



Sustainability at HABAŞ INC.

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About the Report

HABAŞ INC, with its extensive experience in the steel products industry and a commitment to quality production, conducts its operations in a climate-friendly and responsible manner. Through the publication of its first-ever sustainability report this year, the company shares with its stakeholders the responsibilities it has undertaken and the contributions made to sustainable development.

Covering the operational period from January 1 to December 31, 2022, the report addresses the environmental, economic, and social impacts of operations, as well as sustainability focus areas. Prepared in compliance with the Global Reporting Initiative (GRI) Standards, the report takes into account the sector in which HABAŞ operates and global sustainability trends. The prioritized approach to key issues, developed in accordance with GRI's materiality principle and supported by comprehensive stakeholder engagement, details the company's stance, practices, and plans.

HABAŞ INC's 2022 Sustainability Report has been prepared in both English and Turkish. Except for the financial data included in the report, other data and information have not undergone any independent external audit process. Please forward your opinions, suggestions, and feedback regarding the report to steel@habas.com.tr.





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HABAŞ INC.

from Past to Present:

1956

Established as "Hamdi Başaran Topkapı Oxygen Plant" in Istanbul/Topkapı by Hamdi Basaran. Production of oxygen gas commenced.

1969

Commenced the manufacturing of pressure vessels, industrial gas cylinders, steel constructions, and heavy machinery.

1977

Achieved the first domestic production of acetylene cylinders in Turkey.



Commenced iron and steel production with a capacity of 600,000 tons/year in Aliağa/Izmir.

1984

Initiated nationwide LPG distribution.

1983

Accomplished the first manufacturing of cryogenic storage tanks in Turkey.



1990

Realized the first seamless steel drawn industrial gas cylinder manufacturing in Aliağa/Izmir.

1992

Started production at the bar rolling mill in the Iron-Steel factory.



Launched the country's largest hydrogen Commissioned the 54 MW production facility in Izmit.

2002

cogeneration power plant.

2001

Became the first in the industrial gas sector to acquire the ISO9001:2000 Quality Management Certificate.

2000

Activated the liquid carbon dioxide production plant in Aliağa/Izmir.



2010

Activated the liquid carbon dioxide production plant in Aydın.

2014

Started operations at the HABAŞ Flat Rolling Mill in Aliağa, producing Hot Rolled Coil, Acidified and Oiled, Cold Rolled Coil, and Painted Cut Sheet.

2016

Inaugurated the Habaş Hamdi Başaran Vocational and Technical Anatolian High School.



2021

Proudly celebrating the 65th anniversary of HABAŞ.

2020

Activated the liquid carbon dioxide production plant in Denizli.

2018

Commissioned the 800 MW natural gas combined cycle power plant.

2017

The liquid steel production capacity reached an annual 4,500,000 tons.



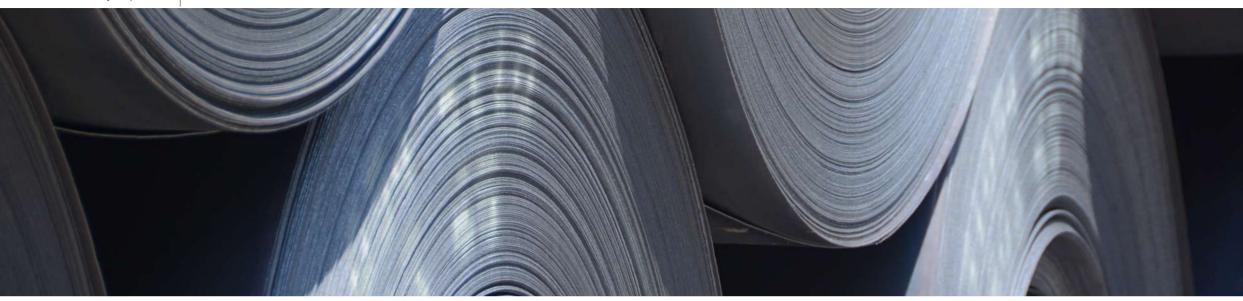
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Management Message:

We are steadfastly progressing towards becoming a self-sufficient factory in energy with our renewable energy investments.

At HABAŞ INC., we embrace a production philosophy that combines innovation, sustainability, and superior quality both now and in the future. As a part of an integrated management system, our community has been a leading company in the industry for years. Since our establishment in 1956, with each passing year, we have closely followed the industry, contributing to our own development through the evolution of the sector. Operating in various industries without compromising on quality, we have made a name for ourselves.

We fulfill our global responsibility with a sustainable perspective, continually developing our approach to industry and production. While minimizing our environmental footprint, we strive to offer superior services and high-quality products by consistently improving our processes and staying at the forefront of technological advancements. Sustainability is at the core of our activities. Throughout the entire production cycle, we are committed to reducing energy consumption, minimizing waste formation, and adopting environmentally friendly practices. Our commitment to sustainable production further emphasizes our dedication to nature.

We aim to lead in the circular economy by implementing advanced recycling techniques, promoting material reuse, and minimizing resource requirements. We actively work towards lowering one of the major cost components of industrial production, energy costs, by investing in energy and steadily increasing our energy production capacity each year. With determination, we are progressing towards becoming a self-sufficient factory, emphasizing our commitment to sustainable production.



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"Our vision is to establish a production approach that optimizes and implements global trends, focusing on efficiency, quality, and safety, creating value as a global steel producer."

Total Size: 33,6 Billion TRY

Our vision is to establish,

- Efficiency,
- Quality,
- Assurance

A production approach that optimizes and implements global trends, creating value as a global steel producer through the principles of efficiency, quality, and assurance. Our institution, managed in the best possible way with professionally competent and experienced employees, possesses a unique institutional memory that allows us to achieve unparalleled productivity and maintain our competitiveness.

We are conscious of the fact that remaining competitive in the global ecosystem, along with achieving productivity and sustainable development, will not be one-sided. In this regard, our stakeholders are an integral part of our vision. Actively communicating with customers, suppliers, accredited organizations, official and unofficial authorities, and all our stakeholders, we strive to create innovative solutions and develop products tailored to the evolving needs of various industries. Our goal is to build a thriving ecosystem by developing strong relationships, aiming to foster transparency and mutual growth, and actively supporting the diverse requirements of all stakeholders.

By actively supporting local development initiatives and prioritizing the well-being of our employees, we aim to positively impact the communities in which we operate. Providing a safe and inclusive working environment, we empower our workforce to reach their full potential and In summary, our vision encompasses:

- Sustainable practices,
- · Our stakeholders, and
- Social responsibility.

Through these values, we aim to secure our presence in the industry and our position in the global market, contributing to our country's economy in various aspects. We aspire to lead the industry through these values, aiming to create a positive impact on society and the environment with our solid foundations.

We take pride in sharing the value we have created for our stakeholders through environmental, social, and strong management commitments with the sustainability report we have released for the first time this year. All the efforts we have made so far will serve as a reference point for our future endeavors, representing a distinct responsibility for us.

HABAŞ Board of Directors



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HABAŞ INC

Overview:

The HABAŞ Group operates in various sectors, including industrial and medical gas production, iron and steel, energy, and finance. The companies within the group are among the leading companies in their respective sectors. Founded by Hamdi Başaran in 1956, the "Hamdi Başaran Topkapı Oxygen Plant" laid the foundations for the group and became the first factory in Turkey to produce oxygen gas using modern methods. Over time, complementary investments equipped with modern production technologies were made to ensure the widespread availability of industrial and medical gases, indispensable inputs for industrial production and medicine, contributing value to the Turkish economy.



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HABAS INC, one of the flagship companies operating in the iron and steel sector within the HABAŞ corporate group, is managed by a highly qualified and experienced management team with versatile knowledge and rich industrial experience. Through a robust governance structure, HABAŞ INC. accurately identifies market trends, maintains stable relationships with customers, and positions itself as a leader in terms of product and service quality in the market.

Benefiting from its long-standing industry experience, HA-BAS INC. adheres to high standards of product quality. The collaborative model established both within the organization and in interactions with customers enables the company to develop unique competencies in the manufacture of steel products, maximizing operational efficiency to meet the increasing expectations of customers in the global market.



ENERGY:

With the aim of generating electr energy, a critical input for our ir an initial capacity of 54 MW were commissioned in 2002, followed by a 240 MW natural gas com bined cycle power plant in 2004 The 800 MW natural gas combi ned cycle power plant within the last guarter of 2018.



INDUSTRIAL AND

Established in 1956, HABAS INC. has pioneered in the procompany has the capability to meet the industrial and medical gas needs of our country in the 2030s, with a daily production MEDICAL GASES: of liquid oxygen, nitrogen, and

In 2002, HABAS INC. became

the first company to start the

supply and sale of liquefied

natural gas (LNG) and com-

pressed natural gas (CNG) after obtaining a license from

the Energy Market Regulatory

Authority.

group companies.

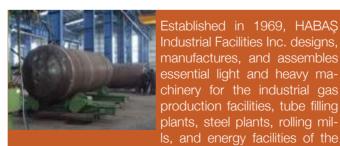


IRON AND STEEL



LPG:

Founded in 1972, ASGAZ Anadolu Industrial Gases Inc. started the supply and sale of bottled liquefied petroleum gas (LPG). In 1992, Habas Petroleum Products Inc. commenced nationwide supply and sale of bottled and bulk LPG, in addition to supplying LPG to petrol stations as an alternative fue under the brand "Habas Euro



NATURAL GAS:

MACHINERY:



HABAS INC. became the first gas (CNG) after obtaining a

FINANCE:



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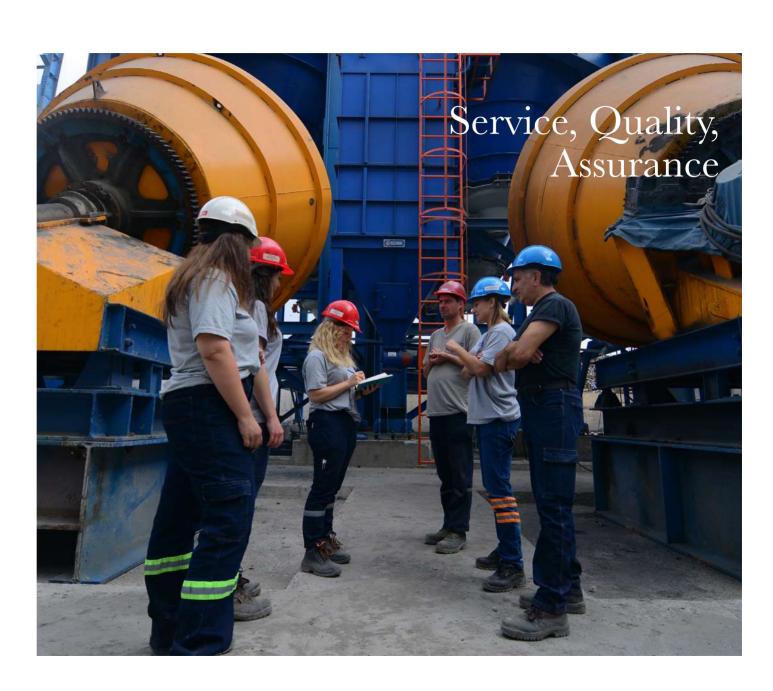
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Since

1987...

HABAŞ INC. has built the framework of its business model around the motto of "Service, Quality, and Assurance," aiming to instill confidence in all stakeholders throughout the process from creating quality service and products to delivering them to the customer. The company strives to provide a service guarantee to its customers through its technical expertise, production flexibility, and industry and market experience.

At HABAŞ INC., steel production is carried out using recycled iron scrap as raw material. This method has a significantly lower environmental impact compared to traditional steel production technologies.





