



Corporate Governance Compliance Rating Report



Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

26 July 2023

Validity Period 26.07.2023-26.07.2024

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Ereğli Demir ve Çelik Fabrikaları T.A.Ş.,

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

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

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

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website (www.kobirate.com.tr).

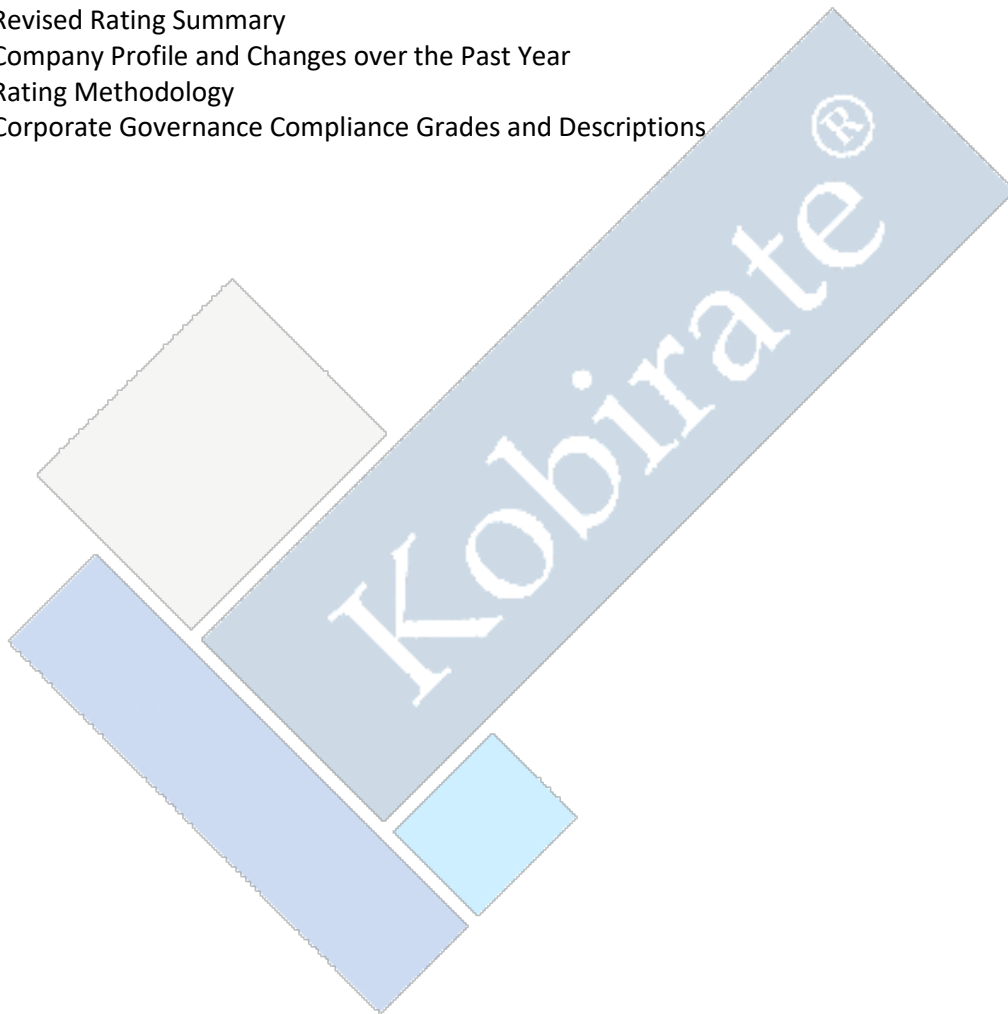
Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed accordingly to the methodology disclosed.

