

Hear nature & heal nature

Facts about Our Actions

Contents

About the Report	5
Message from our CEO	6
1. Esan at a Glance	08
Overview of Esan	10
Year in Review	14
2. Our Approach to Sustainability	16
Our Value-Creating Business Model	18
Sustainability at Esan	22
3. Corporate Governance	26
Ethics and Compliance	38
Business Ethics and Legal Compliance	38
Supply Chain Management	40
Economic Sustainability	41
Financial and Economic Performance	41
4. Investing in Planet	42
Climate and Environment	44
Energy Management and Carbon Emissions	44
Water Management	48
Environmental Management and Compliance	48
Biodiversity	49
Circular Economy	50
Resource Management	50
Waste Management	51
5. Investing in People	52
Equal Opportunity	54
Equal, Diverse and Inclusive Workplace	54
Attracting, Developing and Retaining Talent	57
Health & Wellbeing	60
Health, Safety and Wellbeing	60
Community and Social Vitality	61
Social Investment	61
6. Investing in Future	62
Innovation and Entrepreneurship	64
Innovation	64
Entrepreneurship	65
Research and Development	65
Digital Transformation	66
Digital Transformation	67
7. Annexes	68
Stakeholder Relations	70
List of Associations Initiatives and Memberships	72
Awards	73
WEF Stakeholder Capitalism Metrics	74
Limited Assurance Report	78
Reporting Principles	82
Info	88

About the Report

Purpose of our Integrated Sustainability Report

Here at Esan, it has been our steadfast commitment to contributing to a sustainable future in all our activities and to protect the balance of resources, environment, society and business continuity. While meeting the needs of various sectors globally, we strive to act in a way that does not disrupt the delicate balance of nature. We are pleased to announce that our efforts in this regard have continued unabated in 2022. As we continue our journey towards a more sustainable future, we are delighted to publish our first Integrated Sustainability Report, and our second stand-alone sustainability report.

This year, we have prepared two comprehensive reports revealing our sustainability strategy, performance, goals, and progress toward achieving them.

- The **Story of our Ambition** provides a detailed overview of our key sustainability initiatives and activities accompanied by case studies highlighting our achievements and impact.
- The **Facts about our Actions** presents a data-driven approach to analyze our sustainability performance and provides detailed insights into our sustainability practices.

Scope of our Report


The information found in this report concerns the operations of **Esan Industrial Raw Materials Co.** for the period between January 1, 2022, and December 31, 2022, in Turkey, and unless otherwise stated, contains no information pertaining to other locations.

Financial data provided in this report covers all wholly owned companies and subsidiaries that are consolidated in the Esan financial statements unless otherwise stated. The employee demographic data used in the report reflects the operations carried out in Turkey, unless otherwise stated, by the organizations within the scope of the report.

Principles and Standards

This report has been prepared in accordance with the “GRI (Global Reporting Initiative) Universal Standards: Content Index Essentials”. The report also takes into account the ‘Stakeholder Capitalism Sustainable Value Creation Reporting Criteria’ set forth by the World Economic Forum (WEF) and indicates our contribution to the UN Sustainable Development Goals (SDGs). In addition, we sought to align our reporting with the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC).

Assurance

We have received independent assurance for the selected key performance indicators (KPIs), including data on energy, carbon emissions, water, waste, employee demographics and gender equality, occupational health and safety, and production to support our transparency. This assurance engagement was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) to provide limited assurance. The selected KPIs that have been subject to limited assurance by PricewaterhouseCoopers (PwC) are denoted by the check symbol as displayed here: .

Our **Reporting Principles** for non-financial KPIs document provides details and definitions of these selected KPIs and the Independent Assurance Report can be found at **Annexes**.



A PDF version of the **Esan Story of our Ambition, Facts about our Action** and all reports from previous periods can be accessed on the corporate website.

Message from our CEO

Dear Stakeholders,

On behalf of our company, I extend my sincerest appreciation to all our stakeholders, with a special thanks to our teams, for their dedication towards advancing our commitment to construct a sustainable and thriving future for all.

As the memories from the tragic earthquakes that struck Turkey in February 2023 are still vivid, I would like to express my deepest condolences to the families and loved ones who have lost their lives. In 2022, the world experienced elevated levels of complexity and uncertainty during the aftermath of the pandemic. This led to a global economic slowdown, worsened by the Russia-Ukraine war, causing potential energy shortages, supply chain disruptions, and a significant surge in inflation levels across all economies around the globe.

In addition to these incidents with global impacts, climate change presents existential pressures to societies worldwide. In response to the escalating impacts of the climate crisis on individuals, communities, and institutions, societies globally are actively pursuing collective efforts to contribute for their share. To this end, we are aligning our resources with the European Union's Green Deal, which aims to maximize the efficiency of our resources based on both global and local developments.

Despite the global economic and environmental trends, we successfully managed to adapt to these challenging conditions, and we concluded the year with a significant financial return as we increased our sales by 16% compared to 2021, surpassing €447 million along with new acquisitions and investments. In 2022, we acquired Polat Maden to reinforce our ability to supply essential industrial materials to ceramic and glass customers around the world. This strategic acquisition addresses pandemic-related logistical problems and current sourcing challenges. Additionally, we started constructing a new hoisting shaft at North Balya Mine, enhancing efficiency, and broke ground on a flotation facility in Yeniköy, enabling production of diverse, high-quality minerals.

The mining sector can create significant changes by contributing positively to a sustainable world without compromising the future. Thinking that electric/green transformation of the world will require a gigantic amount of battery metals, mining will have wider responsibility in sustaining this critical supply. In Esan's sustainability strategy, we prioritize creating a lasting impact on biodiversity, reducing exposure to risks, and understanding the environmental impact of operations and the supply chain to enhance opportunities created by the ecosystem. As a leading industrial mineral producer and significant exporter to Europe, we are reassessing our production processes considering global developments and striving to restructure them to be as low-emission and environmentally friendly as possible. We understand and acknowledge the impacts of our operations, and we assume responsibility for the entire life cycle of our mining operations. In alignment with our commitment to responsible mining practices, we prioritize environmental preservation and minimizing our overall impact. In 2022, we demonstrated our dedication to preserving biodiversity by planting over 10,000 saplings and implementing rehabilitation measures in the fields where we operate.

The effective management of energy resources and the integration of renewable energy into our processes play a pivotal role in the mining sector's sustainability efforts. With a firm commitment to our low-carbon transition roadmap, we are intensifying our endeavors to invest in renewable energy. To this end, we have set a target to install a total capacity of 11.5 MW through a combination of solar power plants and wind turbines in 2022 and 2023. Alongside our renewable energy transition goals, we are dedicated to investing in efficient energy utilization across all our operations. In 2022, with energy efficiency projects, we saved 2,300 MWh energy in total, resulting in a 6% decrease in our energy intensity. In addition, we have procured all our electricity from renewable sources.

Equal opportunity, which is one of the most important social topics and an integral part of sustainability policies of institutions, is also a focus area for Esan. Creating and maintaining equal opportunities for all in the mining sector holds even greater meaning today. In 2022, we implemented important initiatives in equal opportunity. In Balya, we have women employees working in digital control centers for underground operations. Our young women colleagues, after completing their training, take on roles as forklift operators. In the scope of this program, we have employed five women forklift operators in 2022. Furthermore, in our Balya flotation plant, we entrusted all shifts to women engineers. This year, we have also strengthened our maintenance departments by the recruitment of women engineers.

Throughout the entire lifespan of our operations, we actively engage with the local communities and other stakeholders, seeking their inputs and incorporating their perspectives into our decision-making processes. As part of our commitment, we have made investments in the repair and construction of various essential public infrastructures to enhance the overall well-being and infrastructure of the communities we serve. As another social topic, establishing a safe work culture is of utmost importance to us. In 2022, we successfully reduced our accident frequency rate by a significant rate of 67% compared to the previous year.

We are delighted to share our Integrated Sustainability Report with our stakeholders, hoping that the results we have presented will not only contribute to the broader sustainability efforts in the business world but also illuminate the path towards better and more sustainable future for the mining sector. We have prepared two inclusive reports, in accordance with the Global Reporting Initiative (GRI) Standards,

Stakeholder Capitalism Sustainable Value Creation Reporting Criteria of the World Economic Forum and aligned with the International Integrated Reporting Framework issued by the International Integrated Reporting Council. The first part, "Story of Our Ambition" provides a comprehensive outline of our prominent sustainability initiatives, illustrative case and the influence we have made. The second part, "Facts about Our Actions" presents data-centric sustainability performance, offering in-depth insights and analysis into our sustainable practices.

I hope you will enjoy learning more about our sustainability journey with our second Sustainability Report. We are genuinely excited to hear your thoughts and welcome any comments or questions you may have.

Savaş Şahin
CEO



1

Esan at a Glance

Esan was established in 1978 to produce high quality raw materials for the ceramics sector. Later, it evolved into a leading industrial minerals producer and strong base metal mining company. With more than 150 products, Esan serves multiple sectors and exports to over 40 countries.

As Esan, we carry out the model of our sustainability efforts in harmony with our planet, in a rational and science-based manner, while involving all our stakeholders. Globally, we strive to meet the needs of industries while taking care not to disrupt the balance of nature.

Overview of Esan	10
Year in Review	14

Overview of Esan

With more than 150 products, Esan caters to a wide range of sectors, including ceramics, welding electrodes, glass, refractory, abrasive, painting, plastic, and engineered stone. Today, we employ **918 people and operates 40 pits, processing minerals in 8 different plants located in Aydın, Balıkesir, Bilecik, Çanakkale, Konya, and Muğla.**

Corporate Introduction	
Name	Esan Eczacıbaşı Industrial Raw Materials Co.
Location of Headquarters	Girne Mah. Nehir Sok. Maltepe, 34852 İstanbul
Date established	1978
Industries	Industrial Raw Materials (Mineral and Mining)
Number of Employees	918
Total Net Sales	EUR 447 million

Group Mission

Our mission is to explore, process and add value to natural resources in a responsible manner towards people, the environment, and the future of the world, and to offer these products globally.

Our Core Features

At Esan, we

- Put the human to the center of our business strategy and bring a team of qualified human resources which focus on common goal.
- Prioritize a value-based approach to all our shareholders in our value chain.
- Invest in to build Innovative and technological superiority.
- Adapt to local and global trends and seek for accurate opportunity and risk management to increase our resilient.
- Care the agile business transformation by making decision quickly and using resources effectively.

Esan Core Values



People First
Safety First



Consistency &
Reliability



Environmental and Social
Sensibility & Contribution



Being a Passionate
and Respectful Team



Balya Lead & Zinc Mine

Our Organization, Products and Services

4
Companies



8
Production Plants



+39
International Markets



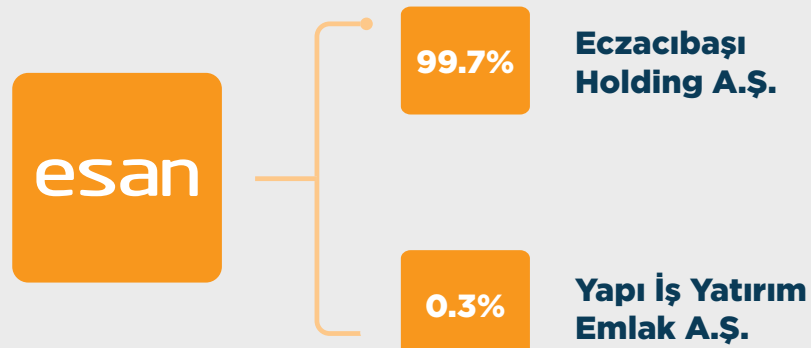
+900
Overall Employment¹



€ 447 Million
Net Sales

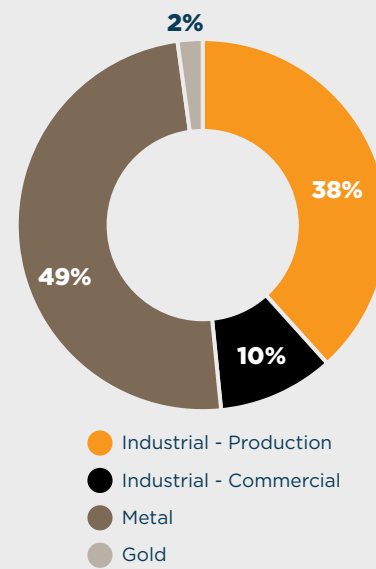


Esan partnership structure

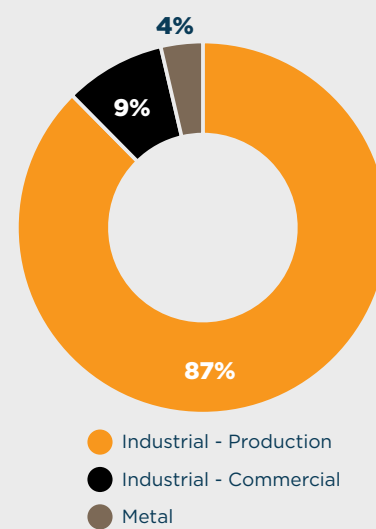


¹ Esan Italy has not been included

Revenue Share (%)



Product Categories (%)



Management Systems





- ISO 9001: Quality management systems
- ISO 14001 Environmental management system
- ISO 50001 Energy management systems
- ISO 27001 Information security management systems
- ISO 45001 Occupational health and safety (OH&S) management system
- ISO 17025 Testing and calibration laboratories

Balya Lead & Zinc Mine











Year in Review

Here are the key performances achieved by Esan in 2022.

