

# A NET ZERO FUTURE IS POSSIBLE



ÇİMENTO

## ABOUT THE INTEGRATED REPORT

The 2022 Integrated Report (the Report) of OYAK ÇİMENTO FABRİKALARI A.Ş. (OYAK Çimento), (the Company), discusses in detail the performance and progress achieved in the fields of sustainability and ESG (Environmental, Social, Governance) in the context of OYAK Çimento's "Net Zero" strategic goal and priorities.

This report serves as the main source of explanations regarding the company's ESG performance. It is advised that the report is examined together with the **policies, approaches and strategies** set out in different tabs on the OYAK Çimento website.

The data in the report covers the period from 1 January 2022 to 31 December 2022, unless otherwise stated.

The report covers the integrated business model, which describes OYAK Çimento's capacity to create short, medium and long-term value for all of its stakeholders, its risk and opportunity management, the priorities, future strategies, stakeholder communication and its performance for the period in the financial, environmental, social and governance fields.

The information in this report was prepared within the scope of the financial limits of the cement and concrete production and trade activities of OYAK Çimento in Türkiye and Romania.

In order to correctly exhibit the scope of OYAK Çimento's operations, introductory information pertaining to the Company's following branches and ESG references have been included in the Report.

OYAK Çimento Aslan,  
OYAK Çimento Bolu,  
OYAK Çimento Ünye,  
OYAK Çimento Mardin,  
OYAK Çimento Ankara,  
OYAK Çimento Adana,  
OYAK Çimento Iskenderun,  
OYAK Beton

In the report, references to the expressions of "OYAK Çimento", the "Company", the "Group", "we", "to us" and "ours" and all similar expressions refer to OYAK Çimento and its branches, unless otherwise stated or the context requires otherwise.

Disclosures regarding OYAK Çimento's detailed financial performance pertaining to the year 2022 are included in the **2022 Annual Report**.

The report was prepared in line with the **GRI Standards 2021** and the **Integrated Reporting Framework** included within the IFRS Foundation. OYAK Çimento's contributions to the United Nations Sustainable Development Goals (SDGs) are also set out in the report in relation to work areas and performance results.

Statements on the issues in which OYAK Çimento complies with the principles in the **CMB** (Capital Markets Board)'s Sustainability Principles Compliance Framework were published on the Public Disclosure Platform.

All information included in the Integrated Report was provided by OYAK Çimento and no independent verification service was received. The topics included in the report are based on reliable and verifiable information. The financial information presented in the report was audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte). Relevant Independent Auditor Statements are included in the **2022 Financial Footnotes**.

The content of this report cannot be copied, modified or distributed without the express written consent of OYAK Çimento. All rights of OYAK Çimento are reserved.

You may forward your questions and feedback regarding the report to OYAK Çimento by telephone by calling (0312) 220 02 90 or (0312) 220 02 91, or by e-mail by writing to [iletisim@oyakcimento.com](mailto:iletisim@oyakcimento.com). Your opinions and suggestions will guide us in the process of improving our work in the field of sustainability and ESG. The OYAK Çimento Integrated Report was published on the Company's corporate website in July 2023.



**Trade Name:** OYAK Çimento Fabrikaları A.Ş.  
**Trade Registry Number:** 445644  
**MERSİS Number:** 0612005096100011  
**Address:** Çukurambar Mah. 1480. Sk. No: 2A/56 Çankaya/ANKARA  
**Telephone:** 0 (312) 220 02 90 **Fax:** 0 (312) 220 02 91  
**E-mail:** [iletisim@oyakcimento.com](mailto:iletisim@oyakcimento.com) **Web site:** [www.oyakcimento.com](http://www.oyakcimento.com)



## WE ARE A STAKEHOLDER IN NET ZERO

“After the restructuring which we carried out in 2021, we are rapidly pressing ahead with the projects included in our Net-Zero roadmap.”

Suat ÇALBIYIK  
Chairman of the Board of Directors

## CONTENTS

### ABOUT THE INTEGRATED REPORT

#### FROM THE MANAGEMENT

- 12 MESSAGE FROM THE CHAIRMAN
- 14 ALTERNATIVE RESOURCES AND THE MESSAGE FROM THE ENVIRONMENT DIRECTOR

#### OYAK ÇİMENTO AT A GLANCE

- 16 CORPORATE PROFILE
- 18 FROM PAST TO PRESENT OYAK ÇİMENTO - A RETROSPECTIVE LOOK
- 18 OUR CORPORATE HISTORY
- 18 OUR SUSTAINABILITY HISTORY
- 20 THE YEAR OF 2022 IN SUMMARY
- 24 OYAK ÇİMENTO'S BRANCHES
- 26 BREAKDOWN OF CEMENT PRODUCTION BY PLANTS
- 27 BREAKDOWN OF CONCRETE PRODUCT TYPES AND CLASSES
- 27 MARKETING ACTIVITIES IN TÜRKİYE - OUR BRANDS

#### STRATEGY

- 30 TRENDS, EXTERNAL FACTORS - OYAK ÇİMENTO'S PROJECTIONS
- 38 OYAK ÇİMENTO'S MANAGEMENT STRATEGY
- 40 OYAK ÇİMENTO'S STRATEGIC FOCUS AREAS
- 44 STAKEHOLDER ANALYSIS AND MATERIALITY ANALYSIS
- 46 OYAK ÇİMENTO BUSINESS MODEL

#### THE PERFORMANCE IN 2022

- 50 THE ENVIRONMENT AND BIODIVERSITY
- 70 HUMAN RESOURCES
- 76 OCCUPATIONAL HEALTH AND SAFETY
- 86 DIGITALIZATION WORK - A BASIC FACILITATOR
- 87 CORPORATE GOVERNANCE AT OYAK ÇİMENTO



You may forward your questions and feedback regarding the report to OYAK Çimento by telephone by calling (0312) 220 02 90 or (0312) 220 02 91, or by e-mail address by writing to [iletisim@oyakcimento.com](mailto:iletisim@oyakcimento.com). Your opinions and suggestions will guide us in the process of improving our work in the field of sustainability and ESG.

The OYAK Çimento Integrated Report was published on the Company's corporate website in July 2023.

# A NET ZERO FUTURE IS POSSIBLE!

BY IMPLEMENTING THE CORRECT STRATEGIES  
WITH EFFECTIVE AND AGILE DECISIONS





# A NET ZERO FUTURE IS POSSIBLE!

BY WORKING HARD AND BY  
FOCUSING ON OUR DREAMS



# A NET ZERO FUTURE IS POSSIBLE!

BY PLANNING AND BY MOVING FORWARD  
WITH SCIENTIFIC OBJECTIVES





# A NET ZERO FUTURE IS POSSIBLE!

BY HELPING TO BUILD A HAPPY  
AND HEALTHY FUTURE







# A NET ZERO FUTURE IS POSSIBLE!

BY SUPPORTING THE LIFE CYCLE WITH  
A RESPONSIBLE APPROACH



## MESSAGE FROM THE CHAIRMAN

**WE ARE AWARE OF THE RESPONSIBILITY OF BEING “TÜRKİYE’S LARGEST CEMENT BRAND”, WHICH WE CARRY WITH PRIDE. WE WORK WITH AN AWARENESS THAT EVERY INITIATION WE CARRY OUT REINFORCES OUR CONTRIBUTION TO THE TURKISH ECONOMY AND BUILDING A LIVABLE FUTURE. WE MOVE FORWARD TOWARDS THE FUTURE WITH THIS AWARENESS.**

Dear stakeholder,

**The agenda for the global economy and business world in 2022 was shaped by high inflation, the energy crisis and the climate crisis.**

As the ongoing border tensions between Russia and Ukraine broke out into a full-blown war in February 2022, global markets underwent a period of significant volatility, precipitating significant losses in the capital markets. The far-reaching economic sanctions imposed against Russia, which is one of the biggest players in the commodity and energy markets, were reflected to the global markets in the form of record-breaking commodity and energy prices.

The adversities resulting from these developments were felt especially in developing economies with energy deficits. Global growth forecasts focused on impending recession. However, the Turkish economy continued to grow in this period, differentiating itself positively in the global arena with GDP growth of 5.6% in 2022 - the fastest growth in the OECD - with the contribution of domestic demand, tourism receipts and exports.

**The climate crisis ushers in a transformation of production and consumption patterns on a global scale**

The climate crisis and its consequences were one of the trends directing and shaping most business lines, including the cement industry, in which we operate.

Decarbonizing the cement industry on a global scale has emerged as a priority target.

Other key areas of focus are the development of products with innovative and alternative raw materials, the use of alternative fuels in production processes and the design of the value chain entirely along an Environmental, Social and Governance (ESG) axis.



Consequences of the climate crisis



A future built with dedication and labor



The power and success of labor



For a clean planet

### Our road to a net zero future

With its strong position in global and local markets, high production capacity and extensive R&D competencies, OYAK Çimento takes the right steps as one of the brands directing the net zero transformation in the cement industry, which puts people at the heart of what it does and determines the production terminology of the future.

After the restructuring we carried out in 2021, we are rapidly pressing ahead with the projects set out in our Net-Zero roadmap.”

We have determined our way forward in the field of sustainability in a way that can contribute directly to Türkiye’s 2053 net zero target. We have recently carried out a number of important investments to reduce energy costs, further advance waste feeding systems, build waste heat recovery facilities and establish more environmentally friendly production facilities.

We are aware of the economic and environmental responsibility which comes with our title of being “Türkiye’s largest cement brand”, which we carry with pride. We work with an awareness that every initiation we carry out reinforces our contribution to the Turkish economy and the building of a livable world. We move forward towards the future with this awareness.

In line with this vision, I would like to say that we will maintain our innovative perspective in cement production in the future, as we do now. We will carry our company’s success in domestic and international markets to new heights.

I would like to take this opportunity to thank the employees of OYAK Çimento, who build the future with devotion and hard work, as well as our valuable stakeholders. I extend my respects to you all.



# STRONGER GOVERNANCE HEALTHIER RESULTS

WITH ITS COMMANDING POSITION IN GLOBAL AND LOCAL MARKETS, HIGH PRODUCTION CAPACITY AND R&D COMPETENCIES, OYAK ÇİMENTO TAKES THE RIGHT STEPS AS ONE OF THE BRANDS BEHIND THE NET ZERO TRANSFORMATION IN THE CEMENT INDUSTRY, WHICH PUTS PEOPLE AT THE HEART OF WHAT IT DOES AND DETERMINES THE PRODUCTION TERMINOLOGY OF THE FUTURE.



**Suat ÇALBIYIK**  
Chairman

## ALTERNATIVE RESOURCES AND MESSAGE FROM THE ENVIRONMENT DIRECTOR

**OYAK ÇİMENTO IS A MEMBER OF THE OYAK GROUP. WITHIN THE SCOPE OF OYAK'S LONG-TERM VISION, OYAK ÇİMENTO CONTINUES TO UNWAVERINGLY EXECUTE ITS GROWTH PLANS, GENERATE ADDED VALUE FOR ITS STAKEHOLDERS AND CONSOLIDATE SHAREHOLDER'S VALUE BY BEING LOYAL TO ITS ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RESPONSIBILITIES AND COMMITMENTS.**

Dear stakeholders,

**OYAK Çimento generated added value for its stakeholders in 2022. It continued to move forward towards its net zero target with new initiations.**

OYAK Çimento is a member of the OYAK Group. Within the scope of OYAK's long term vision, OYAK Çimento continues to unwaveringly execute its growth plans uncompromisingly, generate added value for its stakeholders and consolidate shareholder's value by being loyal to its environmental, social and governance (ESG) responsibilities and commitments.

Our Company has taken its leadership in the Turkish cement industry to a whole new level with the restructuring it implemented in 2021. It has integrated its efforts, which are ongoing in the field of environmental protection, especially in view of the current trends, risks and opportunities, in its "net zero" strategy.

Our strategy plan, which we have prepared with an integrated perspective, will not only reinforce our competencies and strength, but also maximize our contribution to Türkiye's 2053 carbon neutral target.

### Thermal Conversion

We have structured our Thermal Conversion roadmap with a focus on the effective use of an increasing use of alternative fuels in all of our plants. The roadmap envisages OYAK Çimento's transformation to net zero by 2050. In this context, we had completed and commissioned the waste and tire-derived fuel preparation, feeding and modernization investments at our various enterprises as planned as of the end of 2022.

As a result of this work, the average thermal substitution rate of the six integrated cement plants stood at 24.7% in 2022 - well above the average for the Turkish cement industry in the same period. This was the result of our astute plans and effective execution.



Long-term vision



Creating added value for stakeholders



Modernization investments



Responsible company

The steps we have taken in the scope of "net zero", one of the most important components of our vision, are not limited to thermal conversion. Important work in different areas such as the development of new products, waste management and energy efficiency were completed in 2022.

I am delighted to report that by forming its strategies, OYAK Çimento has created and implemented a sustainability ecosystem which extends vertically and horizontally from the upper management to its operations, and which is integrated in the production cycle and monitored with performance indicators.

### Climate science starting to ring alarm bells

The science of climate tells us we need rapid and deep cuts in emissions if we are to reach net zero. The Science Based Targets initiative (SBTi) has emerged as a result of the climate crisis. The SBTi foresees that companies will need to determine near term and long-term science-based targets in order to limit the increase in the global temperature to 1.5°C. With the responsibility of being a player which has taken responsibility for our planet's future, OYAK Çimento has joined the SBTi and became the first cement company from Türkiye to announce its net-zero commitment. With this step, OYAK Çimento has joined the growing list of companies committed to reducing their emissions along the entire value chain in accordance with scientific evidence. The Company has focused on doing more than its fair share in limiting warming to 1.5°C.

### We are ready for the future with our identity of being a company with strong aspirations for the long term

According to the Global Cement and Concrete Association (GCCA), the cement industry accounts for between 5% and 8% of the world's CO<sub>2</sub> emissions. We are also aware that ready-mixed concrete, one of our final products, is one of the most widely used man-made materials in the world. Concrete plays an important role in the development and





# CRITICAL STEPS WHICH WILL TAKE THE COMPANY TO THE FUTURE

**OYAK ÇİMENTO SETS ITSELF APART WITH ITS HIGH POWER OF FORESIGHT, SOLID FINANCIAL STRUCTURE, ABILITY TO INTERNALIZE TRANSFORMATION AND PROFESSIONAL HUMAN RESOURCES. IT VIEWS SUSTAINABILITY AND ESG AS A FUNDAMENTAL ANCHOR.**

growth of society. It is this which provides the necessary motivation for us to contribute to the tackling the climate crisis by reducing carbon emissions in our production processes and throughout the life cycle of our products.

One of the leading companies of our country's industry, OYAK Çimento sets itself apart with its high power of foresight, solid financial structure, ability to internalize the transformation and its professional human resources. It sees sustainability and ESG as a fundamental anchor.

We are decisively taking the critical steps that will take us to the future, in line with the corporate approach adopted by OYAK and which we have taken on from end-to-end. We are in the process of implementing a comprehensive transformation in all of our processes as we develop our business in the direction our vision takes us.

In the coming period, we will continue to advance towards our 2050 net-zero target without deviating from this understanding.

I would like to take this opportunity to thank OYAK, our Board of Directors, our colleagues and all of our stakeholders for their long-term support in OYAK Çimento's comprehensive transformation.



**Galip TEKİNER**  
Alternative Resources and Environment Director

## CORPORATE PROFILE

**OYAK Çimento is the first Turkish producer to grow in three continents in the global market and is the leading player in the domestic market in terms of capacity and market share. The OYAK Group continues its production activities in six geographical regions with sales and its marketing activities in seven geographical regions.**

### **RISING SUCCESS FROM 1957 TO THE PRESENT DAY**

OYAK Çimento embarked on its journey in the sector when the Adana Çimento plant, which had started production in 1957, joined the OYAK family. OYAK Çimento is a leading industrial group that includes Ankara Çimento, Bolu Çimento, Ünye Çimento, Mardin Çimento and, in particular, Aslan Çimento, which is "Türkiye's first cement plant". OYAK Çimento is also a strong market player in the field of concrete production and marketing.



OYAK Çimento is the first Turkish producer to have grown in three continents in the global market. The company is the leading player in the domestic market in terms of capacity and market share. The Group continues its production activities in six geographical regions and its sales and marketing activities in seven geographical regions.

OYAK Çimento acts with the principles of efficiency, creativity and profit orientation. It aims to continuously improve the cement usage areas and its effective role in the Turkish market.

### **A MAJOR PLAYER IN THE GLOBAL LEAGUE**

OYAK Çimento has a clinker production capacity of 10.42 million tonnes/year and is one of the largest producers in the world. The acquisition of CIMPOR at the beginning of 2019 and OYAK Çimento's ongoing investments in Africa thrust OYAK Çimento into the global league.

OYAK Çimento is a member of OYAK's Cement Concrete Paper Companies, which is one of Türkiye's leading groups of companies.

Founded in 1961, OYAK is Türkiye's largest complementary occupational pension fund. OYAK is the leading participant of the Turkish economy. With more than 38,000 employees in a diverse range of sectors including mining, metallurgy, cement, the automotive industry, logistics, energy, food, agriculture, livestock, chemicals and finance, OYAK maintains its operations with 141 subsidiaries in 25 countries over six continents.

### **MOVING TO THE FUTURE WITH THE VISION OF BEING TÜRKİYE'S BIGGEST CEMENT BRAND**

OYAK Çimento is Türkiye's largest publicly traded cement company with a market value of TL 49.8 billion as of 31 December 2022. OYAK Çimento's shares are traded on the Borsa Istanbul under the OYAKC ticker.

OYAK Çimento became the only cement company to be included in the BIST 30 and 50 as well as the MSCI indices.

## OYAK ÇİMENTO'S SUBSIDIARIES AND AFFILIATES

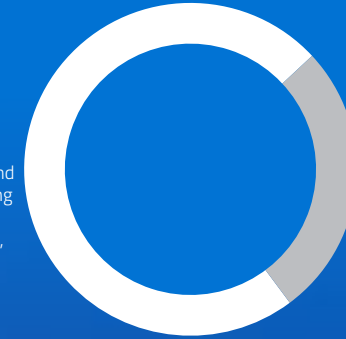
Title	Field of Operation	Shareholding Ratio (%)
Adana Çimento Sanayi ve Ticaret Ltd.	Cement and clinker	100
Adana Çimento Free Port Ltd.	Cement and clinker	100
Romania Terminal S.R.L. <sup>1</sup>	Cement and Packaging	100
Marmara Madencilik San. ve Tic. Ltd. Şti.	Exploration, discovery, extraction, processing and operation of all kinds of minerals and turning them into raw, semi-finished, finished products, and the purchase and sale of these products	98.9

## THE OYAK ÇİMENTO PLANT SHAREHOLDING STRUCTURE\*

OYAK Çimento

**73.25%**

There was no change in the shareholding and capital structure during the reporting period. On 22 February 2023, OYAK Çimento Fabrikaları A.Ş. increased its stake to 74%.



Other

**26.75%**

Registered Capital Ceiling (TL): 1,500,000,000  
Paid-in Capital (TL): 1,159,793,441

\*As of the end of 2022

## OYAK ÇİMENTO FROM PAST TO PRESENT - A RETROSPECTIVE LOOK

### OUR CORPORATE HISTORY

### OUR SUSTAINABILITY HISTORY

<b>1963</b>	Adana Çimento Plant joins the OYAK Group.	
<b>1974-1975</b>	The Bolu, Ünye and Mardin Cement Plants realize their first cement production.	
<b>1998</b>	The first white cement production is realized.	
<b>2004</b>	OYAK Beton is founded.	
<b>2009</b>	Aslan Çimento joins the OYAK Group.	
<b>2014</b>	Denizli Çimento joins the OYAK Group.	
<b>2016</b>	The OYAK Cement Concrete Paper Group is established.	<b>Adana Çimento and Aslan Çimento publish their first integrated reports.</b>
<b>2018</b>	A strategic partnership is realized with the Taiwan Cement Corporation. CIMPOR Global Holdings BV is established.	<b>Adana Çimento and Aslan Çimento publish their integrated reports.</b>
<b>2019</b>	CIMPOR joins the OYAK Family.	<b>Adana Çimento and Aslan Çimento publish their integrated reports.</b>
<b>2020</b>	Five publicly traded companies and OYAK Beton are merged under OYAK Çimento Fabrikaları A.Ş.	
<b>2020</b>	OYAK Çimento becomes the only cement company to be listed on the BIST 30 and 50 indices, as well as the MSCI index.	
<b>2021</b>		<b>OYAK declares its Net Zero Carbon commitment.</b>



## AN INCREASED PACE OF DEVELOPMENT AND GROWTH BETWEEN 2018 AND 2022

<b>2018</b>	<p>With the partnership agreement entered into with the Taiwan Cement Company (TCC), an important step is taken towards both reducing the Turkish market's dependence and towards the goal of OYAK Çimento becoming a global brand.</p> <p>OYAK Çimento becomes the first cement company to issue private sector bonds.</p>	<p><b>The Aslan Çimento Rotary Kiln Line Modernization Project is completed. Efficiency is increased and CO<sub>2</sub> emissions are reduced. With this project, Türkiye's first Energy Efficiency Incentive is obtained. The project paves the way for 15% savings for the energy used in production.</b></p>
<b>2019-2020</b>	<p>A successful transition to the SAP system is achieved at the end of 2019. The Industry 4.0 project, which has brought progress to the cement industry, is implemented.</p>	
<b>2020</b>	<p>OYAK's publicly traded cement companies merge on 15 May 2020 and start their operations under the name of OYAK Çimento (OYAKÇ). At the end of the merger, OYAK Çimento's ownership increases from 57% to 73.25%.</p> <p>OYAK Çimento becomes Türkiye's largest publicly traded cement company with a market value of more than TL 13 billion.</p> <p>The merger between OYAK Beton and OYAK Çimento is completed on 31 December 2020</p>	
<b>2021</b>		<p><b>After the merger, OYAK Çimento publishes its 2020 Integrated Report in May 2021. Concrete activity is also added to the integrated report.</b></p> <p><b>OYAK Çimento is included in more than 2,000 businesses working with the SBTi. OYAK Çimento becomes the first cement company from Türkiye to declare its Net Zero Carbon commitment.</b></p>

## THE YEAR 2022 IN SUMMARY

In 2022, OYAK Çimento continued to produce shareable value for its stakeholders and the Turkish economy. The Group directed and managed six capital elements in accordance with its strategic goals.

ECONOMIC	
Total Assets	<b>TL 11,357 million</b>
Total Equity	<b>TL 7,364 million</b>
Total Turnover	<b>TL 12,706 million</b>
Operating Profit	<b>TL 3,281 million</b>
Pre-tax profit	<b>TL 3,255 million</b>
Net Profit for the Period	<b>TL 4,500 million</b>
Operating Profit Margin	<b>25.82%</b>
Net Profit Margin	<b>35.41%</b>
EBITDA Margin	<b>27.59%</b>

ENVIRONMENTAL	
<b>The OYAK's Net-Zero Roadmap</b>	
OYAK Çimento aims to reduce its emissions per tonne of cement by 22.8%* by 2023, taking 2021 as a reference.	
<b>OYAK Çimento will complete its transformation into a Company with Net Zero Carbon emissions by 2050.</b>	
Emission reduction by 2030 (target)	<b>2%</b>
Alternative fuel substitution ratio	<b>24.7%</b>
Amount of alternative fuel brought into the economy	<b>372,187 tonnes</b>

\* Denizli Çimento was included in the calculations.