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

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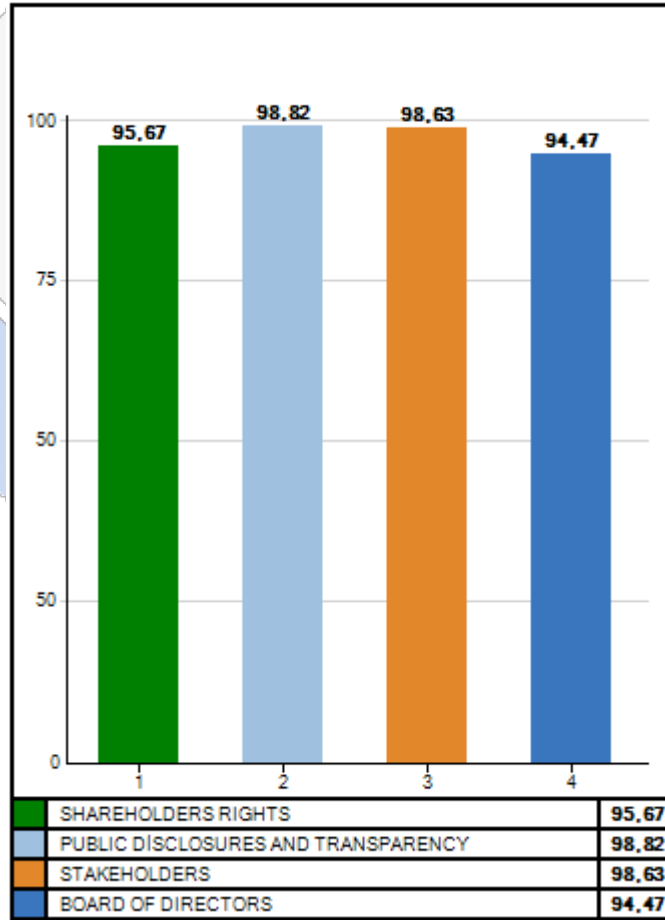
EREĞLİ DEMİR VE ÇELİK FABRİKALARI TÜRK ANONİM ŞİRKETİ (ERDEMİR)

1. RATING RESULT

BIST FIRST GROUP COMPANY

CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

9.65





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Corporate Governance Rating Committee

Burhan TAŞTAN

(License Number: 700545)

Can TEKİN

(License Number: 700573)

Nermin Z. UYAR

(License Number: 702999)

2. REVISED RATING SUMMARY

This report of rating of compliance of Ereğli Demir ve Çelik Fabrikaları Türk Anonim Şirketi (ERDEMİR) with the Corporate Governance Principles is concluded through onsite examinations of the documents and information open to public, interviews held with executives and persons involved, and of other examinations and observations. The study has been held in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. In the methodology and rating process, in addition to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published by the Board has been considered in addition to the regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

According to CMB decision dated 12.01.2022 , No.2/51, ERDEMİR is on the list of BIST 1st Group Companies list. The Company has been evaluated through examination of 456 criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "BIST 1st Group Companies". At the end of examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, Corporate Governance Compliance Rating Grade of Erdemir has been revised as **9.65**.

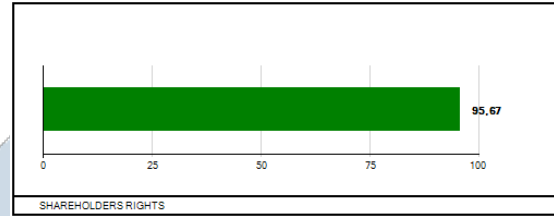
This result shows that the Company very high compliance with to the Corporate Governance Principles issued by the Capital Market Board. Potential risks that the Company may be exposed are identified and can be managed. The level of public disclosure and transparency are high. Rights of the shareholders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

comply with the Corporate Governance Principles.

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

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

▪ In the Shareholders section, the rating of Erdemir has been confirmed as **95.67**.



During the reviewing period, it has been observed that the company continues its activities in the field of informing the shareholders and exercising their fundamental shareholder rights with the same sensitivity and efficiency. It is understood that the harmonious cooperation of the Investor Relations Directorate with the Corporate Governance Committee is effective in the correct and effective exercise of the rights of the shareholders.

Activities on relations with shareholders are carried out by the Investor Relations Directorate and operates under the Financial Management and Financial Affairs Group Vice President, Mr. Mustafa Serdar BAŞOĞLU. Ms. İdil ÖNAY ERGİN (Director) and Mr. Ali Seydi BÖLER (Investor Relations Manager) work in the department. Ms. İdil ÖNAY ERGİN has Licenses of Capital Market Activities Advanced Level 3 and Corporate Governance Rating Specialist.

In accordance with the CMB Corporate Governance Communiqué numbered II.17-1, Investor Relations Director Ms. İdil ÖNAY

ERGİN was appointed as a Member of the Corporate Governance Committee, and it was disclosed to the public with a Material Disclosure dated 04.09.2014.

It has been determined that the Investor Relations Directorate regularly reports to the Board of Directors at least once a year and makes presentations about the activities. A presentation was made on the activities of 2021 on 10.02.2022. Two (two) presentations were made to the Board of Directors on the third quarter activities of 2022, on 26.10.2022, and on all activities of 2022, on 03.03.2023.

