

# Sustainability Report 2022



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# About Us

As Kaptan Group, we make investments in many areas such as iron and steel, ports, transportation, energy, mining, recycling and shipyard with nearly 60 years of experience. Operating on the iron and steel side of the group, Kaptan Demir Çelik started iron and steel production with the first rolling mill in Karabük in 1964. Today, we continue to operate and grow as the first and only steel mill in the Thrace Region. We produce at international standards with the steel mill, rolling mill and oxygen plant located in Marmara Ereğlisi. In addition, due to the close location of our facility to the main road and Martaş Port, we provide ease of transportation for our customers and employees.

Since 2002, we have been producing gas oxygen, liquid oxygen and liquid argon in our steel mill, which has been producing 1,400,000 tons of billet annually since 2002 and selling the surplus. Marmara Ereğlisi Rolling Mill, which is integrated with the Steel Mill, has an annual capacity of 1,000,000 tons. Our Çorlu Rolling Mill, which started production in 1991 and was completely renovated in 2014, has an annual production capacity of 600,000 tons of rebar. With these facilities, we produce internationally certified products for world markets.

We aim to continuously improve our production quality with our integrated management systems that we have established in accordance with world standards. In this context, we strive to progress in accordance with our environmental and social sustainability targets, and we take care to encourage our employees and stakeholders in this direction.

As Kaptan Demir Çelik, we are aware of protecting our environmental values and natural resources for a sustainable future. For this reason, we take care to improve our sustainability policy every day, which we continue to form together with our professional team, and we aim to continue our journey in the sector by taking new actions in this context. In our sustainability report, which we will publish for the second time this year, we have transparently shared with all our stakeholders our targets and objectives that we plan to put into operation, as well as our efforts we have carried out in this context.





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# About the Report



As Kaptan Demir Çelik, we are aware of the value and importance of sustainability with all our stakeholders. In line with our awareness, we aim for sustainable development by carrying out our efforts in a way that respects our resources without negatively affecting our planet and future generations.

In our report, which we will publish for the second time this year, we have transparently presented our activities in the field of sustainability and environment, which we carry out in parallel with the Sustainable Development targets, to the information of all our stakeholders.

Our Sustainability Report has been prepared in accordance with the "Requirements" option of the GRI Standards, and the material sections that make up the content of the report have been prepared in accordance with the quality and content principles shown in the GRI Content Index. We take care to act in line with the United Nations Sustainable Development Goals while setting and fulfilling our targets. The report covers our activities, production, and all assets within our structure as Kaptan Demir Çelik End Ve Tic A.Ş., one of the Kaptan Group Companies, for the period January 1, 2022 - December 31, 2022.

In order to elevate our company to a respected and effective position among the leading and exemplary organizations in the global steel industry, we pay utmost attention to pursuing policies that are respectful to people and sensitive to the environment. Accordingly, we are proud to share our long-term targets, stakeholder relations, strategic approach, and best practices in environmental, social and governance areas.



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# Our Vision and Mission



## Vision

As Kaptan Demir Çelik, our vision is to become a world brand with the products and quality we offer.



## Mission

As Kaptan Demir Çelik, our mission is to ensure continuous productive development and customer satisfaction by investing in training for the development of employees, social responsibility projects that are beneficial for the environment and society, technology for quality and people.

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# The Economic Value We Create

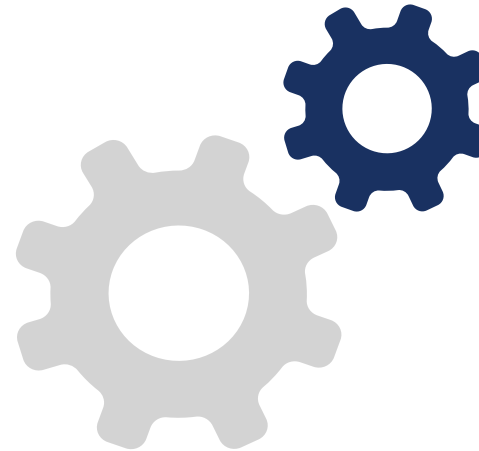
As Kaptan Demir Çelik, we interact with many sectors due to our activities. Therefore, we believe that we make significant economic contributions to both ourselves and our country. Türkiye is a particularly important country in terms of exports. We strive to contribute both locally and economically to our country. Our organization, which has carried out important efforts within the scope of economic sustainability, continues its activities as one of the top 5 companies selling the most products to South America within the scope of iron and steel exports.

Directly or indirectly interacting with more than one line of business, we continue to increase our capacity and expand our team every day, thanks to the importance and meticulousness we attach to financial sustainability. All the activities we carry out in our factory located in the Marmara Ereğlisi region of Tekirdağ also help us contribute to the regional economy and create employment opportunities for many people.

In order to improve our financial performance day by day, we continue to develop good practices and improve our system. Our efforts in this context are listed below.

We aim to increase our spending on goods and services to SMEs every year in order to contribute to the diversity and stability of the local economy. In this context, our purchases from SMEs among all purchases increase every year;

- 34.51% in 2020
- 35.81% in 2021
- 36.97% in 2022



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# Our Products



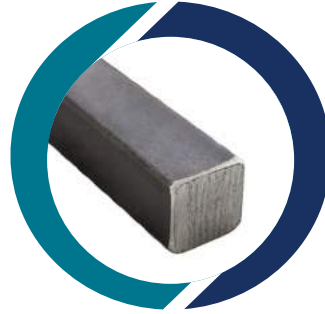
Kaptan Demir Çelik, a part of the Kaptan Group, which continues to grow with its investments in iron and steel, maritime, port, transportation, mining, recycling, and shipyards, contributes to the Turkish economy with more than 50 years of experience.

Steel, one of the building materials we produce, can be recycled infinitely with a 99% recovery rate. The fact that steel has the highest recycling rate economically becomes the main reason why we support the life cycle in steel production and expand its reuse.

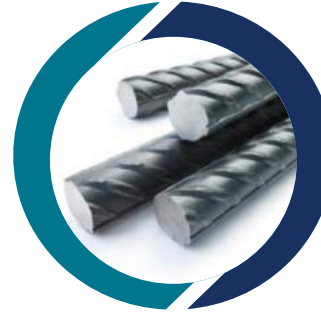
As Kaptan Demir Çelik, we have a total annual capacity of 1.400.000 tons of steel billets, 1.000.000 tons of rebar and flat round steels with international certificates. We try to provide the best service to our customers from all over the world with our product catalog, which we always try to produce the best quality. Our iron and steel products we produce are as follows:



Flat Round



Steel Billets



Rebar

We produce our products in both national and international quality and standards, as well as in different qualities and sizes upon request. You can review our product and system certificates for our products for which we do not compromise on quality [here](#). You can also find our detailed product catalog [here](#).

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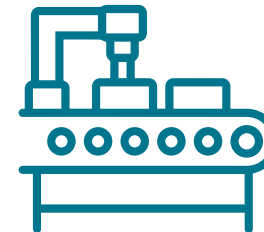




With our existing customer portfolio and the sales figures, we have reached, we have broken export records many times and were awarded the Export Stars Award. We export to nearly 100 countries in a wide geography covering Africa, the Middle East, the Black Sea, Europe and the Balkan Countries, especially the American continent.

In addition to our production facilities in operation, we are planning to introduce the wire rod, which is used as the raw material for products such as wire, nails, bolts, and steel mesh, as a new product. For this reason, we are continuing our investments in the wire rod production facility, and we aim to start production in our new facility towards the end of 2023. Although the capacity of the wire rod rolling mill is planned to be 550,000 tons/year, the facility will be able to produce products in 4.5-26 mm sizes. These products will include high value-added products such as springs, ropes, electrodes, bolts, nuts, as well as low-medium carbon wire rod grades, stainless steels (fasteners, high chromium/nickel) and free-cutting steels.

In line with our support for sustainable and resource-friendly production, we produce gaseous oxygen, liquid oxygen, and liquid argon in our oxygen facilities, which we commissioned in 2003 in the Melt Shop region, and sell the surplus.



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# III Messages from Management





# Message from the Board



**Ata ÖZDEMİRLER**  
Board Member

Dear Stakeholders,

As Kaptan Demir Çelik under the roof of Kaptan Group, we are one of the leading and well-established iron and steel producers in Türkiye. We continue to grow rapidly thanks to our production power and our business culture that encompasses our internal values, attitudes, and targets. We are pleased to share our work in our 2022 Sustainability Report, which includes our journey of growth and development, with you, our valuable stakeholders.

As humankind, we are going through a challenging period of climate crisis, pandemics, natural disasters, and social fractures caused by the economic crisis. On February 6, 2023, we experienced one of the biggest earthquake disasters in our country. These earthquakes, which were centered in Kahramanmaraş, affected 11 provinces, leaving us all in mourning in Türkiye. In this difficult process, as Kaptan Demir Çelik, in addition to the financial support we provided to our aggrieved brothers and sisters in cooperation with AFAD and Tekirdağ Governorship, we set out our rescue team consisting of 5 construction equipment and 24 volunteer personnel on the morning of the earthquake in order to assist in search and rescue operations. We wish God's mercy to all our deceased citizens, condolences and patience to their grieving relatives, and a speedy recovery to all our wounded.

We play a key role in the industrialization and economic development of countries, providing raw materials for other sectors. Within the scope of The European Green Deal, which includes practices to minimize the destructive impact of this rapidly growing economic system on the ecological order and to restructure it, we are committed to minimizing carbon emissions in order to ensure the cleanest iron and steel production.

In order to differentiate ourselves strategically on sustainability topics, we encourage our sustainability leaders to think on a global scale whenever possible, and we encourage and support them in all innovative ways.

At a time when we deeply feel the devastating consequences of the climate crisis, we care about contributing to the United Nations Sustainable Development Goals while creating a business model that respects nature and people with our vision of sustainability. In this direction, we take care to improve our performance in environmental, social and governance areas.

On behalf of the Board of Directors, I would like to thank all our stakeholders who have accompanied and supported us with great devotion in realizing the investments that will.

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# Our Board of Directors

As Kaptan Demir Çelik, we continue to carry out all our activities with our expert management team. Our Board of Directors consists of 1 chairperson, 1 vice chairperson and 4 members.

Our Board of Directors is listed below.



Yaşar Kaptan ÇEBİ

Chairperson of the Board



Ahmet Nur ÇEBİ

Vice Chairperson of the Board



Tayfun ÇEBİ

Board Member



Arzu EFE

Board Member



Şükrü KOZİK

Board Member



Ata ÖZDEMİRLER

Board Member



Mustafa KÜÇÜKGÖK

Board Member



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The table below shows our Board Members between 2020 and 2022 by gender and age.

Board Members	2022		2021		2020	
	Women	Men	Women	Men	Women	Men
Aged 50+	1	6	1	6	1	6
Total	7		7		7	

We ensure the successful and effective management of our company with our Board of Directors and all our units. We create our corporate strategy in line with the decisions we take as a company. We contribute to both our employees and external stakeholders with our strategies and policies.

# Our Quality Management

Quality management ensures that an organization, product, or service is consistent. The Quality Management System (QMS) is continuously improved by controlling the Quality Management System Processes through measurement or monitoring, analyzing the results of monitoring and measurement, making improvement plans or corrective actions when necessary, reviewing and revising policies and objectives when necessary, and also providing the necessary resources (personnel workforce, infrastructure and working environment) by the senior management.

As Kaptan Demir Çelik, we define and plan the process definitions needed to meet the QMS requirements and to realize the specified activities in operational instructions. We also implement and control them. Our processes operate in line with the quality policy, quality targets, the needs and expectations of the service recipients and the requirements set by law. Instructions also ensure that activities are carried out in accordance with the specified control criteria. All documents related to the QMS implemented in our organization are transferred to the relevant people by the unit supervisors. The processes specified for each field of activity for the realization of the product and service are planned and procedures, workflow charts/instructions are prepared. Product and service realization is ensured in accordance with the PDCA (Plan, Do, Check, Act) cycle and authorities and responsibilities are determined for the activities carried out in this direction. In addition, the necessary verification, validation, monitoring methods and criteria have been determined and records are kept regularly.

You can access our quality policy in detail [here](#).

## Achieved Targets

- ➡ By installing proportional valves on the arc furnace carbon injection lines, we aimed to improve the arc furnace slag and thus reduce refractory repair. In addition, since carbon injection became more efficient, we observed an improvement in slag analysis and an increase in scrap yield.
- ➡ By changing the EBT (casting hole) sand grain size range, we achieved the target of increasing EBT free opening ratio.

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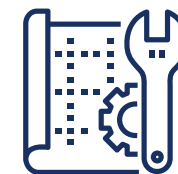
➔ With the revisions we planned, we aimed to reduce downtime per casting.

In this direction, we share below the improvement efforts we had planned and carried out in 2022.

- Preventing dust accumulation and downtime due to dust accumulation with the complete replacement of the arc furnace combustion chamber and dust collection primary line,
- Preventing downtime due to water leakage from old cooling pipes of the dust collection primary line by replacing these pipes,
- Reducing hydraulic failures and downtime with the replacement of the arc furnace central hydraulic station, replacement of the tilting hydraulic system and the addition of a new accumulator stand, as well as reducing the escape of arc furnace slag into the ladle by improving furnace tilting.
- Apart from the planned revisions, we plan to continue maintenance efforts with a policy of continuous improvement in the process.

Apart from the above revisions, in order to keep downtimes at the lowest level with the effective implementation of the following maintenance processes, we aimed to;

- Procure the spare equipment on time by considering the critical stock quantities or prepare them in the spare preparation workshops (Spare Preparation Process),
- Stock the spare equipment in warehouses in an accessible and organized manner,
- Monitor the working life of critical equipment and periodically replace those that have reached the end of their service life during planned shutdowns (Planned Maintenance),





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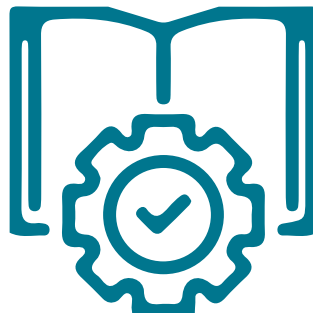
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- Increase the availability of equipment by means of inspection, control, lubrication, adjustment, revision according to a specific program (Preventive Maintenance),
- Monitor the machinery and equipment with measurement and control in various periods based on the operating data under normal conditions, determine whether there is a possibility of a malfunction by evaluating the measurement and control results obtained, and if there is such a possibility, plan and carry out the necessary maintenance and repair activities to be carried out at an appropriate time (Predictive Maintenance),
- Attempt to safely resolve downtimes with maximum coordination and minimum time (Breakdown Maintenance),
- Prepare the ground to achieve the downtime target in 2022 by keeping the downtime target unchanged and modernizing the equipment if planned downtime and opportunity maintenance can be carried out,
- Learn the opinions of our customers about our company by conducting a survey, plan and fulfill the necessary improvements during the year according to the results of the survey,
- Carry out the trainings requested by the departments, and at the same time achieve the training target at the end of the year with mandatory trainings,
- Maintain the system completely by meeting all requirements of the standard,
- Ensure the targeted reduction in natural gas consumption by programming the orders entering production to receive hot charging.



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Thanks to our work and the goals we continue to achieve, the ISO 9001:2015 certificates we have within the scope of the Quality Management System are listed in the table below.

Certification Body	Location Name	Certification Start Date	Certification End Date
CARES	M.Ereğlisi Çorlu Factory	March 2007	12.04.2024
BUREAU VERITAS	Headquarters, M.Ereğlisi and Çorlu Factory	04.11.2003	23.10.2024
TSE	Headquarters, M.Ereğlisi and Çorlu Factory	16.09.2022	16.09.2025



# Our Risk Management



As Kaptan Demir Çelik, we have a Risk Assessment Team consisting of those responsible for each department in our company. Our team reviews the Risk/Opportunity Assessment Form at least once a year. In addition, the team reviews the form when there is a change in the system, changes in processes or materials, when new equipment or machinery or sites are commissioned, when a process is terminated, when an emergency occurs, or when there is a change in legal documents and standards.

Our risk analyses are evaluated separately for all our management systems (Quality, OHS, Environment, Energy, Social Responsibility, Supply Chain). In our internal control system, risks and opportunities are identified according to certain standards such as ISO 9001, ISO 14001, ISO 45001, ISO 50001, ISO 27001, ISO 26000, and these are monitored up to date. Our internal audits are also conducted according to these standards. Since each management system has separate internal audit plans, different procedures and criteria are taken into consideration. Auditors with internal auditor certificates conduct audits once a year with a risk-based approach, within the framework of the plans prepared by the Assistant Manager of Management Systems. Audit Sampling is done in an objective and evidence-based manner to represent the whole. Each department manager is assigned to conduct internal audits for different departments and for a department other than the previous assignment in a way that does not allow conflicts of interest. Managers are responsible for establishing and documenting management systems policies and procedures for the continuity of control activities.

In order to establish a sustainable working system, we take care to emphasize Environmental, Social and Governance concerns in our risk management. Accordingly, environmental risks are evaluated in the risk analyses we perform within the scope of ISO 14001 Environmental Management System; social risks are evaluated through SA8000 risk analyses; and risks related to governance are evaluated in the Management Systems risk analysis.