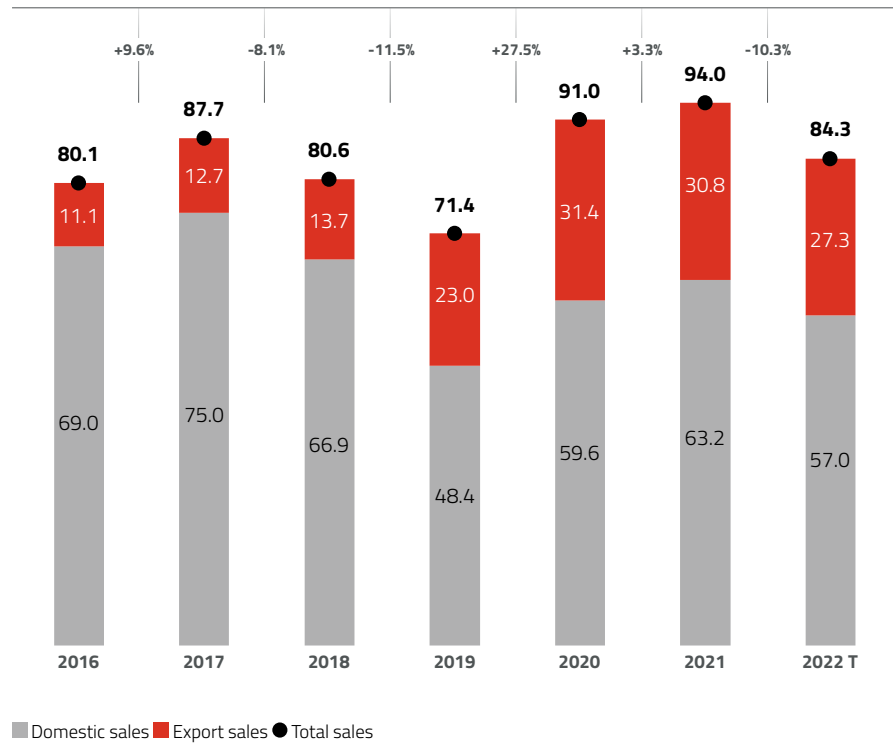
SOCIAL	
Number of employees	<b>2,151</b>
White collar personnel	<b>632</b>
Blue collar personnel	<b>1,519</b>
Number of fatal accidents	<b>0</b>
Total training hours	<b>74,890</b>

GOVERNANCE	
Sustainability organization	<b>with 2-stage**</b>
Number of Sustainability Working Groups	<b>8</b>

\*\* At OYAK Çimento, Sustainability Board and Sustainability Committee operate.

## TOTAL SALES OF TURKISH CEMENT INDUSTRY (MILLION TONNES)



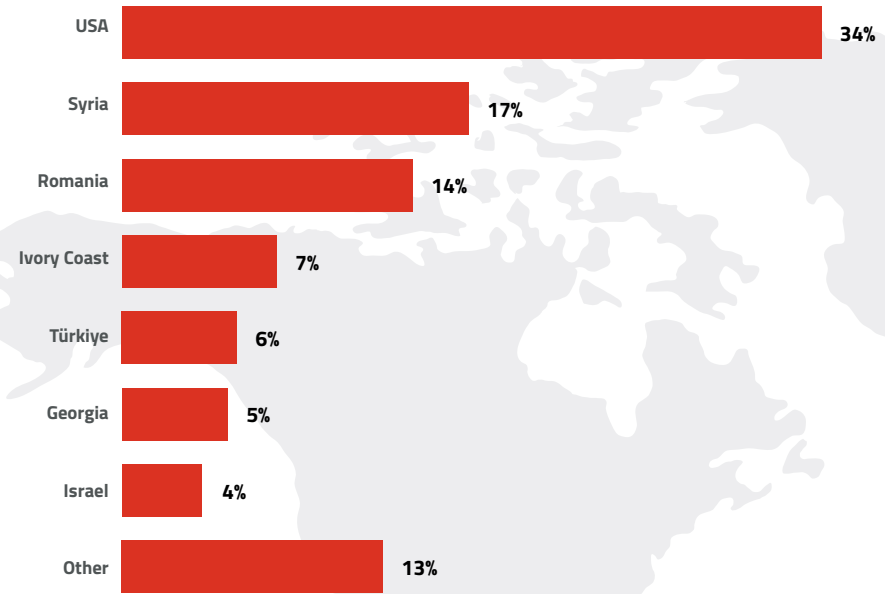
Consists of Cement (Grey, White) + Clinker (Grey, White) data.





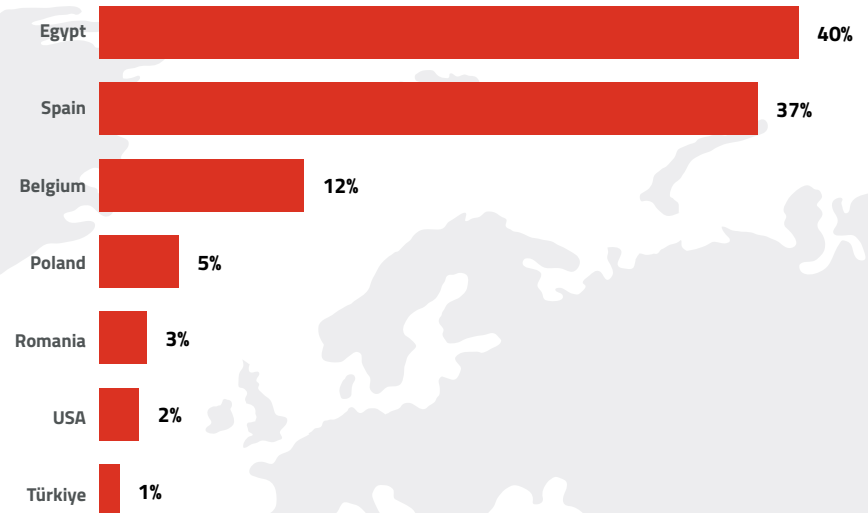


**2022 SHARE OF TOTAL EXPORT SALES (%)**  
**GRAY, WHITE CEMENT + GRAY, WHITE CLINKER**



Türkiye data includes exports to TRNC and Free Zone.

**2022 SHARE OF TOTAL EXPORT SALES (%)**  
**GROUND AND GRANULATED SLAG**



Türkiye data includes exports to TRNC.

**OYAK Çimento's exports of white cement, one of its highly profitable products, have reached 34 countries.**

## OYAK ÇİMENTO'S BRANCHES

### OYAK Çimento Aslan

Established in 1910, Aslan Çimento was the first plant in the Turkish cement sector. It commissioned its kilns working with the wet system in 1953, and in 1969, it became the first plant to switch to the dry system. Aslan Çimento reached an annual capacity of 1 million tonnes with a single kiln in 1978. In 1989, it became the first cement plant to be privatized in Türkiye. After operating within Lafarge for 20 years, it joined the OYAK Group in 2009. Aslan Çimento leads the sector in the use of alternative fuels and has one of the lowest carbon footprints in the sector.

### OYAK Çimento Bolu

Bolu Çimento was established in 1968. Subsequently, 25% of its shares were transferred to Türkiye Çimento Sanayii and OYAK, and 16% of its shares were transferred to ÇİSAN. In 1990, OYAK's share in Bolu Çimento exceeded 50%. The Bolu Çimento plant, the foundations of which were laid in 1969, entered operation in 1974. The plant has developed with regular investment, and now designs and produces cement for special projects.

### OYAK Çimento Ünye

Ünye Çimento was established in Ünye in 1969 to produce clinker and cement. Türkiye Çimento Sanayii and OYAK each held a 40% stake in Ünye Çimento. The plant realized its first cement production in 1974. With an installed cement production capacity of 1.6 million tonnes/year, Ünye Çimento continues its improvement and modernization work.

### OYAK Çimento Mardin

The plant was established in Mardin in 1969 to lead the reconstruction and development of the Southeastern Anatolia region and meet the cement demand of the region and neighboring countries in the Middle East.

OYAK participated in the founding capital of the plant with a 40% stake, with Türkiye Çimento Sanayii holding a 40% stake and local organizations and individuals holding a 20% stake. OYAK's became a majority shareholder in Mardin Çimento in 1990, and Mardin Çimento became a subsidiary of OYAK Çimento in 2015.

Mardin Çimento continued to develop with the investments carried out in parallel with the development of Türkiye and the region. The plant has one of the best clinker utilization rates in the sector in parallel with the developing market conditions and within the framework of the breakdown of cement types produced in the plant. Mardin Çimento stands out with its sustainability efforts, reducing its carbon footprint on the basis of its end product.

### OYAK Çimento Ankara

The Ankara Packaging Plant was established in 1996 as a subsidiary of Bolu Çimento and was transformed into the Ankara Grinding and Packaging Plant in 1998. The Ankara Branch Integrated Cement Plant investment, which got underway in early 2014, was completed in 2015, bringing the production capacity of the OYAK Çimento Ankara Branch to 1.3 million tonnes/year of clinker, 1.95 million tonnes/year of cement and slag.

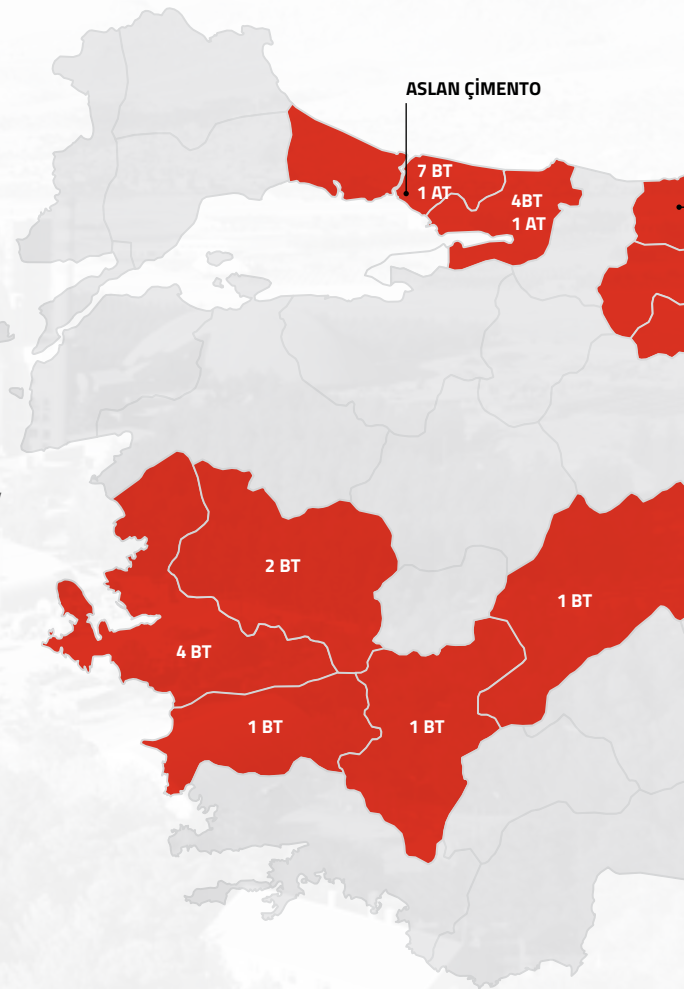
### OYAK Çimento Adana

Adana Çimento was established in 1954 with the title of Çukurova Çimento Sanayii T.A.Ş. under the leadership of Emlak Bank, Akbank and İşbank. The plant, which started production in 1957, started to produce white cement and sulphate resistant cement (SRC) in 1998.

In 2007, the Iskenderun Grinding and Packaging Plant, with an annual grinding capacity of 1 million tonnes of slag and slag cement, joined Adana Çimento. In 2009, with the 1 million tonne capacity grinding plant commissioned at Iskenderun Demir ve Çelik A.Ş., the company's slag and slag cement grinding capacity increased to 2 million tonnes/year. The total annual cement grinding capacity at the Adana Centre and İskenderun 1 and 2 plants amounted to 5.5 million tonnes/year. Following the investment carried out by Adana Çimento on the clinker production line number 5, the clinker capacity of white and gray cement also increased, with the white clinker production capacity reaching 1.1 million tonnes/year and the gray clinker production capacity reaching 3 million tonnes/year.

### OYAK Beton

Ready-mixed concrete production and sales, which are offered as a secondary service under the roof of OYAK Çimento, were gathered under a corporate company identity in 2004 in parallel with the rapid development and increasing demand in the sector. It was against this backdrop that OYAK Beton was established. OYAK Beton, which joined OYAK Çimento at the end of 2020, has a ready-mixed concrete production capacity of 9.5 million m<sup>3</sup>/year. OYAK Beton operates in the Marmara, Central Anatolia, Mediterranean, Aegean and Black Sea regions.



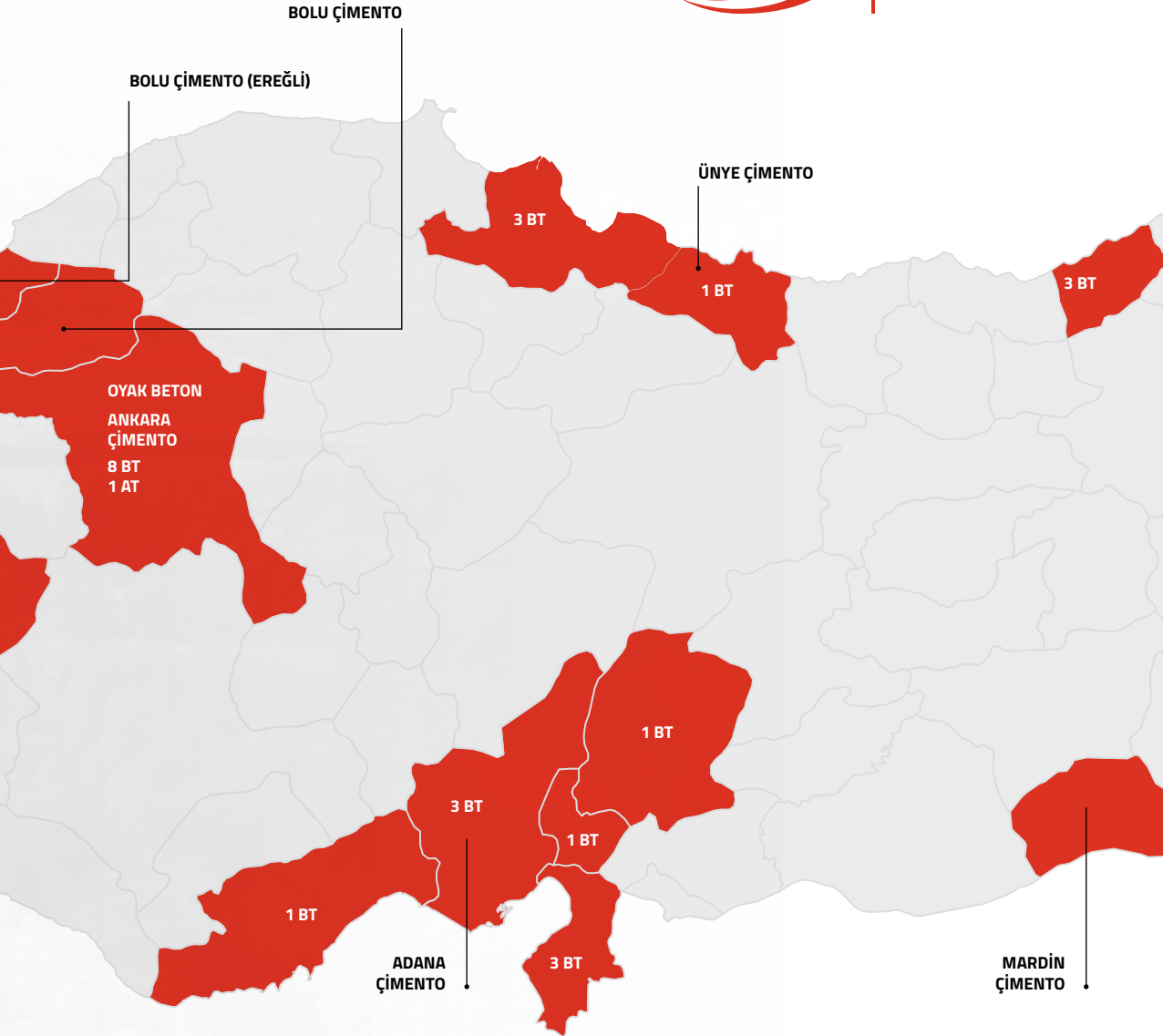
CP: Concrete Plant  
AP: Aggregate Plant



# ÇİMENTO

## FIELDS OF OPERATION OF THE BRANCHES

Operation Location	Field of Operation	Production Capacity
<b>ADANA</b>	Gray - White Cement, Gray - White Clinker production	Clinker Production Capacity <b>2.7 million tonnes/year</b> Cement Production Capacity <b>3.5 million tonnes/year</b>
<b>İSKENDERUN 1</b>	Gray - White Cement, Production of ground blast furnace slag	Cement Production Capacity <b>1 million tonnes/year</b>
<b>İSKENDERUN 2</b>	Gray - White Cement, Production of ground blast furnace slag	Cement Production Capacity <b>1 million tonnes/year</b>
<b>ASLAN</b>	Gray cement, Production of Gray Clinker	Clinker Production Capacity <b>1.25 million tonnes/year</b> Cement Production Capacity <b>2 million tonnes/year</b>
<b>ANKARA</b>	Gray cement, Gray Clinker, Production of ground blast furnace slag	Clinker Production Capacity <b>1.3 million tonnes/year</b> Cement Production Capacity <b>1.95 million tonnes/year</b>
<b>BOLU</b>	Gray cement, Gray Clinker, Production of ground blast furnace slag	Clinker Production Capacity <b>1.45 million tonnes/year</b> Cement Production Capacity <b>2.5 million tonnes/year</b>
<b>EREĞLİ</b>	Gray cement, Production of ground blast furnace slag	Cement Production Capacity <b>0.8 million tonnes/year</b>
<b>MARDİN</b>	Gray cement, Production of Gray Clinker	Clinker Production Capacity <b>2 million tonnes/year</b> Cement Production Capacity <b>3.34 million tonnes/year</b>
<b>ÜNYE</b>	Gray cement, Production of Gray Clinker	Clinker Production Capacity <b>1.56 million tonnes/year</b> Cement Production Capacity <b>2.6 million tonnes/year</b>
<b>BETON</b>	23.63.01-Ready-mixed concrete production	Ready-mixed Concrete Production Capacity <b>9.5 million tonnes/year</b>



## BREAKDOWN OF CEMENT PRODUCTION BY PLANTS

Plant Name	Product Name
<b>Adana Çimento, Centre</b>	CEM I 42,5 R
	CEM II-A/S 42,5 R (CEMENTUM)
	CEM V/A (S-P) 32,5 R
	CEM VI (S-LL) 32,5 R
	CEM I 52,5 R (Super White)
	CEM II/B-LL 42,5 R (Pro White)
	CEM I 42,5 R (White)
	CEM II/B-LL 32,5 R (Snow White)
<b>Adana Çimento, İskenderun</b>	ASTM C 150 TYPE I
	CEM V/A (S-V) 32,5 R
	CEM II/B-M (S-V) 42,5 R
	CEM III/A 42,5 N
	CEM I 52,5 R (Super White)
<b>Bolu Çimento, Centre</b>	ASTM C 150 TYPE I
	CEM I 42,5 R
	CEM I 42,5 R-SR 5
	CEM II/A-M(S-L) 42,5 R (CEMENTUM)
	CEM IV/B(P) 32,5 R
<b>Bolu Çimento Ereğli</b>	Ground Slag
	G-Class; HSR Grade
	CEM III/A (S) 42,5 N
	CEM III/A (S) 32,5 N
	CEM III/B (S) 32,5 N-SR
CEM VI/(S-L) 32,5 N	
Ground Slag	

Plant Name	Product Name
<b>Ankara Çimento, Ankara</b>	CEM I 42,5 R
	CEM II / A - LL 42,5 R
	CEM IV/B(P) 32,5 R
<b>Aslan Çimento, Darıca</b>	Ground Slag
	CEM I 42,5 R
	CEM II/A-M(S-L) 42,5 R (CEMENTUM)
	CEM II/B-M(S-L) 42,5 R (Powercem)
	CEM V/A (S-P) 32,5 N
<b>Ünye Çimento, Ünye</b>	ASTM C 150 TYPE I / II
	CEM I 42,5 R
	CEM I 42,5 R
	CEM I 42,5 R-SR5
	CEM II/A-M(P-LL) 42,5 R
<b>Mardin Çimento, Mardin</b>	CEM II/A-M(S-LL) 42,5 R
	CEM III/A 42,5 N
	CEM IV/B(P) 32,5 R
	CEM I 42,5 N
	CEM II/A-M(P-LL) 42,5 R
CEM IV/B(P) 32,5 N	
CEM I 42,5 R-SR 3	

## BREAKDOWN OF CONCRETE PRODUCT TYPES AND CLASSES

	Product Name	Type and Class	Relevant Standard
CONCRETE	Standard Ready-Mixed Concrete	C8/11 - C80/95	TS EN 206
	Lightweight Concrete	LC 8/9 - LC 35/38	TS EN 206
	Heavyweight Concrete	HC8/10 - HC 50/60	TS EN 206
	DURABET®	Special Product	TS EN 206
	AQUABET®	Special Product	TS EN 206
	SKYBET®	Special Product	TS EN 206
	SMARTBET®	Special Product	TS EN 206
	FIBRABET®	Special Product	TS EN 206
	WHITEBET®	Special Product	TS EN 206
	FIBROSHOT®	Special Product	TS EN 206
	REPABET®	Special Product	TS EN 206
	İZOBET®	Special Product	TS EN 206
	VIABET®	Special Product	TS EN 206
	POROZBET®	Special Product	TS EN 206
	DUALBET®	Special Product	TS EN 206
DOZBET®	Special Product	TS EN 206	



## MARKETING ACTIVITIES IN TÜRKİYE - OUR BRANDS

OYAK Çimento carried out branding activities in the grey and white cement products. It carried out significant innovations in its product range between 2018 and the end of 2022.



# 3

## STRATEGY

- 32 Trends, External Factors - OYAK Cement's Projections
- 40 OYAK Çimento's Management Strategy
- 46 OYAK Çimento's Areas of Strategic Focus
- 50 Stakeholder Analysis and Materiality Analysis

# THE FUTURE IS BEING SHAPED



## TRENDS, EXTERNAL FACTORS - OYAK ÇİMENTO'S PROJECTIONS

The Turkish cement market, which includes 27 players engaged in integrated production, has a fragmented structure. Capacity increases have been continuing in the market, which contracted by an average of 1.7% per year between 2016 and 2022. In the last 5 years, the country's annual clinker capacity has increased by 16 million tonnes.



### ECONOMIC AND SECTORAL OUTLOOK

#### DETERMINATIONS - THE WORLD ECONOMY

Attention was focused on geopolitical risks, monetary tightening, inflationary trends, slowing growth and rises in commodity prices - especially energy - in 2022. The war between Russia and Ukraine that broke out in February sparked a steep rise in energy and freight prices on a global scale. There was also a surge in prices of other commodities, while supply chains were broken. As global inflation crept higher, tightening monetary policies were implemented following the end of the pandemic. In the first half of 2022, global inflation reached record levels in most countries on the back of a rapid movement in prices of energy and other commodities.

Central banks raised policy rates with a series of sharp rate hikes, but still struggled to curb inflation, which increased due to supply-side effects. A combination of higher interest rates and supply constraints led to a decline in growth performance for many economies.

#### DETERMINATIONS - THE TURKISH ECONOMY

The Turkish economy entered the year of 2022 under the influence of high inflation and a wide current account deficit but also strong growth. Although the high course of inflation eroded purchasing power, economic activity continued unabated with economic growth of 5.6%, even though the slowdown in Europe in the last quarter restricted exports, putting some pressure on the economy. The country's current account balance rounded off 2022 with a deficit of USD 48.77 billion due to the increase in energy prices and slowdown in exports.

The contraction in the cement sector continued in 2022. The construction sector, which is the driving force of the cement business, continued to be affected by rising input costs resulting from internal and external trends, with the sector recording a decline of 8.4% in 2022. The war between Russia and Ukraine, mounting concerns over global security, supply chain disruptions and rising energy prices were other dynamics affecting the sector.

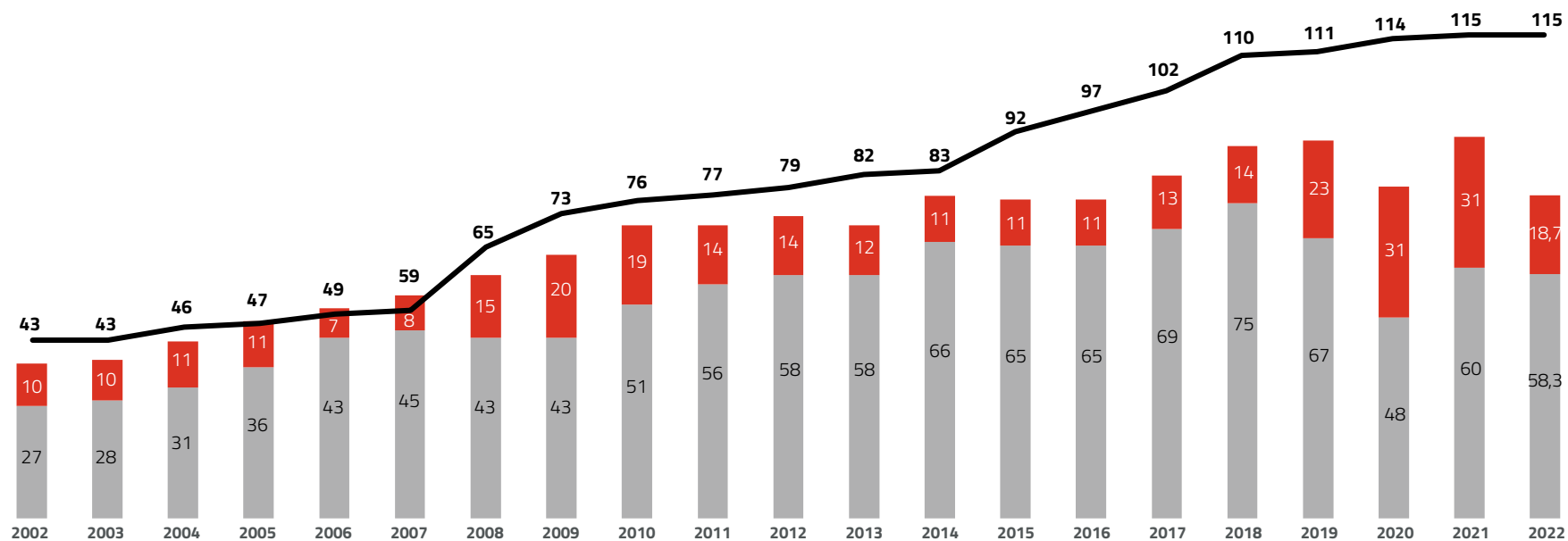
The cement sector rounded off 2022 with a contraction in terms of tonnage in domestic and foreign sales. The total cement production of TÜRKÇİMENTO members decreased by 6.6% in the January-December period when compared to the previous year, to 73.7 million tonnes. Türkiye's domestic cement consumption stabilized at 58.3 million tonnes in the same period.

