

# BATICIM

## 2023 YILI CSR/ESG DISCLOSURES REPORT



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## ABOUT THE REPORT

Batiçim's non-financial data is made accessible to stakeholders through the sustainability report and the Sustainability section on the company's official website. These resources provide comprehensive information on Batiçim's corporate social responsibility (CSR) activities and environmental, social, and governance (ESG) performance. The Batiçim Sustainability Report has been prepared in alignment with GRI Standards and covers all of the company's global operations. The report aims to transparently communicate Batiçim's environmental and social commitments to its stakeholders while serving as a cornerstone of its sustainability strategies.

This document is an additional report prepared independently from Batiçim's sustainability report. Positioned as a Corporate Social Responsibility (CSR) Report, it seeks to provide a more detailed account of the company's ESG activities and present its sustainability strategies more comprehensively to stakeholders. The data included in this report pertains to the period from January 1, 2023, to December 31, 2023, and encompasses all of Batiçim's global operations. The greenhouse gas (GHG) emission data provided in the report is verified by an internationally accredited independent organization and submitted to the Ministry in compliance with relevant regulations.

Additionally, the company's policies, articles of association, general assembly resolutions, and other investor-related documents are also available on Batiçim's official website for investor access. For detailed information related to the annual report, please visit the [Batiçim 2023 Annual Report](#) link. To access Batiçim's Articles of Association, visit the [Batiçim Bati Anadolu Cimento Sanayii Anonim Şirketi Articles of Association](#) link.

## General Information

Founded in 1966 with 100% Turkish capital, Batiçim operates with a "quality first" approach, offering eco-friendly products and customer-focused services. Guided by the values of "Valuing the Environment, Advancing with Technology, and Adding Value to Life," Batiçim is among Turkey's leading cement producers, meeting a significant portion of the country's clinker and aggregate demand. Over a period of more than 50 years, Batiçim has become a trusted and well-recognized company in both national and international markets, adhering to continuous improvement and high-quality control standards. The company exports over 700,000 tons of cement annually, contributing significantly to sustainable economic growth through the employment it creates, its exports, and the added value it generates.

As a member of the Batı Anadolu Group of Companies, Batiçim is committed to minimizing its environmental and social impacts, ensuring resource efficiency, and promoting an innovative and responsible production approach as part of its sustainability strategies. In alignment with the Paris Agreement and the 2053 Net Zero Emissions goals of the Batı Anadolu Group of Companies, Batiçim prioritizes continuous development and transformation through collaboration with all its stakeholders.

Batiçim aims to minimize its environmental impacts and achieve sustainable development goals by establishing an effective governance structure in the areas of environment and sustainability. Within this

framework, Batıçim's sustainability management is carried out through the Batı Anadolu Group of Companies Sustainability Committee and its associated Sub-Committees.

The Batı Anadolu Group of Companies Sustainability Committee operates under Board of Directors and plays an active role in shaping sustainability strategies. The committee is composed of senior executives from various departments and oversees the guidance of environmental and social sustainability policies. To ensure the effective implementation of sustainability efforts and foster project-based collaboration within Batıçim, Sustainability Sub-Committee is actively engaged in operations. The Sustainability Subcommittee consists of department managers who are the relevant function leaders. To ensure the effective management of sustainability-related matters, the subcommittee established by the committee actively conducts sustainability strategy-focused efforts, involving various units within the company.

The Batıçim Sustainability Sub-Committee is composed of the following positions:

- Factory Director
- Occupational Health, Safety, Environment, and Sustainability Manager
- Production Manager
- Maintenance Manager
- Raw Materials Manager
- Human Resources Manager
- Procurement Manager
- Information Technology Manager
- Marketing and Sales Manager
- Quality Management Manager
- Logistics Manager
- Waste Management Manager
- Internal Audit Manager
- Legal Manager
- Financial Affairs and Accounting Manager
- Budget and Reporting Manager
- Finance and Treasury Manager
- Concrete Operations Manager
- Port Operations Manager
- Energy Operations Manager

This team is responsible for implementing projects to achieve Batıçim's sustainability (environmental, social and governance) goals. By focusing on environmental priorities such as energy efficiency, water management, and waste management, the committee ensures the effective execution of sustainability strategies. Their efforts are not limited to environmental performance but also extend to enhancing Batıçim's performance in social and governance areas.

This comprehensive and inclusive governance structure enables Batıçim to integrate sustainability into its business processes and continuously improve its sustainability performance.

## Risk Management

The Batı Anadolu Group of Companies aims to proactively identify and manage operational risks through an integrated risk management approach, implementing preventive measures effectively. The identification, measurement, and monitoring of risks are carried out in alignment with strategic and financial objectives, applying strategies such as risk avoidance, transfer, mitigation, or acceptance. This process is managed by the Executive Management Team and evaluated by the Board of Directors and the Early Detection of Risk Committee.

Batıçim recognizes that climate change presents both significant risks and opportunities for its business operations. While challenges such as regulatory pressures, rising costs, and resource scarcity arise, opportunities like the development of low-carbon products and access to green financing also offer growth potential. Accordingly, Batıçim conducts a comprehensive analysis of the risks and opportunities associated with climate change.

| Issue   | Category    | Further Details  | Risk/Opportunity          |
|---|-------------|--|---------------------------|
| CBAM and Additional Costs                               | Risk        | The implementation of carbon costs on cement exports to the EU could challenge Batıçim's competitiveness in the EU market.   | Regulation and Market     |
| Carbon Taxes and Domestic Market Regulations            | Risk        | The implementation of regulations such as carbon taxes or emissions trading in Turkey could increase cost pressures. This would necessitate reducing fossil fuel use and require Batıçim to transform its production processes.                                      | Regulation and Market     |
| Water Stress  | Risk        | Drought and the decline in water resources caused by climate change could make water supply for cement production more challenging. These climate-related issues may increase costs and operational risks.   | Physical (Chronic)        |
| Green Cement Production and New Markets                 | Opportunity | As demand for climate-friendly products increases, Batıçim's focus on low-carbon or "green cement" products will open access to new markets. Low-carbon cement types will be particularly favored in environmentally friendly building projects.                     | Market                    |
| Gaining Cost Advantage Through Energy Efficiency        | Opportunity | As part of efforts to combat climate change, initiatives are being undertaken in energy efficiency and renewable energy. Investments in energy efficiency can reduce Batıçim's energy costs and create a competitive advantage in the long term.                     | Operational and Financial |
| Access to Low-Carbon Grants and Funds                   | Opportunity | Funds promoting low-carbon production in Turkey and the EU can help mitigate Batıçim's technology adaptation costs. For instance, grants for energy-saving projects or financing for CBAM compliance can support Batıçim in managing this transition advantageously. | Financial                 |
| Additional Revenue Opportunities Through Carbon Credits | Opportunity | Batıçim can generate additional revenue by reducing carbon emissions and selling carbon credits. These credits also contribute to promoting innovative practices in cement production, positioning Batıçim advantageously in the carbon market.                      | Financial and Market      |

## BATIÇİM ENVIRONMENTAL PRACTICES

Batıçım adopts a sustainability-focused strategy to mitigate the impacts of climate change on businesses and natural resources. By prioritizing low-carbon production processes, energy efficiency, and water management, the company aims to minimize its environmental footprint.

### Water Management

Batıçım contributes to environmental sustainability by implementing various processes and mechanisms to enhance water efficiency. Closed-loop systems are used in cement production lines to recycle water for cooling purposes, preserving valuable resources. Rainwater from rooftops and surfaces is collected in rainwater harvesting pools and reused for site irrigation. Additionally, sensor-equipped faucets ensure water flows only when needed, preventing unnecessary water consumption.

To control dust emissions, water usage is optimized in crushers and across the site, and a diverse network of measurement points is used for detailed analysis of water consumption. Based on these analyses, efforts to reduce consumption are implemented, and further water savings are achieved by identifying and addressing leakage and loss points in detail. The company continuously explores and evaluates new technologies to reduce water usage, such as feasibility studies for reducing water consumption at its waste heat-to-power generation plant.

The **ISO 14001 Environmental Management System** in place at the facilities serves as a foundation for assessing and managing water-related risks, with processes undergoing continuous improvement. Through this comprehensive approach, Batıçım aims to preserve water resources, enhance water efficiency, and support environmental sustainability.

Batıçım sources its water solely from groundwater, drawing it from wells. In 2023, the total water withdrawal by Batıçım amounted to 554,364 m<sup>3</sup>.

### Emission Management

Batıçım, in collaboration with its parent company Batı Anadolu Group of Companies, implements a comprehensive policy for reducing and managing emissions by employing various processes, mechanisms, and programs. The Group closely monitors national and international regulations to align with Türkiye's Net Zero targets, calculating direct and indirect greenhouse gas emissions from its operations in accordance with the ISO 14064 Greenhouse Gas Calculation and Reporting Standard. The 2022 data has been designated as the baseline year for future emission calculations, and the carbon footprint has been calculated for all companies.