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In 2022, HABAŞ INC. invested approximately 465 million USD to ensure capacity expansion, energy efficiency, product recycling, and supply chain security.

Economic Value:



At HABAŞ INC., steel production is carried out using recycled iron scrap as raw material. This method has a significantly lower environmental impact compared to traditional steel production technologies.



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Sustainable Growth with Strategic Investments

Despite fluctuations in raw material markets and steel consumption in the iron and steel sector, HABAŞ INC. has been able to ensure sustainability in sales volume and profitability through strategic decisions. In this context, operational efficiency and capacity expansion investments, totaling 460 million USD in 2022, aimed to increase production capacity and maximize product quality. The environmental impacts of these investments and their contributions to the 2050 net-zero target were considered, evaluating environmental, social, and economic outputs.

Shaping Tomorrow's Quality with Today's

Investments

Zinc Plant Investment

The investment aims to recover the material captured in filters by processing the generated flue ash (EAF Dust) during the process.

Steel Plant Investment

Increasing capacity in response to the demand for slabs aims to further expand the market share in the industry.

Hot Strip Mill Capacity Expansion

The production capacity of the hot strip mill will be increased from 2.5 million tons to 4.5 million tons. The investment will contribute more to the circular economy through increased scrap recycling.

Cold Rolling Mill Investment

Expected to be operational by 2024, this investment will focus on producing cold-rolled and galvanized high-value-added products for the automotive and construction sectors.

Port Investment

With the increase in production capacity, a port expansion investment was made to manage supply chain efficiency and risks related to demurrage costs.

Hydrogen Plant Investment

The hydrogen gas produced as part of the investment will be used in cold rolling mill furnaces and the process.

Debar In Coil Rolling Mill Investment:

The planned investment in this facility encompasses the production of high-value-added steel, aiming to diversify the product range and undertake production in various sectors and product portfolios.

Shipyard Investment:

With a focus on transitioning to vertical sectors where steel is utilized, this investment aims to ensure supply chain security. It may include the incorporation of steel products into shipyards and the maritime industry.



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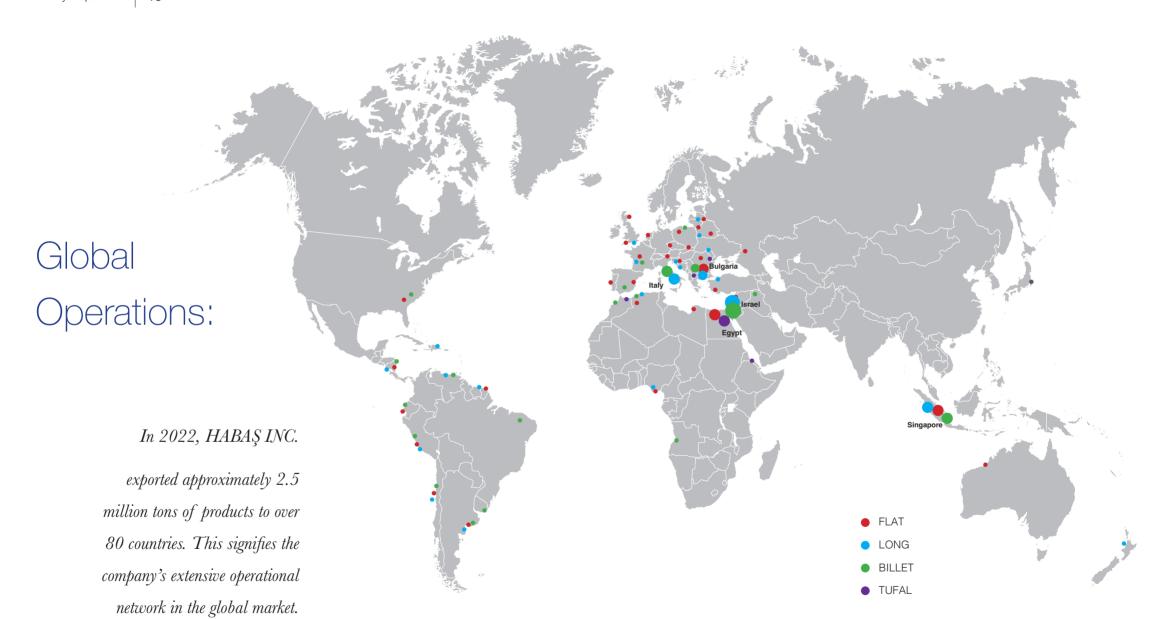
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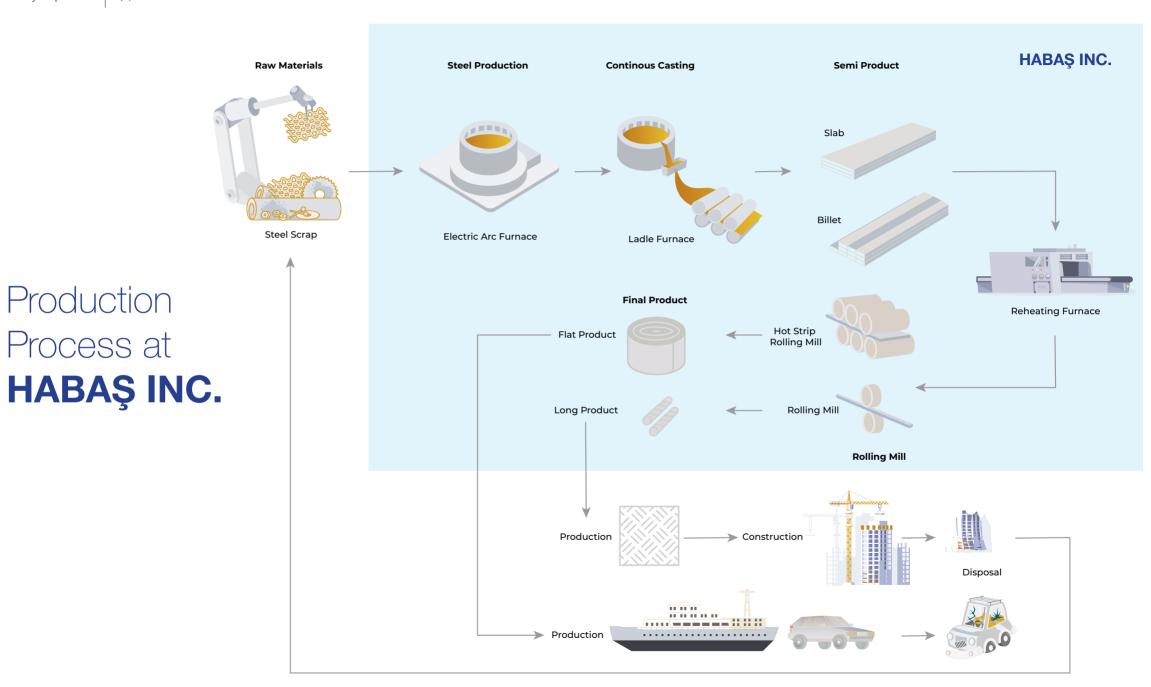
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Production Process and Products at **HABAŞ INC.**

Responsible Production,
Environmentally Friendly Products...

HABAŞ INC employs the most sustainable production structure achievable in today's technology by producing steel through the melting process in electric arc furnaces, contrasting with the traditional production method conducted in blast furnaces. The steel production in electric arc furnaces relies on the recycling of iron scrap.

The sustainability and cyclical nature of steel, considered its strongest aspect, define a process that maximizes the opportunities for recyclability. Steel produced in electric arc furnaces results in approximately 90% savings in raw material input.

In line with the goal of creating sustainable value for stakeholders, HABAŞ INC conducts its operations with a responsible production approach throughout the entire process, from raw material supply to product delivery to the customer.

All products manufactured by HABAŞ INC adhere to national and international standards. The requirements and product specifications demanded by the countries and markets engaged in commercial relationships are supported by certification processes carried out by international organizations. The production process of HABAŞ INC is detailed below.