According to data published by the Central Anatolian Exporters' Association, total exports stood at 27.4 million tonnes between January and December 2022. Exports of cement increased by 2.4% to 18.8 million tonnes, while exports of clinker decreased by 31% to 8.6 million tonnes.

The Turkish cement market, which includes 27 players engaged in integrated production, has a fragmented structure. Capacity increases have continued in the market, despite a contraction in demand at an average annual rate of 1.7% between 2016 and 2022. Meanwhile, clinker capacity has increased by 16 million tonnes over the course of the last 5 years.



## TOTAL CEMENT PRODUCTION CAPACITY (MILLION TONNES)



■ Domestic Consumption ■ Export Sales — Cement Production Capacity

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capacity Utilization Rate Total (%)	86	88	88	95	99	106	88	87	92	92	90	95	91	82	83	86	73	64	80	82	70
Capacity Utilization Rate Internal Consumption (%)	62	64	66	73	85	90	65	59	67	74	73	80	78	70	71	74	61	44	52	55	50,6

## TRENDS, EXTERNAL FACTORS - OYAK ÇİMENTO'S PROJECTIONS

The IMF expects the growth in the global economy to slow from 3.4% in 2022 to 2.8% in 2023, with a much more pronounced slowdown in developed economies.

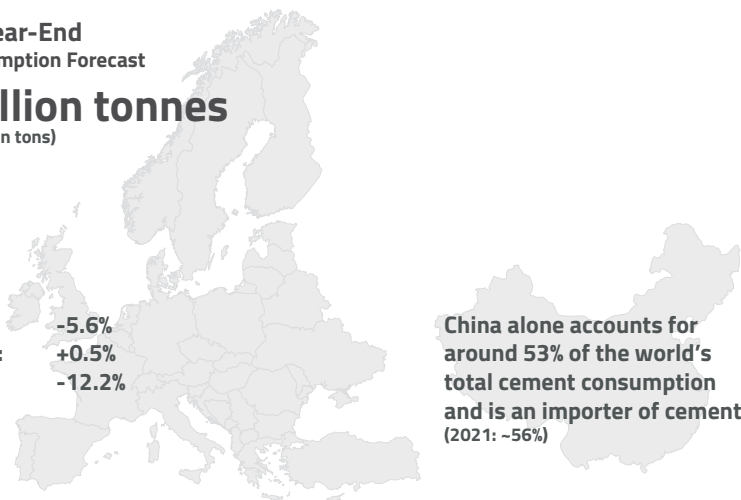
## DYNAMICS OF WORLD CEMENT PRODUCTION

The 2022 Year-End  
Cement Consumption Forecast

**3.99 billion tonnes**

(2021: 4.22 billion tons)

Europe Total: -5.6%  
West Europe: +0.5%  
East Europe: -12.2%



## MARKET GROWTH (2021 -2022F)

Türkiye (December)	-9.9%
Portugal (December)	+4.0%
Ivory Coast (December)	+4.0%
Romania (December)	-3.1%
Cameroon (Eylül)	+6.7%
Cape Verde Islands (December)	-13.3%

## PROJECTIONS

The global economy is expected to slow down in the second half of 2023 amid uncertainties in the global finance and banking sector, high inflation and the continuing effects of Russia's invasion of Ukraine. As some regions and countries undergo a contraction, this process will also affect trading partners through the foreign trade channel.

Inflation is expected to remain above targeted levels throughout 2023, preventing the central banks of major economies from implementing interest rate cuts. Based on these predictions, the baseline scenario for 2023 envisages an outlook where inflation remains above the target, interest rates are high and growth is low.

The IMF expects global growth to decline from 3.4% in 2022 to 2.8% in 2023 with the slowdown in growth being much more apparent in the economies of developed countries. Headline inflation is expected to fall from 8.7% in 2022 to 7.0% in 2023, supported by lower commodity prices, but with core inflation falling more slowly. Inflation is not expected to decrease to the targeted levels until 2025 at the earliest.

The Turkish economy is expected to maintain its growth in 2023 with the economy projected to grow by 3%, but the course of growth will depend on the direction of inflation, with growth set to gain momentum in the absence of any exchange rate shock or surge in global commodity prices. The continued rise in exports and decrease in commodity prices could have a positive effect on the current account balance, limiting imports.

The cement industry is expected to recover in 2023 on what is expected to be a relatively buoyant year in the domestic market. Mass housing projects are planned to be rolled out rapidly in the aftermath of the devastating earthquake, with its epicenter in Kahramanmaraş, which struck on 6 February 2023. These projects will also positively affect demand for cement.



**According to the Commodity Markets Outlook Report, published by the World Bank in October 2022, energy prices are expected to decline by 11% in 2023 and by 12% in 2024. However, prices will remain 50% above their five-year average throughout 2024.**

## **ENERGY CRISIS**

### **ANALYSIS**

One of the most important consequences of the Russia-Ukraine war has been the energy crisis. After Russia's attempt to invade Ukraine, the European Union (EU) and the United States (USA) started to impose harsh sanctions against Russia, which is a major energy producer and exporter. This situation led to interruptions in the energy supply and a rise in prices.

In its World Energy Outlook 2022 report published in October, the International Energy Agency (IEA) stated that the global economy was going through a global energy crisis which had produced a complex shock which has exposed fragile state of global supply chains. The crisis laid bare the fact that Europe, which has increased its liquefied natural gas (LNG) imports in the face of the sharp decline in gas imported from Russia by pipeline, lacked sufficient LNG storage capacity. However, a relatively mild winter and sufficient storage prevented the worst-case scenarios of this energy crisis from materializing.

The economies of developing and underdeveloped countries, whose economies depend on imported energy, have had to compete with developed economies to access more expensive energy. In this process, US-based energy exporters have reaped vast profits while regions with extensive natural gas reserves such as Northern Africa have focused on increasing their exports. The volatility in commodity and food prices that has resulted from the energy crisis has plunged many countries into a cycle of high inflation.

## **PREDICTIONS**

Unless there is a change in geopolitical conditions and global supply and demand conditions, energy prices are set to remain high. Energy supply will remain limited in the short term. According to the Petroleum Market Report released by the IEA in December 2022, supplies of crude oil could especially come under pressure in the third quarter of 2023.

The Commodity Markets Outlook Report published by the World Bank in October 2022 estimates an 11% fall in energy prices in 2023 and a 12% decline in 2024, when prices will nevertheless remain 50% above their last five-year average. High energy prices will affect businesses and production through secondary channels due to higher transportation and electricity costs, continuing to pile pressure on inflation.

According to the S&P Global Commodity Insights 2023 Energy Outlook report, prices of natural gas, coal and crude oil are expected to decrease on average in 2023. However, the report warns that the challenging conditions in the European gas and electricity markets will continue unless structural reforms to reduce dependence on natural gas are implemented.

High energy costs may put pressure on energy intensive enterprises in different parts of the world, especially in European countries. High energy costs may force such enterprises to cut their production, shut down their businesses or carry out structural changes.

Türkiye has been affected by the global repercussions of the energy crisis. On the other hand, the country's geopolitical situation also presents a number of opportunities, with Türkiye gaining importance in energy supply thanks to the implementation of balanced policies. Beyond providing energy supply security, with the international natural gas

## TRENDS, EXTERNAL FACTORS - OYAK ÇİMENTO'S PROJECTIONS

**Efforts to tackle the climate crisis are closely monitored at the annual COP (the United Nations Conference of the Parties) meetings with the participation of governments, global companies and the NGOs.**

pipelines crossing through Türkiye, along with its four LNG power plants, two of which are floating, and two underground natural gas storage facilities, Türkiye is well placed to play a key role in overcoming the bottlenecks in gas supply in Europe due to the Russia-Ukraine War.

### THE CLIMATE CRISIS

#### ANALYSIS

Efforts to tackle the climate crisis are closely monitored at the annual COP (the United Nations Conference of the Parties) meetings with the participation of governments, global companies and NGOs.

Held in Egypt in the autumn of 2022, COP27 gathered under the shadow of a negative geopolitical and economic global outlook, and its results were relatively limited.

The most tangible achievement of the COP27 was the agreement of the parties to establish a Loss and Damage Fund for the countries most vulnerable to the climate crisis. The Fund aims to assist developing countries, which are exposed to the adverse effects of climate change, to compensate for their losses and damages.

At the COP27, countries also initiated the process to include 25 new actions of cooperation. This action covers the fields of energy, road transportation, steel, hydrogen and agriculture.

In the United Nations Intergovernmental Panel on Climate Change held at the COP27, it was emphasized that greenhouse gas emissions should be reduced by 45% by 2030 in order to limit global warming to 1.5°C. Meanwhile, with regard to financing, one of the most important issues in the transition to a low-carbon economy, it was underlined that the global transformation would require USD 4 to 6 trillion in annual investment. At this juncture, it is crucial that all national and international financial institutions act together and provide synergetic cooperation in transition financing.

#### PREDICTIONS

The climate crisis represents an important risk for the Turkish economy and the real sector. The EU Green Deal, which entered effect in the EU - our biggest export market - needs to be evaluated first in this context. Under the Deal, Europe will be the first carbon neutral continent by 2050.

As the EU moves towards its target of being carbon neutral, it will put the Carbon Border Adjustment Mechanism in place in order to eliminate the negative effects of the process on its economy. Under this mechanism, countries which do not have carbon pricing for exports to the EU will be required to pay a tax. Türkiye, which carries out around half of its exports to the EU, is expected to be affected by the EU's 'green transformation'.

The Carbon Border Adjustment Mechanism (CBAM) will present a burden on Türkiye's GDP, saddling energy intensive and high carbon emitting sectors such as iron, steel and cement with higher costs. Moreover, Turkish companies may experience difficulties in accessing finance.

#### THE IMPORTANCE OF DETERMINING THE SECTORAL IMPACTS OF THE GREEN DEAL AND PLANNING THE TRANSITION WITH REGARD TO COMPLIANCE

Under the leadership of the Ministry of Commerce of the Republic of Türkiye, an Action Plan containing 32 goals and 81 actions was announced under nine basic criteria with the coordination of both the public and private sectors. The plan, which is a roadmap, aims to improve competitiveness in exports, increase Türkiye's competitiveness in the international arena and ramp up our country's green investments.

Although the CBAM presents a burden on Turkish exporters, it will also offer a country an opportunity to use this window to transition to a circular economy. This will provide opportunities for the steps to be taken regarding the CBAM, for the banking sector to increase the share of green finance in loan portfolios and to use the knowledge gained in the field of sustainability and the ESG for the transformation of the real sector.

In summary, the pressure applied through exports will encourage our country and economic actors to implement permanent policies and practices to tackle the climate crisis, which in turn will create opportunities.

**OYAK Çimento focuses on creating shareable value by using six capital elements in optimal proportions throughout the business cycle. OYAK Çimento's goal is to effectively use its finite natural resources and increase efficiency in every way.**



### **OYAK ÇİMENTO'S RESPONSE TO RISKS AND OPPORTUNITIES**

OYAK Çimento focuses on creating shareable value by using six capital elements in optimal proportions in the business cycle. OYAK Çimento's goal is to effectively deploy finite natural resources and to increase efficiency in every way.

OYAK Çimento takes the Triple Bottom Line (TBL) defence approach in risk management.

The company evaluates the risks and opportunities emerging in the external environment within the scope of the OYAK Çimento Integrated Management System (IMS). The company implements the integrated management system within its organization, including ISO 9001 Quality, ISO 14001 Environment, ISO 45001 Occupational Health and Safety and ISO 50001 Energy Management systems. The company is focused on ensuring that the needs and expectations meet the Company's goals on a win-win basis.

### **FINANCIAL RISKS AND OPPORTUNITIES**

Mainstream global and local financial risks include high levels of inflation, economic slowdown or recession and ongoing volatility in commodity prices.

Against a backdrop of these risks, OYAK Çimento focuses on the soundness of its financial structure and liquidity management. The company is also focused on addressing issues such as failure to fulfil its contractual obligations and the management of financial losses associated with credit reliability or failures.

The Company carefully monitors customers' credit ratings, economic contractions and exchange rate volatility.

The use of fossil fuels is another area which requires monitoring with consideration to climate change, as well as financial risks arising from investment costs.

## TRENDS, EXTERNAL FACTORS - OYAK ÇİMENTO'S PROJECTIONS

### OPERATIONAL RISKS AND OPPORTUNITIES

#### RECENT LOGISTIC DISRUPTION NOW POSE THE MOST IMPORTANT RISK

Operational risks are managed with an integrated management systems tied to work processes. Attention is shifting to the focus of reinforcing a resilient and resistant company identity.

Integrating operational processes with capital headings also ensures that risks and opportunities are updated annually, or more frequently when necessary.

The disruption to the global logistics chains, which was a key issue during the COVID-19 pandemic, continued in 2022 and with this disruption being reflected to operations. Accordingly, supply chain risks and opportunities were handled carefully during the year, with priority given to logistics optimization.



#### IMPORTANT ADVANTAGES OF THE OYAK ÇİMENTO ASLAN, THE ÜNYE BRANCHES, İSKENDERUN PLANTS AND ÇAYELİ FILLING PLANT IN REACHING LOGISTICS NETWORKS

The use of the marine routes for logistics is one of our most important opportunities. OYAK Çimento's following branches and plants benefit from logistic support through marine transportation.

- The OYAK Çimento Aslan Branch,
- The OYAK Çimento İskenderun Plants,
- The OYAK Çimento Ünye Branch and Çayeli Plant

Information on the transportation of products sold by OYAK Çimento by land and sea in 2022, both domestically and internationally, is presented in the infographic.

**OYAK Çimento benefits from a logistical advantage with its two separate port facilities in the Sea of Marmara and Eastern Black Sea. The Company has implemented a “Risk Assessment and Emergency Response Plan” within the scope of compliance obligations in maritime activities. This process is supported by training sessions and drills within the scope of intervention against oil and other harmful materials. The International Ship and Port Facility Security Code (ISPS) Application is in place at the Aslan and İskenderun ports.**

## SUSTAINABILITY RISKS AND OPPORTUNITIES

### THE CLIMATE CRISIS IS BRINGING MORE FAR-REACHING IMPACTS, WITH CONSEQUENCES FELT IN MANY ASPECTS OF OUR LIVES

The pressures brought about by climate change and the decarbonization process of fossil fuels and the risks and opportunities posed by the energy transformation are of direct concern to the cement industry. The Turkish cement sector's greenhouse gas emissions account for around 11-12% of the country's total emissions.

### THE FIRST TURKISH CEMENT COMPANY TO ANNOUNCE ITS GLOBAL NET ZERO COMMITMENT

In 2021, OYAK Çimento announced its net zero target with the aim of eliminating these risks and turning them into opportunities. The company was one of more than 2,000 global enterprises to become a party to the SBTi.

Carrying out pioneering activities in its sector to contribute to a sustainable world, OYAK Çimento has unabatedly continued its work within the scope of the 2050 roadmap. The company prepared the roadmap by focusing on the risks related to climate change in today's world, which is marked by energy transformations and transition processes.

OYAK Çimento sets itself apart in the sector with its value-oriented business model, supported by its R&D and innovation activities.

As a result of the work carried out, OYAK Çimento offers a number of cement types with various innovative and design features with a low carbon footprint to a range of different sectors.

Under the 2030 Road Map, OYAK Çimento focuses on the following areas:




- Increasing thermal rate of co-processing of biomass waste,
- Achieving electricity generation with waste heat recovery technology and increasing the number of plants utilizing this technology,
- Manufacturing low carbon cement by increasing the production of cement with additives,
- Carrying out R&D and innovation on carbon capture and carbon use and carbon storage,
- Placing priority on renewable energy investments,
- Prioritizing the supply of low-carbon products in the supply chain,
- Choosing green bonds and bills within the scope of financial products
- Increasing the rate of alternative fuels and biomass
- Renewable energy investments
- Reducing the clinker / cement ratio

- Pursuing environmentally friendly products in the low carbon class
- Increasing productivity with process and energy efficiency
- R&D and production development projects, new technology adaptations
- Reducing emissions with industrial digitalization
- New generation fuel and combustion technologies (H<sub>2</sub>, Oxyfuel etc.)
- Carbon capture, use and storage technologies

The Green Deal aims to lead industries towards carbon neutrality by emphasizing the key role that an effective industrial strategy will play. OYAK Çimento has sufficient technical experience to open a window of opportunity in this area.

There is a high risk that the cement and concrete industry will be affected by the effects of the climate crisis. The Company carefully monitors uncertainties and evaluates opportunities. Managerial processes in regard to energy saving and the ISO 50001 Energy Management System and solutions that will transform opportunities into innovations will enable the Company to turn risks into opportunities.

### STRENGTHS AND WEAKNESSES AS DEFINED BY OYAK ÇİMENTO IN ESG (ENVIRONMENT, SOCIAL, GOVERNANCE) AREAS

SUSTAINABILITY FIELDS	STRENGTHS
<b>ECONOMY</b> 	The Company's corporate structure, its solid financial structure and capital strength, being a member of the OYAK Group, having a voice in the global market, working on products with reduced CO <sub>2</sub> emissions and its partnership with a foreign group are strengths for OYAK Çimento in the terms of economy.
<b>ENVIRONMENT</b> 	OYAK Çimento's environmental strengths are its strong will and determination, which it has demonstrated through the use of alternative resources, its widespread presence throughout Türkiye, its determination in the field of growth, the environmental attributes of cement and concrete as a building material and the lack of alternatives.
<b>SOCIAL</b> 	The value and awareness of the OYAK brand are among OYAK Çimento's most valuable intangible assets. Its competence in taking rapid decisions, strong digital infrastructure which it has built and its success in network management, corporate memory, competent and highly loyal personnel, know-how and strength in innovation are the other strengths for the Company. The Company also reinforces its power from a social aspect with its market dominance, high level of compliance in terms of ethical management, its sustainable product quality and diversity and its up-to-date management systems.

## OYAK ÇİMENTO'S MANAGEMENT STRATEGY

In line with Türkiye's growth strategy, OYAK Çimento works with the aim of enhancing its presence as a key player in international markets and carrying its global competitive position to the future.

OYAK Çimento accounts for approximately 15% of Türkiye's clinker production, producing a total of 7.5 million tonnes of clinker. The Company accounts for 16% of Türkiye's cement production with total cement production of 8.9 million tonnes.

We have entered a period in which sectoral risks and opportunities will be evaluated by monitoring the work being carried out within the scope of energy transformation taking place in the world.

**IN 2021, OYAK ÇİMENTO ESTABLISHED ITS SUSTAINABILITY STRATEGY FOR THE 2022-2030 PERIOD.**

**THE COMPANY TARGETS NET ZERO CARBON PRODUCTION BY 2050.**

Since 2021, OYAK Çimento has entered a period in which sustainability is handled with a focus on business and management and is designed under six capital titles. The Stakeholder Analysis and Materiality work was carried out with the participation of process owners in determining sustainability strategies. This work was carried out between December 2020 and January 2021.

For details of Stakeholder Analysis and Materiality Work, see page 44.

The integration of sustainable management with work processes and the establishment of the management system was stepped up in this process, and tangible results started to be achieved.

### OYAK ÇİMENTO'S STRATEGIC PRIORITIES

**OYAK ÇİMENTO DETERMINED 8 STRATEGIC FOCUS AREAS AS ITS STRATEGIC PRIORITY.**

**THE COMPANY TAKES THE STEPS NEEDED ON ITS PATH TO NET ZERO IN ACCORDANCE WITH ITS STRATEGIC PRIORITIES.**

### OYAK ÇİMENTO'S SUSTAINABILITY STRATEGY

OYAK Çimento established its sustainability strategy goals consisting of 11 topics in line with the 8 strategic focus areas which it determined in 2021. The company defined the integration with the UN's SDGs and determined its goals.

#### SUSTAINABILITY STRATEGIES

REDUCTION OF GREENHOUSE GAS EMISSIONS, ADAPTATION AND THE TRANSITION TO NET ZERO BY 2050

ZERO WASTE AND THE CIRCULAR ECONOMY

NATURAL RESOURCE EFFICIENCY

TACKLING WATER SCARCITY

RESEARCH & DEVELOPMENT, INNOVATION AND PRODUCTION EFFICIENCY

ROLLOUT OF THE OCCUPATIONAL HEALTH AND SAFETY CULTURE

SOCIAL GENDER EQUALITY

DEVELOPING COMPETENCIES IN HUMAN RESOURCES IN THE CEMENT AND CONCRETE INDUSTRY

REDUCING THE CARBON AND WATER FOOTPRINT OF SUPPLIERS

ENERGY EFFICIENCY

ENHANCING SUSTAINABLE MANAGEMENT PRACTICES AND GROWTH WITH SUSTAINABLE DEVELOPMENT POLICIES







### Sustainable economic growth and profitability



### Technological transformation and operational efficiency



### Circular economy



### Growth in the international market



### Occupational health and Safety



### Environmental footprint



### Climate change and energy



### Digitalization



## SENSITIVITY RULES (5S)

↑  
CREATIVITY

↑  
TRANSPARENCY

↑  
HONESTY

↑  
RESPECT FOR PEOPLE AND THE ENVIRONMENT

↑  
CUSTOMER AND EMPLOYEE SATISFACTION

↑  
PERFECTIONISM

↑  
COMPETITIVENESS

↑  
CREDIBILITY

↑  
THE OYAK CULTURE

## CORPORATE VALUES


OYAK ÇİMENTO IS ATTENTIVE TO THE FOLLOWING IN LINE WITH ITS CORPORATE VALUES AND THE SENSITIVITY RULES WHICH IT HAS ADOPTED.

- » GENERATING STRONG SYNERGY AT ALL OF ITS PLANTS,
- » CREATING AND SHARING ADDED VALUE IN EIGHT STRATEGIC FOCUS AREAS.