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

The General Assembly meeting to discuss operations of 2022 took place on 31.03.2023. The invitation to the general assembly meeting was published on the Public Disclosure Platform (PDP), the Central Registry Agency e-general assembly system (EGAS) on 09.03.2023, and in the Turkish Trade Registry Gazette (TTRG) dated 09.03.2023 and numbered 10786. The meeting invitation was made at least 3 (three) weeks before the meeting date as stipulated by the principles.

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

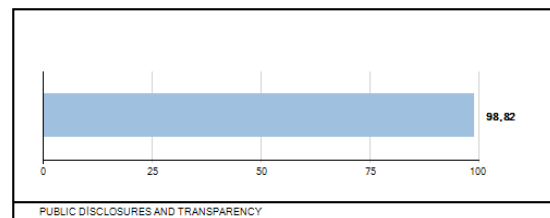
Executives and auditors who are authorized to brief participants on special subjects and

answer their questions have attended to the meeting. Attending executives were; Mr. Baran ÇELİK (Deputy Chairman of Board and Executive Board Member), Mr. Gürtan DAMAR (Member of the Board of Directors-Executive Board Member) Ms. Güliz KAYA (Board Member), Mr. Niyazi Aşkın PEKER (General Manager of Erdemir), Mr. Mustafa Serdar BAŞOĞLU (Finance Management and Financial Affairs Group Vice President), Mr. Ulaş YİRMİBEŞ (Financial Control and Reporting Director), Mr. Kemal Haluk ERUYGUR (OYAK Legal Advisor), Mr. Buğra ELDELEKLI (Legal Director), Ms. Idil ÖNAY ERGIN (Investor Relations Director) and the Representative of the Independent Audit Company.

Net distributable profit for the period was 24,264,661,561,-TL according to the financial statements prepared in accordance with the TPL, and 18,005,034,248,-TL according to the consolidated financial statements prepared within the framework of the CMB legislation. The way the profit is used is explained in the "ii. Dividend Distribution" section of our report.

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

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



The improvement that necessitates a grade increase in this section is that the company gave information on whether an extraordinary general assembly was held during the period in the Annual Report.

It has been determined that Erdemir's works on public disclosure and transparency are in compliance with legal regulations and corporate governance principles. Annual reports are very rich in content and contain sufficient information about the activities.

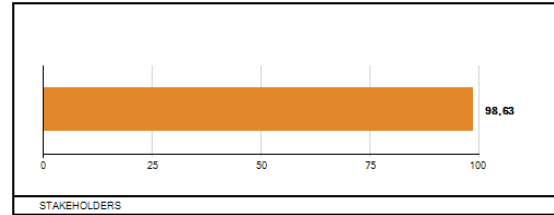
The corporate websites (www.erdemir.com.tr and www.oyakmadenmetalurji.com.tr) are updated regularly and are being used as active and effective platforms for disclosure to the public. All information and documents that the public, investors and other interested parties want to access are published on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

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

Company's independent external audit for 2022 was conducted by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (A Member firm of Deloitte Touche Tohmatsu Limited). There are no cases where the independent audit avoided expressing opinion, expressed opinion with conditions, or avoided signature in the reports. During the meeting with the company officials, it was learned that there was no development that would harm the independence of the independent audit firm and its auditors and that there was no legal dispute. The same institution was elected as the independent auditor with the

recommendation of the audit committee and the approval of the general assembly for the independent external audit of the accounts and transactions of the 2023 operating year within the framework of the Capital Markets legislation, the Turkish Commercial Code and the relevant legislation.

▪ In the Stakeholders section, the company's rating has been revised to **98.63**.



The reason for the increase in the grade of the company in this section is that important developments have been achieved regarding the determination and completion of the processes for Sustainability Management and its implementation.

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

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

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

It has been determined that the Company runs training programs to increase knowledge,

talents and experience of its employees and that it has prepared training policies.

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

As of 31.12.2022, a total of 6018 people were employed at Erdemir, with 1801 paid monthly wages and 4217 paid hourly wages. Hourly wage workers are organized under the Turkish Metal Union. The 29th Term Collective Bargaining Agreement has been concluded for 2 years, effective from 06.01.2023.

Erdemir carries out social responsibility activities in different areas in order to create sustainable and lasting value for the society. It supports social development with education and culture-art-oriented projects developed through various collaborations. Information about the company's contribution to the social development and welfare of the society can be found in the annual reports and on the corporate website.

Sustainability;

Erdemir has been preparing comprehensive Sustainability Reports every year since 2014. 2022 Sustainability Report has been presented within Integrated Annual Report, which is published on Company's corporate website.

