



## ***Corporate Governance Compliance Rating Report***



***İskenderun Demir ve Çelik A.Ş.***

23 August 2024

Validity Period 23.08.2024-23.08.2025

## LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for İskenderun Demir ve Çelik Anonim Şirketi;

has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on October 02, 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated January 03, 2014, and numbered 28871

The criteria established for the companies whose shares are traded at BIST are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2— Article 5 of communiqué no. II-17.1, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 106 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

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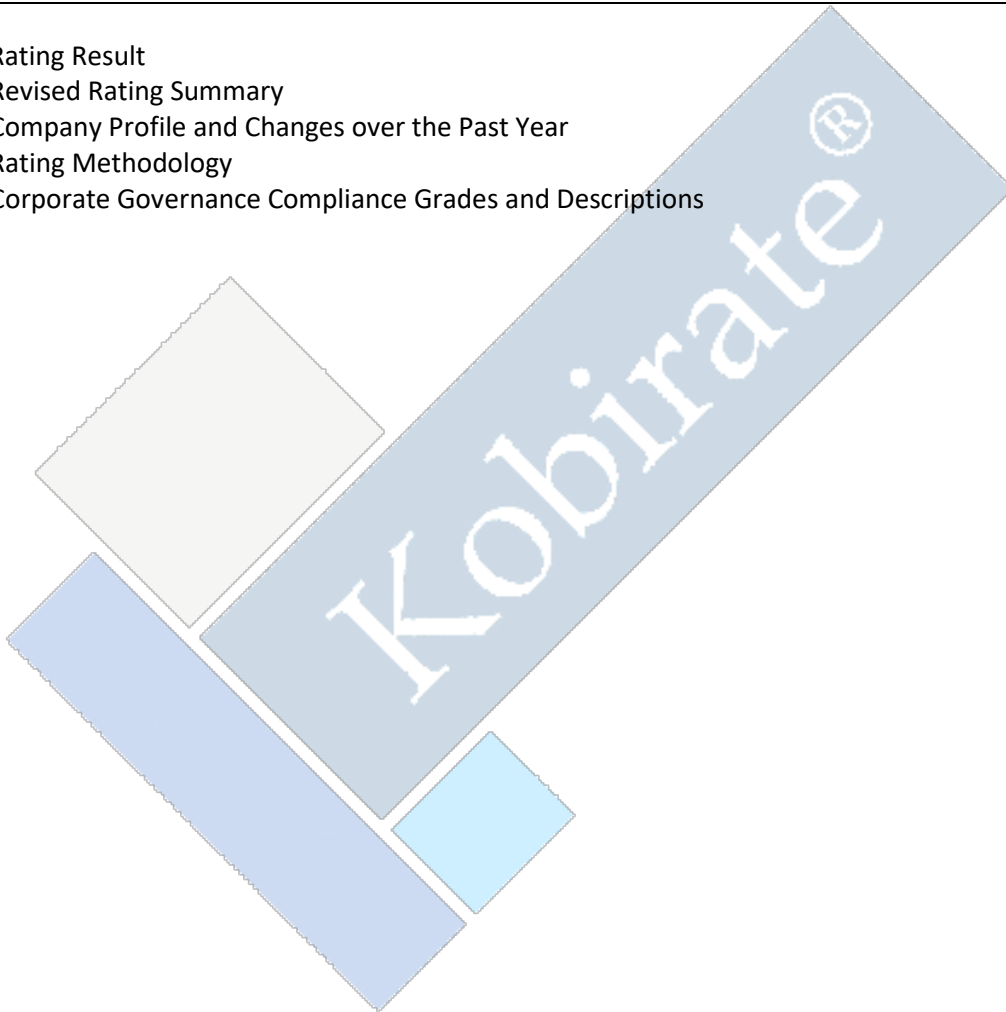
The rating grade does not constitute a recommendation to purchase, to hold or to dispose of any kind of borrowing instrument. KOBİRATE A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

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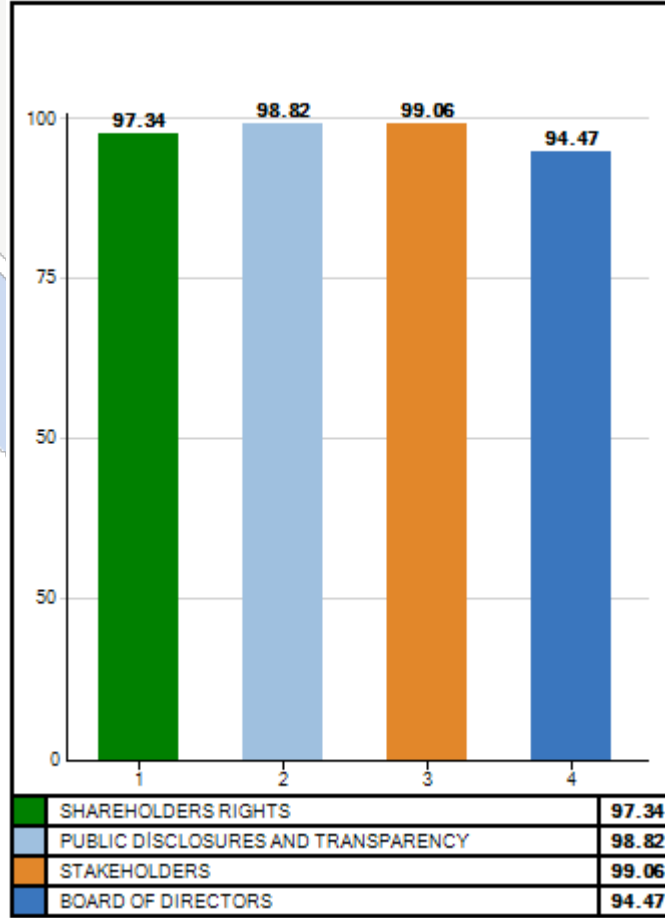
## İSKENDERUN DEMİR VE ÇELİK A.Ş. (İSDEMİR)