# OYAK ÇİMENTO'NUN STRATEJİK ODAK ALANLARI

## REFLECTION OF OUR STRATEGIC FOCUS AREAS IN THE REPORT

STRATEGIC FOCUS AREA	SCOPE	SDG	STAKEHOLDER	RELEVANT SECTION
<b>Sustainable economic growth and profitability</b>	<p>In line with our goal of tackling the climate crisis, increasing the use of alternative fuels and reducing energy costs are the key objectives for OYAK Çimento in the short and medium term.</p> <p>OYAK Çimento carries out model development activities to measure its contribution to sustainable economic growth and profitability.</p>		All stakeholders	<ul style="list-style-type: none"> <li>From the Management</li> <li>OYAK Çimento's Management Strategy</li> <li>OYAK Çimento's Strategic Focus Areas</li> </ul>
<b>Circular economy</b>	The Company seeks to integrate the principle of zero waste into OYAK Çimento's business processes through the use of alternative raw materials and fuels.		All stakeholders	<ul style="list-style-type: none"> <li>The Environment and Biodiversity</li> </ul>
<b>Occupational Health and Safety</b>	The Company aims to roll out a culture of safety and leadership in the field of OHS and to enhance the competencies of subcontractors and contractors through OHS campaigns.		Employees and Suppliers	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Human Resources</li> </ul>
<b>Climate change and energy</b>	The Company aims to reduce the use of energy and greenhouse gas emissions through the use of alternative fuels and raw materials, generate electricity from waste heat, produce cement with additives and carry out improvement projects.		All stakeholders	<ul style="list-style-type: none"> <li>The Environment and Biodiversity</li> </ul>
<b>Growth in the international markets</b>	To be one of the top five producers in the world.		Shareholders	<ul style="list-style-type: none"> <li>From the Management</li> </ul>
<b>Technological transformation and operational efficiency</b>	<p>By integrating advanced process control systems and machine learning, the Company aims to lower its use of energy and offer sustainable, high quality operation process management.</p> <p>It aims to increase the reliability of equipment in line with the integration of high-capacity sensors with machine learning.</p>		All stakeholders	<ul style="list-style-type: none"> <li>Human resources</li> </ul>
<b>Environmental footprint</b>	Within the scope of air, water and biodiversity, our environmental footprint is monitored with our sustainability performance indicators.		All stakeholders	<ul style="list-style-type: none"> <li>The Environment and Biodiversity</li> </ul>
<b>Digitalization</b>	The main digital architectural infrastructure work started in 2019 and was completed within 100 days and brought into operation simultaneously at seven integrated cement plants and three grinding plants. The digital infrastructure is the main driving force supporting OYAK Çimento's strategic goals.		All stakeholders	<ul style="list-style-type: none"> <li>Digitization Work - A Key Facilitator</li> </ul>



## STAKEHOLDER ANALYSIS AND MATERIALITY WORK

**OYAK Çimento operates in cooperation with its stakeholders in an interactive manner. Stakeholder communication, most of which occurs within the scope of production, employment, trade and logistics cycles, provides a valuable platform for the Company to accurately understand, measure and evaluate demands and expectations.**

Stakeholder	Priorities	Communication Channel
Employees	Occupational Health and Safety, Technological transformation and operational efficiency, Digitalization	Within the scope of the business cycle, in the workplace, process management meetings, corporate policies, periodical meetings, collective bargaining agreements, employee training sessions, occupational health and safety committees, sustainable management and integrated management systems, employee satisfaction surveys and ethics hotline, social responsibility projects.
Shareholders	Sustainable economic growth and profitability, Growth in the international markets	Annual General Meetings, the annual report, interim annual reports, the corporate governance principles compliance report, information and material disclosures, investor presentations, meetings and interviews, teleconferences, social media, e-mail bulletins, the website
Customers	Technological transformation and operational efficiency, Digitalization	Marketing cycle, one-to-one meetings, dealer meetings, periodic visits, product labels, social media, the website, social events
Society	Sustainable economic growth and profitability, the circular economy, Climate Change and Energy, Environmental Footprint	Tenders, procurement management, integrated report, social and environmental audits, one-on-one interviews, social media, the website, sponsorships
Suppliers	Occupational Health and Safety, Sustainable economic growth and profitability, Growth in the international markets, Environmental footprint, Digitalization	Business cycle, supplier days, meetings and negotiations, corporate policies, social media, website, social events, sectoral associations
Ministries, National and Local Administrations	Sustainable economic growth and profitability, the Circular economy, Occupational Health and Safety, Climate change and energy, Environmental footprint	Meetings and talks, corporate policies, social media, website, social events, sectoral associations and multilateral meetings
Sectoral Organizations, NGOs and Universities	Circular economy, Occupational Health and Safety, Climate change and energy, Environmental footprint	Meetings and talks, corporate policies, social media, website, social events, Cooperation with NGOs and universities

OYAK Çimento's stakeholders convey any complaints, suggestions and requests pertaining to the Company in written or verbal form, by telephone, e-mail, through the customer communication line, the WhatsApp Communication Line or the "i-deal" app. Complaints are recorded on the QDMS in-house digital platform and all resolution processes are followed up.

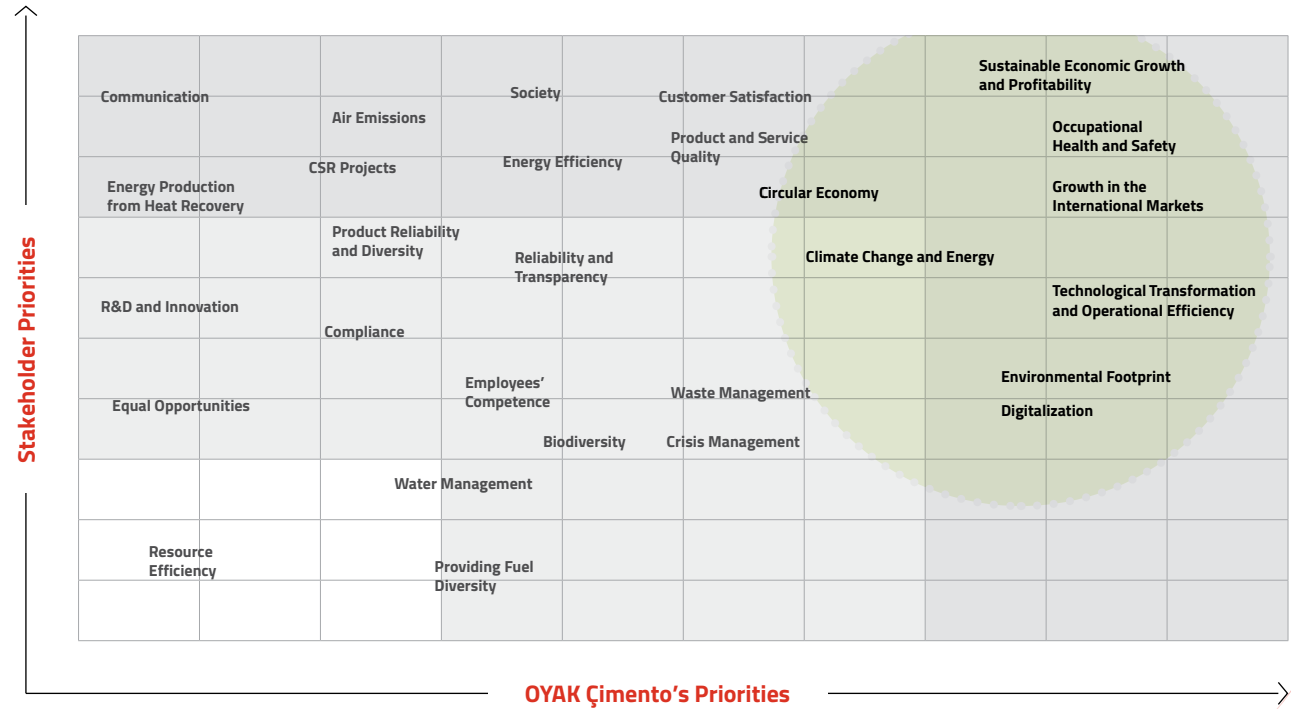
A total of 158 complaints were received by OYAK Çimento in 2022. Evaluations were carried out in accordance with the relevant procedures and the complaints were resolved. Complaints received from stakeholders are reported on a monthly basis. All kinds of corrective and preventive actions are carried out by the relevant departments.



## MATERIALITY ANALYSIS

### OYAK ÇİMENTO'S CORPORATE MEMBERSHIPS

- The Turkish Cement Manufacturers' Association (TÜRKÇİMENTO)
- The Cement Industry Employers' Association (ÇEİS)
- The Cement Workers Trade Union (ÇİMSE-İŞ)
- The Ankara Chamber of Commerce (ATO)
- Turkish Ready Mixed Concrete Association (THBB)
- The Waste and Environmental Management Association (TAYÇED)
- The World Cement Association (WCA)
- The Ethics and Reputation Association (TEİD)

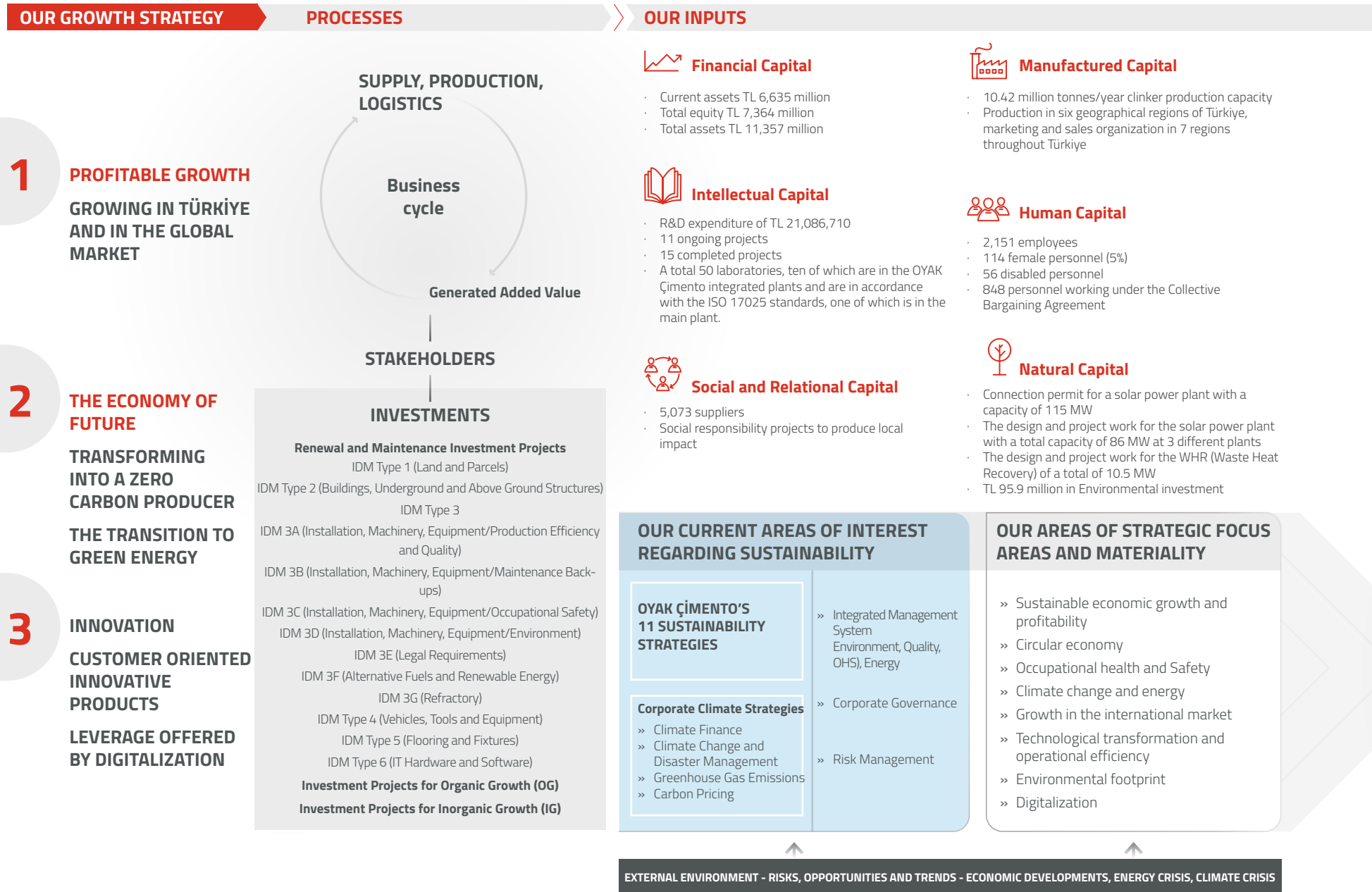


Material issues are the basic inputs for OYAK Çimento's strategy and business model. Materiality analysis allows a better assessment of risks and trends as well as identifying changing stakeholder expectations. Materiality analysis also provides more comprehensive data to the Company management, supporting the processes of setting strategies and targets.

The company conducts satisfaction and expectation surveys with its employees and customers throughout the year. OYAK Çimento also carries out extensive stakeholder analysis and thus updates its strategic focus areas.

The materiality matrix presented in this section reflects the update work following the repetition of stakeholder workshops after the merger that took place in 2021. In this assessment, the priority issues for stakeholders and the management of OYAK Çimento were addressed together. A conclusion was reached on the basis of external stakeholder expectations and internal stakeholder expectations. The update carried out in 2022 deemed eight priorities, which were included in the green circle, to be "very high priority" issues, and it is these which guided the design of the report.

# THE OYAK ÇİMENTO BUSINESS MODEL



**1 PROFITABLE GROWTH**  
**GROWING IN TÜRKİYE AND IN THE GLOBAL MARKET**

**2 THE ECONOMY OF FUTURE**  
**TRANSFORMING INTO A ZERO CARBON PRODUCER**  
**THE TRANSITION TO GREEN ENERGY**

**3 INNOVATION**  
**CUSTOMER ORIENTED INNOVATIVE PRODUCTS**  
**LEVERAGE OFFERED BY DIGITALIZATION**



**OUR INPUTS**

**Financial Capital**

- Current assets TL 6,635 million
- Total equity TL 7,364 million
- Total assets TL 11,357 million

**Intellectual Capital**

- R&D expenditure of TL 21,086,710
- 11 ongoing projects
- 15 completed projects
- A total 50 laboratories, ten of which are in the OYAK Çimento integrated plants and are in accordance with the ISO 17025 standards, one of which is in the main plant.

**Social and Relational Capital**

- 5,073 suppliers
- Social responsibility projects to produce local impact

**Manufactured Capital**

- 10.42 million tonnes/year clinker production capacity
- Production in six geographical regions of Türkiye, marketing and sales organization in 7 regions throughout Türkiye

**Human Capital**

- 2,151 employees
- 114 female personnel (5%)
- 56 disabled personnel
- 848 personnel working under the Collective Bargaining Agreement

**Natural Capital**

- Connection permit for a solar power plant with a capacity of 115 MW
- The design and project work for the solar power plant with a total capacity of 86 MW at 3 different plants
- The design and project work for the WHR (Waste Heat Recovery) of a total of 10.5 MW
- TL 95.9 million in Environmental investment

**OUR CURRENT AREAS OF INTEREST REGARDING SUSTAINABILITY**

**OYAK ÇİMENTO'S 11 SUSTAINABILITY STRATEGIES**

- » Integrated Management System
- » Environment, Quality, OHS), Energy
- » Corporate Governance
- » Risk Management

**Corporate Climate Strategies**

- » Climate Finance
- » Climate Change and Disaster Management
- » Greenhouse Gas Emissions
- » Carbon Pricing

**OUR AREAS OF STRATEGIC FOCUS AREAS AND MATERIALITY**

- » Sustainable economic growth and profitability
- » Circular economy
- » Occupational health and Safety
- » Climate change and energy
- » Growth in the international market
- » Technological transformation and operational efficiency
- » Environmental footprint
- » Digitalization

**EXTERNAL ENVIRONMENT - RISKS, OPPORTUNITIES AND TRENDS - ECONOMIC DEVELOPMENTS, ENERGY CRISIS, CLIMATE CRISIS**



## OUR INPUTS



### Our Products and Services

- 7,536,698 tonnes of clinker (Grey and White)
- 10,186,877 tonnes of cement (Grey and White) and slag
- 4,123,633 m<sup>3</sup> of ready-mixed concrete
- 1,565,269 tonnes of aggregate

### Our Environmental Footprint and Waste

- 7,909,070 tonnes of total greenhouse gas emissions\*
- 12.4 million m<sup>3</sup> in total water use
- 1,564,095 kg total hazardous waste
- 7,204,536 kg total non-hazardous waste
- 97 kWh/tonne cement production energy intensity



## OUR OUTCOMES



### Financial Capital

- Total sales of TL 12,706 million
- Net profit for the period of TL 4,500 million
- Total number of customers 628
- Purchasing rate from local suppliers - 98.12%



### Manufactured Capital

- Increasing activity in Türkiye and foreign markets



### Intellectual Capital

- Two patents
- A total of 26 trademark registrations, 14 of which are in the cement business line and 12 in the concrete business line



### Human Capital

- A total 74,980 hours of training sessions
- OHS training sessions amounting to 42,953 hours
- Average annual training hours per female employee - 57
- Average annual training hours per male employee - 34
- Number of employees subject to performance evaluation - 584
- Fatal accidents - 0



### Social and Relational Capital

- World Environment Day events held in schools
- The 5<sup>th</sup> June World Environment Day Art Competition



### Natural Capital

- Thermal substitution rate 24.7%
- Amount of main raw material substituted 197,156 tonnes
- Amount of alternative raw materials used - 682,120 tonnes
- Amount of waste brought into the circular economy - 1,140,091 tonnes
- Volume of waste not sent to landfill - 1,664,331 m<sup>3</sup>
- Natural resource savings - 1,205,354 m<sup>3</sup>
- Reduction in mining activity with natural resource savings 134,227 m<sup>3</sup>
- Recycled and used water - 366,281 m<sup>3</sup>

## OUR STAKEHOLDERS

All stakeholders



Employees, Suppliers, Customers



Employees, Suppliers, Customers



Employees



All stakeholders



All stakeholders



## OUR CONTRIBUTION TO THE SDGs

\* The greenhouse gas contract, which is required to be entered into in accordance with the legislation, was concluded and submitted to the Ministry. The greenhouse gas field inspection and work for 2022 is planned to be carried out in March 2023.

# 4

## 2022 PERFORMANCE

- 56 The Environment and Biodiversity
- 74 Human Resources
- 80 Occupational health and Safety
- 92 Corporate Governance at OYAK Çimento

# GAINS ON OUR NET ZERO JOURNEY



## THE ENVIRONMENT AND BIODIVERSITY



Contributing to the efforts to tackle climate change by reducing greenhouse gas emissions is the most urgent global priority of our time.

In this vein, OYAK Çimento, which became the first Turkish cement company to announce its global Net Zero commitment in 2021, joined more than 2,000 organizations around the world which are actively supporting the efforts to tackle climate crisis under the roof of the Science-Based Targets Initiative (SBTi) during the transition to a low carbon economy.

**OYAK ÇİMENTO IS IN THE PROCESS OF BECOMING A “NET-ZERO CARBON” CEMENT PRODUCER BY 2050 AS IT REPLACES THE FOSSIL FUELS USED IN THE PRODUCTION CYCLE WITH ALTERNATIVE FUELS.**

**682,120** tonnes  
alternative raw materials



As a responsible economic player and leading participant in the global league, OYAK Çimento has been implementing a comprehensive and scientifically structured transformation program since 2021 in order to reduce greenhouse gas emissions.

Determining its direction in sustainability in a manner which will provide the strongest possible contribution to Türkiye's 2053 net zero target, OYAK Çimento has undertaken many investments over the last five years in order to reduce energy costs, raise waste feeding systems to higher levels, build waste heat recovery facilities and establish more environmentally friendly units within the scope of environmental responsibility with the aim of rapidly increasing the use of alternative fuels.

Contributing to the Zero Waste policies announced at a national level, OYAK Çimento has proved that it is an important stakeholder in the country's waste management system by bringing 1,140,091 tonnes of waste into the circular economy in 2022.

A total of 1,054,307 tonnes of waste was brought into the circular economy in 2022 by using 372,187 tonnes of alternative fuels and 682,120 tonnes of alternative raw materials at the OYAK Çimento Factories.

Waste-derived fuels with biomass content were used in the rotary kilns of the Company's plants as an alternative fuel and within the scope of co-incineration licenses.

OYAK Çimento reduces the carbon dioxide emissions of the cement it produces by replacing fossil fuels. As a result of its activities in the field of alternative fuel in 2022, the company obtained 24.7% of the thermal energy it required in the clinker production process from alternative fuels.

**The Environmental Awareness** policy adopted and applied at OYAK Çimento is available on this link.

**A total of 1,054,307 tonnes of waste was brought into the circular economy in 2022.**

**OYAK Çimento continued to evaluate its environmental performance under six headings in 2022; environment, water, biodiversity, climate energy, flue gas emissions and the circular economy.**



## THE ENVIRONMENT AND BIODIVERSITY

**OYAK Çimento's general investment approach is geared towards projects which offer innovative features, which lead Türkiye's waste management and which eliminate all environmental risks.**

In 2022, work continued on projects to increase the use of alternative fuels in clinker production and thus gradually reduce the use of fossil fuels in six integrated cement factories operating under the umbrella of OYAK Çimento. In this context, application processes in alternative fuel preparation, automatic feeding and process combustion operations were implemented in the Group's branches. By the end of 2022, investments and modernization had been carried out in the following areas.

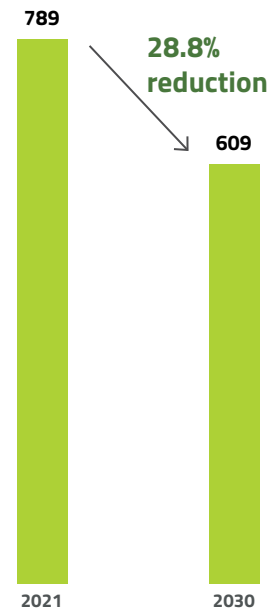
- Adana Çimento RDF and LTY Modernization Investment
- Aslan Çimento RDF and LTY Modernization Investment
- Ankara Çimento RDF and LTY Automatic Feeding System Investment,
- Bolu Çimento Automatic Feeding System Modernization Investment,
- Ünye Çimento RDF Preparation and Automatic Feeding System Investment,
- Mardin Çimento Automatic Feeding System Investment.

In the work carried out, OYAK Çimento's general investment approach is geared towards projects which offer innovative features, lead waste management in Türkiye and eliminate all environmental risks. At the same time, activities are carried out by taking into account environmental risks such as air pollution, wastewater and fire risks in all project processes.

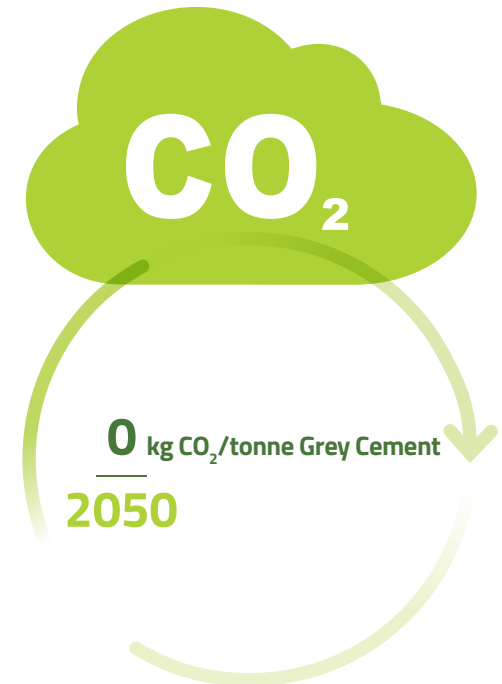
### HIGHLIGHTS OF FUTURE EMISSION REDUCTION AND ENERGY SAVING PROJECTS ON A BRANCH BASIS

Work that contributes to reducing emissions and energy savings continued throughout the year. Details of the projects, the obtained reductions in energy consumption and the monetary savings recorded are summarized in the table on page 53.

### CO<sub>2</sub> REDUCTION PLAN (KG CO<sub>2</sub>/TON GRAY CEMENT)



Emission amounts and reduction target OYAK Çimento Fabrikaları A.Ş. and Denizli Çimento are calculated together.



