroman Çelik sustains its production operations in the Darıca district of Kocaeli province, boasting an expansive area of 325,000 m², including 150,000 m² of indoor space. Kroman Çelik has played a significant role in the iron and steel industry, ranking 48th on the ISO list of Türkiye's 500 largest industrial enterprise through its continuous technological investments since its establishment.

Kroman Çelik specializes in the production of wire rods, construction steel, sections, angle profiles, and spoolers, offering a wide range of sizes and thicknesses across nearly 300 different standards. These products are manufactured using the hot rolling method as the primary production technique. Kroman Çelik is the sole spooler manufacturer in Türkiye and ranks among the select few worldwide. Kroman Çelik delivers efficient solutions to cater to its customers' requirements through a blend of product diversity, the adaptability of its production facilities, supply chain management, quality standards, information technology infrastructure, and responsive after-sales services.

Established in 2002 in Kocaeli, Kroman Port Operations is responsible for the handling of iron and steel, raw materials, and end products of Yücel Grup, offering services to significant industrial enterprises in the region. Spanning across a vast 30,000 m² area, Kroman Port boasts a 420-meter quay length and a 13-meter

draught, accommodating ships with capacities of up to 60,000 DWT. Kroman Port has an annual handling capacity of 3,000,000 tons for general cargo and bulk cargo. Furthermore, it features an open temporary storage area, covering approximately 15,900 m².



1966

Kroman Çelik was established.

1985

Kroman Çelik joined Yücel Grup.

1987

The Profile Rolling Mill became operational as part of Kroman Çelik.

2000

The Rebar Rolling Mill commenced operations as part of Kroman Çelik.

2002

Kroman Çelik inaugurated the Kroman Port Operations in the Gulf of İzmit, equipped with a handling capacity of 60,000 DWT.

2007

The Wire Rod 1 Rolling Mill investment, part of Kroman Çelik, was successfully completed and became operational.

2008

The Wire Rod 2 Rolling Mill investment, part of Kroman Çelik, was successfully completed and became operational.

2022

Çelik İleri İşleme, a fully owned subsidiary of Kroman Çelik, was established and put into operation.





Yücel Boru, which has secured the 30th position on the ISO list of Türkiye's 500 largest industrial enterprises, was established in 1969. The company's product range encompasses a variety of items, such as steel industrial and construction pipes and sections, special cross sections, and precision pipes. In 1998, the Gebze factory was established, followed by the Dörtyol factory in 2005, and the Osmaniye factory in 2014. The company operates its production, distribution, marketing, and trade activities in the iron and steel industry in compliance with international standards through its Steel Service Center established in 2015.

In 2019, Yücel Boru transferred its Hatay Dörtyol production facility to Çayırova Boru. Additionally, in May 2020, Yücel Boru acquired the precision pipe facility located in the Gebze Organized Industrial Zone (GOIZ). Yücel Boru serves both domestic and international markets with its wide range of products, including sliced roll, flat steel products, and trapezoidal sheets, all produced with a reliable manufacturing approach.



1969

Yücel Boru was established.

1984

Yücel Boru İhracat İthalat ve Pazarlama was established.

1998

Yücel Boru commenced production at its Gebze factory.

2005

Yücel Boru's Hatay Dörtyol factory commenced production.

2014

Yücel Boru's factory in Osmaniye initiated its production activities.

2015

Yücel Boru's Steel Service Center in Gebze became operational.

2020

The Precision Pipe factory in the GOIZ became operational.



 **ÇAYIROVA** boru

Established in 1979, Çayırova Boru specializes in producing a wide range of pipes made from iron and steel.

Çayırova Boru, long established in its Darıca facilities, expanded in 2019 by acquiring the Hatay Dörtyol factory from the group company Yücel Boru ve Profil Endüstrisi A.Ş., and now continues its production operations across both locations.

The company's product line includes water pipes, oil and natural gas pipes, fire safety installation pipes, concrete pump pipes, drilling pipes, and boiler pipes. Additionally, Çayırova Boru offers internal and external epoxy coating as well as protective paint applications for its pipes.

Committed to maintaining its status as a leading figure in the Turkish pipe sector, the company upholds a production philosophy that never compromises on quality.

**1979**

Çayırova Boru was established.

2019

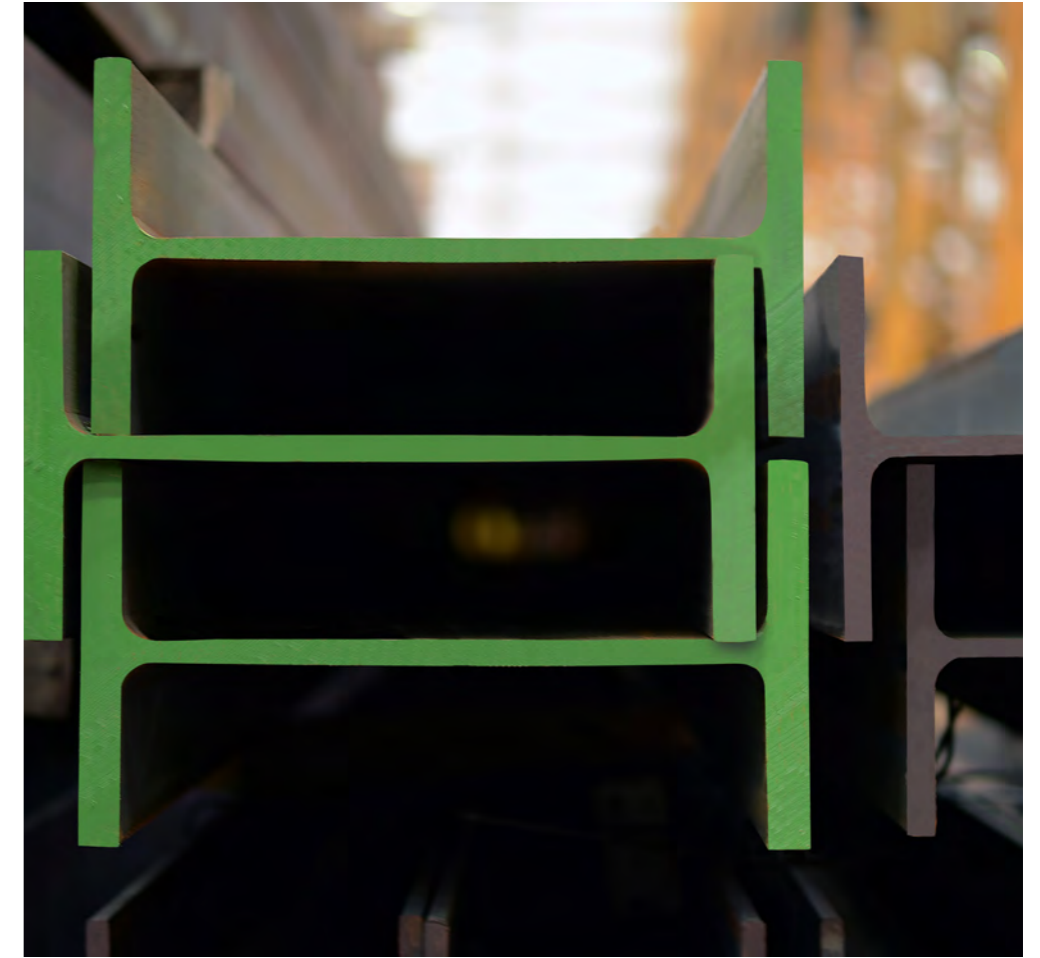
Yücel Boru's Hatay Dörtyol factory was transferred to another Group Company, Çayırova Boru.



ÇELSANTAŞ

Established in 1979, Çelsantaş pioneered the domestic production of equal angles in Türkiye, a product previously imported, thereby becoming a leader in local angle iron manufacturing. With its product range including hot rolling and related raw and semi-finished materials, Çelsantaş through various strategic investments has increased its annual production capacity to 300,000 tons/year.

The company is engaged in the production of equal angles and sections, catering to both the domestic market and exports. It particularly plays a significant role in fulfilling a substantial part of the domestic and international demand for angle iron products. Until 2021, Çelsantaş conducted its production at its factory in the center of Karabük. Since 2021, it has been operating from its new and modern facilities in the Karabük Organized Industrial Zone, to which it relocated in the same year.



1979

Çelsantaş was established.

2014

Çelsantaş obtained EIA Not Required Certificate for Hot Rolling Plant.

2021

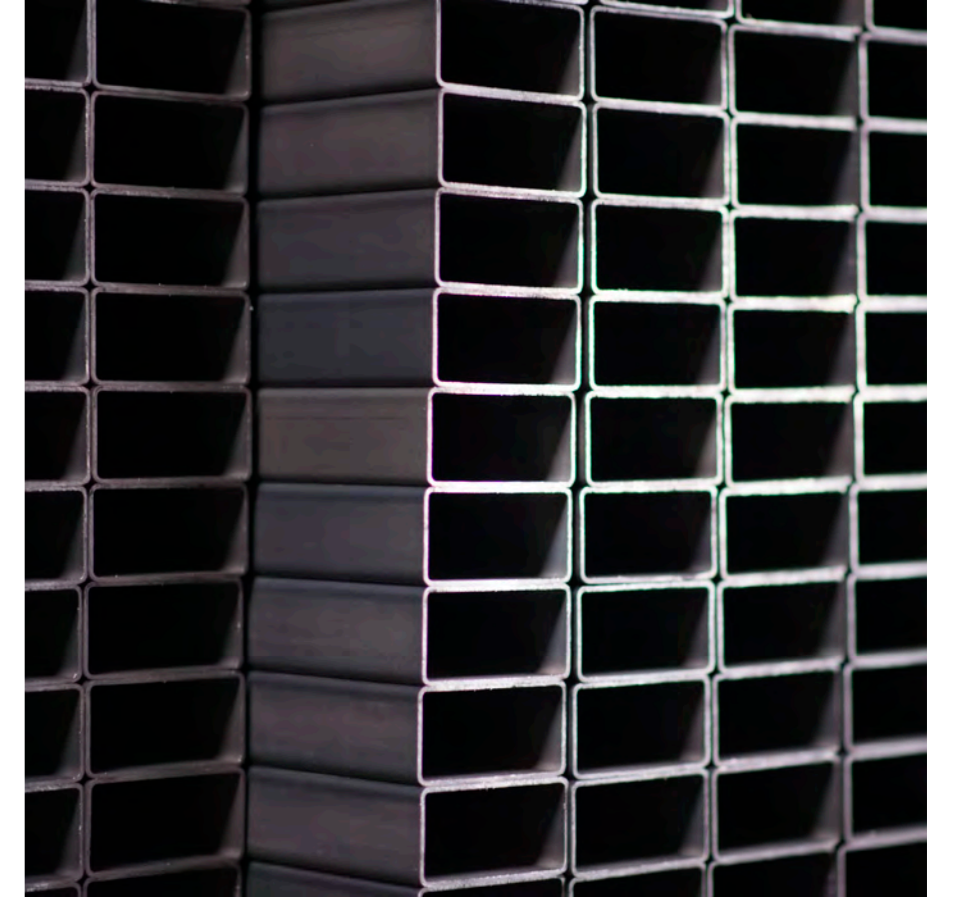
Çelsantaş commenced the production of angle profiles and rolling sections in the Karabük Organized Industrial Zone.

YÜCEL ihracat ithalat

Established in 1984, Yücel Boru İhracat İthalat ve Pazarlama A.Ş. is a group company specializing in exporting the Group's products, conducting international market research, and operating as a foreign trade capital company.

With nearly 40 years of experience and leveraging the strength of its group companies, each a leader in their respective sectors, Yücel Boru İhracat İthalat ve Pazarlama A.Ş. exports over 1 million tons of products annually to 6 continents, playing a pivotal role in directing the Group's international trade.

Yücel Boru İhracat İthalat ve Pazarlama A.Ş. continuously rejuvenates itself with a dynamic team, adapting to global trends, and striving to remain a leading company in its sector. In line with this goal, the company has taken its first step to expand its international activities by opening an office in USA.

**1984**

Yücel Boru İhracat İthalat ve Pazarlama was established.

2023

KRM&YB Investment Company was established in the USA.

DEMTRANS taşımacılık

Demtrans was established in 1993 as a joint venture between Yücel Boru and Kroman Çelik, with a focus on providing logistics services to the industry. The company provides a range of services to Yücel Grup, including port transportation, in-house vehicle maintenance and repairs, inspection services, port loading and unloading, container operations, supervisory services, transportation of imported machinery and equipment, and vehicle and driver rental services. To the wider market, Demtrans offers specialized transportation solutions.

Annually managing transportation operations of 8 million tons, Demtrans reduces vehicle emissions by using Adblue, which lowers the amount of nitrogen oxide in exhaust gases.

The company uses an 'Artificial Intelligence Supported Driver Monitoring and Driving Safety System' in its vehicles, aiming to prevent traffic accidents caused by driver errors and to promote safe driving habits among drivers. Additionally, Demtrans continues its operations effectively with cargo security systems, fuel consumption analysis, and driver trip performance measurements.



1993

Demtrans was established.

2005

Relocated from Darıca to Gebze.

YÜCELeko-tarım

Established in 2017 as a wholly owned subsidiary of Kroman, Yücel Eko Tarım cultivates Altes variety tomatoes, Bora variety wheat, and Gemlik variety olives on its roughly 3,000 decares of land in the Balıkesir-Bandırma region. Furthermore, by leveraging wind and solar energy sources for self-consumption, it develops projects and makes investments in sectors with significant energy demands, including modern agriculture, greenhouse cultivation, cold storage, and the food industry. Yücel Eko Tarım exports its tomatoes to numerous countries with certifications such as Global GAP, GRASP, and ITU which meet international standards.