### 1. RATING RESULT

BIST FIRST GROUP COMPANY

CMB CORPORATE GOVERNANCE  
PRINCIPLES COMPLIANCE GRADE

9.70





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## 2. REVISED RATING SUMMARY

This report of rating of compliance of İskenderun Demir ve Çelik A.Ş. (İSDEMİR) with the Corporate Governance Principles is concluded through onsite examinations of the documents and information open to the public, interviews held with executives and persons involved, and of other examinations and observations. The study has been held in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. In the methodology and rating process, in addition to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Communiqué Amending the "Corporate Governance Communiqué (II-17.1) (II-17.1.a)" published by the Board has been considered in addition to the regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

According to the decision of the Capital Markets Board dated 25.01.2024 and numbered 6/121, İSDEMİR, is in the Bist 1st Group Companies list. The Company has been evaluated through examination of 456 criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "BIST 1st Group Companies". At the end of the examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, the Corporate Governance Compliance Rating Grade of İsdemir has been revised to **9.70**.

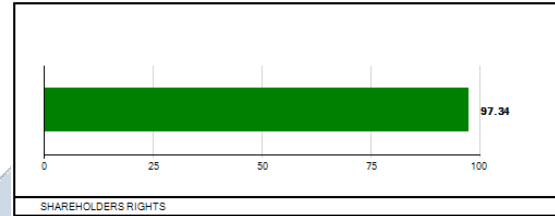
This result shows that the Company has achieved very high compliance with the Corporate Governance Principles issued by the Capital Market Board. Potential risks that the Company may be exposed to are identified and can be managed. The level of public disclosure and transparency are high. Rights of the shareholders and stakeholders are treated fairly. Composition and operational conditions

of the Board highly comply with the Corporate Governance Principles.

When the activities of İsdemir for the last one year are examined, it is seen that it has been maintaining its compliance with Corporate Governance Principles.

In conclusion, this rating indicates that the Company highly deserves to be included in the BIST Corporate Governance Index.

- In the Shareholders section, the rating of İsdemir has been revised to **97.34**.



The company has been observed to continue its activities with the same diligence and effectiveness in informing shareholders and enabling the exercise of basic shareholder rights during the reviewing period. It is understood that the harmonious cooperation of the Investor Relations Directorate with the Corporate Governance Committee is effective in the correct and effective exercise of the rights of the shareholders.

Activities related to shareholder relations are carried out by the ERDEMİR Investor Relations Directorate, which operates under the Vice Presidency of Financial Management and Fiscal Affairs. The department includes Ms. İdil ÖNAY ERGİN (Director), Mr. Ali Seydi BÖLER (Investor Relations Manager), and Ms. Melis BİLGİN (Investor Relations Specialist). Ms. ERGİN and Mr. BÖLER have Capital Market Activities Level 3 and Corporate Governance Rating Specialist Licenses.

During the reviewing period, Mr. Ali Seydi BÖLER obtaining the mentioned licenses has contributed to the rating increase under this main heading as development in line with succession planning. In accordance with the

CMB Corporate Governance Communiqué numbered II.17-1, Investor Relations Director Ms. İdil ÖNAY ERGİN was appointed as a Member of the Corporate Governance Committee and it was disclosed to the public with a Material Disclosure dated 03.04.2019.

It has been determined that the Investor Relations Directorate reports and makes presentations to the Board of Directors at least once a year regarding its activities. A presentation regarding the 2023 activities was made to the Board of Directors on February 15, 2024.

Shareholders' right to obtain information and to examine is not canceled or restricted by the Articles of Association or any department of the Company. The company carries out its disclosures to the shareholders and the public in accordance with the "Disclosure Policy". The said policy is published on the corporate website of the company.

The General Assembly meeting to discuss operations of 2023 took place on 28.03.2024. The invitation to the general assembly meeting was published on the Public Disclosure Platform (PDP) and the Central Registry Agency e-general assembly system (EGAS) on 28.02.2024, and in the Turkish Trade Registry Gazette (TTRG) dated 04.03.2024 and numbered 11035. The meeting invitation was made at least 3 (three) weeks before the meeting date as stipulated by the principles.

The general assembly information document provides detailed information on the distribution of company shares, the voting rights granted by the shares and the privileges regarding voting. In addition, whether the shareholders have a request to add an item to the agenda and the information that is required to be announced to the shareholders and the public in the corporate governance principles are also included.

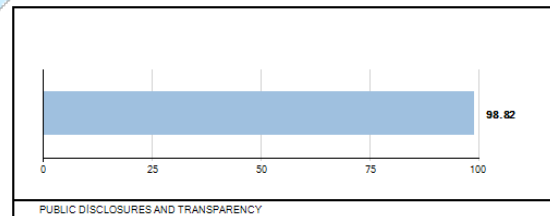
Executives and auditors who are authorized to brief participants on special subjects and

answer their questions have attended the meeting. Attending executives were; Mr. Baran ÇELİK (Deputy Chairman of the Board and Executive Director), Mr. Gürtan DAMAR (Member of the Board of Directors-Executive Director), Ms. Güliz KAYA (Board Member), Mr. Salih Cem ORAL (İsdemir General Manager), Mr. Mustafa Serdar BAŞOĞLU (Finance Management and Financial Affairs Group Vice President), Mr. Ulaş YİRMİBEŞ (Financial Control and Reporting Director), Mr. Kemal Haluk ERUYGUR (OYAK Legal Advisor), Mr. Buğrahan ELDELEKLİ (Legal Director), Ms. İdil ÖNAY ERGİN (Investor Relations Director) and the Representative of the Independent Audit Company.