It also discloses the "Sustainability Principles Compliance Report" in accordance with the voluntary sustainability principles compliance framework format specified in the Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" prepared by the Capital Markets Board and published in the Official Gazette No. 31262 on October 2, 2020, to the public in its annual activity reports.

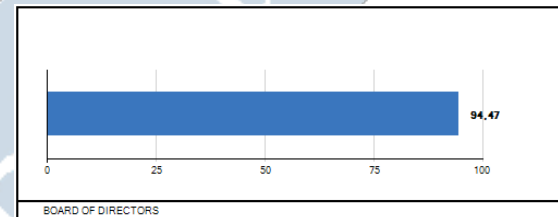
The company has gathered its "Sustainable Growth" target under 7 main headings, determined its relevant priorities and revealed its action plans, processes and actions.

These are;

1. Financial Performance
2. Customer's Solution Partner
3. Responsible Production
4. Environmental Performance
5. R&D and Innovation
6. Human-Centered Approach
7. Social Contribution

Erdemir has been included in the BIST Sustainability Index since November 2015-October 2016.

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



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

Board of Directors has described the corporate strategic objectives and determined necessary human and financial resources. The duties of the chairman of the board of directors and general manager are carried out by different persons, and the authorities of each are defined. The board of directors, consisting of 9 (nine) members, consists of 2 (two) executive and 7 (seven) non-executive members. 3 (three) of the non-

executive members have the status of independent member.

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

The Audit, the Corporate Governance and the Early Detection of Risk Committees, which are stated in the Principles, have been established. Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by Corporate Governance Committee as well. The duties, working principles and the members of the committees have been determined by the Board of Directors, approved as written documents, announced to the public and published on the corporate website of the company. All members of all three committees are independent board members. In addition, only in the Corporate Governance Committee, as per Communiqué No. II.17.1, the Investor Relations Director acts as a committee member. The company's general manager has not been appointed within the committee structures.

Independent members of the board of directors are elected to serve for 1 (one) year. When the method followed before the general assembly regarding the independent members of the board of directors is examined, it is understood that:

- The Nomination Committee prepares an evaluation report on the independence of the candidate for the election of independent members and submits it to the board of directors,

- The board of directors elects independent members within the framework of the nomination committee's report,

- The report prepared regarding the determined candidate is sent to the Capital Markets Board together with the candidate's resume, declarations of independence and the resolutions of the board of directors. In addition, it would be appropriate for the company to pay attention to the time constraints specified in the principles during these processes.

The Board of Directors convened 6 (six) times in 2022 and 3 (three) times as of May 2023. Secretarial function of the Board is carried out by the Board of Directors assistant Suzan MERT.

The Audit Committee held 4 (four) meetings in 2022. As of the end of May 2023, it held 2 (two) meetings. In the same period, in parallel with the number of meetings, the Committee submitted reports on its activities to the Board of Directors 4 (four) times in 2022 and 2 (two) times as of May 2023. Secretarial function of the Committee is carried out by the Financial Control and Reporting Director Mr. Ulaş YİRMİBEŞ.

The Corporate Governance Committee convened 6 (six) times in 2022 and 2 (two) times as of the end of May 2023. The Committee has submitted 2 (two) reports in 2022 and 1 (one) report as of the end of May 2023 to the Board of Directors on its activities. The secretariat of the Committee is carried out by Investor Relations Director Ms. İdil ÖNAY ERGİN.

The Early Detection of Risk Committee held 6 (six) meetings in 2022 and 2 (two) meetings as of the end of May 2023. They submitted reports to the board of directors about their works 6 (six) and 2 (two) times in the aforementioned periods. The secretariat of the Committee is carried out by Corporate Risk Management Manager Mr. Erdem PREKA.

In the examinations made on the documents, it was observed that the meeting records of