Following these calculations, Batıçım had their 2022 and 2023 emissions **verified** by an independent certification body accredited by TÜRKAK under the ISO 14064-1 standard. Additionally, the companies continue to calculate and have their direct emissions independently audited under the National Greenhouse Gas Emissions Monitoring and Reporting Regulation, as required by the Ministry of Environment, Urbanization, and Climate Change.

Waste management and the use of alternative fuels are integral components of Batıçım’s emission reduction policies. Over the past three years, the company has used 67,753 tons of waste in its cement plants, achieving a reduction of 65,554 tons of CO<sub>2</sub> equivalent emissions. Furthermore, projects optimizing coal consumption have saved 10,541 tons of pulverized coal over the last three years, equivalent to restoring 39,318 trees to nature.

To minimize air emissions, the company has focused on investments that comply with national and international limits. Advanced technological solutions, such as converting electrostatic precipitators in rotary kilns to bag filters, have been implemented. Gas and dust analyzers with continuous measurement and recording capabilities contribute to emission monitoring and control. In addition, measures to reduce dust emissions in open areas—such as covering bunkers, using vacuum sweepers, implementing automatic watering systems, and other precautions—help mitigate environmental impacts.

Batıçım's emission datas\* for 2022 and 2023 are as follows:

|   | <b>2022</b>  | <b>2023</b>  |
|---|--------------|--------------|
| <b>Scope 1 (tonCO<sub>2</sub>e)</b>                 | 1,248,664.55 | 1,267,634.62 |
| <b>Scope 2 (tonCO<sub>2</sub>e)</b>                 | 56,357.12    | 59,516.18    |
| <b>Scope 3 (tonCO<sub>2</sub>e)</b>                 | 2,049,780.74 | 430,120.75   |
| <b>Total (tonCO<sub>2</sub>e)</b>                   | 3,354,802.41 | 1,757,271.55 |
| <b>Cement CO<sub>2</sub> Equivalents Emission**</b> | 785.015      | 738.085      |

\*Batıçım prepared its emissions data for 2022 and 2023 in accordance with the ISO 14064-1 Greenhouse Gas Emissions Verification and Reporting Standard and had it verified by a third-party independent certification body accredited by TÜRKAK.

\*\* Calculated considering Scope 1 and Scope 2 emissions.

## Pollution Emissions

### Reduction of NO<sub>x</sub> and SO<sub>x</sub> Emissions:

Batıçım has undertaken concrete initiatives to reduce nitrogen oxide (NO<sub>x</sub>) emissions. In 2023, the company modernized its fleet of vehicles used for bulk cement transportation, replacing a significant portion of the fleet with vehicles equipped with advanced technology. Through this modernization, the majority of the fleet transitioned to Euro 6 engine types, which comply with the European Union's emission limits. These vehicles not only offer cost advantages but also contribute significantly to reducing NO<sub>x</sub> emissions. The updated fleet has provided operational cost benefits while achieving a substantial decrease in NO<sub>x</sub> emissions. This initiative is actively implemented as part of the company's efforts to enhance environmental performance, comply with regulations, and support sustainable transportation.



**Reduction of VOC Emissions:**

Batçim actively pursues initiatives to reduce volatile organic compound (VOC) emissions. The company's production facilities are equipped with Jetplus Bag Filter systems and NOx reduction systems, which effectively control VOC emissions. Additionally, water-based paints are preferred in production processes, making a significant contribution to reducing VOC emissions.

Batçim actively continues to implement these technological solutions, which go beyond regulatory compliance, aiming to reduce environmental impacts. These initiatives yield measurable results in managing volatile organic compounds (VOCs) and are consistently applied as part of the company’s sustainability approach.

**Employee Transportation Vehicles:**

The company has developed various initiatives to reduce the environmental impact of employee transportation. Vehicles used for employee transport are equipped with specialized engine designs aimed at reducing NOx exhaust emissions, improving fuel efficiency, and utilizing AdBlue technology. These vehicles are equipped with low-emission technologies to help minimize environmental impacts.

Additionally, to reduce fuel consumption, the company has transitioned from gasoline-powered vehicles to diesel vehicles. Diesel vehicles play a significant role in reducing the carbon footprint by consuming less fuel. Moreover, an electric vehicle is used by the quality control unit within the factory for sample collection. As a zero-emission solution, this vehicle stands out as an environmentally friendly alternative. It is used exclusively within the factory premises and does not operate on public roads.

These practices highlight the company’s strong commitment to reducing environmental impacts during employee transportation and underscore its determination to establish a more sustainable transportation system.

The other emission values for 2023 are as follows:

|  |                        |
|--|------------------------|
| NOx emissions                              | 1,958,476.15 kg/year   |
| SOx emissions                              | 14,622.44 kg/year      |
| VOC emissions                              | 61,663.10 kg/year      |
| Ozone-Depleting Substances (ODS) emissions | 1,976.71 COe tons/year |

**Reduction of Particulate Matter Emissions:**

Batçim actively implements initiatives to reduce particulate matter (PM10) emissions, specifically those smaller than 10 microns in diameter. At its cement facilities, the conversion of electrostatic precipitators in rotary kilns to bag filters effectively prevents dust emissions that could occur during energy fluctuations, sudden outages, and the commissioning or decommissioning processes of the facilities.

## Energy Management

Batıçım adopts a systematic approach to energy management, taking concrete steps and implementing various processes and mechanisms to enhance energy efficiency. Within the framework of the Energy Management System jointly operated with Batisöke, the company undertakes initiatives such as detailed energy audits, infrastructure improvements, and the application of innovative technologies to improve energy efficiency.

At Batıçım and Batisöke plants, Waste Heat Recovery (WHR) Power Plants capture waste heat from production processes and rotary kilns, generating over 15% of the consumed electricity within the facilities. Over the past three years, these systems have achieved a total reduction of 42,553 tons of CO<sub>2</sub> emissions. Additionally, system upgrades at the WHR plant, including projects like increasing the surface area of the AQC1 boiler, have enhanced energy production capacity, enabling the generation of 2 tons/hour of steam.

Additional improvement efforts:

- DF2 cooling system gas leak was fixed, resulting in an improvement in the energy generated from waste heat, saving 773,064 kWh of energy per year. This saving is equivalent to 374 tons of CO<sub>2</sub> emission reduction.
- The pendulum valve system added in front of the return belt reduced the amount of fugitive air in the mills from 5400 Nm<sup>3</sup>/h to 500 Nm<sup>3</sup>/h and increased energy efficiency.
- The conversion of lighting in the Stokholds to LED floodlights saved 43,200 kWh of energy per year, which corresponds to a reduction of 21 tons of CO<sub>2</sub> emissions.
- The modernization of water pumping systems saved 89,760 kWh of energy and contributed to the avoidance of 43 tons of CO<sub>2</sub> emissions.

In addition to these processes, energy audits are regularly carried out and investments are made in priority areas according to the results obtained. The detailed data collection infrastructure used in energy management is continuously strengthened, so that energy use and intensity are precisely monitored. With these projects, Batıçım has not only increased energy efficiency but also made significant progress in reducing carbon emissions.

The company has certified its electricity production through the IREC (International Renewable Energy Certificate) system to document its achievements in energy efficiency according to international standards. Through this certification, 47447 MWh of electricity generated from waste heat recovery plants has been officially recorded as renewable energy.

Through electricity generation from waste heat recovery power plants at the Batisöke and Batıçım factories, the company applied for carbon credits under the Verified Carbon Standard (VCS) covering the years 2013-2019. Upon completion of the verification process, Batıçım was awarded 216,117 tons of carbon emission reduction credits.

Batıçım's **Energy Management System** offers a results-oriented approach that combines sustainability and efficiency in energy use, aiming to reduce environmental impacts. The company continues to implement its energy efficiency policies by achieving measurable outcomes.

**2024 Targets**

Batçim has set concrete goals to enhance energy efficiency and developed measurable projects to achieve them. One of the key targets for 2024 is to redesign the fan blades in the cooling tower of the WHR plant to achieve a 20% reduction in motor power consumption. This improvement aims to save 270,600 kWh of electricity annually and reduce carbon emissions by 130 tons of CO<sub>2</sub> equivalent.

Another target is to replace the existing diaphragm pulse valves in the coal mill’s bag filter with new types of valves that enable energy and pressure savings. This upgrade is expected to achieve a 70% reduction in energy consumption, with an estimated annual energy savings of 188,500 kWh, equivalent to a reduction of 91 tons of CO<sub>2</sub> emissions.