Financial Highlights

€ 447 million	 Total net sales +30% compared to previous year
84%	 Share of international sales
€ 166 million	 EBITDA +2% compared to previous year
€ 1.1 million	 Total R&D expenditures

Sustainability Highlights

1.6 _{MW}	 Renewable energy installed capacity
159 _{GWh}	 Green electricity procurement (100% of our total electricity consumption)
6%	 Decrease in energy intensity compared to previous year
68%	 Decrease in carbon emission intensity in our production plants (Scope 1+2) Compared to previous year
10%	 Decrease in water intensity Compared to base year (2020)
99.9%	 Share of recycled waste ✓
26.7%	 Total share of women professionals ✓ (Turkey)
23.5%	 Women among new recruits ✓ (Turkey)
16.7%	 Women in management positions ✓ (Turkey)
0.52	 Accident frequency rate ✓ -67% compared to previous year

2

Our Approach to Sustainability

As Esan, we are committed to contributing to a sustainable future by maintaining a delicate balance between people, the environment, society, and business continuity. We prioritize strong relationships with stakeholders based on respect, and effective communication. Our dedication to meaningful relationships, employee well-being, impact assessment, responsible environmental management, cultural respect, and continuous improvement shapes a better world for all.

Our Value-Creating Business Model	18
Sustainability at Esan	22

Our Value-Creating Business Model

Building a Healthier Future, Together

Our value creation describes what we do, how we conduct our business to deliver on our purpose and how we allocate our resources –financial, human, natural, intellectual, and social capitals- to create long-term value for all our stakeholders.

Our five capitals



Our **financial capital** is allocated to invest sustainable mining practices in line with our short-, mid- and long-term goals and strategies.



Our **human capital** involves a team of diversified and talented experts believing in «stronger together» motto. Considering our talents as a core component of our business, we place high priority to safety and wellbeing of our employees.



Our **natural capital** comprises of valuable resources that fuels our operations. We take care about nature with utmost importance and keep our environmental impact under control with our extensive environmental management systems.



Our **intellectual capital** includes innovative and digital solutions that excels our operational efficiency, making us pioneers towards the future of mining industry.



Our **social capital** is associated with honest and respectful engagement with societies and our stakeholders. We respect the society that we are part of and create a positive impact through contribution to local development and economic empowerment.

What we do

Our mission

“To explore, process and add value to natural resources in a responsible manner towards people, the environment, and the future of the world, and to offer these products globally.”

How we do it

We adopt an operational excellence approach, which harmonize compliance and business continuity, OHS management, social impact management and environmental management, to contribute to sustainable value creation through all our activities. We plan and conduct our operations with the aim of exploring, producing, and adding value to the natural resources, which are the necessities of modern life, in the most sensitive way to people and environment. In line with of our sustainable value creation model, we place high importance to our responsibility on protecting nature for future generations.



Our Value Chain

Exploration



Exploration, licensing, mapping, geochemical and geophysical analysis, drilling and risk management

Mining



Extracting metallic and mineral materials

Operations



Processing the ore (classifying, crushing, grinding, flotation, drying, packaging) to finalize the products.

Sales and Finance



Analyzing market, dynamics logistics of the goods and tracking customer needs and feedbacks.

Post Mining Activities



Rehabilitating of mining footprints to return back to the nature.

Our inputs in five capitals

€ 447 million Total net sales
€ 166 million EBITDA
4 Offices
8 Production Facilities

918 Total employees¹
26.7% Total share of women professionals² ✓
23.5% Women among new recruits² ✓
16.7% Women in management positions ✓
€ 5.6 million OHS investments

291,977 MWh Total energy consumption ✓

1.5 million m³
Total water withdrawal ✓

€ 11.8 million Environmental investments and expenditure

€ 1.1 million Total R&D expenditures

Up to 756 Suppliers
More than 39 International markets

Key outputs



€ 28 million Total tax paid
€ 115 million Paid to capital providers



0.52 Accident Frequency Rate ✓



1.6 MW Renewable energy installed capacity
159 GWh Renewable electricity procurement
6% Energy intensity reduction³
66% CO₂ emissions intensity reduction in our production plants (Scope 1+2)⁴
9% Water intensity reduction⁴
99.9% Share of recycled waste ✓



5 Registered patent applications
40 R&D projects



€ 1.7 million Total social contribution
85 Employees contributing to volunteering activities

¹ Total employees in Turkey and abroad, excluding subcontractors
² Blue collar employees are not included
³ Compared to 2021
⁴ Compared to base year (2020)

The value we create for our stakeholders



Civil society

We contribute to education, culture and arts, scientific research, and sports in collaboration with many foundations and NGOs.

We are steadfast in our commitment to adding value and supporting to the communities in the regions where we operate.

We aim to protect society from the adverse effects of mining operations and associated risks, while ensuring the sustainable developments of the regions in which we operate.



Environment

We adhere to both national and international environmental standards, laws, and regulations by maintaining strict control over our operations.

We prioritize sustainability through efficient resource allocation and the utilization of renewable energy sources.

We adopt circular economy principles to safeguard our natural resources by focusing on using resources in the most efficient way to minimize waste generation.

We respect to the biodiversity of the region in which we operate and rehabilitate the fields of mine closures accordingly.



Employees

We create an equal, diverse, and inclusive workplace that ensures health, safety, and wellbeing of our employees and where everyone has the opportunity to actively pursue their own personal and professional development.

We play an active role in raising tomorrow's leaders with the understanding of creating future from today.



Supply chain

We work together with each stakeholder in our supply chain ecosystem to protect human rights, prevent child labor, reduce environmental impact, and ensure supply chain flexibility and resilience.

We make efforts to bring the entire supply chain into a structure that aligns with the frameworks associated with the mining industry and take measures to enhance the resilience of the supply chain and fortify it against crises.



Customers

We aim for the highest level of quality in every product and service we offer to our customers.

We value the feedback from our customers and enlarging our product portfolio to meet the changing needs of the customers in the globe.



Finance community

We set and are committed to high ethical standards of business conduct in all our operations.

We prioritize excellence and adhere to the highest quality standards in our mining endeavors.

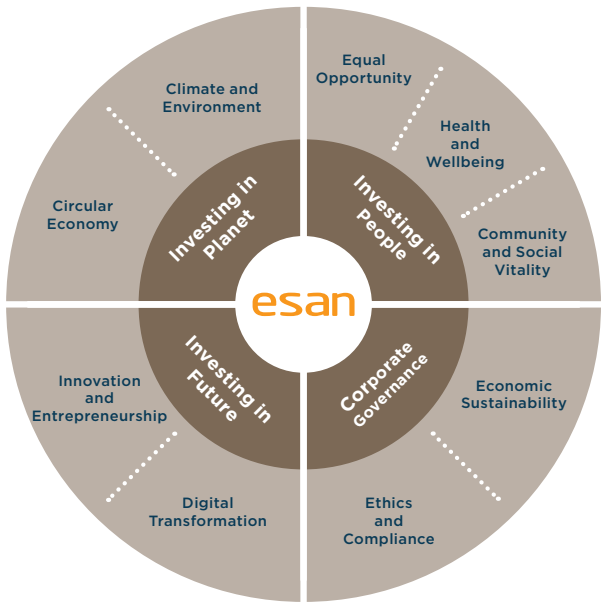
We effectively manage financial risks, fostering mutually beneficial relationships with equity providers, banks, and other financial institutions.

Sustainability at Esan

As Esan, we wholeheartedly believe in the necessity of striking a balance between human needs and the sustainability of natural resources, and we share society’s sensitivity regarding this matter.

Our sustainability principles adopt a holistic approach that seeks to achieve a balance between the needs of the business world and society, both in the present and future. In all our activities, we establish relationships based on respect, tolerance, solidarity, contribution, communication, and common sense with our stakeholders, aiming to contribute to a sustainable future and maintain a balance between human, environment, society, and business continuity.

This year, in line with our Group’s sustainability approach, we have deepened our efforts and shaped our sustainability strategy with our passion to create value for all and presented our approach to our stakeholders with our 2022 Integrated Sustainability Report.



Investing in Planet	Investing in People	Investing in Future	Corporate Governance
<p>Managing our impact on the planet is critical as climate change affects all our business activities. As a leading player in the mining sector, our core business strategy is centered on resource efficiency throughout our value chain, from the choice of raw materials to production, and other related business processes.</p> <p>Our efforts are focused on increasing the efficiency of the natural resources we use by employing circular business models and transitioning to renewable energy sources that significantly limit emissions.</p> <p>We are working tirelessly to achieve these objectives and are committed to sustainable practices that will ensure a brighter future for generations to come.</p>	<p>As a socially responsible mining company, we prioritize creating outstanding employee experience through HR (Human Resources) strategies that support individual and team competency development. Aligned with our Group HR strategies, we are committed to creating a diverse, inclusive, and safe work environment and provide training and support to each talent to reach their full potential.</p> <p>We recognize the importance of building strong relationships with our stakeholders, including the communities in which we operate. Through collaborative efforts and social initiatives, we are committed to promoting sustainable development and enhancing social welfare.</p> <p>Our goal is to promote sustainable practices across our business operations, ensuring a healthy planet and prosperous societies for future generations.</p>	<p>At Esan, we remain committed to creating sustainable value for future generations. We have adopted a comprehensive digital transformation strategy that seeks to integrate innovative digital technologies and solutions across all our operations. By doing so, we aim to improve operational excellence, reduce health and safety risks, minimize our environmental footprint, and deliver customer experience that exceeds their expectations.</p> <p>We consistently foster an innovative culture within our organization, firmly believing that creative ideas excel in shaping business practices and play a critical role in driving positive change towards a more sustainable future.</p>	<p>As a prominent player in the mining sector, we take great pride in adhering to a strong set of ethical business principles. We consider accountable, fair, responsible, and transparent corporate behavior to be of utmost importance. Our mission is to foster a culture that effectively manage risks across all our operations.</p> <p>We rigorously enforce corporate standards across the organization to proactively manage risks and capitalize on opportunities that will allow us to achieve sustained, long-term growth while safeguarding the environment and social well-being.</p>

Esan’s Materiality

At Esan, we are committed to enhance our long-term economic performance by creating value to our stakeholders, contributing the society and recover the nature that we operate in.

With the rapid transformation of our business and our environment, we decided to review our assessment in 2022 to make sure our sustainability priorities are up to date.

Step 1	In 2022, we reviewed our assessment to update our sustainability priorities amidst rapid changes.
Step 2	We analyzed our operations, initiatives, targets, and progress to identify key issues.
Step 3	External analysis included reviewing reports on trends and conducting benchmark studies.
Step 4	Combining our analysis and research, we revised our sustainability priorities.
Step 5	We identified 17 material topics across nine focus areas.

Classification of Material Topics		
Sustainability Pillars	Strategic Focus Areas	Material Topics
Investing in Planet	Climate and Environment	Energy Management and Carbon Emissions
		Water Management
		Environmental Management and Compliance
		Biodiversity
	Circular Economy	Resource Management
		Waste Management
Investing in People	Equal Opportunity	Equal, Diverse, and Inclusive Workplace
		Attracting, Developing and Retaining Talent
	Health and Safety	Health, Safety and Wellbeing
	Community and Social Vitality	Social Investment
Investing in Future	Innovation and Entrepreneurship	Innovation
		Entrepreneurship
		R&D
Corporate Governance	Digital Transformation	Digital Transformation
		Business Ethics and Legal Compliance
	Ethics and Compliance	Supply Chain Management
	Economic Sustainability	Financial and Economic Performance

Contributing to the UN 2030 Agenda

Esan's Sustainability Model, "Future Together," strives to build a brighter future by blending past experience with present-day practices. In pursuit of this goal, we embrace universal values, align with the UN's SDGs, and prioritize the equilibrium between humanity, the environment, society, and business continuity in all situations.

For more information on our contribution to each SDG, please refer to our **Integrated Sustainability Report 2022: Story on our Ambition**.



Stakeholder Relations

At Esan we prioritize responding to stakeholder feedback with transparency, sincerity, honesty, and openness. To facilitate effective communication, we establish mechanisms such as open sessions, formal meetings, face-to-face discussions, and local grievance procedures. We guide stakeholder engagement and dialogue through clear policies and procedures, ensuring its ongoing nature and transparency.

For more information, please refer to Annexes.

At Esan, our corporate governance approach is rooted in these values, serving as a solid basis for addressing future challenges and promoting sustainable growth. Our company is deeply devoted to complying with legal and regulatory mandates, while upholding rigorous corporate governance standards and ethical principles. Through diligent risk assessment, anticipation, and mitigation, Esan ensures its resilience, thereby enabling the consistent delivery of value to stakeholders.