2017

Yücel Eko Tarım was established and began production.

2021

Yücel Eko Tarım initiated an investment in 36 decares of greenhouse and cold storage.

2022

The initial seedlings were sown in Yücel Eko Tarım's cutting-edge glass greenhouse, which was powered by renewable energy sources, while two 3.4 MW wind turbines were successfully commissioned.



YÜCEL GRUP: TÜRKİYE'S STEEL BRAND

Main Fields of Operation:

Iron & Steel
Agriculture
Energy
Logistics

Fields of Production:

Automotive and Supply Industry
Construction and Building
Household Appliances
Furniture
Machinery and Energy
Agricultural and Construction
Machinery Manufacturing

Production Facilities:

Yücel Boru Gebze Factory
Yücel Boru Precision Tube Factory
Yücel Boru Osmaniye Factory
Yücel Boru Gebze Steel Service Center
Yücel Boru Yeşilköy Steel Service Center
Çayırova Boru Darıca Factory
Çayırova Boru Dört Yol Factory
Kroman Çelik Darıca Factory
Kroman Çelik Gebze Factory
Kroman Çelik Aggregate Production Facility
Kroman Çelik Yücel Çelik Park Investment
Çelsantaş Karabük Factory

YÜCEL GRUP IN FIGURES

As Yücel Grup, we operate in 7 regions of Türkiye with a workforce of up to 4,000 employees:

In 2022, we exported to 94 countries with

375

export customers



In 2022, our exported pipe§ion products accounted for

25%

of Türkiye's total exports

Our total export coverage extends to

114

countries



Our annual production of

435 thousand km

of pipes and hollow sections is equivalent to encircling the Earth 11 times each year.

We are producing

3.5 million tons

of steel





CORPORATE GOVERNANCE

Policies

Efficient Risk Management

Business Ethics and Compliance

Internal Control and Audit



CORPORATE GOVERNANCE

We are committed to generating value for all our stakeholders and prioritize the efficient utilization of our environmental, financial, intellectual, and human resources. By embracing a strategic approach, we ensure that we address not only present needs but also those of future generations. We regularly review and update our activities and their outcomes related to capital elements in alignment with changing needs. Our goal is to optimize the potential for value creation while maintaining a high level of resource efficiency. At Yücel Grup, we are committed to effectively managing our resources, integrating them with innovative solutions, and maximizing our impact and benefits in alignment with our sustainability principles.

We prioritize the implementation of our governance activities in accordance with corporate governance principles, emphasizing independence from individuals, and grounded in rule sets that uphold equality. We collaborate with all our stakeholders to ensure their adherence to the framework of Corporate Governance Principles. We embrace a professional corporate governance approach to efficiently manage both risks and opportunities. In our corporate governance efforts, we urge our interactions with shareholders and stakeholders, our commitment to principles of transparency and public disclosure, and the operations of the Board of Directors. At Yücel Grup, we annually compile the "Corporate Governance Principles Compliance Report," which outlines the compliance status and provides justifications in the context of relevant matters.

Furthermore, we maintain collaboration with our four committees to ensure the Board of Directors fulfills its duties and responsibilities effectively and transparently.

- **Audit Committee,**
- **Corporate Governance Committee,**
- **Early Risk Detection Committee,**
- **Human Resources Committee.**

Our Board of Directors carefully defines the authority, operating principles, and membership structure of our committees. We allocate all necessary resources and provide support to ensure the successful fulfillment of the committees' responsibilities. We bolster their efforts by providing independent expert opinions on the topics relevant to their operations. We document the work of our committees by converting all their activities into written records, scheduling meetings as needed to ensure the effectiveness of their work, and in accordance with the frequencies outlined in their operating principles. After each meeting, we compile the information collected and the recommendations made, presenting them to the Board of Directors for their ultimate decisions.

At Yücel Grup, we consistently adhere to all relevant laws and regulations, ensuring full compliance with legal requirements. We are committed to promoting awareness of competition law and preventing any inadvertent or misinterpreted expressions in commercial processes that could lead to non-compliance with our Group Companies' Competition Law principles.



POLICIES

Environmental Policy

At Yücel Grup, we adhere to the life cycle approach as a core principle in our production processes within the framework of our Environmental Policy. This approach allows us to proactively assess and address the environmental impacts of our products, demonstrating our commitment to environmental responsibility. In this context, we implement proactive measures to minimize waste, prevent pollution at its source, and mitigate any adverse environmental impacts as part of our sustainability efforts. Through our commitment to sustainability and environmental best practices, we strive to leave a cleaner and more sustainable environment for the benefit of future generations.

Occupational Health and Safety Policy

At Yücel Grup, we consider occupational health and safety (OHS) to be an integral part of our company policy, and exhibit exemplary performance in this area. With our Occupational Health and Safety Policy, we continuously strive to take necessary measures and improve working conditions to protect the safety, health, and welfare of our employees and stakeholders in all areas where our companies operate. In line with the needs and expectations of our stakeholders, we aim for excellence in OHS by conducting training, activities, and seminars.

Quality Policy

Through our Quality Policy, we aim to comprehend the expectations and requirements of our customers, enhance customer satisfaction by providing products and services that meet the demanded quality standards, and earn the trust of our stakeholders. Within this framework, we consistently evaluate quality standards and operational processes to identify and implement opportunities for improvement. We remain committed to quality by delivering high-quality products and services and enhancing the success of our operations.

Energy Policy

Through our Energy Policy, developed in line with the principles of “Sustainable Development” and “Clean Energy and Economic Production,” we aim to the efficient utilization of energy resources, the implementation of effective energy management, and the continuous enhancement of energy management systems. We foster energy efficiency awareness among our employees, promoting energy conservation and we make conscious resource selections. We are also dedicated to taking energy efficiency into account when procuring products and equipment and when designing improvements to enhance energy performance. In the future, we aspire to persist in our endeavors to minimize our environmental footprint by advocating for the adoption of clean and sustainable energy, ultimately positioning ourselves as prior in the sector.

Sustainability Policy

At Yücel Grup, we approach sustainability holistically in line with our corporate approach, as outlined in our Sustainability Policy. We strive for continuous improvement in all the priorities and principles we have established on our journey towards sustainability, involving the participation of our Group Companies and our employees. With this vision, we are dedicated to ensuring our environmental, social, and economic performance aligns with global objectives, embracing an ethical and transparent management approach, fostering sustainable growth, and continuously promoting our commitment to the United Nations Sustainable Development Goals (SDGs) alongside our stakeholders.

Human Rights Policy

Through our Human Rights Policy, our objective is to establish an inclusive, fair, and equitable workplace that upholds and respects human rights for all our employees. We aim to ensuring equal opportunities for all our employees, irrespective of their religion, language, race, age, gender, ethnic background, or any other personal characteristic, and to developing strategies through this purpose. We promote diversity and foster an inclusive work environment by nurturing a corporate culture where every individual respects and values human rights.

Corporate Social Responsibility Policy

Through our Corporate Social Responsibility principle, we take on a leading role in creating value for society and all our stakeholders. We actively participate in projects that have a positive impact on the environment, education, health, and various other areas. Our Corporate Social Responsibility Policy empowers us to integrate the social responsibility approach we have adopted into our corporate culture. At Yücel Grup, we are committed to addressing social issues and endeavor to develop effective solutions to enhance societal well-being. We actively participate in social projects aimed at fostering a sustainable future and contributing to social transformation.

Supply Chain Policy

Through our Supply Chain Policy, we strive to conduct procurement and supply chain activities sustainably across all the regions we operate in, nurturing long-term relationships with suppliers based on mutual cooperation and harmony, and offering feedback to contribute to stakeholder development. We expect our suppliers to uphold the utmost standards in their own corporate culture as well as within their local and global supply chains.

Anti-Bribery and Anti-Corruption Policy

We implement an honest, fair, transparent, accountable, and ethical business model founded on corporate governance principles in all industries where we operate and interact, as outlined in our Anti-Bribery and Anti-Corruption Policy. We take measures to prevent the misuse of authority and responsibilities, identify areas of risk where bribery, corruption, and unfair gains may arise, and discourage any conduct that could result in corruption.



EFFICIENT RISK MANAGEMENT

Our Board of Directors adopts an approach in line with the principles of transparency, accountability, fairness, and responsibility, and continues risk management activities with the **Early Risk Detection Committee**, established on the axis of these principles. Through our comprehensive risk management approach, and in alignment with Yücel Grup's "Corporate Principles" and the "Universal Principles of Good Corporate Governance," we formulate policies to identify, assess, and monitor potential risks that could pose threats to our existence, growth, and sustainability. We aim to effectively manage the potential impacts of these risks in accordance with the Group's corporate risk management profile. The objectives of our risk management system include the following;

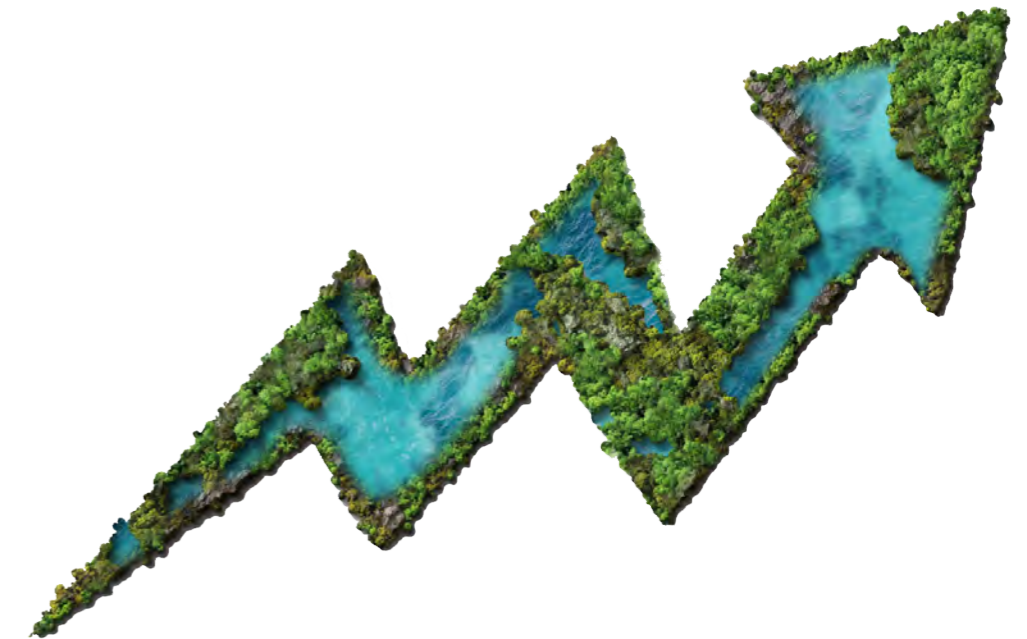
- Strengthen the identification and implementation strategies on a more solid foundation,
- Minimize the risks associated with our operations to an optimal level,
- Achieve enduring sustainability,
- Ensure efficient allocation and utilization of resources,
- Enhance trust among our stakeholders,
- Carry out risk-oriented performance monitoring of our company

To this end, we:

- Carefully assess the balance between benefits and costs and do not accept disproportionate risks,

- Prioritize accountability and employ inclusive methods in our decision-making processes,
- Integrate risk management into our organization systematically and foster it as a part of our corporate culture,
- Continuously adapt to change and development, taking into consideration environmental, organizational, and human factors.

We assess our internal control systems using a risk-focused approach, considering the risks identified during internal audit activities, as well as risk management analyses and associated risk mitigation measures. Through the **Early Risk Detection Committee**, we engage in the early identification, assessment, and calculation of the impact and probability of strategic, operational, financial, legal, and other risks that could pose a threat to the continued existence, growth, and sustainability of Yücel Grup. We also focus on managing and reporting these risks in alignment with the corporate risk profile of the Group. We provide recommendations and proposals to our Board of Directors to implement the necessary measures. Within the Audit Committee, we continuously monitor the performance and efficiency of our internal control system to guarantee its healthy operation. Whenever necessary, we communicate issues and present solutions and recommendations related to risk management and the internal control mechanism to our Board of Directors.



