

SECTION I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (“Company”), one of the public companies in Turkey with the broadest base, enjoys a leading position in its field in the Turkish industry, and is well aware of its responsibilities towards its stakeholders. In this context, the Company has adopted the concepts of “equality”, “transparency”, “accountability” and “responsibility”, which form the basis of corporate governance in its activities, and has taken maximum care and effort to comply with the Capital Markets Law and the secondary regulations and decisions of the Capital Markets Board (CMB).

In line with the corporate governance efforts, the Company has started to operate corporate governance mechanisms in accordance with the principles since 26.06.2012. Our Company, which is included in the BIST Corporate Governance Index (“XKURY”) as of 29.07.2015 and also is subject to corporate governance rating every year by the rating agency KOBİRATE Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş., which is authorized to perform activities in Turkey in accordance with the rating methodology approved by the CMB. Corporate Governance Rating Reports are available on our Corporate Website (www.erdemir.com.tr).

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. believes in the importance of ensuring full compliance with the Principles of the Corporate Governance. In the activity period ended on 31 December 2020, the Company has continued to adopt the mandatory corporate governance principles that are included in the Corporate Governance Communiqué annexed to the relevant legislation.

The Company pays utmost attention to compliance with voluntary principles that are not fully complied yet with in the relevant legislation and there is no conflict of interest between the stakeholders so far.

For the period ended at 31 December 2020, compliance with the corporate governance principles included in the Corporate Governance Communiqué and the explanations of those who have not yet achieved compliance are included in the annual report; Corporate Governance Compliance Report, Corporate Governance Information Form, Sustainability Principles Compliance Report and other related sections of the report.

In the future, corporate governance practices of the Company, efforts to improve our corporate governance practices, including non-mandatory principles that have not been put into practice in a limited number, will be continued.

In case of a significant change in the Sustainability Principles Compliance Report during the period, the relevant change will be published in the interim activity reports. When there is a change in the Corporate Governance Compliance Report or Corporate Governance Information Form, there will be a material event disclosure and it will be published in the interim activity reports as well.

EREĞLİ IRON AND STEEL WORKS, INC.

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. Sustainability Principles Compliance Report 2020 - Annual Notification

Principles	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Irrelevant	
A. GENERAL PRINCIPLES						
A1. Strategy, Policy and Goals						
Environmental, Social and Corporate Governance (ESG) priority issues, risks and opportunities have been identified by the Board.	x					
ESG policy has been established by the Board.	x					
Documents such as in-partnership guidelines, business procedures, etc. for the effective implementation of ESG policies have been prepared.	x					
A decision for the ESG policies have been taken by the board and policies have been disclosed to the public.	x					
Partnership Strategy has been determined in accordance with ESG policies, risks and opportunities.	x					
In line with the partnership strategy and ESG policies, short and long term targets have been set and disclosed to the public.	x					
A2. Implementation / Monitoring						
Committees and / or units responsible for the implementation of ESG policies have been determined and disclosed to the public.		x				Relevant committees and working groups have been determined and their job descriptions have also been created. The organizational structure is in the approval stage.
The designated committees and / or units reported their activities within the scope of ESG policies to the Board at least once a year, and in any case within the maximum periods specified in the relevant regulations of the Board for the disclosure of the annual reports to the public.		x				Relevant committees and working groups have been determined and their job descriptions have also been created. The organizational structure is in the approval stage.
Implementation and action plans have been prepared in line with the short and long-term targets and announced to the public.		x				The important investments and activities planned in line with the targets are mentioned in the integrated annual report
ESG Key Performance Indicators (KPIs) have been determined and the indicators are disclosed on a yearly basis.		x				Key performance indicators have been determined and detailed follow-up is carried out within the company on a daily, monthly and annual basis. Particularly prominent indicators are mentioned in our integrated annual report.
KPIs are presented together with local and international sector comparisons (in case of verifiable data).		x				Comparative data are studied especially in World Steel Association studies. This information is not included in our annual reports.
Innovation activities for business processes or products and services that improve sustainability performance are explained.	x					