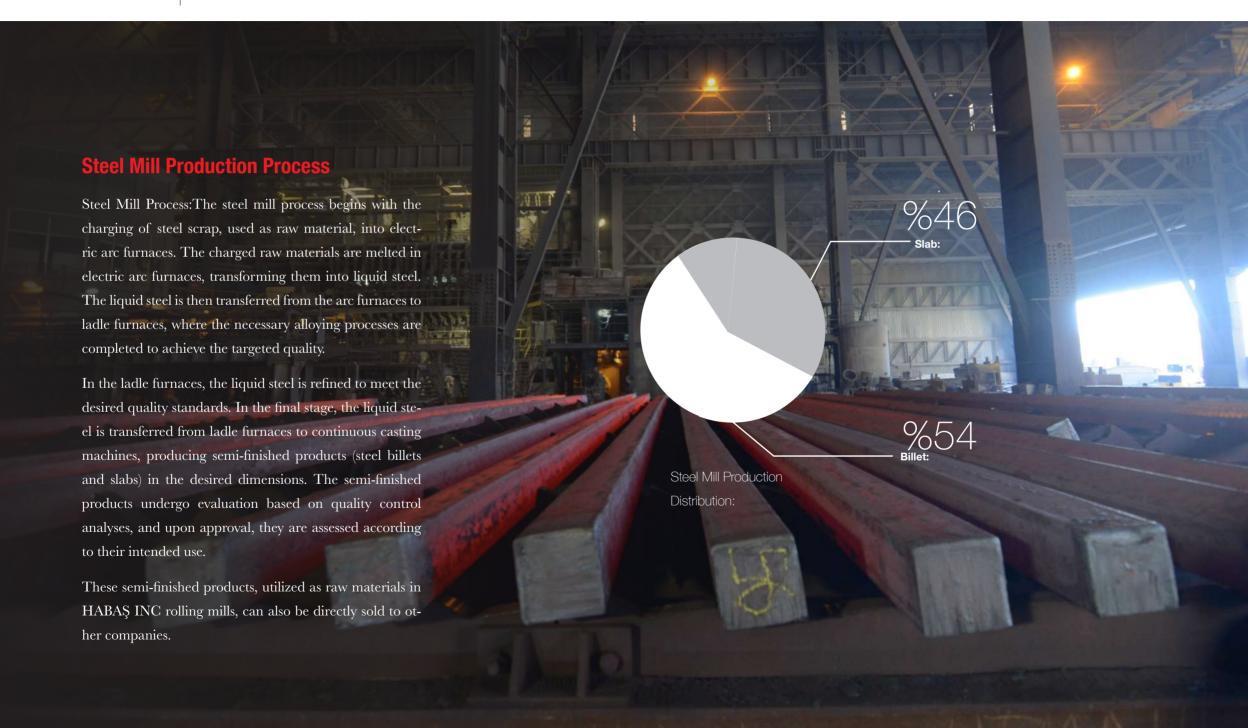
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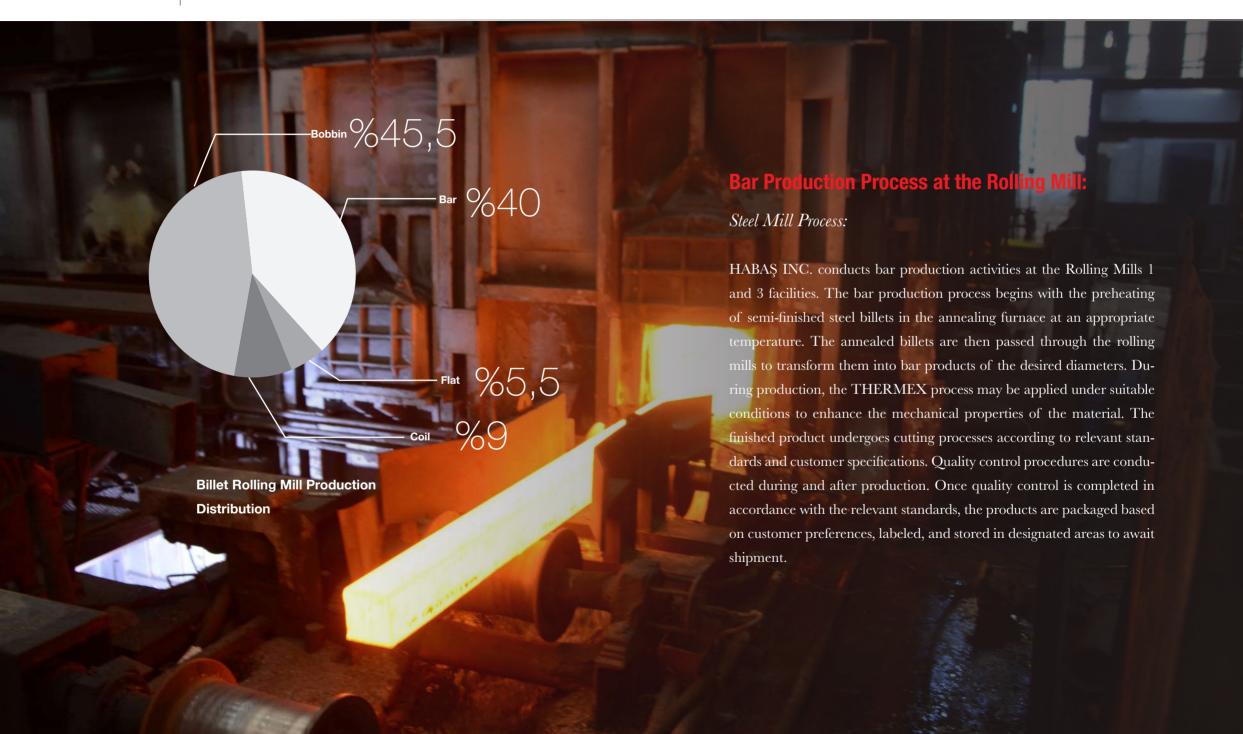
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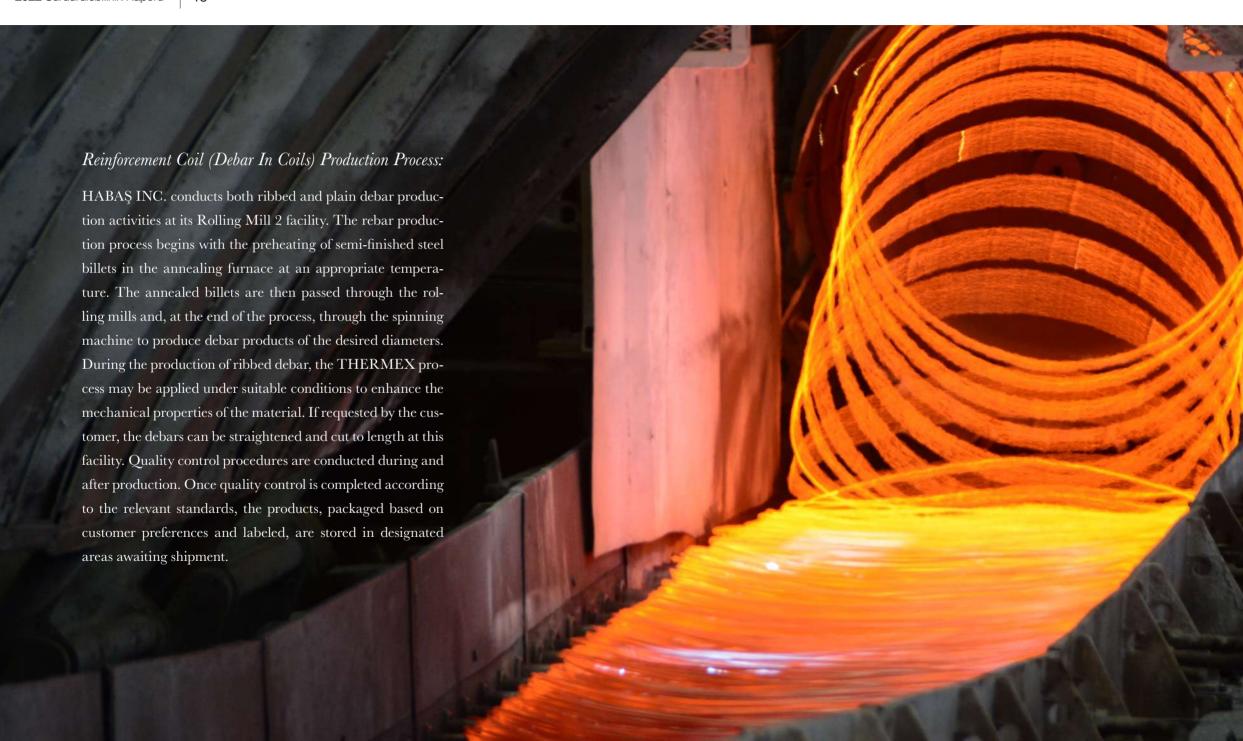
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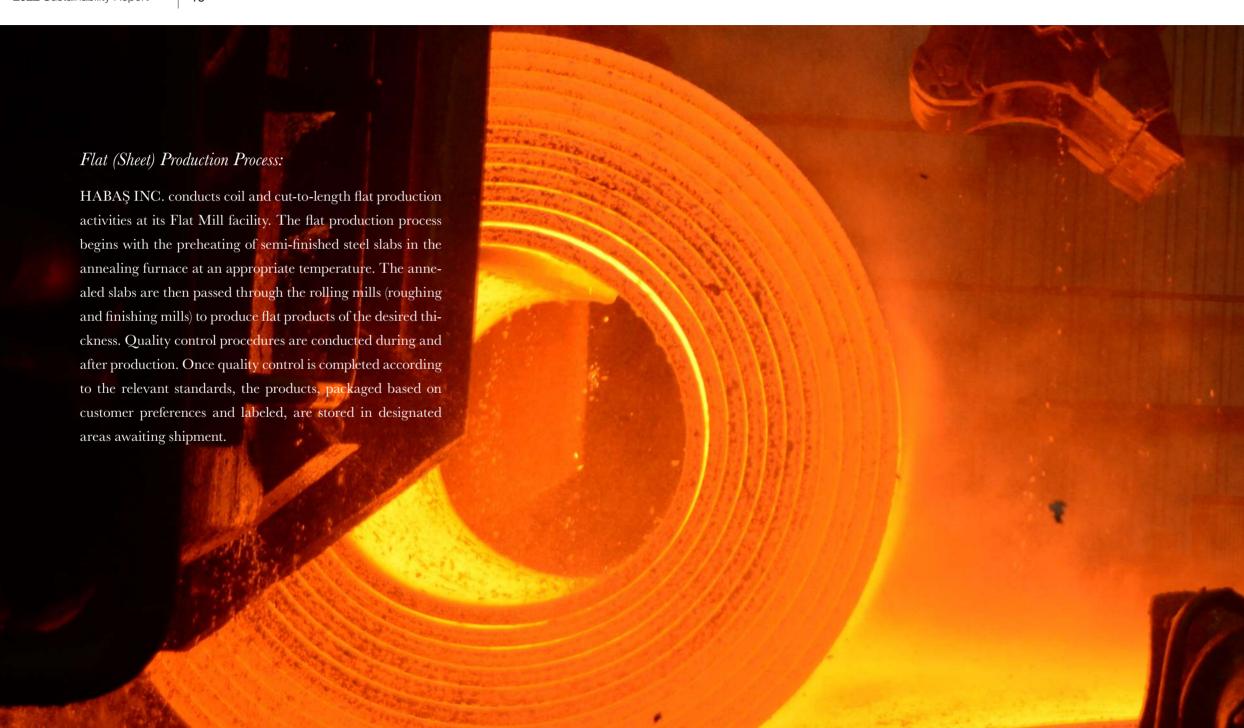
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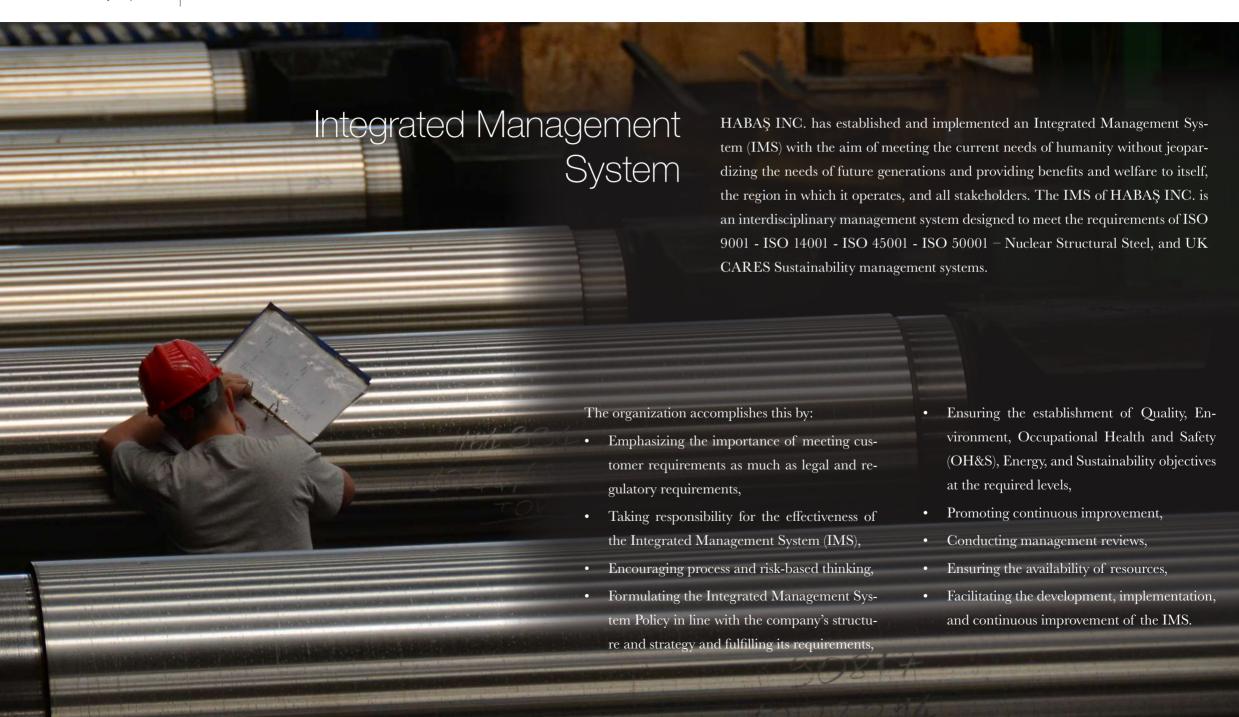
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Quality and Production Certifications

Thanks to its efficient operations and the production of high-quality products according to specifications from its customers, HABAŞ INC. holds numerous internationally recognized product certificates by meeting the requested requirements.

Since 2012, HABAŞ INC.'s sustainable production processes have been certified by CARES.



