These projects demonstrate Batçim's commitment to optimizing energy consumption and reducing carbon emissions by setting specific and measurable energy efficiency goals for 2024.

|  |                      |
|--|----------------------|
| Total energy consumption                             | 1,700,972.49 MWh     |
| Total renewable energy consumption                   | 47,447 MWh           |
| Total energy consumption per ton of clinker produced | 1.23 MWh/ton clinker |

**Waste Management**

Batçim adopts a zero-waste approach, aiming to prevent waste, use resources efficiently, and minimize waste generation while managing waste with a focus on recovery. Within the framework of the ISO 14001 Environmental Management System, the company prioritizes the use of alternative raw materials to reduce the consumption of natural raw materials, decrease raw material mining, lower the clinker ratio used, and reintegrate various process wastes into the economic cycle, thereby minimizing its environmental impact.

The waste data for Batçim in 2023 is as follows:

|   |                   |
|---|-------------------|
| Total waste amount                                    | 675.28 tons       |
| Hazardous waste                                       | 3.88 tons         |
| Recycled or reused waste                              | 675.28 tons       |
| Recycling or reuse rate                               | 100%              |
| Industrial Symbiosis (alternative raw material usage) | 0.12 million tons |
| Alternative raw material usage rate                   | 5.39%             |
| Alternative fuel rate                                 | 5.69%             |

## Environmental Products

Batıçım contributes to its sustainability goals by offering environmentally designed and marketed products. A prominent example is the ecoBATI brand, developed for the cement and concrete sector. Produced in compliance with the EN 197-5 standard, ecoBATI CEM II C/M (L-W) 42.5 N significantly reduces CO<sub>2</sub> emissions through the additives used in its formulation. This next-generation cement product contains approximately 20% more additives and achieves 30% lower CO<sub>2</sub> emissions compared to conventional products. Along with its reduced carbon footprint, the product enhances the durability of structures, aligning with the principles of the circular economy by extending the service life of buildings.

Batıçım's sustainable building product, **ecoBATI**, features CO<sub>2</sub> emissions approximately 30% lower and is a preferred choice for green building projects. It offers attributes that contribute to green building certification systems like **LEED** and **BREEAM**, providing additional points for the use of sustainable materials, which increases the product's demand in the market. Through the growing portfolio of climate- and environmentally-friendly, low-carbon cement and concrete products, the company achieves reduced natural resource consumption, lower clinker usage, and decreased energy consumption. The **TYPE 1L** product represents a significant innovation supporting environmental sustainability compared to the CEM I product. By reducing the amount of clinker used in cement production by approximately 10%, it contributes to both the conservation of natural resources and the reduction of carbon emissions.

Moreover, in 2023, 2 products (**CEM IIC** ve **TYPE 1L**) underwent an Environmental Product Declaration (EPD) certification process, where its environmental impacts were assessed based on a Life Cycle Assessment (LCA). The LCA results identified opportunities for improvement and allowed the product to offer higher scoring advantages for green building projects, further boosting its appeal. These certifications validate ecoBATI's environmental performance at an international level.

This initiative by Batıçım not only reduces carbon emissions but also optimizes the use of natural resources and energy consumption. By continuing to develop its sustainability-focused product portfolio, Batıçım generates positive impacts on both the industry and the environment.

## Sustainable Packaging

Batıçım takes concrete steps to enhance the use of sustainable packaging and offers environmentally friendly packaging solutions. The packaging used for the company's bagged cement products is 100% recyclable, helping to reduce environmental impacts and support a production model aligned with the principles of the circular economy.

## Biodiversity

Batıçım actively undertakes initiatives to reduce the environmental impacts of its production activities and mining processes, operating with a strong sense of responsibility toward nature. Upon the closure of limestone quarries used in cement production, the company immediately begins land rehabilitation

and ecological restoration efforts. As part of these activities, the sites' topography is adjusted to align with natural landscapes, and the land is repurposed for agricultural and forestry use.

A prime example of this approach is the rehabilitation project carried out in İzmir Belkahve. Since 2007, Batıçim has conducted these efforts using its own resources, resulting in the planting of 46,000 saplings over an area of approximately 44.5 hectares (445,000 m<sup>2</sup>). These initiatives have restored the land to nature and contributed to the ecological balance.

Although Batıçim's operational areas do not include national parks, protected areas, or regions of high biodiversity sensitivity, all environmental and social impacts are assessed within the framework of Environmental Impact Assessment (EIA) processes, and necessary precautions are planned accordingly. This ensures that Batıçim minimizes the environmental impacts of its operations while fulfilling its responsibility to nature.

## **Other Environmental Practices**

### **Environmental Management System**

Since 2005, Batıçim's environmental management processes have been 100% certified under the **ISO 14001 Environmental Management System**. This certification demonstrates the company's compliance with international standards in fulfilling its environmental responsibilities.

### **Green Buildings**

Batıçim prioritizes eco-friendly and energy-efficient practices in its operations, carrying out large-scale renovations to enhance environmental aspects at its facilities. By converting lighting systems in three closed stockyards to LED projectors, the company achieved a 50% reduction in energy consumption, saving 43,200 kWh annually. This initiative also resulted in an annual reduction of 21 tons of CO<sub>2</sub>e emissions, marking a significant improvement in energy efficiency and environmental performance.

Additionally, the modernization of pumps transporting water from the Technological Pool led to annual energy savings of 89,760 kWh, which equates to a reduction of 43 tons of CO<sub>2</sub>e emissions. This project stands out as a key modernization effort to reduce environmental impacts at existing facilities. Additionally, for the first time in Turkey, the recovery of heat emitted from the kiln shell and its use to meet the steam and hot water needs of social buildings and production facilities is an innovative practice that prevents energy waste and supports sustainable energy use.

## **Environmental Partnerships and Investments**

### **Environmental Partnerships**

Batıçim actively continues its efforts by establishing collaborations and partnerships focused on addressing environmental issues. Together with its parent company, Batı Anadolu Group of Companies, Batıçim has joined a consortium involving prominent stakeholders such as the European Bank for Reconstruction and Development (EBRD), the Turkish Ministry of Industry and Technology, and PricewaterhouseCoopers (PwC) to prepare a Low-Carbon Roadmap for the Turkish Cement Sector. This collaboration aims to develop concrete solutions for reducing the carbon footprint in the cement sector and contribute to sectoral transformation.

Since 2022, Batıçim has been participating in the "Izmir Industrial Symbiosis Project" led by the Izmir Development Agency. The project aims to strengthen communication among registered companies in the industrial symbiosis system and develop new collaboration opportunities through workshops.

Fly ash, a waste material from the Soma and Yatağan Thermal Power Plants, is repurposed as an additive material at Batıçim instead of being directly released into the environment. Through this collaboration:

- Waste from thermal power plants is diverted from disposal and reintegrated into the economy.
- The conservation of natural resources is supported.
- Efforts to reduce carbon emissions are promoted.

### **Environmental Investments**

Batıçim also undertakes various investments to mitigate environmental risks and enhance future opportunities. Within this scope, projects such as the renewal of bag filter and jet filter systems in cement plants, the enclosure of additive and bypass bunkers, the installation of facility covers, and the modernization of belt conveyor systems have been implemented. These investments are carried out in line with the goals of reducing emissions and improving energy efficiency.

### **Environmental Expenditures**

- Total environmental expenditures in 2023: 24.25 million TL.
- Environmental R&D expenditures in 2023: 495,000 TL.
- Environmental penalties in 2023: None. (No environmental fines recorded during the year.)

These efforts highlight Batıçim's commitment to environmental responsibility and continuous improvement in its operations.

## Supply Chain Management

Batiçim adheres to the principles and rules of Batı Anadolu Group of Companies in supply chain management. All practices outlined in this section regarding Batı Anadolu Group of Companies are also implemented within Batiçim Batı Anadolu Group of Companies follows a comprehensive policy to integrate the supply chain into efforts to reduce environmental impacts and implements various processes to achieve this. During the supplier evaluation stage, priority is given to suppliers with environmental and energy management systems such as ISO 9001, ISO 14001, ISO 45001 and ISO 50001, and additional points are awarded for these certifications. Suppliers are informed about legal requirements and technical specifications concerning environmental management and occupational health and safety.

The environmental performance of suppliers is regularly monitored through "Quarterly Supplier Performance Evaluations." These evaluations are based on the environmental and social criteria specified in contracts and certifications such as ISO 14001. If performance is deemed insufficient, the supplier is first warned, and necessary corrective actions are requested. If these corrections are not made, contracts are terminated, and collaboration is ended. This process clearly demonstrates the company's commitment to ceasing collaboration with suppliers who do not comply with environmental and social criteria.

Batı Anadolu Group of Companies also collaborates with logistics partners in the supply chain to reduce environmental impacts. In this context, the use of environmentally friendly vehicle fleets equipped with the latest technology is encouraged, and support is provided for fleet renewal when necessary. For instance, a supplier achieved both a tonnage advantage and emission reductions in cement transportation by using aluminum trailers.