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Principles	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Irrelevant	
A. GENERAL PRINCIPLES						
A3. Reporting						
Sustainability performance, goals and actions have been reported at least once a year and disclosed to the public. Information on sustainability activities have been disclosed in the annual report.	x					
In order for the stakeholders to understand the position, performance and development of the partnership, important information have been shared in a direct and concise manner (Detailed information and data can also be explained on the corporate website, and separate reports that directly meet the needs of different stakeholders can be prepared.).	x					
Maximum care has been taken in terms of transparency and reliability in disclosures and reporting. Within the scope of the balanced approach, all kinds of developments about material issues in disclosure and reporting have been objectively explained.	x					
Information was provided on which of the United Nations Sustainable Development Goals the activities are related to.	x					
Disclosures have been made regarding the lawsuits filed and / or concluded against ESG issues.		x				Lawsuits brought against and / or concluded to our company, those that are deemed necessary / important are disclosed on the Public Disclosure Platform (PDP).
A4. Verification						
Sustainability performance measurements have been disclosed to the public, if verified by independent third parties (independent sustainability assurance providers).		x				Some of the sustainability-related parameters are approved by the independent verifying body and shared with the Ministry. Planning will be made within the scope of the verification and public disclosure of all measurements.

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Principles	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Irrelevant	
B. ENVIRONMENTAL PRINCIPLES						
Policies and practices, action plans, environmental management systems (ISO 14001) and programs created within the scope of environmental management have been explained.	x					
Compliance with the environment and related laws and other relevant regulations has been achieved and the work done has been explained.	x					
In the report prepared within the scope of Sustainability Principles, the limitations regarding the limit of the environmental report included, reporting period, reporting date, data collection process and reporting conditions have been included.	x					
The highest level responsible regarding environment and climate change, relevant committees and duties of them have been explained.		x				Related issues are coordinated by the Strategic Planning and Sustainability Department. The sustainability committee, working groups and tasks have been defined and they are in the process of approval.
Incentives offered to employees for the management of environmental issues, including the achievement of goals, are explained.	x					
How environmental problems are integrated into business goals and strategies is explained.	x					
Sustainability performances for business processes or products and services and activities to improve these performances are explained.	x					
It is explained not only in terms of direct operations, but also how environmental issues are managed throughout the partnership value chain and how suppliers and customers are integrated into strategies.	x					
Whether or not to participate in policy-making processes on environmental issues (sectoral, regional, national and international); Cooperation with affiliated associations, related organizations and non-governmental organizations in the field of environment, duties and activities supported, if any, are explained.	x					
In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), information on environmental impacts has been reported periodically in a comparable manner.		x				Environmental indicators are explained in our integrated annual report. Relevant information is shared with the Ministry of Environment and Urbanization.
The standard, protocol, methodology and base year details used to collect and calculate the data are explained.		x				The standard and methodology used are generally mentioned in the Integrated Annual Report. Not much is given to the details of the methodology.
The status of environmental indicators (increase or decrease) for the reporting year in comparison with previous years has been disclosed.	x					