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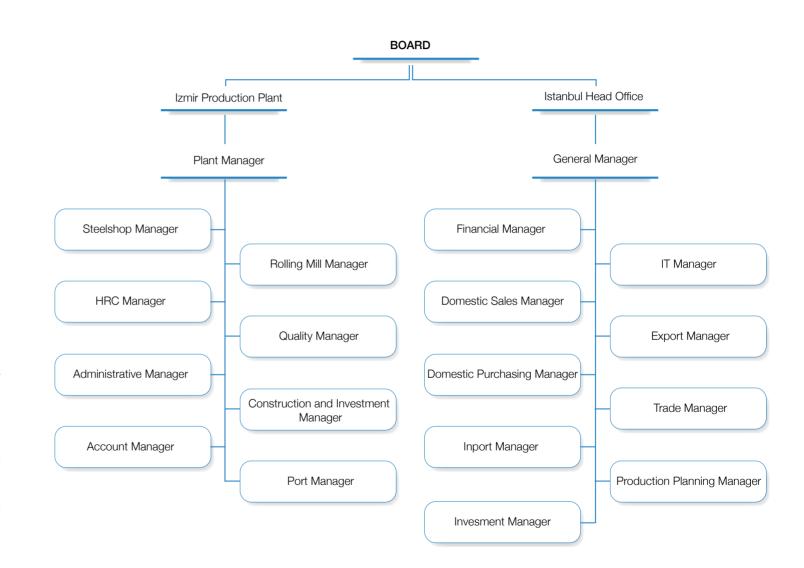
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Organizational Structure

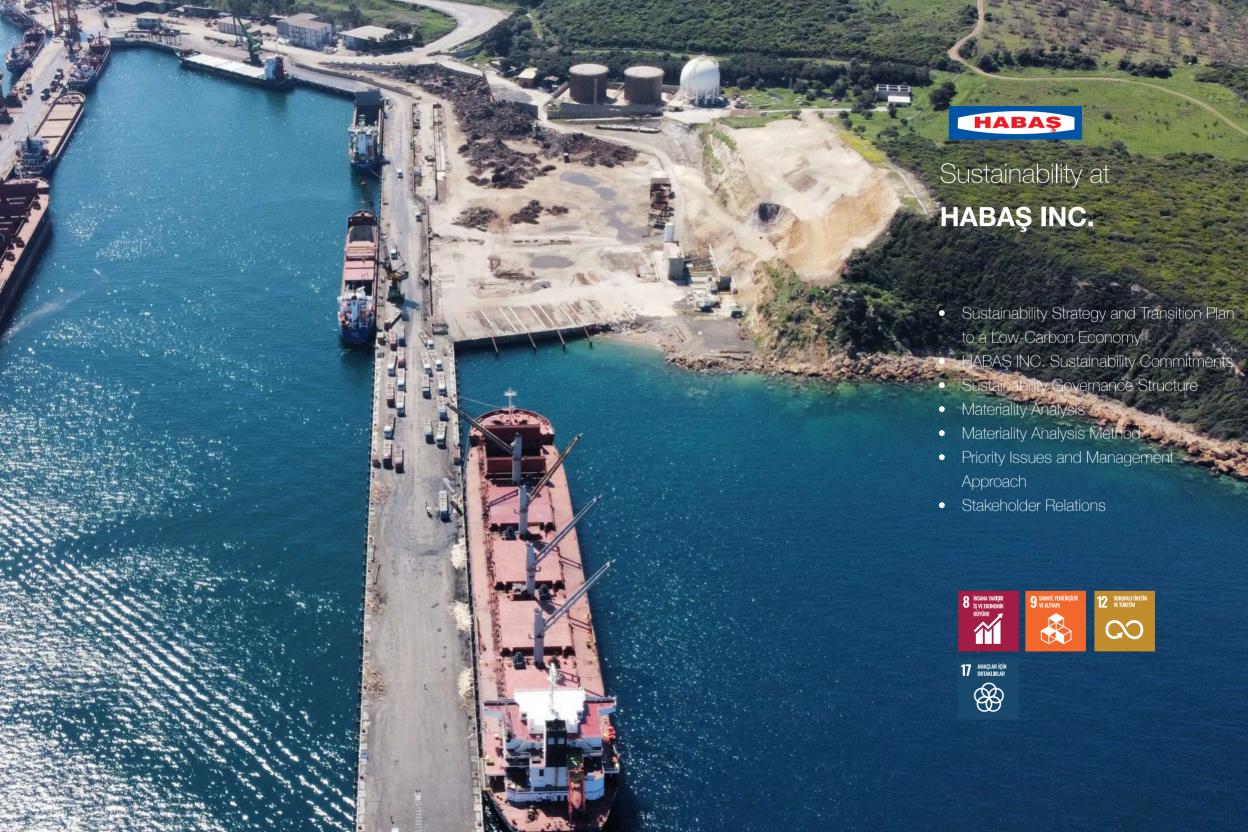
Having pioneered many principles in industrial gas production since its inception, HABAŞ INC. is fundamentally an industrial conglomerate engaged in the production of industrial and medical gases, steel, electrical energy, heavy machinery, tube and cryogenic tank manufacturing. In addition, it is involved in the distribution of liquefied natural gas (LNG), compressed natural gas (CNG), and liquefied petroleum gas (LPG), along with providing port and maritime transportation services.

HABAŞ INC.'s organizational structure is fully integrated from end to end, covering all sectors in which it operates. With two main locations in Istanbul and Izmir, HABAŞ INC. has authorized dealerships throughout Turkey.

End-to-End Integration









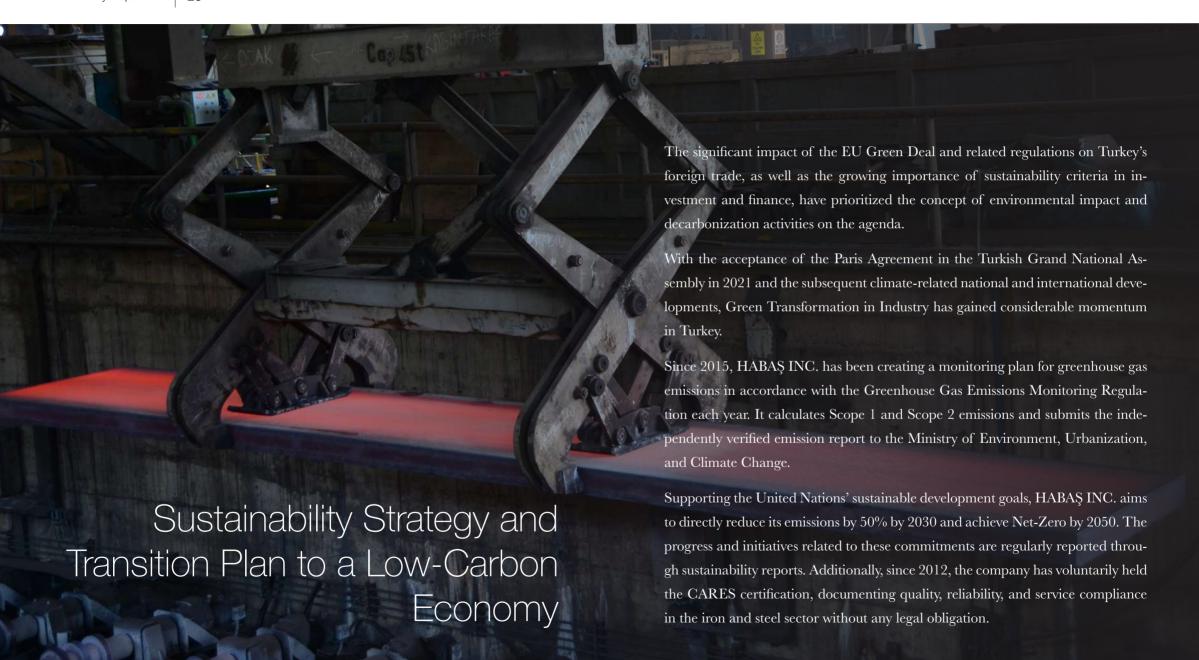
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HABAŞ INC.

Sustainability

Commitments

At HABAŞ AŞ, we commit to supporting the sustainable

future of our planet and increasing our social, economic,

and environmental positive impacts as a company.

Transparency and Accountability

We pledge to report transparently on all our sustainability activities and be accountable to our stakeholders.

Carbon-Free Production

We commit to reaching our net-zero emissions goal by 2050. In this regard, we will support projects and innovations that reduce our carbon footprint.

Social Value

We aim to collaborate with stakeholders in our impact areas to support social responsibility projects and create social value.

Employee Development

We commit to supporting the professional and personal development of our employees, creating a sustainable work culture.

Energy Efficiency

By investing in the latest technologies to make our production processes more efficient, we aim to continually reduce our energy consumption.

Water Management

Adopting sustainable water management practices to conserve water resources, we commit to reducing our water consumption and improving our wastewater treatment processes.

Waste Management

Aligned with our zero-waste goal, we commit to reducing our waste, increasing our recycling rates, and adopting best practices in waste management.

We announce our belief in a sustainable future and the determination of the steps we have taken in this direction to all our stakeholders. With these commitments, we aim to take a leading role in the industry.



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HABAŞ INC. 2050 Net Zero Vision

As a leader in the steel production sector, HABAŞ INC. boldly focuses on its future vision, building upon its past successes to achieve sustainable success. With a risk and opportunity-based approach, HABAS INC. aims to minimize risks and maximize opportunities to shape the future and maintain its leadership while producing quality products.

Steel production is a sector that encompasses complexity and competition. Therefore, accurately identifying and managing risks is of critical importance. HABAŞ INC. continuously monitors changing market dynamics, optimizes its business processes, and focuses on operational excellence. This approach not only minimizes the Company's risks but material usage, we aim to make steel production more effialso enhances the competitiveness of its products and ser-cient, environmentally friendly, and competitive. vices.

However, our vision is not limited to being merely a defense mechanism against risks. Effective risk management also opens doors to opportunities. Steel production through electric arc furnaces offers significant potential in terms of energy and resource efficiency. This allows us to seize opportunities while reducing costs and contributing to environmental sustainability.

HABAŞ INC. believes that technological transformation and sustainability requirements present significant opportunities. Through energy efficiency, a shift towards renewable energy sources, digitization, automation, and innovative



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- * Developing scrap sorting systems (reducing the use of dirty scrap)
- * Increasing the use of scrap-based billets
- * Projects to increase energy efficiency

- * Sustainable supply chain management
- * Waste heat recovery system
- * Usage of renewable energy sources

- * Carbon capture and storage technology
- * Following latest technologies in steel industry



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Vision:

Implementing a carbon-neutral production model by 2050, pioneering the industry, and ensuring sustainable growth and profitability.

Continuous Improvement:

Foster continuous improvement and innovation to achieve carbon emission reduction goals.

Strategic Initiatives:

HABAŞ INC. aims to shape a sustainable future through actions taken today. This strategy document outlines the Company's approach to value creation and its vision for carbon-neutral production.

Energy Efficiency:

Reduce energy consumption by investing in renewable energy sources.

Emission Tracking and Reporting:

Ensure transparency by continuously measuring carbon emissions and providing transparent reporting on goal achievements.

Investment in Low-Carbon Technologies:

Invest in technologies that reduce carbon emissions in production processes.

Zero Carbon Emission:

Reduce carbon emissions by 50% by 2030. Achieve the goal of net-zero carbon emissions in all operations by 2050.