## OYAK ÇİMENTO EXISTING INVESTMENTS

Factory and Project	Total Energy consumption- kWh	Total CO <sub>2</sub>
<b>ASLAN ÇİMENTO</b>		
Projects to reduce the use of clinker, generation of electricity from waste heat, thermal & electricity savings and efficiency increasing project applications	65,303,140	162,915,773
<b>BOLU ÇİMENTO</b>		
Energy saving projects and efficiency increasing project applications	195,144	279,420
<b>MARDIN ÇİMENTO</b>		
Energy saving projects and efficiency increasing project applications	490,640	1,280,079
<b>ADANA ÇİMENTO</b>		
Energy saving projects and efficiency increasing project applications	1,565,367	4,020,549



## THE ENVIRONMENT AND BIODIVERSITY

### OYAK ÇİMENTO'S NET ZERO TARGET ACTION AREAS

- Increasing the use of alternative fuels and biomass
- Renewable energy investments
- Reducing clinker usage rate
- Using environmentally friendly products in low carbon class
- Increasing productivity with process and energy efficiency,
- R&D and production development projects, new technology adaptations
- Reducing emissions with industrial digitalization
- New generation fuel and combustion technologies (H<sub>2</sub>, Oxyfuel etc.)
- Carbon capture, use and storage technologies

### KEY TRANSFORMATION INVESTMENTS...

- Adana Çimento Branch RDF1 and LTY2 Modernization Investment
- Aslan Çimento Branch RDF, LTY and Process Modernization Investment
- Ankara Çimento Branch RDF and LTY Automatic Feeding System Investment
- Bolu Çimento Branch Automatic Feeding System Modernization Investment
- Ünye Çimento Branch RDF Preparation and Automatic Feeding System Investment
- Mardin Çimento Branch Automatic Feeding System Investment

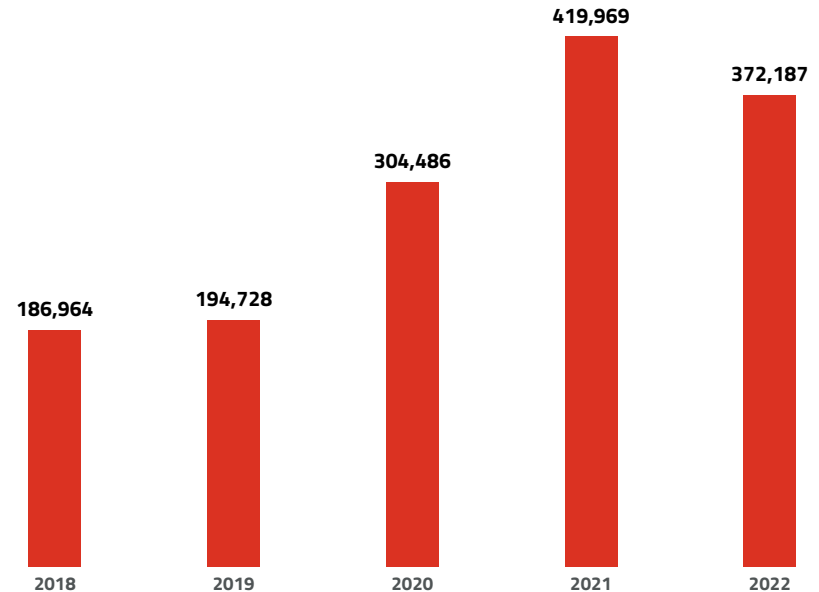
Branch	Alternative Fuel Thermal Substitution Rate Permit Before Project (%)	Alternative Fuel Thermal Substitution Rate Permit After Project (%)
Adana Çimento Branch	28	80
Ankara Çimento Branch	40	80
Aslan Çimento Branch	40	100
Bolu Çimento Branch	40	80
Mardin Çimento Branch	40	80
Ünye Çimento Branch	16	80

### PROGRESS IN CONVERSION OF ALTERNATIVE FUELS TO ENERGY

OYAK Çimento is continuously improving the TSR in the use of alternative fuels with the investments it has carried out, achieving a 24.7% TSR in its factories in 2022, comparing with an average rate of 10% in Türkiye. With this TSR, OYAK Çimento realized 30% of our country's total Alternative Fuel usage on a volume basis, leading the sector in this area. The continuous environmental investments carried out since 2018 have played a significant role in this success. The thermal TSR in 2022 is the average of the six integrated cement factories; in some Group factories, where projects have been completed, an average TSR of 50% or more has been achieved.

**Alternative fuel TSR, which started at 1% in 2010 at OYAK Çimento, is targeted to reach 30% in 2023.**

### ALTERNATIVE FUEL USE AMOUNT (TONS)

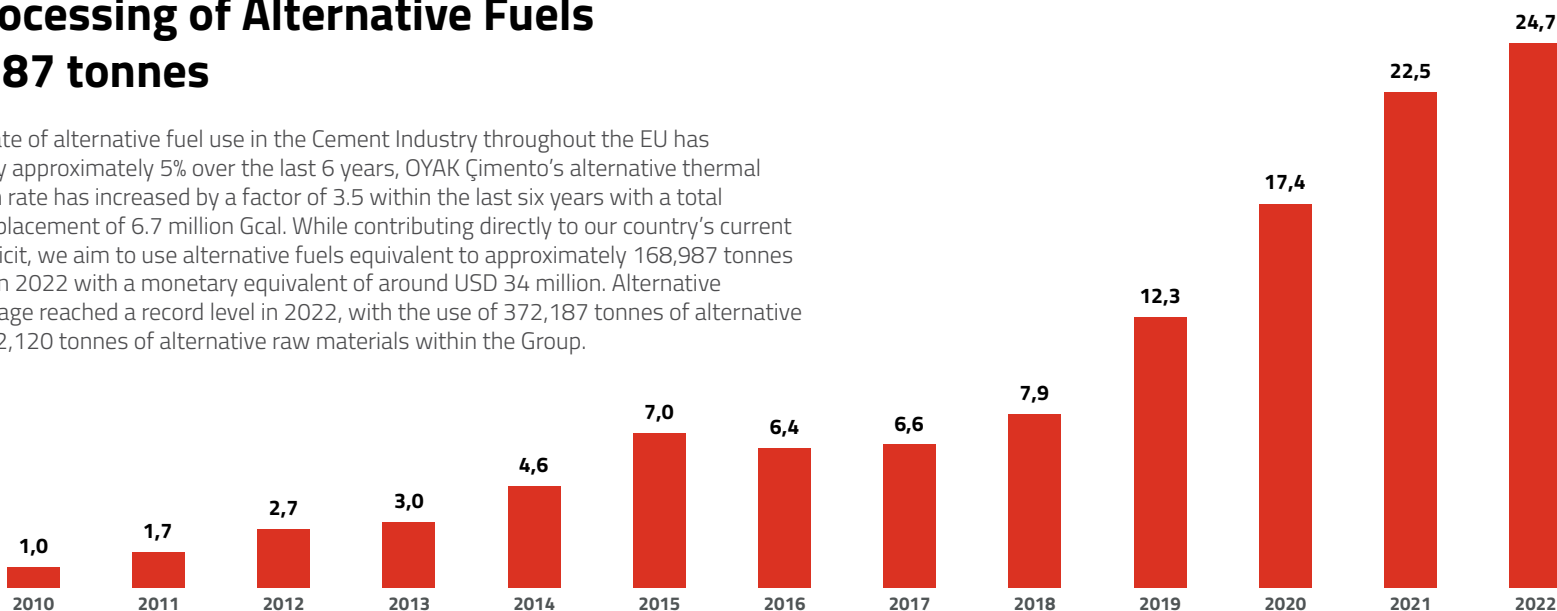




## ALTERNATIVE FUEL THERMAL SUBSTITUTION RATE (%)

### Co-processing of Alternative Fuels 372,187 tonnes

While the rate of alternative fuel use in the Cement Industry throughout the EU has increased by approximately 5% over the last 6 years, OYAK Çimento's alternative thermal substitution rate has increased by a factor of 3.5 within the last six years with a total thermal displacement of 6.7 million Gcal. While contributing directly to our country's current account deficit, we aim to use alternative fuels equivalent to approximately 168,987 tonnes of petcoke in 2022 with a monetary equivalent of around USD 34 million. Alternative resource usage reached a record level in 2022, with the use of 372,187 tonnes of alternative fuel and 682,120 tonnes of alternative raw materials within the Group.

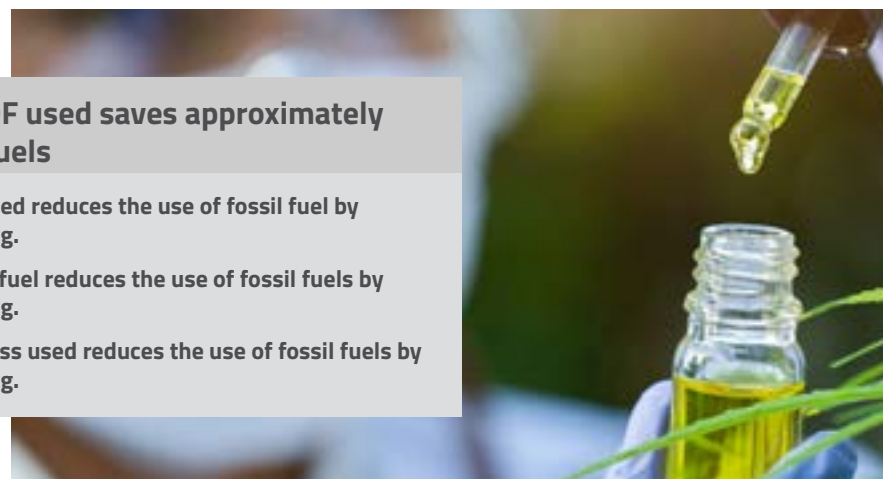


As work on zero carbon projects has got underway, the level of alternative fuels used in clinker production process has grown rapidly. The replacement of fossil fuels with alternative fuels has paved the way for a decrease in the use of natural resources, leading to savings in foreign currency by reducing the need for imported high-calorific coal from abroad, thus contributing to the Turkish economy by reducing the foreign trade deficit. Another important gain has been on the axis of the circular economy, where waste that would not represent added value has been brought into the country's economy.

**The Energy Strategy**, which summarizes OYAK Çimento's energy approach, is available on this link.

#### Each tonne of RDF used saves approximately 350 kg in fossil fuels

- Each tonne of LTY used reduces the use of fossil fuel by approximately 825 kg.
- Each tonne of liquid fuel reduces the use of fossil fuels by approximately 560 kg.
- Each tonne of biomass used reduces the use of fossil fuels by approximately 270 kg.



## THE ENVIRONMENT AND BIODIVERSITY



### In the factories operating under OYAK Çimento

- fossil fuel consumption declined by 168,987 tonnes,
- 166,418 m<sup>2</sup> of natural space was protected,

**A total of 372,187 tonnes of alternative fuel which is not stored in regular storage areas was brought into the economy within the framework of the circular economy in 2022.**

**The biomass ratios of alternative fuels used in OYAK Çimento are determined by conducting an analysis for each 5,000 tonnes of each waste type in authorized laboratories which hold the TS EN ISO/IEC 17025:2017 General Condition Standard for the Adequacy of Experiment and Calibration Laboratories.**

### ALTERNATIVE FUELS HAVE A KEY ROLE IN REDUCING GREENHOUSE GAS EMISSIONS.

Alternative fuels such as biomass, which are used as alternative fuels in OYAK Çimento branches, have 100% biomass content, while ATY and LTY have a certain amount of biomass content as well.

While the biomass content of ATY produced from domestic waste is between 33-46%, LTY produced from end-of-life tires has a biomass content of 27% to 35% depending on the natural rubber content. Wastes with mixed biomass content are determined through analysis in the laboratory.

For the alternative fuels used at OYAK Çimento, biomass ratios are determined by conducting an analysis for every 5,000 tonnes of each waste type in authorized laboratories which hold the TS EN ISO/IEC 17025:2017 General Condition Standard for the Adequacy of Experiment and Calibration Laboratories.

### CONTINUING TO REDUCE ELECTRICITY CONSUMPTION IN CLINKER AND CEMENT PRODUCTION

As a reflection of the projects implemented, the decreasing trend in the amount of electricity required to produce white and gray cement at OYAK Çimento continues.

By 2022, the amount of electricity required to produce one tonne of white cement decreased by 22.7% compared to 2016, and with a 1% reduction in the amount of electricity needed to produce one tonne of gray cement.

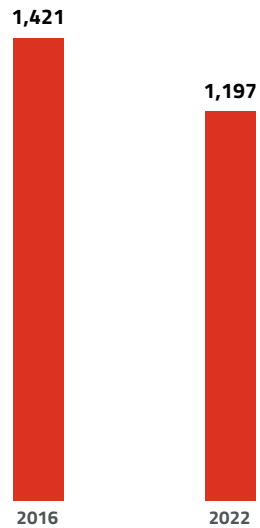
### GENERATING ENERGY FROM WASTE HEAT AND ENERGY EFFICIENCY ACTIVITIES

As a result of the energy efficiency activities carried out at the company in 2022, energy savings equivalent to 67,554 MWh of energy were achieved at OYAK Çimento. At the Aslan Çimento and Bolu Çimento branches of OYAK Çimento, waste heat from rotary kilns is used in electricity generation. The use of electricity generated from waste heat in the facilities contributes to the reduction of OYAK Çimento's scope 2 emissions and the reduction of the carbon footprint of its products.

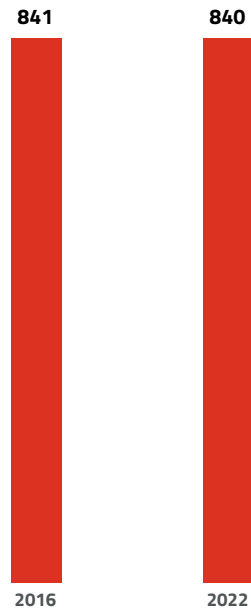
## KEY PERFORMANCE INDICATORS FOR OYAK ÇİMENTO

The amount of electricity required to produce white and gray cement at OYAK Çimento continues to decline thanks to the projects carried out.

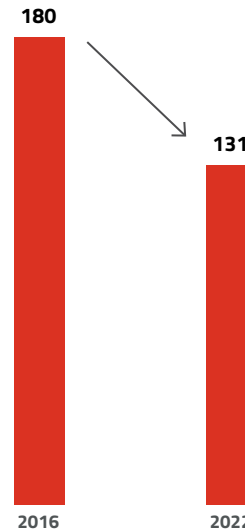
WHITE CLINKER SPECIFIC HEAT ENERGY CONSUMPTION (KCAL/KG)



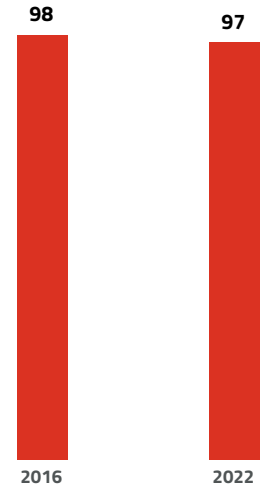
GRAY CEMENT SPECIFIC HEAT ENERGY CONSUMPTION (KCAL/KG)



WHITE CEMENT SPECIFIC HEAT ENERGY CONSUMPTION (KCAL/KG)



GRAY CLINKER SPECIFIC HEAT ENERGY CONSUMPTION (KCAL/KG)



## THE ENVIRONMENT AND BIODIVERSITY

**With its facilities serving the circular economy, OYAK Çimento plays a strong role in the transportation of waste and in the sound management and economic recovery of waste.**

### OYAK ÇİMENTO'S CONTRIBUTION TO THE CYCLICAL ECONOMY

OYAK Çimento operates in all regions of Türkiye. This special position places OYAK Çimento as one of the leading stakeholders in Türkiye's waste management system. With its facilities serving the circular economy, OYAK Çimento plays a strong role in the transportation of waste and the sound management and economic recovery of waste.

#### WHY CO-PROCESSING ALTERNATIVE FUEL?

The clinker production process, which is a part of cement production, is a process with intense thermal needs. About half of the emissions from this process are the result of the chemical reaction that converts limestone into clinker, the active component of cement, while 40% of emissions result from fuel use and 10% from logistics and other operations. The energy required for the chemical reaction, which takes place at temperatures of over 1,400°C, is typically provided by burning coal or petroleum coke, two of the most carbon-intensive fossil fuels.

Carbon-zero, biomass-containing wastes have emerged as an alternative to fossil fuels by reducing carbon emissions and contributing the efforts to tackle the climate crisis. By burning alternative fuels together in clinker production processes for energy recovery, wastes that cannot be reused or recycled and do not have economic value but nevertheless contain a certain amount of energy content are also recovered and brought into the circular economy.

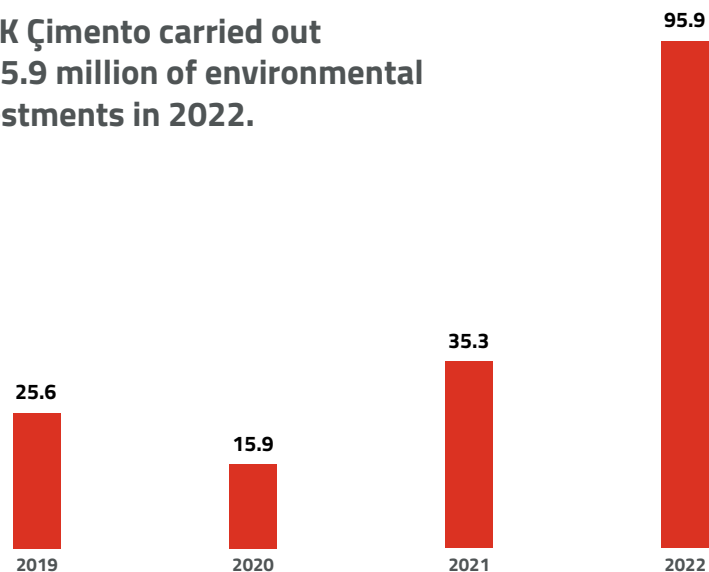
Today, fuels derived from waste, tires, liquid, sewage sludge and forest wastes are used as alternative fuels in clinker production processes as a substitute for fossil fuels.

The use of waste as an alternative fuel in cement clinker production processes within the scope of the circular economy is accepted as one of the most sustainable methods.

The use of waste in energy recovery prevents additional sources of emission and also helps eliminate difficult-to-manage secondary outputs such as waste ash and leachate.

### ENVIRONMENTAL INVESTMENTS (TL MILLION)

**OYAK Çimento carried out TL 95.9 million of environmental investments in 2022.**



## Alternative Fuels with a biomass content of over 40% are used at OYAK Çimento branches.

### A PROCESS SUPPORTED BY PRODUCTS WITH ENVIRONMENTALLY FRIENDLY CHARACTERISTICS

The first cement company in Türkiye to announce its commitment to net zero, OYAK Çimento continues its long-term journey with the new products developed and offered to consumers as a result of R&D and innovation activities carried out in different branches.

**At Adana Çimento**, another first was achieved with the low-carbon CEM VI/(S-L) 32.5 R type cement, the production of which started in 2022, and the first "CEM VI" class product to hold the G conformity certificate in the Turkish cement sector was offered to the market. This low carbon product sets itself apart with a carbon footprint of less than 350 kg of CO<sub>2</sub>/tonne. OYAK Çimento launched Alfacem within the scope of CEM VI class products, and also started to produce CEM VI/(S-L) 32.5 N type cement in the same segment.

Adana Çimento added "SnoWhite", Türkiye's first 32.5 strength class product, to its white cement portfolio in 2022, which stands out with its whiteness as well as being environmentally friendly. "SnoWhite", which offers higher early strength compared to other cement types in its class, is an environmentally friendly product option with suitable thinness, a setting time that facilitates workability and high adhesion properties, besides its high whiteness.

**At Aslan Çimento**, product development and optimization activities continue to contribute to environmental sustainability, notably through the use of high-additive cement. In 2022, 88.5% of the sales from the Branches consisted of cement with additives.

Laboratory and industrial trials and optimization activities were carried out at Aslan Çimento to reduce the high Cr+6 level of clinker by using pyrite ash instead of grit, and to reduce the produced low chromium +6 clinker to less than 2 ppm with lower dosage and cost. In addition, laboratory and industrial studies were carried out with antimony, antimony equivalent and ferrous sulphate chemicals from different sources, and studies were carried out to find the optimum solution for reducing the chromium +6 level to below 2 ppm.



Alternative raw materials are extensively used at Aslan Çimento. The main alternative raw materials are grit, alternative limestone, alternative trass and aluminum sludge. Studies have been conducted on the usability of alternative gypsum (FGD Gypsum) supplied from the thermal power plant instead of natural gypsum in cement production. Development projects have been implemented regarding the use of alternative raw materials such as shavings, aluminum sludge, fly ash, flue dust, flue slag and filter dust obtained from different sources, instead of natural raw materials or as fuel in raw meal production.

Another innovation which OYAK Çimento has introduced to the market during the year was the "Novocem" cement produced with low carbon emissions. The G conformity certificate was obtained for the CEM II/C-M(P-L) 32.5 N product within the scope of TS EN 197-5 standard.

**The Bolu Çimento** branch sells CEM II/A-M (S-L) 42.5R type cement with additives instead of CEM I 42.5R type cement. In addition, the production and sales of CEM III B / (S) 32.5N-SR type cement, which uses blast furnace slag (66-80%) as an additive, have also got underway. At the Ereğli Branch, instead of CEM III/A (S) 32.5N type cement, CEM VI/ (S-L) 32.5N type cement defined in TSE EN 197-5 standard was produced and offered to the market.

## THE ENVIRONMENT AND BIODIVERSITY

These cements with additives contribute to environmental sustainability and serve the goal of reducing the use of clinker and thus reduce CO<sub>2</sub> emissions, while bringing more of the slag by-product into the economy.

**At the Mardin plant**, trial studies were carried out to reduce the carbon footprint by shifting sales of CEM I 42.5 N type additive-free cement to the sales of CEM II/A-M(P-LL) 42.5 R additive type cement.

The consumption of alternative raw material in the branch increased in 2022 compared to previous years, and the consumption of natural resources was reduced.

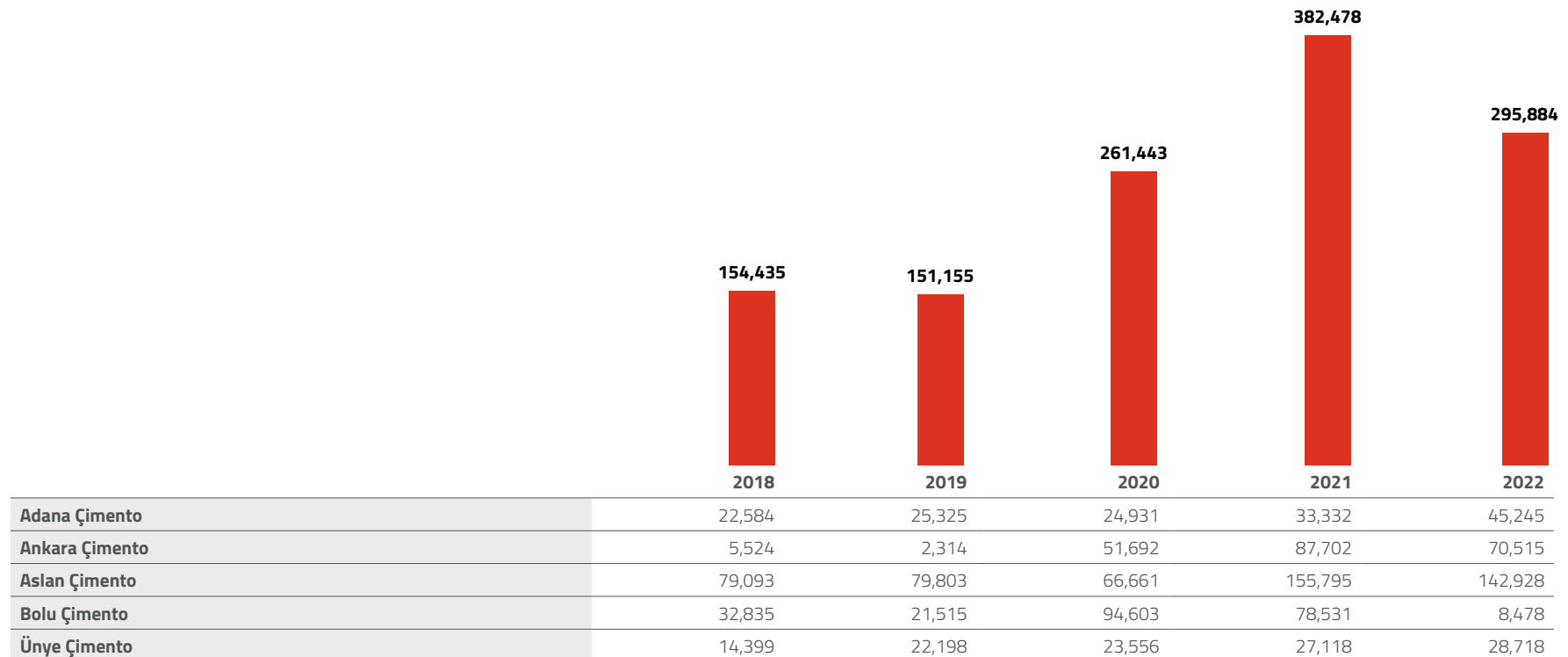
**At the Ünye plant**, the work carried out with Akdeniz Kimya and OYAK Beton has been completed within the scope of the development of CEMENTUM, a product with additives

and equivalent to CEM I 42.5R (in terms of mortar and concrete performance), which is the main product of the Ünye cement plant and the preference of ready-mixed concrete producer customers. The continuous use of CEMENTUM started OYAK Beton's facilities in the region in December 2022.

Based on customer demand, the development of sulphate-resistant Portland Cement (CEM I 42.5R-SR5), which had not previously been included in the product portfolio of the branch, was completed in 2022 and the product was brought to the market.

Within the scope of the work carried out to use iron and steel production waste and slag from the basic oxygen furnace (BOF) at OYAK Beton, patent work was initiated in seven areas and patents were obtained for Türkiye. Patent application processes have been initiated for the Portuguese market.