BUSINESS ETHICS AND COMPLIANCE

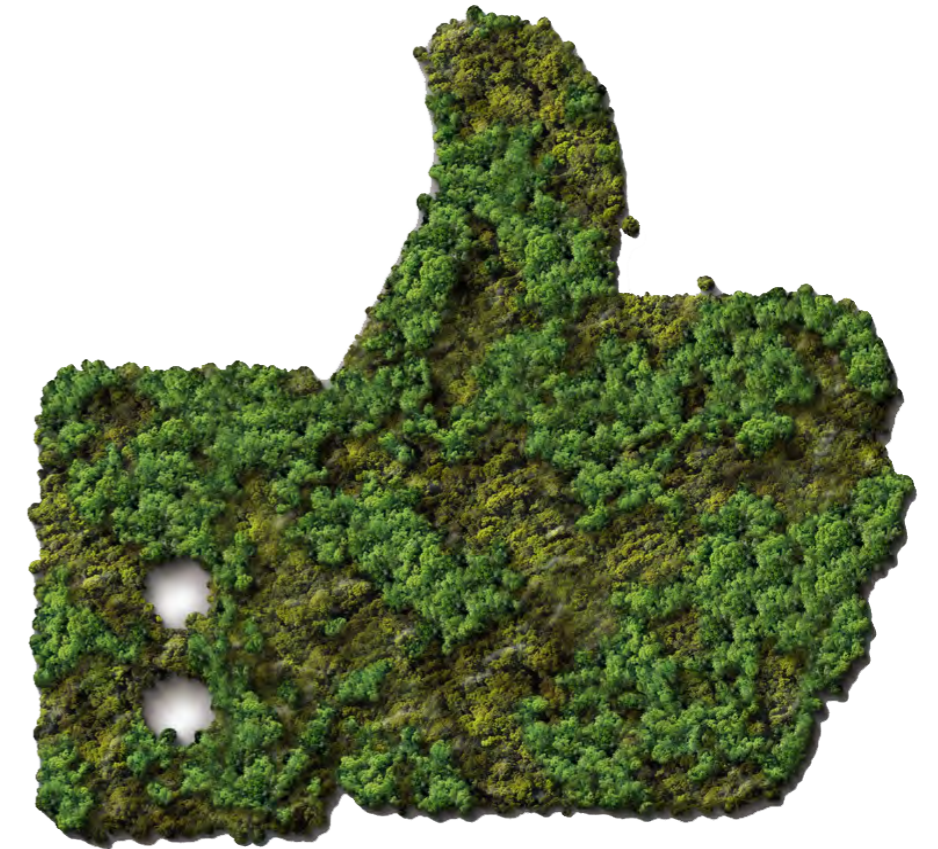
The concept of ethics adopted by Yücel Grup encompasses a comprehensive set of rules that embody our ethical values and principles. At the core of this concept is a commitment to accuracy and honesty. To provide written guidance for the ethical behavior standards expected from our employees and foster an ethical culture within our organization, we have documented these rules in our "Regulation on Ethics and Code of Conduct." We rigorously enforce our Code of Ethics and Conduct, which is applicable to all our employees, along with our internal policies and directives.

We require our managers to communicate the rules outlined in the regulation to our employees in a thorough and precise manner, to regularly oversee compliance with these rules, and to create a secure, trustworthy, and high-quality work environment while safeguarding the legal rights of our employees. Furthermore, we expect our managers to exercise their authority effectively, rejecting any form of discrimination, harassment, or abuse, and to display equitable decision-making in processes such as promotion, recognition, and discipline while upholding our sustainability and ethical guidelines. We also expect them to employ their leadership skills to boost employee motivation and performance.

INTERNAL CONTROL AND AUDIT

Our internal control and audit processes are responsibility by the **Audit Committee**, which reports to the Board of Directors. The main duties of the **Corporate Governance Committee** include evaluating corporate governance, risk management, and internal audit processes, ensuring that the corporate reporting infrastructure is built with accurate and reliable information, and assessing the compliance of all activities with the legislation. We report all our audit processes and related activities to Board of Directors, with the expectation that they will engage in a fair, solution-oriented, guiding, and risk-conscious manner.

As Yücel Grup, we process and protect your personal data in compliance with the Personal Data Protection Law. Your data will not be used for purposes other than with your explicit consent and will not be shared with third parties, except for legal obligations. Our personal data processing policies are transparently shared through the Clarification Text available on our company web pages.





SUSTAINABILITY AT YÜCEL GRUP

Sustainability Journey

Sustainability Strategy

Sustainability Governance Structure



SUSTAINABILITY JOURNEY

At Yücel Grup, we embrace sustainability as the foundation of our business model, identifying our sustainability-linked material topics and addressing them with a strategic perspective. We shape our future sustainability strategy with a strong commitment to the environment and all living beings and manage the environmental, social, and economic dimensions of our operations with an integrated perspective. Our energy activities are driven by our commitment to leaving a more equal, clean, and livable world for future generations. We ensure that all our operations align with our sustainability vision by considering their environmental, social, and economic impacts as a whole.



We adhere to internationally recognized management systems that are aligned with our specific fields of activity within our corporate governance structure. This ensures systematic management of our operational processes, defines the roles, responsibilities, and rights of our employees, maintains our OHS principles,

manages our interactions with stakeholders, upholds information security standards, and addresses our environmental impacts. We consider the aspects related to the systems incorporated into our management structure as a unified whole and facilitate their centralized management.

Company	Certification				
Company	ISO 9001 Quality Management System	ISO 14001 Environmental Management System	ISO 45001 OHS Management System	ISO 27001 Information Security Management System	ISO 50001 Energy Management System
Yücel Boru	✓	✓	✓	✓	✓
Çayırova Boru	✓	✓	✓	✓	
Çelsantaş	✓				
Kroman Çelik	✓	✓	✓	✓	✓

SUSTAINABILITY STRATEGY

As Yücel Grup, we acknowledge global sustainability decisions and international agreements signed by Türkiye are more than just legislative changes. In line with these agreements and decisions, we maintain our commitment to taking swift action and leading projects in the industries we are engaged in. Furthermore, we strive to make meaningful contributions to driving global change by embracing projects that promote sustainability across its environmental, social, and economic facets. We foster open and transparent communication with all our stakeholders to promote bilateral dialogue. Our vision is to take a leadership role in sustainability through innovative solutions, technological advances, and strategic partnerships, with the aim of creating a better world for future generations.

We emphasize the implementation of all the material topics and principles we have identified in the field of sustainability, which is an integral part of our corporate approach. We involve all our Group Companies to contribute to these goals. Through our Sustainability Policy, we intend to align all the activities of our Group Companies with the United Nations SDGs, following our sustainability approach.

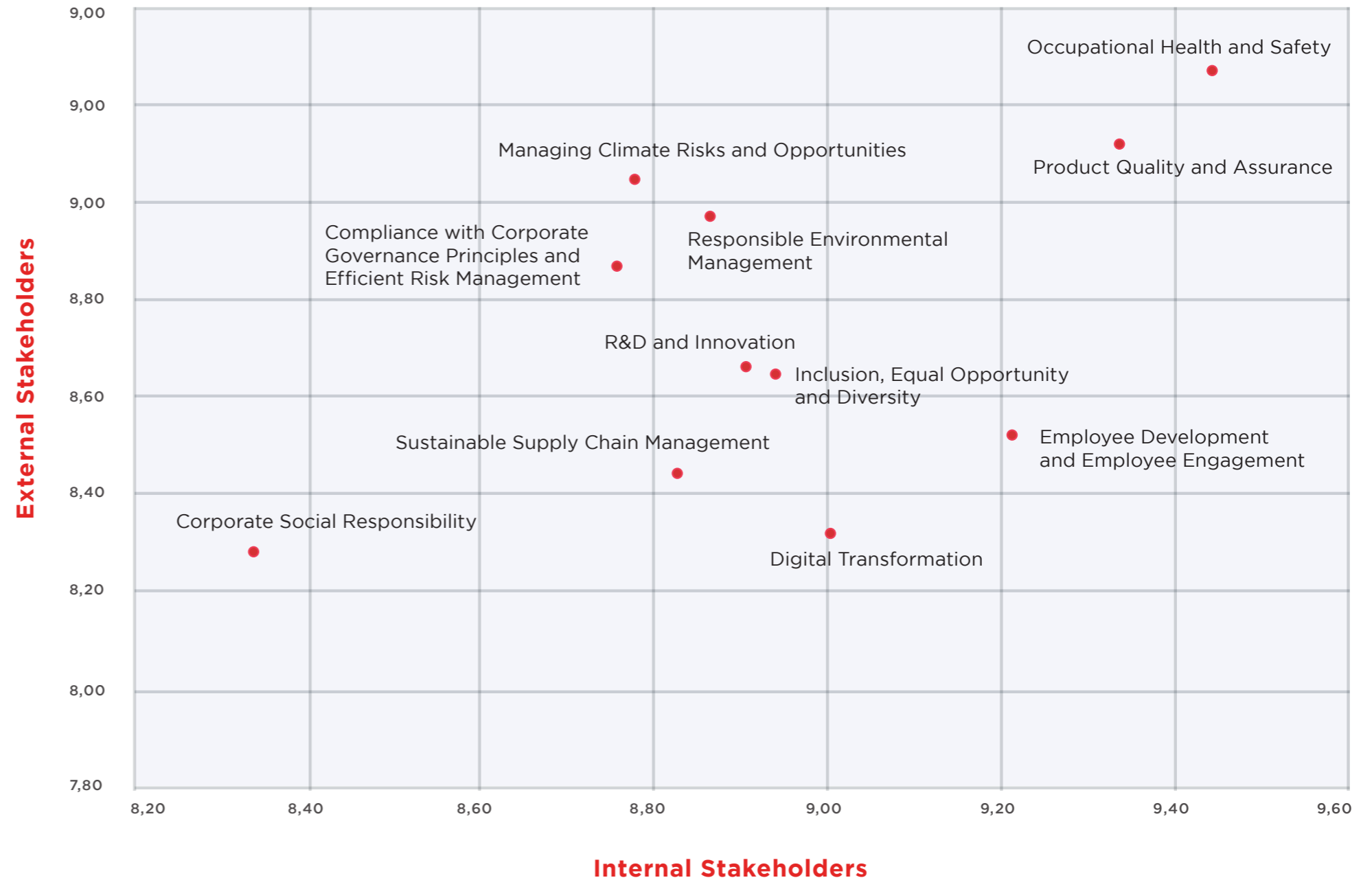


Materiality Analysis

At Yücel Grup, we conducted the “Yücel Grup Sustainability-Linked Materiality Analysis” study to precisely identify the sustainability-linked material topics of our internal and external stakeholders and enhance our business processes accordingly. Conducted through the survey method, this study aimed to ascertain the priority ranking of sustainability issues from the perspectives of both internal and external stakeholders, and thereby understand how sustainability issues are perceived and evaluated both within and outside the organization. The survey results were determined through sector analyses, material topics assessed by the participants, and interviews with Yücel Grup representatives.

Based on the survey results, the following topics were identified as the high-priority material topics by both internal and external stakeholders.

- Product Quality and Assurance
- Occupational Health and Safety
- Sustainable Supply Chain Management
- Compliance with Corporate Governance Principles and Efficient Risk Management
- Employee Development and Employee Engagement
- Digital Transformation
- Responsible Environmental Management
- Managing Climate Risks and Opportunities



Alignment with UN Sustainable Development Goals

We have identified Yücel Grup's common SDGs as SDG-7, SDG-8, SDG-9, SDG-11, SDG-12, and SDG-13 in light of the high-priority material topics we identified based on the results of the materiality survey, the meetings we held with senior management, our activities, and targets.



























To address the common SDGs we have identified, we have established focused sub-working groups within the Yücel Grup Sustainability Governance Structure. Within these focused sub-working groups, we not only concentrate on the common SDGs but also ensure that our initiatives align with all other SDGs. Alongside these common SDGs, we are engaged in initiatives related to other SDGs, tailored to the specific corporate structures and priorities of our Group Companies within their respective industries.

Sustainability Targets

At Yücel Grup, we are on a mission to embed sustainability into our corporate culture. As we plan our future operations, we position sustainability at the core of our business models. Within this framework, we establish sustainability targets for material topics alongside operational objectives. These targets include specific details such as timelines and their relevance to the SDGs. With a proactive approach, we communicate our sustainability vision to all our stakeholders and take a leadership role in sustainability by fostering effective collaboration and innovative solutions.



TARGET YEAR	TARGETS	CURRENT VALUE	TARGET	RELATED SDG
2023	Increase the average training time per employee to 16 hours across all Group Companies	14.20 hours	16 hours	
2023-2030	Increase the ratio of female employees to the total number of employees each year	5.13%	Annual increase	  
2023-2030	Reduce the employee turnover rate by enhancing employee engagement	11.47	Annual reduction	 
2025	Encourage suppliers to establish ISO 9001, 14001, and 45001 management systems	72%	75%	  
2030	Reduce Scope 1 and Scope 2 emissions by 20% per ton of steel product	0.23	0.19	   

TARGET YEAR	TARGETS	CURRENT VALUE	TARGET	RELATED SDG
2023	Reduce the amount of freshwater used by 30%	621,395 m ³	434,977 m ³	 
2030	Increase the amount of renewable energy produced through the planned investments in Solar Power Plant (SPP) and Wind Power Plant (WPP)	1,610,951.04	15,000,000.00	   
2030	Increase the waste recovery rate to 95% across all Group Companies	83%	95%	 
2030	Reduce the accident frequency rate every year compared to the previous year	30.33	Annual reduction	
2030	Contribute to local employment and economy in the region	359.79	395.77	 

SUSTAINABILITY GOVERNANCE STRUCTURE

The Sustainability Management System (SMS) serves as a unifying framework that brings together all stakeholders and streamlines coordination to collectively achieve shared objectives through collaboration. We have implemented a governance structure that enables us to manage sustainability matters, designate responsible individuals at both operational and strategic levels, and effectively monitor them across all our Group Companies through our SMS.

To enhance our sustainability management, we are striving to embed sustainability across all our business operations and keep abreast of the latest developments to seamlessly integrate them into our practices. Accordingly, we have established a robust sustainability governance structure with reporting capabilities that extend to senior management. Through this established structure, our goal is to proactively manage sustainability matters and guide Yücel Grup toward the attainment of its sustainability targets.





ACTING FOR THE PLANET

Combating Climate Change
Energy and Emissions Management
Water Management
Waste Management
Biodiversity
Sustainable Supply Chain



ACTING FOR THE PLANET

We strive to reduce the adverse environmental impacts stemming from our production and logistics operations. We consider our environmental sustainability efforts to be among our material topics, aiming to take proactive measures against these impacts. Each action we undertake to mitigate adverse effects on the environment contributes to the goal of creating a better and sustainable world for future generations. To this end, we assess, appraise, report, and oversee the environmental management practices at all our facilities. These practices are categorized into areas such as combatting climate change, managing energy and emissions, water consumption and discharge processes, waste management, biodiversity conservation, and promoting a sustainable supply chain. We implement remedial measures based on the outcomes of our assessments.