Risks related to forced labor or child labor that may occur during the activities of our organization and/or our suppliers are managed within the scope of ISO 26000 Social Responsibility Risk Assessment process. We approach this subject with sensitivity in the activities of our organization and we want to make sure that our suppliers also meet these conditions. For this reason, we prefer to work with suppliers who respect human rights and pay the utmost attention to these matters. We support this working principle with the BES6001 Certificate and ensure our supplier controls with the Supplier Sustainability Risk Assessment.

We make sure that our suppliers are from OECD (Organization for Economic Cooperation and Development) or EU (European Union) countries, as human rights rules are guaranteed and protected by law. As a company that accepts the requirements of the ILO (International Labor Organization), we check that suppliers selected from countries outside these borders also accept the basic laws of the labor organizations of the countries in which they are located. For countries outside the OECD and EU, we evaluate the process by conducting risk analysis, especially on topics such as forced labor, child labor, slave labor, and the obligation to report work accidents.

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In 2022, we procure 99% of our scrap ferroalloy, one of our most important raw materials, from OECD or EU countries and 1% from Russia, the only country outside this scope. Since Russia is a country that has accepted ILO human rights conditions, we source some of our raw materials from there. With our supply chain analysis, the fact that suppliers are in the mentioned scope and their certificates such as ISO 9001-14001-45001 constitute sustainability risk scores. In addition, depending on the distance of the supplier to our factory and the transportation method, the transportation emission score is calculated, and each supplier's transportation risk score is formed accordingly. As a result of all these evaluations, each supplier's risk score is determined. This scoring process is effective in supplier evaluation and selection criteria.

We manage technology-based risks such as business continuity, information security and cyber-attacks by conducting risk analyses, internal audits, and drills within the framework of our ISO 27001 Information Security Management System. In addition, we continue our ISO 22301 Management System efforts.



## Worldsteel Climate Action Membership

As a Worldsteel 'Climate Action Data Provider', we regularly share our data and calculate our emissions.

Worldsteel Climate Action Data Collection is a program in which worldsteel member companies report data on CO<sub>2</sub> emissions at plant or company level.

The methodology used is published as ISO 14404:2013 - Method for calculating carbon dioxide emission intensity from iron and steel production. This method consists of two parts: Part 1: Blast furnace steel plant and Part 2: Electric arc furnace steel plant (EAF). This is an intensity-based approach for the measurement of CO<sub>2</sub> emissions.

Following approval of the data, a certificate of recognition is issued. Member companies are recognized as Climate Action Data Providers.

Worldsteel organizes a report on behalf of Kaptan Demir Çelik that also shows the world steel sector. emission average data to which we can compare ourselves. This methodology allows us to compare CO<sub>2</sub> emissions globally and see where we stand in the sector.

We are in the best performing 15%, well below the world average, and we are setting targets to improve.

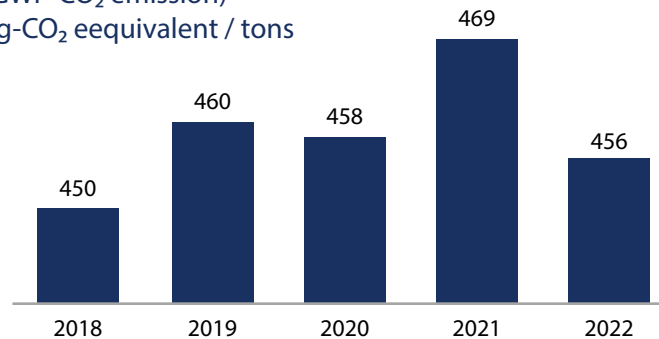


In 2021, CO<sub>2</sub> emissions per ton of steel was 1.84 on average for 220 companies included in worldsteel, which covers 85% of steel production globally;

In 2021, our emissions were calculated as 0.47 tCO<sub>2</sub> / ton steel and in 2022 as 0.456 tCO<sub>2</sub> / ton steel.

Since we are an EAF plant producing from scrap, our emission amounts are much lower than BOF / BF.

(GWP-CO<sub>2</sub> emission)  
kg-CO<sub>2</sub> equivalent / tons



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The table below sets out the key risks and opportunities, their potential costs and the actions and measures we are taking to address them.

Risk / Opportunity (R/O) Definition	Potential cost of (R/Os)	Action/measure related to R/O
Weather events caused by climate change, increasing climate change can increase the frequency and intensity of severe weather events. This can result in events such as hurricanes, floods, and storms.	Damages and interruptions to production facilities.	Investments in contingency plans and infrastructure reinforcement.
Water shortage.	Investment in alternative methods of water supply will be needed. Such as freshwater production from seawater, rain harvesting projects.	Investing in water saving and recycling projects, Fresh water production from seawater, Rain Harvesting Project.
Carbon emission regulations.	Paying additional taxes on EU exports, risk of market loss.	Procurement of energy from renewable energy sources, technology upgrades for carbon reduction projects.
Changes in raw material supply can lead to problems in the supply of steel scrap or other raw materials.	Increase in production costs due to the increase in raw material prices.	Alternative sources of supply should be explored, and secure supply networks should be established.
Fluctuations in energy prices.	Higher energy costs.	Energy efficiency projects should be focused on, and investments should be made in energy-saving technologies.

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As Kaptan Demir Çelik, we have not lost any of the cases we have been a party to in 2022 among the cases whose trials have been completed so far. We have increased the number of cases we have won compared to previous years. We try to overcome legal difficulties with every litigation process we face and try to follow a successful legal strategy.

In this context, the data of our organization is given below;

	2022	2021	2020
Total Cases	18	11	5
Cases Lost	0	1	1
Cases Won	3	1	0

# Our Ethical Management

Our most valuable resource that carries our company among the leading and respected organizations in the world iron and steel industry is our highly qualified and loyal workforce. One of the most important reasons for us to maintain this approach is our materiality values of adherence to our ethical principles, transparency, zero tolerance for bribery and corruption in all our companies under the roof of Kaptan Group, in our business processes and business relations.

We form the core values of our targets that we have set and adopted with the concepts of human rights and respect for the environment. We attach importance to meeting social needs in every field in which we operate and aim to increase the quality of life and welfare.

Where our business procedures, instructions, standards, laws and regulations are inadequate regarding our attitudes and behaviors, our “Employee Code of Ethics”, which covers the basic behavioral principles of our employees, applies. We have published our “Employee Code of Ethics” policy on the Kaptan Portal, which we actively use within the organization, and on our website, making it accessible to our employees and the public. In addition to our policy, we distribute employee handbooks during our on-the-job orientation trainings. We also include other policies in our handbooks.

We are aware that training processes are particularly important for our employees to have more information about our code of ethics and to recognize our corporate identity.

We also include ethics, anti-corruption, and human rights in the content of our Sustainability Trainings. Approximately 1/4 of the trainings we provide in terms of duration include ethics, anti-corruption, and human rights topics. In order to raise the awareness of our employees on related subjects, we pay attention to emphasize ethical concerns in our on-the-job trainings and in the trainings we regularly provide to our current employees.

Our trainings include supporting videos on the subject. Thanks to the intranet system we use within the company, we ensure that all users with a computer can access the supporting videos. In order to ensure that the videos are permanent and that our employees are saturated with the subject matter, we constantly play the relevant videos in our cafeteria. In addition to the training methods and video trainings we provide in internal and external trainings, we aim to include the online training platform in our training processes. We also aim to support our employees with banners and posters in order to realize our targets and reinforce their general knowledge on the subject.



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Sustainability Training	2020	2021	2022
Number of Participants	58	147	879
Training Hours	329.5	764.5	1,754.25

We believe that the first stage of our development process regarding our code of ethics is the feedback we receive from our employees, customers, stakeholders, and suppliers. In this context, we receive feedback on [our website](#), through Kaptan Port (Intranet network) and through notification cards placed in the boxes in our factories.

In addition, we gather the requests, complaints and suggestions submitted by all our stakeholders, including our employees, by filling out the [“Stakeholder Request, Complaint and Suggestion Notification”](#) form on our website and via e-mail to [info@kaptandemir.com.tr](mailto:info@kaptandemir.com.tr). We manage all the complaints, suggestions and requests we have collected through our communication channels in line with our integrated management system and take quick action and make the necessary improvements. Thanks to this system, we examine the complaints submitted to us impartially and anonymously.

We hold all our employees responsible for complying with our code of ethics stated in our handbook. Persons who are thought to act in violation of our code of ethics make efforts to resolve the current situation by meeting with their senior managers in the units they are affiliated with. Our employees can report violations of the code of ethics via e-mail, keeping their identity information confidential. No employee is demoted in seniority/title or subjected to fines or other sanctions for reporting a violation of one of our policies or voicing concerns. In addition, the necessary follow-up process is initiated regarding violation notifications, and we start to organize our mutual communication process.

We subject those who violate our code of ethics, who approve of these violations or who do not make the necessary notifications despite their knowledge to disciplinary sanctions through our internal boards, without prejudice to all our legal rights.

As Kaptan Demir Çelik, we set targets to prevent all kinds of non-compliance and to improve our code of ethics.

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### Commitment to Ethical Values

As Kaptan Demir Çelik, we determine our way of doing business in full compliance with ethical values. The basic principles of our company include honesty, transparency, fairness, reliability, and sustainability. Our commitment to these values forms the basis of our business processes and decisions.



### Fair Competition and Practices

Acting fairly in the competitive environment and complying with competition rules are among our top priorities. We also avoid practices that are not in compliance with the law and commercial ethics and support honest competition.



### Customer Orientation

We respect our customers' rights and protect their interests. We aim to ensure their satisfaction by providing high quality products and services. We build our business relationships on the basis of transparency, honesty, and long-term cooperation.



### Environment and Sustainability

We prioritize sustainable practices to reduce our environmental impact. We continuously strive to use resources efficiently, adopt environmentally friendly production methods and enable waste management.



### Employee Rights and Workplace

We take the necessary measures to protect the rights and welfare of our employees. By creating a fair workplace culture, we ensure that everyone works with equality, respect, and equal opportunity. We support our employees to realize their potential by investing in their personal and professional development.



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# Information Security Our Management System



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As Kaptan Demir Çelik, in accordance with our Information Security Management System standards, we are committed to protecting the information transmitted to us by our customers, suppliers and employees and providing secure access to information. With the ISO 27001 Information Security Management Certificate we have received in this context, we inform all our stakeholders about our services and the sensitive attitude we exhibit in this regard.

Creating a management system in accordance with the requirements of ISO 27001, our organization maintains all stages in a professional manner, while taking care to take advantage of the opportunities offered by the ever-evolving technology. In this context, our most important target, which we have determined as an organization and have taken various steps to implement, is that all processes belonging to our organization have a secure, accessible, holistic, and systematic structure.

While we have met these objectives with our Information Security Management System certificate, we continue to strengthen and improve our dialogues with our internal and external stakeholders, and we undertake that all information they provide to us will be kept confidential.

We make every effort to ensure that our suppliers and stakeholders do not have any concerns in this regard, and we take steps to improve our system. As Kaptan Demir Çelik, in order to improve our Information Security Management System processes, we carry out our stages such as measuring, monitoring, analyzing, making improvement plans and taking regulatory actions if necessary, and revising our policies and objectives under the leadership of our Senior Management team.



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In this context, our good practices that we have put into operation in order to improve our efforts are listed below.

### Our Good Practices



In addition to the good practices, we have established in this context, we continue to make various investments to strengthen our system and further improve our Information Security structure. Our organization actively uses backup systems, firewall, SIEM, DLP, MFA, EDR, SOC systems. We take all necessary measures to ensure that the information of our customers, suppliers, employees and all our valuable stakeholders is not leaked to any individual or organization outside our organization, and we are increasing our targets in this context.



Below are the efforts we plan to carry out in the future processes in order to improve our system.

No	Target	Base Year	Target Completion Year	Reporting Year	Realization Status in the Reporting Year
1	Providing handheld terminals with Android operating systems with the necessary restrictions so that users can access only enough applications to manage processes.	2021	2022	2022	100%
2	Providing two-factor authentication for server systems and admin panel logins of our website.	2021	2022	2022	100%
3	Encryption of all files on the file server.	2021	2022	2022	80%
4	Ensuring the transition of computers with Windows 7 operating system to Windows 10 operating system.	2021	2022	2022	100%
5	Changing the recording times of the cameras.	2021	2022	2022	100%



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# III Our Sustainable Perspective





# Our Sustainability Policy

As Kaptan Demir Çelik, we are the only steel producer in the Thrace Region. For us, sustainability is ensuring sustainable development by continuing our production without negatively affecting future generations and the planet. Our basic principle is to respect nature, people, and work. In this direction, we aim to protect the touristic structure and agricultural areas of the region for sustainable development and a livable world. These targets form the basis of our Sustainability Policy.

For this purpose, our company has defined itself as a duty to implement, continuously develop and improve the integrated ISO 14001 Environment, ISO 45001 Occupational Health and Safety and Sustainability Management Systems, to meet the environmental, OHS, human rights and socio-economic needs of the people of the region and other stakeholders, to establish and develop relationships through effective communication, to comply with the principles of responsible procurement and to carry out a business approach that respects ethical values, against all kinds of discrimination and encourages equal opportunities.

As Kaptan Demir Çelik family, we are committed to the following,

- ➡ Providing awareness-raising trainings on environment, occupational health, and safety to all our employees,
- ➡ Complying with all kinds of legal regulations and other obligations related to our activities, understanding, and identifying the risks and opportunities arising as a result of our interaction with our stakeholders and in our activities, and approaching events with determination to mitigate risks,
- ➡ Taking the necessary measures to ensure that our employees work without getting occupational diseases and work accidents,
- ➡ Providing a working environment that promotes and supports mental health and well-being,
- ➡ Minimizing the environmental impact of our emissions and hazardous wastes by using the best available technologies to prevent pollution,

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- ➔ Reducing emissions from production and transportation activities,
- ➔ Using natural resources and water efficiently,
- ➔ Reducing energy consumption,
- ➔ Reducing waste and maximizing the use of recycled materials by sending them for recycling to increase the reusability of existing waste, and contributing to nature by ensuring proper disposal of what we cannot recover.

In this context, it is our greatest duty to create an environment where our employees feel safe, respectful of human beings, sensitive to the environment and respectful of business.

You can find detailed information about our policy [here](#).



# Our Sustainability Approach

Sustainability has become a competitive advantage for businesses today. Many countries are adopting legal arrangements and regulations related to sustainability. Regulations on energy efficiency, waste management and carbon emissions have a direct impact on our strategy.

Developing technology helps to realize sustainability targets more effectively in areas such as energy efficiency and renewable energy. At the same time, it also makes it possible to reduce negative environmental impacts by using natural resources in a more sustainable manner. In the event that the Carbon Regulation Mechanism at the Border, one of the most recent developments, is implemented, it will become imperative for our sector and our organization to make changes to its strategies.

As Kaptan Demir Çelik, we aim to increase our other investments focused on carbon reduction and sustainability in the sector and to expand the use of renewable energy in order to reduce our energy costs. We are strengthening our technological infrastructure and investments in sustainable production technologies in order to realize these targets.

We are strengthening our technological infrastructure and investments in sustainable production technologies in order to achieve these targets.

We carry out our sustainability activities by reducing energy consumption, conserving raw material resources, mitigating potential impacts in transportation activities and taking into account responsible procurement principles in the supply chain. Without waiting for regulations, we try to voluntarily shape our strategies by following trends through our international subsidiaries and collaborations. As our customers' awareness of sustainability increases, we update our strategies to meet these emerging demands. We prioritize topics such as environmentally friendly products, fair trade practices and ethical sourcing. We take actions to make our production processes, supply chain and products sustainable within the framework of these prioritized concepts. Sustainability reporting is one of the efforts undertaken by the steel industry to manage its performance and demonstrate its commitment to sustainability.

Thanks to our environmentally sensitive way of doing business, we have received BS 8901 SCS (Sustainable Structural Steels) and BES6001 (Responsible Sourcing) certificates, which aim to improve the environmental, social, and economic management of steel producers and processors, as well as to improve the performance of products.



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We are also aware that the United Nations' Sustainable Development Goals (SDGs) and agreements aimed at combating climate change, such as the Paris Agreement, play an important role in setting sustainability-related targets and commitments.

As a result of the decreasing number of raw materials in our world and the increasing importance attached to environmental protection, national and international measures are being taken. As Kaptan Demir Çelik, we fulfill all national and international obligations and take precautions in advance against matters that we may be liable for in the future.

With the implementation of the Border Carbon Mechanism, our export power may be affected, and costs may increase. In addition, rising/fluctuating energy prices may make it difficult to procure renewable energy. The development of production technologies may require us to invest in technological infrastructure, equipment and facilities. We take care to make our plans early in order to take the necessary actions in this regard, and we create the financial budget we need within the scope of all these topics.



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## Worldsteel Open Forum

### OPEN FORUM

OCTOBER 4-5, 2022 - BRUSSELS



As an important milestone that reinforces our vision of sustainability, Kaptan Demir Çelik actively participated in the Open Forum 2022, an important platform in the steel industry, held in Brussels on October 4-5, 2022. This forum was held with the aim of strengthening decarbonization strategies and relationships with stakeholders in the steel industry.