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Principles	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Irrelevant	
B. ENVIRONMENTAL PRINCIPLES						
Short and long-term goals have been determined to reduce environmental impacts and these goals (It is recommended that the targets be determined based on scientific methods as suggested by the United Nations Conference of the Parties on Climate Change). It provided information on the issue, if there are any progress achieved in the reporting year in line with the previously set targets		x				Although the targets are followed within the company, numerical targets are not included in the integrated annual report.
The strategy and actions to combat the climate crisis have been explained.		x				Activities carried out in the context of combating the climate crisis are mentioned in our integrated annual report, but the ongoing road map studies are not included in the report.
The program or procedures established to prevent or minimize the potential negative impact of the products and / or services offered are explained; The actions of third parties to reduce greenhouse gas emissions have been explained.		x				The "Emission Report" has been approved by the independent verifying body and submitted to the Ministry of Environment and Urbanization through the online environmental system. These issues were addressed in the integrated annual report.
The actions taken to reduce environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits / benefits and cost savings provided by them are explained.		x				Important projects and actions are included in our integrated annual report, especially energy savings in the context of energy efficiency are explained.
Total energy consumption data (excluding raw materials) are reported and energy consumption is given in the report as Scope-1 and Scope-2.		x				Within the scope of the "Energy Efficiency Law" numbered 5627, the energy production and consumption data of the previous year are entered annually as data in the "Energy Efficiency Portal" according to the criteria determined by the Department of Energy Efficiency and Environment of the Ministry of Energy and Natural Resources. Our integrated annual report contains information on the amount and cost of energy savings achieved through energy efficiency projects
Information was given on electricity, heat, steam and cooling data generated and consumed in the reporting year.		x				Within the scope of the "Energy Efficiency Law" numbered 5627, the energy production and consumption data of the previous year are entered annually as data in the "Energy Efficiency Portal" according to the criteria determined by the Department of Energy Efficiency and Environment of the Ministry of Energy and Natural Resources
Studies on increasing the use of renewable energy, transition to zero or low carbon electricity have been carried out and these studies have been announced.		x				Feasibility studies are carried out on increasing the use of renewable energy, transition to zero or low carbon electricity. They are evaluated by the management.
Renewable energy production and usage data were announced.				x		There is no explanation as there is no data yet.

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Principles	Compliance Status					Explanation
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B. ENVIRONMENTAL PRINCIPLES (continued)						
Energy efficiency projects have been carried out and the amount of energy consumption and emission reduction achieved through these studies has been announced.	x					
The amount of water withdrawn, used, recycled and discharged from underground or aboveground, its sources and procedures (Total water withdrawal by source, water sources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.) have been reported.	x					
It is explained whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).					x	No taxation system has come into force in our country. The information that we participate in Partnership for Market Readiness (PMR) studies conducted in our country is given in the integrated annual report. Erdemir Romania's activities are included in the EU ETS system and are reported.
Information and details regarding the carbon credits accumulated or purchased during the reporting period have been announced.					x	No taxation system has come into force in our country. The information that we participate in Partnership for Market Readiness (PMR) studies conducted in our country is given in the integrated annual report. Erdemir Romania's activities are included in the EU ETS system and are reported.
If carbon pricing is applied within the partnership, the details of this application have been announced.					x	No taxation system has come into force in our country. The information that we participate in Partnership for Market Readiness (PMR) studies conducted in our country is given in the integrated annual report. Erdemir Romania's activities are included in the EU ETS system and are reported.
All mandatory and voluntary platforms where environmental information is disclosed have been announced.		x				The platforms such as EIA public participation meetings, website, social media, one-to-one meetings with suppliers, sectoral organizations, associations and NGOs, collaborations, memberships, participation in working groups are described in the integrated report

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C. SOCIAL PRINCIPLES						
C1. Human Rights and Employee Rights						
Corporate Human Rights and Employee Rights Policy has been established, in which full compliance with the Universal Declaration of Human Rights, ILO Conventions that are confirmed by Turkey and legal framework and legislation regulating human rights and working life in Turkey has been established. The policy and the roles and responsibilities related to its implementation have been disclosed to the public.	x					
Equality of opportunity is ensured in recruitment processes.	x					
Considering also the supply and value chain effects, fair labor, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) have been included in the policies.	x					
Measures taken throughout the value chain to protect the rights of certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights / equality of opportunity are explained.	x					
Progress in preventing and corrective practices against discrimination, inequality, human rights violations, forced labor has been reported.		x				There are internal reports. Furthermore, reporting of developments will be evaluated.
Regulations for not employing child labor have been explained.	x					