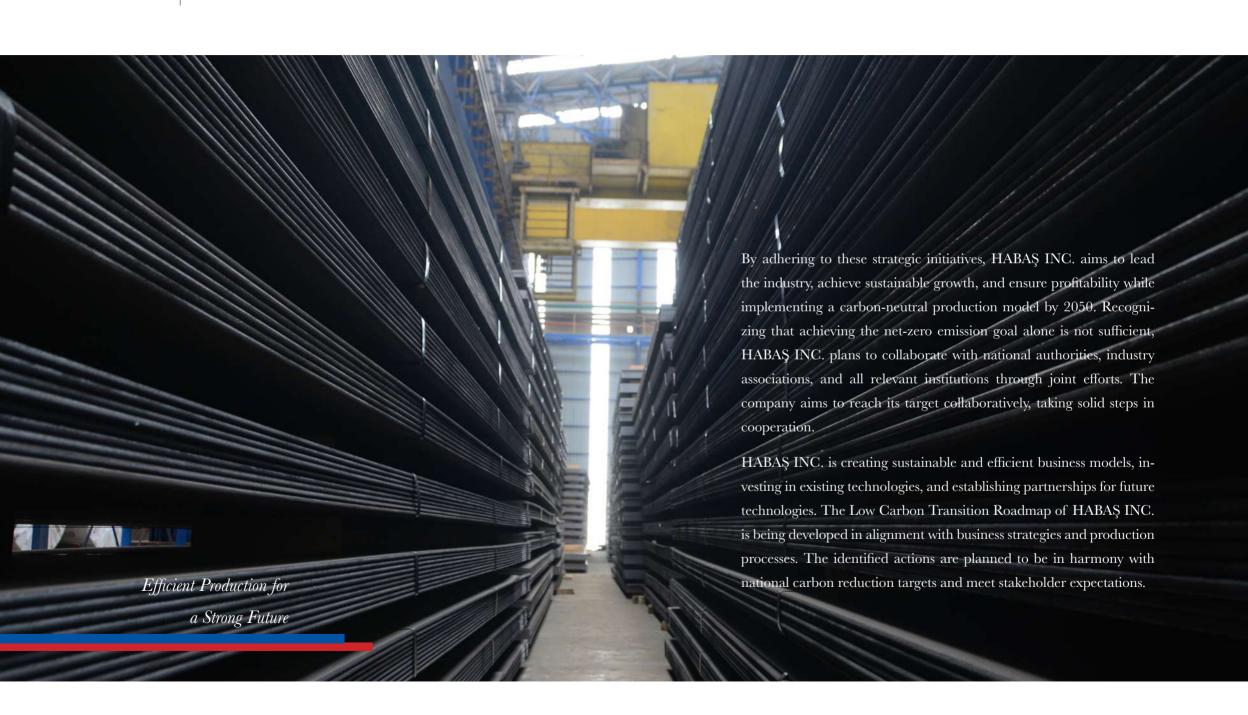
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Sustainability Governance Structure

Staying one step ahead in competition with a sustainable business model



Global trends are moving towards a new sustainable paradigm where all aspects of the value cycle are considered together. The most critical issue for achieving long-term net-zero goals emerges as strategic moves and tangible actions in the near term.

The creation of new business models for long-term competitiveness and the integration of corporate sustainability into business strategies are crucial. The HABAŞ INC. Corporate Sustainability Committee has been established for accessing new markets, comprehensively analyzing customer behaviors, addressing climate risks and opportunities, and creating new revenue opportunities.



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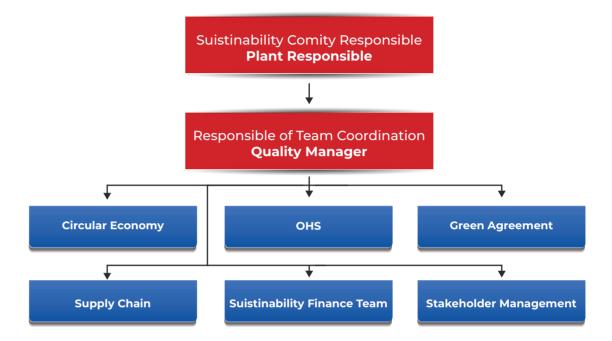
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HABAŞ INC. continues its efforts to monitor and implement changes and transformations in the business world and its sector, internalizing the same approach for its stakeholders. The main criteria for sustainable success are a strong governance structure and strategic objectives.

Having a strong commitment to management is crucial for the impact of strong commitments and pioneering practices to be clearly visible. In this context, HABAŞ INC. aims to be one step ahead in competition by making sustainability an integral part of its strategy and proactively turning risks into opportunities. Therefore, sustainability at HABAŞ INC. is managed in a bidirectional manner, from bottom to top and top to bottom, with a holistic perspective.

The Corporate Sustainability Committee, coordinated by the Factory Manager, aims to evaluate activities in an integrated manner from an environmental, social, and economic perspective and to be embraced by all stakeholders.



- The primary objectives of HABAŞ Corporate Sustainability Committee are;
- Determination of the company's sustainability strategy, policy, and objectives.
- Identification of tasks and responsibilities in carrying out sustainability-focused value creation activities in parallel with business strategies and IMS Policy.
- Identification of sustainability focus areas for the company, followed by the creation of business
 plans.
- Establishment of long-term, short-term, medium-term, and long-term roadmaps while
 monitoring sustainability performance and identifying relevant risks and opportunities.



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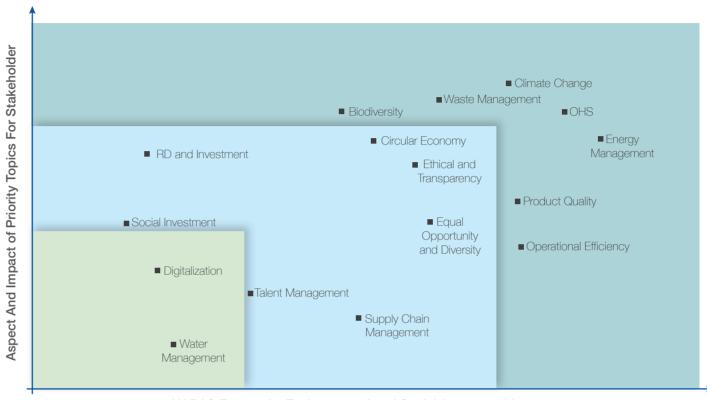
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Materiality Analysis



HABAS Economic, Environmental and Social Aspect and Impact

HABAŞ INC. periodically conducts evaluations from the conducted in accordance with the GRI Standard, environperspectives of internal and external stakeholders to determentally, socially, and economically prioritized areas have mine priority issues and focus areas.

This study was conducted to identify HABAŞ INC.'s sustainability priorities, analyze stakeholder expectations, and a self-assessment to maximize value creation for stakeholgather opinions on the activities to be carried out in the ders alongside issues where value is created. Activities relaupcoming period and how the corporate sustainability per- ted to the topics in the matrix are monitored by the HABAŞ ception should be positioned. In the sustainability reporting INC. Sustainability Committee. process, after stakeholder and materiality analysis studies

been identified.

The materiality matrix resulting from the analyses serves as



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Materiality Analysis Method

This study was conducted to identify HABAŞ's sustainabi- Information and data were collected through surveys from lity priorities from the perspectives of its internal and external stakeholders, analyze their expectations, and gather opinions on how HABAŞ's sustainability priorities and corporate sustainability perception should be positioned in the upcoming period.

HABAŞ's executives, employees, as well as its customers, suppliers, subcontractors, public institutions, sector associations, and neighboring organizations with whom it has business relationships to determine sustainability priorities.



- The analysis process includes both a quantitative approach and, especially, a qualitative perspective through one-on-one meetings with internal stakeholders.
- Stakeholders within the scope of the analysis were engaged in natural settings (in their offices or training rooms) through conversations that naturally unfolded to gather data on perceptions, attitudes, and sustainability priorities related to HABAŞ.
- For stakeholders who couldn't be met face-to-face, opinions and evaluations were collected through explanatory and detailed surveys.
- Following both approaches, the obtained data were evaluated on a specific scale and analyzed using a weighting method.



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Priority Issues and Management Approach

- Climate Change
- Water Management
- Waste Management
 Circular Economy
- Biodiversity
- Energy Management

HABAŞ INC. takes a proactive approach by analyzing the impacts of climate change on its industry and operations. Through sustainability initiatives integral to its strategy, HABAS INC. aims to stay one step ahead in competition and pioneer innovative practices in its sector. Waste, water, and emission management are carried out in compliance with national and international regulatory requirements to further reduce the environmental footprint.











- Talent Management •
- Ethics and Transparency
- Social Investments
- **Equal Opportunities** and Diversity
- Occupational Health and Safety

Respect for human rights is a fundamental value of HABAŞ INC. The company's success, reflected in the value it creates, is based on investments in its employees, as well as the enhancement of its impact through social development projects in the region where it operates. HABAS INC. is committed to equal opportunities and considers diversity in the workforce as essential to achieving its goals. Preventing accidents and minimizing potential hazards, ensuring process safety, are among the top priorities of HABAŞ INC.











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

HABAS INC., aiming to continuously enhance product quality and customer satisfaction, operates its operations with a responsible production approach throughout every stage, from raw material procurement to delivering the product to the customer. All investments and improvement efforts are carried out with the mission of being a responsible global citizen to produce higher quality, environmentally footprint-reduced products.













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Stakeholder Relations

Stakeholder Group	Communication Platform	Communication Frequency
	HABAŞ Portal	
	Digital platforms	
Employees	Surveys	continuous
	Performance evaluation interviews	
	Unit meetings	
	Surveys	
Compiliana	E - Mail	
Suppliers	Face-to-face and online meetings	continuous
	Field visits	
	Face-to-face and online meetings	
Subcontractors	Field visits	continuous
	E - Mail	
Naighbaying Ogganizations	Surveys	
Neighboring Organizations	E - Mail	In certain periods, when demand occ
	EIA Report Process	
Landmanda	Socioeconomic projects	Defense in reatment During the guesie
Local people	Vocational high school activities	Before investment, During the project
	Digital platforms	
Custome are	Surveys	
Customers	E - Mail	continuous
B. I.	Audits	
Public Institutions and Organizations	Evaluation reports	In certain periods
Organizations	E - Mail	
	Audits	
Certification Bodies	Surveys	In certain periods
	E - Mail	
	Member and council meetings	
Sector Associations	Surveys	In certain periods
	E - Mail	
Non-Governmental Organizations	E - Mail	In certain periods
Financial Institutions	Monitoring reports	la soutois assis de
Financial Institutions	E - Mail	In certain periods



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HABAŞ INC is committed to minimizing its environmental impact and striving for a sustainable future by producing environmentally friendly products and conducting operations in a socially responsible manner. The focus areas identified by HABAŞ INC form the cornerstone of its Sustainability Policy.

HABAŞ INC Sustainability Policy

HABAŞ INC Sustainability Policy

Reduction of Emissions

We take measures to reduce carbon emissions resulting from our activities at our facilities. By increasing energy efficiency and investing in renewable energy sources and environmentally friendly technologies, we aim to shrink our carbon footprint.

Circular Economy Practices

We are committed to optimizing waste management processes and recycling waste. We collaborate with our suppliers to reduce waste at the source and achieve zero waste goals.

Renewable Energy Transformation

We utilize renewable sources in our production processes and adopt low-carbon technologies. We strive to minimize the environmental impact of our operations through innovative solutions.

Occupational Health and Safety

We prioritize the health and safety of our employees. We work diligently to improve working conditions and strengthen occupational health and safety (OHS) policies.

Community Engagement

We value local partnerships and collaborate with stakeholders. We approach the needs of the communities where we operate with sensitivity. To create a positive impact in society, we support socio-economic development projects.

HABAŞ INC Sustainability Policy ensures our commitment to managing our environmental and social impact while sustaining development in the communities where we operate. We make efforts to continuously review and update our policy to advance it further.

HABAŞ INC. Board of Directors







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Environmental Sustainability

HABAŞ INC. operates with the awareness of the responsibility to society and the environment as a global citizen. Given the nature of the industry in which it operates, its contribution to the circular economy in the recycling process also contributes to environmental preservation. HABAŞ INC.'s Sustainability Strategy is designed with a long-term value creation approach and aims to be a role model in its industry.

New Economy Model: Carbon-Free Production



Access to clean energy

HABAŞ INC. conducts comprehensive studies to explore low-carbon alternatives for the energy it uses in production and to implement them in its processes. HABAŞ INC., which also includes renewable energy investments in its agenda to reduce energy costs and environmental footprint, will accelerate its efforts in the field of renewable energy in the coming period, taking significant steps towards accessing clean energy.