The Open Forum hosted 48 different leading steel producers from around the world to discuss critical concerns such as climate change and decarbonization in the steel industry. In this important platform, companies shared their carbon reduction efforts and investments in this area, while modern technologies and practices in Green Steel production were also discussed.

The results of the forum emphasized the strategic importance of methodologies in low-carbon steel production and products. As Kaptan Demir Çelik, we support the Paris Agreement and strengthen our commitments to reduce our environmental impact by continuing our efforts in this direction.

We attach immense importance to global collaborations in order to closely follow the developments in the field of sustainability and decarbonization and to adopt the best practices in this field. Therefore, we will continue to participate in agenda-setting forums and play an active role in these valuable organizations. These global platforms contribute to the continuous development of our business and our target of building a more sustainable future.



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Another organization we attended was the Sustainability Reporting Expert Group (SREG) Meeting held in Vienna on November 9-10 to discuss the implementation of sustainability trainings and data collection. At this meeting, representing Kaptan Demir Çelik and our country, we contributed with two presentations. One of them was about sustainability data management, while the other one covered our sustainability trainings. In our Sustainability Data Collection presentation, we shared how data is collected, the problems we face during data collection periods and the plans we have made to improve our data collection process.

In order to prevent differences between departments in centralized data management, the margin of error in manual data collection and the risks created by imprecise data;

We can develop automation systems,  
Provide necessary trainings to data providers,  
Improve internal audits,  
Increase the frequency of data collection.

We manage our sustainability data collection process for 5 different standards.

- ➔ Sustainable Constructional Steel Scheme (BS8902)
- ➔ Responsible Sourcing of Construction Products (BES 6001)
- ➔ Environmental Product Declaration Report (EN 15804)
- ➔ Corporate Carbon Footprint (ISO 14064)
- ➔ Water Footprint (ISO 14046)



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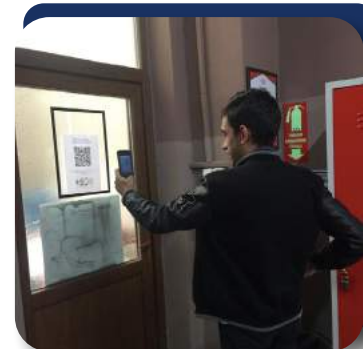


## Sustainability Reporting Expert Group (SREG)

As another crucial step in our sustainability efforts, we attended the Sustainability Reporting Expert Group (SREG) Meeting held in Vienna on November 9-10. This meeting was a critical platform where the implementation of sustainability trainings and data collection processes were discussed.

As Kaptan Demir Çelik, we represented our country at this valuable meeting and contributed with two important presentations. Our first presentation was on the effective management of sustainability data. We shared how data is collected, the challenges encountered in this process and the steps we plan to improve this data collection process. In our Sustainability Data Collection presentation, we discussed in detail the strategies we have developed to increase the accuracy of the data we meticulously collect and to make the process more efficient.

Our other presentation focused on our sustainability trainings. In this presentation, we shared the training programs we conducted to increase sustainability awareness within the company and how these programs were successfully implemented. By sharing the work, we have done and the results we have achieved in line with our target of increasing sustainability awareness, we emphasized our progress in this area and our commitment to our targets.



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We manage our sustainability data collection process for 5 different standards.

- ➔ Sustainable Constructional Steel Scheme (BS8902)
- ➔ Responsible Sourcing of Construction Products (BES 6001)
- ➔ Environmental Product Declaration Report (EN 15804)
- ➔ Corporate Carbon Footprint (ISO 14064)
- ➔ Water Footprint (ISO 14046)

To avoid the risks of inter-departmental differences in centralized data management, the margin of error in manual data collection and imprecise data;

- ➔ We can develop automation systems,
- ➔ Provide necessary trainings to data providers,
- ➔ Improve internal audits,
- ➔ Increase the frequency of data collection.

The knowledge and experience we gained at the SREG Meeting provided us with an important roadmap to further strengthen our sustainability strategies. We will continue to take into account the valuable perspectives gained from this meeting as we shape our future steps.



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We make commitments in our policies and monitor our performance to achieve the United Nations' Sustainable Development Goals (SDGs). In this context, our policies under 4 main headings are listed below.



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### No Poverty

Expresses the global target of ending all forms of poverty everywhere.



### Quality Education

The global target is to ensure inclusive and equitable quality education for all and to promote lifelong learning opportunities.



### Gender Equality

Specifies the target of achieving gender equality and empowering all women and girls. Empowering women and girls have been repeatedly proven to have a multiplier effect and accelerate economic growth.



### Decent Work and Economic Growth

Includes promoting stable, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. Decent work means productive work opportunities for all, fair wages, workplace safety, social protection for families, and opportunities where people can expect greater personal.



### Good Health and Well-Being

Expresses the target of securing a healthy and high quality.



### Clean Water and Sanitation

Its global target is to secure accessible water and wastewater services and sustainable water management for all.

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The activities that we, as Kaptan Demir Çelik, support and the UN SDGs are listed below.



### Industry, Innovation and Infrastructure

Industry, innovation, and infrastructure | Global Goals Aims to build resilient infrastructures, support inclusive and sustainable industrialization, and strengthen innovation. With more than half of the world's population living in cities, public transportation and renewable energy are more important than ever. Supporting sustainable industries and investing in scientific research and innovation are important ways to enable sustainable development. There are more than 4 billion people in the world without access to the internet, and 90% of them are in developing countries. Addressing digital inequality is critical to ensure equal access to knowledge and information, and to foster innovation and entrepreneurship. Supporting sustainable industries, developing environmentally friendly technologies, ensuring equal access to knowledge and information for all, investing in scientific research and innovation, planning the gender dimension of these actions, and taking these priorities into account in all areas of construction, industry and finance are important ways to enable sustainable development.



### Responsible Consumption and Production

To achieve sustainable production and consumption patterns, economic growth, and sustainable development, we urgently need to reduce our ecological footprint by changing the way we produce and consume goods and resources. Efficient management of our shared natural resources and the way we dispose of toxic waste and pollutants are also important targets in achieving this target. Encouraging industries, businesses, and consumers to recycle and reduce waste is equally important as encouraging developing countries to adopt more sustainable consumption patterns by 2030. A considerable proportion of the world's population still consumes too little to meet their basic needs. In creating more efficient production and supply chains, it is crucial to halve global per capita food waste at the vendor and consumer level. Doing so can improve food security and enable a shift towards a more resource-efficient economy.

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We contribute to the United Nations Sustainable Development Goals by shaping our business model and processes in order to leave a better world for future generations. We **provide employment** to the people of the region with nearly a thousand employees. We act in line with our ethical principles and promote **equality and diversity** in our human resources processes. By supplying various products to many companies, we play a key role in the development of many industries, especially construction, automotive and energy, and contribute to **sustainable economic growth**.

In addition to the employment opportunities we create, we **support education** for the development and growth of our region. In this context, we have realized the construction of the “July 15 Martyrs Vocational and Technical Anatolian High School”. We also continue to develop various projects and **support local communities** in the areas of health, infrastructure, culture, and social services.



Within the scope of **protecting our environment and natural resources**, we contribute to recycling by producing steel from scrap. In addition, we support the protection of the environment through emission reduction projects.

### Sustainability Targets

As Kaptan Demir Çelik, it is particularly important for us to create a culture of sustainability and integrate it into our organization. In this context, we have many projects, various trainings, and targets. The table on the next page shows our completed targets.

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No	Target	Base Year	Target Completion Year	Reporting Year	Realization Status in the Reporting Year
1	Increasing the amount of recyclable waste among all wastes.	2021	2022	2023	Realized
2	Improving primary material utilization and efficiency	2021	2022	2023	Realized
3	Reducing energy intensity below 3.30 GJ/ton of steel.	2021	2022	2023	Realized
4	Reducing carbon dioxide intensity (tons CO <sub>2</sub> /ton crude steel) according to EPD Report.	2018	2021	2022	Not realized
5	Reducing the amount of by products per ton of steel by 10%.	2021	2022	2023	Realized
6	Reducing the emission value measured by Worldsteel CO <sub>2</sub> data	2021	2022	2023	Realized

In addition to the above targets, our other planned targets are listed below.

- ➔ Science Based Targets Network (SBTN): The aim of SBTN is to protect natural diversity by minimizing environmental damage through inter-company collaborations. They work in accordance with the principles of independence, transparency, and viability. We aim to follow our targets by reporting to SBTI (The Science Based Targets Initiative) in the coming periods,
- ➔ Since steel is 100% recyclable, it has become a fundamental part of the circular economy. Our aim is to calculate our inputs and outputs to find out how circular our production is and to achieve the best results,

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- ➔ In order to increase our energy efficiency, we aim to keep technical equipment and system improvements up to date and to increase efficiency in gas and steam systems,
- ➔ Achieve energy and cost savings from primary energy sources,
- ➔ Use the waste heat in the steel mill,
  - Produce hot water for heating purposes
  - Produce steam
  - Generate electric power
  - Preheat scrap
- ➔ Reduce CO<sub>2</sub> emissions.

The main sub-targets we have set to achieve our long-term targets, which will contribute to our main targets;

Implementing measures to prevent leaks and spills throughout production.

Reviewing the combustion chambers.

Modernizing and integrating heat recovery into production lines.

Reducing electricity and energy consumption

Reducing natural gas consumption.

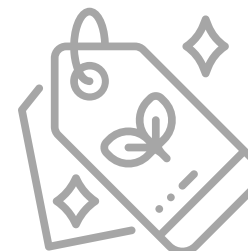
Investing in renewable energy sources, including solar and wind projects.

Launching the scrap shear project to improve scrap efficiency.

Adopting turbo compressors as part of our energy efficiency program.

Installing high-efficiency fans with special blade structures.

Implementing electric alternatives for internal combustion engine vehicles to achieve significant energy and cost savings.





TARGETS	STATUS
Economic Performance / Social Performance / Employment	
Increasing export net sales	Realized ✓
Increasing our employment figures by 2% compared	Realized ✓
Increasing the employment rate of local people	Realized ✓
Increasing SME procurement compared to the previous year (min 1%) to support local procurement to sustain smaller suppliers and support local economies	Realized ✓
Increasing investments and new equipment (min 10%) compared to the previous year	Realized ✓
Increasing social responsibility and charity aid by 10% compared to previous	Realized ✓
Resolving all employee complaints	Realized ✓
Reducing the annual average Turnover rate compared to the previous year (below 7%)	Realized ✓
Occupational Health and Safety	
Reducing the number of lost time incidents compared to the previous year to below 67	Not realized
Reducing the accident frequency rate to below 69	Not realized
Reducing the Lost Time Accident Frequency Rate compared to last year	Not realized
Training	
Increasing the average training hours per employee by 50% compared to the previous year	Realized ✓
Increasing sustainability trainings by 100% compared to the previous year	Realized ✓
Increasing the diversity of trainings and using new educational technologies	Realized ✓
Increasing internship opportunities, increasing the number of interns compared to last year	Realized ✓



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Environmental Performance		
Increasing primary material utilization and efficiency (min 1% increase)	Realized	✓
Reducing process emissions by 10% to reduce environmental impacts from primary material use	Realized	✓
Being in the top 5 companies with the best emission performance in the World Steel Producers	Not realized	
Reducing carbon dioxide intensity (tons CO <sub>2</sub> /ton crude steel) according to EPD	Not realized	
Reducing emissions from company vehicles (mobile combustion, company vehicles) by 5% compared to 2021 emissions in order to reduce the environmental damage of transportation	Realized	✓
Reducing the amount of by-products per ton of steel by 10%	Realized	✓
Increasing the amount of recyclable waste among all wastes	Realized	✓
Reducing total water consumption below 0.99 m <sup>3</sup> /ton steel	Realized	✓
Reducing our Scope 2 Electricity Emissions by 15% compared to the previous year	Realized	✓
Reducing carbon dioxide intensity (tons CO <sub>2</sub> /ton crude steel) according to EPD report	Realized	✓
Increasing the total number of trees by 50% compared to the previous	Not realized	✓



# Our Sustainability Management Structure



Sustainability processes in our company are monitored under the Sustainability and Quality Directorate. Our Directorate reports to the Sustainability and Quality Management Directorate and the Directorate reports to the Board of Directors. The fact that the Directorate reports directly to a member of the Board of Directors ensures that our sustainability approach is represented at the management level. This is because having a member of the Board of Directors responsible for Sustainability and Quality in our management chain makes it easier for us to keep the matter up-to-date and take action accordingly.

Our Sustainability Task Force is responsible for formulating sustainability strategies and policies in economic, social, and environmental areas. Accordingly, Our Board of Directors is responsible for making the strategic decisions of the company regarding sustainability management.

Within the scope of sustainability activities, our Directorate carries out tasks such as ensuring the effectiveness of policies, strategies, governance bodies and tools, assessing the validity of strategic priorities, and making recommendations on environmental, social, and economic concerns.

Within the scope of our sustainability management, in addition to the work carried out by our Directorate, weekly sustainability meetings are held. A Sustainability Team, including representatives from all departments, attends the meetings where sustainability efforts are shared. The members of our team, which meets quarterly, are listed below.

## Sustainability Team (Related Units)

- |                                    |                          |                                    |
|------------------------------------|--------------------------|------------------------------------|
| ➡ Information Processing           | ➡ Refractory             | ➡ Purchasing                       |
| ➡ Budget and Financial Audi        | ➡ OHS and Environment    | ➡ Management Systems               |
| ➡ Steel Mill Management            | ➡ Administrative Affairs | ➡ Auxiliary Facilities             |
| ➡ Steel Mill Machinery Maintenance | ➡ Human Resources        | ➡ Overseas Raw Material Purchasing |
| ➡ Electric Automation              | ➡ Quality Control        |                                    |
| ➡ Rolling Mill Operation           | ➡ Financial Affairs      |                                    |

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### Social Performance Team (Related Units)

- |                                  |                           |                                    |
|----------------------------------|---------------------------|------------------------------------|
| ➡ Steel Mill Management          | ➡ Administrative Affairs  |                                    |
| ➡ Steel Mill Machine Maintenance | ➡ Human Resources         | ➡ Management Systems               |
| ➡ Electric Automation            | ➡ Quality Control         | ➡ Overseas Raw Material Purchasing |
| ➡ Rolling Mill Operation         | ➡ Corporate Communication | ➡ Employee Representatives         |
| ➡ OHS and Environment            | ➡ Purchasing              |                                    |

As can be seen in the table above, as Kaptan Demir Çelik, all departments in our organization have a role in our sustainability targets, practices, and representation of our company. In this way, we take steps towards our targets by maintaining inclusiveness and diversity.

In line with our sustainable production and consumption target, we organize sharing meetings with the participation of the Directorate and the Board of Directors at the end of each year. In these meetings, we work towards creating a culture of sustainability, integrating sustainability into our organization, and increasing the diversity of our stakeholders, which are the targets of our team.



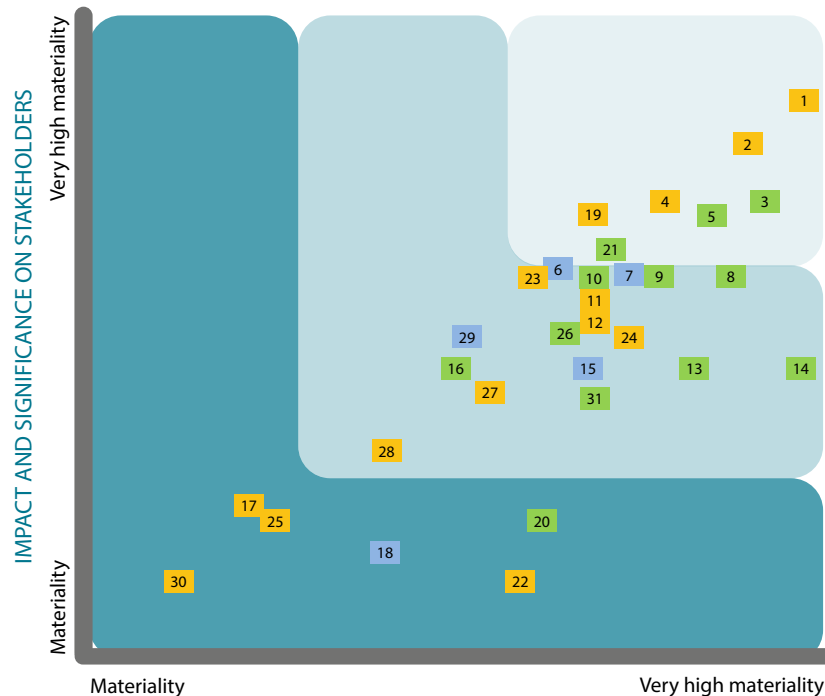
# Our Materiality Analysis

As Kaptan Demir Çelik, we manage our activities by prioritizing environmental, social and governance concerns, which are the building blocks of sustainability, and we manage topics with a strategic approach. In this context, we prepared our materiality analysis in accordance with GRI and AccountAbility (AA 1000) standards.

In this context, we conducted a workshop within the scope of our sustainability efforts. We present below the materiality analysis that we created by including all our company's units and processes and by including the opinions of our stakeholders through surveys.