In 2023, Batı Anadolu Group of Companies launched a digital platform that allows suppliers to upload their documents, aiming to expand this practice across all group companies by 2024. Additionally, the group provides support to its strategic suppliers to help them develop systems and practices to manage their environmental and social impacts effectively.

The company implements improvement projects to align with international regulations as part of its sustainability roadmap and adopts environmentally friendly transportation policies. Investments in railway transportation support this approach, providing both environmental benefits and operational cost advantages.

Moreover, regulations are being put in place to improve suppliers' environmental performance. Environmental, occupational health, and safety specifications for suppliers ensure that all external activities comply with Batı Anadolu Group of Companies's environmental management systems and legal regulations. Through this approach, the company aims to reduce environmental impacts within the supply chain and create a more sustainable structure.

Batiçim provides training to its suppliers on occupational health, safety, and environmental topics, fostering collaboration to improve their performance in these areas. Furthermore, monthly Occupational Health and Safety (OHS) Board meetings are held with the participation of permanent suppliers, supporting cooperation and continuous improvement objectives. These practices provide a framework to enhance the environmental, social, and governance (ESG) performance of suppliers.

# BATIÇİM WORKING PRINCIPLES

## Diversity and Inclusivity

Batıçım upholds the fundamental principle of treating all employees equally, regardless of religion, language, race, gender, age, physical ability, or ethnic origin. The company enforces a zero-tolerance policy against all forms of discrimination and inequality and experienced no negative incidents related to these issues during the reporting period. Batıçım views equal opportunity as a core condition of its employment processes and prioritizes women and individuals with special needs, as explicitly stated in its **Management Systems Policy**: "To develop our effective human resources through egalitarian, innovative, and creative approaches, while providing opportunity priority to women and individuals with special needs."

To support work-life balance for female employees, Batıçım respects maternity rights, offering facilities such as nursing rooms and, when needed, flexible remote working options for employees returning from maternity leave. Although no employees took maternity leave during the reporting period, 100% of employees who had previously taken maternity leave returned to work. Despite operating in sectors traditionally dominated by male and blue-collar workers, Batıçım continues to strive to increase the representation of women in its workforce.

Batıçım provides equal opportunities to all employees regardless of age but strictly prohibits the employment of individuals under the age of 18, given that its area of operation is classified as "Highly Hazardous." With its approach that promotes diversity and inclusion, Batıçım aims to create a sustainable working environment.

Batıçım also has a **Diversity, Equity, and Inclusion Policy**, which provides further details. You can review the policy [here](#).

The diversity and inclusion data for Batıçım in 2023 are as follows:

|  |            |        |
|--|------------|--------|
| Total number of employees                                    | Person     | 380    |
| Number of female employees                                   | person     | 30     |
| Number of female managers                                    | Person     | 5      |
| Percentage of employees with disabilities                    | Percentage | 0.02%  |
| Percentage of women's pay compared to men's for the same job | Percantege | 98.75% |

In 2023, the number of female employees at our BTC factory was 30, which increased to 36 as of October 2024. This represents a 20% increase in the number of female employees. Our target is to continuously increase the number of female employees each year, reaching at least 50 female employees by 2030.

According to sectoral reports, the female employment rate in the cement sector (among employer companies that are members of ÇEİS) is 5%, while Batıçım's female employment rate stands at 8%.



## **Human Rights**

By adhering to the principles of the ILO Declaration on Fundamental Principles and Rights at Work, Batçim respects the human rights of everyone directly or indirectly impacted by its activities, including employees, shareholders, suppliers, subcontractors, business partners, and customers. The company is committed to providing its employees with a dignified, peaceful, safe, transparent, and fair working environment as a core principle. Batçim ensures that all processes such as recruitment, promotion, remuneration, and benefits comply with ethical principles and human rights. The company has zero tolerance for any form of discrimination. Discrimination based on visible or invisible factors, such as race, religion, language, gender, age, ethnicity, or physical disability, is strictly prohibited. Through its Board-approved **Human Rights Policy**, Batçim clearly sets out its commitments in this area.

**Freedom of Association and Collective Bargaining Rights:** Batçim respects its employees' rights to freedom of association and collective bargaining, ensuring they can exercise these rights freely. It enables the establishment of unions and employee organizations in compliance with legal regulations. Employees can join unions and take on leadership roles without any pressure or fear.

Currently, 65.5% of Batçim's workforce is represented by independent trade unions or covered by collective bargaining agreements. Blue-collar workers at Batçim are members of the Çimse-İş Union, while the employer is represented by the ÇEİS Union under collective agreements.

**Prohibition of Forced Labor and Child Labor:** Batçim strictly opposes child labor. The company rejects all forms of child labor that harm children's physical and psychological well-being or deprive them of their right to education, enforcing a zero-tolerance policy on this issue. Additionally, Batçim takes necessary measures in its recruitment processes and supply chain to prevent forced labor and other forms of mistreatment. It conducts internal training sessions to raise awareness among employees and aims to increase awareness in society.

**Human Rights in the Value Chain:** Batçim prioritizes human rights criteria in supplier selection and monitoring processes. The company requires all business partners within its supply chain to operate in accordance with fundamental human rights, including freedom of association, the prevention of child labor, and the prohibition of forced labor. Regular performance audits are conducted to assess suppliers' compliance with human rights standards. If a violation is identified, the supplier is warned, and if corrective measures are not taken, the contract is terminated.

This approach underscores Batçim's commitment to upholding human rights in its supply chain and its zero-tolerance policy on such issues.

## Occupational Health and Safety

At Batıçim, occupational health and safety (OHS) is treated as a top priority across all business processes, and this commitment is ensured through the Batı Anadolu Group of Companies **Management Systems Policy**. Under the ISO 45001 Occupational Health and Safety Management System certification, a systematic approach is implemented to protect employee health, prevent workplace accidents, and avoid occupational diseases.

The group aims to control OHS risks through technological advancements and on-site improvements, with a focus on continuous improvement in these processes. In line with the goal of reducing workplace accidents and occupational diseases to zero, risks are identified in advance, and measures are taken to eliminate them or reduce them to an acceptable level.

All employees are regularly informed about workplace rules and instructions and are trained to take the necessary precautions. Workplace accidents and near-misses are reported, analyzed under established procedures, and corrective and preventive actions are taken to prevent recurrence by identifying root causes. The results of these analyses are shared with all employees, and efforts to improve work processes are conducted. Additionally, physical adjustments are implemented on-site for hazardous areas and risky activities.

Regular training sessions and meetings are held to increase employee awareness of occupational health and safety. To enhance digital accessibility, documents containing instructions and safe working methods have been made accessible via QR codes at relevant on-site locations. These practices reflect the Batı Anadolu Group of Companies's commitment to protecting the health and safety of its employees.

Within the Batı Anadolu Group of Companies, which includes Batıçim, there is an Occupational Health and Safety (OHS), Environment, and Sustainability Directorate encompassing all Batı Anadolu Group companies responsible for overseeing employee health and safety processes. This center is managed by a team comprising occupational safety specialists, environmental managers, workplace physicians, and healthcare personnel. The assignment of workplace physicians and other healthcare personnel is carried out through contracted Common Health and Safety Units (OSGB). It operates under the Occupational Health and Safety, Environment, and Sustainability Directorate. The team conducts daily OHS inspections, investigates incidents, implements best practices, and ensures necessary communication. Additionally, the team is responsible for executing OHS strategies and regularly carrying out improvement initiatives to reduce risks in the field and create a safer working environment.

The occupational health and safety data for Batıçim in 2023 are as follows:

|   |      |           |
|---|------|-----------|
| Total lost days   | days | 96        |
| Total lost days for employees                                   | days | 82        |
| Injury rate for employees*                                      | rate | 11.88     |
| Total training hours provided to employees on health and safety | hour | 10,444.75 |

\* Injury rate calculation: Total number of injuries / Total working hours × 1,000,000.

At Batçim, which operates with the goal of zero workplace accidents and occupational diseases, **no cases of occupational diseases were reported in 2023**. Furthermore, the company recorded **no fatal workplace accidents in 2021, 2022, or 2023**. Corrective and preventive measures are planned and implemented to avoid workplace accidents, with a strong emphasis on training and educating employees at all levels. All employees are aware that occupational health and safety (OHS) is an integral part of their work, **Batçim's top priority**, and one of the most critical areas of focus.

Believing in the power of continuous improvement in OHS activities, Batçim Anadolu Group prioritizes OHS training. In addition to legally mandated training provided under current laws and regulations, the company organizes **specialized training programs** to enhance employee awareness. Refresher training sessions are also provided following workplace accidents, targeting both the affected personnel and other employees at risk of encountering similar incidents.