Environmental Protection

At Habaş Inc., the preservation of the environment and natural resources for a sustainable future is an integral part of the company's strategy and is integrated into production. This goes beyond mere compliance with legal regulations. The company implements various control mechanisms through inspections at the facility and in the production processes to reduce emissions, minimize waste, and ensure proper disposal.

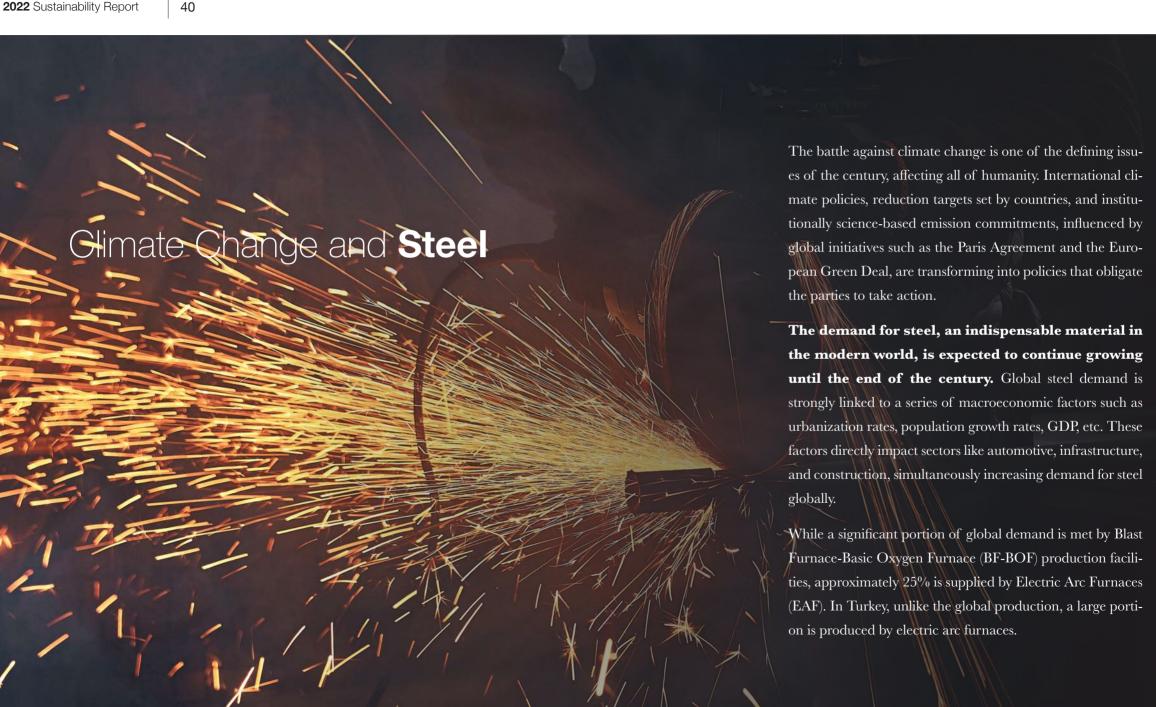


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Climate Change and **Steel**

house gas emissions. One of the most significant impacts of steel is its high recycling rate, with over 650 million tons of steel recycled globally each year. Considering the extensive reach of steel, this underscores its critical role in establishing a circular economy.

The cyclical nature of steel and its reintegration into the production process play a crucial role in achieving emissions reduction. Diversifying energy sources and transitioning to renewable energy are essential to eliminate emissions that can be reduced through the circularity of steel. Adapting to the best existing practices in the industry and keeping pace with evolving technology have become strategic priorities for the sector in addressing climate change.

Steel, constituting more than 90% of the metals produced Identifying climate-related risks and opportunities, taking acworldwide, accounts for approximately 9% of global green- tion for climate initiatives, and establishing corporate sustainability have become imperative not just as a choice but as a requirement for ensuring operational continuity. Initiatives towards achieving net-zero emissions and developing environmental strategies will mark the beginning of transformation for the steel sector and all other sectors within its scope

> HABAŞ INC. takes a proactive approach by analyzing the impacts of climate change on its industry and operations. Sustainability initiatives, an integral part of its strategy, demonstrate HABAŞ INC.'s commitment to staying one step ahead in competition and pioneering industry-leading practices.

Circular

and

Economy

Resource

Efficiency

The ability of steel produced in the steel industry to be reused, HABAŞ INC.'s focus on creating much more value with signifirecovered, and recycled sets it apart from other materials, inc-cantly fewer resources in a circular production model has been reasing its circularity. Steel, being one of the materials with the embraced by all employees. The contributions of HABAŞ INhighest circularity rate, faces no constraints on being reused in C.'s innovative and expert teams to sustainable production are a closed loop. Therefore, HABAŞ INC. optimizes closed-loop continually moving processes towards greater efficiency each production processes to create conditions for the future circular day. This approach, which also ensures cost-effectiveness, brings opportunities for all stakeholders in HABAŞ INC.'s ecosystem.



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Environmental Management

HABAŞ INC. conducts its operations in compliance with the requirements of the ISO 14001 Environmental Management System certification to measure, assess, and minimize its impact on the environment.



The Environmental Product Declaration (EPD) is a transparent way to communicate the environmental impacts of a product through a standardized format based on common rules and principles of a Life Cycle Assessment (LCA). HABAŞ EPD covers the entire life cycle stages, from production and renewal to the end of the product's final use and disposal. EPD is a report that includes environmental data for all life cycle stages of products, in accordance with the international ISO 14025 standard. It serves as a supportive document that not only provides transparent and comparable

environmental information about products but has also gained international recognition, aiding businesses in reflecting their social responsibilities, enhancing brand image, overcoming international trade barriers, and promoting green consumption. HABAŞ INC. engages in EPD initiatives to improve environmental decision-making processes, measure environmental performance, emphasize social responsibility, enhance brand image, overcome international trade barriers, and encourage green consumption.



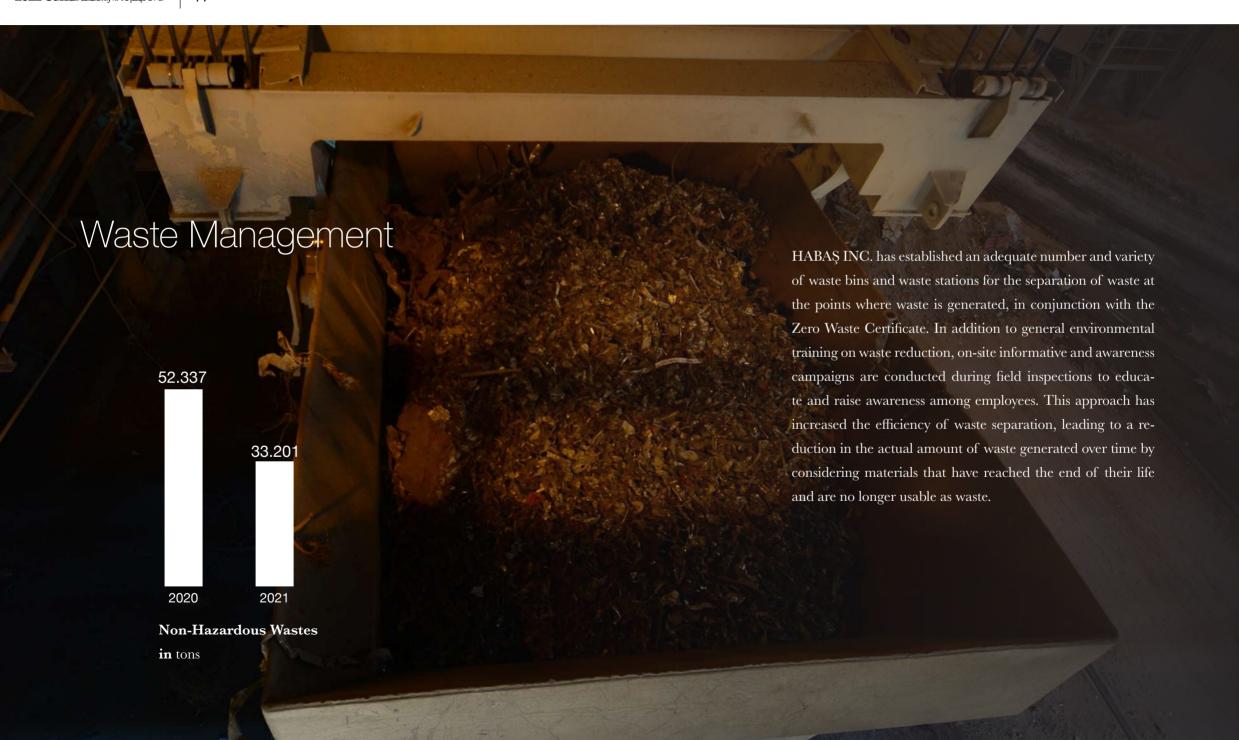
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Energy Efficiency

HABAŞ INC.'s fundamental approach to energy management is to ensure the sustainable operation of its activities from an environmental and economic perspective through the efficient use of energy. In this context, the energy efficiency of its operations is continuously assessed to improve performance consistently.

Through practices developed under the HABAŞ INC. Energy Policy and efficiency investments, the company reduces its environmental footprint, gaining cost and competitive advantages. In this regard, projects carried out in 2022 have elevated efficiency performance through energy efficiency investments.

With 34 years of experience in the iron and steel sector and 65 years in industrial gas activities, HABAŞ INC. is one of Turkey's largest producers in the iron and steel industry and holds a leading position in the industrial gas sector. Expanding its product range through diversification and investments, HABAŞ INC. can meet all the needs and expectations of its customers.

Energy efficiency is crucial in iron and steel production. In this context, the Air Separation Plant investment in 2022 was made to obtain more gas using less energy. The investment amount is approximately USD 75 million. By investing in new technologies, HABAŞ INC. achieves cost savings through more effective energy use, contributing to environmental sustainability.





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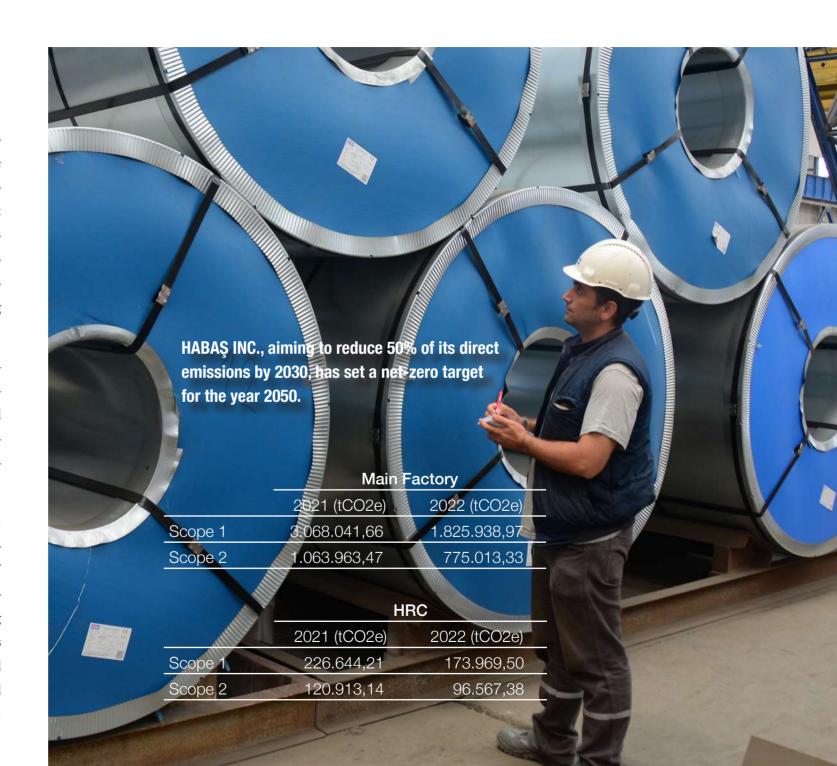
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Towards Net Zero

Since 2015, HABAŞ INC. has been creating a monitoring plan annually in accordance with the Greenhouse Gas Emission Monitoring Regulation, monitoring greenhouse gas emissions, and uploading an emission report verified by an accredited laboratory to the Ministry's Environmental Information System. Additionally, the company has been calculating its Carbon Footprint in accordance with ISO 14064 Standards since 2021, extending its emissions beyond regulatory requirements.