According to the standard, the horizontal axis includes "Impact and Significance on Kaptan" and the vertical axis includes "Impact and Significance on Stakeholder", while the materiality of the topic increases as you move towards the upper right side of the matrix.

In addition to the sustainability matrix, we have identified our sustainability topics within the scope of the analysis. "High Materiality Topics" are indicated at the top right of the matrix.



- 1 Safe and Healthy Working Conditions
- 2 Business Ethics and Ethical Behavior
- 3 Energy Use
- 4 Employee Conditions
- 5 Water Use
- 6 Contribution to the Diversity and Stability of the Stable Employment
- 7 GWP and GHG
- 8 Air Emissions
- 9 Water Emissions
- 10 Skills and Training
- 11 Leadership
- 12 Supply Chain Sustainability
- 13 Primary Material Utilization and Material Efficiency
- 14 Fair Wages
- 15 Biodiversity and Ecotoxicity
- 16 Diversity
- 17 In Pursuit of Innovation
- 18 Community Relations Stakeholder Satisfaction
- 19 Circular Economy
- 20 Waste
- 21 Employee Relations
- 22 Human Rights
- 23 Employee Commitment and Satisfaction
- 24 Freedom of Association
- 25 Transportation
- 26 Gender Equality
- 27 Digitalization
- 28 Specifying SMEs
- 29 Slave Labor and Child Labor
- 30 Use of Renewable Energy
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# Our Relations with Our Stakeholders III

For us, our stakeholders are the people and institutions that are affected by our activities today and in the future and that may have one of the most important impacts on the success of our organization. For this reason, our communication and cooperation with them constitutes one of the fundamental elements of our company's value creation model. We establish dialog with our different stakeholders through various channels and include their opinions in our decision-making processes. This is because we know that the opinions and suggestions of our stakeholders are of immense importance in the development of our organization.

Our stakeholders; **consist of our Employees and their Families, Certification Bodies, Society, Regulatory Authority, Neighbors, Suppliers, Students and Interns, Customers and Shareholders.**

➡ We communicate with our employees and their families continuously via intranet, e-mail, telephone, and radio, notice boards, monthly via Near miss Notification Cards, and several times a year via social events such as trainings and meetings, department meetings, sportive events, meals, etc. We meet the demands and expectations of our employees and their families through trainings, meetings, motivational dinners, and social events organized to increase employee satisfaction. In order to keep the welfare of our employees at the highest level, we continue our efforts to improve occupational health and safety, respect and tolerance, fair and regular wages, career opportunities, employment, skills development and fringe benefits.

➡ We strive to stay in constant communication with our certification bodies via internet and e-mail on compliance with audit and reporting standards, market competition and improving customer confidence. We reinforce our existing communication through face-to-face meetings, audits, visits, and trainings several times a year. Thanks to our certification bodies, we learn about our performance in compliance with laws and standards and continuously improve our workplace safety. At the same time, we strive to keep the level of trust and respect in our organization at the highest level by conducting our processes as transparently as possible.

➡ Our relations with society, one of our most important stakeholders, are of utmost importance to us. Contributing to the environment and individuals by raising awareness in society, and identifying risks and opportunities in advance are among our priorities. In parallel to this, we are committed to conducting our activities in an environmentally friendly manner, being in constant communication with the community, taking a fair approach, listening, and evaluating complaints and expectations carefully, engaging in social responsibility projects and contributing to employment. In this way, we aim to protect and strengthen our reputation in society.

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Stakeholder Groups	Communication Channels	Communication Frequency	Comm. Purpose	Expectation
Employees and their Families	Intranet, E-mail, Telephone and Radio Notice Boards Near miss Notification Cards Training and Meetings Department Meetings Sportive Events Social activities such as meals etc.	Constantly Constantly Monthly Several times a year Several times a year Several times a year Several times a year	Social activities such as trainings, meetings, sportive events, motivational dinners and entertainment are organized to interact with employees and their families, and their demands and expectations are met. It is aimed that employees value their work and gain appreciation for their devoted efforts.	Occupational health and safety, respect and tolerance, fair and regular pay, career opportunities, employment skills development, benefits.
Certification Bodies	Internet, E-mail, Telephone, In-person interviews Audits and Visits Trainings	Constantly Several times a year Several times a year Several times a year	Compliance with auditing and reporting standards Market competition Improving customer trust.	Compliance with laws and standards, continuous improvement, workplace safety, transparency of processes, trust/respect, compliance with the requirements of the certification body.
Society	Internet, E-mail, Telephone, In-person interviews	Constantly Constantly	Contributing to society by raising awareness, etc. Gaining reputation, identifying risks and opportunities in advance.	Non-polluting activities, respect for the environment, communication, fair approach, listening to and evaluating complaints and expectations, social responsibility projects, employment.
Neighbors	Internet, E-mail, Telephone, In-person interviews	Constantly Constantly	Establishing good relations, ensuring understanding, receiving complaints, requests, and suggestions, cooperation, and mutual support.	Non-polluting activities, respect for the environment and nature, respect and tolerance, control of noise level, workplace safety (explosion, fire, etc.), emergency situations, sharing of machinery and equipment, joint action in legislation, exchange of information on environmental.

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Stakeholder Groups	Communication Channels	Communication Frequency	Comm. Purpose	Expectation
Regulatory Authority	Internet, E-mail, Telephone Official correspondence Audits and Field Detections Meetings	Constantly Constantly Several times a year Several times a year	Regulatory compliance, sectoral requirements, licenses, and permits	Fulfilling the requirements of the legal regulations of the ministries and related institutions within the scope of the legal legislation to which we are affiliated, Iron and steel manufacturers association (sectoral contribution data expectation from us in the development of standards), Social Security Institution, Turkish Employment Agency, Tax Offices, Enforcement Directorates, Chambers of Commerce and Industry (complete fulfillment of membership conditions, dues), Turkish Statistical Institute Presidency, Exporters' Association, Revenue Administration Presidency, Certified Public Accountants, Insurance Companies, Banks, Professional Chambers transparency of processes, compliance with laws and standards.
Suppliers	In-person interviews Internet, E-mail, Telephone Specifications	Constantly Constantly Several times a year	Contributing to society by raising awareness, etc. Gaining reputation, identifying risks and opportunities in advance	Long-term relationship based on mutual trust, clear and complete notification of product orders and requests (specifications), price payment terms, storage, and protection of information on suppliers, ensuring the safety of supplier personnel.
Students Interns	Vocational courses Factory visits and presentations	Constantly Several times a year	Provide students with work and internship experience and develop skills	Vocational training, service/support, workplace safety, respect and tolerance, access to documents, employment, social insurance.

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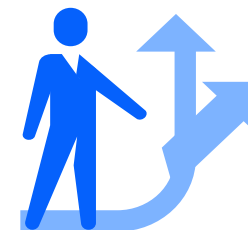
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Stakeholder Groups	Communication Channels	Communication Frequency	Comm. Purpose	Expectation
Customers	Mutual visits Seminars, congresses and fairs, Customer Surveys Subscribed publications and institutions, Factory visits and information meetings	Constantly Several times a year Several times a year Several times a year Several times a year	Customer satisfaction, developing relationships with customers, understanding customer demands, complaints and needs, product promotion	Quality products, timely delivery, price policy, product diversity, fast effective communication (after sales satisfaction, technical support), ease of access to people regarding requests and problems, commercial and technical visits, ease of access to product information, compliance with legal regulations/standards,
Shareholders	OHS Meeting Board Meetings Management Review Meetings	Monthly Monthly At least once a year	Informing about company performance	Satisfactory through put, management solidarity, return on investment, precision and flexibility of operations, financial stability, corporate governance, employee productivity.

We do not ignore our stakeholders in the success and greatness of our organization, and we include them in our strategy to make our growth sustainable. We share with you below our strategy that we have determined within the scope of interaction with stakeholders:

- ➡ Acquiring new customers,
- ➡ Increasing customer satisfaction and loyalty,
- ➡ Managing the rapid handling of product orders,
- ➡ Increasing market share in the domestic market and exports,
- ➡ Increasing employee satisfaction,
- ➡ Improving company image,
- ➡ Increasing the share of high value-added product groups in total production,
- ➡ Developing export markets in terms of quantity and diversity.



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- ➔ Improving the quality level in all product groups and increasing customer satisfaction,
- ➔ Improving cooperation with our suppliers, increasing the quality of all kinds of input materials and services,
- ➔ Ensuring the active participation of our employees at all levels in the processes,
- ➔ Making continuous development an effective and institutional feature,
- ➔ Increasing training and support activities to improve the personal and organizational skills of our employees,
- ➔ Trying to minimize the negative physical impacts that our organizations reflect on the environment due to their fields of activity, with the joint attention, effort, and improvement efforts of all our employees, and to eliminate them completely in the long term,
- ➔ Working with accredited authorized institutions and organizations in the sector,
- ➔ Ensuring effective and efficient use of resources,
- ➔ Creating an effective human resources system,
- ➔ Utilizing information technologies at the highest level, Increasing the use of technology,
- ➔ Improving the effectiveness of the communication system,
- ➔ Making service processes effective and efficient,
- ➔ Increasing external stakeholders' knowledge of the organization's activities and fields of activity,
- ➔ Increasing the knowledge and skills of employees,
- ➔ Ensuring maximum benefit from employees,
- ➔ Including all stakeholders in processes and increasing the satisfaction rate,
- ➔ Raising awareness of strategic planning and performance at all levels of the organization constitutes our strategy.

# Sustainability in our Supply Chain

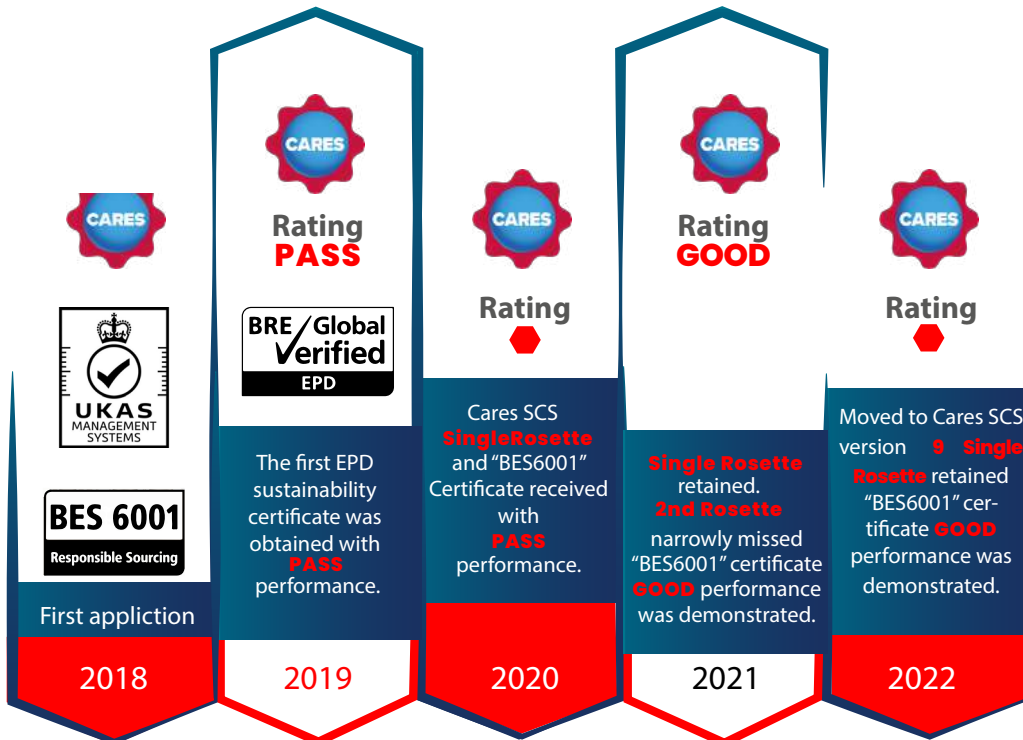


In line with our sustainability approach, which we characterize as “ensuring sustainable development by continuing our production without adversely affecting future generations and the planet”, we carry out our efforts by taking into account responsible procurement principles.

With our Supplier Sustainability Risk Assessment system, we learn the ISO 9001, ISO 14001, ISO 45001, ILO/OECD scopes of the companies we work with. In addition to these, we also evaluate their transportation risk score, transportation emission value, sustainability scores and sustainability risk scores.

As a Cares certified Turkish Steel producer, we care about who we do business with. Therefore, in line with Cares Sustainability (BS8902:2009) and BES6001 (BRE Environmental & Sustainability Standard) standards, we evaluate our suppliers in terms of quality, social, economic, and environmental aspects and work with organizations that embrace these concepts as much as possible.

The following table shows the development chart of our certification process.



## 2023 Target:

Maintaining our single rosette performance in Version 9 and continuing to work towards achieving a second rosette by 2025. Reflecting Good performance in our BES 6001 certificate.



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Our supply chain covers all stages of our plant's production process. Raw materials (scrap), energy, side materials (coal, limestone, dolomite, ferrosilicon, manganese, etc.), plant operation and maintenance, spare parts and equipment, electrodes, refractory materials, fuel, oils, chemicals, logistics, recycling, and disposal of waste materials are all included in our supply process. While performing these stages, we strive to work with companies that comply with the policies and requirements of our organization. In this process, we receive offers from at least three companies that comply with our procedures, and we continue our business process with the supplier we find most commercially viable. While carrying out all these stages, we work with the legal department of our company and act in accordance with our contract.

Within the scope of all these topics, we question the existence of situations such as bribery and corruption before making our supplier agreements, and we are extremely sensitive to the subject of not employing child labor. In addition, throughout our procurement process, we pay attention to whether our stakeholders comply with the Labor Law Legislation, and we terminate our cooperation in the event of a violation.

We attach importance to our suppliers' commitment to take all kinds of measures to prevent corruption and to act in accordance with the Labor Law and other relevant legislation, and we include this concern in detail in supplier agreements.



While determining our procurement and supplier management system, we increase our performance indicators with the importance we attach to acting in accordance with the ethical principles of our organization. In this context, we correctly understand the demands communicated to us and realize our remuneration processes. In addition, we establish long-term relationships with our suppliers by realizing our delivery processes on the promised dates. As of 2022, our total number of suppliers is listed below.

By Number of Suppliers	2022
Total	14,732
Local (Domestic)	14,680

	2022
Number of Countries where Suppliers	52
Number of Suppliers	14,732

Growing our supply chain and furthering our efforts are always among our most important targets. In addition, we expect our suppliers to increase their sustainability efforts in order to encourage them to create a more livable world, and we aim to determine our choices in line with these targets. We also continue to take all necessary actions to expand our position in the global market. Below are the targets we have set to further expand our processes and establish a wide and environmentally friendly supply chain.

No	Target	Base Year	Target Completion Year	Reporting Year
1	Automation of all procurement processes	2023	2025	2025
2	Confirmation of compliance of all suppliers with the standards	2023	2025	2025
3	Reorganization of the supplier pool by taking into account Environmental Criteria	2023	2025	2025

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# III Protecting Our Natural Resources



# Environmental Management

As Kaptan Demir Çelik, we are aware of the importance of environmental management, and we observe the principles of Environmental Management and Sustainability while implementing our activities. We implement ISO 14001 Environment, ISO 45001 Occupational Health and Safety and Sustainability Management Systems and develop solutions by adopting the continuous development and improvement of our system. We prepare our short, medium, and long-term plans on waste in line with our available resources.

Our environmental policy is to reduce the negative impacts on the environment in order to protect the environment and to be conscious and sensitive to environmental factors.

As the only steel producer in the Thrace Region, we are aware of our responsibility. We act by adopting principles such as respect for nature, people and work, sustainable development and protection of the region's touristic structure and agricultural areas for a livable world. In line with these objectives, we are not only responsible for ourselves, but also for the people of the region and other stakeholders:

- ✿ We want to meet their environmental, OHS, Human Rights and socio-economic needs, and to establish and develop relationships through effective communication,
- ✿ By complying with responsible procurement principles, we support a business approach that respects ethical values, opposes all forms of discrimination, and promotes equal opportunity,
- ✿ We are committed to ensuring compliance with all legal, regulatory, and other obligations related to our operations and to understanding, identifying, and mitigating risks and opportunities that arise as a result of our interactions.

To all our employees;

We provide awareness-raising trainings on the Environment, Occupational Health, and Safety, and contribute to their efforts to avoid occupational diseases and accidents. We offer a productive environment for our employees by creating a working environment that encourages and supports mental health and well-being.

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We do not ignore the environmental impact of our activities and in order to prevent pollution that may arise as a result of our activities;

- ✿ We are committed to minimizing the environmental impact of our emissions and hazardous wastes, reducing emissions from production and transportation activities by using the best available technologies,
- ✿ To use natural resources and water efficiently, to reduce energy consumption,
- ✿ To reduce waste and maximize the use of recycled materials by recycling existing waste to increase its reusability,
- ✿ To contribute to nature by ensuring proper disposal of what we cannot recover.

You can find the details of our environmental policy [here](#).