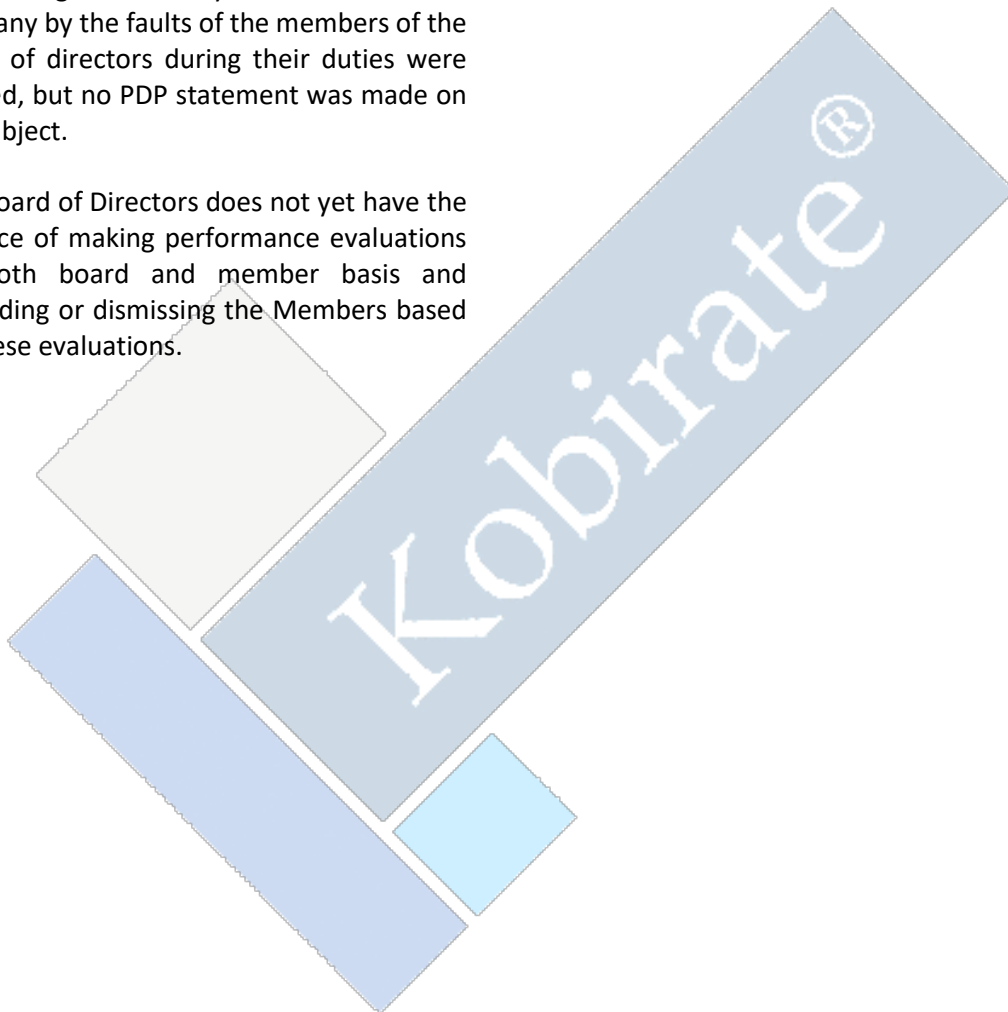
both the Board and the Committees were kept regularly.

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

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

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

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



3. COMPANY PROFILE AND CHANGES OVER THE PAST YEAR

A. Company Profile:



Company Name	: EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş
Company Address	: Headquarter Barbaros Mahallesi Ardıç Sok. No:6 Ataşehir / İstanbul Head Office Uzunkum Caddesi No: 7 67330 Kdz. Ereğli/ZONGULDAK
Company Phone	: (0216) 578 8329
Company Fax Number	: (0216) 469 4810
Company's Web Address	: www.erdemir.com.tr www.oyakmadenmetalurji.com.tr
E-mail Address	: iletisim@erdemir.com.tr investorrelations@erdemir.com.tr
Date of Incorporation	: May 11, 1960
Trade Register No.	: 863637
Paid-in Capital	: 3.500.000.000 - TL
Line of Business	Iron and steel roll products of all types, sizes and qualities, alloyed or pure iron, steel and iron casts, cast and pressed products and businesses stated in the Articles of Association.
Company's Sector	: Manufacturing Industry / Base Metal Industry

Company's Representative in Charge of Rating:

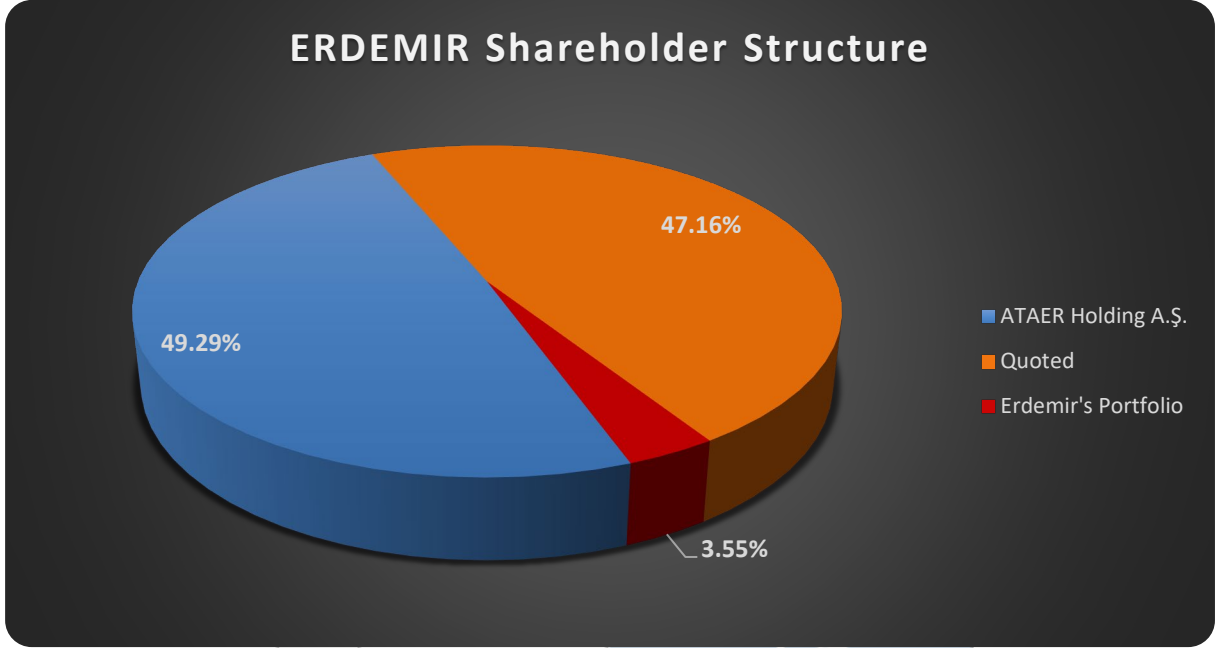
İdil ÖNAY ERGİN

Investor Relations Director

ionay@erdemir.com.tr

(0216) 578 8061

Shareholder Structure (as of date of this report)



Source: Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

Shareholder Name	Share (Thousand TL)	Share (%)
ATAER Holding A.Ş.*	1,724,982	49.29
Quoted in Stock Exchange	1,650,776	47.16
Erdemir's Portfolio	124,242	3.55
Total	3,500,000	100.00

Source: Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

* The main shareholder of the company is ATAER Holding A.Ş. and its ultimate main shareholder is Turkish Armed Forces Assistance Fund (OYAK).

Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
OYTAŞ İç ve Dış Ticaret A.Ş. (Representative: Süleyman Savaş ERDEM)	Chairman	Non - Executive
OMSAN Lojistik A.Ş. (Representative: Baran ÇELİK)	Deputy Chairman of the Board of Directors-Managing Director Member	Executive
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Representative: Gürtan DAMAR)	Member of the Board of Directors-Managing Director	Executive
T.C Hazine ve Maliye Bakanlığı ÖİB (Representative: Bekir Emre HAYKIR)	Member of Board of Directors	Non - Executive
OYKA Kâğıt Ambalaj San ve Tic. A.Ş.(Representative: Volkan ÜNLÜEL)	Member of Board of Directors	Non - Executive
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (Representative: Güliz KAYA)	Member of Board of Directors	Non - Executive
Ali FİDAN	Independent Member of Board of Directors	Non - Executive
Emre GÖLTEPE	Independent Member of Board of Directors	Non - Executive
Kadri ÖZGÜNEŞ	Independent Member of Board of Directors	Non - Executive

Source: www.kap.org.tr

Committees Formed Within Board of Directors

Corporate Governance Committee

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

The Audit Committee

Name Surname	Title	Duty
Emre GÖLTEPE	Independent Member of Board of Directors	The Chairman of The Committee
Ali FİDAN	Independent Member of Board of Directors	Committee Member

Early Detection of Risk Committee

Name Surname	Title	Duty
Ali FİDAN	Independent Member of Board of Directors	The Chairman of The Committee
Kadri ÖZGÜNEŞ	Independent Member of Board of Directors	Committee Member

Senior Management of the Company

Name/ Surname	Title
Niyazi Aşkın PEKER	General Manager of ERDEMİR
Ercan KAYA	Enterprise Architecture and HR Group Vice President
İsmail Kürşad KORKMAZ	Purchasing Group Vice President
Mustafa Serdar BAŞOĞLU	Finance Management and Financial Affairs Group Vice President
Sercan BÜYÜKBAYRAM	Marketing and Sales Group Vice President
Sinan BOZKURT	Operations Executive Vice President

