



EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş.

For the Period 1 January – 31 December 2021
Board of Directors' Activity Report

**(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT
ON THE MANAGEMENT'S ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

1) Opinion

As we have audited the full set consolidated financial statements of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 01/01/2021–31/12/2021, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 01/01/2021–31/12/2021 in our Auditor's Report dated 10 February 2022.

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
 - The significant events occurred in the Group's activities subsequent to the financial year ends,
 - The Group's research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

The engagement partner on the audit resulting in this independent auditor's report is Volkan Becerik.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Volkan Becerik
Partner

İstanbul, 10 February 2022

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1****A – General Information****1. Period of the Report**

01.01.2021 - 31.12.2021

2. Information About the Association**- Title:** EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş.**- Trade Registry Number:** 863637**- Address:** Barbaros Mah. Ardiç Sok. No: 6 Ataşehir/ İSTANBUL**- Website:** www.erdemir.com.tr**3. Shareholding and Capital Structure**

Authorized Capital : TRY 7.000.000 thousand

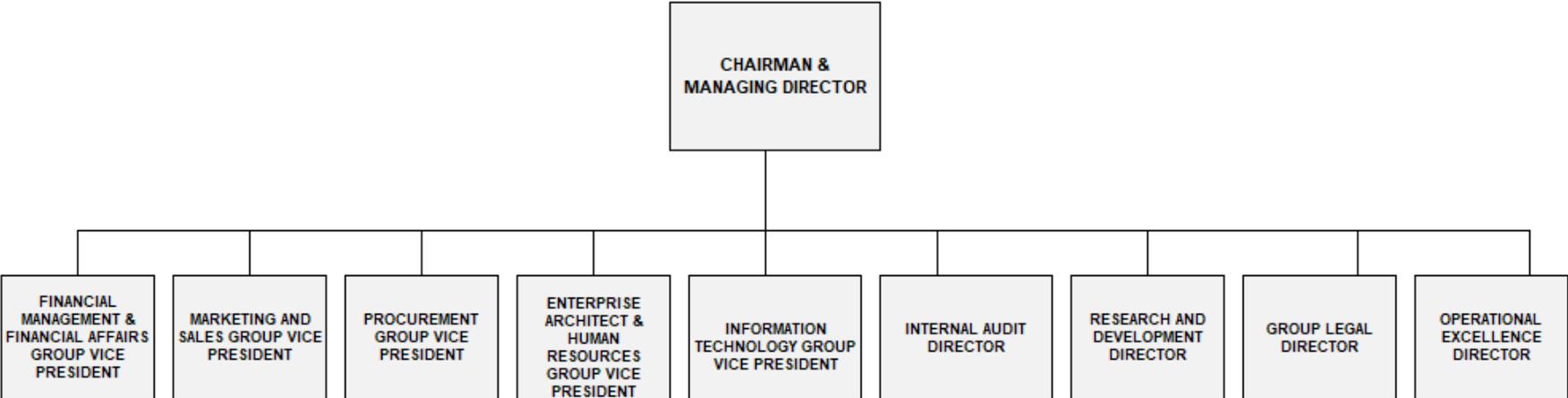
Paid-in Capital : TRY 3.500.000 thousand

Shareholders	Shares (Thousand TRY)	%
Ataer Holding A.Ş.	1.724.982	49,29
Publicly Held	1.667.181	47,63
Erdemir's Own Shares	107.837	3,08
Total	3.500.000	100,00

No change in shareholding and capital structure during the period.

BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1

4. Organization Chart



**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

5. Preferred Stocks and information about the voting rights of the stocks

In the 8th Item of 7th Article of Articles of Association stated as *“This capital is divided into shares Group A and Group B. 1 (one) share of certificate, issued to the bearer amounting to 1 Kr (one Kuruş) is A group and 349.999.999.999 (three hundred forty nine billion nine hundred ninety nine million nine hundred ninety nine thousand nine hundred ninety nine) share of certificates amounting to 3.499.999.999,99 (three billion four hundred ninety nine million nine hundred ninety nine thousand nine hundred ninety nine Turkish Liras, ninety nine Kuruş) is B Group.”* the capital is divided into shares Group A and Group B.

In the 9th Item of 7th Article of Articles of Association stated as *“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. All voting rights on the shares of A Group shall be exercised by the holder of usufruct. (“usufruct”)”* the right of usufruct is established.