3

Corporate Governance



Ethics and Compliance	38
Business Ethics and Legal Compliance	38
Supply Chain Management	40
Economic Sustainability	41
Financial and Economic Performance	41

Governance Approach

Establishing robust governance mechanisms is pivotal in cultivating a resilient and prosperous organization that effectively fulfills stakeholder obligations and advances sustainability commitments. Collaboration between the Board of Directors and Executive Management, accompanied by strategic planning, risk management, and decision-making processes, allows for the alignment of company objectives with evolving market dynamics and stakeholder expectations. By implementing strong governance practices and fostering a culture of accountability and transparency, we safeguard long-term success and generates sustainable value for all stakeholders.

Eczacıbaşı Holding Board of Directors

- Eczacıbaşı Holding's Board of Directors (the BOD) promotes fair, responsible, transparent, and accountable management of the Group while upholding corporate governance principles.
- Esan Board of Directors consists of seven members, three of whom are women.

Responsibilities of the Board of Directors

- The Esan Board of Directors plays a vital role in implementing strategic decisions within the Eczacıbaşı Group, prioritizing adherence to internal regulations and policies.
- Aligned with corporate governance principles, the Board is responsible for managing and representing the company, considering factors such as risk management, growth opportunities, financial returns, and long-term interests.

Board of Directors		
Name	Gender	Position
Atalay M. Gümrah	Male	<ul style="list-style-type: none"> Chairperson of the Board Group CEO
Seyfettin Sarıçam	Male	<ul style="list-style-type: none"> Vice Chairperson
Savaş Şahin	Male	<ul style="list-style-type: none"> Board Member Esan CEO
İpek Güleç	Female	<ul style="list-style-type: none"> Board Member
Devrim Çubukçu	Male	<ul style="list-style-type: none"> Board Member
Eylem Derya Özgür	Female	<ul style="list-style-type: none"> Board Member
Ayşe Dirik	Female	<ul style="list-style-type: none"> Board Member

Committees under the Board of Directors

Board Committees	Responsibility
Investment Committee	<ul style="list-style-type: none"> Ensuring the investment policies and practices align with the long-term financial and strategic objectives of the company in line with the Group's strategy.
Audit, Risk and Governance Committee	<ul style="list-style-type: none"> Implementing all essential actions to guarantee that all internal or external audits are conducted accurately and transparently. Undertaking oversight responsibility behalf of Board of Directors to ensure reasonable assurance is provided for the interests of all stakeholders.
Talent And Remuneration Committee	<ul style="list-style-type: none"> Including providing guidance and making decisions regarding human resources management, reviewing the performance of executive managers, monitoring the development of executives in the most critical top positions, and creating a succession plan in line with the Group's human resources strategy.

Esan Executive Management

- Our Executive Management team plays a pivotal role in providing strategic guidance and direction to the organization, demonstrating an unwavering commitment to delivering reliable, transparent, and high-quality services to all stakeholders.
- The Executive Management is comprised of highly experienced leaders, totaling nine members, two of whom are women.

Responsibilities of the Executive Management

- Our Executive Management team plays a pivotal role in providing strategic guidance and direction to the organization, demonstrating an unwavering commitment to delivering reliable, transparent, and high-quality services to all stakeholders.
- With their astute leadership and domain knowledge, the Executive Management team holds a critical position in shaping company performance and determining strategic priorities, ensuring the organization remains adaptable and responsive to the evolving needs of stakeholders.

Name	Gender	Position
Savaş Şahin	Male	CEO
Kazım Demir	Male	Chief Operating Officer - Industrial Minerals
Geoff Day	Male	Chief Operating Officer - Metallic Mines
Ahmet Çağışan Yılmaz	Male	Finance Director
Mehveş Özer	Female	Marketing and Sales Director
Mustafa Tuna Kaskatı	Male	Exploration Director
Osman Nihat Koyuncu	Male	Informations Technologies Director
Zehra Marangoz	Female	Human Resources Director
Erdal İmre	Male	Senior Supply Chain Manager

Our Organizational Structure



Esan Sustainability Governance

Group-wide Sustainability Organization

Responsibility: Sustainability Oversight, Monitoring and Execution of the Sustainability Strategy on Group-wide

Eczacıbaşı Holding Board of Directors

The Eczacıbaşı Group coordinates primary business strategy and long term goal setting for all group companies. The Group sustainability mechanism is overseen by the Holding Board of Directors. The Holding Board of Directors plays a crucial role in making strategic decisions regarding sustainability management.

Eczacıbaşı Holding ESG Committee

The Holding ESG Committee, reports to the Holding Board of Directors, ensures the effectiveness of policies, strategies, governance bodies, and tools related to sustainability management throughout the Group. It evaluates strategic priorities, advises the Board of Directors on ESG issues and reviews sustainability performance of the Group companies.

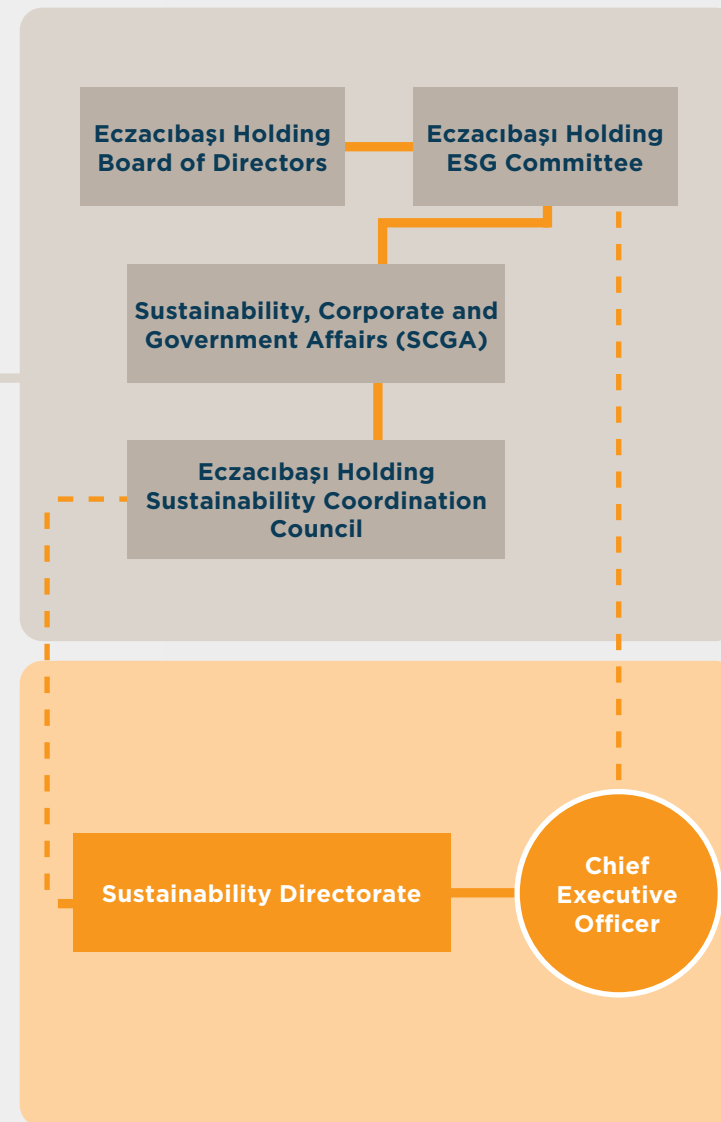
Sustainability, Corporate and Government Affairs (SCGA)

Sustainability management across the Group is overseen by the CEO and performed by the Sustainability Directorate, operating under the Sustainability, Corporate and Government Affairs Coordinator. The SCGA provides quarterly reports on progress to the ESG Committee.

Eczacıbaşı Holding Sustainability Coordination Council

Sustainability management activities are led by Group's Sustainability Coordination Council and deployed by sustainability working groups located in the group company.

For more information, please refer to **Eczacıbaşı Group Integrated Sustainability Report 2022**



Informs - - - - -

Reports ————

ESG Governance at Esan

Responsibility: Sustainability Oversight, Monitoring and Execution of the Sustainability Strategy on ESAN

Sustainability Directorate

The Sustainability Directorate, in collaboration with the CEO, assumes responsibility for overseeing the sustainability approach and initiatives that ensure the continuity of sustainability management within the organization. The Sustainability Director regularly engages with the CEO to report on sustainability matters.

The Sustainability Directorate provides recommendations to internal stakeholders and aligns its work with established targets. They closely monitor the focus areas identified for Esan's sustainability management. The team remains actively engaged in development activities while also keeping a watchful eye on global changes to ensure progress towards sustainability goals and make necessary adjustments for global compliance. Moreover, the Sustainability Directorate actively fosters ongoing dialogues with Esan's stakeholders, aiming to prevent conflicts, reduce risks, and establish trust-based partnerships that drive positive outcomes.

Internally, meticulous efforts are underway to establish an efficient, effective, and active Sustainability Committee that aligns with Esan's organizational structure. This new committee structure is designed to foster comprehensive sustainability efforts within the organization.



Çine Quartz Benefication Plant

Risk Management

At Esan, we regard risk management as an all-encompassing philosophy and incorporate it into our operations to instill a risk-oriented culture across the organization. Our main goal is to take preemptive measures to avoid any events that may have a considerable impact on the achievement of our short-term and long-term objectives, pose a threat to our growth, and impede our sustainability endeavors.

- Esan's risk management activities are carried out by the Enterprise Risk Management Department under the leadership of Esan's CEO in coordination with the Eczacıbaşı Group's Enterprise Risk Management Department reporting to the Eczacıbaşı Holding Chief Financial Officer.
- Esan's enterprise risk management activities are regularly reported to both Esan's Risk Management Committee, comprising CEO, Directors, Managers, Site Managers, Group Risk Manager and the Group Audit, Risk and Governance Committee, which includes the Chief Internal Auditor and independent board members with required background and expertise.

Risk Management Approach



Risk Evaluation Structure of Esan

Risk Probability Criteria				
Score	Degree	Frequency	Occurance Probability (in a year)	Description
5	Very High	> Once in a year	75-100%	"here is a history of many past events. It is possible to witness events that have occurred within a few months. In most cases, their occurrence is expected."
4	High	Once in a year	40-75%	It can occur in many situations. Many past events are remembered by the participants. The event can take place within the next year.
3	Intermediate	5 times in a year	10-40%	It is an expected occurrence, with a few rare events that have taken place in the company being remembered, but it is not expected to be repeated multiple times within 5 years.
2	Low	10 times in a year	5-10%	It occurs occasionally, similar incidents have happened in other companies in the past, but it is not expected to be repeated within a timeframe shorter than 10 years.
1	Very Low	< 10 times in a year	1-5%	It can occur in very exceptional circumstances and/or in very rare cases, a few incidents have occurred in similar companies.