Net distributable profit for the period was 7,954,562,098 TL according to the legal records prepared in accordance with the TPL, and 4,601,546,624TL according to the financial statements prepared within the framework of the CMB legislation from its year 2023 activities. The way the profit is used is explained in the "ii. Dividend Distribution" section of our report.

The profit distribution proposal of the board of directors and the profit distribution table were published on the Public Disclosure Platform on the same day as the invitation to the general assembly.

▪ In the Public Disclosure and Transparency section, the company's rating was confirmed as **98.82**.



It has been determined that İsdemir's works on public disclosure and transparency are in compliance with legal regulations and corporate governance principles. Annual reports are very rich in content and contain sufficient information about the activities. On the other hand, the integrated annual report

prepared for OYAK Mining Metallurgy Companies (Group) contains very detailed information about İsdemir's activities.

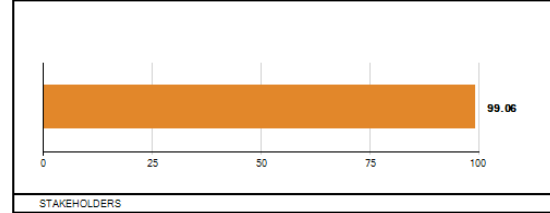
The corporate website ([www.isdemir.com.tr](http://www.isdemir.com.tr)) is updated regularly, and the website is being used as an active and effective platform for disclosure to the public. All information and documents that the public, investors and other interested parties want to access are published on the corporate website of the company for the last five (5) years. It has been observed that this information is consistent with the disclosures made in accordance with the provisions of the relevant legislation and does not contain contradictory and incomplete information. The corporate website is designed as a convenient, easily accessible structure.

The officials in the Company who are charged with disclosures and have the authority for signature are: Mr. Mustafa Serdar BAŞOĞLU (Finance Management and Financial Affairs Group Vice President), Mr. Ulaş YİRMİBEŞ (Financial Control and Reporting Director), Ms. İdil ÖNAY ERGİN (Investor Relations Director). The named persons have been assigned to maintain and monitor all kinds of issues related to public disclosure.

The company's independent external audit for 2023 was conducted by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (A Member firm of Deloitte Touche Tohmatsu Limited). There are no cases where the independent audit avoided expressing opinion, expressed opinion with conditions or avoided signature in the reports. It has been learned from company officials that no event took place with the independent audit company or with its auditors that could damage this company's independence, and there was no legal conflict with it. In accordance with the Capital Markets legislation, the Turkish Commercial Code, and relevant regulations, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Ernst & Young Global Limited) has been selected for the independent external audit of the

company's accounts and transactions for the 2024 financial year, based on the recommendation of the Audit Committee and the approval of the General Assembly.

▪ In the Stakeholders section, the company's rating has been revised to **99.06**.



The reason for the increase in the grade of the company in this section is

the development of processes related to Sustainability Management and Implementation, and the creation and public disclosure of the "Net Zero Roadmap."

It is concluded that İsdemir protects stakeholders' rights, which are specified in regulations and mutual contracts. The impression is that in case of lack of regulation, the company respects stakeholders' rights within goodwill rules and the company's reputation. It has been observed that many internal regulations were prepared to this end.

The Compensation Policy for employees has been prepared and disclosed to the public via the corporate website.

Recruitment, wage, health, leave rights, promotions, appointments, discipline, dismissal, death, resignation and retirement procedures have been determined, and it is thought that these procedures are adhered to in practice. Both during the development of the policies and in practice, we got the impression that equal opportunity is given to individuals under equal conditions.

It has been determined that the Company runs training programs to increase the knowledge, talents and experience of its employees and that it has prepared training policies.



Ethical Rules and Working Principles have been determined and are updated when necessary. On the other hand, the policies concerning the shareholders and all stakeholders are disclosed to the public on the corporate website of the company.

As of 31.12.2023, a total of 4532 people were employed at İsdemir, with 1463 paid monthly wages and 3069 paid hourly wages. Hourly paid workers are organized under the umbrella of Özçelik-İş Union. The 28th Term Collective Bargaining Agreement has been concluded for 2 years, covering the period 01.01.2023-31.12.2024.

Similar to Erdemir and its subsidiaries, İsdemir carries out social responsibility activities in different areas in order to create sustainable and lasting value for society. It supports social development with education and culture-art-oriented projects developed through various collaborations. As OYAK Mining and Metallurgy Companies, the support provided for social projects in 2023 reached 868 million 937 thousand TL. Information about the company's contribution to the social development and welfare of society can be found in the integrated reports and on the corporate website.

### **Sustainability;**

İSDEMİR formulates its strategies by anticipating challenges in a constantly changing dynamic environment, integrating its priorities and focus areas into a business model aimed at gaining a competitive advantage.

The companies have structured their activities around the goals of developing in a way that benefits society and the environment, managing risks correctly, reducing their carbon footprint, and integrating risks and opportunities arising from climate change into all business processes. In this context, İSDEMİR has shaped its "Value Creation Approach" around three fundamental concepts:

- o Sustainable Growth
- o Responsible Production
- o Human-Centered Approach

### Sustainable Growth

#### *Priorities*

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

#### *Focus Areas:*

- Contributing to industry and economic growth in Turkey as a sector leader
- Competitive cost management
- Maintaining and increasing market share
- Enhancing the quality of high-value-added product groups
- Being a reliable solution partner to customers and ensuring zero defects
- Increasing company value
- Enhancing resource and investment efficiency

### Responsible Production

#### *Priorities*

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

#### *Focus Areas:*

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

### Human-Centered Approach

#### Priorities

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

#### Focus Areas

- Providing social contributions to operational regions
- Increasing employee satisfaction
- Employees who embrace the institution's priorities and values and act in unison.