Within the frame of the right of usufruct, the rights and powers entitled to Privatization Administration in Articles of Association are as follows:

- In 3rd Item of 10th Article of Articles of Association stated as *“One of the Board members is elected by the General Assembly from among the candidates to be shown by the Directorate of Privatization Administration, which has the right of usufruct in representation of Group A shares.”*
- In 3rd Item of 11th Article of Articles of Association stated as *“In case the duty of the member of Board of Directors representing the Group A shares expires in any way within the term he has been elected for, the substitute member must also be elected among the candidates to be offered by the Privatization Administration as the usufructuary to represent the Group A shares.”*
- In 2nd Item of 12th Article of Articles of Association stated as *“Board of Directors shall have to discuss on a detailed report issued by the General Directorate showing the quarterly progress of investment projects, and to pass a resolution upon the suggestions made by the member of Board of Directors as the usufructuary to represent the Group A shares. The development of investment projects is reflected on the annual report of Board of Directors in detail. Furthermore, no resolution can be passed by Board of Directors on the issues mentioned in articles 22 and 37 of the present Articles of Association without the affirmative vote of the member of Board of Directors as the usufructuary to represent the Group A shares.”*
- In 3rd Item of 12th Article of Articles of Association stated as *“The member of Board of Directors in the capacity of usufructuary or a person to be addressed by him shall participate in the General Assemblies of Shareholders of Subsidiaries to represent the Group A shares of the Company in Subsidiaries. One of the members of Board of Directors of the Subsidiary shall be elected among the candidates to be shown by that representative or the member of the Board of Directors.”*
- In 4th Item of 12th Article of Articles of Association stated as *“In the event that a resolution is to be passed in General Assemblies of the Subsidiary on issues concerning the rights granted to the Group A shares in the Subsidiary, the affirmative vote of the said representative or the member of the Board of Directors shall be sought.”*

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

- In 5th Item of 12th Article of Articles of Association stated as “Resolutions to be passed by the Company’s Board of Directors on any rights and obligations regarding the Group A shares in the Subsidiaries shall be passed upon the affirmative vote of the member of Board of Directors in the capacity of the usufructuary.”
- In 6th Item of 12th Article of Articles of Association stated as “For the purposes of the present Articles of Association, “Subsidiary” refers to İskenderun Demir ve Çelik Anonim Şirketi and Erdemir Madencilik Sanayi ve Ticaret Anonim Şirketi.”
- In 7th Item of 12th Article of Articles of Association stated as “It’s mandatory that the member of Board of Directors in the capacity of usufructuary also casts an affirmative vote on resolutions to be passed concerning the rights granted to the Group A shares.”
- In 22th Article stated as “Resolutions regarding any amendment in the Articles of Association which are likely to affect, directly or indirectly, the obligations in the Share Sale Agreement in respect of investment and employment, and, the rights granted to the Group A shares in connection with those obligations as well as the amendments which are to affect the quorum for meeting and resolution of Board of Directors and the rights belonging to the Group A shares,
 - Resolutions regarding closedown or sales of or an encumbrance upon the integrated steel production facilities and mining facilities owned by the Company and/or its subsidiaries or a resolution on reduction in capacity of such facilities,
 - Resolutions regarding closedown, sales, demerger or merger or liquidation of the Company and / or its subsidiaries owning the integrated steel production facilities and mining facilities,

can be passed only through affirmative votes of the usufructuary in representation of Group A shares. Otherwise, the resolutions passed shall be invalid.”

- In 37. Article stated as “Provided that it will be effective from the signature date of the Share Sale Agreement to be signed following the realization of the privatization transaction concerning the shares pertaining to the Republic of Turkey Prime Ministry Privatization Administration as per the Law no 4046, the fulfillment of commitments contemplated in the Share Sale Agreement concerning investment and employment shall be under the responsibility of the Company’s Board of Directors. This present Article 37 may be amended with the affirmative vote of the usufructuary representing Group A shares.”
- In Temporary Article 1. “The provisions of the Articles of Association concerning the right of usufruct, other than the amendments made in the clause 9 of the Article 7 of the Articles of Association of the Company, shall be eliminated when the usufruct established on Group A shares are removed.

Usufruct established in favor of the Republic of Turkey Prime Ministry Privatization Administration comes to an end through a resolution to be taken by the Privatization High Council concerning this subject. This circumstance shall be reflected to the Company’s Articles of Association.

The present Temporary Article 1, may be changed with the affirmative vote of the usufructuary representing Group A shares.”