We consistently analyze and enhance our processes to promote eco-friendly production. Under the ISO 14001:2015 Environmental Management System, we conduct our operations in accordance with both national and international legislation and regulations. Accordingly, we continuously monitor our environmental data and risks, taking proactive measures to mitigate any potential risks we identify. Thanks to these working principles, we operate in full compliance with environmental laws and regulations, resulting in no nonconformities or regulatory issues in our facilities.

To enhance the environmental awareness of all our stakeholders, we provide annual environmental training sessions focused on environmental protection and climate change. We also distribute informative materials to disseminate knowledge and engage in stakeholder awareness campaigns. With the respective of change starts within us, we incorporate sustainability topics into our orientation training for all employees. We strive to make this information readily available to our employees at all times through handbooks distributed after the training. To instill environmental awareness in children, who are a crucial part of our society, we actively participate in local activities within provinces as part of World Environment Day, celebrated on June 5. Through these initiatives, we strive to set a positive example for all our stakeholders, leading the way toward collective change. We encourage our stakeholders to enhance their environmental awareness and corporate engagement, with the goal of fostering change both at the societal and individual levels.



COMBATING CLIMATE CHANGE

We combat climate change by our efforts to improve environmental impact values. Each day, we progress towards being one of the exemplary companies working for greener production and more responsible resource management. We evaluate and work on improving our contribution to fighting climate change in various areas such as energy and emissions, water and waste management, and transportation. We also consider indirect effects such as our impact on biodiversity and the impacts of our suppliers, and take steps to achieve better processes.

As part of our commitment to combat climate change, Yücel Grup assesses the greenhouse gas emissions resulting from our company's operations, analyzes their impact and scope, and conducts risk and opportunity assessments. We utilize these analyses to inform our strategic decision-making and adapt our targets accordingly. We invest in renewable energy sources to meet our growing energy requirements and actively work to reduce the environmental impacts associated with our energy consumption. We prioritize the responsible management and efficient utilization of our natural resources to ensure the preservation of the entire ecosystem. We are committed to efficiently managing and recovering water in our production processes through various projects aimed at reducing water consumption. We assess all waste materials that can be integrated into the circular economy. For those that do not fit this model, we ensure responsible

and sustainable waste management in alignment with the waste hierarchy. In doing so, we strive to minimize our environmental impacts that contribute to climate change as much as possible.

At Yücel Grup, we engage in sectoral activities with organizations like the Iron and Steel Producers Association, World Steel Association (World Steel), the Ministry of Environment, Urbanization and Climate Change, and the Ministry of Industry to combat climate change and we share our sector-specific insights and experiences during these regular meetings.



ENERGY AND EMISSIONS MANAGEMENT

We give importance the measurement, monitoring, and reduction of energy and emission values, implementing various projects to enhance energy efficiency in alignment with both national and international legislation and standards. We reinforce energy efficiency initiatives with the Energy Management System we have established. We consistently monitor and document energy-intensive resources as part of our management system, conduct reporting and assessment activities, and strategize to ensure the effective utilization and conservation of our energy resources. We manage our energy efficiency initiatives through the Energy Committee, which we have established to analyze potential savings, identify and implement action plans.

In 2022, within Yücel Grup, we achieved an electricity saving of

8,584,157 kWh/year

and a reduction of

3,777 tons CO₂/year

Furthermore, the projects we have undertaken have resulted in the following accomplishments:

Energy savings of

428,395 kWh/year

(188.5 tons/year CO₂) through the conversion to LED lighting

.....

Energy savings of

2,750,000 kWh/year

(1,210 tons/year CO₂) through the replacement of the existing compressor with a turbo compressor

.....

Electricity savings of

3,110,571 kWh/year

(1,368.7 tons/year CO₂) through the elimination of compressed air leaks

Our SPPs commissioned at our group companies in 2017 have generated a total of 9,406,661.10 kWh of electricity by the end of 2022, and

1,610,951.04 kWh in 2022.

In the future, we plan to finalize the project for generating electricity from EAF flue gas, which is part of our short-term investment plans. With our SPP and WPP investments, our goal is to increase our renewable energy production by 2030 and contribute to SDG-7, SDG-9, SDG-12, and SDG-13. Based on the projects we plan to implement, we expect to save 146,143,088 kWh/year of electricity and reduce carbon dioxide emissions of 64,303 tons/year by 2035.

Our objective is to establish effective energy management through the completion and continuation of projects in our Group Companies with high energy consumption.



Completed Projects

Elimination of Compressed Air Leaks

Energy Type: Electricity

Related Material Topic: Responsible Environmental Management, Occupational Health and Safety

Project Description: An ultrasonic leak detector was employed to identify and eliminate leaks in the compressor room, main compressed air distribution lines, and other critical points. We also made the decision to conduct routine inspections in order to proactively prevent any potential new leaks from arising.

Achievement:

Potential savings: 3,110,571 kWh/year
CO₂ emissions: 1,369 tons/year



Replacement of Existing Compressors with Turbo Compressors

Energy Type: Electricity

Related Material Topic: Responsible Environmental Management, Sustainable Supply Chain Management

Project Description: To meet the compressed air requirements of the facility more efficiently, we decided to invest in a centrifugal type compressor, replacing the oil-injected screw compressor, with a focus on energy savings.

Achievement:

Energy savings: 17%
Potential savings: 2,750,000 kWh/year
CO₂ emissions: 1,210 tons/year



LED Conversion

Energy Type: Electricity

Related Material Topic: Responsible Environmental Management, Sustainable Supply Chain Management

Project Description: We replaced the existing fixtures with more energy-efficient LED fixtures.

Achievement:

Potential savings: 428,395 kWh/year
CO₂ emissions: 188 tons/year



Ongoing Projects

Revision of Horizontal and Vertical Ladle Heating Systems

Energy Type: Natural Gas

Related Material Topic: Responsible Environmental Management, Product Quality and Assurance

Project Description: The flame levels of the burner system in the ladles were replaced with a proportionally adjustable system.

Achievement:

Energy savings: 10-30%
 Potential savings: 750,000 m³/year
 CO₂ emissions: 980 tons/year



Absorption Chiller

Energy Type: Electricity

Related Material Topic: Responsible Environmental Management

Project Description: We achieved cooling by employing an absorption chiller that utilizes waste heat from the dry cooling system, replacing individual air conditioners.

Achievement:

Potential savings: 1,260,000 kWh/year
 CO₂ emissions: 554 tons/year



Horasan Solar Power Plant

Energy Type: Electricity

Related Material Topic: Combating the Climate Crisis and Transition to a Zero-Carbon Economy

Project Description: With the aim of increasing the utilization of renewable and clean energy, we plan to establish a solar energy facility with an installed capacity of 80 mWm/65mWe-75.3 hectares, with 145,470 panels, in the Horasan district of Erzurum province. Our primary goal is to enhance energy efficiency.

Achievement:

Potential savings: 141,306,690 kWh/year
 CO₂ emissions: 62,175 tons/year



As energy consumption has risen in tandem with increased production across the Group over the past three years, we are diligently striving to procure energy in the most environmentally friendly manner possible. In this context, we have increasingly met our energy requirements from renewable sources to mitigate the adverse environmental effects associated with energy consumption.

Energy Consumption				
	Unit	2020	2021	2022
Electricity Consumption	GJ	4,860,461.12	4,895,761.09	4,815,971.72
Natural Gas Consumption	GJ	1,758,433.58	1,857,478.13	2,203,060.36
Other	GJ	632,326.44	624,773.48	681,163.96
Total Energy Consumption	GJ	7,251,221.14	7,378,012.70	7,700,196.05

Thanks to the adoption of best practices in our steel production, our direct emissions are **93%** lower than those generated by blast furnaces and **19%** lower than traditional electric arc furnace systems.

*World Steel data for 2021

Acknowledging the significance of renewable energy, we support the utilization of eco-friendly energy sources and actively invest in this regard. Yücel Eko Tarım has a 6.8 MW capacity WPP, and Yücel Boru Yeşilköy facilities are equipped with an SPP boasting an installed capacity of 980 kW. We are assessing possibilities for the incorporation of renewable energy into our additional facilities, and we are actively engaged in SPP projects.

We conduct our operations in strict alignment with our Energy Policy, which is publicly available. This approach adheres to both national and international energy regulations and standards. We remain steadfast in our commitment to function efficiently without sacrificing comfort, engage in projects to enhance efficiency and promote awareness, engage in ongoing monitoring and enhancement, and consider energy performance as a pivotal factor in product and service procurement.

Our energy management efforts actively contribute to the reduction of emissions. Within the Group, we

employ a continuous emission measurement system at designated locations to consistently monitor and report the compliance of our flue gas emissions with prescribed emission limit values. We conduct routine inspections on all our flue systems and systematically execute planned maintenance tasks. Through our efforts to reduce our carbon footprint, we have succeeded in reducing the specific energy required to produce one ton of liquid steel by 15% since 2010. Our goal by 2030 is to achieve a 20% reduction in both Scope 1 and Scope 2 emissions per ton of steel product. This aligns with our commitment to operate in accordance with SDG-7, SDG-9, SDG-12, and SDG-13.



WATER MANAGEMENT

To promote efficient water utilization and protect water resources, we maintain continuous monitoring and enhancement of our operations while working to reduce our water footprint. Within this framework, we undertake a range of initiatives, including the utilization of closed-circuit water systems, studies on gray water, resource management efforts, and thorough leakage controls to preserve and protect natural resources.

To enhance water efficiency and establish effective water management, we have implemented closed-circuit cooling water systems wherever possible in all of our operations, preventing water losses. With a commitment to reducing our water footprint across Yücel Grup and making a beneficial impact on the ecosystem, we are actively devising projects aimed at reducing our clean water consumption by 30%. These initiatives are aligned with SDG-6 and SDG-12. Furthermore, as part of our circular economy efforts, we employ dry cooling technology to prevent evaporation losses in our steel mill cooling system, and we have established a closed system for the recovery of all water, thus conserving this vital resource. Thanks to these initiatives, we have successfully conserved 205,000 m³ of make-up water annually since 2015.

Furthermore, we conduct routine inspections of our water systems to preempt any potential leaks, and



Water Consumption*

	Unit	2020	2021	2022
Total Water Consumption	m ³	440,219.40	521,799.80	621,395.03
Recovered Water**	m ³	39,609.00	43,219.00	69,413.00

* Despite the proportional growth of our total water usage in line with increased production capacity and investments, by implementing innovative industry practices, we have achieved a 21% reduction in the amount of water required to produce one ton of steel compared to the 2010 figures. This approach has not only enhanced the sustainability of our water management but has also made a meaningful contribution to the preservation of natural resources.

** Data from Kroman Çelik, Çayırova Boru (Darıca), Yücel Boru (Gebze) and Yücel Eko Tarım facilities.

we prioritize the adoption of dry cooling in new cooling water projects when suitable operational conditions can be met. We collect blowdown water from open-type cooling towers into a pool, where it is subsequently reused. In 2018, we transitioned from using sand filters for water preparation to automatic backwash filters, resulting in substantial water savings of approximately 115,000 m³ annually. Within our reverse osmosis (RO) plant, we have implemented a secondary RO unit that recovers waste from the entire RO system, significantly boosting our water resource savings.

Through our concerted efforts, we have successfully reduced our water usage per unit product across the Group, and we have effectively eliminated the generation of industrial wastewater at our Kroman Çelik facilities. Our future plans include a reduction in the consumption of clean water resources and the exploration of using water discharged into the sea via

municipal wastewater treatment outlets. Through this initiative, our aim is to shift from utilizing the finite and fluctuating water resources in the basin to obtaining reclaimed water from wastewater, which offers an abundant and uninterrupted supply. Consequently, we intend to establish a consistent water supply for our production processes that remains unaffected by climatic conditions and drought. Domestic wastewater produced at our facilities is subject to advanced biological treatment in plants managed by the corresponding municipalities before being released into the receiving environment. Throughout this process, we strictly adhere to legislation, causing no harm to natural environments such as soil and groundwater, and effectively averting the generation of industrial wastewater. We subject the wastewater we discharge to regular analysis by accredited laboratories, ensuring continuous monitoring and adherence to legislative requirements.

WASTE MANAGEMENT

Across all our Group Companies, we have implemented robust waste management practices to facilitate proper sorting, storage, recovery, or disposal of waste. Furthermore, we are actively developing projects aimed at minimizing the environmental impact of waste. At all our facilities, we employ suitable collection equipment to segregate waste at the source, and subsequently, we ensure its transfer to licensed facilities for either waste recovery or proper disposal in alignment with our legal obligations. We carry out improvement projects geared toward boosting waste recovery and endorse endeavors aimed at promoting recovery, embracing the principle that no output should go to waste. Within this framework, we are committed to enhancing our recycling rate to 95% by the year 2030, which currently stands at around 83% across all our Group Companies.



Amount of Waste

	Birim	2020	2021	2022
Hazardous Waste	tons	28,741.86	32,434.46	28,907.23
Non-Hazardous Waste	tons	312,296.97	354,171.86	352,353.62
Waste Sent to Recovery	tons	116,513.76	375,063.88	315,460.60
Waste Sent to Disposal	tons	224,525.07	11,542.43	65,800.24
Total Waste	tons	341,038.83	386,606.32	381,260.84

Among all our Group Companies, hazardous waste accounted for 8% of the total waste generated in 2022, with the remaining 92% classified as non-hazardous waste.