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Principles	Compliance Status					Explanation
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C.SOCIAL PRINCIPLES (continued)						
C1. Human Rights and Employee Rights						
Policies regarding investment in employees (training, development policies), compensation, vested benefits, right to unionize, work / life balance solutions and talent management are explained.	x					
Mechanisms for employee complaints and dispute resolution have been established and dispute resolution processes have been determined.	x					
Activities carried out to ensure employee satisfaction are announced regularly.	x					
Occupational health and safety policies have been created and shared with the public.	x					
The precautions taken in order to prevent occupational accidents and to protect health and accident statistics are explained.	x					
Protection of personal data and data security policies have been created and shared with the public.	x					
Ethical policy (including work, work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc.) has been created and disclosed to the public.	x					
Studies within the scope of social investment, social responsibility, financial inclusion and access to finance have been explained.	x					
Informative meetings and training programs regarding ESG policies and practices have been held for employees.	x					

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Principles	Compliance Status					Explanation
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C2. Stakeholders, International Standards and Initiatives						
Activities in the field of sustainability are carried out by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).	x					
The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public.	x					
Stakeholder communication is carried out continuously and transparently.	x					
Developments in sustainability activities were explained. The developments in sustainability activities and which stakeholders were communicated with for what purpose, on what subject and how often have been explained.	x					
The adopted international reporting standards (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD) etc.) have been disclosed to the public.	x					
Signatory or member international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.), international principles adopted (International Capital Market Association (ICMA) Green / Sustainable Bond Principles etc.) has been disclosed to the public.	x					
Concrete efforts are made to be included in the Borsa Istanbul Sustainability Index and international sustainability indexes (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indexes, etc.).	x					

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Principles	Compliance Status					Explanation
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D. CORPORATE GOVERNANCE PRINCIPLES						
Maximum effort is made to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué No. II-17.1.	x					
While determining the corporate management strategy, the issue of sustainability, the environmental impacts of the activities and the principles on this issue are taken into consideration.	x					
As stated in the Corporate Governance Principles, necessary measures are taken to comply with the principles regarding stakeholders and to strengthen communication with stakeholders.	x					
Opinions of stakeholders are sought in determining measures and strategies in the field of sustainability.	x					
Studies are carried out to raise awareness on the issue of sustainability and the importance of sustainability through social responsibility projects, awareness activities and trainings.	x					
Efforts are being made to become a member of international standards and initiatives on sustainability and to contribute to studies.	x					
Policies and programs regarding the fight against bribery and corruption and the principle of tax integrity are explained.	x					

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	Company Compliance Status				Explanation
	Yes	Partial	No	Exempted	
Corporate Governance Compliance Report					
1.1.FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS					
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X				
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION					
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X				
1.3.GENERAL ASSEMBLY					
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X				
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X				
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X				
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X				
1.3.11- The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.				X	In 2020 fiscal year, there was no participation demand from the media.
1.4. VOTING RIGHTS					
1.4.1- There is no restriction preventing shareholders from exercising their shareholder rights.	X				
1.4.2 - The company does not have shares that carry privileged voting rights.		X			Company's capital is divided into shares Group A and Group B.1 (one share of certificate, issued to the bearer amounting to 1Kr (one Kuru) is A group. The right of usufruct shall be established in favor of and to the name of Privatization Administration on the shares of A Group with all rights appertaining thereto unless otherwise decided by Supreme Board of Privatization.
1.4.3- The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.				X	No cross-shareholding relations exist in the capital of the Company.
1.5. MINORITY RIGHTS					
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X				
1.5.2 -The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X		Even though minority rights are not determined less than one in twenty by the Articles of Association, parallel with the general practices, in accordance with Article 38 of the Articles of Association, provisions of Turkish Commercial Code and Capital Market Law shall be applied to the issues that are not written in the Articles of Association in regard to minority rights. On the other hand, the Company recognizes equal rights to each shareholder and comply with relevant regulations regarding the exercise of shareholder rights. There is no plan to regulate and expand minority rights in the Articles of Association.

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Company Compliance Status					
Yes	Partial	No	Exempted	N/A	Explanation

Corporate Governance Compliance Report

1.6. DIVIDEND RIGHT

1.6.1-The dividend policy approved by the General Shareholders' Meeting is posted on the company website.

X

1.6.2 -The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.

X

1.6.3-The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.

X

1.6.4-The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.