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

In Article 21, headed Voting Right and Form of Representation stated as:

The shareholders or their proxies who present in the Ordinary and Extraordinary General Assembly meetings shall exercise their voting rights pro rata to the total nominal value of the shares. Each share has only one voting right. In the meetings of General Assembly, shareholders may cause to represent themselves through other shareholders or proxies assigned from outside of the Company. Proxies who are also company shareholders have the authority to cast the votes of shareholders to whom they represent, in addition to their own votes.

Capital Market Board's regulations on voting by proxy shall be reserved.

The functioning manner of the general assembly meeting is regulated through an internal directive. The general assembly meeting is conducted in accordance with the provisions of TCC, capital market legislation and internal directive.

Participating in general assembly meetings via electronic means:

Shareholders may participate in General Assembly meetings via electronic environment pursuant to Article 1527 of Turkish Commercial Code. Company may setup an electronic general assembly system which will enable Shareholders to participate in the General Assembly meetings, to communicate their opinions, to furnish suggestions and to cast their votes or may purchase service of systems set up for such purposes pursuant to the provisions of Regulation on General Assembly meetings of Joint-Stock Companies to be held via Electronic Environment.

Pursuant to present article of Articles of Association, at all general assembly meetings, shareholders and their proxies shall be allowed to exercise their rights provided in the provisions of said Regulation over such a system set up.

6. Board of Directors, Executive Management and Number of Personnel

According to the Turkish Commercial Code and related regulations, the election of the Board of Directors is executed by the General Assembly within the framework of the Articles of Association. Should there be a vacant position in the Board of Directors Membership within the respective period; an election for the available positions is made according to the provisions of Turkish Commercial Code and Company's Articles of Association and the results are submitted to the next regular general assembly to be approved. The Company's 2020 Regular General Assembly has been executed on March 17, 2021.

Within the frame of Turkish Commercial Code and Capital Market Law, at the Ordinary General Assembly held on March 17, 2021, Independent Board members were elected and 3 Independent Board members were selected for 1 year, pursuant to the 10th and 11th Articles of Article of Association by the General Assembly.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

The active members of the Board of Directors as of reporting period:

Board of Directors	Title	Effective from
OYTAŞ İç ve Dış Ticaret A.Ş. (Represented by: Süleyman Savaş ERDEM)	Chairman	27.05.2013 (*)
OMSAN Lojistik A.Ş. (Represented by Aslıhan DÖĞER)	Deputy Chairman – Executive Director	11.09.2012 (*)
OYAK Pazarlama Hizmet ve Turizm A.Ş. (Represented by: Gürtan DAMAR)	Executive Director	13.09.2012 (*)
Republic of Turkey Ministry of Treasury and Finance Privatization Administration (Represented by: Bekir Emre HAYKIR)	Board Member	20.09.2012 (*)
OYKA Kağıt Ambalaj Sanayi ve Ticaret A.Ş. (Represented by: Baran ÇELİK)	Board Member	12.09.2012 (*)
OYAK Denizcilik ve Liman İşletmeleri A.Ş. (Represented by: Güliz KAYA)	Board Member	12.09.2012 (*)
Ali FİDAN	Independent Board Member	31.03.2017
Kurtuluş Bedri VAROĞLU	Independent Board Member	31.03.2017
Vacant	Independent Board Member	

(*) Legal entity's duty starting dates were considered.

Information about Board Members' titles out of the company is given in App.1.

Changes in the Executive Board within the Period

- With the decision of the Board of Directors dated February 05, 2021, and numbered 9741, Mahmut Cengiz AYDIN has been elected to the vacant independent board membership due to the resignation of Yunus ARINCI who was Independent Board Member and the registration of this election in the trade registry and the announcement of it have been resolved.
- Due to the expiration of Toker ÖZCAN's duty, the appointment of Gürtan DAMAR as the real person representative of OYAK Pazarlama Hizmet ve Turizm A.Ş., who is Deputy Chairman and Executive Director has been resolved with the decision of the Board of Directors dated February 23, 2021, and numbered 9754 and the registration of this appointment in the trade registry and the announcement of it have been resolved.
- With the decision of the Board of Directors dated February 23, 2021 and numbered 9755, the authorization of the Board Member OMSAN Lojistik A.Ş. (represented by Aslıhan DÖĞER) as Executive Director, the cancellation of Deputy Chairman position of the Board Member OYAK Pazarlama Hizmet ve Turizm A.Ş. (represented by Gürtan DAMAR), the assignment of the Board Member OMSAN Lojistik A.Ş. (represented by Aslıhan DÖĞER) as Deputy Chairman, the continuation of assignment of the Board Member OYTAŞ İç ve Dış Ticaret A.Ş. (represented by Süleyman Savaş ERDEM) as