Source: www.kap.org.tr

Comparison of some items of the Company's Summary Consolidated Balance Sheet for the year ends of the last two years (Consolidated)

	2021/12 (Thousand USD)	2022/12 (Thousand USD)	Change% (USD)	2021/12 (Thousand TL)	2022/12 (Thousand TL)	Change % (TL)
Current Assets	4,928,616	4,313,559	-12.48	65,693,526	80,656,225	22.78
Trade Receivables	856,302	834,415	-2.56	11,413,658	15,602,149	36.70
Inventories	2,172,721	2,361,306	8.68	28,960,197	44,152,408	52.46
Fixed Assets	4,557,639	5,039,891	10.58	60,748,771	94,237,398	55.13
Total Assets	9,486,255	9,353,450	-1.40	126,442,297	174,893,623	38.32
Short-Term Liabilities	1,758,205	1,916,965	9.03	23,477,310	35,908,584	52.95
Long-Term Liabilities	1,379,269	1,084,927	-21.34	18,417,383	20,322,852	10.35
Paid Capital	1,818,371	1,818,371	-	3,500,000	3,500,000	-
Equity	6,348,781	6,351,558	0.04	84,547,604	118,662,187	40.35

Source: Erdemir Group Independent Audit Report 31.12.2022

Comparison of some items of the Company's Summary Consolidated Income Statement for the year ends of the last two years (Consolidated)

	2021/12 (Thousand USD)	2022/12 (Thousand USD)	Change % (USD)	2021/12 (Thousand TL)	2022/12 (Thousand TL)	Change % (TL)
Revenue	7,666,948	8,107,125	5.74	68,227,404	127,782,881	87.29
Cost Of Sales	(4,799,581)	(6,486,828)	35.15	(42,710,993)	(102,244,085)	139.39
Operational Profit / Loss	2,794,893	1,495,387	-46.50	24,871,472	23,569,988	-5.23
Profit/Loss Before Tax	2,687,603	1,402,914	-47.80	23,916,713	22,112,454	-7.54
Profit/Loss for the Period	1,806,803	1,183,434	-34.50	16,078,558	18,653,054	16.01

Source: Erdemir Group Independent Audit Report 31.12.2022

Subsidiaries, Financial Fixed Assets and Financial Investments

Trade name	Line of Business	Paid-in/ Issued Capital	Share in the Capital	Currency	Share (%)	The Nature of the Relation
İskenderun Demir ve Çelik A.Ş.	Integrated Iron and Steel Manufacturing	2,900,000,000	2,751,325,633.16	TRY	94.87	Full Consolidation
Erdemir Madencilik San. ve Tic. A.Ş.	Iron Ore, Pelet Manufacturing	120,000,000	108,000,000	TRY	90	Full Consolidation
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	Steel Service Center	39,952,781	39,952,781	TRY	100	Full Consolidation
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş.	Management and Consultancy	7,500,000	7,500,000	TRY	100	Full Consolidation
Erdemir Romania SRL	Production of Siliceous Steel	81,501,550	81,501,550	RON	100	Full Consolidation
Erdemir Asia Pacific Private Limited	Commercial Activity	250,000	250,000	USD	100	Full Consolidation
Erdemir Enerji Üretim A.Ş.	Energy Generation	18,000,000	18,000,000	TRY	100	Full Consolidation
İsdemir Linde Gaz Ortaklığı A.Ş.	Industrial Gas Production and Sale	140,000,000	66,411,308.39	TRY	47.44	Jointly Controlled Entity
Kümaş Manyezit Sanayi A.Ş.	Industrial Products	1,000,000,000	1,000,000,000	TRY	100	Full Consolidation

Source: www.kap.org.tr

- Financial data of the Group are shown on the previous page.
- As of 31.12.2022, 12,659 people were employed at Erdemir Group, 4,195 with monthly wages and 8,464 with hourly wages.