Moreover, Batçim's **Code of Business Ethics** includes guidelines on occupational health and safety. As part of this, employees regularly receive ethics training, which aims to raise their awareness of ethical principles and ensure that OHS standards are consistently applied across all business processes.

Batçim provides "**External Contractor Employee Orientation Training**" for all suppliers entering the factory premises. This training covers topics such as occupational health and safety (OHS), environmental awareness, and emergency procedures. At the end of the training, participants are required to sign an "**Occupational Health and Safety Commitment Statement**." Additionally, external contractors must document that their employees have completed the necessary training as outlined in the **Regulation on Procedures and Principles of Occupational Health and Safety Training for Employees**. This process ensures that supplier employees are informed about health and safety and have undergone appropriate training.

Batçim implements policies aimed at improving OHS and environmental standards in its collaboration with external firms. External contractors are required to sign the "**External Contractor Occupational Health, Safety, and Environment Protocol**" and provide evidence that their employees have received the required training. Without these documents, contractors are not permitted to begin work. Furthermore, **weekly "Toolbox Talks"** are conducted with all external contractor representatives to enhance health and safety performance.

Since 2012, Batçim has been **100% certified under the ISO 45001:2018 standard**. This certification demonstrates the effectiveness of the company's Occupational Health and Safety Management System and its compliance with international standards. ISO 45001 provides a framework for identifying, assessing, and controlling risks to safeguard employee health and safety. This certification reflects Batçim's commitment to occupational health and safety and its dedication to continuous improvement in this area.

To sustain an occupational health and safety (OHS) culture and achieve the goal of zero work accidents and occupational diseases, Batçim implements the following best OHS practices:

- **Safety Touch:** Meetings begin with a "Safety Touch," where current positive or negative events and experiences related to OHS are shared. This practice aims to raise awareness about the discussed topics and take action if necessary.

- **Hygiene Inspections:** Requirements are monitored in bathrooms, toilets, changing rooms, and food preparation and service areas to protect employees' health, and measures are taken against potential hazards.
- **Safety Tours:** Field activities are supervised based on specific tasks, and safety-focused communication with employees is ensured.
- **Incident Management Process:** After a workplace accident, work in the affected area is stopped, and necessary investigations and examinations are conducted on-site with relevant individuals. Following incidents, a Root Cause Analysis is performed with those involved to identify contributing factors, and corrective actions are implemented to prevent recurrence. The findings from the analyses are shared with all employees.
- **QR Code for Documents:** QR codes are assigned to written instructions and related documents outlining safe working methods. These QR codes are shared in relevant areas of the workplace, allowing employees digital access to the information.

## Employee Well-Being

Batçim adopts flexible working arrangements and employee-focused policies to support the work-life balance of its employees. To address individual needs such as education and health, the company offers flexible or remote working models. This approach aligns with Batçim's goal of enhancing employee work-life balance and productivity.

As part of its commitment to improving the living standards of its employees, Batı Anadolu Group of Companies has implemented wellness initiatives. At the cement factory, a healthy nutrition consultancy program has been introduced, offering employees at all levels the opportunity to consult with a professional dietitian two days a week.

Batçim regularly measures employee satisfaction and engagement and takes actions to improve the work environment based on these assessments. An employee engagement survey was conducted, revealing the following results: White-collar employees had an engagement rate of 64.6%, blue-collar employees 45%, and the overall engagement rate was 52.6%. These results serve as a guide to better understand employee needs and expectations and to focus on improvement efforts.

## Employee Development

Batçim prioritizes vocational, technical, and personal development training to support its employees' skill growth. The company organizes training programs tailored to sectoral and organizational needs, aiming to enhance employee competencies. The increase in training hours per employee reflects this commitment. The average number of personal competency training sessions per person increased from Additionally, collaborations with **ÇEİS Academy** and initiatives like the in-house MBA program conducted with Ege University help elevate employees' professional knowledge and skills to advanced levels.

Under ÇEİS Academy, various training programs are offered, addressing diverse areas of personal, technical, and professional development, including:

- Digitalization and Technology
- Economy and Finance
- Law
- Human Resources
- Personal and Professional Development
- Leadership and Management
- Operational Development
- Sales and Marketing
- Sustainability
- Technician Development

Batıçım takes a comprehensive approach to improving career development paths for its employees. Through competency-based performance evaluation systems, employee skills are aligned with their career plans, and leadership training is provided to prepare them for future managerial positions. Furthermore, the company supports career advancement through a customized In-House Business Management Certificate Program (MBA) in collaboration with Ege University. These efforts reflect Batıçım's dedication to the long-term professional development of its employees.

Aiming to achieve common goals and further strengthen its corporate culture, the Batı Anadolu Group of Companies has embraced the concept of the Learning Organization as part of its company culture, reflecting its continuous pursuit of innovation and efficiency. The Learning Organization concept was developed at MIT University by Peter Senge and his colleagues and is now taught at many universities worldwide as a concept, management approach, or philosophy.

For an organization, "knowledge," which is vital, is not created by teaching but through people sharing and learning together in a practical environment. Under the slogan, **“We Learn Together, We Grow Together!”**, Learning Organization Practice Teams are formed within the Batı Anadolu Group of Companies throughout the year, conducting project-based activities.

This approach aims to cultivate a corporate culture within the Batı Anadolu Group that embraces the philosophy of the Learning Organization, utilizes its tools, and nurtures individuals who are effective team players, leaders, initiative-takers, time-sensitive, solution-oriented, systems thinkers, and emotionally intelligent. The organization continuously learns and evolves. Achieving tangible results during this process and training the managers of the future are among the other key objectives.

#### **Training Data for Batıçım in 2023:**

|  |       |           |
|--|-------|-----------|
| Total training hours                         | hours | 21,175.5  |
| Average training hours per employee per year | Hours | 55.7      |
| Total training expenditure                   | TL    | 1,320,657 |

At Batıçim, which values not only the development of its human resources but also the evaluation of their performance and the effective management of talent processes, **competency-based performance evaluations** were conducted in 2023. This approach focuses on assessing the competency levels expected for specific positions against the competencies demonstrated by employees in those roles. If discrepancies are identified, necessary actions are taken to guide employees in alignment with their career plans.

In competency-based performance evaluation, measurements are conducted individually, aiming to improve and enhance the overall performance of the organization. As part of our commitment to developing employees' personal knowledge and skills for the overall success and achievement of organizational goals, we plan to implement a **performance management system in 2024** that evaluates both objectives and competencies.

### **Internal Promotions**

Through our Performance Management System and the vocational and personal development training programs organized throughout the year, Batıçim aims to support the learning and growth of its employees, helping them develop competencies for higher-level positions. Our primary focus in all positions is to prioritize internal promotions.

In 2023, **4 employees** were promoted to Manager positions, and **10 employees** were promoted to Supervisor positions from within the organization. This approach reflects our commitment to providing opportunities for career advancement to our existing employees.

### **Community Contributions and Donations**

Through the İyi Pazarlar (Good Markets) Project, Batıçim aims to raise public awareness about healthy living and nutrition. The project focuses on instilling adequate and balanced eating habits, particularly among children and adults.

As part of the project, 94 visits were made to more than 30 traditional markets in the Aegean Region. During these visits, the public was informed about the importance of proper nutrition and consuming fresh, seasonal fruits and vegetables. Activities included body analyses conducted with the participation of expert dietitians, informative discussions, and engaging activities to encourage participation.

The impact of the project can be summarized as follows:

- Reached 50,000 people, with 6,700 receiving analyses after consultations with dietitians.
- 7,250 individuals won prizes in organized competitions.
- In collaboration with the Izmir Provincial Health Directorate, 680 individuals signed the "Commitment Agreement" to adhere to healthy eating and physical activity recommendations.
- Distributed the children's book, "Tomato, Pepper, Eggplant," to 24,500 children.

The İyi Pazarlar Project is a significant initiative that reflects Batı Anadolu Group of Companies's vision of social responsibility and public awareness. As a social investment with no economic return expectation, the project has been promoting a healthier society since 2016, demonstrating the Group's commitment to creating social value.

**Educational Support:**

In collaboration with the İzmir Provincial Directorate of National Education, Batıçim built the Batıçim Primary School in Bornova, İzmir, in 1995. An additional building with 18 classrooms was added in 2005. Today, Batıçim Primary School operates with 42 classrooms, a science laboratory, and a conference hall.

**Healthcare Contributions:**

The Doğanlar Batıçim Family Health Center No. 13, established with support from Batı Anadolu Group of Companies, serves an average of 10,000 people annually with three family physicians.

**Donations:**

In 2023, Batıçim donated a total of 991,529.56 TL.