Chairman, and the registration of these in the trade registry and the announcement of these have been resolved.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

- At the Ordinary General Assembly Meeting held on March 17, 2021, Mahmut Cengiz AYDIN, Ali FİDAN and Kurtuluş Bedri VAROĞLU have been reelected as independent board members for serving 1 year period.
- With the decision of the Board of Directors dated March 17, 2021, and numbered 9764, the election of the Board Member OYTAŞ İç ve Dış Ticaret A.Ş. (represented by Süleyman Savaş ERDEM) as Chairman and the election of the Board Member OMSAN Lojistik A.Ş. (represented by Aslıhan DÖĞER) as Deputy Chairman , the authorizations of the Deputy Chairman OMSAN Lojistik A.Ş. (represented by Aslıhan DÖĞER) and the Board Member OYAK Pazarlama Hizmet ve Turizm A.Ş. (represented by Gürtan DAMAR) as “Executive Director” for serving 1 year period, and the registration of these in the trade registry and the announcement of these have been resolved.
- Independent Board Member Mahmut Cengiz Aydın has resigned from his duty as of August 20, 2021. Actions required to elect a new Independent Board Member instead of Mahmut Cengiz Aydın has been initiated in accordance with the Corporate Governance Communiqué of the Capital Markets Board.

Powers and Duties of the Members of the Board of Directors'

The Chairman and the members of the Board of Directors possess duties and authorities set out in the Turkish Trade Act's relevant clauses and in the Articles of Association.

Duties and Responsibilities of Audit Committee, Risk Committee, Early Detection of Risk Committee and Corporate Governance Committee created on the Board of Directors are indicated in App. 3.

Information About Board Members' and Executive Management's Titles out of the Company and The Declarations of Independent Board Members

Information about Board Members' and executive management's titles out of the Company is given in App.1, the declarations of Independent Board Members are given in App. 2.

Members of Board Committees, Frequency of Meetings, Operating Principals also Including Activities Performed and Evaluation of the Board on the Effectiveness of the Committees

Audit Committee, Risk Committee, Early Detection of Risk Committee and Corporate Governance Committee was established for the Board of Directors. Board of Auditors held 4 meetings in 2021 and continued its activities in accordance with CMB Principles. Board Members participated in the meetings regularly.

Early Detection of Risk Committee held 6 meetings and Corporate Governance Committee 6 meetings in 2021. The Committees have continued to performed their works in accordance with CMB regulations. The working instructions relating to the Committees take place on “www.erdemir.com.tr” website. No outside consultancy service procured by the Committees during the year.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

Executive Management

Executive Management	Title	Effective from	Education	Experience
Aslıhan DÖĞER	Deputy Chairman and Executive Director	23.02.2021	Middle East Technical University – Industrial Engineering	23 Years
Gürtan DAMAR	Executive Director	23.02.2021	Yıldız Technical University – Mechanical Engineering	26 Years
Salih Cem ORAL	General Manager	6.06.2018	İstanbul Technical University – Metallurgy Engineering	28 Years
İsmail Kürşad KORKMAZ	Procurement Group Vice President	21.02.2017	Middle East Technical University – Political Science and Public Administration	26 Years
Mustafa Serdar BAŞOĞLU	Financial Management and Financial Affairs Group Vice President	24.09.2020	Karadeniz Technical University – Public Finance	18 Years
Fatih ÇITAK	Marketing and Sales Group Vice President	18.01.2020	İstanbul Technical University – Industrial Engineering	23 Years
Can ÖRÜNG	Information Technologies Group Vice President	21.02.2017	İstanbul Technical University – Business Administration Engineering	20 Years
Ercan KAYA	Enterprise Architecture and Human Resources Group Vice President	21.07.2020	National Defence University – Business Administration	34 Years
Sinan BOZKURT	Operations Deputy General Manager	27.09.2021	Middle East Technical University – Metallurgy and Materials Engineering	25 Years

The vacant positions of Financial Affairs Deputy General Manager and Purchasing Deputy General Manager have been closed out and instead of these the position of Financial Affairs Director and the position of Purchasing Director have been opened as of September 01, 2021

Due to Ural DURUSU's duty as Operations Deputy General Manager has been ended as of September 26, 2021, Sinan BOZKURT has been assigned as Operations Deputy General Manager as of September 27, 2021.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

7. The Transactions of Board Members made on its behalf or on behalf of other and the activities as part of prohibition of competition

At the Ordinary General Assembly held on 17 March 2021, it is consented to give the authority for transactions for 2021 according to article 395 and 396 of Turkish Commercial Code (TCC) to the Members of the Board. No transaction had been realized in this context.