Beyond our operational compliance with regulations and the awareness fostered by our activities, we are dedicated to instilling environmental consciousness in all our employees on a personal level through regular environmental training sessions. Furthermore, we meet all the requisites for the “Basic Level Zero Waste Certificate” in every one of our Group Companies, fully complying with the obligations outlined in the



Zero Waste Regulation. By 2030, our goal is to boost our waste recovery rate to 95%, aligning with our commitment to support SDG-9 and SDG-12. In 2007, we established the nation's first slag landfill facility within the Group as a measure to incorporate our waste into the circular economy. In 2019, we obtained the essential permits and certifications for the recovery and utilization of slag as an aggregate, commencing aggregate production as a result. Leveraging our SAP system infrastructure, we maintain real-time online monitoring of waste and undertake initiatives aimed at waste reduction. Through the digitization of our processes, we have reduced the use of paper waste, transitioned from individual printers to centralized printing solutions, and minimized our waste toner generation.

Furthermore, we have embarked on various initiatives to clean the seas, underscoring our commitment to the idea that environmental progress is a shared and collective value. In 2021, we actively participated in the efforts to address the mucilage issue in the Marmara Sea. Specifically, at Kroman Çelik Port, we gathered around 550 kg of mucilage waste from the shoreline and transported it to facilities authorized by the Ministry of Environment, Urbanization, and Climate Change. Furthermore, on the World Environment Day in 2022, we collaborated with the primary school students in our region, joined by a diver, to raise awareness about environmental concerns. Together, we conducted a cleanup of both the seabed and the shoreline in Tavşancık harbor. Throughout the event, we efficiently collected and sorted approximately 30 kilograms of waste, predominantly consisting of plastics, metals, paper-cardboard materials, and cigarette butts. These items were appropriately disposed of in the designated waste containers.



We actively engage in several circular economy initiatives, driven by the recognition that waste recovery is a crucial measure in our efforts to minimize waste:

- ✓ **Kroman Çelik collaborates with authorized companies to recover zinc metal from the flue dust generated within its facility.**
- ✓ **We send the recyclable waste generated in our Group Companies to authorized facilities.**
- ✓ **As part of our product conformity certificates in accordance with TS 706 EN 12620, TS EN 13043, and TS EN 13242 standards, we make use of aggregate as a by-product.**
- ✓ **We utilize waste from the aluminum industry as an alternative to chemical slag former.**
- ✓ **We recycle the metal scrap generated from various activities at our dedicated recycling facility within the Group.**
- ✓ **We repurpose mill scale, a waste product from the production phase, as a raw material in various facilities due to its high iron oxide content.**

We prioritize the careful management of hazardous chemicals, which play a crucial role in raw material management. In doing so, we assess the risks associated with these chemicals and ensure their proper storage in compliance with safety regulations. We implement the necessary preventive measures to mitigate the risk of leaks and spills in areas where hazardous chemicals are used, and we maintain readily accessible safety data sheets in strategic locations.

We adhere to all required procedures in compliance with the PPE legislation. Whenever possible, we opt for non-hazardous or less hazardous chemicals, and we manage the disposal process, ensuring full compliance with all applicable legislation and regulations for end-of-life or product waste. By following these practices, we establish the necessary conditions to minimize any adverse effects resulting from the use of chemicals, benefiting both life and the environment.



BIODIVERSITY

Production activities can induce environmental changes that potentially reduce biodiversity and degrade the habitats of various life forms. At Yücel Group, we assess all our operations with the aim of mitigating both direct and indirect harm to the environment. Consequently, we implement measures to safeguard biodiversity and the natural world. Based on our evaluations, we maintain ongoing monitoring of our outputs, scrutinize them in the context of improvement initiatives, enact essential precautions, and provide comprehensive reporting on our actions. In this context, we aspire to safeguard biodiversity and bequeath a more promising world to forthcoming generations via our circular economy initiatives, efficient stewardship of natural resources, including energy and water, waste reduction, and our endeavors to combat climate change. Furthermore, grounded in our belief in the potential for transformation, we strive to enhance our processes. We consistently emphasize to our stakeholders the importance of acting with environmental sensitivity and we encourage them to mitigate their direct and indirect impacts, as we work towards this objective.

We ensure that our facilities are not constructed in locations designated as special protection zones.

We consider biodiversity-related aspects in our investment projects and incorporate them into our Environmental Impact Assessment Reports.

We conduct thorough assessments to analyze the effects of our projects on biodiversity.



SUSTAINABLE SUPPLY CHAIN

Beyond our commitment to clean production, we incorporate sustainable practices into our supply chain processes and systematically assess the sustainability initiatives of our suppliers throughout our supply chain. Within this framework, we categorize our suppliers into the groups of “ideal supplier,” “fit supplier,” “potential supplier,” and “unfit supplier,” using the assessment system implemented through SAP across all our Group Companies. As part of the scoring system, we construct a supplier portfolio by assessing sustainability criteria, including whether suppliers possess certifications related to quality, environmental standards, occupational health and safety, energy management, and adherence to ethical behaviour guidelines, as well as the effectiveness of their safety management system.

In supplier selection, we prioritize ethical values in addition to sustainability considerations, ensuring full compliance with our Ethical Conduct Regulation and Competition Law by all our suppliers. Suppliers failing to adhere to these values, irrespective of their supplier scores, are documented in our supplier blacklist form, leading to the termination of our business relationship with them.

Aligned with our sustainability principles, we oversee our procurement procedures with a focus on local suppliers, emphasizing SDG-1 and SDG-8, thus contributing to local employment and the regional economy.



As part of our sustainable supplier management, we have expanded our local purchases, increasing them by nearly 20-fold in TL terms since 2013. Moreover, we aim to elevate the percentage of our suppliers holding ISO 9001, ISO 14001, and ISO 45001 certifications from 72% to 75% by 2025, aligning with our dedication to contributing to SDG-12, SDG-13, and SDG-17.





ACTING FOR THE PEOPLE

Human Resources Approach
Inclusion, Equal Opportunity and Diversity
Employee Engagement
Talent and Career Management
Occupational Health and Safety



At Yücel Grup, our commitment to sustainability extends beyond environmental concerns to encompass our dedication to serving our employees. We operate with the awareness that our employees are our most valuable asset. The welfare, development, and satisfaction of our employees are central to the corporate values of our Group. We believe that creating a supportive and inclusive work environment is crucial, not only for the success of our business but also for the contentment of our employees and the enhancement of our brand's value. With this goal in mind, we prioritize our employees' needs and desires, striving to build a shared synergy based on a profound sense of unity.

Toward a sustainable future where individuals flourish and achieve their full potential with Yücel Grup!

HUMAN RESOURCES APPROACH

As a prominent player in the Turkish metal industry, we consistently expand our capacity through strategic investments while placing paramount importance on our most precious asset – our workforce. We appreciate the contributions made by our employees, who consistently deliver high performance and offer innovative perspectives across all our Group Companies. We embrace an egalitarian, inclusive, modern, and fair vision that respects the human rights of all stakeholders engaged in our activities. At Yücel Grup, we show attention to developing gender-neutral, inclusive practices in various areas, including recruitment processes, career development, promotions, work-life balance, remuneration, and fringe benefits.

The fundamental principles of our Human Resources Policy include providing a working environment that upholds human rights, adhering to OHS standards, and continually enhancing social justice and employee rights. We strictly adhere to a zero-tolerance policy towards forced and child labor. We respect our employees' rights to unionize and join unions, supporting the principles of collective bargaining and contracting within the bounds of applicable laws.

We implement a fair remuneration policy that applies to all employees across our Group Companies. Our

recruitment process is centered on identifying and hiring qualified candidates with the competencies necessary for each job position. We foster a strong communication and motivational environment that encourages employees to share their knowledge and creative ideas. We place a strong emphasis on the continuous personal and professional development of our employees by identifying their training needs and facilitating growth through digital methods.

Through the Human Resources Committee, we oversee the management and assessment of relevant activities within our organization. During 2022, the Committee convened six meetings to deliberate on a range of human resources matters, encompassing topics such as the digitalization of employee data and the structuring and enhancement of group training initiatives. We also engage in activities that involve disseminating information on human resources practices across Group Companies, facilitating coaching sessions for employee development, overseeing the performance evaluation procedure, and ensuring adherence to wage regulations.



Employee Profile

Our highly skilled human resources are the primary driving force behind our success in the sectors where we operate. As of 2022, Yücel Grup employs around 4,000 individuals and 700 subcontractor personnel in total. Approximately 94.54% of our employees are aged below 50. The 22.46% of our workforce under the age of 30 reflects our youthful and dynamic profile, characterized by a strong desire to learn and a commitment to personal and professional growth.

94.54%
of our workforce is
under the age of 50,
out of around
4000
employees.

Recruitment Process

We implement a comprehensive Recruitment Policy to meet the human resources needs of all our Group Companies. Through this policy, we aim to attract specialized human resources to join Yücel Grup and become our partners in achieving sustainability goals. We conduct our recruitment activities by posting job vacancies on various internet portals. Additionally, we review the resumes submitted through our corporate website and extend interview invitations to candidates who meet the necessary qualifications.

When positions become available within the Group, we initially assess potential candidates from current employee base. We provide sustainable career development opportunities for our employees through our internal placement strategy. Additionally, we make sure that our newly hired employees participate in suitable orientation programs that have been collaboratively designed by our Human Resources departments and the respective business units. Through these programs, our target is to ease our employees' transition into their roles and duties, decrease turnover rates, and provide them with a comprehensive understanding of our policies, organizational structure, production processes, social rights, responsibilities, working conditions, OHS, and environmental considerations within our Group Companies.

INCLUSION, EQUAL OPPORTUNITY AND DIVERSITY

At Yücel Grup, we are proud of our employee-centric and innovative human resources approach, and we are committed to continuously providing the best for our employees. We actively incorporate our dedication to the principles of equal opportunity, diversity, and inclusion into every aspect of our operations. We promote an organizational culture that values individual differences and ensures equal opportunities for all employees, regardless of their gender, ethnicity, age, religion, and other characteristics. Through our commitment to inclusion and our active promotion of diversity, we aim to foster a work environment where diverse perspectives are valued, ideas are freely exchanged, and every individual experiences a sense of belonging. We also care gender equality and human rights in the development of strategies.

We emphasize open communication and employ various mechanisms, including feedback channels, suggestion platforms, and grievance procedures, to ensure that the voices of our stakeholders, particularly our employees, are heard. We utilize these mechanisms to drive ongoing improvements in the operations of our Group Companies and elevate them to higher standards. At Yücel Grup, we maintain a zero-tolerance policy regarding all forms of discrimination and harassment, and we proactively address and prevent such behaviors. We have established efficient communication channels to track and respond to feedback promptly, ensuring effective solutions to any issues that may arise.

In addition to our internal efforts, we also expect from our suppliers and subcontractors to prioritize and uphold high standards of human rights awareness. We implement the required measures to ensure that our stakeholders adhere to regulations in accordance

with this principle, and promptly address any nonconformities that arise. We proactively address potential violations and reinforce our commitment to safeguarding human rights across our entire supply chain.

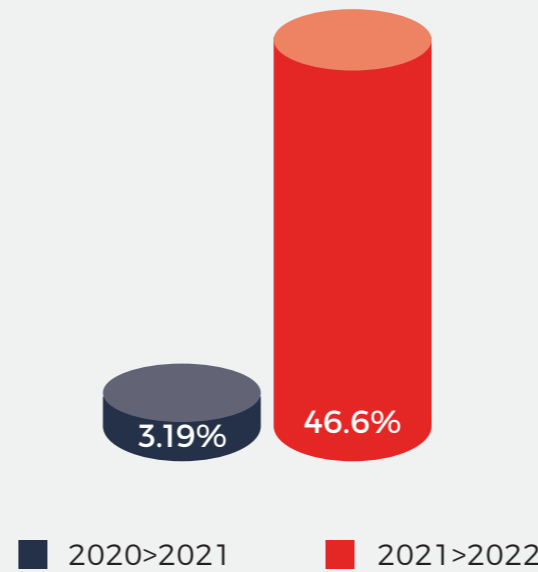


We place significant emphasis on promoting gender equality and increasing the representation of female employees, recognizing that the share of women in our Group Companies is lower due to the nature of the industries in which we operate. We conduct webinars focused on promoting gender equality to raise awareness throughout the Group. Our commitment to gender equality is reflected in our increased share of female employees in 2022 compared to the previous year.



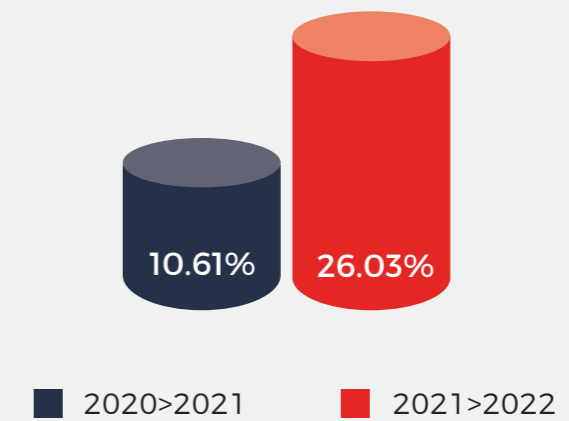
Over the past year, we have succeeded in increasing the share of female employees in all our Group Companies by 1.63%. We increased the ratio of female employees to male employees from 3.50% in 2021 to 5.13% in 2022. 21,57% of our new recruits in 2022 were women. We are actively working with the goal of increasing the number of women in our workforce.