X

1.7 TRANSFER OF SHARES

1.7.1-There are no restrictions preventing shares from being transferred.

X

2.1. CORPORATE WEBSITE

2.1.1.- The company website includes all elements listed in Corporate Governance Principle 2.1.1.

X

2.1.2 -The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.

X

2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.

X

2.2. ANNUAL REPORT

2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.

2.2.2 -The annual report includes all elements listed in Corporate Governance Principle 2.2.2.

X

3.1. CORPORATION'S POLICY ON STAKEHOLDERS

3.1.1-The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.

X

3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.

X

3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.

X

3.1.5 -The company addresses conflicts of interest among stakeholders in a balanced manner.

X

3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT

3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals) regulate the participation of employees in management.

X

Although there is no provision in the articles of association, employees are encouraged to participate in management through internal practices.

3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.

X

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Company Compliance Status

Yes Partial No Exempted N/A Explanation

Corporate Governance Compliance Report

3.3. HUMAN RESOURCES POLICY

3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.

X

3.3.2 - Recruitment criteria are documented.

X

3.3.3 - The company has a policy on human resources development, and organises training for employees.

X

3.3.4- Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.

X

3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.

X

3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.

X

3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.

X

3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.

X

3.3.9 - A safe working environment for employees is maintained.

X

3.4 RELATIONS WITH CUSTOMERS AND SUPPLIERS

3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.

X

3.4.2 - Customers are notified of any delays in handling their requests.

X

3.4.3 - The company complied with the quality standards with respect to its products and services.

X

3.4.4 -The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.

X

3.5 ETHICAL RULES AND SOCIAL RESPONSIBILITY

3.5.1 -The board of the corporation has adopted a code of ethics, disclosed on the corporate website.

X

3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.

X

4.1. ROLE OF THE BOARD OF DIRECTORS

4.1.1 -The board of directors has ensured strategy and risks do not threaten the long-term interests of the company and that effective risk management is in place.

X

4.1.2 -The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.

X

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Company Compliance Status					
Yes	Partial	No	Exempted	N/A	Explanation

Corporate Governance Compliance Report

4.2 ACTIVITIES OF THE BOARD OF DIRECTORS

4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X				
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X				
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X				
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X				
4.2.5 -The roles of the Chairman and Chief Executive Officer are separated and defined.	X				
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively.The board works closely with them when communicating and settling disputes with shareholders.	X				
4.2.8-The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X			The Company's paid-in capital is 3.5 billion and it has an executive liability insurance for the damages caused by the board members during their duties however the total insurance does not exceed 25% of the capital.

4.3.STRUCTURE OF THE BOARD OF DIRECTORS

4.3.9 -The board of directors has approved the policy on its own composition, setting a minimal target of %25 for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X		Although there is no policy regarding the target of minimum %25 for the ratio of female members in the board of directors,there are two female members in the current board of directors structure.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X				

4.4 BOARD MEETING PROCEDURES

4.4.1 - Each board member attended the majority of the board meetings in person.	X				
4.4.2 -The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X				
4.4.3 -The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X				
4.4.4 - Each member of the board has one vote.	X				
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X				
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X				
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X			Due to the Board Member's work and industry experience and contribution to the board of directors there is no restriction for the Board Members to assume any other duties outside the company. The duties undertaken by the members of the board of directors outside the company were presented to the shareholders at the general assembly meeting. Since the current practice does not create any negative situation in terms of corporate governance, no changes are expected in 2021.

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Company Compliance Status					
Yes	Partial	No	Exempted	N/A	Explanation

Corporate Governance Compliance Report

4.5. BOARD COMMITTEES

4.5.5 - Board members serve in only one of the Board's committees.			X		The company's board of directors consists of 9 members and operates with 3 committees. 3 of our 9 members take part in committees as independent board members. Due to the number of Board members, each board member is assigned to more than one committee.
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4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X				
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4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.				X	In 2020, any committee did not receive consultancy services.
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4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X				
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4.6. FINANCIAL RIGHTS

4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X		The performance of the Board of Directors was not evaluated.
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4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions there on, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X				
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4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X			Parallel with the general practices, salaries, bonuses and other benefits of the key management are shared in the annual report as total. Remuneration for the members of the board on an individual basis are shared with the public in the minutes of the general assembly.
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EREĞLİ IRON AND STEEL WORKS, INC.