8. Collective Labor Agreement Applications and the Benefits

28th Period Collective Labor Agreement, which will be valid between 01.09.2020-31.08.2022, has been signed on December 23, 2020 between Turkish Employers' Association of Metal Industries (MESS) on behalf of our company and Turkish Metal Union as the collective bargaining agency.

27th Period Collective Labor Agreement, which will be valid between January 1, 2021 and December 31, 2022 has been signed on May 24, 2021 between Özçelik-İş Union and İskenderun Demir ve Çelik A.Ş.

In the scope of collective agreement applications, the rights and benefits of the employees are classified under bonuses, social benefits, and vacations. Bonuses and social benefits are; bonuses, holy day allowance, heating allowance, paid annual leave allowance, marriage allowance, birth allowance, bereavement allowance (worker's death, worker's spouse's, children's, mother's, father's or sibling's death, in the case of a death as a result of a work accident it will pass onto the worker's heir at law), military service allowance, children allowance, educational allowance (play school, primary school, secondary school, high school, higher education), meal allowance and transportation.

Vacations are; paid annual leaves, accompaniment leaves for medical purposes, accompaniment leaves (handicapped child) excused absences, unpaid leaves, and other paid leaves consisting marital leaves, bereavement leaves, pregnancy leaves, maternity leaves, nursing leaves, adoption leaves, public action leaves, part-time work leaves, transport leaves and leaves in case of a natural catastrophe.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

Bereavement allowance (in the case the worker dies), transportation and meal allowance, derived from the social benefits, are given to all employees; the rest is given only to paid hourly personnel. Paid annual leaves, leaves of absence with excuse, marital leaves, bereavement leaves, maternity leaves, and pregnancy leave, accompaniment leaves (handicapped child), adoption leaves, part-time work leaves, transport leaves, unpaid leaves and nursing leaves can be taken by all employees; the rest is taken only by blue-collar workers.

Short term payables for employee benefits as of reporting date are as follows:

(thousand TRY)	31 December 2021	31 December 2020
Due to personnel	236.301	139.640
Social security premiums payable	74.173	57.656
	310.474	197.296

Provision for employee benefits as of reporting period are as follows:

(thousand TRY)	31 December 2021	31 December 2020
Employee termination benefits	1.282.538	759.907
Seniority incentive premium	183.800	108.316
Provision for unpaid vacations	139.012	99.913
	1.605.350	968.136

The number of the personnel on as of reporting period are as follows:

	31 December 2021 Personnel	31 December 2020 Personnel
Hourly paid	8.585	7.568
Monthly paid	4.203	3.970
	12.788	11.538

9. Compliance with The Corporate Governance Principles

The "Corporate Governance Principles" published by the Capital Markets Board (CMB) which were declared in our Annual Activity Report for the year ending 2020 were met during the period 01.01.2021–31.12.2021. The Company issued "Statement of Compliance with Corporate Governance", "Corporate Governance Compliance Report" and "Corporate Governance Information Form", which are prepared in accordance with Capital Markets Board decision dated 10.01.2019 and numbered 2/49 and the II-17.1 Corporate Governance Communiqué, are given in App.3.

10. Amendments in The Articles of Association

Not available.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

B – Financial Rights Given to Board Members and Executive Management

1. Total amount of financial rights like attendance fee, wages, bonus, premium and dividend payments

The relevant section of the minutes of the General Assembly dated March 17, 2021 is as follows:

In the 10th article of the agenda related to the Rate Setting of the Board Members', the proposal was read by the representative of ATAER Holding A.Ş. Çiğdem KÖKER ALPAYDIN, and with no other comment, it was submitted to the General Assembly's approval and in accordance with the proposal;

It was decided by the majority of votes that no wages will be paid to the Board members representing Group B shares, the monthly net wage that will be paid to the members representing Group A shares will be TRY 5.250 (monthly, in cash), the wages of independent Board members will be TRY 11.500 (monthly, in cash) and the new wages will be valid from the date of April 1, 2021.

Personal accident and life insurances were arranged for Board of Directors and no other benefits were given.

No payment of performance was made to Board Members.

No payables were given, no loans were issued directly or through a third party and no indemnity was given (like sureties) to Board Members or Executive Management during the period.

Wages of the Executive Management is determined by the Board. Performance based additional payment is given to paid monthly personnel including Executive Management.