As Kaptan Demir Çelik, the investments we have made for environmental management are listed below;

- ✿ The treatment plant is regularly maintained (blowers, diffusers, filters, etc.) and the equipment to be replaced is renewed.
- ✿ Emissions are monitored by providing Continuous Emission Measurement Systems and chimney filters are replaced continuously.
- ✿ This investment offers a more efficient and environmentally friendly use.
- ✿ The oil content of domestic oily water at the dining hall outlets is reduced with an oil skimmer. Revision of chimneys and combustion chamber revision are provided.

Our unit responsible for environmental management is conducted by the Assistant Manager of OHS and Environment, who reports to the Sustainability and Quality Directorate. These units meet once a month as the OHS and Environment Board and are evaluated through internal and external audits within the scope of ISO 14001. We work in a continuous flow of information/data and review the compliance of environmental management activities with legal regulations together with the environmental consultant twice a month. Our strategies are based on researching the best available techniques and evaluating the feasibility of these techniques. Afterwards, we evaluate the missing points identified, provide relevant trainings to our personnel, and increase their gravitation.

One of our primary targets is to [reduce the tCO<sub>2</sub>/t steel value to 0.25](#) within the scope of annual greenhouse gases. In this way, we aim to minimize the impact of greenhouse gases on environmental pollution and global warming.

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In the use of raw materials, we are aware that the impact of raw material quality on emissions cannot be ignored, so we use quality raw materials. Flue dust reduction is another important topic in environmental management. We aim to reduce 21,737,250 kg of flue dust, which corresponds to 2% of the total amount of flue dust. In line with this target, we have determined the use of quality raw materials, shortening the cleaning period of the filters, and investigating the availability of new filter systems as the most accurate steps. In this direction, we reduced the amount of flue dust in 2022 as we targeted. Another way to minimize emissions is to ensure complete combustion in the arc furnace. [Accordingly, we are working to improve the arc furnace combustion chamber.](#)

In order to increase the amount of waste recycled, all waste generated, excluding medical waste, is recycled by our relevant units. As a result of this approach, [583,374 kg of waste was sent for recycling in 2022. The amount of medical waste that could not be separated and recycled was determined to be only 76 kg.](#)

Within two months, we aim to be able to pass the average analysis results data of 2022 below the average analysis results of 2021. As a result, we aim to keep the wastewater analysis results in 2022 below the average values compared to 2021. In addition to performing internal controls and controlling the data by our environmental engineers, we control the sludge volume indices and bacteria amount by performing imhoff analyzes at the domestic wastewater treatment plant established to control wastewater and industrial liquid wastes. For the same reason, we perform general cleaning of the treatment pools without interruption and ensure regular controls of our ventilation systems.

[Separation of waste from its source, wastewater treatment and emission reduction are at the top of our environmental management practices. ISO 14064-1 Corporate Carbon footprint calculation and reporting ISO 14046 Water footprint calculation and reporting are the most important of these.](#)

In terms of our environmental management monitoring activities, we primarily monitor emissions continuously. In order to monitor emissions, Continuous Emission Measurement Systems (CEMS) are installed in two of our chimneys and in addition to online monitoring, information is transferred to the ministry and wastewater parameters are analyzed at intervals of approximately two months.

In order to contribute to the environment and the economy by ensuring energy efficiency, [we aimed to save on service energy to reduce electricity consumption and to review the rolling mill crushes in process energy and to make the loads more stable. In this direction, we reduced idle energy consumption by trying to reduce downtime.](#)

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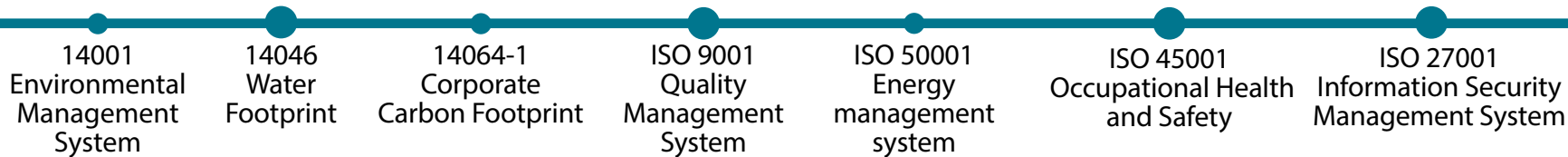
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No	Target	Base Year	Target Completion Year	Reporting Year	Realization Status in the Reporting Year
1	Reducing the annual greenhouse gas coverage of CO <sub>2</sub> tons of steel to 0.25	2022	2023	2023	Ongoing
2	Reducing flue dust waste generation by 2%	2022	2023	2023	Realized
3	Keeping 2022 wastewater analysis results below the average analysis values of 2021	2022	2023	2023	Not realized
4	Sending all wastes other than medical waste for recycling and recovery	2022	2023	2023	Realized



We plan to increase the amount of water recovered from treatment plants in order to reduce natural gas consumption and thus contribute directly to the economy by reducing the consumption of natural resources. Similarly, by 2023, we aim to collect rainwater from the roofs and use it within the facility, and to install flow meters at the inlet and outlet of wastewater quantities and proceed in the light of real data. At Kaptan Demir Çelik, we continue our efforts to reduce and minimize our environmental impacts.

The certificates of environment, energy, OHS, quality, information management system that our KDC Marmara Ereğlisi location has are as follows:



We have certificates within the scope of Iron and Steel Products sales, customs, foreign trade, production, logistics, management, and administrative organization activities. You can find all our certificates [here](#).

Within the scope of Environmental Management;

- ✿ We ensure that the calibration function value and variability test are successful as a result of the Annual Validity Test measurements made in the annual CEMS in order to obtain the desired result in the legislation as a result of the measurement,
- ✿ We ensure that imhoff analyzes are performed at the domestic wastewater treatment plant, sludge volume indices and bacteria content are controlled, general cleaning of treatment ponds is carried out, and aeration systems are regularly checked.



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# Our Energy Management



Energy supply and cost can directly affect the sustainability targets of the iron and steel industry. Fluctuations in energy prices or excessive costs, our dependence on foreign energy, competitive conditions necessitate the effective use of energy resources all over the world, especially in our country. Therefore, in addition to the necessity of procuring renewable energy resources, it is also important that they can be procured in an adequate and sustainable manner.

Since the steel industry is among the sectors that consume the most energy in the world, we endeavor to prioritize our energy efficiency efforts. With our sense of responsibility towards society and the environment, we ensure that all our employees believe in energy saving and we take the necessary measures to increase energy efficiency immediately. In addition, we take care to ensure improvements and updates in all units. You can find our energy policy in detail [here](#).

At Kaptan Demir Çelik, we are working to increase the belief in energy efficiency and to ensure that this culture becomes a tradition. All energy consumed in our factory is actively monitored. In addition, the most appropriate resources are preferred for energy efficiency. By replacing all inefficient devices, we use in lighting with high efficiency LEDs, we demonstrate a longer-lasting and environmentally friendly attitude. In addition, we use appropriate automation products (photocell, motion sensor, etc.) in the appropriate area in lighting, preventing the lamps from turning on when they are not needed. We continue our efforts to maximize the use of daylight in indoor areas.

We prefer renewable alternatives, referred to as green energy, in the sources we purchase. We prevent unnecessary energy use by detecting and preventing all energy leaks (electricity, compressed air, etc.). In addition, we ensure that compressed air lines are kept at the appropriate pressure value, keeping them at a comfort level suitable for air conditioning systems. We try to increase the use of heat recovery devices used to transfer heat from one fluid to another fluid. For this reason, we aim to reduce our energy costs by using burners, economizers, etc. In line with these strategies, we reduce greenhouse gas emissions.

According to the ISRI scrap standard, heavy scrap with high wall thickness, such as rail and ship sheets, is classified as clean scrap. We reduce the energy consumed by increasing the use of clean scrap. We monitor the points of energy consumption in our factory with energy analyzers and SCADA systems. Our energy policy is based on minimizing energy costs. Therefore, in order to use energy efficiently, we create a system that can manage it effectively and ensure the continuity of this system. The ISO 50001 standard, which we consider in this direction, is a comprehensive standard that offers us the opportunity to plan actions, implement actions and control their results, and review progress. The direct benefits of this standard to us are as follows:

- ➔ Energy cost savings,
- ➔ Prioritizing no-cost and low-cost energy saving opportunities in daily operations,
- ➔ Reduced greenhouse gas emissions.

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- ➔ Reduced exposure to fluctuating energy prices,
- ➔ Reduced carbon footprint,
- ➔ Increasing security of supply by reducing dependence on imported fuels,
- ➔ Creating greater energy awareness and engagement among staff,
- ➔ Providing more information on energy use and consumption and opportunities for improvement,
- ➔ Improving informed decision-making processes,
- ➔ Reducing uncertainty by providing a better understanding of future energy use.



The strategies we have identified within the scope of Energy Management are as follows:

- ➔ Raising awareness of all our Kaptan employees on energy efficiency, increasing their belief in energy efficiency and ensuring that this code of conduct becomes a tradition,
- ➔ Identifying and monitoring all energy sources consumed in the factory,
- ➔ Choosing the most appropriate sources for efficiency,
- ➔ Ensuring that the purchased product is in a high energy efficiency class,
- ➔ Using high efficiency devices,
- ➔ Preferring renewable energy (green energy) alternatives to purchased resources,
- ➔ Replacing all inefficient lighting products used in the factory with high efficiency LEDs,
- ➔ Preventing unnecessary lighting of lamps by using appropriate automation products (photocells, motion sensors, time clocks, etc.) in appropriate areas for lighting,
- ➔ Designing indoor spaces to make maximum use of daylight,
- ➔ Preventing unnecessary energy consumption by detecting and preventing all energy leaks (electricity, compressed air, heat lines, etc.),
- ➔ Operating at appropriate pressure values in compressed air lines,
- ➔ Keeping air conditioning systems at the appropriate comfort level,

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- ➔ Reducing energy costs by using heat recovery devices (burner, economizer, etc.),
- ➔ Using the optimum capacity product when selecting an energy consuming product (motor, burner, pump, etc.),
- ➔ Using electricity at appropriate tariffs,
- ➔ Reducing greenhouse gas emissions through these strategies,
- ➔ Reducing energy consumption through the use of clean scrap,
- ➔ Strategic planning and raising awareness of energy efficiency at all levels of our organization and involving all employees in this strategy.

In addition, in recent years, we have made investments such as led lamp conversions in our factory, turbo compressor investments in the oxygen plant, replacement of cooling tower aluminum fan blades and carbon fiber blades in water plants, and we aim to ensure their continuity. **During our site tours every 15 days, any nonconformities that may occur or parts that need improvement are identified and reported to the relevant units.**

We have established an Energy Policy that includes a commitment to comply with the requirements of the Integrated Management System in line with the company's purpose and to continuously improve its effectiveness, that creates a framework for the establishment and review of Energy targets, that is announced and understood throughout the company, and that is reviewed for continuous compliance. We carry out activities related to the Energy Management System in connection with this policy. Our Energy Management System Policy is periodically reviewed at least once a year at the Management Review Meeting and changes are made when necessary. The Energy Policy is approved by the senior management and announced to all employees and related parties by posting it at the points determined by the management, through the company intranet network and trainings.

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# Our Emission Management

In the iron and steel industry, our company aims to continuously develop by using all resources in the most efficient way in line with its targets, strategies, and values, with a sense of responsibility to society and the environment. In this way, we strive to minimize external dependency and offer products and services that can compete in target markets.

We calculate greenhouse gas emissions and removals related to all operations carried out under the responsibility of our organization at the corporate level and declare greenhouse gas according to the requirements of ISO 14064-1:2018 standard.

Our Emission Management goes beyond the legal requirements, and we monitor our emissions within our own operations depending on our energy consumption. In all our group companies, especially Kaptan Demir Çelik, we invest in domestic, renewable, and clean energies while observing energy efficiency within the scope of combating climate change. Because we know that the increase in greenhouse gas emissions is one of the key points of climate change and causes many other environmental problems.

We are aware of the potential impacts of all air emissions generated in our production processes on the environment and human health. Therefore, we meticulously identify areas where our greenhouse gas emissions are concentrated and develop strategies to minimize emissions.

As Kaptan Demir Çelik, we have obtained more reliable data by using 2 different methods to calculate our activities for 2022 and our carbon footprint resulting from them. One of these methods is the GHG (Greenhouse Gas) Protocol and the other is calculated in accordance with the ISO 14064:2018 standard.

The GHG Protocol is defined as the Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard. It sets the necessary conditions and provides guidance for organizations preparing greenhouse gas emission inventories at the company level. The details of the activities included in the scopes are as follows: As for the total amount, the amount of CO<sub>2</sub> released on the basis of Scope 1 is 115,904 tons of CO<sub>2</sub> equivalent, constituting 14% of total emissions. Scope 2 accounts for 30.9% with 240,407 tons of CO<sub>2</sub> equivalent. The remaining 54.2%, 365,311 tons of CO<sub>2</sub> equivalent, are CO<sub>2</sub> emissions from Scope 3 activities.



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ISO 14064 is part of a family of international standards for the quantification, measurement, reporting, monitoring, verification, and validation of greenhouse gas emissions. ISO 14064:2018 is the revised version of this standard in 2018. We have 6 different categories of activities and emission values. Our total emission value in Category 2 has the highest value with 240,407 tons of CO<sub>2</sub> equivalent. Our total value in Category 5 is the lowest with 35,470 tons of CO<sub>2</sub> equivalent.

Examining our total emissions, we manage our aforementioned critical processes in the best possible way in order to lay the foundations of a sustainable future and aim to gain a strong place in our sector both environmentally and financially with our decarbonization strategies.

# Our Water Management

We make maximum effort to protect and sustainably use our natural water resources in all our Group companies, especially Kaptan Demir Çelik. In this direction, we carry out our water management by considering it as one of the important environmental impacts resulting from our activities. Since we are a sector with intensive water consumption, the amount of water used is monitored and recorded.

Within the scope of water management, there are 5 wells belonging to our facility and we monitor the amount of water we consume on a monthly basis. We treat the raw water we receive as well water by passing it through the sand filter, resin, and reverse osmosis stages in our treatment plant, and use some of the raw water as cooling water. The other part, which we treat further, is used as water for drinking and human use. We also recool the heated cooling water and recycle it. The water used in our administrative building is discharged into the Kamara Stream after our domestic wastewater treatment plant. We take care not to use raw water in production.

Our domestic wastewater treatment plant is operational and discharged from the exit point of our plant.

As stated in our 2022 Water Footprint Inventory Report, the water footprint values calculated based on the ISO 14046 Standard are given below.

Accordingly, when the types and sources of water use for 2022 are analyzed;

- ➡ Blue water footprint is calculated as 996,015.69 m<sup>3</sup>/year,
- ➡ Green water footprint is 58,746.70 m<sup>3</sup>/year,
- ➡ Gray water footprint is 26,659.58 m<sup>3</sup>/year.



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# Our Waste Management



We separate all waste generated as a result of our activities according to their codes and categorize them using appropriate equipment. Waste generated at the facility is sent by licensed vehicles of licensed facilities. To increase the reusability of existing wastes, we reduce waste by sending them for recycling and encourage the use of recycled materials. We are committed to contributing to nature by choosing the appropriate disposal method for waste that cannot be recycled after proper categorization.

One of our primary sustainability targets is to support the life cycle of steel production, to promote widespread reuse and thus contribute to the recycling of waste.

As Kaptan Demir Çelik, we have a non-hazardous waste recovery license obtained as a result of our efforts within the scope of our waste management.

We are working to complete zero waste requirements within the scope of “Zero Waste”, which forms the basis of our waste management strategy. In this context, we send all our waste, except medical wastes, to licensed facilities for disposal and recovery in order to separate at source.

We have fulfilled our legal requirements since the establishment of the company. We have been taking steps for waste management since the first years of our establishment and we continue to improve these steps over the years.

We provide chimney dust management with MARZINC. Thanks to the company’s dust collection facility with a capacity of 2,300,000 m<sup>3</sup>, we package dust and particles before they spread into the atmosphere and thus prevent environmental pollution.

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We dispose of our waste in regular and daily periods, within legal regulations and without waiting for a deadline. We process and share the thousands in stock on a daily basis. We are continuously audited by our environmental consultant once a month and once a year within the scope of ISO 14001 Environmental Management System. We are supported to ensure waste management control in internal and external audits conducted once a year within the scope of ISO 14001. In addition, we improve our efforts in this direction through daily monitoring by our own management.

Since we are included in the audit list published by the Ministry, the control of our waste management is ensured in the audit conducted by the ministry within that year. At the same time, waste management is also included in the scope of sudden audits carried out by the ministry.

Regarding our risks and opportunities, after identifying a situation that will negatively affect the environment, we evaluate what opportunities will be obtained if this situation is improved. Our process is carried out as a corrective action under the environmental management system and proceeds as specified in our general environmental system.

The most important investments we have made within the scope of our waste management are the purchase of waste sorting equipment and the construction of a temporary storage area. In addition, storage containers are continuously purchased. We also have a Hazardous Waste Temporary Storage Permit.

Waste components and their amounts in tons by years are given in the table below.