Percentage Growth of Female Employees Relative to Male Employees



We endeavor to create an inclusive working environment that supports and empowers individuals with disabilities across all our Group Companies. We foster an inclusive work culture where our employees with disabilities can develop, emphasizing their unique talents. We increased the number of disabled employees by 10.61% in 2021 compared to 2020 and by 26.03% in 2022 compared to 2021. We aim for our disabled employees to contribute to our Group's success with their skills and expertise by aiming to remove barriers and promote inclusivity through accessible facilities and effective policies.

Percentage Growth of Disabled Employees



EMPLOYEE ENGAGEMENT

We are committed to creating a sustainable and thriving work environment by actively promoting employee engagement. We acknowledge that employees with a high sense of belonging are not only more productive and innovative but also play an important role in attaining, long-term success. At Yücel Grup, we are working for fostering a culture of empowerment in which each employee feels appreciated, heard, and motivated to give their utmost. Our goal is to enhance employee satisfaction, loyalty, and overall well-being through active participation in decision-making processes, offering professional growth and development opportunities, and encouraging a healthy work-life balance. By implementing robust employee engagement programs and maintaining an ongoing dialogue, our aim is to cultivate a strong sense of belonging and commitment, creating a work environment where our employees can improve and play an active role in advancing the sustainable future of our Group.

Our department managers conduct regular competency-based performance evaluations using objective criteria, and we reward outstanding performance by acknowledging and recognizing it. Annually, in November and December, we conduct performance evaluations based on scientifically defined competencies established across our Group Companies. Our employees undergo evaluations by their managers on an A-E scale, and individuals fulfill specific criteria are eligible for promotions in January and June.

We prioritize the children of our employees and provide internship opportunities to high school and university students. We assess the performance of successful interns who complete their programs, and if they answer the necessary criteria, we offer them employment opportunities within the company.

We value the complaints and suggestions from our employees, and we take them seriously. When we receive feedback, we carefully review it, we implement action plans and measures to address the issues raised.



TALENT AND CAREER MANAGEMENT

Offering suitable career development opportunities that align with employees' skills and potential is a crucial factor for the sustainable success and longevity of companies. Talent and career management practices enable companies to expand, attract talented individuals who can conduce innovation, and enhance the commitment of their professional workforce. With the effective talent and career management strategy we implement at Yücel Grup, we strive to cultivate a supportive and fulfilling work environment in which our employees can improve and realize their full potential.

We employ scientific methods to evaluate training needs and proactively engage in career planning to offer professional growth opportunities for our workforce. We work to enhance a culture of creativity and innovation, utilizing the knowledge and experience of our stakeholders to generate valuable ideas. Our commitment extends to enhancing employee satisfaction and sustaining business success, all while upholding our values of respect for individuals and the environment. Our training programs are thoughtfully designed, taking into account employee requests and assessments from our HR and department managers. We provide our employees with diverse options, offering both online and in-person training to answer their specific learning needs.

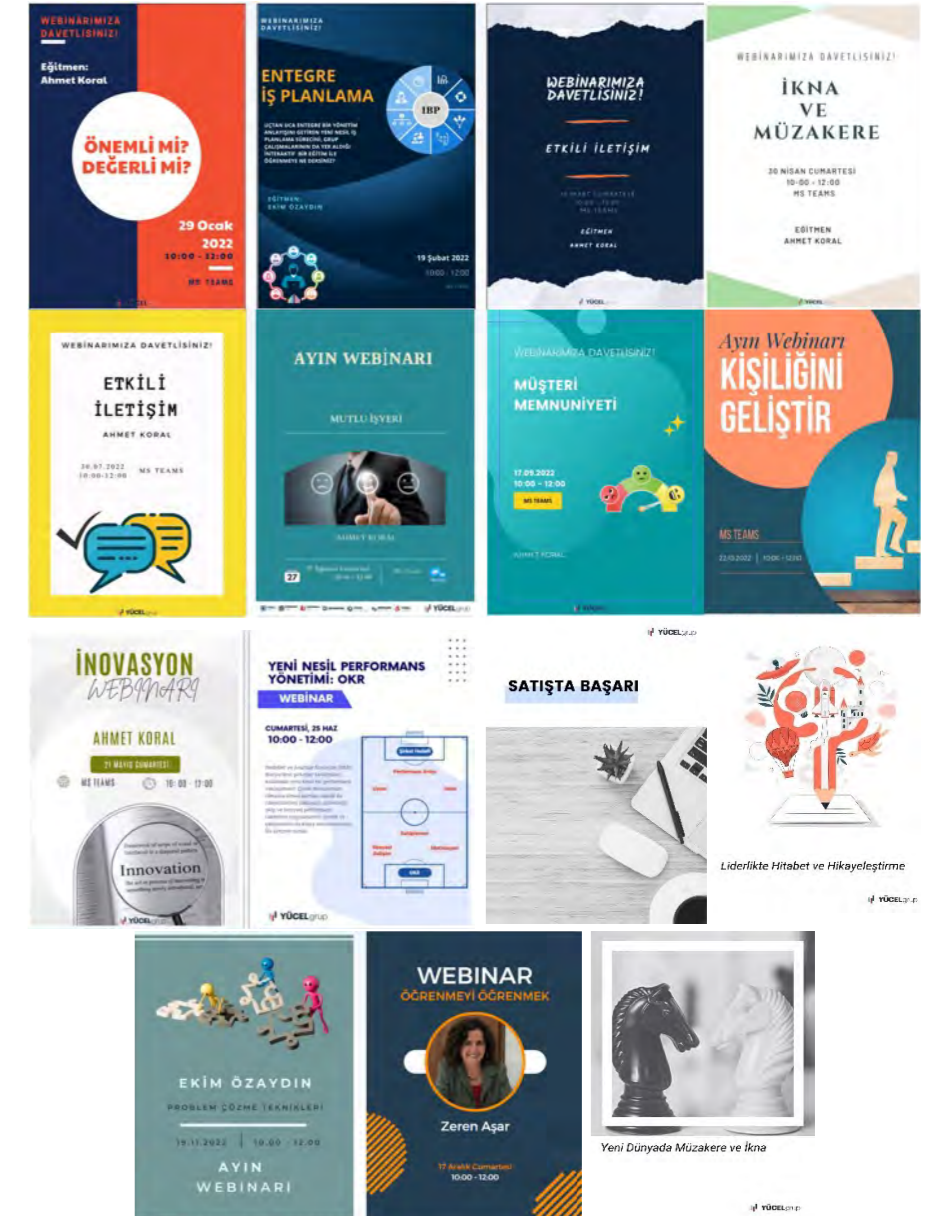
Our online training system features content that is continually updated to align with current requirements across various domains. Additionally, we have integrated an award system to acknowledge and reward the achievements of our employees.

To support our employees in enhancing their knowledge and skills at their convenience, we conducted a total of 400 online training sessions in 2022. In 2022, our employees accessed the E-Learning Portal and completed a total of 5,018 training sessions. Out of the 5,018 training sessions, 1,135 were attended

by blue-collar employees, and 3,883 were attended by white-collar employees. The substantial increase in the number of blue-collar and white-collar employees who received training in 2022 compared to the previous year demonstrates our commitment to continuous development.

We prioritize not only the training of our internal stakeholders but also ensure that our suppliers and subcontractors receive training on OHS and environmental practices before they commence work in our facilities. We collaborate with leading industrial organizations and private institutions to organize training sessions and webinars on various topics, including technical skills, language proficiency, leadership, and mentoring. In 2022, 23 employees participated in leadership and coaching trainings, reflecting our strong commitment to these essential development areas. 11 of these employees were women. Our active engagement with educational institutions goes beyond training sessions. We actively share knowledge and insights with academics and students through technical excursions, reinforcing our commitment to the industry's development.

Through our internship programs, we offer pre-graduate and undergraduate students the opportunity to gain practical experience in our Group Companies, helping them apply and expand the knowledge and skills acquired during their internships. We provide our interns with the chance to immerse themselves in the actual business environment of the industry. This not only assists in their career development but also helps them uncover their talents and potential through valuable feedback. During our selection process, we prioritize the children of our employees, local high school students, and students from esteemed universities. In 2022, our highly popular intern program allowed us to meet 51 students to the world of business within Yücel Grup.



OCCUPATIONAL HEALTH AND SAFETY



We prioritize compliance with legal regulations, international standards, and ethical principles in our Group Companies, placing significant importance on OHS in all our work areas. Our Group's Occupational Health and Safety Policy reflects our commitment to continuous improvement and the demonstration of successful practices in line with our dedication to workplace safety. Recognizing that occupational OHS is a shared responsibility, we support the active participation of our employees in setting targets in line with our policies.

In our OHS approach, we focus on continuous improvement and enhancement principles in accordance with regulations and standards. We effectively manage our activities by adopting fundamental principles such as proactive risk assessment and mitigation, supply of appropriate protective equipment, incident investigation, root cause analysis, corrective and preventive measures, inspection, and reporting, with the contributions of our operational and managerial level employees. We regularly conduct daily and monthly inspections, continuously evaluate our performance through monthly meetings and annual review sessions. With our effective practices in the sectors we operate, we stand out and successfully implement the ISO 45001 Occupational Health and Safety Management System.

Trainings provided within the scope of OHS:

- ✓ On-boarding orientation trainings
- ✓ Fundamentals of OHS and periodic OHS trainings
- ✓ Training on working at heights
- ✓ OHS training following a workplace accident
- ✓ First aid training
- ✓ Training on working in confined and restricted spaces
- ✓ Risk assessment training
- ✓ Machine safety training
- ✓ Training on the maintenance and installation/assembly of ex equipment
- ✓ OHS training for department/position changes
- ✓ Training on the Prevention of Major Industrial Accidents Regulation
- ✓ Defensive driving training
- ✓ Hazardous substance awareness training

We collaboratively perform extensive risk assessments for all operations with our risk assessment teams, consistently designing training initiatives to enhance OHS awareness and cultivate a safety-oriented culture. Within our Group Companies, we schedule OHS training sessions based on the legislation, ensuring that they align with the hazard classifications and their respective timelines. We organize OHS-themed events at our facilities to reinforce safety awareness. We take an active role in OHS committees within organizations such as the Turkish Employers' Association of Metal Industries (MESS), the Turkish Steel Producers' Association (TÇÜD), and the World Steel Association. We leverage their expertise and assistance to improve working conditions and share our sector-specific knowledge.

We regularly conduct environmental and personal exposure measurements. We place significance on our OHS initiatives to safeguard not only our employees but also all potential stakeholders who could be impacted by our operations. We enforce rigorous safety measures, which include compulsory OHS training, risk assessments, and health evaluations for every employee entering production sites.

One of the sustainability goals we have established is the commitment to “reduce the annual accident frequency rate every year until 2030”, reflecting our approach to OHS. Thanks to our “Road to Zero Accidents” approach, we’ve achieved a significant milestone: no fatal accidents or occupational diseases have occurred among our employees in any of our Group Companies in the last three years. Furthermore, we actively engage our staff in OHS management through OHS Committees and our employee suggestion system. We implement safety measures to prioritize employee well-being across all our operations, establish goals to prevent workplace accidents and occupational illnesses, and proactively strive to achieve them. We disseminate the Occupational Health and Safety Policy to all our stakeholders and promote transparent communication through suggestion boxes. We offer around at all hours healthcare services, ensuring that our employees and stakeholders at our factory site can receive medical examination and counseling support. We also offer comprehensive health insurance coverage for all our employees.



ROAD TO ZERO ACCIDENTS

Our dedication to achieving zero accidents is evident in the corrective measures we undertake as part of our sustainability initiatives in the field of OHS.

Hazard Identification and Risk Analysis:

We proactively engage all employees in identifying potential hazards and evaluating risks within our facilities. We promptly address identified risks

through the utilization of hazard notification cards, field audits, and our OHS Risk Assessment software.

Genel Bilgiler		Etki / Zarar	
Alt Faaliyet no	16235	Ham puan	40
Tanımlama	MISAFİR / 3.ŞAHIS İŞLETME İÇİ GEZİLERİ	Şiddet	40) Öldürücü kaza / Ciddi çevresel zarar
Tehlike grubu	ORGANİZASYON	Frekans	2) Sık değil (Ayda bir veya bir kaç defa)
Tehlike	GENEL ORGANİZASYON	Olasılık	0.5) Beklenmez ama mümkün
Tehlike tanımı	KONTROLSUZ GİRİŞLER	Puan	40
Yasal mevzuat	6331	Risk	OLASI RISK
İlgili talimat	GENEL İŞ TALİMATI		
Giriş Tarihi	1.01.2019		

Tarih	Tanımlama
1.01.2019	İŞLETMELERE GİREN HERKESE İSG VE ÇEVRE KURALLARI BROŞÜRÜ TEBLİĞ EDİLMEKTEDİR.
1.01.2019	İŞLETMELERE GİREN HERKESE İSG VE ÇEVRE EĞİTİMİ VERİLMEKTEDİR.
1.01.2019	MISAFİR/3.ŞAHIS İLGİLİ BÖLÜM NEZARETİNDE İÇARİ ALINMAKTA DİR.
1.01.2019	İŞLETMELERE GİREN HERKESE İLGİLİ BÖLÜM GEREKLİ KKD (BARET, İKAZ YELEĞİ, VB.) VERMEKTEDİR.
1.01.2023	YDL VE YAYA GÜVENLİĞİ YAPAY ZEKA DESTEKLİ KAMERALAR İLE KONTROL EDİLMEKTEDİR.