Other than the wages determined by Company Rating System efficiency premium payment was made once in 2021 according to effectiveness periods. All healthcare costs and individual annuity insurance of the management are covered with insurance.

2. Allowances given, travel, housing and representation expenses and real and cash advances, insurance and other pledges

A total of TRY 36.605 thousand is recorded as expense related to Company Board Members and Executive Management as of reporting period.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

C – Research and Development Studies

OYAK Mining Metallurgy carries out its research and development activities at "Erdemir R&D Center" that was certified by Republic of Turkey Ministry of Industry and Technology in 2014. Erdemir R&D Center performs activities in four main areas: as raw materials and iron making, steel making and casting technologies, hot rolled products and process, cold rolled products and process.

Erdemir R&D Center serving to OYAK Mining Metallurgy has well-equipped laboratory facilities, such as material characterization, thermomechanical simulation, metal forming, welding, corrosion, fatigue, enameling, spectral analysis and X-ray diffraction etc., and also simulators for pilot scale trials on raw material and product development, such as agglomeration systems, cooling sintering, melting, rolling and coating processes.

The number of flat product grades has reached to 536 by addition of 11 new flat steel grades that were developed in 2021.

In 2021, 45 R&D project were completed and 42 R&D projects are currently being carried out.

Erdemir R&D team has contributed to the intellectual capital of our company by presenting 74 papers and posters at various national/international iron and steel conferences to date.

Erdemir filed 9 patent applications (1 of 9 was patent of addition) in 2021, which of 1 was a collaboration with İsdemir. Together with these applications, the number of patent/utility applications by Erdemir has reached to 39, among which 3 patent and 5 utility model applications have been granted. On the other hand, in 2021, 2 European patent application were filed.

D – Activities and Important Developments Regarding the Activities

1. Investment Activities

Operating within the modern plants and by modern production technology, OYAK Mining Metallurgy produces competitive products globally and continues its investments aligned for continuous development strategy. In this scope;

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**In Erdemir Plants:

All of the simulators have been commissioned in the R&D Simulation Center Project. Commissioning activities continue in the New Wide Inspection and Recoiling Line Project.

Equipment manufacturing, supply and field studies continue in the 2. Blast Furnace Renovation Project. Site installation works are ongoing in the No.6 Steam Boiler Project. Converters have been prepared for installation in the Steel Shop BOF Converters Modernization Project. Equipment manufacturing and site works continue in the Steel Shop Secondary Dust Collection System Capacity Improvement Project. The second phase studies continue in the Surface Inspection Systems Project. Equipment supply and site activities continue for the Various Fire Detection and Extinguishing Systems Project. Civil activities continue in the Project of Slitting Line Transfer to ERSEM. Site works are ongoing in the Structural Improvement of Erdemir Port Docks Project. Transformer procurement studies continue in the Energy Distribution System Additional Investments Project.

Detail engineering studies, procurement and supply processes continue in the 4. Coke Oven Battery Project, 1. Slab Furnace Modernization Project, Plate Mill Housing System Renewal Investment Project, 60 MW Turbo Generator Project and No.6 Turbo Blower Project.

Procurement activities continue for the New Sinter Plant Project, No.5 Coke Oven Battery Project and 1. Galvanizing Line Level-1 Automation System Modernization Projects. Erdemir Domestic Waste Water Treatment Plant Modernization Project and Erdemir 2. Hot Strip Mill Investment Projects have been initiated by the decision of the Board of Directors.

In Isdemir Plants:

The facility has been commissioned in the New Coke Gas Gasometer Project. Cranes have been commissioned and the hall extension work has been completed in the Steel Mill A-B Hall Extension and Overhead Crane Project. Within the scope of the 3rd Coke Battery Modernization Project, heating of the battery has started and other construction, assembly and piping works continue in the site. Supply, manufacturing and field activities continue within the scope of Vacuum Degassing Plant Project. Engineering, purchasing processes, equipment procurement, manufacturing and field activities continue in the 1. New Blast Furnace Project. Site activities continue within the scope of the North Side Land Reclamation Projects. Procurement, manufacturing and shipping processes continue within the scope of the Boiler No.3 Retubing and Burner Modification Project. Engineering studies and procurement processes continue in the 1. Blast Furnace Top Recovery Turbine (TRT) Project.

Procurement activities continue for the New Sinter Plant Project, the Port-1 New Grab Ship Unloader Cranes Project and the Upgrade of HSM Level 1 System Project. Isdemir Electricity Generation from The Steam Produced in Coke Dry Quenching Project and Isdemir Modernization of Turbo Generator No.1 & No.2 Projects have been initiated by the decision of the Board of Directors.