**Employee Turnover:**

While continuing efforts to enhance employee engagement and satisfaction, Batıçim recorded a 17.3% employee turnover rate in the recent period.

**Other Practices:**

Since 1993, Batıçim has been 100% certified in compliance with the ISO 9001:2015 standard, with annual audits conducted by an independent and accredited organization. This certification reflects the company's commitment to its quality management system and full compliance with international standards.

The ISO 9001 certification encompasses the processes Batıçim implements to maintain quality standards across all operations and to continually improve customer satisfaction. The adherence of Batıçim to this standard ensures the sustainable management of product and service quality.

In the Batı Anadolu Group of Companies, senior management, consisting of Executive Board members, Executive Board assistants, and department managers within the organization, leads the establishment and effective implementation of integrated management systems. Management Representatives, who are responsible for the establishment and effective management of each management system within the integrated management system, are appointed by the Executive Board.

The senior management commitment is defined in the "Batı Anadolu Group of Companies Management Systems Policy," and management objectives aligned with this commitment are determined and monitored for each organization.

## Business Ethics

Batıçim aims to foster a business culture based on the principles of integrity, transparency, accountability, and fairness. Transparency and adherence to ethical values in all business relationships are among Batıçim's core principles. This commitment aligns with the company's approach to building trust-based and sustainable relationships with its stakeholders. These principles are outlined in the company's "Business Ethics Rules" document.

To ensure compliance with business ethics and promote ethical practices, Batıçim provides effective communication channels. The company has established a dedicated email address (etik@batianadolu.com) and a petition system for employees, suppliers, contractors, and business partners to report potential violations of ethical principles. All notifications are reviewed confidentially by the company's Ethics Committee, which operates under the Executive Board, and appropriate actions are taken. The alignment of the Ethics Committee under the Executive Board demonstrates that the company integrates ethical decisions and practices directly into management, ensuring a stronger internal audit mechanism and adherence to the principle of transparency.

## Whistleblowing Mechanisms and Protections

At Batıçim, the Ethics Committee reviews and evaluates reports submitted via email or petition. During the onboarding process, employees sign the "Code of Business Ethics Employee Commitment Statement," pledging to adhere to ethical standards. Furthermore, a regulation concerning the Code of Business Ethics and Working Principles is implemented within the company.

The Ethics Committee conducts its activities based on the following principles, with a particular focus on protecting employees who report ethical violations:

- The identity of employees making reports is kept strictly confidential, and it is a firm policy not to disclose this information.
- An effective policy is in place to prevent any retaliation or negative treatment towards employees or third parties reporting ethical violations.
- Investigation and inquiry processes are carried out in compliance with confidentiality rules.

These measures are designed to ensure that employees can report ethical violations securely and are protected against potential retaliation.

In 2024, a new Solution Center process was initiated in line with the principle of sustainability to effectively collect feedback. A platform was created via the contact section of the website, allowing all employees, customers, business partners, and visitors to submit complaints, opinions, suggestions, satisfaction, and solution requests.

All notifications are integrated into the **Softexpert (Enterprise Management Software Program)** system, with the process managed through this system. Notifications are automatically forwarded to the relevant department managers via the system, who are required to take action within 24 hours of



receiving them. The process also enables users to submit anonymous notifications, ensuring feedback can be shared confidentially. This feature allows both employees and other stakeholders to provide feedback freely and securely.

Batçim enhances the traceability of its processes within the framework of transparency and accountability principles while offering a solution-oriented communication platform aimed at improving customer and employee satisfaction.

### **Fair Competition Principles**

Batçim operates in compliance with Competition Law and promotes fair competition. The company prioritizes maintaining competitive independence and implements all necessary measures to support a competitive structure. Batçim's ethical principles emphasize acting honestly and fairly towards competitors, respecting intellectual property rights such as patents and copyrights, and avoiding anti-competitive behaviors.

These approaches reflect the company's commitment to contributing to a fair competitive environment.

### **Anti-Bribery and Corruption**

Batçim maintains a zero-tolerance policy against bribery and corruption in all its operations, as outlined in its **Anti-Bribery and Corruption Policy**. The company strictly prohibits employees and third parties from engaging in any actions that constitute bribery or corruption. It also emphasizes that no payments considered as bribes should be made or accepted in any business process. This approach reflects Batçim's commitment to full compliance with ethical values and legal regulations.

### **Customer Health and Safety**

In line with the European Union's New Approach Directives, Batçim ensures compliance with the CE marking, which demonstrates that its products are safe for human, animal, and environmental health. Accordingly, all products produced at Batçim's cement factories, whether exported to the European Union or sold in the Turkish market, are CE marked. For bagged products, the CE marking is directly printed on the bags, while for both bagged and bulk products, it is included in the accompanying commercial documents.

Additionally, to ensure product safety and protect user health, Safety Data Sheets (SDS) for clinker and cement have been created and shared with customers. These documents are accessible both directly and via the company's website to enhance customer awareness regarding the safe use of these products.

These processes are part of Batçim's commitment to eliminating risks to consumer health and safety and providing reliable products to its customers.

## Customer Satisfaction

Batçim places great importance on customer satisfaction and performs exceptionally well in this area. According to recent evaluations, the customer satisfaction rate has been measured at 92.87%.

## Data Privacy

Batçim demonstrates its commitment to protecting customer and public privacy through its **Information Security Policy and Personal Data Protection and Privacy Policy**. Under the TS ISO 27001 Information Security Management System, the company has established and regularly updates the infrastructure needed to ensure the confidentiality, integrity, and availability of data. Administrative and technical measures are implemented to protect customer data, with processes aligned with national and international regulations to ensure the security of this information.

Within the framework of the Personal Data Protection and Privacy Policy, Batçim prioritizes the protection of customer information, such as account numbers, passwords, and personal identification numbers, ensuring full compliance with applicable legal regulations. These policies safeguard customer privacy and reinforce Batçim's vision of being a trustworthy business partner by maintaining the highest standards of confidentiality.

Batçim recognizes that the most critical aspect of digitalization is data security, and it continuously advances its efforts in this area.

- In **2023**, the implementation of a DLP (Data Loss Prevention) solution ensured the protection of critical data, and the Bullwall solution was integrated as a precaution against ransomware attacks.
- In **2024**, the integration of SIEM and SOC services, two-factor authentication projects, and email security products aim to enhance data security further and ensure data integrity.

At Batı Anadolu Group of Companies, **Information Systems Security awareness training** is provided periodically to departments. In **2022**, a total of 50 hours of information security training was conducted, which increased significantly by **196%** in **2023**, reaching 148 hours. This remarkable growth reflects Batçim's commitment to raising awareness about information security.

The goal is to equip employees with the necessary skills to address current threats and risks, strengthen the security culture across the organization, and adopt a proactive approach to protecting company data against cyber threats.

## GOVERNANCE

### Company Structure

The company's issued capital is 180,000,000 TL, and all shares are bearer shares. The company's capital consists of Group A and Group B shares.

The individuals and legal entities holding direct ownership of 5% or more of the capital or voting rights are listed below:

| Shareholder's Name  | Share in Capital (TL) | Share in Capital (%) | Voting Rights (%) |
|---|-----------------------|----------------------|-------------------|
| ÇİFTAY İNŞAAT<br>TAAHHÜT VE TİC.<br>A.Ş.  | 71,502,868.14         | 39.72                | 39.74             |
| İSTANBUL<br>PORTFÖY<br>YÖNETİMİ A.Ş. PRE-<br>IPO GİRİŞİM<br>SERMAYESİ<br>YATIRIM FONU | 21,594,239.93         | 12                   | 11.95             |
| İSTANBUL<br>PORTFÖY İKİNCİ<br>SERBEST FON   | 11,311,178            | 6.28                 | 6.26              |
| KTLP LIMITED  | 10,266,357.95         | 5.7                  | 5.68              |
| OTHER   | 65,325,355.98         | 36.3                 | 36.37             |
| TOTAL   | 180,000,000           | 100                  | 100               |

All members of the Board of Directors are selected from among the candidates determined by the majority of **Group A** bearer shareholders.

- In **General Assembly meetings**, each **Group A share** grants the shareholder **15 (fifteen) voting rights**.
- 10% of the net profit, without affecting the first dividend, is distributed to Group A shareholders in proportion to their shares.
- The amendment of Articles 7 (excluding the first paragraph specifying the number of Board members), 8, 9, 10, 15, 18, 19, 24, 25, and 27 of the Articles of Association, the decision to dissolve the company, the increase of the company's capital by issuing more Group A bearer or new Group A registered shares than the number specified in Article 6 of the Articles of Association, the change in the types, groups, or quantities of Group A bearer shares, and the conversion of Group B bearer or registered shares into Group A shares, or the conversion of Group A bearer or registered shares into Group B shares requires the approval of at least 3/4 (three-quarters) of the Group A bearer shareholders in the General Assembly.