Corporate Governance Information Form

Related Companies

Related Funds

1.SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year 45

1.2. Right to Obtain and Examine Information

The number of special audit request(s) 0

The number of special audit requests that were accepted at the General Shareholders' Meeting 0

1.3.General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1.(a-d). <https://www.kap.org.tr/en/Bildirim/852134>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time. Yes

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 There was no such transaction during the year.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1) There is no such transaction under Article 9.

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1) <https://www.kap.org.tr/en/Bildirim/818462>

The name of the section on the corporate website that demonstrates the donation policy of the company Investor Relations / Corporate Governance / Policies and Regulations / Donations and Contribution Policy

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved <https://www.kap.org.tr/tr/Bildirim/194744>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting None.

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any There was no participation in the General Assembly meeting regarding 2019 activities except for the shareholders. However, there is no restriction on participation of stakeholders in the General Assembly.

1.4.Voting Rights

Whether the shares of the company have differential voting rights Evet (Yes)

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. Privatization Administration / 0.0% / One share of certificate, issued to the bearer amounting to one kurus.

The percentage of ownership of the largest shareholder 49,29%

1.5.Minority Rights

Whether the scope of minority rights enlarged (in terms of the content or the ratio) in the articles of the association. If yes, specify the relevant provision of the articles of association. Hayır (No)

If yes, specify relevant provision of the articles of association. -

1.6.Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy Investor Relations / Corporate Governance / Policies and Regulations / Dividend Distribution Policy

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend. -

PDP link to the related general shareholder meeting minutes. In case the board of directors proposed to the general assembly not to distribute dividends -

EREĞLİ IRON AND STEEL WORKS, INC.

Corporate Governance Information Form

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participatin rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting Minute and also indicates for each resolution the voting levels for or against.	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them.	The number of relevant item of paragraph or General Shareholders Meeting Minutes in relation to related party transactions.	The number of declarations by insiders received by the board of directors.	The link to the related PDP general shareholder meeting notification.
14-07-2020	0	63%	0,005%	63%	Investor Relations/General Assembly/Minutes of General Assembly	Investor Relations/General Assembly/The questions asked on General Assembly Meetings	-	169	https://www.kap.org.tr/en/Bildirim/859984

EREĞLİ IRON AND STEEL WORKS, INC.

Corporate Governance Information Form

Related Companies

Related Funds

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

Investor Relations | Corporate Governance, Reports and Presentations, Annual Reports, Disclosures and Announcements, General Assembly, FAQ

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.

Investor Relations | Corporate Governance | Ownership Structure

List of languages for which the website is available

Turkish, English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members.

Investor Relations / Reports and Presentations / Interim Financial Reports / Declarations of Independent Board Members

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure

Investor Relations / Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees' Effectiveness

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings

Investor Relations / Reports and Presentations / Interim Financial Reports / Number of Meetings of the Board of Directors and Attendance of the Board Members

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation

Investor Relations | Reports and Presentations / Interim Financial Reports / Information about Amendments in Legislation That May Significantly Affect the Company's Activities

d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof

Investor Relations / Annual Reports / Notes to the Consolidated Financial Statements / Provision for Lawsuits

e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest

Investor Relations | Annual Reports | Other Issues

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%

No cross ownership subsidiaries that the direct contribution to the Company's capital exceeds 5%.

g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results

Investor Relations / Annual Reports | A People-Centered Approach

EREĞLİ IRON AND STEEL WORKS, INC.

Corporate Governance Information Form

Related Companies

Related Funds

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations /Corporate Governance / Policies and Regulations / Staff Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	254
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Committee
The contact detail of the company alert mechanism	Mail:etik@ erdemiretik.com, Phone : 0 850 21130 00

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies

Corporate bodies where employees are actually represented Union

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions

Short, long and medium term succession plans are prepared for key positions within the scope of talent management studies carried out within our Company. Succession plans and assignments to key roles are submitted for the approval of the Board of Directors, when necessary, in line with defined procedures.