Erdemir and İsdemir, part of OYAK Mining and Metallurgy Companies, have announced their "Net Zero Roadmap" to contribute to Turkey's 2053 net zero emission target. Shaping their green transformation steps, Erdemir and İsdemir aim to reduce carbon emissions per ton by 25% by 2030 and by 40% by 2040, compared to the baseline year of 2022, and to achieve net zero emissions by 2050.

To achieve the short-term goal of reducing carbon emissions per ton of crude steel by at least 25%, Erdemir and İsdemir plan to invest 3.2 billion USD in transformation by the end of 2030.

The planned Greenhouse Gas Reduction Actions to achieve this goal are:

1. Electric Arc Furnace Investment
2. Energy Efficiency Initiatives
3. Solar Power Plant (SPP) Investments
4. Biomass Utilization
5. DRI (with Natural Gas) Investment
6. DRI (with Green Hydrogen) Investment
7. Carbon Capture and Storage (CCS)

These actions were announced to the public on January 11, 2024, via Material Disclosure.

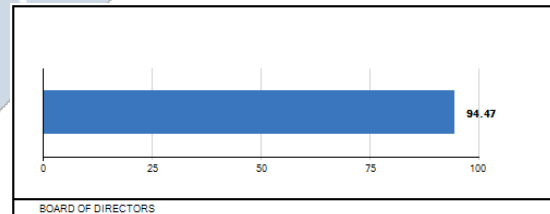
The roadmap is also published on the company's corporate website.

The practices and documented management systems of İSDEMİR that contribute to its priorities of energy efficiency, occupational health and safety, sustainability, and digitalization are listed below:

- ISO 9001:2015 Quality Management System
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management System
- IATF 16949: 2016 Quality Management System for the Automotive Industry
- ISO 50001:2018 Energy Management System
- ISO 17025: 2017 Laboratory Accreditation Certificate
- ISO 27001:2017 Information Security Management System

İsdemir has been included in the BIST Sustainability Index from November 2019 to October 2020.

- In the Board of Directors section, the İsdemir's rating was confirmed as **94.47**.



In the meetings with the company officials and the examinations made on the Board of Directors' Decision Book, it has been determined that the Board continues its activities actively, effectively and regularly. It has been observed that the Board of Directors internalizes the corporate governance principles, adopts an open approach to improvement and development, and displays a proactive attitude in compliance with the principles.

The Board of Directors has described the corporate strategic objectives and determined necessary human and financial

resources. The duties of the chairman of the board of directors and general manager are carried out by different persons, and the authorities of each are defined. The board of directors, consisting of 9 (nine) members, consists of 2 (two) executive and 7 (seven) non-executive members. 3 (three) of the non-executive members have the status of independent member.

Only 1 (one) female member has been appointed to the Board of Directors. This structure does not comply with the "not less than 25%" criterion determined by the CMB as the rate of female members in the board of directors. For the target of "Women Board Member Ratio should not be less than 25%", determining a target rate and time and a policy to achieve these targets and annually evaluating the progress achieved in achieving these targets by the board of directors will be appropriate to strengthen compliance with the principles.

The Audit, the Corporate Governance and the Early Detection of Risk Committees, which are stated in the Principles, have been established. Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by the Corporate Governance Committee as well. The duties, working principles and the members of the committees have been determined by the Board of Directors, approved as written documents, announced to the public and published on the corporate website of the company.

All members of all three committees are independent board members. In addition, only in the Corporate Governance Committee, as per Communiqué No. II.17.1, the Investor Relations Director acts as a committee member. The company's general manager has not been appointed within the committee structures.

Independent members of the board of directors are elected to serve for 1 (one) year. When the method followed before the

general assembly regarding the independent members of the board of directors is examined, it is understood that:

- The Nomination Committee prepares an evaluation report on the independence of the candidate for the election of independent members and submits it to the board of directors,
- The board of directors elects independent members within the framework of the nomination committee's report,
- The report prepared regarding the determined candidate is sent to the Capital Markets Board together with the candidate's resume, declarations of independence and the resolutions of the board of directors. In addition, it would be appropriate for the company to pay attention to the time constraints specified in the principles during these processes.

The Board of Directors convened 6 (six) times in 2023 and 3 (three) times as of June 2024. The secretarial function of the Board is carried out by the Board of Directors assistant, Ms. Suzan MERT.

The Audit Committee held 4 (four) meetings in 2023. As of the end of June 2024, it held 2 (two) meetings. In the same period, in parallel with the number of meetings, the Committee submitted reports on its activities to the Board of Directors 4 (four) times in 2023 and 2 (two) times as of June 2024. Secretarial function of the Committee is carried out by the Financial Control and Reporting Director Mr. Ulaş YİRMİBEŞ.

The Corporate Governance Committee convened 4 (four) times in 2023 and 2 (two) times as of the end of June 2024. The Committee submitted reports on its work to the Board of Directors three times in 2023 and once as of the end of June 2024. The secretariat of the Committee is carried out by Investor Relations Director Ms. İdil ÖNAY ERGİN.

The Early Detection of Risk Committee held 6 (six) meetings in 2023 and 3 (three) meetings as of the end of June 2024. They submitted

reports to the board of directors about their works 6 (six) and 3 (three) times in the aforementioned periods. The secretariat of the Committee is carried out by Corporate Risk Management Manager Mr. Erdem PREKA.

In the examinations made on the documents, it was observed that the meeting records of both the Board and the Committees were kept regularly.