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

BIST Code : EREGL

Market where the Capital Market Instrument is Traded : BIST STAR / OUTRIGHT PURCHASES AND SALES MARKET-(FOR QUALIFIED INVESTORS)

The Indices in Which It Is Included : BIST PARTICIPATION 30 / BIST CORPORATE GOVERNANCE / BIST LIQUID 10 EX BANKS / BIST BASIC METAL / BIST SUSTAINABILITY PARTICIPATION / BIST DIVIDEND 25 / BIST 100 / BIST PARTICIPATION 50 / BIST PARTICIPATION ALL SHARES / BIST 50 / BIST 30 / BIST STARS / BIST SUSTAINABILITY / BIST INDUSTRIALS / BIST PARTICIPATION 100 / BIST ALL SHARES / BIST DIVIDEND / BIST PARTICIPATION DIVIDEND

**The Peak and Bottom Closing Values of the Company Stock in the BIST in the Last One Year Period
(17.07.2022-17.07.2023)**

Bottom (TL)	Peak (TL)
27.18 (28.07.2022)	49.86 (21.02.2023)

Source: Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

B. Changes in the Company in the Last Year:

i. Changes in Capital and Articles of Association

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

ii. Profit Distribution:

The decision of the Board of Directors of the Company, dated and numbered 09.03.2023/9883, regarding the distribution of the net period profit obtained as a result of 2022 activities is as follows;

“It is understood that our company's activities in 2022 resulted in a net profit of 24,264,661,561,- TL, according to the financial statements prepared in accordance with the provisions of the Tax Procedure Law (VUK) and 18,005,034,248.- TL according to the consolidated financial statements prepared in accordance with the provisions of the Capital Markets Board (CMB) communiqué no. II-14.1. It has been decided that following issues:

- Cash dividends will not be distributed in order to maintain a healthy cash flow since our company is in the investment period,
- Pursuant to Article 519 of the TCC and the provisions of the CMB, 5% of the general legal reserves will not be set aside over the net profit for the year 2022 prepared in accordance with the provisions of the TPL, as a result of reaching the 20% of the paid-in capital limit,
- Undistributed net profit in 2022 will be set aside as extraordinary reserves,

shall be submitted to the approval of the General Assembly at the Ordinary General Assembly Meeting of our Company, which is planned to be held in March 2023.

The proposal of the board of directors on profit distribution was discussed and approved as the 7th item of the agenda at the ordinary general assembly meeting held on 31.03.2023.

iii. Policies:

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

iv. Management and Organization:

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

- At the ordinary general assembly meeting held on 31.03.2023, Mr. Ali FİDAN, Mr. Emre GÖLTEPE and Mr. Kadri ÖZGUNES were elected as Independent Members of the Board of Directors to serve for a period of 1 year.
- With the decision of the Board of Directors dated 14.02.2023 and numbered 9866 it has been decided that;

In accordance with the decision of the Board of Directors no. 05 of OMSAN Lojistik A.Ş. as a replacement of Ms. Aslihan DÖĞER, the company's vice chairman and managing director of the legal entity board of directors, Mr. Baran ÇELİK will be registered and announced in the trade registry as the representative acting on behalf of OMSAN Logistics A.Ş.

In accordance with the Board of Directors decision no. 2023/2 of OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş., the legal entity Board Member of the company, as a replacement of Mr. Baran ÇELİK, Volkan ÜNLÜEL will be registered and announced in the trade registry as the representative acting on behalf of OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş.

. These appointments were submitted to the approval of the shareholders at the ordinary general assembly held on 31.03.2023.

- With the decision of the board of directors dated 12.09.2022 and numbered 9849, the general manager of the company, Mr. Salih Cem ORAL, was assigned to a different position within the group and resigned from the general manager position, and it was decided to appoint Mr. Niyazi Aşkın PEKER as a replacement.

- With the decision of the board of directors dated 07.04.2023 and numbered 9887;

It has been decided to authorize the representative of OMSAN Lojistik A.Ş., Mr. Baran ÇELİK, as the vice chairman and managing director, and the representative of OYAK Pazarlama Hizmet ve Turizm A.Ş., Mr. Gürtan DAMAR as the managing director.

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

v. Changes in Group Companies, Subsidiaries and Affiliates:

No changes were made in Group Companies, Subsidiaries and Affiliates.

2. RATING METHODOLOGY

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

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

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

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

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

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

Turkey has been closely monitoring these developments. A working group, established within TUSIAD in 2001, prepared the guide,

titled, "Corporate governance: The best implementation code". Then CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014 according to international developments in this field.

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

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

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

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

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

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

The weighting scheme for the four main sections in the new Corporate Governance

Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as below:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

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

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

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

compliance with CMB's Corporate Governance Principles, in any sense, in the existing weak structure.

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

GRADE	DEFINITIONS
9-10	The Company achieved substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.
7-8,9	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are fairly considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.
6-6,9	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established and operated, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of, but improvement is needed. Some improvement is required in the structure and working conditions of the Board.

GRADE	DEFINITIONS
4–5,9	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, and the structure, and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
< 4	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency, structure and working conditions of the Board and they are at a level that might cause the investor to incur material losses.</p>