### REDUCTION IN RAW MATERIAL USE BY YEAR (TONNES)



## RAW MATERIALS AND SUBSTITUTIONS IN OYAK CEMENT BRANCHES (TONNES)

Substituted Main Raw Material	Amount of Substituted Main Raw Material (tonnes)													
	ADANA		ASLAN		ANKARA		BOLU		MARDİN		ÜNYE		BETON	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Bauxite		2,230.95		2,056		4,359								
Iron ore				27,746		17,346		6,541.06		10,086		20,522.714		27,020
Limestone				21,336		298,589		65,075.57		31,472.557				
Marl		6,3556		194,107.639		309		630						
Trass				23,885		29,022								
Limestone														
Clinker								606.47						
Other										11,584				
Ash		41,100						2,179		22,089		24,707		44,858
Concrete Aggregate														6,000
Cement														160,483
Water														279,202
<b>TOTAL</b>	<b>63,556</b>	<b>43,330.95</b>	<b>269,130.639</b>	<b>349,625</b>	<b>72,246.63</b>	<b>44,344.027</b>	<b>32,106.714</b>	<b>49,109</b>	<b>24,707</b>	<b>44,858</b>	<b>39,154</b>	<b>15,435</b>	<b>0</b>	<b>0</b>

## AMOUNT OF ALTERNATIVE RAW MATERIAL USED IN OYAK ÇİMENTO BRANCHES (TONNES)

Alternative Raw Material	Amount of Alternative Raw Material Used (Tonnes)													
	ADANA		ASLAN		ANKARA		BOLU		MARDİN		ÜNYE			
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022		
Alternative Limestone Fire				31,964		37,5211								
Alternative Tras				33,288		35,853								
Drilling Muds										24,707		44,858		
Alternative Raw Material / Particles and Powder								11,584						
Alternative Raw Materials / Concrete Sludges		7,737.9		1,692		508		65,075.57		31,472.557				
Fly Ash		30,485.1		26,650				442		606.47		7,526		1,905
Muds				14,931		3,058		5,154		1,800.01		2,179		9,507
Steelwork Mud												603		32,079
Grit				29,486		17,346				22,803.46		34,435.7758		6,016
Foundry Sand				1,750.4								5,056		7,707
Slag						133,970.9		6,577.06		10,086				
<b>TOTAL</b>	<b>38,223</b>	<b>43,331.4</b>	<b>233,458.9</b>	<b>434072</b>	<b>73,894.64</b>	<b>44,344,027</b>	<b>34,387.46</b>	<b>57,127.7758</b>	<b>24,707</b>	<b>44,858</b>	<b>38,095.7941</b>	<b>15,435.3263</b>		

## THE ENVIRONMENT AND BIODIVERSITY

## AMOUNT OF WASTE NOT SENT TO STORAGE AREAS (TONNES)

Good Practice Method	TOTAL			
	Volume (m <sup>3</sup> )	Volume (m <sup>3</sup> )	Area (m <sup>2</sup> )	Area (m <sup>2</sup> )
	2021	2022	2021	2022
Amount of Waste Not Sent to the Storage Area Due to RDF use	1,835,005	727,960	206,944	72,796
Amount of Waste Not Sent to the Storage Area Due to the Alternative Raw Material Use	569,953	468,106	62,826	46,811
Amount of Natural Resources Not Consumed Due to the Alternative Raw Material Use	535,700	468,106	56,496	46,811
<b>Total</b>	<b>2,940,658</b>	<b>1,664,172</b>	<b>326,266</b>	<b>166,418</b>

## ORDINARY DRILLS AND TRAINING AT OYAK ÇİMENTO PORT FACILITIES

OYAK Çimento has port facilities at its OYAK Aslan and Ünye Çimento branches. These facilities are included in the scope of Intervention in Oil and Other Harmful Materials No. 5312, and its Risk Assessment and Emergency Response Plans are approved by the Ministry of Environment, Urbanization and Climate Change.

Within the scope of compliance obligations, drills are held twice a year under the control of the Ministry of Transport and Infrastructure and the drills for 2022 were completed. In addition, operational support groups level 1 and level 2 training was also provided to employees within the scope of legal compliance.

## THE GOLD CERTIFIED INTEGRATED MANAGEMENT SYSTEM - A FIRST IN TÜRKİYE

OYAK Çimento is the first cement brand in Türkiye to hold the Integrated Management System Gold Certificate.

Internal audits in 2022 for ISO 9001 Quality, ISO 14001 Environment, ISO 45001 Occupational Health and Safety, ISO 50001 Energy Management systems which include six integrated factories, four grinding/packaging facilities and a head office in this system were implemented with the principle of cross-branch auditing in order to increase audit efficiency.

While all facilities were audited with an objective and standard methodology, using unit-based equivalent question lists with a fixed audit team appointed by experienced auditors, a total of 87 units were audited in 10 facilities during the internal audits.

## OYAK Çimento also directs the sector with the work it carries out.

The company contributes to the low carbon roadmap of TÜRKÇİMENTO, which it is a member of, and continues to work within the scope of its sustainability goals and strategies.

## SUMMARY

	2020	2021	2022
<b>Number of Environmental Accidents</b>	-	-	-
<b>Environmental Trainings (PersonxHour)</b>	608	881	1,863
<b>Alternative Fuel Displacement Ratio (%)</b>	17.42	22.50	24.67
<b>Alternative Raw Material Use (ton)</b>	492,705	428,092	640,170



## WATER MANAGEMENT AT OYAK ÇİMENTO

The sources of water used in OYAK Çimento production facilities during cooling, dedusting and irrigation processes are well and mains water. Various practices are implemented in all branches of the company to reuse the water consumed during the production cycles.

### EFFORTS TO REDUCE WATER CONSUMPTION

The work carried out by OYAK Çimento to reduce water consumption and increase the quality of water removed from the branches is summarized below. OYAK Çimento has created systems in its facilities to accumulate and use rainwater and reduce the use of natural resources by replacing mains and surface water.

### WATER CONSUMPTION AT OYAK ÇİMENTO (m<sup>3</sup>)

	2019	2020	2021	2022
Mains Water	103,242	107,807	106,151	108,609
Surface water (wetlands, rivers, lakes, similar sources)	65,414	72,252	61,882	61,882
Surface water (sea water)	8,709,603	10,300,296	9,726,730	9,726,730
Groundwater (well water)	2,226,998	2,383,250	2,366,101	2,373,108
Rain Water (If any, collected and accumulated water)	16,427	13,109	13,256	37,221
Other	100,216	135,124	120,256	120,256
Total volume of water used	11,221,900	13,011,838	12,394,376	12,427,806

### WASTE WATER USAGE AT OYAK ÇİMENTO

	2022
Proportion of recycled and reused water	0.030
Ratio of seawater used/total water used for cooling etc.	0.803
Amount of recycled and reused water (m <sup>3</sup> )	366,281
Amount of sea water used for cooling etc. (m <sup>3</sup> )	0
Total amount of water used (m <sup>3</sup> )	366,281

## CONTINUOUS CONTROL OF DUST AND FLUE GAS EMISSIONS

Gas and dust emissions arising during the production cycle and processes are followed up by the Ministry of Environment, Urbanization and Climate Change of the Republic of Türkiye through the continuous emission monitoring systems. Measures aimed at reducing emissions are implemented in all processes at OYAK Çimento plants in order to minimize environmental impacts. Within the scope of controlling dust emissions, reduction systems are in place as well as dust collection systems to reduce ambient emissions. In addition, the furnace process flue gases at all our plants are controlled by SNCR systems in order to reduce NOx emissions.

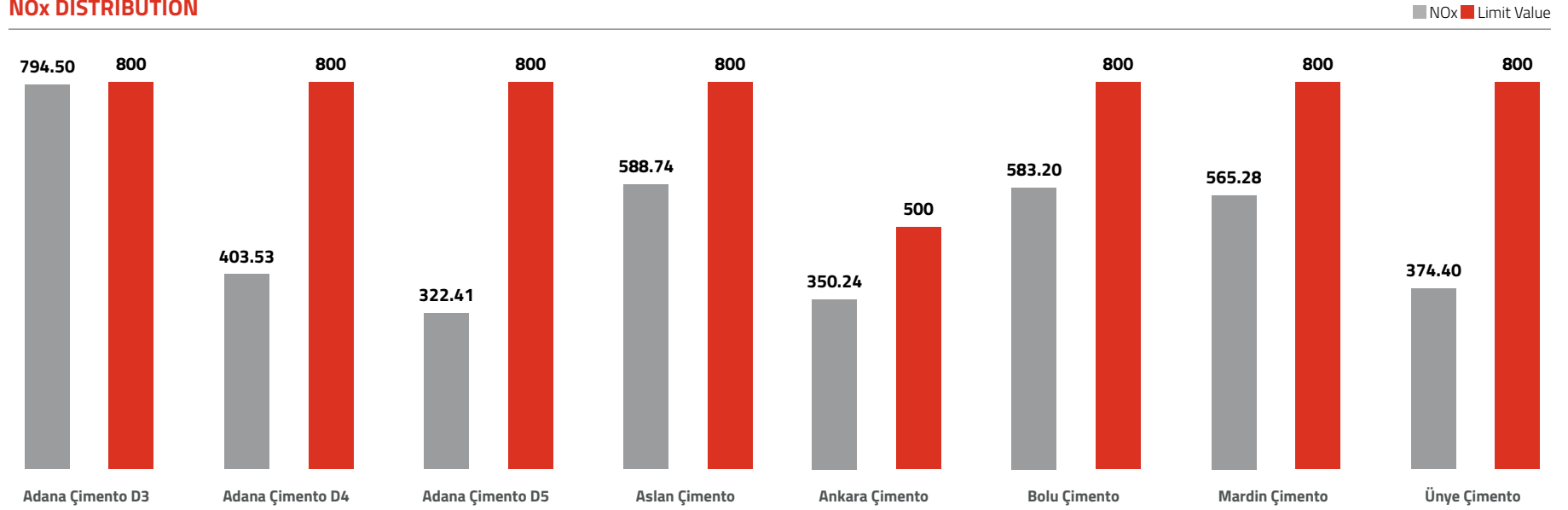
Within the scope of IndustrAI - OYAK Çimento 4.0 digitalization project, a flue gas emission estimation infrastructure has been created and emissions are kept under constant control.

Emissions of NOx, SO<sub>2</sub>, total organic carbon, HC, HCl and dust from all OYAK Çimento plants for 2022 are presented in the graph section of the report.

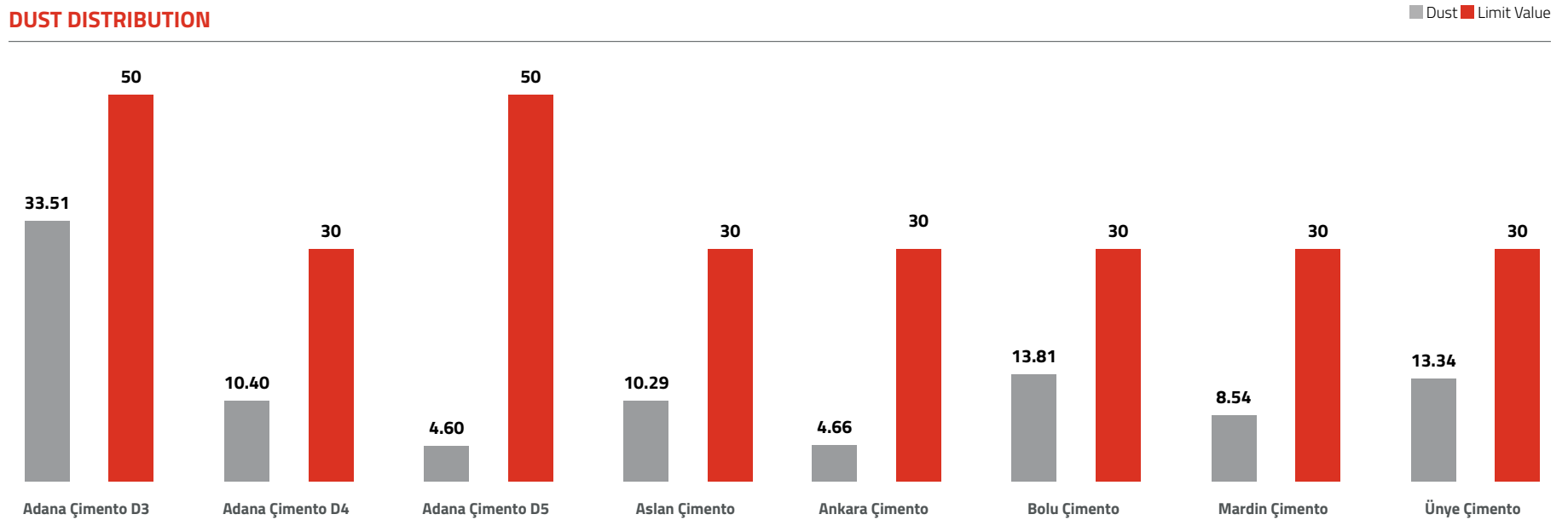


## THE ENVIRONMENT AND BIODIVERSITY

### NO<sub>x</sub> DISTRIBUTION

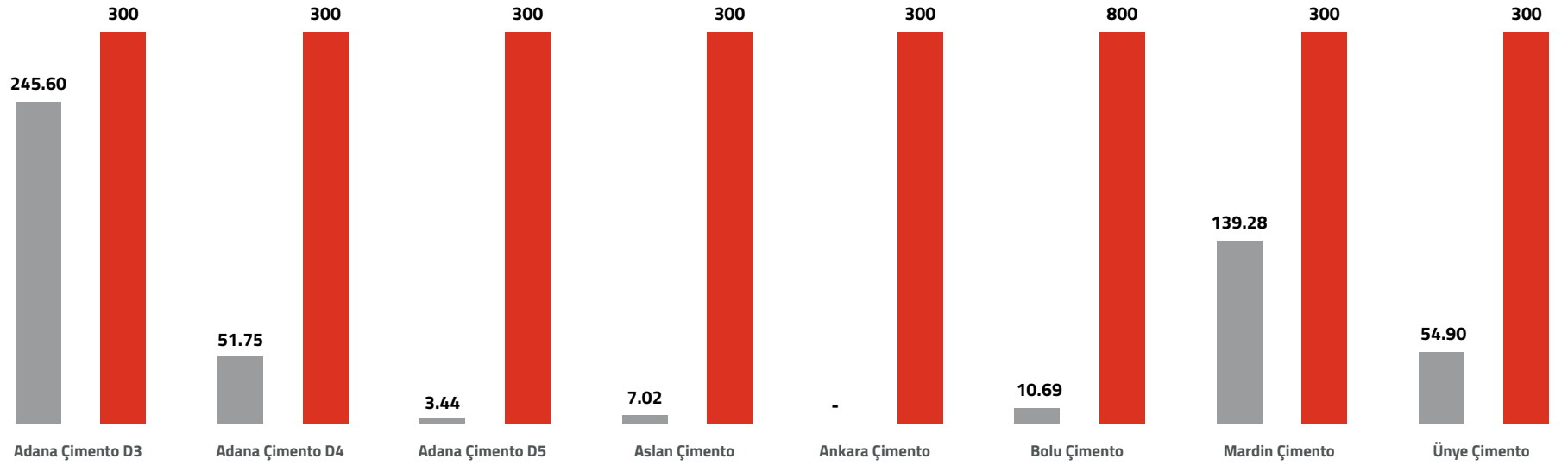


### DUST DISTRIBUTION



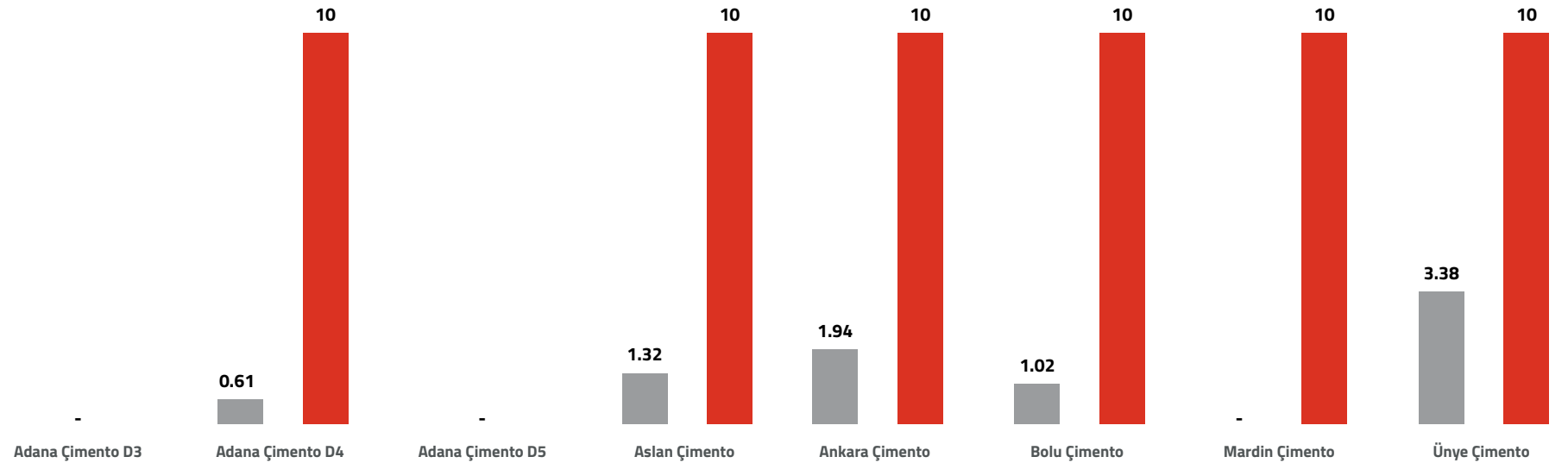
## SO<sub>2</sub> DISTRIBUTION

■ SO<sub>2</sub> ■ Limit Value



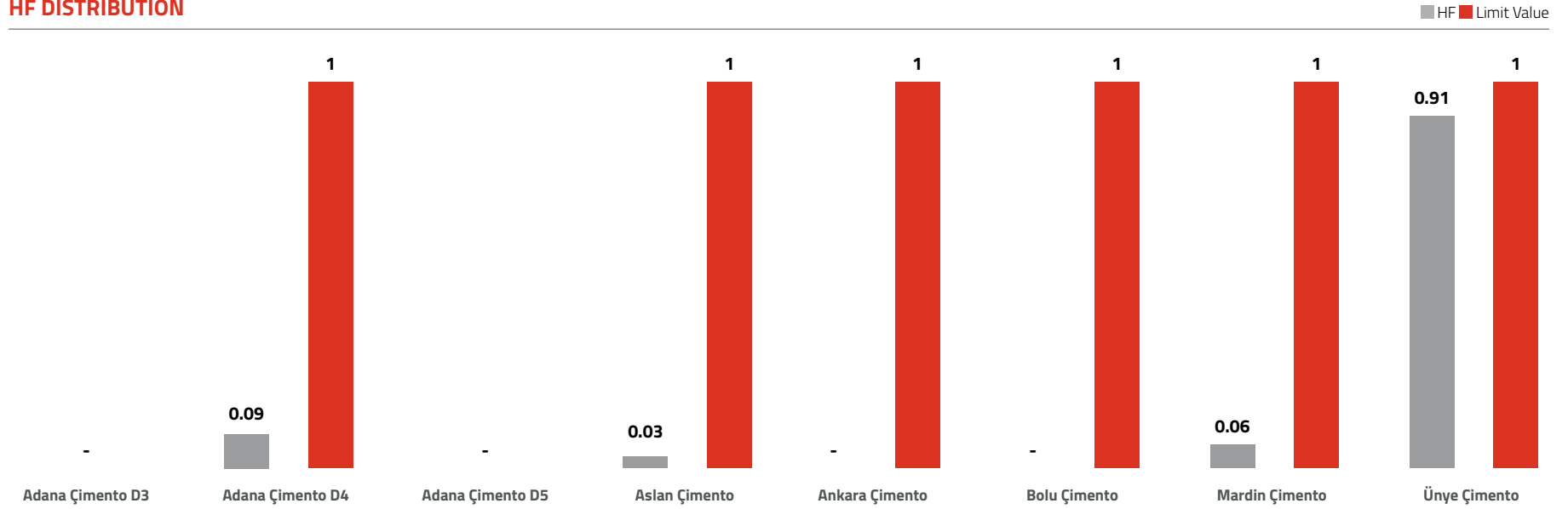
## HCL DISTRIBUTION

■ HCL ■ Limit Value

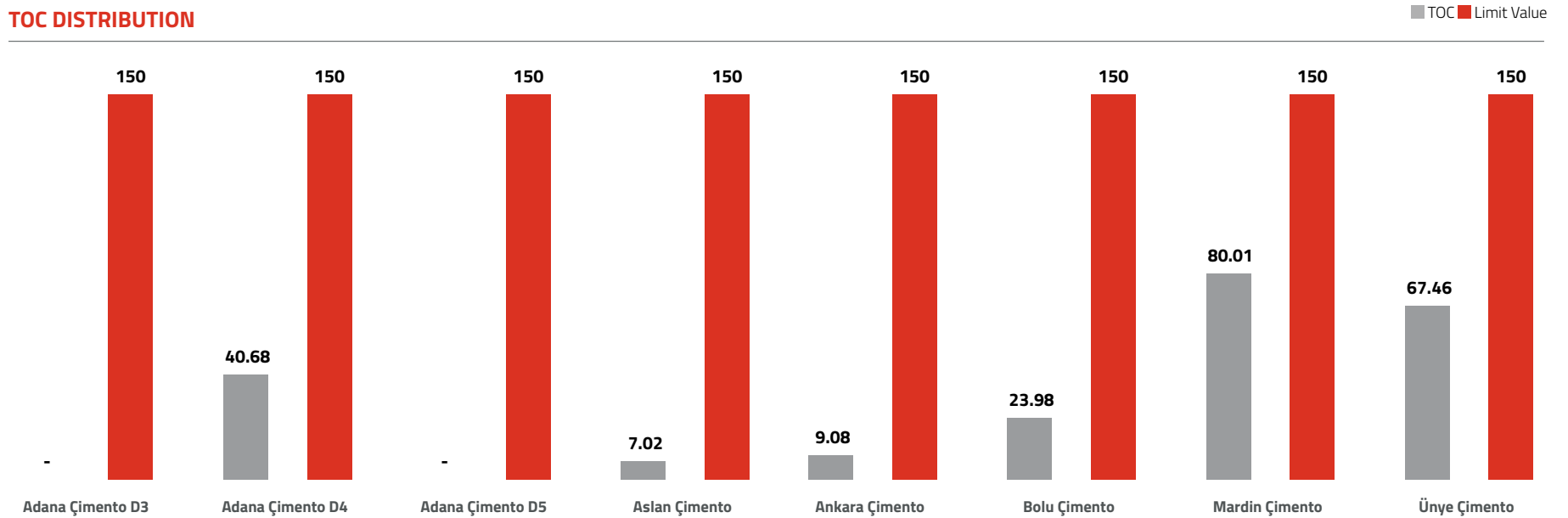


## THE ENVIRONMENT AND BIODIVERSITY

### HF DISTRIBUTION



### TOC DISTRIBUTION





## THE ENVIRONMENT AND BIODIVERSITY

### AN INDUSTRIAL COMPANY CAREFULLY IMPLEMENTING A POLICY OF BIODIVERSITY

At OYAK Çimento, activities are carried out in line with the biodiversity policy and biodiversity is reported as a sustainability indicator. Compliance obligations at OYAK Çimento are fulfilled within this scope.

Within the framework of reintroduction plans for OYAK Çimento's quarry sites, our company continued afforestation and greening activities at our factories in 2022.

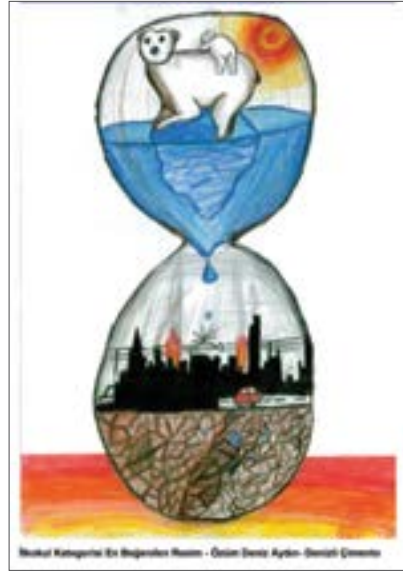
We ensure our employees' participation in afforestation and greening activities.