Risk Impact Criteria								
Score	Degree	Finance	Company Reputation	Human	Environment	Operations	Legal Compliance	
5	Very High	Loss exceeding 7.5 million euros within a one-year period	"Long-term local, regional, and national condemnation or a long-lasting negative campaign in the international media. Loss of company reputation and trust in the brand among all stakeholders and termination of strategic partnerships with critical stakeholders. Damages to political and public relations, hindering international and national opportunities. Long-term loss of multiple customers with an impact of 2.5 million euros or more on company profitability, or the loss of at least one customer with an impact of 7.5 million euros or more."	"An accident resulting in multiple fatalities. A significant number of key personnel and managers leaving the company in a short period of time. In the employee satisfaction survey, a negative change of over 20% compared to the previous period. Having a staff turnover rate of over 12%."	Permanent environmental damage spread over a wide geographic area in any facility of the company (e.g., permanent water, air, or soil pollution occurring in an area of 25 km2, including the facility premises).	"Experiencing a work stoppage lasting more than 4 weeks in at least one facility of the company. Encountering critical quality issues within one month that may result in customers rejecting an amount of products sold, exceeding 2.5 million euros in terms of revenue magnitude."	"Facing an allegation of a criminal offense or a legal sanction that could negatively impact the company's operations, resulting in the suspension of activities across all facilities, for an indefinite period, by individuals in management or appointed by management. Being subject to an unprecedented level of punitive sanctions in the industry, such as an administrative fine of a significant amount, for example, 2.5 million euros or more."	
4	High	Loss ranging between 2.5 million euros and 7.5 million euros within a one-year period (>2.5m €; <=7.5m €)	"Long-term negative campaign in the national media. Damage to relationships to an extent that may lead to the termination of strategic alliances with certain stakeholders. Damage to relations with local political authorities and the local community. Long-term loss of multiple customers with an impact ranging from 1 million euros to 2.5 million euros on company profitability, or the loss of at least one customer with an impact ranging from 2.5 million euros to 7.5 million euros."	"Experiencing an accident resulting in loss of life or encountering a serious injury with permanent damage. Mass departure of many key personnel and/or employees from multiple units within a short period. Facing a negative change of 15-20% in the employee satisfaction survey compared to the previous period. Having a staff turnover rate between 9-12%."	The occurrence of long-lasting environmental damage spread over a wide geographic area in any facility of the company (e.g., water, air, or soil pollution occurring in an area of 25 km2, including the facility premises, that can be remediated through emergency response interventions and ongoing monitoring efforts).	"Experiencing a work stoppage lasting between 2 and 4 weeks in at least one facility of the company. Encountering critical quality issues within one month that may result in customers rejecting a portion of products sold, equivalent to an amount between 1 million euros and 2.5 million euros in terms of revenue magnitude."	"Facing a legal sanction that could lead to the indefinite suspension of operations in at least one facility of the company, where its contribution to profitability accounts for 30% or more of the total profit. Being subject to very high punitive sanctions, such as a monetary fine in the range of 1 million euros to 2.5 million euros."	
3	Intermediate	Loss ranging between 1 million euros and 2.5 million euros within a one-year period (>1 million €, <=2.5 million €)	"Short-term negative campaign in the national media, or a long-term negative campaign at a regional level, or a detailed disclosure request and public disclosure call by local media. Damaging relationships with stakeholders to an extent that may lead to the cancellation of significant contracts (sales, investment, partnership). Long-term loss of multiple customers with an impact ranging from 250,000 euros to 1 million euros on company profitability, or the loss of at least one customer with an impact ranging from 1 million euros to 2.5 million euros."	"Hospitalization and medical treatment required due to severe injuries. Mass departure of several key personnel from certain departments within a short period. A potential negative change of 10-15% in the employee satisfaction survey compared to the previous period. Having a staff turnover rate between 7-9%."	"The sudden and/or gradual environmental damage occurring in the vicinity of any facility of the company, affecting the areas closest to the facility (e.g., environmental pollution occurring within a 1 km distance from the facility boundaries)."	"Experiencing a work stoppage lasting between 1 and 2 weeks in at least one facility of the company. Encountering critical quality issues within one month that may result in customers rejecting a portion of products sold, equivalent to an amount between 250,000 euros and 1 million euros in terms of revenue magnitude."	"Facing a legal sanction that could lead to the indefinite suspension of operations in at least one facility of the company, where its contribution to profitability accounts for between 10% and 30% of the total profit. Being subject to high punitive sanctions, such as a monetary fine in the range of 250,000 euros to 1 million euros."	
2	Low	"A loss ranging between 250,000 euros and 1 million euros within a one-year period (>250,000 €, <=1 million €)"	"Complaints covered by local media that will have a limited impact on public perception. The relationships with stakeholders being affected in a way that can be restored within less than one month. Losing a small number of customers (e.g., a maximum of 3) with an impact on the company's profitability amounting to 250,000 euros or less, on a medium-term basis."	"Encountering a small number of minor injuries that require first aid treatment. Several employees leaving their positions from certain departments. A potential negative change of 5-10% in employee satisfaction survey compared to the previous period. Having a personnel turnover rate ranging between 5-7%."	The formation of short-term and remediable environmental damage within the boundaries of any facility of the company.	"Experiencing a business interruption of 2 days to 1 week in at least one facility of the company. Encountering quality issues that may result in customers rejecting the portion of products sold within a month, representing a revenue magnitude between 100,000 € and 250,000 €."	Local restrictions or low-value fines (e.g., monetary penalties below 250,000 €).	
1	Very Low	Losses below 250,000 € within a one-year period.	"Encountering limited responses characterized by a few complaints that do not result in significant customer loss or a notable reputation damage in the public eye. Affecting stakeholder relations without being reflected in the media."	"Encountering a minor incident resulting in a mild injury that is not considered an emergency or causing any significant health issues. Several employees leaving their positions. A potential negative change of 5% in employee satisfaction survey compared to the previous period. Having a staff turnover rate of less than 5%."	An instantaneous emission increase due to an operation within any facility of the company.	"Experiencing a maximum of one day of operational downtime in at least one facility of the company. Encountering quality issues that may result in customers rejecting an amount of products representing less than 100,000 € in terms of revenue within one month."	"Receiving recommendations for improvements in compliance with laws and regulations. Obtaining an extension for a penalty-free period."	

Risk Evaluation

Critical	"It refers to the risks that need to be monitored by top management and integrated into annual business plans. It is recommended to complete the actions within 6 months. (Risk Score >=20) "	High	It refers to the risks that need to be monitored at the director level and integrated into the management program. It is recommended to complete the actions within 6 months to 1 year. (12<=Risk Score<20)	Intermediate	It refers to the risks that need to be monitored at the managerial level. It is recommended to complete the actions within 1-2 years. (6<=Risk Score<12)	Low	It refers to the risks that need to be monitored at the specialist/managerial level. Actions can be taken in the long term. (Risk Score<6)
----------	---	------	--	--------------	---	-----	--

Ethics and Compliance

The Eczacıbaşı Group has fostered a vibrant corporate culture centered on robust business ethics, rooted in the values of respecting individuals and the environment, pursuing continuous improvement and progress, and actively contributing to the overall well-being of society. These guiding principles are deeply rooted in the Group's founder, Dr. Nejat F. Eczacıbaşı, and his profound commitment to community service that shaped both his personal life and business ventures.

Business Ethics and Legal Compliance

Commitment

- As an active participant in the UN Global Compact, we wholeheartedly uphold the principles of integrity, honesty, and transparency across all dimensions of our business operations, while meticulously adhering to relevant laws and regulations.
- Our commitment to impartiality and ethical behavior extends to our interactions with colleagues, customers, and suppliers, thereby fostering a professional and principled work environment.
- We embrace the principle of zero tolerance towards discrimination, bribery, and corruption.
- Within our organization, a resolute prohibition is enforced against activities such as child labor and forced labor, ensuring that all recruitment processes and subsequent procedures are devoid of discriminatory practices based on gender, language, belief, or ethnic origin.
- We demonstrate unwavering dedication to safeguarding our employees' rights to unionize and organize, actively striving to cultivate constructive relationships with trade unions.

Code of Conduct

- To provide guidance and shape our behavior, we have developed a comprehensive **Code of Conduct** that delineates our ethical expectations for both employees and third-party partners. This Code is easily accessible on the Group's official website, ensuring transparency and accountability for all stakeholders, including our valued employees.

Employee Communication and Training

- Our commitment lies in ensuring that every employee possesses a clear understanding of the standards and regulations pertaining to their respective positions. To achieve this, we offer comprehensive training programs and foster open channels of communication to elucidate how these rules are applicable in daily work routines.
- In the event of any suspicion regarding a breach of the code of conduct, particularly in relation to bribery, corruption, rights infringement, or conflicts of interest, it is mandatory for all employees of the Group to report such information to the Compliance Committee through the designated transparent communication channels.

Information Security Management

- Confidentiality, integrity, and usability are key components of security, and we employ an Information Security Management System to prevent vulnerabilities that could impact business continuity and reputation.
- Our Information Security Management policies are mandatory for all employees and applicable to third-party service providers accessing Esan information.

Child Labor and Forced Labor

- We strictly prohibit the employment of individuals under the age of 18, thereby preventing any form of forced or coerced labor.
- During the supplier selection process, thorough reference checks are conducted to prevent from engaging with suppliers that involved in such practices

Information Security Management

- We uphold universal human rights through an ethical business approach, prohibiting any application that infringes upon individuals' inherent fundamental rights.
- No occurrences have been recorded in relation to discrimination, impeding collective bargaining, or right of organizational activities.

Supply Chain Management

Our supply chain management approach fosters a collaborative partnership that not only supports but also enhances our sustainability approach and its consequential impact.

We hold a strong conviction that our value chain possesses a direct impact on the environment, communities, and the economy. As a result, it becomes crucial for us to actively manage risks and capitalize on opportunities, with the objective of establishing responsible practices that guarantee the continuous sustainability and competitiveness of our operations.

We are actively engaging with the United Nations Global Supply Chain Management and the United Nations Guiding Principles on Business and Human Rights, as well as adhering to the principles outlined by the European Industrial Minerals Association (IMA) and the International Council on Mining and Metals (ICMM) for Responsible Resource Use

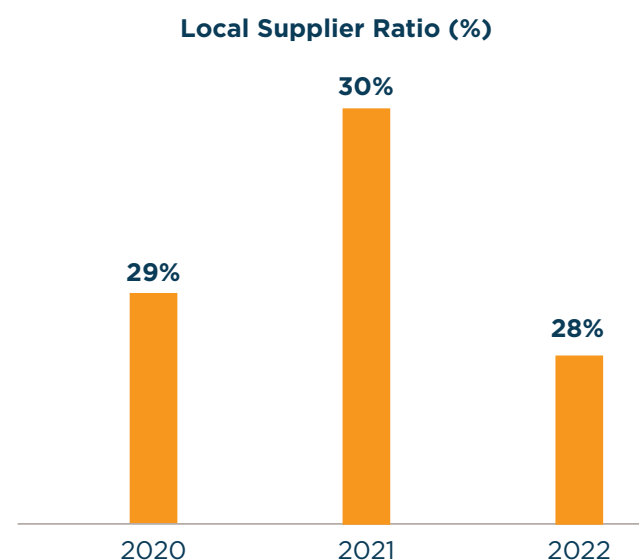
Relations with our Suppliers

- Every one of our suppliers undergoes a comprehensive assessment of their compliance with legal regulations, codes of conduct, behavioral norms, standards related to occupational health, workplace safety, environmental considerations, and social compatibility.
- Our suppliers undergo a specific process that entails defining methods for identifying and evaluating supplier companies through the Supplier Selection and Evaluation Procedure.

Local Procurement

- We remain steadfast in our commitment to prioritizing local resource utilization and supporting local businesses within our operations.
- In 2022, a substantial 28% of our total procurement expenditure was directed towards engaging with local suppliers, demonstrating our strong commitment to supporting local economies.

	2020	2021	2022
Suppliers (#)			
Local Suppliers	700	700	700
Foreign Suppliers	70	55	56
New Suppliers	848	917	1116
Total Suppliers	770	755	756



Economic Sustainability

At Esan, our primary focus lies on economic sustainability, as we strive to generate sustainable value for all stakeholders within our value chain, from our employees to the local community. We believe that achieving economic sustainability requires a harmonious blend of financial performance, market presence, and responsible business practices.

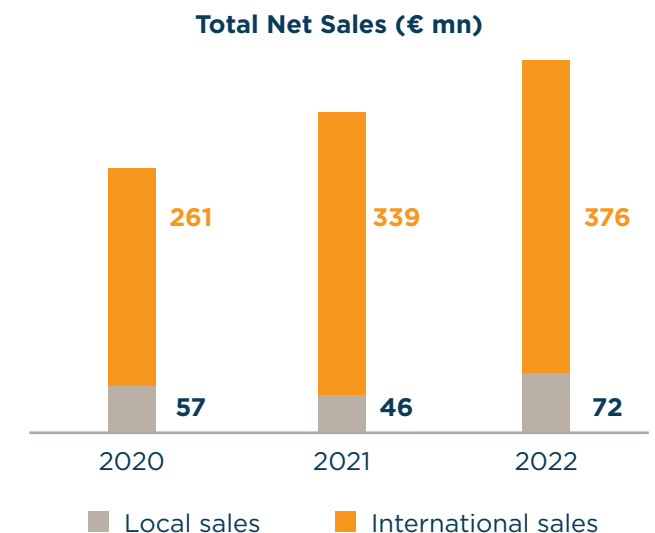
Financial and Economic Performance

Commitment

- We aim to create enduring value for all those involved in our business, ensuring a positive and sustainable impact on our stakeholders and the broader society.

Performance

- In 2022, we closed the year successfully with a significant financial return as we increased our sales by 16% compared to 2021, surpassing €447 million.



Sales	2022
Total net sales (€ million)	447
Share of international sales (%)	84%

Economic Value Generated, Distributed and Retained (€ million)

	2020	2021	2022
Net sales	318	385	447
Economic Value Distributed			
Operating Costs	153	168	203
Employee wages and benefits	13.8	14.4	16.4
Payments to capital providers	11	64	115
Total Social Investments (TSI)	2	0,5	1.7
Total Tax Paid	20	23	28
Economic Value Distributed	200	270	265
Economic Value Retained	118	115	82

4



Investing in Planet

Goals	Key Performance Indicator	Achievement (2022)
By 2025, 15% of total energy consumption will be met by renewable sources.	Renewable Energy Installed Capacity (MW)	1.6 MW
By 2025, it is aimed to decrease energy consumption by 0.076 MWh/ton per ton. ¹	Energy Intensity (MWh/ton)	0.059 MWh/ton ✓
By 2025, we will reduce our carbon emission per production to 0.010 CO ₂ ton/ton.	Carbon Intensity (CO ₂ /ton)	0.006 CO ₂ /ton ✓
We will keep our water consumption per ton production at 0.30 m ³ /ton.	Water Intensity (m ³ /ton)	0.30 m ³ /ton ✓
Our recycled waste ratio will be 99.9% each year.	Share of recycled waste (%)	99.9% ✓

In light of the climate emergency we are facing, it is crucial that we swiftly shift into emergency gear and take decisive action. Governments, institutions, and individuals must come together and prioritize climate action, implementing immediate measures to reduce greenhouse gas emissions, conserve natural resources, and promote sustainable practices.

As a responsible mining producer, it is our duty to collaborate and actively reduce our environmental impact. We achieve this by implementing various initiatives that focus on managing our valuable resources, promoting cleaner and sustainable energy solutions, adopting circular economy principles, and conserving biodiversity in our operations. Through these efforts, we aim to minimize our ecological footprint, protect natural resources, and promote sustainable practices in the mining industry.