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.

OYAK Mining Metallurgy / Career / HR Practices

Whether the company provides an employee stock ownership programme

Pay edindirme planı bulunmamaktadır (There isn't an employee stock ownership programme)

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

Investor Relations / Corporate Governance / Code of Ethics and Business Conduct / Responsibilities to Our Employees

The number of definitive convictions the company is subject to in relation to health and safety measures

13

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics

Investor Relations / Corporate Governance / Code of Ethics and Business Conduct

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.

Sustainability I CSR Policy

Any measures combating any kind of corruption including embezzlement and bribery

Board members and employees of OYAK Mining Metallurgy Companies and all third parties acting on behalf of OYAK Mining Metallurgy Companies should avoid any act or behaviour that may bring OYAK Mining Metallurgy under suspicion of corruption. Regardless of being in public or private sector, accepting or giving any cash/ non-cash benefit that may be in the scope of corruption is forbidden.

EREĞLİ IRON AND STEEL WORKS, INC.

Corporate Governance Information Form

Related Companies

Related Funds

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted

-

Whether the board evaluation was externally facilitated

Hayır (No)

Whether all board members released from their duties at the GSM

Evet (Yes)

Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties

Süleyman Savaş ERDEM - Chairman (Representative of OYTAŞ İç ve Dış Ticaret A.Ş), Toker OZCAN - Deputy Chairman and Managing Director (Representative of OYAK Pazarlama Hizmet ve Turizm A.Ş.)

Number of reports presented by internal auditors to the audit committee or any relevant committee to the board

2

Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls

Investor Relations / Annual Reports / Internal Audit System

Name of the Chairman

Süleyman Savaş ERDEM - Chairman (Representative of OYTAŞ İç ve Dış Ticaret A.Ş)

Name of the CEO

Salih Cem ORAL

If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles

CEO and Chairman are not the same person.

Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital

There is an executive liability insurance for the damages caused by the board members during their duties but the total insurance does not exceed 25% of the capital.

The name of the section on the corporate website that demonstrates current diversity policy targeting women directors.

-

The number and ratio of female directors within the Board of Directors

2, 22%

EREĞLİ IRON AND STEEL WORKS, INC.

Corporate Governance Information Form

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence or Not	Whether the Director Has At Least 5 Years' Experience on Audit/Accounting and Or/Finance or Not
OYTAŞ İç ve Dış Ticaret A.Ş. (Represented by: Süleyman Savaş ERDEM)	İcrada görevli değil (Non-executive)	Bağımsız üye değil (Not independent director)	27-05-2013		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
OYAK Pazarlama ve Hizmet Turizm A.Ş. (Represented by: Toker ÖZCAN)	İcrada görevli (Executive)	Bağımsız üye değil (Not independent director)	13-09-2012		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
Republic of Turkey Ministry of Treasury and Finance Privatization Administration (Represented by: Bekir Emre HAYKIR)	İcrada görevli değil (Non-executive)	Bağımsız üye değil (Not independent director)	20-09-2012		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
OYKA Kağıt Ambalaj Sanayii ve Tic. A.Ş. (Represented by: Baran ÇELİK)	İcrada görevli değil (Non-executive)	Bağımsız üye değil (Not independent director)	12-09-2012		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (Represented by: Güliz KAYA)	İcrada görevli değil (Non-executive)	Bağımsız üye değil (Not independent director)	12-09-2012		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
OMSAN Lojistik A.Ş. (Represented by: Aslıhan DÖĞER)	İcrada görevli değil (Non-executive)	Bağımsız üye değil (Not independent director)	11-09-2012		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
Ali FIDAN	İcrada görevli değil (Non-executive)	Bağımsız üye (Independent director)	31-03-2017	https://www.kap.org.tr/tr/Bildirim/818458	Değerlendirildi (Considered)	Hayır (No)	Evet(Yes)
Kurtuluş Bedri VAROĞLU	İcrada görevli değil (Non-executive)	Bağımsız üye (Independent director)	31-03-2017	https://www.kap.org.tr/tr/Bildirim/818458	Değerlendirildi (Considered)	Hayır (No)	Evet(Yes)
Mahmut Cengiz AYDIN	İcrada görevli değil (Non-executive)	Bağımsız üye (Independent director)	05-02-2021		Değerlendirildi (Considered)	Hayır (No)	Evet(Yes)