Continuous Improvement & Technological Solutions:

We have integrated an AI-powered platform with our current facility cameras. As a result, our OHS teams can identify imperceptible hazards and take proactive measures to prevent potential occupational accidents. This allows our teams to receive real-time risk notifications, facilitating 24/7 immediate interpretation and intervention. Alongside the OHS Platform, we have installed intelligent proximity alarm systems and rearview cameras at crucial locations

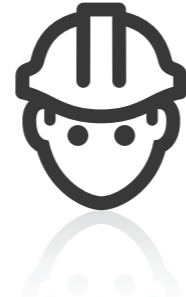
within our facilities, considering the movements of both work equipment and pedestrians. These sensors serve as an added layer of protection by warning individuals about potential hazards and thereby reducing the risk of accidents. We also employ the SAP system for the monitoring of routine equipment inspections, ensuring that the respective department authorities are automatically notified about the process.

BASIC ARTIFICIAL INTELLIGENCE



Area Controls

- Minimum number of workers
- Maximum number of workers
- Crane area
- Machine restricted area
- Static restricted area
- Time restricted area
- Light controls
- Fire line
- Machine area
- Safe lifting
- Ambient lighting



PPE Controls

- Helmet
- Reflective jacket
- Gloves
- Goggles
- Arc flash suit
- Armband
- Mask
- Ear protection
- Respiratory mask



Vehicle Controls

- Speed limit
- Vehicle PPE use
- Working around moving vehicles
- Vehicle operation area
- Vehicle restricted area
- One-way traffic



Behavioral OHS

- Pedestrian path tracking
- Grouping
- Climbing
- Working at height
- Contact with electric area
- Use of railing
- Access to the vehicle
- Running



Emergency (Nearby)

- Fire detection
- Smoke detection
- Employee fall



Pandemic

- Social distance
- Face mask



Tidiness & Order

- Cleaning of pedestrian paths
- Cleaning of vehicle roads
- Leakage and spillage
- Abandoned object
- Open/Closed leaks

GRI 3-3, GRI 403-1, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7

Continuing Training:

We organize both theoretical and practical training sessions conducted by professional instructors to adhere to national regulations. Additionally, we provide our employees with online training in industry-specific knowledge and emergency procedures.

Emergency Safety Measures:

We have implemented fire alarm systems, passive fire stops, and automatic gas extinguishing systems in all our facilities. Each shift is equipped with a fully equipped fire truck and professional firefighters. We also conduct earthquake resistance checks and establish search and rescue teams to minimize damage in case of earthquakes, which are likely to occur throughout our country.

Thanks to the artificial intelligence modeling used by Demtrans, one of our Group Companies providing group logistics services, we can not only instantly monitor and alert drivers using in-vehicle cameras in our long-haul vehicles but also gather performance data from our drivers. In accordance with this data, we recognize and reward employees who have the best performance with gift vouchers, thus promoting safe driving practices among all our employees.





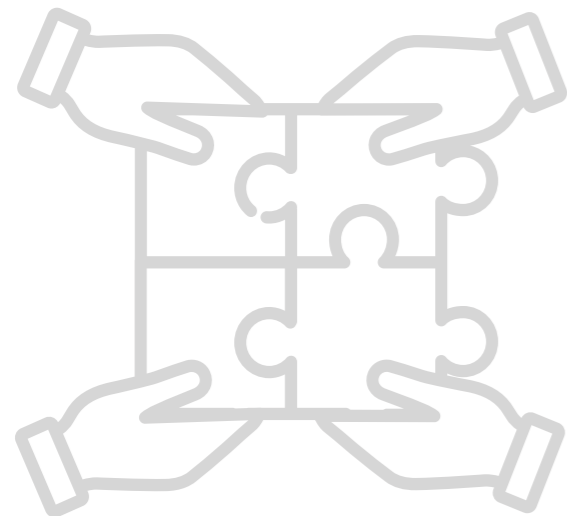
ACTING FOR THE SOCIETY

Stakeholder Communication
Customer Satisfaction
Corporate Social Responsibility
Memberships and Collaborations

STAKEHOLDER COMMUNICATION

At Yücel Grup, we place great importance on building trust-based collaborations with our external stakeholders, both at the national and international levels, as well as with our employees, who are fundamental stakeholders. We consider ongoing and transparent communication as the cornerstone of these relationships. Therefore, we consistently provide updates on Yücel Grup's work and advancements to our stakeholders, in line with dedication to responsible production. We also devise communication methods that facilitate feedback and input from our stakeholders.

The basic communication methods we use in our stakeholder relations are listed in the table on the right.



Stakeholder Group	Communication Method	Stakeholder Group	Communication Method
<p>▶ Employees (Including trade unions)</p>	<ul style="list-style-type: none"> • Written/verbal communication between managers and employees • Performance feedback • Employee engagement surveys • Intranet • Collective labor/contract negotiations • Training and development programs 	<p>▶ Host Communities (Neighbors)</p>	<ul style="list-style-type: none"> • Meetings and personal communication • Participation in social and environmental assessments • Suggestion and complaint mechanisms • Forums • Conferences • Field visits • Surveys • Community development committees and dashboards • Socio-economic programs • Foundations and partnerships
<p>▶ Customers</p>	<ul style="list-style-type: none"> • Meetings and written/verbal communication • Field visits • Common product development efforts • Website • Conferences 	<p>▶ Non-Governmental Organizations (NGOs) and Multinational Organizations</p>	<ul style="list-style-type: none"> • Meetings and personal communication • Participation in multi-stakeholder initiatives • Partnerships • Social/community/other assessments • Forums • Conferences • Surveys • Participation advisory councils
<p>▶ Suppliers/Contractors</p>	<ul style="list-style-type: none"> • Meetings and personal communication • Global and regional supplier summits • Local contribution partnerships • Social responsibility partnerships • Participation in contractor safety programs and continuous improvement initiatives 	<p>▶ Media</p>	<ul style="list-style-type: none"> • Meetings • Contact via phone and e-mail • Interviews • Company website • Press releases • Regulatory applications • Presentations/publications • Field visits • Social media
<p>▶ Public Institutions and Supervisory/Regulatory Organizations</p>	<ul style="list-style-type: none"> • Meetings and written/verbal communication • Responses to requests for information • Participation in events and forums • Collaboration on government/industry campaigns and programs • Annual audits • Regulatory applications • Operations • Field visits 	<p>▶ Group memberships and sectoral associations</p>	<ul style="list-style-type: none"> • Meetings and personal communication • Active participation as board members • Conferences • Participation through business bodies • Sectoral initiatives
<p>▶ Shareholders</p>	<ul style="list-style-type: none"> • Annual and quarterly reports • Regulatory applications • Annual general assembly meeting • Contact by phone, e-mail, website, and mail • Regular meetings 		

CUSTOMER SATISFACTION

We recognize the importance of fostering robust communication and business relationships to effectively meet customer needs and expectations, considering it a vital factor for sustained company success. Since our establishment, we have consistently prioritized customer satisfaction by placing our customers at the core of our operations. In this context, we regularly conduct customer satisfaction surveys and carefully evaluate the results as part of our quality management initiatives. Each year, we hold customer meetings to engage with our clients and discuss the latest innovations in our industry. We also document our daily phone calls and on-site customer visits through a customer relations management portal, sharing this information with all relevant departments and welcoming their suggestions for improvement. We are dedicated to addressing incoming complaints promptly and continuously strive to reduce their frequency.

We are currently engaged in a project to enhance customer satisfaction through the development of our customer portal. In line with this objective, we continuously strive to enhance the user experience and provide additional interfaces for our customers, making it simpler for them to access order-related information.

CORPORATE SOCIAL RESPONSIBILITY

Contribution to society and support for sustainable development are essential components for ensuring the long-term sustainability of organizations. As a Group aiming for leadership in our industries, we place significant emphasis on engaging with stakeholders to develop projects aligned with the needs and expectations of our stakeholders. To achieve this, we collaborate with various institutions and organizations. We place importance on touching human lives in every area such as the iron and steel products, pipes, and profiles we manufacture, enabling the construction of earthquake-resistant buildings and installations with the products we produce. We work to create lasting values focused on social development.

Since our establishment, we have been continuously developing impactful projects aimed at ensuring quality education, which we consider a fundamental cornerstone of social development. In collaboration with the Ministry of National Education, we have taken the initiative to construct four schools (Kroman Çelik Primary School, Yücel Boru Science High School, Mustafa Gökşen Anatolian High School, and Kayseri Osman Yücel Primary School) thus providing access to education for numerous students. We remain committed to supporting our students, just as we have in the past. Additionally, we are enhancing the library of Kroman Çelik Primary School with new publications to encourage the intellectual growth of the students at Kroman Çelik Primary School. We also offer students

opportunities to participate in sports, science, cultural, and artistic activities, and we are committed to the principle of providing equal opportunities for all, along with offering material support.

In 2022, Yücel Grup Companies continued their commitment to enhancing the well-being of the communities in the areas where we operate by focusing on social development. Just as in previous years, we proceeded our scholarship program to support primary, middle, and high school students. We have provided support for the special formulation soilless agriculture project which will increase the role of women in the workforce implemented by the Darıca District Governorship. In 2022, we extended our support to various organizations as part of our broader social responsibility initiatives, as listed below:

- Darıca Family Healthcare Center,
- Emek Mahallesi 100.Yıl Secondary School,
- Darıca Halide Edip Primary School,
- Gebze Fatih State Hospital,
- Karabük Gazi Mustafa Kemal Primary School within the scope of the Sponsor School project of the Ministry of National Education and Karabük Governorate,
- Yücel Boru Science High School.

As Yücel Grup, within the framework of our corporate social responsibility approach, we place importance on education and provide scholarship opportunities for students to support their educational lives.

Future CSR goals:

Training and Talent Development

- Supporting children and young people in convenient access to high-quality education
- Establishing programs to promote access to pre-school education
- Promoting the widespread use of information and communication technologies in the field of education



Healthcare

- Enhancing access to healthcare services
- Offering assistance programs for healthcare facilities and medical professionals
- Assisting in the procurement and enhancement of medical equipment
- Promoting the expansion of healthcare facilities in areas with limited access to medical services



Social Equality and Human Rights

- Developing projects to safeguard human rights and prevent discrimination
- Developing projects on diversity and inclusion



MEMBERSHIPS AND COLLABORATIONS

We collaborate to keep our Group Companies informed about the current situation in the national and international market, latest industry trends and practices. We are committed to preserving our current memberships, which collectively work towards advancing the steel industry. Additionally, we aim to expand our memberships to various platforms that align with our values, emphasizing our dedication to environmental, employee, and social well-being.



CURRENT MEMBERSHIPS

Bandırma Chamber of Industry	İTO - İstanbul Chamber of Commerce
Bandırma Chamber of Commerce	Karabük Chamber of Commerce and Industry
BESİAD - Association of Fastener Industrialists and Businesspeople	Kocaeli Chamber of Industry
Bluesign	Port Operators's Association of Türkiye
ÇEBİD - Steel Pipe Manufacturers Association	MESS - Turkish Employers' Association of Metal Industries
Steel Foreign Trade Association	Osmaniye Chamber of Commerce
ÇİB - Steel Exporters' Association	Province/District Directorates of Agriculture
Dörtyol Chamber of Industry and Commerce	TÇÜD - Turkish Steel Producers Association
Gebze Chamber of Commerce	TİM - Türkiye Exporters Assembly
GOSB Chamber of Industry	TMMOB Chamber of Food Engineers
GOSB Chamber of Commerce	TUCSA - Turkish Constructional Steelwork Association
İDDMİB - İstanbul Ferrous and Non-Ferrous Metals Exporters' Association	TURKTRADE - Foreign Trade Association of Türkiye
İMMİB - İstanbul Mineral and Metals Exporters' Association	YİSAD - Flat Steel Exporters and Industrialists Association
İSO - İstanbul Chamber of Industry	SEDEX - Sustainable Supply Chain Solutions