## **Board of Directors Structure**

The management and administration of the company are carried out by a Board of Directors, consisting of at least 7 (seven) and at most 9 (nine) members, who are selected in accordance with the provisions of the Turkish Commercial Code and capital market regulations by the General Assembly. All members of the Board of Directors are selected from among the candidates determined by the majority of Group A bearer shareholders.

In accordance with Article 363 of the Turkish Commercial Code, the selection of a new member to the Board of Directors must also be approved by the majority of Group A bearer shareholders. For independent board members, the regulations of the Capital Markets Board are adhered to. The management of the company and its external representation are the responsibility of the Board of Directors.

The Board of Directors serves for a maximum of 3 years, with members eligible for re-election. The General Assembly can always decide to change the board members, either if a specific agenda item for the dismissal of board members is included or if there is a valid reason, even if no such item is included in the agenda. In such cases, the provisions of Article 7 of the Articles of Association remain intact. The roles, rights, and powers granted to independent board members by the Capital Markets Law and related regulations from the Capital Markets Board remain valid.

The Board of Directors may establish committees and commissions in addition to those specified by the regulations of the Capital Markets Board, which are tasked with overseeing or executing the company's operations, relevant decisions, and policies.

The Board of Directors convenes as necessary for the company's operations and transactions. It is mandatory for the Board to meet at least once a month, subject to the provisions of Article 390/4 of the Turkish Commercial Code. Those entitled to attend the meetings of the Board of Directors may also participate electronically in accordance with Article 1527 of the Turkish Commercial Code.

The company may establish an Electronic Meeting System or purchase services from systems designed for this purpose, allowing eligible stakeholders to attend meetings and vote electronically, in line with the provisions of the Regulation on Electronic Assemblies in Joint-Stock Companies Outside of General Assemblies. Through such systems, stakeholders can exercise their rights as defined in the relevant legislation and the framework of the Regulation.

The Board of Directors meetings and decision quorum will be governed by the provisions of the Turkish Commercial Code. Decisions may be taken electronically and stored with a secure electronic signature, and these decisions will be recorded in the decision book in an electronic format, with the decision number continuously updated.

However, decisions regarding related party transactions and collateral, pledge, or mortgage provisions for third parties are subject to the Capital Markets Board's regulations.

The Board of Directors is responsible for decisions on the transfer of all or a significant portion of the company's assets, the creation of real rights over them, or their leasing, the acquisition or leasing of significant assets, the granting of privileges or changes to existing privileges, and decisions regarding the delisting from the stock exchange. These decisions require the approval of the majority of independent members of the Board of Directors, unless they are subject to General Assembly approval

under special regulations. If these matters are brought to the General Assembly, related parties cannot vote if they are involved in the transactions.

The provisions of the Capital Markets Law and the regulations of the Capital Markets Board apply in these matters.

After the General Assembly meeting at which the Board of Directors is elected, the Board will hold its first meeting to elect a Chairman and a Vice Chairman from among its members.

The Board of Directors, in accordance with Article 370 of the Turkish Commercial Code (T.T.K.), can delegate its representation authority to one or more Board members or to third parties as managers. At least one board member must have the representation authority. The Board can, in accordance with Article 367 of the Turkish Commercial Code, by preparing an internal regulation, delegate all or part of its management authority to one or more Board members or to third parties, while preserving its non-delegable powers and responsibilities.

Board members are paid a fee, the amount of which is determined by the General Assembly. The General Assembly regulates the fees of both independent and non-independent members according to capital market regulations.

The goal is to establish a balanced structure for the Board of Directors, considering social, financial, administrative, and technical aspects. The detailed structure of the current Board of Directors is provided in the following Board of Directors matrix.

## Board of Directors Matrix

|                                | SABİT AYDIN     | GÜLANT CANDAŞ   | ERDOĞAN GÖĞEN   | ÖMER ÇAĞDAŞ SELVİ | MEHMET ŞAHNE  | MUSTAFA TEOMAN GÜRGAN | UFUK BALAYÜCEL |
|--------------------------------|-----------------|-----------------|-----------------|-------------------|---------------|-----------------------|----------------|
| <b>Basic Information</b>       |                 |                 |                 |                   |               |                       |                |
| Type of director               | Executive       | Executive       | Non-executive   | Executive         | Non-executive | Non-executive         | Non-executive  |
| Independency                   | Non-independent | Non-independent | Non-independent | Non-independent   | Independent   | Independent           | Independent    |
| Age                            | 50              | 64              | 65              | 47                | 57            | 80                    | 60             |
| <b>Member of sub committee</b> |                 |                 |                 |                   |               |                       |                |
| Audit committee                |                 |                 |                 |                   | Yes           |                       | Yes            |
| Corporate governance committee |                 |                 | Yes             |                   |               | Yes                   |                |
| Risk management committee      |                 |                 |                 |                   | Yes           |                       | Yes            |
| Sustainability committee       |                 |                 |                 | Yes               |               |                       |                |
| <b>Term Expiration Date</b>    |                 |                 |                 |                   |               |                       |                |
| Term Beginning Date            | Aug-2021        | Aug-2021        | Aug-2021        | Aug-2021          | Jul-2024      | Jul-2020              | Oct-2022       |
| Term Expiration Date           | Jul-2024        | Jul-2024        | Jul-2024        | Jul-2024          | Jul-2024      | Jul-2024              | Jul-2024       |
| Tenure                         | 3               | 3               | 3               | 3                 | 0             | 4                     | 2              |
| <b>Education Background</b>    |                 |                 |                 |                   |               |                       |                |
| Finance & Accounting           |                 | YES             |                 |                   |               | YES                   | YES            |
| Business Administration        | YES             |                 |                 |                   | YES           |                       |                |
| Engineering                    |                 |                 | YES             |                   |               |                       |                |
| Humanities                     |                 |                 |                 | YES               |               |                       |                |
| Science & Technology           |                 |                 |                 |                   |               |                       |                |

**Skills & Experience**

|   |     |     |     |     |     |     |     |
|---|-----|-----|-----|-----|-----|-----|-----|
| Solution Business                               | YES |     | YES |     |     |     |     |
| International Business Management               |     |     |     |     |     |     |     |
| Management/ executive post. outside mother land |     | YES |     |     |     | YES | YES |
| Local law/ Tax Compliance                       |     |     |     | YES | YES |     |     |
| Human resources & Talent Development            |     |     |     |     |     |     |     |
| Public and Investor Relationship Communication  | YES | YES |     |     | YES |     |     |
| Risk management                                 | YES |     | YES | YES |     |     |     |
| Supply Chain Management                         |     |     | YES |     |     |     |     |
| Sustainable Development                         |     | YES |     |     |     |     |     |
| Information and privacy security                |     | YES |     | YES | YES |     |     |

**Experience in Global Industry Classification (GICS) Level 1 Sectors**

|                        |     |     |     |     |  |     |     |
|------------------------|-----|-----|-----|-----|--|-----|-----|
| Consumer Discretionary |     |     |     |     |  | YES |     |
| Consumer Staples       |     |     |     |     |  | YES |     |
| Energy                 | YES | YES | YES |     |  |     |     |
| Material               | YES | YES | YES |     |  |     |     |
| Industrials            | YES | YES | YES | YES |  |     |     |
| Healthcare             |     |     |     |     |  |     |     |
| Financials             |     | YES |     |     |  |     | YES |

**Demographic Background**

|  |     |     |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|-----|-----|
| African origins                            |     |     |     |     |     |     |     |
| Asian origins                              |     |     |     |     |     |     |     |
| Caribbean origins                          |     |     |     |     |     |     |     |
| European origins                           | YES | YES | YES | YES | YES | YES | YES |
| Latin, Centreal and South American origins |     |     |     |     |     |     |     |

|                                   |  |  |  |  |  |  |  |
|-----------------------------------|--|--|--|--|--|--|--|
| North American Aboriginal origins |  |  |  |  |  |  |  |
| Oceania origins                   |  |  |  |  |  |  |  |

**Committee Independency**

|                                |      |
|--------------------------------|------|
| Audit committee                | 100% |
| Corporate governance committee | 33%  |
| Risk management committee      | 100% |
| Sustainability committee       | 100% |

**Committee Meeting Attendance**

|                                |      |
|--------------------------------|------|
| Audit committee                | 100% |
| Corporate governance committee | 100% |
| Risk management committee      | 100% |
| Sustainability committee       | 100% |

**Board Meeting Attendance**

|                                  |     |
|----------------------------------|-----|
| Number of Board Meetings         | 34  |
| Board Meeting Attendance Average | 95% |



## **Committees**

Batıçım operates under the Batı Anadolu Group of Companies, and the governance structure of the group shapes Batıçım's corporate governance processes. In line with capital market regulations, Batı Anadolu Group of Companies has established various committees that play an effective role in Batıçım's governance processes. The Audit Committee, Corporate Governance Committee, and Early Detection of Risks Committee, established in 2013, aim to support the Board of Directors in fulfilling its duties and responsibilities effectively.