Atık Bilgileri (Ton)	2022		2021		2020	
	Generated Waste	Waste Not Disposed	Generated Waste	Waste Not Disposed	Generated Waste	Waste Not Disposed
Paper	46.80	46.80	30.40	30.40	22.10	22.10
Electronic	3.87	3.87	8.88	8.88	7.50	7.50
Plastic	41.75	41.75	16.61	16.61	9.05	9.05
Glass	2.50	2.50	0.60	0.60	0.80	0.80
Domestic Sewage Sludge	0.08	0.08	0.40	0.40	0	0



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# Biodiversity

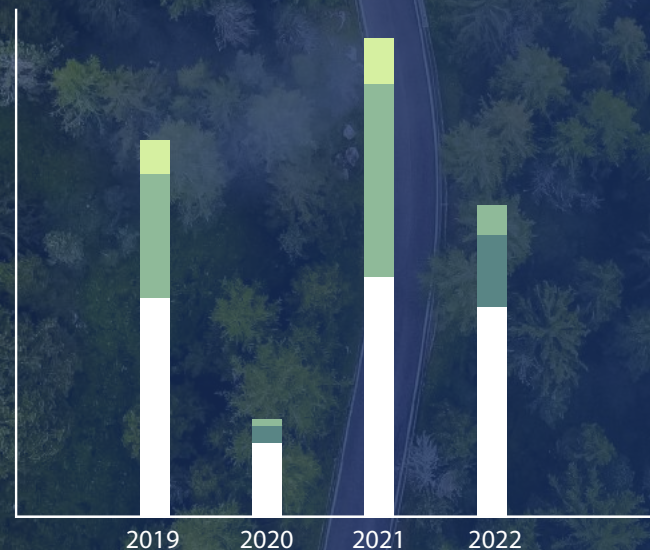


As Kaptan Demir Çelik, we pursue policies to protect the environment and living creatures in the areas where we operate. Thus, we carry out our tasks by considering the possible effects of our work on living species. We act with the awareness that economic and social development is intricately linked to the utilization of natural assets.

Due to the dramatic decline in biodiversity in recent years, as a company operating in the steel industry, we take care to avoid changes in critical habitats. We monitor and share information on our afforestation activities with our stakeholders annually.

Forests function as a fundamental stabilizer in the world's carbon cycle, absorbing 2.1 billion tons of carbon dioxide annually. Therefore, they have a significant role in combating climate change. Aware of this duty, we continue our afforestation efforts to contribute to biodiversity and mitigate the effects of climate change.

The graph on afforestation by year is shared below.



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In addition to our tree planting efforts, while preparing the flora list of the EIA Report that we used while managing the project, we benefited from the field information in the region. We created the flora of the area by making use of the source "Flora of Turkey And the East Aegean Islands". We also created a floristic list by making use of floristic efforts carried out in the regions close to the area and showing the same ecological characteristics as the area. We identified 43 taxa within the project area and its impact area. Among the plant species identified in the same area, there are no endemic, non-endemic, rare or endangered species. Likewise, it was determined that there are no endemic, non-endemic, rare or endangered species in the area where the project is managed. One of the main reasons

for this is the intensive use of agricultural land around the project and its impact area. As a result of the efforts, we found that 3 amphibian species are distributed in the project area and its immediate vicinity. There are no endemic species among the amphibians identified in the project area and its immediate vicinity. As a result of the efforts, 12 reptile species and 27 bird species were identified in the project area and its immediate surroundings. Although no endemic species were found among these species, all 27 bird species were evaluated as "LC (Least Concern)" according

to the IUCN red list. Of the 13 mammal species found in the activity area and impact area and likely to be found due to habitat characteristics, 3 of them are included in the Bern Annex-III list. According to the IUCN Red List Categories List among mammal species, 13 species are in the LC category and 1 species is in the "DD (Insufficient Data)" category. Likewise, there is no endemic species in the mammal fauna identified in the Project area and its immediate surroundings.



# III Our Social Performance





# Our Human Resources Approach



As Kaptan Demir Çelik, we strive to improve our social performance in order to recruit the necessary, competent and sufficient workforce for production, management, organization and services. In this context, we act with the awareness that our most valuable stakeholders are our employees, and we integrate our way of doing business into our company's code of ethics.

We aim to create a safe work environment by establishing a healthy communication with both our employees and all our stakeholders with our philosophy of "The greatest power is respect, and the basic principles of life should be to respect nature, people and work."

In order to keep the motivation of our employees, our most valuable resource, at the highest level, we take care to keep the internal employee circulation at a minimum level. We ensure that necessary actions are taken to increase our employee welfare by conducting special interviews with each employee who leaves the job.

The table below shows our total employee turnover rates based on age, gender, and location for 2020-2022.

Total Employee Turnover (Age, Gender, and Location Breakdown)		Average Number of Employees	Men						Women					
			Under 30		Between 30-50		Over 50		Under 30		Between 30-50		Over 50	
			Nr. of Resig	Rate (%)	Nr. of Resig	Rate (%)	Nr. of Resig	Rate (%)	Nr. of Resig	Rate (%)	Nr. of Resig	Rate (%)	Nr. of Resig	Rate (%)
2020	Domestic	829	9	11%	46	56%	24	29%	0	0%	1	1%	2	2%
2021	Domestic	869	19	22%	37	51%	14	19%	1	1%	3	4%	1	1%
2022	Domestic	912	23	42%	26	47%	5	9%	0	0%	1	2%	0	0%

Thanks to the actions we take and our target of establishing a sustainable working environment, we take care to reduce our total employee turnover rate.

We attach importance to working under high working standards in order to grow with our stakeholders, whom we see as the most important capital of our factory, and to produce quality products.

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In accordance with the Kaptan Demir Çelik policy established within this scope, we undertake the following to our employees;

- ➡ Never to discriminate based on political beliefs, race, religion, color, nationality, sexual orientation, gender, age, disability, military service, marital status, ethnic origin, pregnancy, etc,
- ➡ To protect everyone working in our organization against mobbing or physical and mental manipulation,
- ➡ Not to privilege any worker against forced labor or child labor,
- ➡ To be respectful towards the private lives of our employees,
- ➡ To take all necessary administrative and technical measures within the scope of “Personal Data Protection” PDPL,
- ➡ To ensure the data and personal security of our customers and third parties,
- ➡ To comply with legal regulations in order to prevent any harm to the health of any employee working in our company,
- ➡ To act on the basis of the “Principles for Business and Human Rights” shared by the United Nations,
- ➡ To respect the legal rights of our employees and not to discriminate against them in relation to all their voluntary political participation in this context,
- ➡ To take all necessary measures by paying attention to occupational health and safety,
- ➡ To ensure that employees receive the necessary training in order to contribute to their personal development.

We commit.

We review, update, and improve our Human Resources Policy given above at least once a year. Within the scope of this policy, we aim to be the pioneer of the sector and exports in iron and steel production, and we continue to work in a respectful manner towards the environment and social values.



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# Diversity and Inclusivity

As Kaptan Demir Çelik, we support the principles of equality and diversity and include diversity and inclusion in our workforce in our processes. As stated in our [Human Resources Policy](#), we do not discriminate among our employees. In parallel to this, despite being a heavy industry company, we utilize women's power in every field we can and try to create employment opportunities for women. As an organization that increases the number of women employees in our team every year, we take care to strengthen our efforts in this context. We also strive to contribute to gender equality by including blue-collar women employees in our organization.

The table below shows the number of women, men and total employees, including subcontractors, in Türkiye between 2020 and 2022.

Number of Employees by Year (Including subcontractors)	Men			Women			TOTAL		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Domestic	882	842	805	30	27	24	912	869	829
Abroad	0	0	0	0	0	0	0	0	0
Total	882	842	805	30	27	24	912	869	829

The number of men and women employees in 2022, excluding subcontractors, is given below.

2022	Fixed Term		2022	2021	2020
Number of Employees (including subcontractors)			Women Employee Ratio (%)		
	Men	Women	Number of Women Employees		
Domestic	882	30	3.4	3.07	3.05
Abroad	0	0	30	27	25
Total	882	30			

Recognizing the value that our diversity adds to our organization, we protect and strengthen our social prosperity.

The table shows the ratios of our target to include more women employees in our organization by years.

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To this end, we continue our efforts to ensure that individuals from different cultures, languages, religions, races, genders, ages and educational levels can take part in our company under equal conditions. In this way, we ensure that all our employees feel comfortable and free in the work environment.

Within the framework of equal opportunity and inclusion, below is our gender-based table of working hours for 2020-2022.

	2022		2021		2020	
Number of Employees by Working Hours	Women	Men	Women	Men	Women	Men
0-5 Years	7	334	16	335	13	313
0-10 Years	7	186	5	162	7	165
Over 10 Years	16	362	6	345	5	317
<b>Total (Gender Based)</b>	30	882	27	842	25	795
<b>Total</b>	912		869		820	

Our number of employees by age and gender for 2020-2022, which we have prepared on the basis of gender, taking into account the rights of our employees, is given below.

	2022		2021		2020	
Number of Employees by Gender and Age	Women	Men	Women	Men	Women	Men
Over 50 Years	7	137	7	129	7	139
Between 30-50 Years	18	613	19	598	17	587
Under 30 years	5	132	1	115	1	78
<b>Total (Gender Based)</b>	30	882	27	842	25	804
<b>Total</b>	912		869		829	

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The gender distribution of our disabled employees between 2020-2022 is given below.

Number of Disabled Employees by Gender	2022	2021	2020
Women	5	3	3
Men	9	6	6
Total	14	9	9

The age and gender distribution of our company's management team between 2020 and 2022 is given in the table.

Managers (Location Breakdown)	2022		2021		2020	
	Women	Men	Women	Men	Women	Men
EREĞLİ FACTORY	3	37	4	36	4	43
Total (Gender Based)	3	37	4	36	4	43
Total	40		40		47	

As Kaptan Demir Çelik, we are aware that the active participation of women in corporate life directly affects the productivity and performance of the company. For this reason, we continue to improve our fringe benefits in order to increase the welfare of our women employees.

The table below shows the number of men and women employees who were entitled to maternity leave and returned to work.

2022	Total Number of Employees entitled to Maternity	Total Number of Employees Who Used Maternity Leave	Number of Employees Returning to Work after Maternity Leave	Number of Employees Who Returned to Work and Still Working After 12 Months	Rate of Return to Work Among Those Taking Maternity Leave (%)	Retention Rate Among Those Taking Maternity Leave (%)
Men	61	61	61	61	100%	100%
Women	1	1	1	1	100%	100%
Total	62	62	62	62	100%	100%

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Within the scope of our employee rights and workplace culture target, we take the necessary measures to protect the rights and welfare of our employees. By creating a fair workplace culture, we ensure that everyone works in an equal and respectful environment.

We pay utmost attention to the welfare, happiness, training, talent and career development of our employees, our most valuable capital. In this context, we support our employees revealing their potential by investing in their personal and professional development and to receive the necessary training for their areas of expertise. Therefore, we are strengthening our activities to develop work in compliance with human rights standards in all our business activities.

The table below shows the number of people who benefited from the Private Health Insurance and Personal Accident Insurance benefits we provided to our full-time employees between 2020 and 2022.

Benefits Provided to Full-Time Employees	Men			Women			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Private Health Insurance	882	0	0	30	0	0	912	0	0
Personal Accident Insurance	882	842	804	30	27	25	912	869	829

Apart from our fringe benefits, while organizing our wage policies, we do not allow our employees to work below the minimum wage and we always strive to raise our standards. In addition to all these, we ensure that all rights of our employees are paid at the stages of dismissal, and we do not allow them to be victimized during this process.

# Employee Development and Training



As Kaptan Demir Çelik, we strive to ensure that our employees, our most important stakeholders, receive the best training. We know that “Quality and good service is only created by successful teams”. For this reason, we expect our internal stakeholders and candidates who want to work with us to be respectful to nature, people, work, as well as self-developing, participatory and sharing people to serve the society we are in through our organization in the best possible way.

In line with this understanding, we inform our employees about our policies and the functioning of our organization through the orientation training we provide at the beginning of their employment.

We provide information at the beginning of employment and in all sustainability trainings we offer to our employees, and we show supporting videos to make our trainings more comprehensive.

We keep our [videos](#), which we show during our training processes in order to ensure ear fullness and awareness, constantly updated in the cafeteria. In addition, all users with a computer can access these videos on the intranet system used within the company. One of our targets for this year is to support and reinforce our trainings with an online training platform in addition to the training methods and videos provided in all these internal and external trainings. We also plan to expand our applications and hang banners or posters on the subject.



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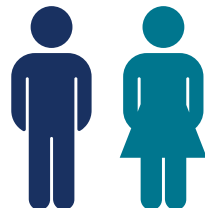
In addition to sustainability, trainings are also provided in the areas of occupational health and safety (OHS) and environment. You can review our trainings, the number of employees participating in trainings and total training hours in the table below.

Trainings	Number of Employees Who Attended Trainings	Total Hours of Training Provided
Sustainability	879	1,754.25
OHS	914	16,476
Environment	674	907

Through our integrated learning systems and management, we aim to draw attention to this important topic in all areas of our company and increase awareness and efforts. Our efforts in this direction include the following activities:

- Outsourced trainings from sustainability professionals
- Sustainability trainings continuously published on the Kaptan Intranet Portal KaptanPort
- Mandatory on-the-job trainings covering online sustainability training topics
- Membership to online training platforms such as in-company sustainability trainings covering
- OHS, Environment and Information Security trainings where we can measure effectiveness through face-to-face interaction and before-and-after questions

In our sustainability trainings that we conducted online this year, we draw attention to subjects such as climate change, green steel, ethics, diversity and inclusion, human rights, biodiversity, working hours, working conditions of young workers and circular economy in order to place sustainability values at the center of our way of doing business and to ensure that our trainings are permanent. In this way, we are taking steps towards becoming a more sustainable company, fulfilling our environmental and social responsibilities, and ensuring that our employees adopt the principle of sustainability in their daily lives. In 2023, we aim to go further in the application part by conducting these trainings face-to-face.



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We try to make our trainings accessible to everyone by placing the links and QR codes of our trainings at various points in our company. In this direction, we pay attention to the following topics:

- ➔ Inclusive of all stakeholders,
- ➔ Compatible with technology,
- ➔ Easy to use,
- ➔ Accessible 24/7 by anyone and anywhere,
- ➔ Has an intriguing content,
- ➔ Understandable by all groups,
- ➔ Offers a wide range of training at no cost,
- ➔ Can be tracked on an individual basis through assessments,
- ➔ Easy updating of materials.

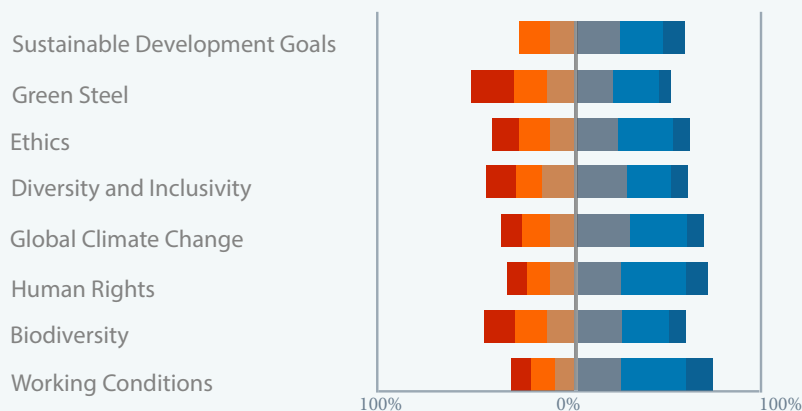
We measure the benefits of our trainings by conducting surveys before and after our trainings to measure our stakeholders' knowledge on sustainability.

The tables below show the pre- and post- training Protecting Our Natural Resources evaluation results. The knowledge levels of our participants before our training courses are as follows.

The knowledge levels of our participants on sustainability after our trainings are as follows.

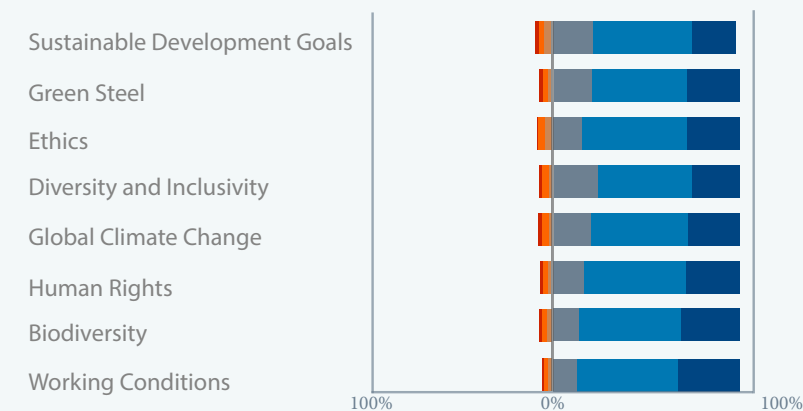
How much do you know about the following sustainability topics?

None Very little Little A Little Good Very Good



How much do you know about the following sustainability topics?