Remuneration Principles for the Members of the Board of Directors and Senior Executives have been determined and disclosed to the public on the Company's corporate website.

Fees and benefits given to the board of directors and directors with administrative responsibilities are not disclosed on an individual basis.

The damages that may be caused to the company by the faults of the members of the board of directors during their duties were insured, but no PDP statement was made on the subject.

The Board of Directors does not yet have the practice of making performance evaluations on both a board and member basis and rewarding or dismissing the Members based on these evaluations.

### 3. COMPANY PROFILE AND CHANGES OVER THE PAST YEAR

#### A. Company Profile:



<b>Company Name</b>	: İSKENDERUN DEMİR VE ÇELİK A.Ş
<b>Company Address</b>	: Karşı Mahalle Şehit Yüzbaşı Ali Oğuz Bulvarı No: 1 Payas / HATAY
<b>Company Phone</b>	: (0326) 758 4040
<b>Company Fax Number</b>	: (0326) 758 3838
<b>Company's Web Address</b>	: <a href="http://www.isdemir.com.tr">www.isdemir.com.tr</a>
<b>E-Mail Address</b>	: <a href="mailto:info@isdemir.com.tr">info@isdemir.com.tr</a> <a href="mailto:investorrelations@erdemir.com.tr">investorrelations@erdemir.com.tr</a>
<b>Date of Incorporation</b>	: 12/11/1968
<b>Registered Number</b>	: 1599
<b>Paid-in Capital</b>	: 2,900,000,000 - TL
<b>Line of Business</b>	Iron and steel roll products of all types, sizes and qualities, alloyed or pure iron, steel and iron casts, cast and pressed products and businesses stated in the Articles of Association.
<b>Company's Sector</b>	: Manufacturing Industry / Base Metal Industry

#### **Company's Representative in Charge of Rating:**

**İdil ÖNAY ERGİN**

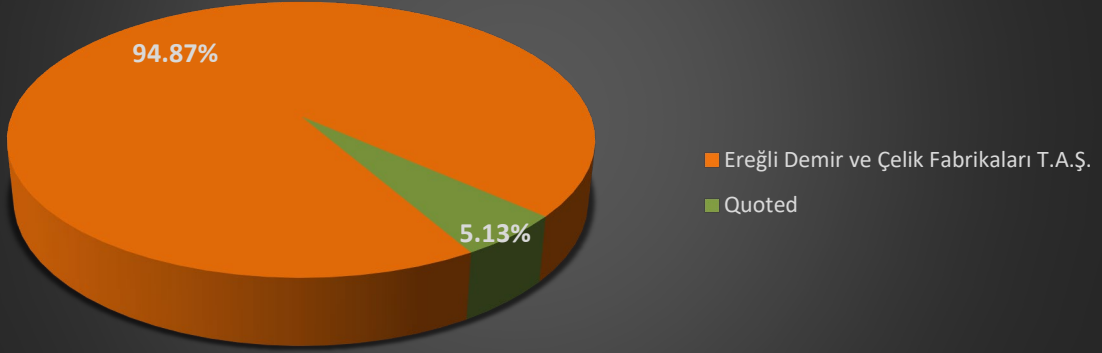
**Investor Relations Director**

[ionay@erdemir.com.tr](mailto:ionay@erdemir.com.tr)

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*Shareholder Structure (as of the date of this report)*

## İskenderun Demir ve Çelik A.Ş. Shareholder Structure



Source: İskenderun Demir ve Çelik A.Ş.

Shareholder Name	Share (Thousand TL)	%
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	2,751,326	94.87
Quoted in Stock Exchange	148,674	5.13
<b>Total</b>	<b>2,900,000</b>	<b>100.00</b>

Source: [www.kap.org.tr](http://www.kap.org.tr)

## Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
ATAER Holding A.Ş. (Representative: <b>Süleyman Savaş ERDEM</b> )	Chairman	Non - Executive
ERDEMİR Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. (Representative: <b>Gürtan DAMAR</b> )	Deputy Chairman of the Board of Directors and Executive Director	Executive
ERDEMİR Madencilik Sanayi ve Ticaret A.Ş. (Representative: <b>Mustafa Serdar BAŞOĞLU</b> )	Member of the Board of Directors and Executive Director	Executive
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Representative: <b>Baran ÇELİK</b> )	Member of the Board of Directors	Non - Executive
T.C Hazine ve Maliye Bakanlığı ÖİB (Representative: <b>Orhan ERBİR</b> )	Member of Board of Directors	Non - Executive
ERDEMİR Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. (Representative: <b>Guliz KAYA</b> )	Member of Board of Directors	Non - Executive
<b>Emre GÖLTEPE</b>	Independent Member of Board of Directors	Non - Executive
<b>Kadri ÖZGÜNEŞ</b>	Independent Member of Board of Directors	Non - Executive
<b>Sezai Afif ENSARİ</b>	Independent Member of Board of Directors	Non - Executive

Source: [www.kap.org.tr](http://www.kap.org.tr)

### Committees Formed Within Board of Directors

#### Corporate Governance Committee

Name Surname	Title	Duty
Kadri ÖZGÜNEŞ	Independent Member of Board of Directors	Chairman of the Committee
Emre GÖLTEPE	Independent Member of Board of Directors	Committee Member
İdil ÖNAY ERGİN	Investor Relations Director	Committee Member

#### Audit Committee

Name Surname	Title	Duty
Emre GÖLTEPE	Independent Member of Board of Directors	Chairman Of The Committee
Sezai Afif ENSARİ	Independent Member of Board of Directors	Committee Member