Additionally, in accordance with the Capital Markets Board's Corporate Governance Communiqué, the responsibilities of the Nomination Committee and Compensation Committee have been transferred to the Corporate Governance Committee.

In 2023, a Sustainability Committee was established on a voluntary basis. This committee began operating to assist the Board of Directors with sustainability strategies and practices.

These committees form the cornerstone of Batıçım's governance approach, focusing on transparency, efficiency, and sustainability in both its financial and operational processes.

In the Batı Anadolu Group of Companies, where Batıçım is a part, the Board of Directors and its committees have the authority to engage external consultants or advisors without the need for management approval, to effectively carry out their duties. This practice has been adopted to support independent decision-making processes and ensure compliance with corporate governance principles.

## **Compensation Policy**

At Batıçım, we follow a fair, transparent, and performance-based compensation policy for all our employees. Employee salaries are determined based on the organizational hierarchy, market salary medians, and performance management system results. A competitive compensation structure has been created to attract employees and managers with the necessary skills and qualifications to support the growth and success of the company and to retain existing employees and managers. This approach regarding the compensation is equally applied to attract and retain our senior managers.

For the compensation of senior managers, industry salary survey results from internationally recognized consultancy firms such as Mercer or Korn Ferry are used. Additionally, senior managers are provided with benefits such as company cars, mobile phone lines, and health insurance. The Board of Directors submits the compensation policies for senior managers to shareholder approval, maintaining a commitment to transparency and accountability.

Under our performance-based compensation policy, all employees receive a seniority incentive bonus every 5 years, based on their length of service. Performance-based bonuses are also paid. These practices aim to enhance employee motivation and encourage high performance.

Batıçım reserves the right for the Board of Directors and the Compensation Committee to seek external consultancy. In this regard, independent consultancy reports, surveys, and statistics are utilized to develop and maintain compensation policies aligned with industry standards. This approach aims to increase employee satisfaction while ensuring the company's competitiveness.

Our **compensation policy** applies to the CEO, executive directors, managers not on the board, and other management bodies, and is supported by incentive plans based on individual and company performance. This structure helps achieve our strategic objectives while ensuring the recruitment and retention of high-caliber leaders for our company.

## **Internal Audit Processes**

The Internal Audit Department operates to evaluate the organization's risk management, internal control, and corporate governance processes, providing recommendations for improvements, and supporting the achievement of the company's goals. Internal audit responsibilities, covering all financial and non-financial activities, are carried out annually within the framework of the Internal Audit Plan, approved by the Audit Committee. This plan is reviewed during quarterly meetings, and at the end of the year, the results of its implementation are reported to the Audit Committee.

The department operates independently from day-to-day operations and works with the assurance of independence provided by the Board of Directors. Audits are conducted in accordance with the standards of the Institute of Internal Auditors (IIA). Internal auditors regularly participate in professional training, workshops, and conferences to ensure continuous development. Additionally, the department's performance is independently evaluated every five years as part of the Quality Assurance and Improvement Program.

The Internal Audit Department aims to provide assurance in areas such as risk identification and management, accuracy and reliability of data, compliance with legal and corporate policies, efficient use of resources, achievement of objectives, improvement of internal control systems, and early detection of potential risks. The department conducts its activities in line with the Ethical Standards of the Institute of Internal Auditors (IIA).

The **Auditing Committee Directive** implemented within the Batı Anadolu Group of Companies can be accessed through the provided link.

## **Succession Plan**

In response to unforeseen circumstances, Batıçim effectively implements succession plans for senior management and key executive positions. Executive Committee members are structured to be successors to one another, allowing for seamless transitions when position changes are necessary. Additionally, backup plans for managerial positions are prepared under the Organizational Success Plan (OBP) framework, identifying potential candidates and supporting their development. This planning is of strategic importance to ensure corporate sustainability and operational continuity.

## Stakeholder Engagement

At Batıçim, we consider establishing effective and transparent communication with our stakeholders as one of our core principles. Batıçim sees it as a corporate responsibility to provide accurate and timely information to all stakeholders. We inform our stakeholders in accordance with the principles of equality, transparency, accountability, and responsibility, and engage with them through various platforms. Through our annual activity reports, Batıçim transparently shares its strategy and performance. In addition, we reach all stakeholder groups via regular communication through social media channels and our website. With the help of Quality, Environmental, Energy, and OHS management systems, we understand stakeholders' expectations and needs, and conduct risk and opportunity analyses, along with action planning. Continuous communication is maintained with all stakeholders through communication tools based on their needs. We also conduct an annual customer satisfaction survey to analyze the needs and expectations of our dealers and customers. Our communication methods and tools with different stakeholder groups are structured to address their needs:

**1. Shareholders:**

Our company informs shareholders through the Public Disclosure Platform (KAP), including announcements of special and ordinary matters, general assembly meetings, integrated reporting, activity reports, and corporate governance compliance reports. Additionally, we communicate through electronic and physical investor meetings and social media.

**2. Employees:**

To ensure effective internal communication with our employees, we use intranet, internal publications, newsletters, training sessions, and seminars. Information sharing occurs through electronic and physical meetings, while social responsibility projects help employees strengthen their connection to the company's values and objectives.

**3. Public Authorities and Universities:**

Collaboration with public authorities and universities is carried out through official correspondence, conferences, and social responsibility projects. Electronic and physical meetings are essential tools for facilitating information flow.

**4. Suppliers:**

We conduct surveys, electronic and physical meetings to foster healthy and efficient collaboration with our suppliers. These methods create a dialogue that supports sustainability in the supply chain.

**5. Media:**

Communication with our media stakeholders is maintained through newsletters, social media posts, and electronic or physical meetings. This approach aims to provide transparent and accurate information about the company's activities.

**6. Customers and Dealers:**

To establish effective communication with our customers and dealers, we conduct surveys and electronic or physical meetings. These methods are used to increase customer satisfaction and build strong relationships with our business partners.

**7. Community:**

We strengthen our relationships with the community through social responsibility projects, such as donations, sponsorships, and aid packages. Electronic and physical meetings help develop community-sensitive projects that address societal needs.

**8. Consumers:**

Communication with consumers is established through surveys and electronic or physical meetings. Regular feedback processes are in place to understand consumers' expectations and improve product/service quality.

**9. NGOs, Associations, and Unions:**

Communication with NGOs, associations, and unions is carried out through memberships, electronic and physical meetings, conferences, and social responsibility projects. These collaborations play an important role in community-benefit projects.

As Batıçim, we continue our operations based on openness, trust, and cooperation in all our communications with stakeholders. These communication methods support our sustainability goals and ensure long-term success.

## **Management Discussion and Analysis**

At Batıçim, we are taking comprehensive steps to achieve our carbon neutrality goals and integrate environmental, social, and governance (ESG) criteria into our business strategies. In this context, we assess both financial and non-financial factors through sustainability-focused investments, managing our environmental impacts and operational costs effectively.

As a significant step towards reducing environmental impact in our production processes, we have implemented waste heat recovery projects that convert excess heat into energy. These projects allow us to optimize energy consumption and reduce our carbon emissions. Additionally, we have enhanced our waste feed systems, enabling us to use more waste as fuel and significantly reduce our consumption of fossil fuels. This approach not only reduces our carbon emissions but also supports our financial sustainability by lowering carbon-related costs.

Batıçim is aligning with the Carbon Intensity Cap Mechanism (SKDM) and is investing in various clean energy sources, primarily solar energy, to develop renewable energy projects. By doing so, we are reducing our carbon intensity while producing sustainable solutions for energy management.

We are also focusing on reducing clinker consumption to develop more environmentally friendly products and expand our green product portfolio. This strategy not only enhances the efficiency of our production processes but also enables us to offer sustainability-focused solutions to our customers.

All of these investments contribute to Batıçim's carbon neutrality goals while simultaneously increasing the company's capacity for long-term value creation. In line with our environmental and financial responsibilities, we continue to integrate ESG criteria into our business processes and maintain transparent and sustainable communication with our stakeholders.

## **Litigation Expenses**

In 2023, Batçim incurred a total of 7,123,670.59 TL in expenses related to legal proceedings. This amount covers court fees, attorney fees, and other operational costs associated with the company's legal obligations.

The litigation expenses have been recognized as an expense item under the Income Statement for the relevant period. This amount has been treated separately from the provisions for anticipated future litigation outcomes (legal provisions) and directly associated with the Income Statement, rather than the Balance Sheet. The company has ensured that the related financial data is reported in a transparent manner, in compliance with international accounting standards.