Afforestation	Type of Tree Planted	
Adana Çimento	Trass Field	5,000 trees
Ankara Çimento	10 pine trees, 10 fruit trees, 5 plane trees; in addition, 1,000 saplings were donated.	1,025 trees
Aslan Çimento	2,000 pistachio tree saplings were planted.	2,000 trees
Mardin Çimento	Pine	400 trees
Ünye Çimento	Germination activities were carried out within the scope of greening the quarry fields.	250 kg



## JUNE 5<sup>th</sup> WORLD ENVIRONMENT DAY PAINTING COMPETITION

OYAK Çimento organized an environment-themed Painting Event within the scope of the 5 June World Environment Day activities with the aim of raising environmental awareness among the children of the Company's employees as well as more broadly.



## SYSTEMATIC CONTRIBUTION TO THE ZERO WASTE PROJECT

Waste generated at OYAK Çimento facilities is separated, collected and accumulated in temporary storage areas and referred to licensed recycling disposal facilities within the scope of the Zero Waste project.

Months	Amount of Waste by Type (kg)	
	Dangerous waste	Non-Hazardous Waste
January 2022	93,279	168,209
February 2022	118,441	481,539
March 2022	12,961	145,879
April 2022	251,980	150,989
May 2022	142,750	469,029
June 2022	182,380	1,084,319
July 2022	44,650	398,279
August 2022	64,990	331,829
September 2022	104,730	150,599
October 2022	156,330	224,342
November 2022	232,831	1,333,522
December 2022	137,590	1,174,199
<b>Total</b>	<b>1,542,911</b>	<b>6,112,736</b>



## HUMAN RESOURCES



### A DYNAMIC, MULTI-DIMENSIONAL VISION WHICH PUTS PEOPLE FIRST

OYAK Çimento's human resources vision is structured on the basis of being the most preferred employer which supports corporate strategies which has a happy, motivated human resources which are highly productive, dynamic, open to developments and say "us" instead of "me".

OYAK Çimento acts with the vision of making a difference with employees which are highly competent, motivated and work to a high performance, while motivating individuals to take responsibility, initiative and, accordingly, to take ownership of their work and its results.

**OYAK Çimento supports the development of its employees in order to create a qualified, successful, self-confident workforce and pool of leaders.**

**74,980** Total training hours





## COMPONENTS OF HUMAN RESOURCES MANAGEMENT AT OYAK ÇİMENTO

Human resources management at OYAK Çimento aims to respond appropriately and quickly to the needs of the various sectors in which it operates, as well as adopting approaches and practices that will support strategic goals and performance, and to create value by putting them into practice.

Organizational job descriptions, areas of responsibility and the authorities of employees at OYAK Çimento are defined.

Within the organizational structure, the wages of personnel outside the scope of the defined plans are determined within the scope of a scale established according to their duties and responsibilities.

Work groups, positions and duties of unionized employees who are subject to collective bargaining agreements, as well as wage scales, are determined by collective bargaining agreements made by workers' and employers' unions.

The **OYAK Çimento Human Resources Policy** is available on this link.

## EMPLOYEE DEVELOPMENT IS AN UNWAVERING TARGET AT OYAK ÇİMENTO.

OYAK Çimento supports the development of its employees in order to create a qualified, successful, self-confident workforce and a pool of leaders.

Development Programs prepared on the basis of the HR vision and OYAK Competency Model are implemented throughout the Group. A key goal is to develop a leadership approach with Leadership Development Programs.

OYAK Çimento's employee development approach aims to create an environment which fosters creativity and removes obstacles to establishing and expanding a corporate culture which is participatory, sharing and transparent, where employees may realize their potential, which targets continuous development and which values difference and communication.

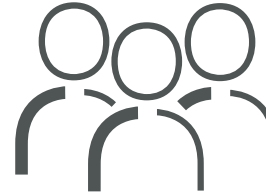
The Company establishes open communication through which managers take responsibility for the development of employees where employees can convey their developmental needs and expectations to their managers. Through these systems the managers can regularly monitor the employee performance.

It encourages technical and scientific activities and writing articles and creates an environment where the sectoral knowledge of employees can find value in national and international publications.

It provides a work environment that is safe and healthy, where ethical values exist and which considers the balance between work and private life.

It coordinates internal communication activities that will enhance inter-company motivation.

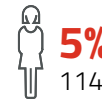
## Summary



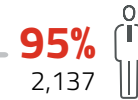
**2,151**  
Number of Employees

2,104 employees  
(Average in 2022)

Women



Men



**56**  
disabled



**632**  
white collar



**1,519**  
blue collar

Age  
under the age  
of 30



**291**

Between 30 and  
50 years of age



**1,607**

over 50 years  
of age



**253**

Total hours of training by gender

Women



**6,533**

Men



**68,447**

## HUMAN RESOURCES

**A total of 6,533 hours of training were provided to female employees in 2022, with female employees receiving 78.9%\* more training than male employees during the reporting period.**

### EMPLOYEE SUPPORT PROGRAM

The Employee Support Program (ESP), designed to meet the needs of family members in addition to employees, has been established and provides services in a wide range of areas including medical support, legal consultancy, education and life coaching. The identity of the personnel benefiting from these programs is kept confidential.

Training and development programs focus on improving the competencies of OYAK Çimento's human resources.

The company implements internal and external training and education programs aimed at increasing the competencies and skills of its employees. These programs are designed in accordance with the needs of the employees within the framework of determined principles and policies and are updated periodically.

Training and development programs are planned specifically for OYAK Çimento and for all employees.

In addition to professional knowledge development training, employees are offered management competency development programs, occupational health and safety training, foreign language, personal development and career development training.

At all OYAK Çimento locations, within the scope of equality of opportunity that includes employees, the opportunity to be appointed to vacant positions is provided by conducting an internal evaluation due to rotation, promotion or resignation.

At OYAK Çimento, the activities on the preparation and arrangement of the necessary training and development programs, the creation of rotation plans, and the development of competencies are carried out by the Human Resources Department.

**Vocational and Technical Training** is offered to increase the qualifications of OYAK Çimento personnel and help them access up-to-date technology. (Titles vary according to the business field)

\*Calculated based on training hours per person.



**Personal Development Training** consists of behavioral training that focuses on developing the competence of OYAK Çimento personnel. (Communication, Negotiation, Emotional Intelligence).

**Leadership Training** is organized for employees in the talent group. (Leadership Academy 4.0)

**Managerial Training** is organized for managers to access up-to-date information, with managers being the target audience. (Leadership Development Program)

**Vocational Qualification Training** is offered to OYAK Çimento employees who do not possess the vocational training related to the work they will carry out in dangerous and very dangerous workplaces. This training consists of OHS training, environmental training, compulsory legal training (EKED, EKAT, first aid), seminars and webinars, and legal compliance training.

Newly hired personnel are supported with inclusion in the post-orientation mentoring process, and newly graduated employees receive support to develop their careers, become accustomed to the corporate culture and set out individual plans to adapt to the institution.



### CEMENT FACULTY OPENED

The Cement Faculty, designed for engineers with between 6 months and 3 years of experience in the cement industry, has been in operation since 2022 in order to provide an overview of the process chain in the cement industry, keep up-to-date information of the developing and changing industry and obtain a customer perspective. A total of 22 employees registered for the 1-year program in 2022 and 796 hours of training were provided.

**İnsan Kaynakları / Eğitim Gelişim**

Çimento enstitülerimizle ilgili en güncel bilgiyi edinmek, gelişim ve değişim süreçleri ile ilgili bilgilerle güncel bilginizi ve eğitimi birleştirerek edinmenizi sağlamak amacıyla 10.11.2022 tarihinde Üretim ve Satışta Kalite Müdürlüğü bünyesinde **Çimento Fakültesi** 2022 yıl itibarıyla başlanmıştır.

**Katılım Sayısı:** 22

**Katılım Profili:** Üretim, Kalite, Bakım, ISO Akademi üyeleri

**Program Süresi:** 1 yıl

**Gerçekleşen Eğitim Saati:** 796

ÇİMENTO  
FAKÜLTESİ  
Açılıyor!

**1. YIL**  
Genel İşletim ve Kalite Geliştirme

**2. YIL**  
Çimento Üretim Süreci ve Kalite Kontrolü

**3. YIL**  
Çimento Üretim Süreci ve Kalite Kontrolü

**4. YIL**  
Çimento Üretim Süreci ve Kalite Kontrolü

**5. YIL**  
Çimento Üretim Süreci ve Kalite Kontrolü

### A SUPPORTER OF HUMAN AND EMPLOYEE RIGHTS

OYAK Çimento resolutely supports the relevant ILO declarations and provisions of the Universal Declaration of Human Rights regulating human rights and working life.

OYAK Çimento acts with an objective and systematic approach in the process of implementing human resources processes and practices. The performance of employees is measured under equal conditions and evaluated fairly.

OYAK Çimento does not tolerate any discrimination on the basis of age, gender, race, language, religion, ethnic origin or other personal characteristics. The company offers equal opportunities to all of its employees.

Employee data is processed in accordance with the "Personal Data Protection Law", and the privacy of private life is strictly observed. All issues related to discrimination and employee rights are followed up by the Human Resources Department and the Ethics Committee.

OYAK Çimento does not allow practices such as forced or compulsory labor, employment of children and/or people with particular health conditions within the scope of its activities, and expects its suppliers to act in accordance with these principles within the scope of their operation cycles.

In order to ensure compliance, working principles are clearly regulated in the service contracts and specifications entered into with subcontractors, with suppliers undergoing visits and inspections. No adverse incidences were encountered in the supply chain in respect to the human rights criteria during the reporting period.



## HUMAN RESOURCES

**DigitalHR, which forms the basis of OYAK's Integrated Human Resources Management, has digitized the OYAK Çimento Human Resources processes with the aim of providing a more efficient, effective and agile HR management service to employees and ensuring efficiency in decision-making processes.**



### **ETHICS MANAGEMENT AT OYAK ÇİMENTO**

Ethics management at OYAK Çimento is carried out to international standards.

OYAK Çimento employees may report any violations through the **Ethics Line**.

#### **What circumstances can be reported?**

- Contraventions of the Company's Ethical Principles
- Forgery of Documents
- Conflicts of interest
- Bribery and corruption
- Psychological Pressure (Mobbing)
- Use of social media which is contrary to the Corporate Image
- Insider Dealing
- Situations which could damage the Company and Brand Reputation

### **DigitalHR - GROUP-WIDE SYNERGY AND COOPERATION**

DigitalHR, which was implemented with the aim of increasing synergy and cooperation between OYAK Group Companies and continuous improvement of common business processes, has been in practice since 2019.

The project, which adopts a dynamic and coordinated approach to human resources management, encompasses more than 30,000 employees. The program, designed with employees from OYAK's Human Resources and IT departments, allows OYAK Human Resources processes and career journeys to be followed through OYAK Digital HR.

Digital HR, which forms the basis of OYAK's Integrated Human Resources Management, has digitized the OYAK Çimento Human Resources processes and aims to provide a more efficient, effective and agile HR management service to employees and ensure efficiency in decision-making processes.

### **EMPLOYEE LOYALTY AT OYAK ÇİMENTO**

OYAK Çimento conducts studies on employee engagement every two years in order to determine the levels of satisfaction, commitment and motivation levels of its employees and to create activity plans within this scope, analyses the results and creates road maps.

The Company's last Employee Engagement Survey was conducted in June 2021. It was completed with 92% employee participation.

The next Employee Engagement Survey will be conducted in 2023.

### **Talent and backup management**

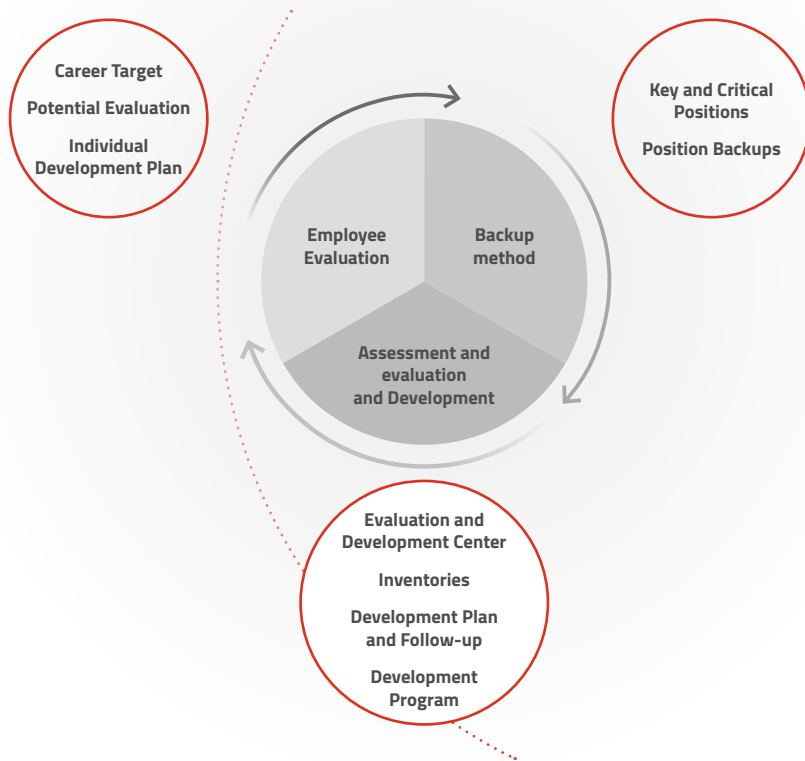
In order to maintain the workforce that it will need in the short, medium and long term, OYAK Çimento carries out a process to identify, evaluate and nurture those employees who demonstrate high performance and managerial potential.

The company manages the process to increase the visibility of human resources at different management levels, and to pave the way for employees to be evaluated to appropriate positions by discovering their existing potential. It operates the talent and

backup management process every year which will directly contribute to performance, productivity, the employer brand and enhance the loyalty of all employees.

Information on employees, their career expectations, needs and interests are collected annually with manager evaluations completed for each employee, with the process continuing with calibration sessions planned according to the title. Individual development plans are prepared with the process outputs and the career planning for each employee is evaluated on an annual basis. Training and development activities are planned according to these evaluations.

During the reporting period, a total of 584 employees at OYAK Çimento were evaluated within the scope of the talent and backup management process.



## EMPLOYEE REMUNERATION SYSTEM AND BENEFITS

With the aim of being a reliable and preferred employer, remuneration at OYAK ÇİMENTO is planned as a fair and correct wage policy that covers the improvement of employee living standards. The total pay package for the employees is formed by determining the value their work will generate for the institution.

The country's economic indicators, the company's financial results and developments in the labor market all influence the decision process as an input within the scope of remuneration. In order to follow developments in the labor market, market research on pay is carried out on a regular basis every year.

The remuneration of white-collar employees is based on performance evaluation while pay for blue-collar employees at the OYAK Çimento Factories and their affiliated facilities is determined by collective bargaining agreements.

## AN EMPLOYER WHICH RESPECTS THE RIGHT TO COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

The company's management attaches importance to establishing a relationship based on mutual respect with the personnel and maintaining it within an effective structure. In this vein, OYAK Çimento supports the right of its employees to freely exercise their collective bargaining and rights of association.

As of the end of 2022, 848 blue-collar OYAK Çimento employees were covered by the collective bargaining agreement. The rate of unionization among all employees is 39%. In order to maintain harmony in the workplace, relations based on trust and dialogue are established with trade unions, and union issues are handled effectively without any conflict.

The TÜRKİYE ÇİMSE-İŞ and Cement Industry Employers' Union unions were formed in OYAK Çimento workplaces.

## DISTRIBUTION OF EMPLOYEES UNDER COLLECTIVE BARGAINING

Proportion of employees covered by collective bargaining agreement **39%**

Total number of employees under collective bargaining agreement **848**

Total number of blue-collar employees under collective bargaining agreement **848**

## OCCUPATIONAL HEALTH AND SAFETY (OHS)



Occupational Health and Safety (OHS) is an area of the highest priority for OYAK Çimento as well as being a key value, and one which is open to continuous improvement.

The company aims to create a healthy and safe working environment in compliance with legal regulations in the context of OHS. It aims to prevent work accidents and occupational illness and to reach an exemplary level which exceeds world standards in this field.

Considering occupational health and safety as an "indispensable priority" in its operation cycle, OYAK Çimento aims to ensure that everyone, including managers, "behaves sensitively in terms of occupational health and safety" in the plant areas. It acts with the understanding of "stopping any situation, activity and behavior and intervening in the working process without delay in the event of situations which could carry occupational safety risks."

**Believing that all work accidents are preventable, OYAK Çimento's ultimate goal is "zero work accidents".**

**42,953** hours of OHS training



Occupational Health and Safety (OHS) is an area of the highest priority for OYAK Çimento, as well as being a key value for the Company, which is open to continuous improvement.

The Company aims to create a safe and healthy working environment in compliance with legal regulations in the context of OHS. It aims to prevent work accidents and occupational diseases and to reach an exemplary level in this field which exceeds global standards.

Believing that all work accidents are preventable, OYAK Çimento's ultimate goal is "zero work accidents".

Considering occupational health and safety as an "indispensable priority" in its operation cycle, OYAK Çimento aims to ensure that everyone, including managers, "behaves sensitively in terms of occupational health and safety" in the plant areas. The Company acts with an approach of "stopping any situation, activities and behaviors and intervening in the working intervening in the working process without delay in the event of situations which could carry occupational safety risks."

Within the scope of OHS, the company provides all personal protective equipment required in the working environment and ensures that the equipment is used. The health status of employees is monitored through annual checks as well as medical examinations, with the Company conducting activities to promote healthy living by focusing on heart health and tackling obesity as well carrying out anti-smoking campaigns.

The Company's OHS activities are managed in accordance with the ISO 45001:2018 management standard.

At OYAK Çimento, the implementation and improvement of OHS by integrating it into work processes is achieved under the guidance of the ISO 45001:2018 management standard. **OYAK Çimento's Integrated Management Policy**, which also regulates OHS issues, is available by clicking on this link.

## IN 2022

A new application has been launched within the scope of OYAK Çimento's OHS targets, where it is possible to carry out risk and near-miss incident notifications through electronic media in order to ensure that risk notifications are spread to a wider base of employees at each location and necessary actions are created instantly and effectively.

In addition to the Company's current practices, all risky situations and behaviors observed and near miss incidents which occur on site can be shared easily using the risk-near-miss notification form created within the ODAK Software program.

In addition to the Company's current practices, all high-risk situations and behaviors and near miss events in the field can be shared easily using the risk-near miss notification form created within the ODAK Software program.

Notifications of dangerous situations and behaviors through the OHS ODAK Software platform can also be submitted through the mobile app.

With the necessary measures and by taking account of suggestions from personnel who are exposed to health and safety risks at the first degree and who work in high-risk environments and/or situations directly, it is possible to achieve the following:

- Occupational accidents and environmental incidents can be prevented,
- OHS risks and environmental aspects can be eliminated or reduced,
- On-site risks can be examined on a continuous basis,
- It is possible to understand invisible, undetected risks,
- Our Integrated Management System (IMS) policy commitments can be met,
- The desired goals and targets can be fully achieved,
- Full compliance with the applicable legal requirements can be achieved,

It is possible to foster an OHS Culture and environmental awareness among all employees.

Responsible persons may quickly take action in response to notifications, which are tracked through the OHS Action List and ODAK OHS Software. Feedback may be provided to those who submitted the notifications.

Occupational Safety, Health and Environment processes are monitored more functionally on both computers and mobile devices using the OHS ODAK Software platform. The platform was put into practice simultaneously at all locations with effect from 1 January 2022, allowing the processes in all working environments to be optimized.

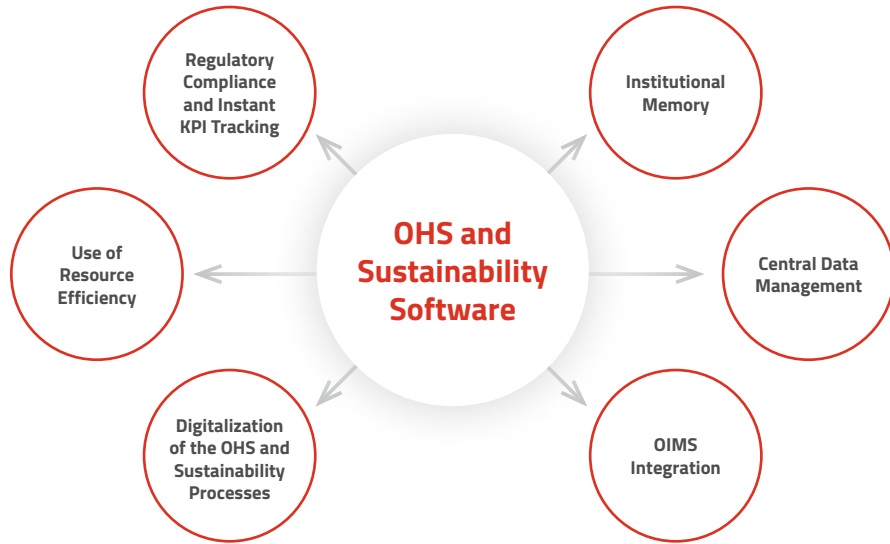


ODAK OHS Software announcements.



OYAK ÇİMENTO 2022 INTEGRATED REPORT

## OCCUPATIONAL HEALTH AND SAFETY (OHS)



### LIFE-SAVING RULES THAT SERVE THE RIGHTS AND RESPONSIBILITIES OF EACH EMPLOYEE

The company views OHS as an indispensable right and a humane responsibility for every single employee. OYAK Çimento has determined and shared 7 Life-Saving Rules in order to encourage its personnel to take all steps in line with this awareness.

The 7 Life-Saving Rules are the principles that contribute to reducing the risk of accidents, and most importantly, guiding safe behavior. These rules also summarize the OHS Zero Tolerance topics within the group.

The OHS Zero Tolerance areas are health and safety areas where the Company will not tolerate any violation, and are expected to be fulfilled by every employee on an ongoing basis.

OYAK Çimento assigns specific training topics to all of its employees and contributes to maintaining a high level of awareness. The 7 Life-Saving Rules were supported by various campaigns throughout 2022. In addition to the training activities, informative brochures are prepared on these topics and presented to each employee.

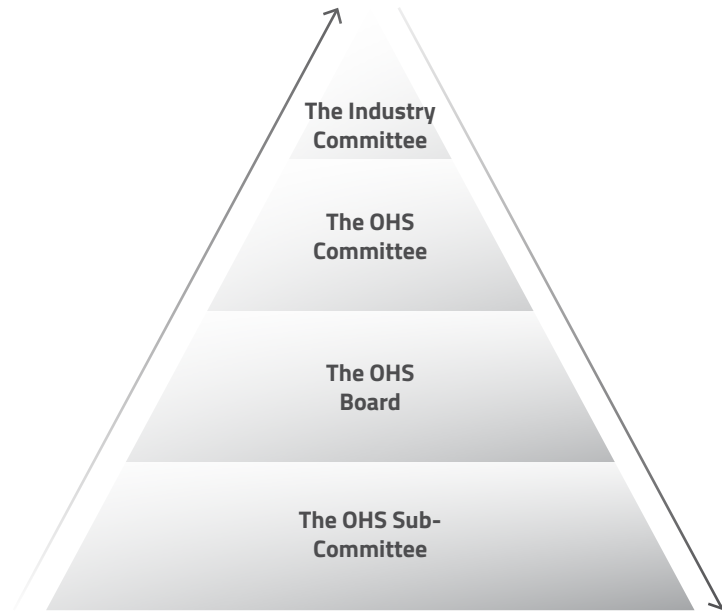


OHS announcement: 7 life-saving rules



## The OHS Committee carries out its activities within the scope of the “OHS Committee and the Environment and Sustainability Committee Working Procedure”.

### OHS ORGANIZATION AT OYAK ÇİMENTO



### OHS topics at the Company are handled and regulated by the Industry Committee and the Occupational Health and Safety Committee.

The Industry Committee carries out its activities under the chairmanship of the Vice President of Industrial Activities. This committee is responsible for ensuring the implementation of the OYAK Çimento OHS Strategy and Policy regarding the health and safety processes. Within this scope, the Company determines its OHS targets and evaluates the OHS Committee's decisions.

### ORGANIZATION, WAY OF WORKING AND TARGETS OF THE OHS COMMITTEE

The OHS Committee carries out its activities within the scope of the “OHS Committee and the Environment and Sustainability Committee Working Procedure” under the management of the chairman appointed by the Vice President of Industrial Activities of the Industry Committee. The representatives of the Group Workplaces participate in the Industry Committee as members.