As of December 31, 2021, the Group's total investment expenditures amount to USD 434 million (31 December 2020: USD 306 million)

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

2. Internal Control System and Internal Auditing Activities

Group Internal Audit Department carries out audit activities in order to evaluate and improve the effectiveness of risk management, control and governance processes of Group companies and reports directly to the Deputy Chairman and Executive Director of the Board. In accordance with Capital Markets Board regulations, the effectiveness of internal control system is evaluated by the Board of Directors at least once in a year. In this context, the Internal Audit Department regularly reports to Audit Committee, which consists of Independent Members of the Board of Directors, and provides information on internal audit activities as requested. For this purpose, 5 meetings were held in 2021 with the participation of the Audit Committee members and the Internal Audit Director.

Besides periodic audit activities, continuous audits are performed with the Integrated Audit System. Critical controls, master data and transaction data in the SAP system are continuously evaluated by the automatic controls and business rules installed in the system.

3. Direct and Indirect Subsidiaries

The Information about Affiliates Subject to Consolidation

The main scope of business and the participation in their shareholding of the affiliates subject to consolidation are as follows:

Name of the Company	Country of Operation	Operation	2021 Effective Share %	2020 Effective Share %
İskenderun Demir ve Çelik A.Ş.	Turkey	Integrated Iron and Steel Manufacturing	94,87	94,87
Erdemir Madencilik San. ve Tic. A.Ş.	Turkey	Iron Ore and Pellet	90	90
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	Turkey	Steel Service Center	100	100
Erdemir Müh. Yön. ve Dan. Hiz. A.Ş.	Turkey	Management and Consultancy	100	100
Erdemir Romania S.R.L.	Romania	Silica Steel Production	100	100
Erdemir Asia Pacific Private Limited	Singapore	Trading	100	100
Erdemir Enerji Üretim A.Ş.	Turkey	Renewable Energy Production	100	100
İsdemir Linde Gaz Ortaklığı A.Ş.	Turkey	Industrial Gas Production and Sales	47	47
Kümaş Manyezit Sanayi A.Ş.	Turkey	Magnesite Ore, Refractor	100	-
Odak Refrakter ve Madencilik San. Tic. A.Ş.	Turkey	Recycling	100	-
Yenilikçi Yapı Malz ve Üretim San. Tic. A.Ş.	Turkey	Special Purpose Entity	100	-

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

The purchase of the all shares of Kümaş Manyezit Sanayi A.Ş.'s subsidiaries Odak Refrakter ve Madencilik San Tic. A.Ş. and Yenilikçi Yapı Malzemeleri ve Üretim San. Tic. A.Ş. was completed on 3 February 2021. The share price dated 3 February 2021 has been subject to ultimate adjustment in accordance with the financial statements prepared as of the transfer date, and as a result of the adjustment, the ultimate share price has amounted to USD 295.943 thousand (TRY 2.112.206 thousand).

Subsidiaries

Subsidiaries are the Companies controlled by Erdemir when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

The statement of financial position and statements profit or loss of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Erdemir and its Subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between Erdemir and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Erdemir in its Subsidiaries are eliminated from shareholders' equity and income for the year, respectively. The table below sets out all Subsidiaries included in the scope of consolidation and discloses their direct and indirect ownership, which are identical to their economic interests, as of reporting period (%) and their functional currencies:

	31 December 2021			31 December 2020		
	Functional Currency	Ownership Interest	Effective Shareholding	Functional Currency	Ownership Interest	Effective Shareholding
İsdemir	US Dollars	94,87	94,87	US Dollars	94,87	94,87
Ersem	US Dollars	100	100	US Dollars	100	100
Ermaden	Turkish Lira	90	90	Turkish Lira	90	90
Erdemir Mühendislik	Turkish Lira	100	100	Turkish Lira	100	100
Erdemir Romania S.R.L	Euro	100	100	Euro	100	100
Erdemir Asia Pasific	US Dollars	100	100	US Dollars	100	100
Erdemir Enerji Üretim	Turkish Lira	100	100	Turkish Lira	100	100
İsdemir Linde Gaz	US Dollars	50	47	US Dollars	50	47
Kümaş	US Dollars	100	100	-	-	-
Odak	Turkish Lira	100	100	-	-	-
Yenilikçi	Turkish Lira	100	100	-	-	-

The non-controlling share in the net assets and results of Subsidiaries for the year are separately classified as non-controlling interest in the consolidated statements of financial position and consolidated statements of profit or loss.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

4. Information about Company Shares the Company Acquires

Article IV-K of Articles of Association "According to Turkish Commercial Code Article 329, transactions of an entity's own shares" Erdemir, as of 31 December 2021, holds its own shares with a nominal value of TRY 107.837 thousand (31 December 2020: TRY 107.837 thousand). Erdemir's own shares have been reclassified with its inflation adjusted value in the reporting period as a deduction under equity.