None Very little Little A Little Good Very Good



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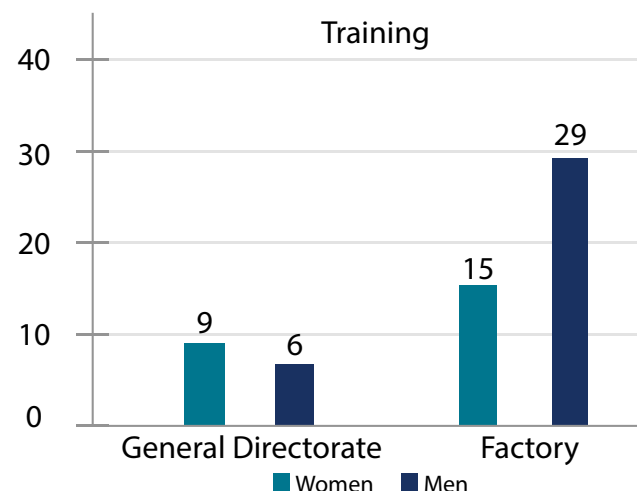
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As seen in the previous tables, it is clear that our participants have more knowledge about sustainability as a result of our trainings. By raising awareness of our stakeholders and participants about the environment, we are on our way to spreading and improving such practices.

The table below shows the average number of training hours provided in 2022 and the number of employees participating in trainings, broken down by gender.

Gender	Number of Employees Who Attended Trainings	Total Training Hours (Average)	Average Training Hours per Employees (Hours)	Total Number of Employees (Average)
Women	56	831	27.7	30
Men	1,032	30,971	35.11	872
AVERAGE		31,802	34.87	912

With our trainings, we add value to both our organization and our stakeholders and improve our sustainability perspective. That is why we set our targets high for the development and training of our employees. For this reason, we aim to provide 22 hours of training for each employee in 2023 and we are taking important steps in this regard. We allocate a budget 20 of TRY 400,000 per employee in order to provide more comprehensive training to our employees by fulfilling our targets.



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# Employee Satisfaction and Complaint Mechanism III

As Kaptan Demir Çelik, we consider the complaints we receive, evaluate them carefully and make improvements in the light of this data. We use our request, complaint, and suggestion notification system for this feedback. We follow general requests, complaints and suggestions from [here](#), and stakeholder requests from the complaint and suggestion notification boxes and the “Contact Us” tab on Kaptan Port, which is used within our company. All our stakeholders, including our employees, can contact us by filling out the Stakeholder Request, Complaint and Suggestion Notification form on our website. We also send requests and suggestions via e-mail to [info@kaptandemir.com.tr](mailto:info@kaptandemir.com.tr).

We review every complaint, suggestion and request made to us in line with our integrated management system. As a result of our reviews, we make improvements in the areas we deem necessary. We provide our employees with the opportunity to present their complaints, requests, and suggestions in a fair manner.

The form filled out on our website and the filling out of the stakeholder request, complaint and suggestion card at the location can be transmitted anonymously according to the person’s request. Complaints submitted anonymously to the management systems are included in the system within the scope of confidentiality and necessary actions are taken.

Our Stakeholder Request, Complaint and Suggestion system includes all our stakeholders. Since our suppliers are one of the most important stakeholders of Kaptan Demir Çelik, the system works actively for them as it does for other stakeholders.

We inform our stakeholders about these mechanisms and publish the necessary forms on our website so that they can easily access them. We have placed QR codes with the website on the forms that we have placed at certain points of the facility for our employees. We have ensured that our employees can directly access these forms and communicate their requests and complaints to us. We provide trainings at regular intervals for the continuity of this system we have established. We aim to resolve all incoming requests, complaints and suggestions and reduce the time it takes to take action.

Customer satisfaction, opinions, visits, or complaints are particularly important for us. The management of complaints is documented, investigated and stakeholders are notified with actions according to the Stakeholder Request, Complaint and Suggestion Management Procedure. The complaints of all our stakeholders are recorded in our company’s database along with corrective actions, regardless of their validity. Satisfaction is evaluated through customer satisfaction surveys.

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With the philosophy of “Low Turnover, Loyal-Happy Employees”, we continue our activities to improve our working conditions and increase the welfare of our employees in order to increase customer and employee satisfaction.

The table below shows customer satisfaction rates in percentages by year.

	2022	2021	2020
Customer Satisfaction Rate %	95	93	88

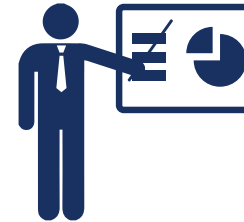
Our total number of customer complaints and the number of resolved concerns by year are presented in the table below.

Total in All Subjects Across the Institution	2022	2021	2020
Total Customer Complaints	3	2	1
Resolved Customer Complaint	3	2	1

We resolve all customer complaints received by our organization every year starting from 2020.

The table below shows the complaints of our employees and the number of resolved complaints by year.

	2022	2021	2020
Number of Complaints Received from Employees	42	37	4
Number of Resolved Complaints	42	37	4



In addition to the complaints submitted, we read and evaluate each recommendation sent to us with the utmost care. We aim to improve our conditions by taking the necessary actions regarding these recommendations immediately.

In 2022, we responded to the recommendations sent to us and provided a quick response to those who contacted us. We value every kind of feedback we receive, so we strive to ensure the continuity of our request, complaint and suggestion system that enables us to improve. In addition to all these, we are trying to expand the audience we reach with our LinkedIn and Instagram social media accounts every day. Analyses conducted by independent organizations show that our website receives an average of 5,000 views per month.

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# Corporate Social Responsibility

As Kaptan Demir Çelik, we care about social responsibility projects and strengthening community relations. We aim to benefit the country's economy and development by supporting the communities that exist in our geography.

- ➔ July 15 Martyrs Vocational and Technical Anatolian High School, with its current name, was built by our group company Kaptan Group in order to contribute to qualified education, support schools, serve the growing population in the Tekirdağ region where we operate, support education and pave the way for young talents. Our high school has multi-purpose workshops covering Metal Works and Machinery Departments. In order to support local communities, we contribute to society by carrying out projects in areas such as education, health, infrastructure, culture and social services in the regions where we operate.
- ➔ In addition to our high school, in our tree planting campaign initiated by our group company Kaptan Group, we have been planting tree saplings on behalf of the person who will receive a gift instead of the traditional in-house promotion since 2008. To date, we have planted 50,000 saplings at 5 different addresses, including Marmara Ereğlisi Seymen road and Ekşi Elma location. We planted a tree sapling on behalf of each participant at the Dubai Steel Conference, London Steel Conference and ITU 11th Industrial Pollution Control Symposium, which we sponsored in 2008. We protect and grow the saplings we have planted
- ➔ In addition, we support the formation of the perception of Social Responsibility and Social Benefit in the internal perception of the company and taking action accordingly, instead of individual gifts and satisfaction.

We carry out our social responsibility activities under a management system that complies with applicable legal regulations, internationally accepted codes of conduct and standards. We are committed to carrying out our activities in a manner that is compatible and integrated with the other management systems we have, to continuously improve them and to provide the resources needed for all these activities.



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# III Our Responsible Business Practices



# Occupational Health and Safety

Founded in 1964 in Karabük, our factory continues its activities in Thrace. In all activities carried out by our company, we primarily aim to ensure the health and safety of our stakeholders. In this context, we meticulously implement every aspect required. Within the scope of Occupational Health and Safety Policy;

- We take care to fulfill all laws related to Occupational Health and Safety.
- We strive to take all necessary measures to prevent occupational health problems in case of occupational accidents or long-term incapacity.
- We act by adopting the principles of zero occupational disease and zero occupational accident in order to prevent occupational accidents and to ensure that employees can continue their activities in a peaceful environment.
- We take care to take proactive measures within the scope of occupational health and safety by making the necessary plans against emergencies. Accordingly, we inform our employees about Occupational Health and Safety and ensure that they are careful and prepared for emergencies.
- We take measures to protect the health and safety of all our visitors to the supplier or factory and inform them about this matter.
- We take care to inform all our stakeholders by publishing our policy on our website.

- While the maintenance of this policy is the responsibility of our board at the highest level, all our employees have a duty.
- We review our Occupational Health and Safety policy at least once a year and update it when necessary.

As Kaptan Demir Çelik, we strive to improve and develop our policies every day to provide a safe and healthy working environment. We assure our employees with the practices we put into operation in line with our policies.



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As Kaptan Demir Çelik, we shape all our procedures to ensure Occupational Health and Safety within the framework of the ISO 45001 standard we have received and fulfilled the requirements of this standard. We carry out various training and information activities to ensure the occupational safety of our employees and to identify and reduce risks to an acceptable level. In this context, we provided a total of 27,303.37 hours of training to our employees in 2022.

While improving our safety conditions, we consider;

- ➡ Prevention of occupational risks,
- ➡ Protection of health and safety,
- ➡ Elimination or minimization of risk and accident factors,
- ➡ Taking necessary measures to train and inform employees on occupational health and safety, to obtain their opinions and to ensure their balanced participation,

We consider the objectives of creating a safe working environment at all relevant stages of all activities.

Some of the practices we have realized in this context are listed below.

In our Employee Health and Safety Development Program, we aimed to move from rule-oriented OHS (Occupational Health and Safety) to behavior-oriented OHS. In this context, we provided Trainer Training to a selected group (shift supervisor, foreman, engineer) of our operational supervisors in the first stage and ensured that these people received the title of "Trainer Field Supervisor". Our participants who received Trainer Training then participated in the Hazard Awareness trainings to be given to the group consisting of foremen, shift supervisors and assistant foremen other than themselves as spectators and observers.

In the last stage, our Trainer Field Supervisors provided "Hazard Awareness Training from My Supervisor" to the personnel within the scope. A total of 776 people received training in the 1st Level Hazard Awareness Trainings of this project. The 2nd stage of our project started in June. At this stage, Trainer Field Supervisors prepared training content by determining the hazards and risks specific to their own sites and then provided hazard awareness training specific to their work sites to the out-of-scope personnel. During the trainings, employees created a SWOT analysis on the participation of employees in OHS activities for the site.

Within the scope of OHS, we continued OHS inspections at night during our construction site efforts and received external support.

In processes such as cutting, welding, and heating with flammable and combustible gases, we outsourced training and implementation work to determine the types of valves suitable for the area of use and to complete the missing regulators.



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- ➡ We have named and sketched all the halls on our site so that the areas can be accurately described in emergencies and daily work.
- ➡ By installing rear-view cameras on scrap trucks, we prevented them from getting close enough to the scrap hall to pose a risk during evacuation.
- ➡ In order to prevent the risk of falling in the gantry (pedestal bridge crane) area of the Steel Mill furnaces bowl area, we made anchor connections at various points to prevent the risk of falling and provided our employees (including those working on crane roads) with practical training on working safely at height. We provided parachute-type seat belts and working equipment.
- ➡ We carried out railing/platform/ladder revision efforts in areas that pose a risk of falling in the steelworks area. We carried out reinforcement efforts in the steel construction structure and received external and internal support in areas where dust accumulation is intense. We also ensured that dust cleaning was carried out and that this cleaning process was repeated intermittently.
- ➡ We aimed to reduce the frequency of the module dust cleaning process by changing the design of the gas modules and to prevent the risks that may be caused by intense heating. We also tried to reduce the environmental impacts during dust cleaning.
- ➡ We determined the walking paths in the indoor and outdoor areas within the facility and aimed to complete the missing parts of the construction site efforts.
- ➡ In order to prevent hand jamming in the Uzay bandsaw, we created a sensor stopper by utilizing the automation system. We aim to apply it to all similar equipment in 2023.
- ➡ With the support of the investment department, we ensured area limitations, temporary lifelines, and the creation of temporary guardrail systems with our OHS support team of 4-5 people.
- ➡ During maintenance efforts and steel mill revision efforts, we secured the work at heights with the use of safety ropes (tension belts) and steel mobile lifelines.
- ➡ We have completed 90 percent of our lifelines. Our efforts continue for the missing areas, newly constructed and renovated areas..



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As Kaptan Demir Çelik, we measure our Occupational Health and Safety performance indicators. In the event of an occupational accident, we ensure that an "Accident Notification Form" is issued by the infirmary, and after the first intervention, a "Work Accident Report" is issued by the Duty Supervisor / Shift Supervisor / Foreman / Unit Supervisor. After the forms are examined, the conditions are evaluated, and the Work Accident Investigation and Root Cause Analysis Form is filled out. By analyzing the data and the completed forms, lessons are learned from the accident, and we ensure that the necessary measures are taken immediately to prevent another occupational accident in the future.

Our working day and hour values that we use to calculate occupational health and safety performance numbers, rates and ratios are given in the table below.

OHS Performance Indicators	2022	2021	2020
Number of Accidents	105	134	105
Number of Work-Related Fatal Cases	0	2	0
Number of Occupational Diseases	0	0	0
Lost Workdays due to Accident	2,054	505	620
Accident Frequency Rate	53.00	69.00	59.00
Occupational Disease Rate	0	0	0
Lost Workday Rate	%0.00	%0.00	%0.00

OHS Performance Indicators	2022	2021	2020
Total Working Days	237,257.2	255,430.2	264,423.4
Average Employee	912	869	820
Working Hours Person*Hour	1,981.000	1,927.781	1,774.343

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OHS Performance Indicators	Total Annual Working Hours (Institution name)	Work Related Injuries		Serious Injuries		Work Related Deaths	
		Employee (Integer)	Ratio of Total	Employee (Integer)	Ratio of Total	Employee (Integer)	Ratio of Total
		99	49.97	6	3.03	0	0.00

We set various targets to continuously improve our Occupational Health and Safety performance. The targets we have set in this context are listed below.

No	Target	Base Year	Target Completion Year
1	To reduce the Accident Severity Rate of 0.26 by 10%.	2021	2023
2	To reduce the Accident Frequency Rate of 53 by 10%.	2022	2023

# Our Work Ethics

Our Code of Ethics, which Kaptan Group and other group companies comply with, is highly effective and inclusive in the formation of our corporate culture. It is the responsibility of all our managers to ensure that our Code of Ethics is given the necessary importance and that employees comply with it. Since compliance with business ethics is an integral part of our operations, we adopt the principles of continuous improvement and development.

In this context, we see it as the responsibility of all our employees to act in accordance with our Code of Ethics and we receive written commitments from our employees that these values will be protected. You can also review all the details of our Code of Ethics [here](#).

- Truthfulness, Honesty,
- Confidentiality,
- No Personal Benefit,
- My Responsibilities,
- My Legal Responsibilities,
- My Responsibilities to Our Customers,
- My Responsibilities to My Colleagues,
- My Responsibilities to Our Suppliers,
- My Responsibilities to Our Shareholders,
- My Responsibilities to Our Competitors,

and My Responsibilities Towards Society and the Environment.

As an organization committed to maintaining our reliability and ethical standards at a prominent level, we advocate that our suppliers work in compliance with legal regulations and standards and accept the [“Kaptan Demir Çelik Supplier Code of Business Ethics”](#).

Our Code of Business Ethics, which we have created in this context, is given below.

## Child Labor

- ➡ As Kaptan Demir Çelik, we absolutely do not allow child labor. We comply with the age limits set according to legal regulations.
- ➡ We also advocate that our suppliers should take measures to prevent the employment of people under the legal age limits.



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## Forced Labor

- ➔ We do not allow forced or compulsory labor under any circumstances. Employees may not be subjected to any form of violence or coercion.
- ➔ Our suppliers are responsible for ensuring that every employee is hired voluntarily.



## Modern Slavery and Human Trafficking

- ➔ We are committed to respecting human rights and we strongly reject modern slavery and human trafficking.
- ➔ Our suppliers must likewise comply with the requirements of Modern Slavery law, respect human rights and have zero tolerance for modern slavery.



## Health and Safety

- ➔ Our suppliers must provide a safe and healthy working environment for employees. The health and safety rules we have determined as Kaptan Demir Çelik must be complied with.
- ➔ The use of hazardous production methods must be prohibited. We oppose any practice that may jeopardize employee health.
- ➔ Suppliers must train employees in health and safety.



## Environmental Protection

- ➔ Suppliers must adopt a sustainable production approach and comply with environmental protection principles.
- ➔ Compliance with all environmental legislation must be ensured and environmentally friendly methods must be used in production stages.



## Discrimination

- ➔ The principle of equality must be adopted, and all forms of discrimination must be strictly prohibited in recruitment and employment processes.
- ➔ Discrimination based on race, gender, age, religion, sexual orientation, etc. should not be allowed.



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## Disciplinary Practices

- ➔ Suppliers must treat employees with respect and not use corporal punishment.
- ➔ Employee abuse or harassment should not be tolerated.



## Working Hours

- ➔ Suppliers must set working hours and holidays in accordance with legal regulations and industry standards.
- ➔ The rights of employees with special needs must be respected.



## Wages and Payments

- ➔ Suppliers must adopt a sustainable production approach and comply with environmental protection principles.
- ➔ Compliance with all environmental legislation must be ensured and environmentally friendly methods must be used in production stages.



## Production Traceability

- ➔ The principle of transparency and honesty must be observed in production and procurement processes.
- ➔ Confidentiality of commercial information must be protected and not shared with third parties.



## Bribery and Corruption

- ➔ Bribery or corruption is strictly not permitted. Suppliers must be sensitive to all forms of corruption.



## Code of Ethics Follow-up

- ➔ Suppliers must allow audits and compliance programs when necessary.