Climate and Environment	44
Energy Management and Carbon Emissions	44
Water Management	48
Environmental Management and Compliance	48
Biodiversity	49
Circular Economy	50
Resource Management	50
Waste Management	51

¹ Energy intensity is expected to increase due to the commissioning of roasting plant in Inlice.

Climate and Environment

At Esan, we recognize the potential impacts of climate change and extreme weather events on our industry and operations. We understand the importance of maintaining infrastructure stability and safeguarding our water and energy resources in the face of these challenges. Compliance with relevant laws and regulations is a priority for us, as we strive to effectively manage our efforts to conserve biodiversity within the areas where we operate. By prioritizing sustainability and resilience, we aim to mitigate the potential risks associated with climate change and ensure the long-term viability of our operations.

Climate change ranks high among the priority risks for Esan, and we are actively focused on understanding the specific impacts it may have on our business and value chain. By doing so, we aim to identify opportunities associated with transitioning to a low-carbon economy and proactively mitigate the effects of climate change-related risks.

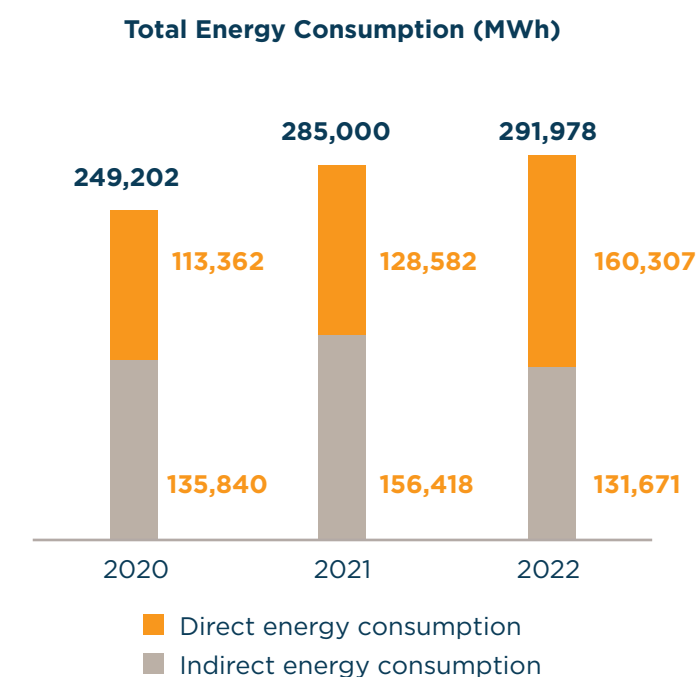
Energy Management and Carbon Emissions

Commitment

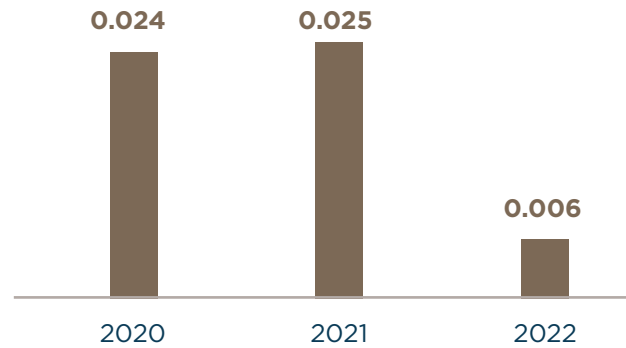
- By the end of 2025, our goal is to maintain the energy intensity level below 0.076 MWh/ton of feed through our ongoing efforts.
- By the end of 2025, our goal is to sustain an emission intensity below 0.010 tons of CO₂ per ton of feed.

For additional details regarding the energy management initiatives of Esan, please refer to our *Story of Our Ambition* report.

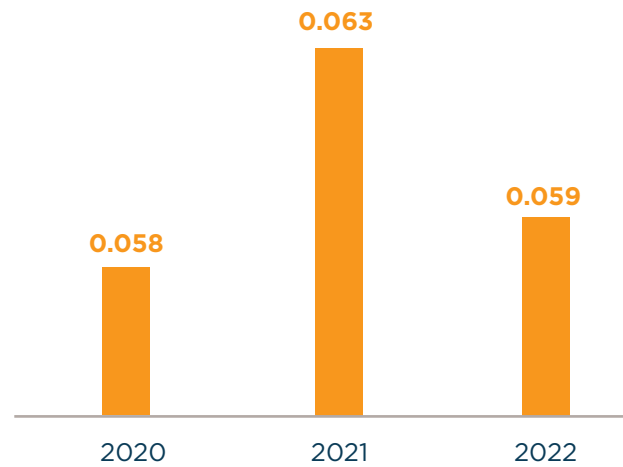
Energy Consumption (MWh)	2022
Non-renewables	131,671
Electricity	-
Natural Gas	75,931
Diesel	55,740
LPG/LNG	-
Renewables	160,307
Purchased Renewable Electricity	159,039
Self-Generated Renewable Electricity	1,268
Total energy consumption	291,978





Emission Intensity
(tCO₂e/ton of production)



Energy Intensity
(MWh/per ton production)



Performance

- In 2022, we implemented various energy efficiency projects at our facilities to optimize our production processes and reduce our energy dependence, thereby minimizing our environmental impact. These projects yielded of 2,300 MWh energy savings. (For additional details, please refer to our **Story of Our Ambition report.**)
- In 2022, our initiatives yielded significant results in terms of energy efficiency. We proudly achieved a commendable 6% reduction in energy intensity compared to the previous year, resulting in an energy intensity level of  0.059 MWh/ton of feed.
- The initiatives we implemented in 2022 had a significant impact on reducing our greenhouse gas emissions. We are proud to report that our total Scope 1 and Scope 2 emissions in 2022 decreased to 57,787 tons of CO₂, reflecting a remarkable 68% reduction compared to the previous year. Furthermore, our carbon intensity, measured as  0.006 tons of CO₂ per ton of feed, also experienced a notable reduction.

Renewable Energy

Commitment

- We have ambitious plans to increase our renewable energy installed capacity to 20 MW by the end of 2025.

Performance

- Through our renewable energy initiatives, we have successfully installed a capacity of 1 MWp.
- In 2022, our solar power plants located in our Yeniköy and Güllük facilities made a significant contribution to our renewable energy generation. These solar power plants collectively produced a total of 1,966 MWh of clean and sustainable electricity.
- As part of our Group's strong commitment to renewable energy, we have taken significant steps to ensure that the electricity we consumed in 2022 comes from renewable sources. We are proud to announce that we have procured all our electricity consumption, a total of 159 GWh, from renewable sources, aligning with our goal of promoting sustainable energy practices.

	2022	Goal for 2025
Renewable Energy Installed Capacity (MW)	1.6	20

As a result of our efforts, in 2022:

- We saved 2,300 MWh of energy.
- We have reduced the energy intensity by 6% compared to 2021.
- We have reduced the CO₂ emission intensity by 77% compared to 2021.


Water Management

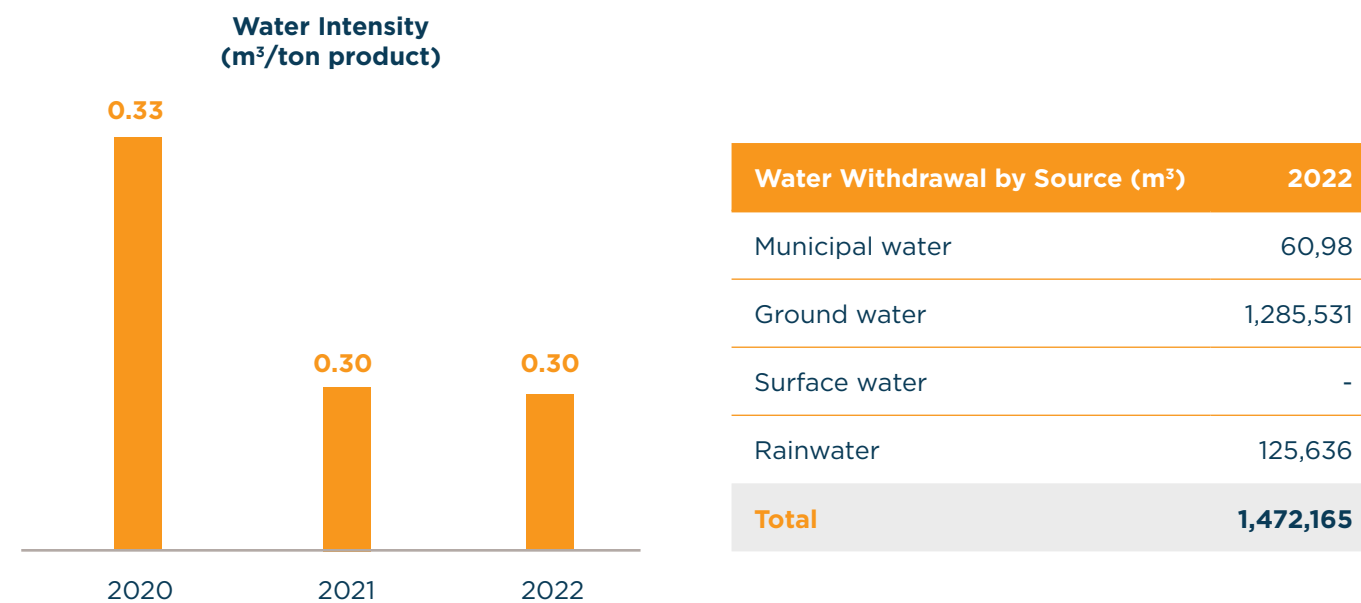
We actively assess and address water-related risks throughout the entire mining life cycle, emphasizing water conservation and minimizing our impact on this valuable resource. Recognizing that water is a crucial asset for local communities, we adopt an approach that is both efficient and responsible.

Commitment

- Our commitment is to keep the water intensity at 0.3 m³/ton.

Performance

- In 2022, we successfully maintained our commitment to achieving a water intensity level of  0.3 m³/ton feed.



Environmental Management and Compliance

Our environmental management approach encompasses the efficient and responsible use of natural resources, as well as the preservation, renewal, and enrichment of the environment in the areas where we operate. We are committed to optimizing the use of natural resources, managing emissions associated with climate change, reducing, and preventing waste generation, ensuring safe land management practices, and serving as effective custodians of the natural environment.

As part of our sustainability approach at Esan,

- We implement the Environmental Management System in all our activities, adhering to national and international environmental standards, laws, and regulations.
- We strive to keep our environmental impacts under control and undertake activities to mitigate these impacts.
- We prioritize resource efficiency, plan, and implement activities to reduce energy and water consumption and utilize renewable energy sources.
- We create awareness of the environment and maintain that awareness through training and development opportunities.
- We employ technologies that minimize waste generation, reduce waste at the source, promote reuse and recycling.
- We initiate processes to restore completed areas to nature while our operational activities continue.

Biodiversity

Commitment

- The environmental impact of mining operations on the surrounding areas is a well-known concern. As Esan, we recognize the significance of these impacts and take full responsibility throughout the entire life cycle of our mining sites. Our commitment lies in preserving the environment and minimizing the adverse effects caused by our operations.

Our biodiversity studies encompass the following steps:

- Analysis of the existing biodiversity at our mining sites in collaboration with academic experts.
- Implementation of protective measures, such as seed collection and plantation, to safeguard identified flora and fauna species in need of protection.
- Relocation of protected areas identified during the site analyses, ensuring their preservation through ongoing monitoring and protection measures.
- Conducting monitoring studies at least twice a year throughout the operation of the mines to assess the ongoing impact on biodiversity.

Biodiversity	2022
Number of fields that are in or closer to the protected or highly biodiverse areas	5
Total area of the fields that are in or closer to the protected or highly biodiverse areas (ha)	10,108

Mine Closure and Rehabilitation

As Esan, we manage our operations responsibly and integrate sustainable approach to each step of our operations from project planning to mine closures too. Specifically, mine closures and site rehabilitation require additional attention to protect the nature and communities, and to ensure healthy ecosystems.

Mine Closures and Rehabilitation	Area (m ²)	Saplings (#)
Rehabilitation of two mine pits at Bandırma	25,548	800
Rehabilitation of Bozuyuk Ortakaya site	3,000	1,500
Rehabilitation a mine pit in Inlice	1,000	8,000

Circular Economy

As Esan, we are restructuring our initiatives to create sustainable business models for reducing and managing waste, in the light of circular economy principles. In order to reduce and manage the amount of non-mineral waste we produce; we treat all waste as a source of value. We use most of the residues as filling material in restoration work during the closing, post mining and land rehabilitation processes or in industrial symbiosis applications to meet the needs of the industry.

Resource Management

- At Esan, we place great importance on industrial symbiosis practices as a means of promoting efficient resource utilization.
- We continually assess potential mutual partnerships that can contribute to our sustainability goals and prioritize the most efficient and economical use of raw materials, minimum waste generation, valorizing generated waste and providing input to the economy, and sustainable resource use.

Reusing Kaolin Waste as a Resource

- As part of our commitment to the circular economy and zero-waste approach, we have identified a valuable partnership opportunity, specifically regarding the reuse of waste kaolin generated from their Bilecik Glass Raw Materials Preparation Facilities in our filtration process.
- Our extensive research and development studies yielded positive results, indicating that these clays could be effectively utilized in our blend raw material resources.
- In 2022, we purchased and reused approximately 14% of the annual waste kaolinite clay generation from within our operations.