#### Early Detection of Risk Committee

Name Surname	Title	Duty
Sezai Afif ENSARİ	Independent Member of Board of Directors	Chairman of the Committee
Kadri ÖZGÜNEŞ	Independent Member of Board of Directors	Committee Member

### Senior Management of the Company

Name/ Surname	Title
Salih Cem ORAL	General Manager
Mustafa Serdar BAŞOĞLU	Finance Management and Financial Affairs Group Vice President
Sercan BÜYÜKBAYRAM	Marketing and Sales Group Vice President
Şevket Selim YILMAZ	Purchasing Group Vice President
Ercan KAYA	Vice President of Enterprise Architecture and Human Resources Group
Buğra ŞENER	Executive Vice President/ Operations

Source: [www.kap.org.tr](http://www.kap.org.tr)

### Balance-Sheet Comparison of Company's Certain Selected Items for yearends of last two years

	2022/12 (Thousand USD)	2023/12 (Thousand USD)	Change% (USD)	2022/12 (Thousand TL)	2023/12 (Thousand TL)	Change % (TL)
Current Assets	1,673,711	1,953,090	16.69	31,295,559	57,495,472	83.72
Trade Receivables	213,372	177,060	- 17.02	3,989,685	5,212,321	30.64
Inventories	1,039,582	1,075,932	3.50	19,438,419	31,673,490	62.94
Fixed Assets	2,320,728	2,652,192	14.28	43,393,657	78,075,747	79.92
Total Assets	3,994,439	4,605,282	15.29	74,689,216	135,571,219	81.51
Short-Term Liabilities	719,447	1,278,371	77.69	13,476,851	37,701,321	179.75
Long-Term Liabilities	502,473	402,395	- 19.92	9,412,341	11,867,180	26.08
Paid Capital	1,474,105	1,474,105	-	2,900,000	2,900,000	-
Equity	2,772,519	2,924,516	5.48	51,800,024	86,002,718	66.03

Source: İsdemir Financial Statements and Independent Auditor's Report for the Period 01.01.2023-31.12.2023

The 2023 Consolidated Financial Statements for the year ending on December 31, 2023, are expected to be prepared in accordance with the IAS 29 "Financial Reporting in Hyperinflationary Economies" standard, following the announcement made by the Public Oversight Authority on November 23, 2023, and in line with the "Tax Procedure Law General Communiqué (Serial No: 555)" published in the Official Gazette dated December 30, 2023, No. 32415 (Duplicate). However, since the company's functional currency is the US dollar, there is no need to make any adjustments to the financial statements that are prepared under IFRS in accordance with IAS 29.

### Income Comparison of Company's Certain Selected Items for yearends of last two years

	2022/12 (Thousand USD)	2023/12 (Thousand USD)	Change % (USD)	2022/12 (Thousand TL)	2023/12 (Thousand TL)	Change % (TL)
Revenue	4,153,025	3,180,762	- 23.41	62,010,484	88,611,904	42.90
Cost Of Sales	(3,525,377)	(2,957,271)	- 16.11	(52,638,815)	(82,385,737)	56.51
Operational Profit / Loss	609,666	267,688	- 56.09	9,103,169	7,457,446	- 18.08
Profit/Loss Before Tax	548,949	198,520	- 63.84	8,196,588	5,530,507	- 32.53
Profit/Loss for the Period	450,473	165,175	- 63.33	6,726,197	4,601,547	- 31.59

Source: İsdemir Financial Statements and Independent Auditor's Report for the Period 01.01.2023-31.12.2022

The 2023 Consolidated Financial Statements for the year ending on December 31, 2023, are expected to be prepared in accordance with the IAS 29 "Financial Reporting in Hyperinflationary Economies" standard, following the announcement made by the Public Oversight Authority on November 23, 2023, and in line with the "Tax Procedure Law General Communiqué (Serial No: 555)" published in the Official Gazette dated December 30, 2023, No. 32415 (Duplicate). However, since the company's functional currency is the US dollar, there is no need to make any adjustments to the financial statements that are prepared under IFRS in accordance with IAS 29.



### Subsidiaries, Financial Fixed Assets and Financial Investments

Trade name	Line of Business	Paid-in/ Issued Capital	Share in the Capital	Curre ncy	Share(%)	The Nature of the Relation
İsdemir Linde Gaz Ortaklığı A.Ş.	Industrial Gas Production and Sale	140,000,000	70,000,000	TRY	50	JOINT VENTURE PARTNERSHIP
Teknopark Hatay A.Ş.	R&D Center	1,213,000	60,650	TRY	5	FINANCIAL ASSET AT FAIR VALUE

Source: www.kap.org.tr

#### **The Market where the Capital Market Instrument is Traded and the Indexes that the Company is Included**

**BIST Code** : ISDMR  
**Market where the Capital Market Instrument is Traded** : BIST STAR

**The Indices In Which It Is Included** : BIST SUSTAINABILITY PARTICIPATION  
/ BIST 500 / BIST INDUSTRIALS / BIST PARTICIPATION ALL SHARES / BIST BASİC METAL / BIST  
SUSTAINABILITY / BIST CORPORATE GOVERNANCE / BIST PARTICIPATION 100 / BIST STARS / BIST  
ALL SHARES-100 / BIST ALL SHARES

Source: www.kap.org.tr

#### **The Peak and Bottom Closing Values of the Company's Stock in the BIST in the Last One Year Period (16.08.2023-16.08.2024)**

Bottom (TL)	Peak (TL)
32.22 (03.04.2024)	43.82 (07.09.2023)

Source: İskenderun Demir ve Çelik A.Ş.

#### **B. Changes in the Company in the Last Year:**

##### **i. Changes in Capital and Articles of Association**

There were no changes in the company's capital and articles of association during the reviewing period.