## Complaint Procedure

- ➔ Suppliers may submit complaints or reports of violations of the Code of Ethical Conduct to our e-mail address [info@kaptandemir.com.tr](mailto:info@kaptandemir.com.tr) or to us here.
- ➔ Complainants will not be retaliated against or penalized.



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# Our Football Team

In addition to the importance, we attach to our employees' education, we encourage them to participate in sports by supporting them in other social activities. In this way, we aim to increase solidarity and team spirit within the company. For this purpose, we have two football teams at the Headquarters and Marmaraereğlisi locations. Our football team, which we established in Marmaraereğlisi in the last months of 2019, consists of a strong squad of 15 players. We started our football adventure by participating in a well-established tournament such as the Business Cup (Türkiye Corporate Football League) in February 2020. Our purpose of participating in the tournament was to ensure that our players, who, as a newly established team, had tournament experience, could grasp this understanding, feel the team spirit, and improve themselves in game performance.

Our football team was unluckily eliminated by penalties in the quarterfinals of the inter-company Business Cup organizations. We were proud of our quarterfinal success, and we were also proud that our captain Hasan Çebi, our goalkeeper Gencay Şefik and Mehmet Demir, one of the stars of our team, and all our valuable players, who achieved significant success in the new season with their talents, received individual awards and were deemed worthy of the Fair Play award as the most chivalrous team of the season.

With the experience we gained in the previous competition, we increased our success by participating in the Lotto Corporate Football Field League, another football field organization in Türkiye. In addition to putting up a good fight in our first season.

Setting a new target of success in every organization, our team participated in the Lotto Corporate Football Field League again and achieved remarkable success on behalf of our organization. Winning all the matches and reaching the finals, our team won the silver medal and became the source of pride for the entire Kaptan Demir Çelik family.



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# Dragon Boat Team

Our in-house activities, which we support with our social activities, are among the most crucial factors in increasing our motivation and strengthening our loyalty. In addition to our football team established in this context, our Dragon team has also achieved remarkable success and has become a source of pride for the Kaptan Demir Çelik family.

Our Dragon Boat Demirbilek team made history with its most successful year in 2022. We became the Turkish Champion in the Istanbul phase of the Corporate Games, an annual inter-company competition known as a worldwide competition. Thanks to this success, we were happy to have the chance to represent our country abroad.

Although we participated in the Küçükçekmece Municipality Dragon Boat races organized 1 week after this success with less people due to the annual leaves used in the summer season, we managed to return as the 2nd among the teams that always play head-to-head in the tournament with 14 rowers.

In the Turkish championship held on 11-12/06/2022, we achieved the greatest success by winning all the trophies (federation and general classification) in Istanbul for the first time in its history and gained the right to represent our country abroad within the IDBF (international dragon boat federation). In the 2nd phase of the Turkish Championship held in September, we represented our institution and came 2nd by a split-second margin.

With our Dragon and Football teams, we demonstrate the value we attach to sports and our employee loyalty, and we plan to increase our activities and efforts in this context. With these activities, which are a source of motivation for our organization, we have succeeded in becoming a company recognized both in Türkiye and in the world. In this context, we would like to thank the entire Kaptan Demir Çelik family and our stakeholders for their support.



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# Painting Competition for Children ■■■

As Kaptan, we presented the Future is Ours painting contest and online exhibition to our children, the first of which we launched in 2021 to support the creative children of tomorrow.

The contest continues to develop and encourage the artistic skills of talented children.

We are extremely excited and hopeful for the future with the higher number of participants in this year's 2nd painting contest compared to last year. We would like to thank all our creative children for their valuable participation, and we sincerely congratulate them on April 23rd National Sovereignty and Children's Day.

The pictures of all our children who entered the competition, and the winning pictures are published on the website. You can access the website [here](#).



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# GRI CONTENT INDEX

<b>Statement of Use</b>	Content Index-Essentials Service has verified that the GRI content index is presented in a clear and consistent manner with the standards and that references to disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report. Kaptan Demir Çelik, has developed its sustainability reporting in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022. The service is provided through the Turkish version of the report.
<b>Used GRI 1</b>	GRI1: FOUNDATION 2021

GRI Standards	Disclosure	Page numbers, descriptions and/or URL	Omissions
<b>General Notifications</b>			
<b>GRI 2: General Disclosures 2021</b>	<b>Corporate Profile</b>		
	2-1 Organizational details	About Us, p.3 About the Report, p.5 Contact, p.117	
	2-2 Entities included in the organization's sustainability reporting	About the Report , p.5	
	2-3 Reporting period, frequency, and contact point	About the Report, p.5 Contact, p. 117	
	2-4 Restatements of information	No change in information has been made. p. 101	



GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>GRI 2: General Disclosures 2021</b>	2-5 External assurance	No external audit was received within the scope of the report. p. 102	
	2-6 Activities, value chain and other business relationships	About Us, p.3 Our Products, p.8-9 Our Relations with Our Stakeholders, p.49-53 Sustainability in our Supply Chain, p.54-56	
	2-7 Employees	Diversity and Inclusivity, p.76-78	
	2-8 Workers who are not employees	Diversity and Inclusivity, p.76-78	
	2-9 Governance structure and composition	Our Board of Directors, p.12-13 Our Sustainability Management Structure, p.46-47	
	2-10 Nomination and selection of the highest governance body	Our Work Ethics, p.93-95	
	2-11 Chair of the highest governance body	Our Board of Directors, p.12-13	
	2-12 Role of the highest governance body in overseeing the management of impacts	Message from the Board, p.11 Our Ethical Management, p.23-25 Our Work Ethics, p.93-95	

GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>GRI 2: General Disclosures 2021</b>	2-13 Delegation of responsibility for managing impacts	Message from the Board, p.11 Our Board of Directors, p.12-13 Our Sustainability Approach, p.32-45 Our Sustainability Management Structure, p.46-47	
	2-14 Role of the highest governance body in sustainability reporting	Message from the Board, p.11 Our Board of Directors, p.12-13 Our Sustainability Approach, p.32-45 Our Sustainability Management Structure, p.46-47	
	2-15 Conflicts of interest	Our Risk Management, p.18-22 Our Ethical Management, p.23-25	
	2-16 Communication of critical concerns	Employee Satisfaction and Complaint Mechanism, p.84-85	
	2-17 Collective knowledge of the highest governance body	Our Sustainability Approach, p.32-45 Our Sustainability Management Structure, p.46-47	
	2-18 Evaluation of the performance of the highest governance body	Our Work Ethics, p.93-95	
	2-19 Remuneration policies	Kaptan Demir Çelik does not share this information publicly for confidentiality reasons. p. 103	
	2-20 Process to determine remuneration	Kaptan Demir Çelik does not share this information publicly for confidentiality reasons. p. 103	

GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>GRI 2: General Disclosures 2021</b>	2-21 Annual total compensation ratio	Kaptan Demir Çelik does not share this information publicly for confidentiality reasons. p. 104	
	2-22 Statement on sustainable development strategy	Message from the Board, p.11 Our Sustainability Approach, p.32-45 Our Sustainability Management Structure, p.46-47	
	2-23 Policy commitments	Our Sustainability Policy, p.30-31 Our Human Resources Approach, p.74-75 Occupational Health and Safety, p.88-92 Our Work Ethics, p.93-95	
	2-24 Embedding policy commitments	Our Quality Management, p.14-17 Our Sustainability Policy, p.30-31 Sustainability in our Supply Chain, p.54-56 Our Human Resources Approach, p.74-75 Occupational Health and Safety, p.88-92 Our Work Ethics, p.93-95	
	2-25 Processes to remediate negative impacts	Our Risk Management, p.18-22	
	2-26 Mechanisms for seeking advice and raising concerns	Our Risk Management, p.18-22 Employee Satisfaction and Complaint Mechanism, p.84-85	
	2-27 Compliance with laws and regulations	Our Risk Management, p.18-22 Our Sustainability Policy, p.30-31	

GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>GRI 2: General Disclosures 2021</b>	2-28 Membership associations	Our Risk Mangement, p.18-22	
	2-29 Approach to stakeholder engagement	Our Relations with Our Stakeholders, p.49-53	
	2-30 Collective bargaining agreements	Our Human Resources Approach, p.74-75	
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Our Materiality Analysis, p.48	
	3-2 List of material topics	Our Materiality Analysis, p.48	
<b>Contribution to the Diversity and Stability of the Local Economy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Materiality Analysis, p.48 Corporate Social Responsibility, p.86	
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	Corporate Social Responsibility, p.86	
	203-2 Significant indirect economic impacts	Corporate Social Responsibility, p.86	
<b>Supply Chain Sustainability</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Sustainability in our Supply Chain, p.54-56	
<b>GRI 204 Procurement Practices 2016</b>	204-1 Proportion of expenditures on local suppliers	Sustainability in our Supply Chain, p.54-56	



GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>Business Ethics and Ethical Behavior</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Ethical Management, p.23-25 Our Work Ethics, p.93-95	
<b>GRI 205: Anti-Corruption 2016</b>	205-1 Operations assessed for risks related to corruption	Our Ethical Management, p.23-25 Our Work Ethics, p.93-95	
	205-2 Communication and training about anticorruption policies and procedures	Our Ethical Management, p.23-25 Our Work Ethics, p.93-95	
<b>Primary Material Utilization and Material Efficiency</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Sustainability in our Supply Chain, p.54-56 Environmental Management, p.58-62	
<b>GRI 301: Materyaller 2016</b>	301-1 Materials used by weight or volume	Sustainability in our Supply Chain, p.54-56 Environmental Management, p.58-62	
	301-2 Recycled input materials used	Sustainability in our Supply Chain, p.54-56 Environmental Management, p.58-62	
<b>Energy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Environmental Management, p.58-62 Our Energy Management, p.63-65	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Environmental Management, p.58-62 Our Energy Management, p.63-65	
	302-3 Energy intensity	Environmental Management, p.58-62 Our Energy Management, p.63-65	
	302-4 Reduction of energy consumption	Our Energy Management, p.63-65	

GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>Water and Effluents</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Water Management, p.68	
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	Our Water Management, p.68	
	303-2 2 Management of water discharge-related impacts	Our Water Management, p.68	
	303-3 Water withdrawal	Our Water Management, p.68	
	303-4 Water discharge	Our Water Management, p.68	
	303-5 Water consumption	Our Water Management, p.68	
<b>Biodiversity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Biodiversity, p.71-72	
<b>GRI 304: : Biodiversity</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity, p.71-72	
	304-2 Significant impacts of activities, products, and services on biodiversity	Biodiversity, p.71-72	
	304-3 Habitats protected or restored	Biodiversity, p.71-72	
<b>Emissions</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Emission Management, p.66-67	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Our Emission Management, p.66-67	

GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>Emissions</b>			
<b>GRI 305: Emissions 2016</b>	305-2 Energy indirect (Scope 2) GHG emissions	Our Emission Management, p.66-67	
	305-3 Other indirect (Scope 3) GHG emissions	Our Emission Management, p.66-67	
	305-5 Reduction of GHG emissions	Our Sustainability Approach, p.32-45 Environmental Management, p.58-62	
<b>Waste</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Waste Management, p.69-70	
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	Our Waste Management, p.69-70	
	306-2 Management of significant waste-related impacts	Our Waste Management, p.69-70	
	306-3 Waste generated	Our Waste Management, p.69-70	
	306-4 Waste diverted from disposal	Our Waste Management, p.69-70	
	306-5 Waste directed to disposal	Our Waste Management, p.69-70	
<b>Human Rights</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material	Our Human Resources Approach, p.74-75 Diversity and Inclusivity, p.76-78 Employee Rights, p.79	

GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>İnsan Hakları</b>			
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	Our Human Resources Approach, p.74-75	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights, p.79	
	401-3 Parental Leave	Diversity and Inclusivity, p.76-78	
<b>Employee Relations</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Employee Rights, p.79	
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	Employee Rights, p.79	
<b>Occupational Health and Safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Occupational Health and Safety, p.88-92	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Occupational Health and Safety, p.88-92	
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, p.88-92	
	403-3 Occupational health services	Occupational Health and Safety, p.88-92	



GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>Occupational Health and Safety</b>			
<b>GRI 403: Occupational Health and Safety 2018</b>	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, p.88-92	
	403-5 Worker training on occupational health and safety	Employee Development and Training, p.80-83	
	403-6 Promotion of worker health	Employee Rights, 79 Employee Development and Training, p.80-83	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, p.88-92	
	403-9 Work-related injuries	Occupational Health and Safety, p.88-92	
	403-10 Work-related ill health	Occupational Health and Safety, p.88-92	
<b>Training and Education</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Employee Development and Training, p.80-83	
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	Employee Development and Training, p.80-83	
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development and Training, p.80-83	

GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>Diversity and Equal Opportunity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Diversity and Inclusivity, p.76-78	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Diversity and Inclusivity, p.76-78	
	405-2 Ratio of basic salary and remuneration of women to men	Our Human Resources Approach, p.74-75 Diversity and Inclusivity, p.76-78	
<b>Non-discrimination</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Ethical Management, p.23-25 Our Human Resources Approach, p.74-75 Diversity and Inclusivity, p.76-78	
<b>GRI 406: Non-Discrimination</b>	406-1 Incidents of discrimination and corrective actions taken	Our Ethical Management, p.23-25 Our Human Resources Approach, p.74-75 Diversity and Inclusivity, p.76-78 Our Work Ethics, p.93-95	
<b>Freedom of Association</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Sustainability in our Supply Chain, p.54-56 Our Human Resources Approach, p.74-75	
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability in our Supply Chain, p.54-56 Our Human Resources Approach, p.74-75	

GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>Child Labor</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Human Resources Approach, p.74-75	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we provide the best conditions to our employees to whom we owe our growth.	Our Human Resources Approach, p.74-75	
<b>Stable Employment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Human Resources Approach, p.74-75	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we adopt the principle of stable employment and take care to keep the employee turnover rate low.	Our Human Resources Approach, p.74-75	
<b>GWP and GHG</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Environmental Management, p.58-62	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we prioritize the reduction of greenhouse gases (GHG) and global warming potentials (GWP), which are the causes of global warming.	Environmental Management, p.58-62	
<b>Emissions to Water</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Water Management, p.68	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we are trying to reduce our water consumption.	Our Water Management, p.68	

GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
Suya Emisyonlar			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Water Management, p.68	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we are trying to reduce our water consumption.	Our Water Management, p.68	
Leadership			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Board of Directors, p.12-13	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we attach importance to leadership.	Our Board of Directors, p.12-13	
Fair Compensation			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Employee Rights, p.79	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we attach importance to fair compensation and merit for our employees.	Employee Rights, p.79	
The Pursuit of Innovation			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Products, p.8-9	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we follow innovations and apply them to our business processes.	Our Products, p.8-9	



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<b>Community Relations Stakeholder Satisfaction</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Relations with Our Stakeholders, p.49-53	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we attach importance to community relations and stakeholder satisfaction for high satisfaction.	Our Relations with Our Stakeholders, p.49-53	
<b>Circular Economy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	The Economic Value We Create, p.7	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we attach importance to circular economy in our business processes.	The Economic Value We Create, p.7	
<b>Employee Commitment and Satisfaction</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Employee Satisfaction and Complaint Mechanism, p.84-85	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we attach importance to the commitment and satisfaction of our employees and ensure that they are more successful in their professions through career management.	Employee Satisfaction and Complaint Mechanism, p.84-85	
<b>Transportation</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Environmental Management, p.58-62	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we take care to make transportation activities more sustainable in order not to deplete our natural resources.	Environmental Management, p.58-62	

GRI Standards	Disclosure	Page numbers, explanations and/or URL	Omissions
<b>Digitalization</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Information Security Management System, p.26-28	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we attach importance to digitalization and work flawlessly and efficiently with digital transformation.	Our Information Security Management System, p.26-28	
<b>Supporting SMEs</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	The Economic Value We Create, p.7	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we support small and medium-sized enterprises.	The Economic Value We Create, p.7	
<b>Renewable Energy Use</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Our Energy Management, p.63-65	
<b>Kaptan Demir Çelik self reported material topics</b>	As Kaptan Demir Çelik, we attach importance to the use of renewable energy.	Our Energy Management, p.63-65	

# Disclaimer of Liability



The Sustainability Report (Report) is written in accordance with GRI standards. It has also benefited from the guidance of the United Nations Sustainable Development Goals (SDGs). All the data and information contained in this Report have not been independently verified and have been prepared for informational purposes only and are not intended to form the basis for any investment decision. The information contained in this Report does not constitute an invitation to purchase or sell shares of Kaptan Demir Çelik, its subsidiaries, and the publication of this Report does not constitute the establishment of any such legal relationship. All information and documents provided are believed to be accurate as of the date of preparation of this Report and the information is disclosed in good faith and based on reliable sources. Kaptan Demir Çelik and ESG Turkey® Consulting make no declaration or commitment regarding the accuracy or completeness of the information contained in this Report. Kaptan Demir Çelik and ESG Turkey® Consulting accept no responsibility or liability whatsoever for any express or implied statements or representations contained in this Report, including any future-oriented statements, or for any incomplete information or any other written or oral communications shared or made available. In no event shall Kaptan Demir Çelik and ESG Turkey® Consulting or its directors, managers, employees or third parties be held liable for any damages that may arise from the use of this Report.



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