For additional details regarding the “Reusing Kaolinite Clays as a Resource” project, please refer to our **Story of Our Ambition report**.

Reusing Kaolinite Clays as a Resource	
Energy Savings (MWh/year)	69.5
CO2 Emission Reduction (tCO ₂ /year)	236.7

Waste Management

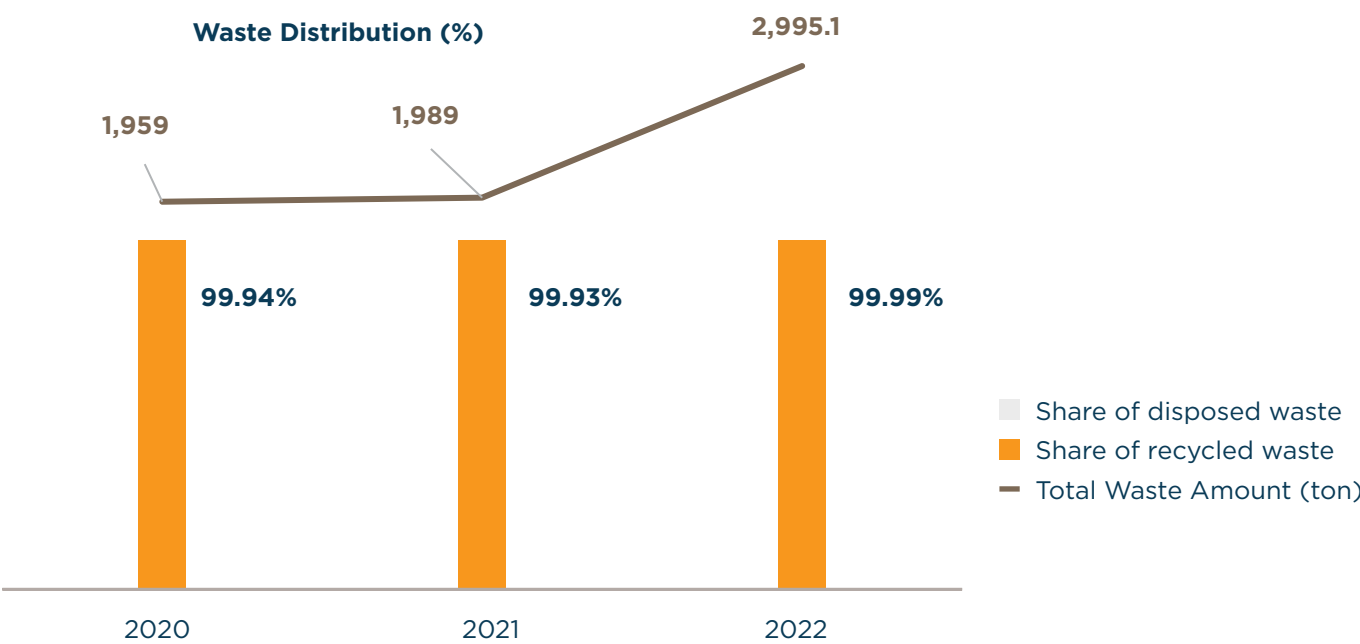
Commitment

- We are committed to adopting a “zero waste” approach in all our waste management practices, placing significant emphasis on preventing waste at its source and implementing reuse and recycling practices.
- Our commitment is to recycle 99.9% of our waste each year.

Performance

- We are proud to share that through our waste management practices guided by the zero-waste principle, we have achieved  99.9% recycling rate for our waste in 2022, thus maintaining our commitment in this regard

Waste by Type and Disposal Method (ton)	2022
Hazardous Waste	203
Recovered and Recycled	203
Disposed	0.135
Non-Hazardous Waste	2,792
Recovered and Recycled	2,792
Disposed	0.005
Total Waste Amount	2,995
Total Recovered and Recycled Waste	2,995
Total Disposed Waste	0.140 



Valorizing Clarifier’s Residue in Circular Economy Mindset

- In the Cine field, we have implemented an industrial symbiosis project aimed at valorizing the residue generated from the clarifying process.
- Through our study, we identified two sectors where the material can be directly sold after natural drying: underground water pipeline production and aerated concrete production.
- Consequently, the material is currently being utilized in concrete production. In 2022, we successfully sold a total of 72,919 tons of residue, marking a significant achievement in our efforts to contribute to the circular economy.

For additional details regarding the “Valorizing Clarifier’s Residue in Circular Economy Mindset” project, please refer to our **Story of Our Ambition report**.

5 Investing in People



In accordance with our guiding principle, we prioritize contributing to society by adhering to universal human rights and being accountable. Our aspiration is to be the top choice in the mining sector through exemplary human resources practices, fostering sustainable employee loyalty. We are committed to creating a working environment with exceptional conditions, prioritizing employee health and well-being, and providing ample opportunities for growth.

Recognizing our people as the cornerstone of our organization, we bear a fundamental responsibility to add value to our community. We have developed strategies to positively impact the lives of those affected by our operations. We are dedicated to fulfilling this purpose and creating a better future for all stakeholders involved.

Goals	Key Performance Indicator	Achievement (2022)
By 2025, we will increase the rate of women in employment to 12%	Total share of women professionals (%)	10.7%
By 2025, we will increase the rate of women in recruitment to 14%	Women among new recruits (%)	12.8% ¹
By 2025, we will reduce the lost time injury frequency rate (LTIFR) below 1.0	Accident Frequency Rate (%)	0.52%

Equal Opportunity	54
Equal, Diverse and Inclusive Workplace	54
Attracting, Developing and Retaining Talent	57
Health & Wellbeing	60
Health, Safety and Wellbeing	60
Community and Social Vitality	61
Social Investment	61

¹ It covers both blue-collar and white-collar employees.

Equal Opportunity

With an increasingly fervent dedication to promoting equal opportunities, we have been steadfastly striving to embed these practices permanently across all spheres of their work and business.

We firmly believe that attaining the status of the most preferred company in the sector necessitates the realization of exemplary human resources practices, facilitated by a dynamic and customer-centric HR team, all while ensuring enduring employee loyalty. Under the purview of our HR department, we endeavor to accomplish the following objectives:

- Cultivating additional worth for all our employees through the implementation of equitable, people-centric, and transparent human resources practices.
- Sustaining employee loyalty, which we consider to be the paramount factor contributing to our organization's long-term prosperity.
- Nurturing a vibrant and forward-thinking corporate culture that encourages dynamism and innovation in all Esan operations, the principles of inclusion, equality, and diversity constitute the foundation of human resource policy.

Equal, Diverse and Inclusive Workplace

Our Management Philosophy and Commitment

- We believe that gender equality and women's empowerment are crucial to creating a diverse and inclusive workplace.
- We are committed to creating an environment that fosters equal opportunities for all employees, regardless of their gender, and we recognize that empowering women is essential for achieving this goal.
- We actively promote programs and initiatives that support women's professional development and advancement in our organization.
- As an active participant in the United Nations Women's Empowerment Principles and the "Equality at Work" platform, we have taken concrete steps and we continue to follow these steps by implementing our own specialized Gender Equality Training Programs, which further strengthen our ongoing commitment towards achieving gender parity within the mining sector.

Performance

- In 2022, we made significant strides towards achieving greater gender diversity within our organization.
 - Share of women among new recruits increased from 15.5% to 23.5%.
 - Total share of women professionals raised from 9.9% to 26.7%.

		2022			2022
Total Workforce by Contract Type			Workforce by Gender		
Employees with indefinite term contract		903	Total Workforce ¹		918
Women		123	Women		133
Men		780	Men		785
Employees with fixed term contract		15	White-collar employees		393
Women		5	Women		111
Men		10	Men		282
			Blue-collar employees		525
			Women		22
			Men		503



26.7% Total share of women professionals¹ ✓



23.5% Share of women among new recruits¹ ✓



16.7% Women in management positions¹ ✓

¹ Includes white-collar employees in Turkey with a full-time, indefinite term contract.

Women Operator Training Project

We have initiated the Women Construction Equipment Operator Training project, which aims to increase the representation of women in the construction industry. Through this project, we are providing training opportunities for women to become construction equipment operators, a traditionally male-dominated field. As a result of this initiative, we have successfully hired **five new women employees in 2022**, increasing the representation of women in the industry.

	2020	2021	2022
Equal Opportunities			
Share of women in STEM positions	18.5%	19.0%	19.6%
Share of women in management positions in revenue-generating functions	50.0%	60.0%	66.7%

	2020	2021	2022
Employee Demographics			
White-collar employees	351	344	393
Blue-collar employees	420	428	525
Employees with indefinite term contract	764	767	903
Employees with fixed term contract	7	5	15
Number of employees in the management work family	25	24	30
Number of non-management employees	326	320	363

Attracting, Developing and Retaining Talent

Commitment

- At Esan, we prioritize and actively support the personal and professional growth of our workforce, empowering them to reach their fullest potential.
- By fostering a culture of continuous learning and growth, we aim to provide our employees in the mining sector with ample opportunities to enhance their skills, knowledge, and expertise.
- We are committed to evolving hand in hand with its employees, business partners, suppliers, and the communities within the regions it operates, actively working towards this shared objective.

Performance

- To support the growth and development of our employees, we increase our training budget each year. In 2022, we increased the average training hours per employee from 21.39 to 19 hours.

To develop our employees, we have initiated certain training programs.

- **Blue Collar Academy:** to improve our blue-collar employees' professional and job adaptability.
- **Field Leaders Development Program:** to help participants build managerial skills and to create agile leaders overall.
- **Digital Development Academy:** to ensure uninterrupted personal and professional development of our employees amidst the challenges posed by the pandemic, we have introduced a cutting-edge digital platform featuring an extensive library of 5,000 training videos.
- **Development Journey Program:** to assist unit managers and responsible experts in enhancing their management skills and technical competencies, all within the context of talent management.

For additional details regarding the training programs, please refer to our **Story of Our Ambition report**.

	2020	2021	2022
Employee Training			
Average hours of training per employee	33	48	24
Women	113	113	121
Men	666	666	755
Total training hours provided for employees (employee*hours)	25,942	37,290	21,397
Women	3,720	5,375	2,874
Men	21,926	31,677	17,930

Attracting the Best Talents

- With a focus on the mining sector, Esan endeavors to cultivate sustainable employee dedication through effective human resources practices facilitated by a dynamic and customer-centric HR team. Our goal is to become the preferred organization within our industry.
- Our primary objectives are as follows:
 - Generating value for employees by implementing fair, people-centered, and transparent HR practices.
 - Ensuring the longevity of employee commitment, recognizing its crucial role in driving our organization's continuous success.
 - Cultivating a vibrant and forward-thinking organizational culture.
- To ensure an objective candidate selection process, we employ scientifically validated and reliable recruitment tools that have established validity and reliability.

Career Test Driver for Young Talents

The program provides full or part-time internships for university students lasting at least two months, affording them a chance to gain invaluable experience across various company roles. In the year 2022, we had a total of 13 CTD trainees, out of which three are currently employed as assistant specialists.

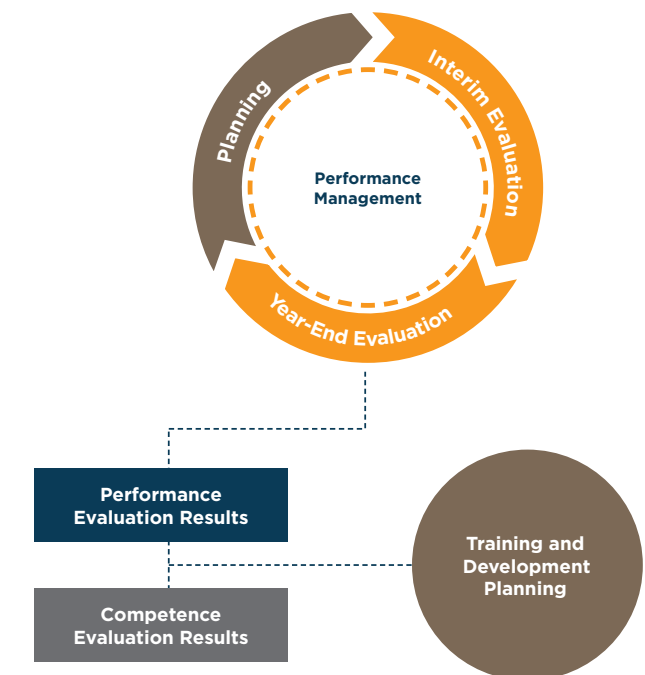
For additional details regarding the recruitment process, please refer to our **Story of Our Ambition report**.

	2022		2022
New Recruits		Employees Who Left Work	
Total number of new employee hires during the year	119	Total	89
Women	28	Women	24
Men	91	Men	65
Under 30 years old	40	Under 30 years old	14
Women	13	Women	5
Men	27	Men	9
30-50 (including) years old	77	30-50 (including) years old	72
Women	14	Women	19
Men	63	Men	53
Over 50 years old	2	Over 50 years old	3
Women	1	Women	0
Men	1	Men	3
		Number of employees who voluntarily left work	65
		Women	18
		Men	47

Turnover	2020	2021	2022
Employee turnover rate	9%	23%	24%
Voluntary employee turnover rate	7%	12%	18%
Female employee turnover rate	8%	25%	24%

Performance and Career Development

- Our strategy focuses on nurturing a workforce that embraces collaboration, embraces change, and evolves with the industry. We are actively engaged in various projects to support our employees' professional journeys and help them advance to the next level.
- Our performance management system is a vital tool for integrating individual goals with organizational objectives and guiding individuals towards collective goals.