The OHS committee's work is aimed at the following:

- To ensure the implementation of OYAK's OHS and Sustainability Strategy and Policy,
- To ensure the implementation of OYAK Çimento's Integrated Management Systems Policy,
- To carry out work aimed at meeting the OHS targets determined at the workplaces,
- To review the full compliance of the activities carried out at the workplaces with the determined OHS rules and legislation,
- To identify weaknesses and strengths in the OHS management at the workplaces, to reveal sustainability risks and identify opportunities,
- To identify and monitor different control measures that ensure the effective execution and maintenance of the OHS management services of the workplaces,
- To monitor national and global developments in the sector,
- To carry out work on resource efficiency, process improvement and innovative solutions within the group,
- To carry out activities to support and encourage continuous improvement in the field of OHS within the Group,
- To provide a general evaluation and sharing of good practices that will continuously improve and develop OHS performance at the workplaces.

As a result of the work carried out by the Committee in order to ensure that the Occupational Health and Safety practices are carried out in accordance with OYAK Çimento's targets and its vision of zero work accidents, the areas deemed appropriate for implementation are included in the planning of the OHS Board at the affiliated workplaces. Necessary work is carried out by the Workplace OHS board in order to take necessary actions.

## OCCUPATIONAL HEALTH AND SAFETY (OHS)

**In order to support necessary control mechanisms at OYAK Çimento's workplaces, OHS monitoring is determined among employees in order to furnish them with the necessary skills to spread a culture of developing safe behavior to their teams and throughout the organization by adopting this culture.**

### OCCUPATIONAL HEALTH AND SAFETY SUB-COMMITTEES

Occupational Health and Safety Sub-Committees were established within the OYAK Çimento plants on the basis of each relevant department, in addition to the OHS Boards as legally required.

The Occupational Health and Safety Sub-Committee convenes before the OHS Board at least once a month with a determined agenda in order to prevent accidents caused by unit activities and maintain a safe working environment. The Sub-Committee is chaired by the head of the relevant department. The Board consists of at least five members, including contractor employees within the department. The person determined by the head of the department among the members serves as the general secretary of the Board.

Decisions taken by the Board are recorded within the minutes of the meeting and archived. After the decisions are taken in the OHS Sub-Committee meetings, the relevant process is carried out. In the category determination activity, topics in Category I are submitted to the General Secretariat of the OHS Board for discussion in the OHS Board.

### THE MECHANISM OF OHS OBSERVING

In order to support the necessary control mechanisms at OYAK Çimento's workplaces, the OHS Observers are selected among the employees in order to provide them with the necessary skills to spread the culture of developing safe behavior to their teams and throughout the organization by adopting this culture.

OHS Observers ensure that employees work in accordance with the rules determined by the company and legal regulations. The observers instantly determine their observations in this context and report their findings to the OHS Board.

The OHS Observers not only promote safe behaviors and practices during the site surveillance activities, but also identify dangerous behaviors and environments, and contribute to eliminating these with the right control measures.

### OHS TRAINING AND ACTIVITIES

One of the most important tools in improving OHS standards at OYAK Çimento workplaces is OHS training.

All Group employees are legally required to undergo OHS training in certain periods. To this end, in accordance with the "Regulation on the Procedures and Principles of Occupational Health and Safety Training of Employees" within the scope of the Occupational Health and Safety Law No. 6331, a total of 16 hours of the OHS training is provided to all employees in the cement production plants, which are included in the "very hazardous" class, through the DigitalHR application, while 12 hours of OHS training is provided per year for all employees at the ready-mixed concrete production plants, which are included in the "hazardous" class, are provided through the DigitalHR application. In addition, all OYAK Çimento employees receive environmental awareness training within the scope of environmental legislation.

Apart from the basic training, all employees are provided with training to raise awareness and technical training on occupational health and safety through the DigitalHR application. In addition, daily on-the-job training notes are sent to all employees through the "Mısınız (Are You)" mobile platform. Moreover, an OHS SMS application was developed and short OHS Informative messages are sent to all employees on a weekly basis.

Occupational safety films and informative slides are displayed on LCD screens located in the cafeterias and the automation building in order to increase employee awareness and sensitivity with regard to occupational health and safety.

Events were organized within the scope of the World Occupational Health and Safety Week and Environment Week, attracting wide participation in 2022, with all employees and their families taking part. In this context, OHS 5-Sense Activities were held at the Adana, Aslan and Ankara plants with the School Events and Tree Planting Campaign carried out in our plant as part of the Environment Day Activities.

**Within the scope of the OHS Cross Audit Implementation Procedure, Action plans were created after the Cross Audit work, in which the health and safety conditions of all sites, areas and activities were checked, thus ensuring the monitoring of the health and safety performances at our plants.**



### **OHS CROSS AUDITS**

OYAK Çimento has been conducting inter-plant OHS Cross Audits since 2020.

Within the scope of the OHS Cross Audit Implementation Procedure, action plans were created after carrying out the Cross Audit work, in which the health and safety conditions of all sites, areas and activities were checked. Accordingly, the health and safety performance of our plants was monitored. The teams determined at the Group workplaces conduct process-based audits in accordance with the annual plan and in line with the Cross Audit Model, focusing on key issues, risks and targets.

The main objectives of the cross audits are as follows:

- Reviewing the full compliance of the activities with the company's OHS rules and legal regulations,
- Identifying dangerous behaviors and environments at the plants and facilities and ensuring their elimination with the right control measures,
- Determining various OHS control measures to ensure the effective execution and maintenance of occupational health and safety at the plants and facilities,
- Creating synergy between the plants and facilities and increasing the OHS performances with the cross-audit model,
- Creating synergies for resource efficiency, process improvement and innovative solutions by going beyond what is required by legislation,
- Revealing sustainability risks and identifying opportunities,
- Supporting and encouraging continuous improvement,
- Identification of strengths and weaknesses in the OHS management at the plants and facilities,
- Conducting an overall assessment of the good practices that will continuously improve and develop the OHS performance with the plant management. Sharing the findings within the group and revealing opportunities with the aim of spreading examples of good practice,
- Prevention of habitual processes, disruptions and irregularities which occur with operational blindness.

## OCCUPATIONAL HEALTH AND SAFETY (OHS)



### THE KEY TO EFFICIENCY AND PRODUCTIVITY: EMPLOYEE HEALTH

The OHS practices at OYAK Çimento - which go beyond legal regulations - are implemented specifically for each job, in a manner which includes all subcontractor employees in the examinations that form the basis for the recruitment medical examination and periodic medical examinations.

At OYAK Çimento workplaces, all work-related illnesses, follow-up of risky groups, any employees requiring special policies and occupational illnesses are monitored in accordance with each employee's work area and risks.

Workplaces have an automatic external defibrillator (AED), bedside monitoring, all forms of burn hydrogels and first aid rescue equipment. Legal-use training is offered to all first aiders.

Training sessions (on-the-job training) are held with the workplace physician and other health personnel (OHP) on occupational diseases, occupational accidents and potential health risks and infectious diseases on site.

OYAK Çimento works in cooperation with the Turkish Red Crescent and also carries out blood donation support activities at regular intervals.

### SAFE WORKING PRINCIPLE IN ROTARY KILNS

A Project Team was formed to review the current situation at the plants and to determine the actions to be taken on a plant basis, in order to prevent occupational accidents in the rotary kiln units, especially due to cyclone blockages. Actions were redefined regarding safe rotary kiln operations.

As a result of the work carried out in 2022, rotary kiln processes in four main areas were re-planned.

- Documentation was determined for the operations,
- Processes were re-established in order to carry out the cleaning of rotary kiln transfers, towers and calciners safely,
- Protective clothing and equipment requirements were updated,
- The risks of the processes of elimination of cyclone and tertiary cyclone blockages and the precautions to be taken were redefined.

## RECOGNITION FOR OHS PERFORMANCE WITH TWO DIFFERENT AWARDS AT THE ÇEİS (Cement Industry Employers' Association)

In its 2021 evaluation, OYAK Çimento's Ünye plant was selected and awarded as one of the three best performing plants in its sector in terms of OHS in the "Cement Industry Occupational Health and Safety Performance Awards". The awards have been provided by the ÇEİS since 2007 to members with the best OHS performance.

The OYAK Çimento Mardin plant was awarded as one of the three plants to have worked the longest in the sector without any days lost to accidents in the category of plants where no days have been lost to accidents in 1,000 or more days.

## EMPLOYEES REWARDED FOR THEIR ENVIRONMENTAL AND OHS PERFORMANCE

OYAK Çimento organizes the OHS Award Program with the aim of informing employees and employees of all other subcontractor companies and contractors, interns, customers and visitors in respect to the environment and OHS, encouraging their active participation in environmental and the OHS practices, improving their behavior in this field and supporting their morale and motivation.

Evaluations within the scope of rewards are carried out by the OHS and Environment Award Evaluation Committee formed at the workplace and are approved by the OHS Board. The OYAK Çimento Workplace Environment and OHS Awards are distributed on a monthly, quarterly and annual basis.

The previous month's performance is evaluated at the end of each month at OYAK Çimento, and the "OHS Person of the Month" is selected from among all engineers and subordinate employees.

A separate award is given in each workplace within the scope of the Accident-Free Days OHS Performance Awards, which are handed out at the end of every four months without accidents causing lost days.

The performance of the previous year is reviewed every January, with the "OHS Hero of the Year" and "Environmental Hero of the Year" selected among the employees.

## ALWAYS PREPARED FOR POSSIBLE EMERGENCIES AT ITS WORKPLACES

Within the scope of the Emergency Preparedness and Response Procedure, the potential emergencies which could be experienced at OYAK Çimento workplaces are defined as follows.

- Type 1: Fire
- Type 2: Earthquake
- Type 3: Sabotage
- Type 4: Flooding
- Type 5: Mass Poisoning
- Type 6: Situations that may have an Environmental Impact

A total of 102 drills were carried out in 2022. The drills were planned to prepare the teams and employees in response to emergencies.



## 2022 YILI İSG KAHRAMANLARIMIZ

 <b>Erhan YÜKSEL</b> Bakım Uzmanı İSMEK	 <b>Cem GÖKPINAR</b> Çimento Üretim İşçisi SİĞİRÇİTAŞ	 <b>Mehmet BULUT</b> Çimento Üretim İşçisi İSMEK	 <b>Mahmut ÖZDEMİR</b> Makine Bakım İşçisi İSMEK
 <b>Devrim TUR</b> Bey Laborantisi İSMEK	 <b>Yahya KOCAKOÇ</b> Bakım Gözetmeni Bakımı İSMEK	 <b>Süleyman BURHAN</b> Makine Üretim İşçisi İSMEK	 <b>Samet KAZMA</b> Makine Bakım İşçisi İSMEK

Şirkette birinci olarak "İSG Kahramanı" seçilen çalışan arkadaşlarımızı tebrik ediyor, güvenli davranış geliştirme kültürünü benimseyen tek grup genelinde yayılmasına yardımcı olacakları için her birine teşekkür ediyoruz.

 ÇİMENTO BETON KAĞIT 

## OCCUPATIONAL HEALTH AND SAFETY (OHS)

### TYPES OF DRILLS PERFORMED AT OYAK ÇİMENTO WORKPLACES

- Firefighting and evacuation drill
- Emergency unplanned drills
- Search, protection, rescue, alarm and evacuation drills
- Work accident and first aid drills
- Environmental spill, leak drills
- Coastal facility emergency response plan application drill (for the workplaces with coastal facility)
- Waste-derived fuel plant-Firefighting and evacuation drill
- Radiation emergency drill

### THE HS-E (HEALTH & SAFETY -ENVIRONMENT) PLATE CATALOGUE CREATED

The content and design of OHS and environmental health and safety signs at all workplaces within the Group were revised and an HS-E Plate Catalogue was prepared to ensure that the relevant warning signs and plates at all our plants and facilities comply with the minimum requirements as specified in the Health and Safety Signs Regulation.

The safety colors and shapes of each sign were determined in accordance with the meaning and purpose of each sign and plate. The areas of use related to where the signs would be used were also determined.

According to the Health and Safety Signs Regulation, health and safety signs are divided into five main groups - prohibitive, warning, mandatory, firefighting, emergency exit and first aid.

In addition to these five main groups, work was separately carried out under the headings of "Traffic Signs", "Environmental Signs" and "OHS-Environmental Instruction Signs" in the catalogue. Each plate is numbered with a code system.

All health and safety signs at OYAK Çimento's plants and facilities were reviewed in 2022. The requirements were met in accordance with the symbols and signs defined in the catalogue.



### TRAFFIC SAFETY - THE THEME OF WORLD OCCUPATIONAL HEALTH AND SAFETY DAY

The International Labor Organization (ILO) designated 28 April as the World Day for Safety and Health at Work.

The World Day for Safety and Health at Work is a campaign led by the ILO at the international level to promote healthy, safe and decent work. The main purpose of the campaign is to support a culture of occupational health and safety, raise awareness of creating healthy and safe workplaces and encourage the parties to carry out activities in this area.

The theme of the 2022 Cement Industry World OHS Day Events was Traffic Safety.

On-the-job talks were organized in the OYAK Çimento plants where all employees were informed in the area of traffic safety. Safe driving instructions are placed inside the vehicles. Checks were carried out in designated areas and heavy and light vehicles underwent checks. Shortcomings were reported in the Traffic Safety Form at the plants before being collected and evaluated in the system, and corrective actions were taken.



## WORK ON DIGITALIZATION - A FUNDAMENTAL FACILITATOR

After the pilot project launched in 2017, the OYAK Çimento 4.0 Project was concluded in the third quarter of 2021. The project was rolled out simultaneously at 7 integrated cement plants and 3 grinding plants in Türkiye in the space of just 100 days.

### INDUSTRIAL - THE OYAK ÇİMENTO 4.0 PROJECT

The OYAK Çimento 4.0 Project was developed and implemented with the aim of utilizing the potential for big data in cement industrial processes.

After the pilot project was launched in 2017, the work was concluded in the third quarter of 2021. It was rolled out simultaneously at seven integrated cement plants and three grinding plants in Türkiye in the space of just 100 days.

### GLOBAL SCOPE

Three integrated cement plants and one Grinding Plant in Portugal, the aggregate plant in Cape Verde and the world's first cement plant with calcined clay integration operating in Ivory Coast were also included in the project.

With the correct definition and processing of "data", which will be one of the most important natural resources of the future, OYAK Çimento believes that the results will make a difference in terms of productivity, efficiency, reliability and, most importantly, sustainability in the cement industry.

The OYAK Çimento 4.0 Project includes reference applications not only for Türkiye but also for the world cement industry.

The project was designed and implemented using OYAK Çimento's internal human resources, know-how and expertise. The work team of the project was supported by consultancy and service procurement on data science and software. All of the installation, commissioning, data collection and connections, digital asset architectural design, standard asset hierarchy and original visualization applications in the project were carried out by the OYAK Çimento 4.0 Project team with OYAK Çimento's internal resources.

The "IndustriAI - OYAK Çimento 4.0" project received the Digitalization Award at the TİSK Common Futures Competition in 2021. It also allows the Company to effectively manage all alternative fuel processes and to monitor targets.



## WORK ON DIGITALIZATION - A FUNDAMENTAL FACILITATOR

**PURPOSES OF OYAK ÇİMENTO 4.0**

The project includes the following objectives:

- In the cement industry, data flows for plants in different locations, regions and even continents can be collected instantly, without loss, and filtered in a single data pool,
- Process estimation, quality estimation, predictive / descriptive maintenance, instant detection of operational anomalies, by processing the relevant operational data, creating the concept of Artificial Intelligence Supported Industrial Operations in production planning effectiveness and its results,
- Supporting the principles of productivity, reliability, operational efficiency, high quality and continuity, sustainable production with the related concept,
- Providing additional benefits to the environment and the country's economy by increasing energy efficiency,
- Producing more environmentally friendly and low-carbon cement by reducing the use of fossil fuels and optimizing the use of waste-derived fuel sources and greenhouse gas emissions.

You can find detailed information about the IndustrAI - OYAK Çimento 4.0 Project on pages 78-81 of the **2021 Integrated Report**.

**AN EXPANDING SCOPE OF RPA (ROBOTIC PROCESS AUTOMATION) OPERATIONS**

The OYAK Çimento RPA Project was commissioned in 2022. With the internal use of the RPA, a number of work processes in the Financial Affairs, Purchasing, Warehouse, Human Resources, Sales and Compliance departments were successfully transferred to the RPA automation system. Two robots were actively being used in the management of all these processes at the end of 2022.

**SOME EXAMPLES OF PROCESSES COMPLETED WITHIN THE SCOPE OF THE RPA PROJECT IN 2022**

- Preparation and publication of the Daily Cement Sales Report process
- Preparation and publication of the Daily Aggregate and Concrete Sales Report process
- Preparation and publication of the Instant Sales Report process
- Execution of cost period opening processes
- Checking and approval of sickness, work accident and maternity reports from the Social Security Institution system
- Follow-up of account closure and notification processes for employees leaving their position
- Bill-PO matching
- Purchasing process reminders (Purchase Order, Pick up processes, Reminder mailing and Checks)
- Warehouse Material Costs
- Compliance Manuals approval processes and reminders (all locations including CIMPOR)
- Conflict of Interest reporting processes and reminders
- Depreciation Controls



## CORPORATE GOVERNANCE AT OYAK ÇİMENTO

### OYAK Çimento is a publicly traded company, traded on the Borsa İstanbul stock exchange under the OYAKC ticker.

OYAK Çimento adopted the Corporate Governance Principles published by the Capital Markets Board ("CMB") in 2003. The company has also adopted the OECD Corporate Governance Principles.

In 2022, the company fully complied with all of the mandatory principles set out in the current Corporate Governance Communiqué and complied with most of the non-mandatory principles. The company aims to fully comply with the non-mandatory Corporate Governance Principles and continues its activities in this regard.

#### THE BOARD OF DIRECTORS AT OYAK ÇİMENTO

The Board of Directors consists of the members elected by the General Assembly in accordance with the relevant provisions of the Turkish Commercial Code and the regulations of the Capital Markets Board. The number and qualifications of the independent members to take on duties in the Board of Directors are determined according to the regulations of the Capital Markets Board regarding the Corporate Governance Principles.

During the reporting period, OYAK Çimento's Board of Directors consisted of nine members, three of whom are independent. In the same period, the Board of Directors convened on 27 occasions and took 69 decisions. Members of the Board of Directors regularly attended the meetings.

Three committees operate within OYAK Çimento's Board of Directors: the Corporate Governance Committee, the Audit Committee and the Early Detection of Risk Committee.

Within the framework of the CMB's Corporate Governance Communiqué, the authorities, duties and responsibilities for fulfilling the duties assigned to the Nomination Committee and the Remuneration Committee were also assigned to the Corporate Governance Committee. The duties, working principles and the members of the committees were determined by the Board of Directors and announced on the OYAK Çimento website.

Detailed information concerning the Board of Directors and Senior Management of OYAK Çimento in the reporting period is available on the OYAK Çimento website.

#### RISK MANAGEMENT AT OYAK ÇİMENTO

The Board of Directors at OYAK Çimento is responsible for the establishment of prudent and effective checks regarding the assessment and management of risks related to Company's operations. The Board is responsible for the supervision of the operation of the checks established. OYAK Çimento takes a triple line of defence approach as a basis while managing its risks.

The Board of Directors established the Early Detection of Risk Committee (EDRC) to fulfil these duties and assist the Board in the supervision of risk and risk management throughout the company. The Committee consists of an Independent Board Member and related Board Members. The Chairman of the Committee is an Independent Board Member. The EDRC has two independent Board members and the committee convenes every 2 months.

The EDRC is one of the three committees operating within the Board of Directors at OYAK Çimento. The EDRC takes the work and reports to be carried out by the Enterprise Risk Management Committee (ERMC) as a reference in determining critical risks and the implementation, development and monitoring of the effectiveness of the controls within the scope of risk management.

The permanent members of the ERMC include the Country CEO, Vice Presidents, the Group CFO, the Director of Compliance, the Treasury and Risk Manager and the Financial Affairs Manager. The committee meets every 3 months.

#### SUSTAINABILITY MANAGEMENT AT OYAK ÇİMENTO

In order to plan sustainability management in a strategic direction, sustainability management is carried out in an integration between governance and operations at OYAK Çimento, starting from the Board of Directors. The Sustainability Board and Committee were established at the Company in this vein.

#### OHS and Sustainability Software

- Institutional Memory
- Central Data Management
- Occupational Health and Safety Information Management System (OIMS) Integration
- Digitalization of the OHS and Sustainability Processes
- Use of Resource Efficiency
- Regulatory Compliance and Instant KPI Tracking

# CORPORATE GOVERNANCE AT OYAK ÇİMENTO

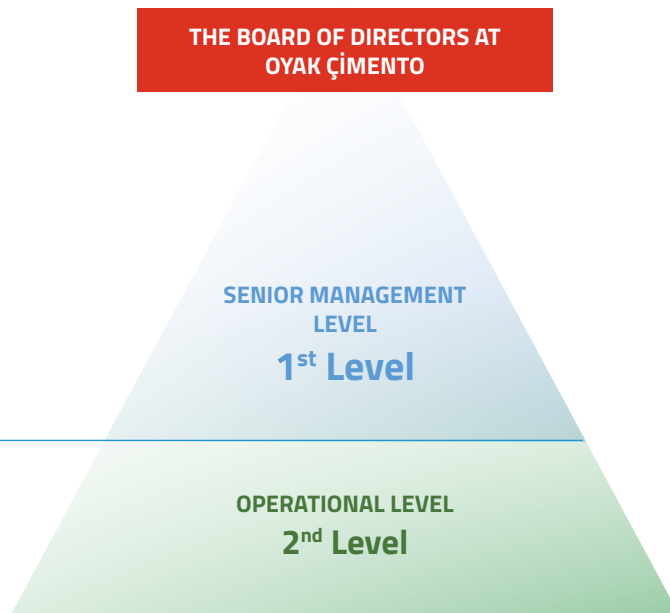
## SUSTAINABILITY ORGANIZATION

Sustainability is organized in a two-stage structure at OYAK Çimento.

### Sustainability Board

In addition to determining OYAK Çimento's sustainability strategy in the Environment, Social and Governance areas, the Sustainability Board also performs the duties of executing, monitoring, auditing, reviewing, improving and developing policies, targets and practices.

The Board approves the work programs set out by the Sustainability Committee and ensures that they are implemented within the scope of the business cycle. The Chairman of the Sustainability Board reports or submits the decisions taken to the Chairman of the Board of Directors for approval.



### Sustainability Committee

The committee carries out work and develops projects in order to develop and improve the level of sustainability processes into OYAK Çimento's business cycle.

The Sustainability Committee is also responsible for establishing the short-, medium- and long-term work program in line with the sustainability strategies and for determining, monitoring and maintaining the operational process objectives related to the work committees' areas of strategic focus.

The Sustainability Committee convenes at least twice a year at 6-month intervals under the coordination of the Committee Chairman and the specialists. This committee is managed at the Executive Director and the Manager level.

## WORKING COMMITTEES

Environment and Sustainability Committee	Alternative Fuel and Alternative Raw Materials Committee	The OHS Committee	Maintenance and Planning Committee	Energy Efficiency Committee	Raw Material and Aggregate Committee	Quality and IMS Committee	Process and Good Practices Committee
--	--	-------------------	------------------------------------	-----------------------------	--------------------------------------	---------------------------	--------------------------------------

The OYAK ÇİMENTO FABRİKALARI A.Ş. SUSTAINABILITY REPORT, which is published within the scope of the CMB's Sustainability Principles Compliance Framework, can be accessed by clicking on the following link.

### Current Policies, Strategies and Approaches in the OYAK Çimento Group

<https://www.oyakcimento.com/en/about-us/energy-strategy>

<https://www.oyakcimento.com/en/about-us/integrated-management-system-policy>

<https://www.oyakcimento.com/en/employee-policy/human-resources-policy>

<https://www.oyakcimento.com/tr/calisan-politikasi/ise-alim-ve-yetenek-yonetimi-yaklasimimiz>

[https://cimporethico.com/CIMPOR\\_ETHICO\\_ENG\\_REV.pdf](https://cimporethico.com/CIMPOR_ETHICO_ENG_REV.pdf)

[https://cimporethico.com/cimpor\\_global\\_supplier\\_code\\_of\\_conduct.pdf](https://cimporethico.com/cimpor_global_supplier_code_of_conduct.pdf)

Integrated reporting consultancy, content  
development, Turkish and English editing, design

**TAYBURN®**

T: +90 212 227 0436  
[www.tayburnkurumsal.com](http://www.tayburnkurumsal.com)  
**Brands & Reputations.**



**OYAK Çimento Fabrikaları A.Ş.**

Çukurambar Mahallesi 1480. Sokak No: 2A/56 Çankaya/ANKARA

T: 0 (312) 220 02 90/F: 0 (312) 220 02 91

[www.oyakcimento.com](http://www.oyakcimento.com)

e-mail: [iletisim@oyakcimento.com](mailto:iletisim@oyakcimento.com)