HABAŞ INC.'s Low Carbon Production Transition Roadmap, along with associated strategies, is being developed in parallel with production processes. The identified actions are planned to align with current and future national carbon reduction targets, ensuring growth, profitability, and meeting stakeholder expectations.

In pursuit of its net-zero emission target, HABAŞ INC. continued its planning efforts in 2022 to set the course accordingly. The company has set a target to reduce 50% of its direct emissions by 2030, with the ultimate goal of achieving net-zero emissions by 2050. Actively contributing to the reduction of global emissions through partnerships and closely monitoring the industry's best practices and evolving technologies, the company remains committed to staying at the forefront of environmental sustainability.





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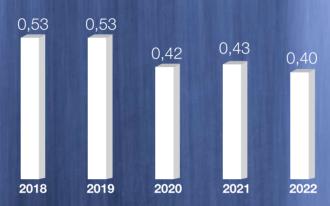
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Water Management



Amount of Water Use per Product (m³/Ton)

HABAŞ INC. considers water management as a critical manner. Sea waters used in the Energy Plant are discharged aspect from both social and operational perspectives. The into the sea after meeting the required physical conditions conservation and efficient use of water resources are among following the process. Additionally, all process-related wasthe key topics of its environmental strategy. In 2022, HA- tewater is sampled and analyzed by authorized laboratories BAŞ INC. continued its efforts related to the efficient use, at specified intervals according to the regulations of the recycling, and reuse of water. Alongside awareness-raising Water Pollution Control Regulation. The analysis results activities regarding natural resource usage, the company are then reported to the Provincial Directorate of Environconducts voluntary studies on the level of vulnerability to ment, Urbanization, and Climate Change. water within its impact area.

At HABAŞ INC. facilities, process and utility waters are cy, there has been a 19% reduction in water consumption sourced from wells. After the treatment of post-use wastewa- per unit product in the last five years. The company has ter in the treatment facilities, it is discharged in a controlled more ambitious targets for water consumption in 2023.

As a result of all the improvements made in water efficien-







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Sustainable Supply Chain

Supply chain management

and high production standards, and it has a robust supply chain management to sustain this and convey it to all stakeholders in its impact area. The process, managed through pioneering and responsible supply practices, contributes to HABAŞ IN-C.'s long-term sustainability goals.

Various assessments are conducted at HABAŞ AŞ, encompassing order management, production planning, procurement, and product delivery to customers. Throughout the process from the supply of necessary raw materials for production to delivering the product to the customer, all relevant stakeholders are subject to specific criteria. HABAŞ INC. expects all stakeholders in its supply chain impact area to adhere to:

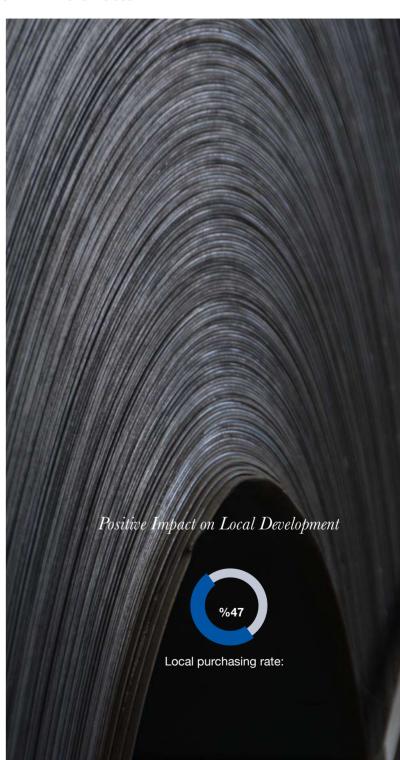
- Corporate policies and requirements,
- National and international regulations,
- Defined environmental and social performance criteria.

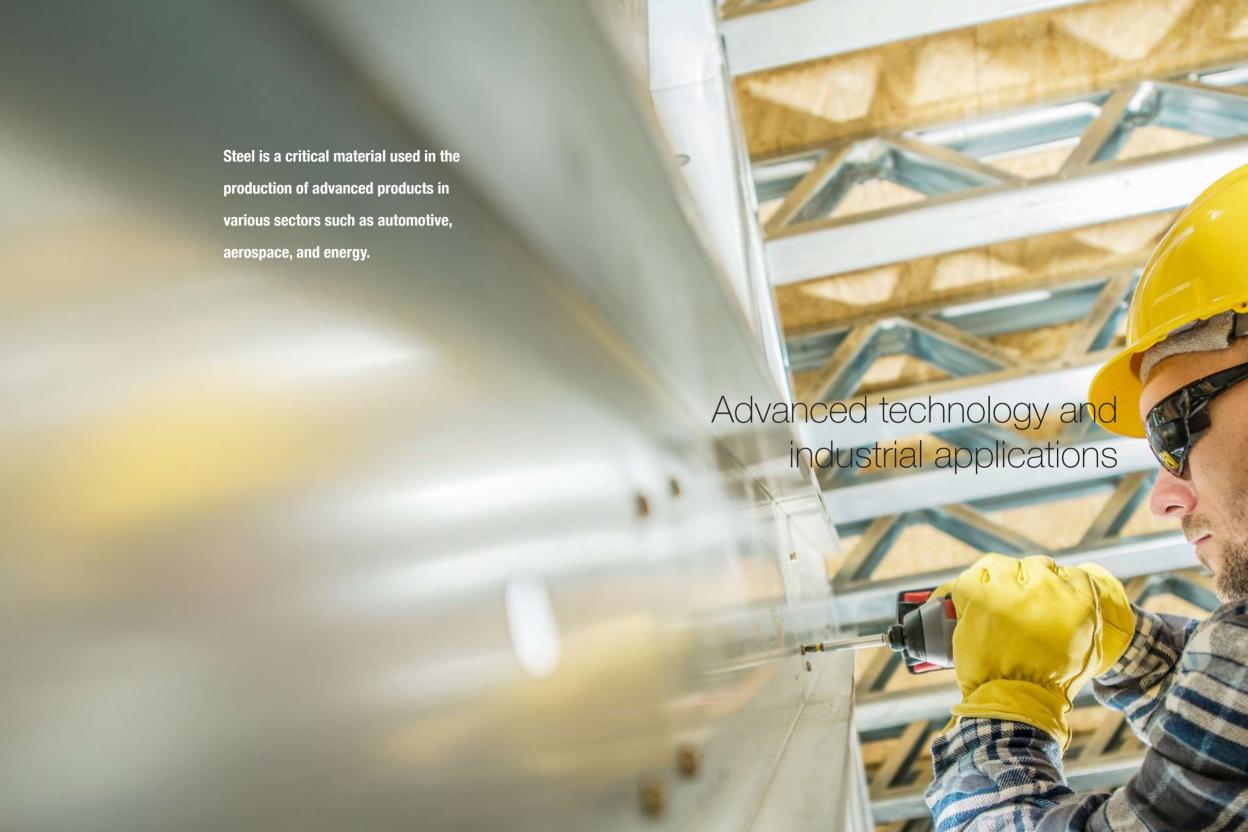
Leading practices responsible sourcing

HABAŞ INC. maintains its leadership position in the industry HABAŞ INC. expects its suppliers to work in line with these principles and comply with all laws and regulations relevant to their activities and areas of operation. By prioritizing local suppliers in procurement practices, HABAŞ INC. aims to contribute significantly to its goals and achievements, understanding that development starts locally and extends to national and international success.

> Recognizing the impact of supply chain continuity and security on the success of its operations, HABAŞ INC. adopts a risk and opportunity-based approach to sustain its operations. All efforts not only ensure the security of the supply chain but also enhance its resilience by reducing risks and uncovering opportunities.

> Through its supply chain management procedure, HABAŞ INC. conducts evaluations based on social, environmental, and ethical criteria in supplier selection and assessment. In line with its Environmental Policy, if there is an environmental non-compliance in the services received, a legal assessment is conducted, and warnings are issued to the relevant supplier for identified non-compliance.









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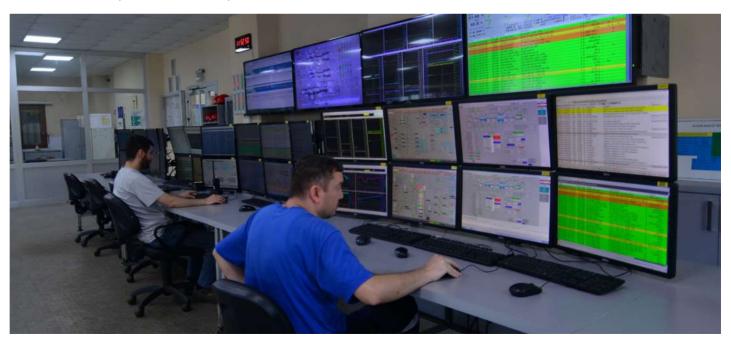
Digital Transformation

With today's technology and advancements in the digital can enter data through a common platform and is continufield, digitization not only changes business processes but also accelerates the transformation into more efficient and high-performance enterprises. Companies adapting to this transformation take a lead in service quality and product development processes. In line with this, HABAŞ INC. transforms its operations and technological infrastructure, conducting the entire process from raw material entry to reaching the customer through digital systems.

The Company, continuously working to improve product quality and customer satisfaction, also maintains a high level of data security. Therefore, the system, where all units

ously updated, is a solution-oriented infrastructure that supports corporate memory, serving as a fundamental indicator of HABAŞ INC.'s uncompromising approach to quality.

Many units, including human resources, integrate with digital systems, and related efforts have accelerated both the speed of access to data and the stages of transitioning to a paperless office. The creation of secure and uninterrupted information systems involves implementing ISO 27001 Information Security Management System requirements to protect customer and supplier data.





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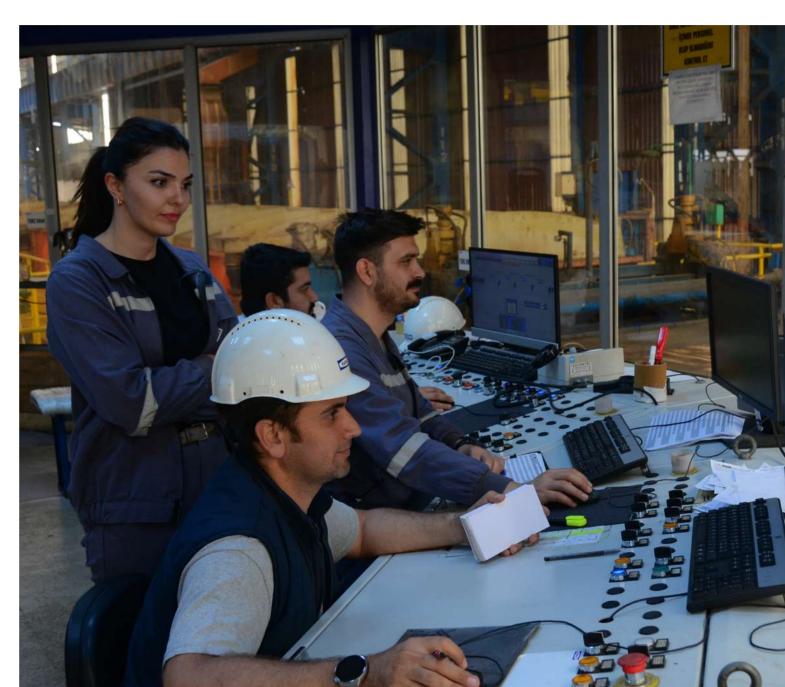
Human Resources Management

Respecting human rights and supporting diversity form the fundamental principles of HABAŞ INC.'s human resources policy. Diversity among employees contributes to a broad perspective, innovation, and increased capacity for value creation. HABAŞ INC. aims to strengthen its workforce with merit-based profiles that adhere to corporate values by offering rights beyond the requirements of labor law for its employees, which is a crucial part of its success in the industry. The company also aims to incorporate new talents.