	2020	2021	2022
Employees receiving Regular Performance and Career Development Reviews			
Total	353	332	393
Women	96	91	111
Men	257	241	282

Employee Engagement

- We place immense value on maintaining open lines of communication with our employees, as this plays a pivotal role in enhancing and refining our and Group human resources strategy. We actively engage employees in various management processes through regular performance reviews, transparent communication channels, and strategic meetings.
- In our relentless pursuit of employee satisfaction, we go above and beyond by offering fair compensation packages, abundant growth opportunities, and flexible working conditions that enable our workforce to strike a harmonious balance between their personal and professional lives.
- We undertake an annual employee satisfaction survey, allowing us to discern our employees needs and aspirations in a thorough and comprehensive manner.

Health & Wellbeing

Our endeavor is to synchronize our occupational health and safety objectives with international standards, enabling us to closely monitor the progression of our strategy and explore market-leading practices and outcomes.

Our primary aim is to prioritize the welfare of individuals, placing people at the core of our decision-making process.

Health, Safety and Wellbeing

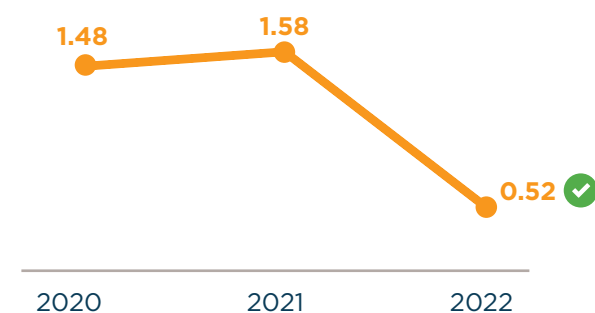
Commitment

- We are dedicated to creating a safe and healthy work environment for all its stakeholders with whom it engages, continuously enhancing OHS performance, and abiding by all laws and regulations that apply to its respective fields of operation.
- We undertake proactive measures to foster a safe and healthy workplace environment.
- We actively embrace and disseminate a culture of occupational safety, striving for a “Zero Accident” goal across all our operations.

Performance

- In 2022, we have successfully decreased our accident frequency rate (LTIFR) from 1.58 to 0.52 ✓.

Accident Frequency Rate



	2020	2021	2022
Occupational Health and Safety Training			
Total training hours given to employees on OHS (employee* hours)	60,200	75,808	112,033
Number of employees who received training on OHS	2,150	2,369	2,399
Average training hours on OHS	28	32	47

For additional details regarding our health and safety initiatives in 2022, please refer to our **Story of Our Ambition report**.

Community and Social Vitality

For many years, we have made substantial investments in voluntary initiatives that foster the promotion of health, education, infrastructure, science, culture, biodiversity conservation, and other important agendas. These efforts primarily focus on the regions where Esan operates, aiming to bring about meaningful and lasting changes in these areas.

Social Investment

Commitment

- Throughout the life of our operations, we build long-term relationships with the communities in which we work.
- We consult with the local community and other stakeholders throughout the lifecycle of our activities to ensure that we are operating properly.
- We make the necessary investments by sharing the risks and precautions that may occur in the operating areas and also by obtaining the opinions of the people living in the operating area.

	2022
Volunteering	
Number of employees participating volunteering activities	85
Number of volunteers for the "Workers for Global Purposes" program	40
Number of Volunteer Projects	3
Number of plant donation	7,000

For additional details regarding our social initiatives in 2022, please refer to our **Story of Our Ambition report**.

6

Investing in Future



As the mining industry seeks to minimize its environmental impact, improve operational efficiency, and address social and community concerns, embracing innovation and digital technologies has become crucial. Collaborative partnerships, innovation, R&D, and digital transformation can drive sustainable transformation in the mining industry.

Innovation and Entrepreneurship	64
Innovation	64
Entrepreneurship	65
Research and Development	65
Digital Transformation	66
Digital Transformation	67

Innovation and Entrepreneurship

At Esan, our commitment to creating value for humanity through the sustainable production of natural resources is unwavering. We recognize that research, development, and innovative approaches are paramount in achieving this mission.

As we look towards the future, we are dedicated to fostering a safer, smarter, and more sustainable world. To accomplish this, we harness advanced technologies and implement efficient practices that minimize our environmental impact at every stage of production. Whether it is extracting precious metals or minerals, we strive to reduce our footprint for each ounce, carat, and kilogram we produce.

Innovation

- In line with Eczacıbaşı Group's innovation strategy, we have already adopted the innovation culture which allow us to compete in mining sector.
- In our innovation roadmap, we develop sustainable solutions that contribute to both mining sectors and communities we are operating in.

Two Stage Grinding Circuit Innovation

During the course of this project, we carefully examined the existing process scheme and implemented modifications to enhance the grinding process capacity.

We integrated screens and hydro cyclones aiming to enhance operational efficiency.

Our findings were documented in an article titled "Investigation of the Possibilities of Using High-Frequency Screen and Hydro cyclone together in Lead-Zinc Grinding Circuit"

In 2022, we have achieved a **38% increase in process capacity and a 2% improvement in process efficiency**. Additionally, our efforts have led to substantial energy savings, amounting to **1,400 MWh**, and a notable reduction in equipment failures

*For additional details regarding "Two Stage Grinding Circuit Innovation" project, please refer to our **Story of Our Ambition report**.*

Entrepreneurship

- Aligned with Eczacıbaşı Group's entrepreneurship strategies, we strongly believe in the power of collaboration and employee empowerment. We recognize that the best solutions to the challenges in our industry can often come from within our own organization. Therefore, we are fostering a culture of collaboration and encouraging our employees to actively participate in problem-solving and innovation.

For additional details regarding "Entrepreneurship", please refer to our Story of Our Ambition report.

Research and Development

- The Esan Research and Development Center is dedicated to creating value in both production and customer solutions, both today and in the future. Within this scope, we engage in endeavors that serve the present, such as improving the efficiency and performance of existing facilities and developing customer and industry-specific products.
- Within the Eczacıbaşı Group, Esan houses 40% of the analysis devices. As a result, we possess a comprehensive infrastructure that enables us to swiftly serve both internal and external customers with a wide range of laboratory services.
- This year, similar to the previous year, digital transformation remains a key focus area for us. Initiatives have been launched to migrate our existing systems used in both current and new products to digital platforms.

Predictive Maintenance

- To facilitate real-time monitoring of crucial indicators, such as temperature and vibration, we have installed transmitters on our mills. Leveraging a data-centric approach, we have conducted comprehensive analysis to predict short and mid-term maintenance requirements for our facilities in Yeniköy and Çine.

For additional details regarding "Predictive Maintenance" project, please refer to our Story of Our Ambition report.

	2020	2021	2022
R&D			
Number of R&D Employees (#)	39	26	24
Total Number of R&D Projects (#)	69	45	40

Digital Transformation

Through the alignment of digitalization with our Sustainable Mining commitments, we are actively cultivating cutting-edge systems that optimize value for our stakeholders. This holistic and integrated approach is anticipated to yield significant benefits in terms of safety, environmental impact, and social outcomes, thereby bolstering the ethical integrity of our product offerings.

The digital transformation initiatives implemented for Esan's metallic and industrial minerals focus on efficiency, sustainability, and HSE (Health, Safety and Environmental) concerns. Intelligent mine planning, predictive maintenance, and real-time monitoring systems are among the innovative applications adopted.

Digital Transformation

Commitment

- In the pursuit of operational excellence, prioritizes digital transformation as a key driver of mining projects. These endeavors aim to streamline operations while maintaining a zero-accident target and ensuring occupational safety.

Vent on Demand

- The project aimed to achieve two main objectives: maximizing energy efficiency and prolonging the lifespan of the fans through digitalization, while providing adequate underground ventilation as required.
- In 2022, the project achieved the **elimination of 21 tons of CO₂ emissions** due to reduced energy usage.

Optimizing Furnace Efficiency

- The project has been dedicated to optimizing furnace efficiency through digitalization and data analysis.

Smart pit

- The objective of the Smart Pit project was to enhance the traceability and communication capabilities of these vehicles in order to optimize their operations.
- The project has enabled us to gain visibility and control over the critical components of mining operations through a central coordination center. As a result, we have been able to proactively identify vehicle breakdowns and optimize fuel consumption by implementing more efficient route and task management strategies.

For additional details regarding "Entrepreneurship", please refer to our **Story of Our Ambition report**.

Awards

IDC CIO Awards:

Business Activity Category - 2nd Place: ESAN Balya Energy Management (BEY) Project

7

Annexes

Stakeholder Relations	70
List of Associations Initiatives and Memberships	72
Awards	73
WEF Stakeholder Capitalism Metrics	74
Limited Assurance Report	78
Reporting Principles	82
Info	88

Stakeholder Relations

The table below summarizes who our key stakeholders are, how we engage and communicate through various platforms.

Stakeholder Groups	Stakeholders	Communication Methods	Period
Finance Community	Shareholders and Investors	<ul style="list-style-type: none"> - Management meetings at the CEO level, quarterly meetings - Financial Review and Management Business Plan Evaluation meetings with the CEO throughout the year - Esan Advisory Board meeting - Regular one-on-one meetings with the CEO - Group Board of Directors meeting - Meetings on Finance, Strategy, and Investor Relations - Meetings of functional areas such as Communication, Information Technology, and Human Resources, following corporate standards - Regular meetings of crisis and risk management teams - Sustainability report, activity reports 	Monthly, quarterly, annual, as needed
	Employees	<ul style="list-style-type: none"> - Conversations between leaders, managers, and employees - Closed circuit TV system, intranet, mailing, posters, and SMS for group announcements and information sharing - Annual goal sharing meeting, mid-year briefing meeting - Performance feedback process, employee engagement surveys - Great Place to Work survey - Inocino innovation idea sharing system - Occupational Health and Safety (OHS) reporting system - “Haydi Söyle Geribildirim” (Let’s Give Feedback) project - Employee interviews with the participation of the management team 	Daily, Weekly, Monthly, Semi-annual, and Yearly
	Potential Employees	<ul style="list-style-type: none"> - Communication with universities - Social media - Site visits 	As needed
Customers	Clients	<ul style="list-style-type: none"> - Field visits, meetings, and personal communication - Implementation of customer procedures - Sales support mechanism for evaluating customer feedback and complaints - Contract negotiations - Information dissemination through email - Website 	As always

Supply Chain	Suppliers and Contractors	<ul style="list-style-type: none"> - Supplier identification procedure - Contract negotiations - Contractor security programs, continuous improvement and development trainings - Email, face-to-face meetings, team meetings, personal communication, feedback surveys, project meetings, website 	As needed
Government and Regulators	Governments, Local Public Institutions, and Regulators	<ul style="list-style-type: none"> - Information visits - Regular meetings and communication with local public leaders - Legal applications and responses to information requests - Participation in legislation and policy development - Business compliance audits - Business visits - Website 	Regularly, as needed
	Local Societies	<ul style="list-style-type: none"> - Local procurement policies and procedures - Meetings and personal communication with communities - Social and environmental information sessions - Business visits - Negotiated agreements - Complaint and suggestion mechanism - Website 	Program-based and regular
Civil Society	NGOs	<ul style="list-style-type: none"> - Active participation in global, national, and regional organizations and industry associations - Monthly and annual meetings - Knowledge exchange - Seminars, panels - Participation in working groups - Memberships 	Monthly, yearly, as needed
	Industry Colleagues	<ul style="list-style-type: none"> - Active membership in global, national, and regional organizations, industry associations, and their initiatives - Regular meetings and communication - Participation in industry conferences, panels, and working groups - Industry publications 	Monthly, yearly, as needed
	Universities and Research Institutions	<ul style="list-style-type: none"> - Supporting thesis studies - Technical project collaborations - Internship opportunities - Sharing of experiences - Business and laboratory visits - Seminars, panels 	Yearly, as needed
	Media	<ul style="list-style-type: none"> - Group-level communication activities (Press releases, meetings, and discussions) 	As needed

List of Associations

Institution	Status
IMA Europe – Industrial Minerals Association	Membership
Eurofel – European Association of Feldspar	Board of Trustees Membership Technical Committee
National Mining Development Foundation	Membership
Turkish Miners Association	Board of Directors Membership
Serham - Association of Ceramic, Glass, and Cement Raw Material Producers	Board of Directors Membership Technical Committee
KPC Europe	Technical Committee
R&D and Design Centers Collaboration Platform	Membership
BEBKA – Bursa Bilecik Eskisehir Development Agency	Membership

Awards

Awards	Awarded By
Balya Energy Management – 2nd Place in the Business Activity Category	The International Business Awards (IDC)
Balya Energy Management	Dijitaliz
Virtual Reality Applications in Shotcrete Applications Project	Dijitaliz
Refik Ureyen Awards Category - In the Scope of Leadership Stories in R&D Organizations	TTGV
Eczacıbaşı Group is in the top three among Turkey's most admired companies.	Capital Magazine