### **ii. Profit Distribution:**

Net distributable profit for the period was 7,954,562,098 TL according to the legal records prepared in accordance with the TPL, and 4,601,546,624 TL according to the financial statements prepared within the framework of the CMB legislation from its year 2023 activities.

The decisions of the Company's Board of Directors regarding the distribution of the net period profit obtained from the 2023 activities are as follows, dated and numbered 27.02.2024/798 and 20.03.2024 dated and numbered /806:

- In accordance with Article 519 of the TCC and the CMB provisions, since the limit for setting aside the general legal reserve has been reached, no 5% general legal reserve will be set aside from the net period profit in the 2023 financial statements prepared in accordance with TPL provisions.

- A cash dividend of 1,450,000,000 TL, corresponding to 31.51114% of the net distributable period profit in the 2023 financial statements prepared in accordance with CMB regulations, will be distributed to shareholders.

- In accordance with Article 519 of the TCC, since the amount of the cash dividend to be distributed exceeds 5% of the Company's paid-in capital, a general legal reserve of 130,500,000 TL will be set aside.

- After deducting the first dividend to shareholders and the general legal reserve from the net period profit, the remaining 3,021,046,624 TL will be set aside as extraordinary reserves.

- The dividend distribution date will be determined by the Board of Directors after the Ordinary General Assembly, taking into account the Company's cash projections, and will be done in one installment.

These matters were decided to be submitted for approval at the Company's Ordinary General Assembly Meeting to be held in March 2024."

The Board of Directors' proposal regarding the dividend distribution was discussed and approved as item 7 of the agenda at the ordinary general assembly meeting held on 28.03.2024.

The dividend distribution commenced on April 16, 2024, and the dividend was reflected in the accounts of public shareholders with a T+2 value date.

### **iii. Policies:**

No changes were made in company policies (Disclosure Policy, Dividend Distribution Policy, Remuneration Policy, Compensation Policy, Human Resources Policy, Donations and Aid Policy, Erdemir Group Ethical Rules and Working Principles, Erdemir Group Anti-Corruption Policy) during the reviewing period. The aforementioned policies were disclosed to the public on the company's corporate website.

### **iv. Management and Organization:**

Changes in the Company's senior management during the reviewing period;

- At the ordinary general assembly meeting held on March 28, 2024, Mr. Emre GÖLTEPE, Mr. Kadri ÖZGÜNEŞ, and Mr. Sezai Afif ENSARİ were elected as Independent Board Members to serve for a period of 1 year.

- In the Board of Directors' decision dated December 28, 2023, No. 781, it is stated:

"In accordance with the Board of Directors' decision No. 2023/43 of our company's legal entity Board Member, OYAK Pazarlama Hizmet ve Turizm A.Ş., it has been decided to register and announce in the trade registry that Eren Ziya DİK will replace Volkan ÜNLÜEL as the natural person representative acting on behalf of OYAK Pazarlama Hizmet ve Turizm A.Ş.

"

- In the Board of Directors' decision dated June 03, 2024, No. 820, it is stated:

"In accordance with the Board of Directors' decision No. 413 of our company's legal entity Deputy Chairman of the Board of Directors and Executive Member Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş., Mr. Gürtan DAMAR has been appointed as the natural person representative acting on behalf of Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş., replacing Mr. Baran ÇELİK,

In accordance with the Board of Directors' decision No. 13 of our company's legal entity, Board Member and Executive Member Erdemir Madencilik Sanayi ve Ticaret A.Ş., Mr. Mustafa Serdar BAŞOĞLU has been appointed as the natural person representative acting on behalf of Erdemir Madencilik Sanayi ve Ticaret A.Ş., replacing Mr. Gürtan DAMAR,

In accordance with the Board of Directors' decision No. 2024/26 of our company's legal entity, Board Member OYAK Pazarlama Hizmet ve Turizm A.Ş., Mr. Baran ÇELİK has been appointed as the natural person representative acting on behalf of OYAK Pazarlama Hizmet ve Turizm A.Ş., replacing Mr. Eren Ziya DİK,

has been decided to register these changes in the trade registry and announce them in the Turkish Trade Registry Gazette."

No other changes were made in the board of directors and senior management during the reviewing period.

#### **v. Other Matters**

In the company's Material Disclosure dated October 25, 2023:

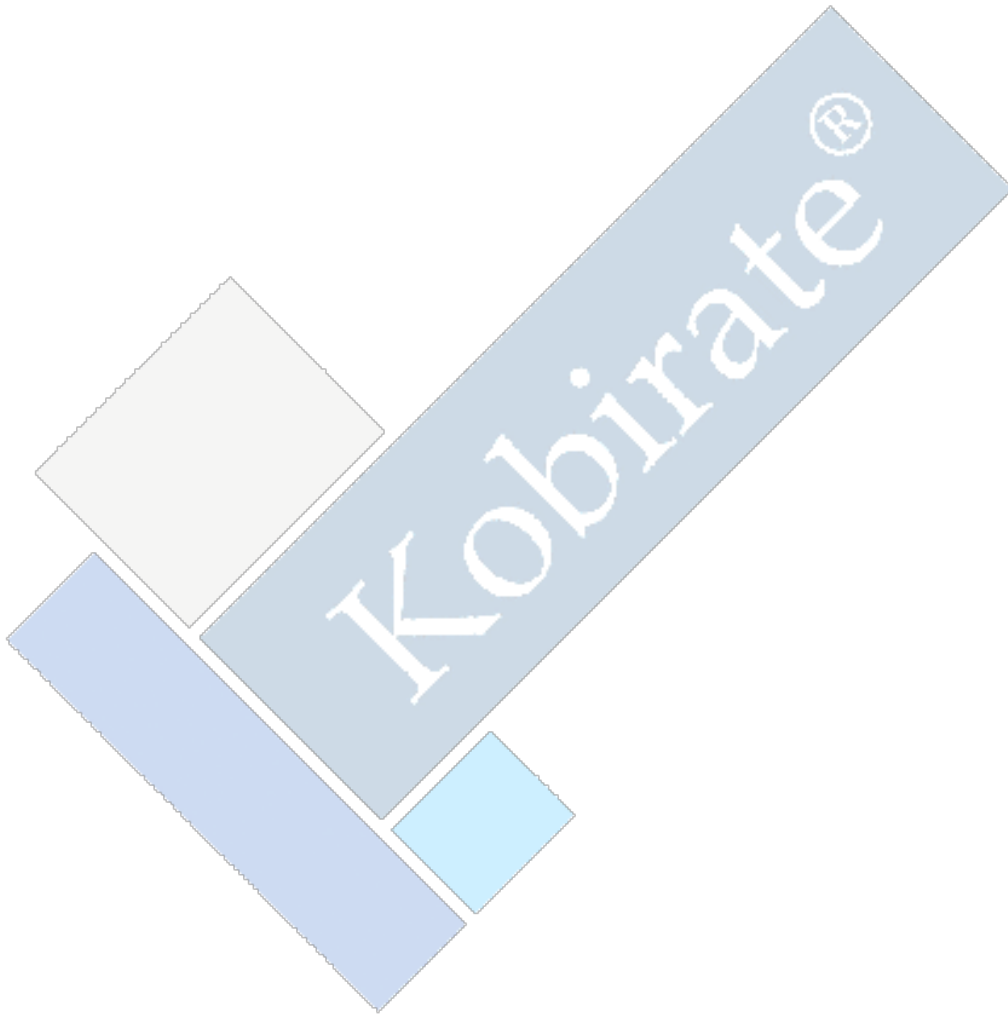
"Due to the earthquake that occurred on February 06, 2023, an agreement has been reached for the collection of an advance payment of 100 million USD for the damage compensation to be collected under the insurance coverage for İskenderun Demir ve Çelik A.Ş.

The process related to the total damage compensation to be collected under the insurance coverage and future payments is ongoing, and developments on the matter will be shared with the public."

In the Material Disclosure dated March 11, 2024, it is stated:

"Due to the earthquake that occurred on February 06, 2023, in addition to the advance payment of 100 million USD already received for the damage compensation to be collected under the insurance coverage for İskenderun Demir ve Çelik A.Ş., an agreement has been reached for the collection of an additional 105 million USD.

The process related to the total damage compensation to be collected under the insurance coverage is ongoing, and efforts are being steadfastly carried out to complete the relevant damage process within the year 2024. Developments on the matter will be shared with the public."



#### 4. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

Organization for Economic Co-operation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non – binding principles.

The fact that principles are open to change in time was also accepted at this work. Although at first these principles were focused on the companies whose shares were quoted in stock exchange, it was emphasized by OECD that it would be also useful to implement these principles in public enterprises and companies whose shares were not quoted in stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies and stakeholders throughout the world.

Since their approval, these principles kept the concept of corporate governance on the agenda and became guidelines for the laws and regulations in OECD members, as well as other countries.

In OECD Corporate Governance Principles, corporate governance is based on four basic principles, which are fairness, transparency, accountability and responsibility.

Turkey has been closely monitoring these developments. A working group established within TUSIAD in 2001 prepared the guide titled "Corporate Governance: The Best Implementation Code." Then, CMB issued

"Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014 according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "comply or explain," and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non-quoted companies.

It has been prepared by taking into account the criteria specified in the Corporate Governance Communiqué of the CMB, numbered II-17.1, published in the Official Gazette dated January 03 2014 and numbered 28871, as well as the decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

In this analysis, the full compliance of work flow and analysis technique with KOBİRATE A.Ş.'s Ethical Rules is considered.

456 criteria are used in the rating process for BIST 1st Group Companies in order to measure the compliance of firms with corporate governance principles. These criteria are transformed into "Corporate Governance Rating Question Sets" through Kobirate A.Ş.'s software.

The weighting scheme for the four main sections in the new Corporate Governance Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as follows:

**Shareholders 25 %**

**Public Disclosure and Transparency 25 %**

**Stakeholders 15 %**

**Board of Directors 35 %**

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle and it is required to add new questions/methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the 2014/2 revised corporate governance compliance rating methodology created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014 is restricted to 85 % of the full points. A rating is made with a system that completes the section grades up to 100 by the company's compliance and implementation of the corporate governance practices, which include the good implementation and internalization of the criteria determined in the corporate governance principles and the different good corporate governance practice criteria determined by our company.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is no compliance with CMB's Corporate Governance Principles, in any sense, in the existing weak structure.

**5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ  
A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS**

<b>GRADE</b>	<b>DEFINITIONS</b>
<b>9-10</b>	The Company achieved substantial compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency is high. The interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.
<b>7-8.9</b>	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are operational and in place, although some improvements are required. Potential risks to which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public Disclosure and transparency are at high levels. The interests of the stakeholders are fairly considered. The composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles, even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.
<b>6-6.9</b>	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at a moderate level have been established and operated. However, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of, although improvement is needed. Although public disclosure and transparency are taken care of, there is a need for improvement. The benefits of the stakeholders are taken care of, but improvement is needed. Some improvement is required in the structure and working conditions of the Board.

<b>GRADE</b>	<b>DEFINITIONS</b>
<b>4-5.9</b>	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, and the structure, as well as the working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
<b>&lt; 4</b>	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed to are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, such as public disclosure, transparency, structure, and working conditions of the Board, and they are at a level that might cause the investor to incur material losses.</p>