Within the scope of continuous improvement programs, productivity and creativity are supported through professional and personal development training.

At HABAŞ INC., the principle of equal pay for equal work is adopted without discrimination based on contract type, gender, or disability, taking into account the business volume and competencies of qualified employees. Blue-collar employees at HABAŞ INC. are subject to collective labor agreements. The company has a fair, objective, and internally balanced wage and increment policy, considering country and industry dynamics.

All employees during the reporting period underwent performance evaluations.



Occupational Health and Safe Product

HABAŞ INC.'s foundation for sustainable operations, which grow every year, comes from creating a safe working environment for its employees. Occupational health and safety (OHS) ranks among the most crucial sustainability issues, and the structure and functionality of the Occupational Health and Safety Management System are the key evidence of this. HABAŞ INC. has integrated every level of operation into the system as part of occupational health and safety, ensuring the two-way implementation of the system and facilitating the transfer of views and suggestions to the company's management. The implementation not only improves the company's OHS performance each day but also allows efforts to extend it to all stakeholders in the value chain.

OHS processes are integrated into all business management processes.

Chairman of the Board

(Employer's Representative)

Board Secretary

(Occupational Health and Safety Specialist)

Board Member

(Occupational Physician)

Board Member

(Staff Chief)

Formen Representative

Employee Representative

OHS Board Management Structure



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HABAŞ INC.'s Occupational Health and Safety (OHS) Board convenes regularly on a monthly basis and, in extraordinary cases, after major accidents. Decisions made under the chairmanship of the Employer's Representative are binding for the entire company. Additionally, the board meets once conducted to support the process. a year for Management Review (MR) Meetings.

Employee satisfaction, suggestions, and expectations regarding OHS issues are collected through suggestion boxes, and these are evaluated during OHS Board meetings and MR Meetings.

The place of OHS processes, contributing to the identification, elimination of hazards, and minimizing risks, in national and internationally recognized best practices is monitored by the company. Internal and external audits are



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Social Investments

Our Future: Our Children

HABAŞ INC. established the Mehmet Rüştü Başaran Science and Art Center in 2019 with the aim of creating an educational environment for each uniquely talented child to freely showcase their potential and providing support on their journey.







Vision of Organization:

- To support students' self-confidence and instill humility through values education, fostering their integration with society, instilling the idea that they are equal members of the community, and encouraging them to display and promote national, spiritual, and cultural values.
- The aim is to cultivate individuals with high ideals, dedicated to the development of the country and the well-being of society, emphasizing honesty, diligence, and productivity.
- To convey that special talent is not a feature that elevates individuals above others but rather a duty and responsibility to serve society and humanity.

Mehmet Rüştü Başaran Science and Art Center

• To prevent students from developing an ego inflation that suggests their special talents make them superior in every aspect, emphasizing the importance of recognizing and addressing potential weaknesses and failures in various areas of life.







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HABAŞ INC.'s Sustainability Goals

100 percent Compliance with Legal Regulations and Standards for Environmental, OHS, Quality, Energy, and Sustainability Requirements	95,00%	
		100,00%
To increase employee well-being and improve working conditions, resolve at least 75% of employee feedback	59,38%	75%
To meet 100% of stakeholder expectations.	-	100,00%
To reduce carbon emissions by 20% annually.	41,00%	20,00%
To increase raw material usage efficiency by 6%.	85,00%	90,00%
o complete the transition to new-generation polyp to reduce carbon emissions by 90% by the year 2025	40,00%	90,00%
Obtaining raw materials from certified suppliers at a rate of 75%.	80,00%	75,00%
To reduce environmental impacts during product, raw material, and personnel transportation by 10%	4,5 kgco2/tonsteel	58 kgco2/ tonsteel
To increase water efficiency by 7%	43 m3/ton	40 m3/ton
To enhance awareness of our Integrated Management Systems, increase individual training hours by 15%.	26 staff/hour	30 staff/hour
Increase the procurement of locally sourced products by 20%.	996 pcs	1200 pcs
Maintain the number of suppliers adhering to the code of conduct at a rate of 100%.	100,00%	100,00%
To reduce the number of work accidents and occupational diseases to zero within 5 years.	166	0
To increase energy efficiency by 10%.	3,66 GJ/ tonsteel	3,3 GJ/ tonsteel
To increase stakeholder engagement by 200%.	1 pcs	3 pcs
To increase export figures by 10%, considering management systems and sustainability principles.	1,3 billion dollars	1,43 billion dollars



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Social Performance Indicators

EMPLOYEE DEMOGRAPHICS

Total number of employees	Unit	2020	2021	2022
MALE	Person	1.880	1.954	2.075
FEMALE	Person	5	8	13
Sum		1.885	1.962	2.088

Total number of employees by category	Unit	2020	2021	2022
White-collar- Female	Person	5	8	13
White-collar - Male	Person	633	661	675
Blue-collar - Female	Person	0	0	1
Blue-collar - Male	Person	1.247	1.293	1.400

Number of employees by Contract Type	Unit	2020	2021	2022
Indefinite Term - Female	Person	5	8	13
Indefinite Term - Male	Person	1.880	1.954	2.075
Definite Term- Female	Person	5	6	8
Definite Term - Male	Person	1.090	1.191	1.181

Number of employees by age groups	Unit	2020	2021	2022
18 - 30 Number of employees	Female	1	4	7
between ages	Male	533	541	621
31 - 40 Number of employees	Female	2	2	3
between ages	Male	685	700	731
41 - 50 Number of employees	Female	2	2	3
between ages	Male	495	528	537
51 - 60 Number of employees	Female	0	0	0
between ages	Male	141	156	163
Number of employees over 60	Female	0	0	0
years old	Male	26	29	23
Sum		1.885	1.962	2.088



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Other Groups	Unit	2020	2021	2022
Number of foreign employees	Female	0	0	0
	Male	0	0	2
Number of disabled employees	Female	0	0	0
	Male	47	52	55

Demographic distribution of top management	Unit	2020	2021	2022
The number of top-level executives	Female	2	4	4
	Male	178	193	215
	Female	0	0	1
The number of mid-level managers.	Male	365	367	363
Other	Female	3	4	9
	Male	1.337	1.394	1.496
Sum		1.885	1.962	2.088

Employment and Turnover				
Total number of newly hired employees	Person	154	279	367
Number of white-collar employees	Person	36	73	78
Total number of employees leaving	Person	118	206	289

Employment and Turnover				
Total number of employees leaving	Person	146	184	209
Number of white-collar employees	Person	35	41	53
Number of blue-collar employees	Person	111	143	156

Union membership rate among employees	Unit	2020	2021	2022
Percentage of factory workers covered	Ratio	62.42%	61.9%	63.3%
by collective bargaining agreements.	Rano	04.44 /0	01.570	03.3 70

Education Distribution	Female	Male	Total
Primary education	-	204	204
Middle school	-	277	277
High school	2	988	990
Vocational School	3	221	224
University	9	384	393

Age Distribution	Total number of	Total number of senior executives.			
	Female	Male			
under 30	2	81			
30-50 years old	2	107			
over 50 years old	-	31			
Total Senior Manager	4	219			



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EMPLOYEE DEVELOPMENT

Total number of employees subjected to performance and career development assessment.						
	Kadın	Erkek	Тор	olam		
	Female	Male	To	otal		
Currently Working	13	2.075	2.088			
Employee Training	Unit	2020	2021	2022		
Professional development	Hour	-	579	1.815		

OCCUPATIONAL HEALTH AND SAFETY

	2020	2021	2022
Near-miss Ratio	10	3	5
Accident Frequency Rate	22,10	20,28	19,56
Number of Lost Days due to Occupational Accidents	19606	4093	11.858

	2020	2021	2022
otal number of employees attending OHS (Occupational Health and Safety) training	1.973	2.013	2.319
Total hours of OHS (Occupational Health and Safety) training attended.	31.568	32.208	37.104
Total number of members in the Occupational Health and Safety (OHS) Board.	7	7	7
Total number of members in the OHS Committees	3	3	3
Number of Employee Representatives in the OHS Committees.	2	2	2



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Environmental Performance Indicators

Waste

Ву Туре	Unit	2020	2021	2022
Total Hazardous Waste	Ton	64109218	676440	906377
Total Non-Hazardous Waste	Ton	982674187	52337825	33201433
Total Waste	Ton	1046783405	53014265	34107810
A 1' 4 . D' 1				

According to Disposal Method	Unit	2020	2021	2022
Energy Recovery	Ton	219100	496320	683400
Regain	Ton	1045732026	802360	707230
Water				

Total Water Volume Drawn	Unit	2020	2021	2022
Ground-water	m^3	1.836.107,00	2.047.410,00	3.278.278,00
Sea water	m^3	1.694.408,00	2.187.001,00	3.278.278,00

Wastewater Discharge	Unit	2020	2021	2022
Surface Saters	m^3	808.500,00	808.500,00	808.500,00
Sea Water	m^3	1.524.967,00	1.968.300,00	2.950.450,00

Water Consumption	Unit	2020	2021	2022
	m^3	3.530.515,00	4.234.411,00	3.278.278,00

Water usage per unit product	Unit	2020	2021	2022
	Product/ ton	0,42	0,43	0,40

ENERGY AND EMISSIONS

Direct energy consumption	Unit	2020	2021	2022
Natural Gas	m^3	209.305.067	250.698.775	193.834.169
Anthracite	kg	70.969.950	72.876.560	62.963.770
LPG	kg	0	0	3.757.400

Indirect energy consumption	Unit	2020	2021	2022
Electric	kWh	2.444.672.449	2.822.478.837	2.215.868.845
Anthracite	kg	70.969.950	72.876.560	62.963.770
LPG	kg	0	0	3.757.400

Factory Emission Values	Unit	2021	2022
Direct CO2 Emissions (Scope 1)	$t\mathrm{CO_2}\mathrm{e}$	3.068.041,66	1.825.938,97
Indirect CO2 Emissions (Scope 2)	t CO_2 e	1.063.963,47	775.013,33
LPG	kg	0	0

Sheet Metal Emission Values	Unit	2021	2022
Direct CO2 Emissions (Scope 1)	$t\mathrm{CO_2}\mathrm{e}$	226.644,21	173.969,50
Indirect CO2 Emissions (Scope 2)	t CO ₂ e	120.913,14	96.567,38
LPG	kg	0	0



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Ekonomik Performans Göstergeleri

	2021	2022
Indorsement (TL)	38.275.782.500	69.631.220.573
INVESTMENTS		
		USD
Zinc Plant Investment		17.215.663,68
New Steelshop Investment		182.882.867,53
Hot Sheet Rolling Mill Capacity Increase		22.856.140,00
Cold Rolling Mill Investment		72.998.987,00
Port Investment		10.166.068,49
Hydrogen Facilities Investments		74.867.745,00
Coil Rolling Mill Investment		21.691.008,85
Shinyard Investment		61 996 470 00
Shipyard Investment		61.886.470,00
Total		464.564.950,54



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