WEF Stakeholder Capitalism Metrics

Principles of Governance			
Pillar	Core Metrics and Disclosures	Description	References
Governing purpose	Setting purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Message from the CEO, page 6-7
Quality of governing body	Governance body composition	Composition of the highest governance body and its committees by: competencies relating to economic, environmental, and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation	Governance Approach, page 28-31
Stakeholder engagement	Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Materiality, page 23
Ethical behavior	Anti-Corruption	1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption	Business Ethics and Legal Compliance, page 38-39
	Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	Business Ethics and Legal Compliance, page 38-39

Risk and opportunity oversight	Integrating Risk and Opportunity into Business Process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	Risk Management, page 34-37
Planet			
Climate Change	Greenhouse Gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tons of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions.	Energy Management and Carbon Emissions, page 44-47
		Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Scope 1 and Scope 2 emissions are calculated and reported annually. We aim to calculate Scope 3 emissions across the Group in the coming years.
	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement - to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C - and to achieve net-zero emissions before 2050	We initiated detailed studies for climate risk assessment across the Group. In this context, efforts to comply with TCFD are planned.
	Nature Loss	Report the number and area (in hectares) of sites owned, leased or managed in/or adjacent to protected areas and/or key biodiversity areas (KBA).	Group companies do not have an operational center located in protected areas, especially RAMSAR areas.
Freshwater Availability	Water consumption and withdrawal in water-stressed areas	Report for operations where material: megaliters of water withdrawn, megaliters of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	Water Management, page 48

People			
Dignity and Equality	Diversity and inclusion (%)	Percentage of employees per employee category, by age group, gender and other indicators of diversity	Equal, Diverse and Inclusive Workplace, page 54-56
	Pay equality (%)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Equal, Diverse and Inclusive Workplace, page 54-56
	Wage level (%)	Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO	Equal, Diverse and Inclusive Workplace, page 54-56
	Risk for incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	Risk Management, page 34-37; Supply Chain Management, page 40
Skills for the future	Training provided	Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).	Attracting, Developing and Retaining Talent, page 57-59
		Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Health, Safety and Wellbeing, page 60
Health and Wellbeing	Health and safety (%)	The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	Health, Safety and Wellbeing, page 60; Eczacıbaşı Group's Occupational Health and Safety Policy: https:// www. eczacibasi.com. tr/_Media/Upload/ Occupational- Health-andSafety- Policy-3.pdf

Prosperity			
Employment and wealth generation	Absolute number and rate of employment	1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.	Attracting, Developing and Retaining Talent, page 57-59
		2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	Attracting, Developing and Retaining Talent, page 57-59
	Economic Contribution	1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organisation's global operations, ideally split out by: - Revenues - Operating costs - Employee wages and benefits - Payments to providers of capital - Payments to government - Community investment	Attracting, Developing and Retaining Talent, page 57-59
		2. Financial assistance received from the government: total monetary value of financial assistance received by the organisation from any government during the reporting period.	Financial and Economic Performance, page 41
Innovation of better products and services	Financial investment contribution	1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	Financial and Economic Performance, page 41
		Total R&D expenses (\$)	Total costs related to research and development. Our Value-Creating Business Model, page 18-21
Community and social vitality	Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Our Value-Creating Business Model, page 18-21

Limited Assurance Report

GRI 2-5



Limited Assurance Report

**to the Board of Directors of Esan Eczacıbaşı Endüstriyel Hammaddeler
Sanayi ve Ticaret A.Ş.**

We have been engaged by the Board of Directors of Esan Eczacıbaşı Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş. (the “Company”) to perform a limited assurance engagement in respect of the Selected Sustainability Information (the “Selected Information”) stated in the Integrated Sustainability Report 2022: Story on our Ambition Report and Fact on our Action Report (the “Integrated Sustainability Report 2022”) for the year ended 31 December 2022 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our limited assurance work, set out in the pages 16, 22, 29, 61, 66, 74, 80, 81 and 97 of the Integrated Sustainability Report 2022: Story on our Ambition Report and in the pages 15, 20, 42, 46, 48, 51, 55 and 60 of the Integrated Sustainability Report 2022: Fact on our Action Report with the sign “✔” is summarized below:

Environmental Performance Indicators

- Total energy consumption (MWh)
- Total carbon emissions (tCO₂)
- Share of recycled waste (%)
- Total waste disposed (Ton)
- Total water withdrawal (thousand m³)
- Energy intensity (MWh/ton)
- Carbon intensity (tCO₂ / ton product)
- Water intensity (m³/ton)

Social Performance Indicators

- Accident frequency rate (%)
- Women among new recruits (%)
- Total share of women professionals (%)
- Women in management positions (%)

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with “✔” in the Integrated Sustainability Report 2022 and, any other elements included in the Integrated Sustainability Report 2022 and, therefore, do not express any conclusion thereon.



Criteria

The criteria used by the Company to prepare the Selected Information is set out in section

“Integrated Sustainability Report 2022: Story on our Ambition Report and Fact on our Action Report– Reporting Principles” (the “Reporting Principles”) on pages 136, 137, 138, 139 and 140 of the Integrated Sustainability Report 2022: Story on our Ambition Report and on pages 82, 83 ,84, 85 and 86 of the Integrated Sustainability Report 2022: Fact on our Action Report.

The Company’s Responsibility

The Company is responsible for the content of the Integrated Sustainability Report 2022 and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.

In particular, the conversion of different energy measures to megawatt-hour (MWh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Principles. Our assurance work has not included examination of the derivation of those factors and other third-party information.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Limited Assurance Report



Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation.
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Company and
- undertook analytical procedures over the reported data.



Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Company's Selected Information for the year ended 31 December 2022, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Company as a body, to assist the Board of Directors in reporting Company's performance and activities related to the Selected Information. We permit the disclosure of this report within the Integrated Sustainability Report 2022 for the year ended 31 December 2022, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Esan Eczacıbaşı Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş. as a body and Esan Eczacıbaşı Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş. our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Cenk Uslu, SMMM
Partner

Istanbul, 19 July 2023

Reporting Principles

Appendix-1: Integrated Sustainability Report 2022: Story on our Ambition Report and Fact on our Action Report- Reporting Principles

This reporting principles (the “Reporting Principles”) provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance in the Esan Industrial Raw Materials Co.’s (“Esan” or the “Company”) Esan Industrial Raw Materials Co. Integrated Sustainability Report 2022: Story on our Ambition Report and Fact on our Action Report (the “Integrated Sustainability Report 2022”). The indicators include social indicators and environmental indicators. It is the responsibility of the Company’s management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the principles.

The information contained in this guide covers the FY 22 fiscal year ending December 31, 2022 (January 1 – December 31) and only covers the operations that are under the responsibility of Esan and excludes information about subcontractors.

Data used for Women among new recruits (%), Total share of women professionals (%), Women in management positions (%) indicators are obtained from Eczacıbaşı Holding A.Ş..Blue collar employees are not included in the social indicators’ calculations.

General Reporting Principles

The following principles have been considered in the preparation of this principles document:

- In the preparation of information - to emphasize to users of information the basic principles of relevance and reliability of information,
- In reporting information - emphasizing the principles of comparability/ consistency of information with other data, including previous year, and the principles of understandability/transparency providing clarity to users.

Key Definitions and Scope of Reporting

For the purpose of this report, the Group makes the following definitions:

Type	Indicator	Scope
Environmental	Total energy consumption (MWh)	In the reporting period, it refers to the total amount of energy consumption by the Company which is monitored monthly and invoiced by the service provider institutions. Energy consumption data includes electricity, natural gas, diesel, consumption.
Environmental	Total carbon emissions (tCO ₂)	In the reporting period, it refers to the sum of the Company’s Scope 1 GHG Emissions and Scope 2 GHG Emissions.
Environmental	Share of recycled waste (%)	In the reporting period, it refers the ratio of the waste that is recovered and recycled by the Company, followed up with the waste declarations and declared to the State, to the total amount of waste.
Environmental	Total waste disposed (Ton)	In the reporting period, it refers to the amount of waste disposed by the Company, tracked by waste declarations and declared to the Government.
Environmental	Total water withdrawal (thousand m ³)	In the reporting period, it refers to the total amount of municipal water, consumed, which is monitored from the invoices received by service provider institutions and ground, rainwater consumed, which is monitored by meters.
Enviromental	Energy intensity (MWh/ton)	In the reporting period, it refers to the ratio of the Company’s total energy consumption to total production volume (in tons).
Enviromental	Carbon intensity (tCO ₂ / ton product)	In the reporting period, it refers to the ratio of the Company’s total carbon emissions to total production volume (in tons).
Enviromental	Water intensity (m ³ /ton)	In the reporting period, it refers to the ratio of the Company’s total water consumption to total production volume (in tons).

Social	Accident frequency rate (%)	In the reporting period, it refers to the ratio of the number of injury incidents that occurred to the Company's payroll and contract employees during a work-related activity and prevented him/her from coming to the workplace on the next shift or the next working day, and which were followed up through notifications made to the Social Security Institution, to the total working hours.
Social	Women among new recruits (%)	In the reporting period, it refers to ratio of women to total employee number hired by the Company and declared to the Social Security Institution with the Employment Declaration.
Social	Total share of women professionals (%)	In the reporting period, it refers to the ratio of women to total employee number, who were monitored through Eczacıbaşı Holding A.Ş. Human Resources data platform and who were reported to the Social Security Institution.
Social	Women in management positions (%)	In the reporting period, the ratio of the number of women employees at the managerial levels of the Company, including Manager, Director, Senior Management managers to the Total Number of Employees.

Preparation of the Data

1. Environmental Indicators

Total energy consumption (MWh)

Formula: Total electricity+natural gas+diesel consumption

Total Carbon emissions (tCO₂)

Carbon emissions are calculated by the Company using published conversion factors. Conversion factors enable the determination of the amount of carbon released into the atmosphere per unit of energy consumption. Different types of energy sources have different conversion factors reflecting their carbon intensity. In future periods, conversion factors can be updated to reflect changes/improvements in published data.

Scope 1 emissions consist of natural gas, diesel, emissions. Conversion factors are obtained from the calculation tool provided by the GHG Protocol (July 2009), which uses data provided by the IPCC (Intergovernmental Panel on Climate Change).

Scope 2 emissions consist of electricity emissions. Conversion factors are obtained from “2010 Guidelines to Defra / DECC’s GHG Conversion Factors for Company Reporting” provided by UK Government. Electricity conversion factors listed within “Annex-10 International Electricity Emission Factors” for year 2006 and Turkey are used. These conversion factors for electricity and steam have been used instead of the factors detailed within the GHG Protocol calculation tool because they include transmission and distribution losses.

Emission Factors	Emission Factors (kg CO ₂)
1 kWh Electricity	0.56
1 m ³ Natural Gas	1.89
1 lt Diesel	2.68

Share of recycled waste (%)

Formula: $\text{Total Recycled Waste (ton)} / \text{Total Amount of Waste (ton)}$

Total waste disposed (Ton)

Formula: $\text{Total Amount of Disposal Waste}$

Total water withdrawal (thousand m3)

Formula: $\text{Total municipal water consumption} + \text{total ground water consumption} + \text{total rainwater consumption}$

Energy intensity (MWh/ton)

Formula: $\text{Total Energy Consumption} / \text{Total Production Amount}$

Carbon intensity (tCO₂ / ton product)

Formula: $\text{Total Carbon Emissions} / \text{Total Production Amount}$

Water intensity (m³/ton)

Formula: $\text{Total Water Consumption} / \text{Total Production Amount}$

2. Social Indicators

Accident frequency rate (%)

Formula: $\text{Number of accidents} * 200,000 / \text{Total Working Hours}$

Women among new recruits (%)

Formula: $\text{Number of Women Hires} / \text{Total Number of Hires}$

Total share of women professionals (%)

Formula: $\text{Number of Women Employees} / \text{Total number of employees}$

Women in management positions (%)

Formula: $\text{Number of women in managerial position} / \text{Total number of employees in managerial position}$

Restatements

The measuring and reporting of data inevitably involve a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Company level.

Info

Esan Eczacıbaşı Industrial Raw Materials Co.

Headquarters
Girne Mah.
Nehir Sok. No: 1-3/33
Maltepe, 34852 İstanbul
Phone: +90 216 581 64 00
Fax: +90 216 581 64 99
www.esan.com.tr

For more information contact

Sustainability, Corporate and Government Affairs
esan.surdurulebilirlik@esan.com.tr

In this report, “Esan,” “the Company,” “we,” “us,” and “our” refers to Esan Eczacıbaşı Industrial Raw Materials Co., unless otherwise stated.

Disclaimer

Esan Eczacıbaşı Industrial Raw Materials Co. has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this document. This report is prepared only for information purposes and should not be used as a basis for any investment decision. Esan Eczacıbaşı Industrial Raw Materials Co., its BoD, and employees contributing to the preparation of the report shall not be liable for any direct or indirect damage resulting from the use of the information contained in this Report. All information in this document is provided by Esan Eczacıbaşı Industrial Raw Materials Co. and it reserves all rights to the report.

esan