Corporate Governance Information Form

EREĞLİ IRON AND STEEL WORKS, INC.

Related Companies

Related Funds

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	6
Director average attendance rate at board meetings	98%
Whether the board uses an electronic portal to support its work or not	Evet
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3 - 5 Days

The name of the section on the corporate website that demonstrates information about the board charter

There are internal regulations in which the working principles of the Board of Directors meetings are determined ,but they are not published on the corporate website

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented

Investor Relations | Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees' Effectiveness

Link(s) to the PDP announcement(s) with the board committee charters

The working principles of the Committee are available on our corporate website. (Investor Relations / Corporate Governance / Policies and Regulations)

Composition of Board of Committees-I

Names of the Board Committees	Name of Committees Defined As "Other" In the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	Kurtuluş Bedri Varoğlu	Evet(Yes)	Yönetim Kurulu Üyesi (Board Member)
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	Ali Fidan	Hayır(No)	Yönetim Kurulu Üyesi (Board Member)
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	İdil Önay Engin	Hayır(No)	Yönetim Kurulu Üyesi Değil (Not Board Member)
Denetim Komitesi (Audit Committee)	-	Kurtuluş Bedri Varoğlu	Evet(Yes)	Yönetim Kurulu Üyesi (Board Member)
Denetim Komitesi (Audit Committee)	-	Ali Fidan	Hayır(No)	Yönetim Kurulu Üyesi (Board Member)
Riskin Erken Saptanması Komitesi (Committee of Early Risk Detection)	-	Ali Fidan	Evet(Yes)	Yönetim Kurulu Üyesi (Board Member)
Riskin Erken Saptanması Komitesi (Committee of Early Risk Detection)	-	Kurtuluş Bedri Varoğlu	Hayır(No)	Yönetim Kurulu Üyesi (Board Member)

EREĞLİ IRON AND STEEL WORKS, INC.

Corporate Governance Information Form

Related Companies

Related Funds

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

Investor Relations / Annual Reports / Board Of Directors Committee Operating Principles and Assessment of Committees' Effectiveness

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

Investor Relations / Annual Reports / Board Of Directors Committee Operating Principles and Assessment of Committees' Effectiveness

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

Investor Relations / Annual Reports / Board of Directors Committee Operating Principles and Assessment of Committees' Effectiveness

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

Investor Relations | Annual Reports / Board Of Directors Committee Operating Principles and Assessment of Committees' Effectiveness

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

Investor Relations / Annual Reports / Board Of Directors Committee Operating Principles and Assessment of Committees' Effectiveness

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)

Investor Relations / Annual Reports / Other Issues

Specify the section of website where remuneration policy for executive and non-executive directors are presented.

Investor Relations/ Policies and Regulations/Compensation Policy

Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)

Investor Relations/ Annual Reports/ Notes to the Consolidated Financial Statements / Related Party Disclosures / Salaries, bonuses and other benefits of the key management

EREĞLİ IRON AND STEEL WORKS, INC.**Corporate Governance Information Form****Composition of Board of Committees-II**

Names of the Board Committees	Name of Committees Defined As "Other" In the First Column	The Percentage of Non Executive Directors	The Percentage of Independent Directors In The Committee	The Number of Meetings Held in Person	The Number of Reports on Its Activities Submitted to the Board
Denetim Komitesi (Audit Committee)	-	100%	100%	4	4
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	100%	67%	6	3
Riskin Erken Saptanması Komitesi (Committee of Early Risk Detection)	-	100%	100%	6	6