ACTING FOR THE FUTURE

R&D, Innovation, and Digitalization



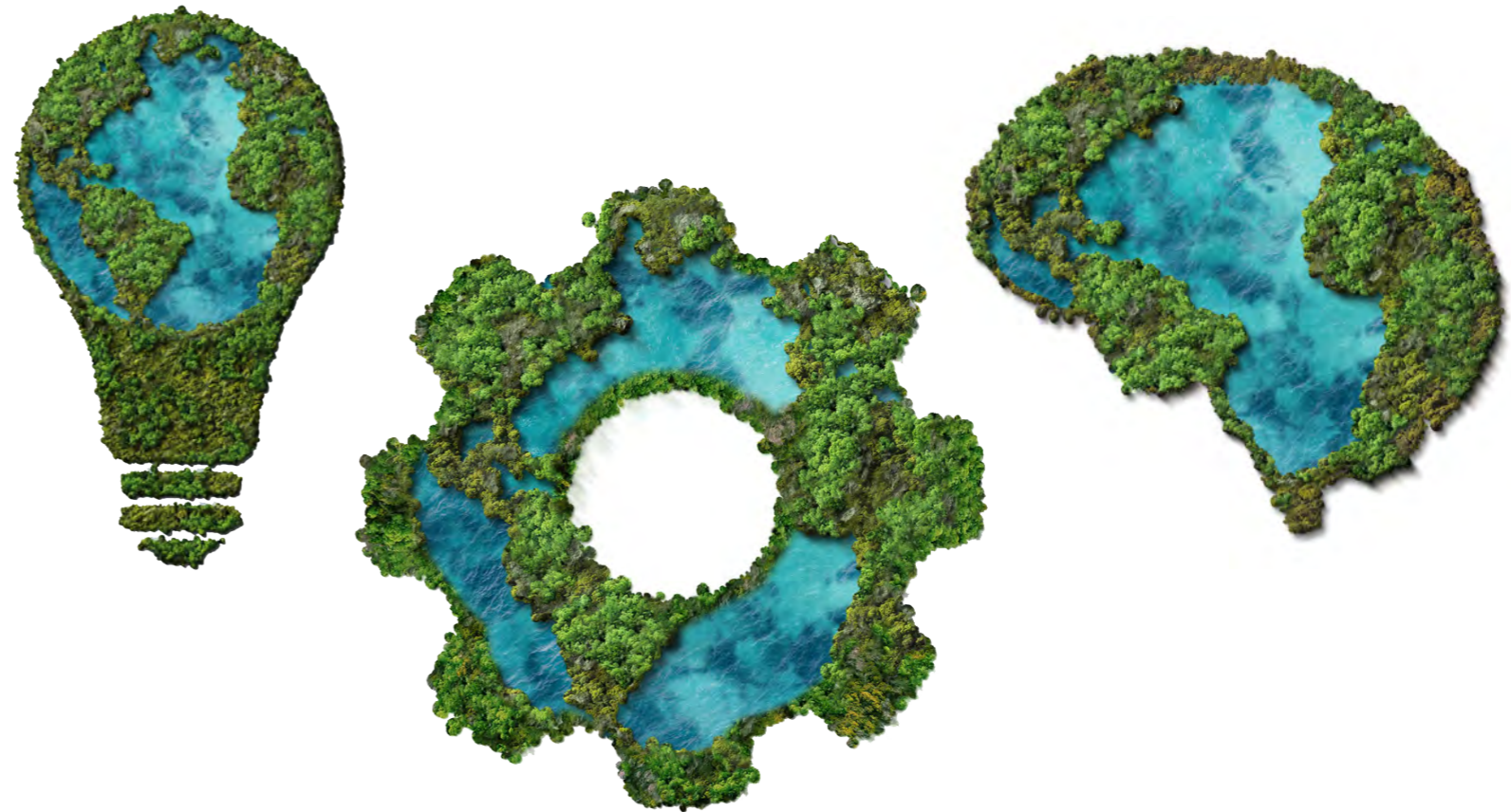
R&D, INNOVATION, AND DIGITALIZATION

We place great importance on the contribution of research and development (R&D), innovation, and digitalization to sustainable growth and consistently integrate these principles into the operations of all our Group Companies. To enhance our products, services, and operational efficiency, we foster an innovative culture, promote creativity, and align with our digital transformation-oriented strategy. Our investments in R&D activities, promotion of innovative thinking, and utilization of advanced technologies enable us to tackle global challenges and create value, thus contributing to a more sustainable future.

We continuously enhance our R&D and innovation initiatives and capitalize on the opportunities presented by digitalization. We prioritize occupational safety and digital transformation, working toward establishing a sustainable workforce through 24-hour AI-powered inspections. This innovative approach enables us to proactively identify and mitigate potential risks and hazards, ensuring the safety of our employees while also enhancing our operational efficiency. We streamline our operations and enhance resource planning and decision-making processes through the use of advanced technologies like SAP and RPA (Robotic Process Automation).

Our ongoing S/4 Hana transformation for the SAP system is enhancing supplier selection evaluation reports and improving the customer experience by providing easy access to order information through the updated customer portal. The utilization of E-Transformation has reduced waste generation by simplifying invoice and bill of lading processes. We also prioritize process automation to facilitate

efficient demand management and approval procedures through a unified system. Thanks to our robust enterprise resource planning systems, we ensure that relevant stakeholders have easy access to fundamental data. We actively maintain our ISO 27001 Information Security Management System Certificate by conducting regular tests to mitigate cyber-attacks and uphold rigorous information security standards.





ANNEXES

Performance Indicators
GRI Content Index



PERFORMANCE INDICATORS

SOCIAL PERFORMANCE INDICATORS

DIRECT EMPLOYMENT	2020		2021		2022	
Female	99		110		170	
Male	2,820		3,033		3,143	
Total	2,919		3,143		3,313	

TOTAL WORKFORCE BY AGE GROUP	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
18-30	25	539	34	620	52	692
30-50	69	2,163	71	2,264	111	2,277
50+	5	118	5	149	7	174
Total	99	2,820	110	3,033	170	3,143

GENDER DISTRIBUTION IN MANAGEMENT		2020	2021	2022
Senior Management	Female	5	6	6
	Male	58	60	57
	Total	63	66	63
Mid-Level Management	Female	23	29	24
	Male	81	99	108
	Total	104	128	132
TOTAL NUMBER OF EMPLOYEES WITH DISABILITIES		2020	2021	2022
Female		3	2	12
Male		63	71	80
Total		66	73	92

ENVIRONMENTAL PERFORMANCE INDICATORS

Energy Consumption (GJ)	2020	2021	2022
Energy Consumption	4,860,461.12	4,895,761.09	4,815,971.72
Natural Gas Consumption	1,758,433.58	1,857,478.13	2,203,060.36
Other	632,326.44	624,773.48	681,163.96
Total Energy Consumption	7,251,221.14	7,378,012.70	7,700,196.05

Water Management (m ³)	2020	2021	2022
Total Water Consumption	440,219.40	521,799.80	621,395.03
Recovered Water*	39,609.00	43,219.00	69,413.00

* Data from Kroman Çelik, Çayırova Boru (Darıca), Yücel Boru (Gebze) and Yücel Eko Tarım facilities.

Waste Management (tons)	2020	2021	2022
Hazardous Waste	28,741.86	32,434.46	28,907.23
Non-Hazardous Waste	312,296.97	354,171.86	352,353.62
Waste Sent to Recovery	116,513.76	375,063.88	315,460.60
Waste Sent to Disposal	224,525.07	11,542.43	65,800.24
Total Waste	341,038.83	386,606.32	381,260.84

GRI CONTENT INDEX



CONTENT INDEX
ESSENTIALS SERVICE

2024

Yücel Grup has reported in accordance with GRI Standards for the period between January 1, 2022, and December 31, 2022.

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the English version of the report.

GRI Standard	Disclosure	Page numbers, descriptions, and/or URL	Exclusions
GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021			
Corporate Profile, Corporate Governance, and Effective Risk Management			
GRI 2: General Disclosures 2021	2-1 Organizational details	Corporate Profile, p.6	-
	2-2 Entities included in the organization's sustainability reporting	About the Report, p.3 Message from the Senior Management, p.4 Group Companies, p.8-17	-
	2-3 Reporting period, frequency, and contact point	About the Report, p.3	-
	2-4 Restatements of information	This is Yücel Grup's first sustainability report.	-
	2-5 External assurance	The sustainability report has not received external assurance.	-
	2-6 Activities, value chain, and other business relationships	Yücel Grup: Türkiye's Steel Brand, p.18-19	-
	2-7 Employees	Employee Profile, p.49	-
	2-8 Workers who are not employees	Employee Profile, p.49	-
	2-9 Governance structure and composition	Corporate Governance, p.20-25	-

GRI Standard	Disclosure	Page numbers, descriptions, and/or URL	Exclusions
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body		Confidentiality Constraints As a private company, details of board members, other affiliations, etc. are considered proprietary and are not disclosed to the public.
	2-11 Chair of the highest governance body	Message from the Senior Management, p.4	-
	2-12 Role of the highest governance body in overseeing the management of impacts	Message From the Senior Management, p.4 Sustainability Governance Structure, p.33	-
	2-13 Delegation of responsibility for managing impacts	Sustainability Strategy, p.28 Sustainability Governance Structure, p.33 Serving the Planet, p.34-46	-
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Strategy, p.28 Sustainability Governance Structure, p.33	-
	2-15 Processes to prevent conflicts of interest	Business Ethics and Compliance, p.25	-
	2-16 Process of communicating critical issues to the highest governance body	Corporate Governance, p.21 No critical issues were communicated to Yücel Group throughout the reporting period.	-
	2-17 Collective knowledge of the highest governance body	Corporate Governance, p.21	-
	2-18 Evaluation of the performance of the highest governance body		Confidentiality Constraints As a private company, details of board members, other affiliations, etc. are considered proprietary and are not disclosed to the public.

GRI Standard	Disclosure	Page numbers, descriptions, and/or URL	Exclusions
GRI 2: General Disclosures 2021	2-19 Remuneration policies	Human Resources Approach, p.48	-
	2-20 Process to determine remuneration	Human Resources Approach, p.48	-
	2-21 Annual total compensation ratio		Confidentiality Constraints Yücel Grup's current policies classify this data as confidential and, therefore, it cannot be disclosed for the time being. Yücel Grup is exploring the possibility to change this view in the future.
	2-22 Statement on sustainable development strategy	Message from the Senior Management, p.4 Sustainability at Yücel Grup, p.26-33	-
	2-23 Policy commitments	Policies, p.22-23	-
	2-24 Embedding policy commitments	Corporate Governance, p.21 Policies, p.22-23	-
	2-25 Processes to remediate negative impacts	Corporate Governance, p.21-25 Efficient Risk Management, p.24 Serving the Planet, p.34-46 Serving the Future, p.64	-
	2-26 Mechanisms for seeking advice and raising concerns about issues related to ethical and legal behavior	Business Ethics and Compliance, p.25	-
	2-27 Compliance with laws and regulations	Business Ethics and Compliance, p.25	-
	2-28 Membership associations	Memberships and Collaborations, p.62	-
	2-29 Approach to stakeholder engagement	Stakeholder Communication, p.59 Customer Satisfaction, p.60 Corporate Social Responsibility, p.60-61	-
	2-30 Percentage of employees subject to collective bargaining agreements	Social Performance Indicators, p.66-67	

GRI Standard	Disclosure	Page numbers, descriptions, and/or URL	Exclusions
GRI 3: Material Topics 2021			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis, p.29	-
	3-2 List of material topics	Materiality Analysis, p.29 <ul style="list-style-type: none"> - Product Quality and Assurance - Occupational Health and Safety - Sustainable Supply Chain Management - Compliance with Corporate Governance Principles and Efficient Risk Management - Employee Development and Employee Engagement - Digital Transformation - Responsible Environmental Management - Managing Climate Risks and Opportunities - Corporate Social Responsibility - R&D and Innovation - Inclusion, Equal Opportunity and Diversity 	-
	3-3 Management of material topics	Alignment with UN Sustainable Development Goals, p.30 Sustainability Targets, p.30-32	-
Compliance with Corporate Governance Principles and Efficient Risk Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance, p.20-25	-
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics and Compliance, p.25	-
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior and activities	No legal action has been taken against the company regarding anti-competitive behaviors and activities.	-

GRI Standard	Disclosure	Page numbers, descriptions, and/or URL	Exclusions
Managing Climate Risks and Opportunities			
GRI 3: Material Topics 2021	3-3 Management of material topics	Combating Climate Change, p.36	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy and Emissions Management, p.37 Environmental Performance Indicators, p.68	-
	302-4 Reduction of energy consumption	Energy and Emissions Management, p.37	-
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	Energy and Emissions Management, p.37	-
Responsible Environmental Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Combating Climate Change, p.36 Water Management, p.41 Waste Management, p.42-44 Biodiversity, p.45	-
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management, p.42-44	-
	306-2 Management of significant waste-related impacts	Waste Management, p.42-44	-
	306-3 Waste generated	Waste Management, p.42-44 Environmental Performance Indicators, p.68	-
	306-4 Waste diverted from disposal	Waste Management, p.42-44 Environmental Performance Indicators, p.68	-
GRI 303: Water and Effluents 2018	303-5 Water consumption	Water Management, p.41 Environmental Performance Indicators, p.68	-

GRI Standard	Disclosure	Page numbers, descriptions, and/or URL	Exclusions
Sustainable Supply Chain Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Supply Chain, p.46	-
Product and Quality Assurance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Satisfaction, p.60 Vision and Values, p.7	-
Digital Transformation			
GRI 3: Material Topics 2021	3-3 Management of material topics	Serving the Planet, p.34-46	-
R&D and Innovation			
GRI 3: Material Topics 2021	3-3 Management of material topics	Serving the Planet, p.34-46	-
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety, p.54-57	-
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety, p.54-57	-
	403-3 Occupational health services	Occupational Health and Safety, p.54-57	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, p.54-57	-

GRI Standard	Disclosure	Page numbers, descriptions, and/or URL	Exclusions
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Occupational Health and Safety, p.54-57	-
	403-6 Promotion of worker health	Occupational Health and Safety, p.54-57	-
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, p.54-57	-
	403-10 Work-related ill health	There were no cases of employees being diagnosed with occupational diseases as a result of our activities during the reporting period.	-
Inclusion, Equal Opportunity and Diversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Resources Approach, p.48 Inclusion, Equal Opportunity and Diversity, p.50-51	-
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men		Confidentiality Constraints Yücel Grup's current policies classify this data as confidential and, therefore, it cannot be disclosed for the time being. Yücel Grup is exploring the possibility to change this view in the future.
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Business Ethics and Compliance, p.25 Human Resources Approach, p.48 There were no cases of discrimination reported during the reporting period.	-
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor and actions taken	Business Ethics and Compliance, p.25 Human Resources Approach, p.48	-
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor and actions taken	Business Ethics and Compliance, p.25 Human Resources Approach, p.48	-

GRI Standard	Disclosure	Page numbers, descriptions, and/or URL	Exclusions
Employee Development and Employee Engagement			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Engagement, p.52	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Talent and Career Management, p.53	-
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent and Career Management, p.53	-
Corporate Social Responsibility			
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Social Responsibility, p.60-61	-

ESG

SUSTAINABILITY AT
YÜCEL GRUP

ACTING FOR
THE PLANET

ACTING FOR
THE PEOPLE



RAPORLAMA DANIŞMANLIĞI

(TSKB Sürdürülebilirlik Danışmanlığı A.Ş.)

info@escarus.com

www.escarus.com

T: +90 (212) 334 5460