5. Information about public and private audits

It is decided to make one-year agreement with "DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Deloitte Touche Tohmatsu)" for our company's and its subsidiaries' Independent External Audit for the year of 2021.

6. Subjects Related to Law

a) Lawsuits

The Company, prepared its consolidated financial statements as of 31 March 2005, 30 June 2005 and 30 September 2005 according to CMB's Communiqué Serial XI No 25 on "Accounting Standards to be implemented in Capital Markets" which is not in effect today, whereas its consolidated financial statements of 31 December 2005 was prepared according to International Financial Reporting Standards by virtue of the Article 726 and Temporary Article 1 of the aforementioned Communiqué, and CMB's letter no. SPK.017/83-3483 dated 7 March 2006, sent to the Group Management. The aforementioned Communiqué (Serial XI No. 25 on the "Accounting Standards to be implemented in Capital Markets"), and Communiqués inserting some provisions thereto together with the Communiqués amending it, became effective starting with the consolidated financial statements of the first interim period ending after 1 January 2005.

CMB asked the Company to prepare its consolidated financial statements of 31 December 2005 all over again according to the same accounting standards set used during the period, to publish those statements, and to submit them to the General Assembly Approval as soon as possible, by stating on its decision no. 21/526 dated 5 May 2006 that the Company's changing the accounting standards set used during the term (Serial XI, No 25) at the end of the same term (TFRS) caused a decrease amounting to TRY 152.330 thousand on the period due to negative goodwill income.

The Company challenged the aforementioned decision before the 11th Administrative Court of Ankara (E. 2006/1396). This lawsuit was rejected on 29 March 2007, but the Company appealed this rejection on 11 October 2007. 13th Chamber of the Council of State rejected the appeal on 12 May 2010; however the Company also appealed this rejection on 2 September 2010. However, 13th Chamber of the Council of State also dismissed this appeal against rejection on 6 June 2012 with its decision No. E. 2010/4196, K. 2012/1499. This decision was notified to the Company's lawyers on 16 July 2012. CMB, prepared the Company's consolidated financial statements as of 31 December 2005, which had been prepared according to the TFRS, by adding the negative goodwill of TRY 152.330 thousand, that had previously been added to the accumulated earnings, to the profit of 2005 on its own motion and account, and published them on Istanbul Stock Exchange Bulletin on 15 August 2006; with the rationale that the Company had not fulfilled its due demand on grounds that "Article 726 and Temporary

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

Provision 1 of CMB's Communiqué Serial XI, No. 25 authorize the use of TFRS on consolidated financial statements of 2005, although CMB had given the Company a 'permission' No. SPK.0.17/83-3483 of 7 March 2006, and the lawsuits regarding this issue are still pending". Company challenged CMB's aforementioned decision by a separate lawsuit on 10 October 2006. 11th Administrative Court of Ankara rejected this case on 25 June 2007. The Company appealed this rejection 11 October 2007; 13th Chamber of the Council of State, accepted the appeal request and abolished the rejection judgement. CMB appealed the Chamber's decision on 6 September 2010. 13th Chamber of the Council of State accepted CMB's appeal and reverted its previous abolishment decision, and ratified 11th Administrative Court of Ankara's judgment by the majority of the votes on 30 May 2012 with its decision no. E. 2010/4405; K. 2012/1352. This decision was notified to the Company's lawyers on 20 July 2012.

Had the Company started to prepare its consolidated financial statements in accordance with TFRS after 31 December 2005, it would also have to present the comparative consolidated financial statements in accordance with TFRS based on "TFRS 1: First-time adoption of International Financial Reporting Standards" and the previously recognized negative goodwill would be transferred directly to retained earnings on 1 January 2005 instead of recognizing in the consolidated statement of profit or loss in accordance with "TFRS 3: Business Combinations". Therefore, the net profit for the periods ended 31 December 2021 and 31 December 2020 will not be affected from the above mentioned disputes.

Company's Shareholders' General Assembly, which was held at 30 March 2006, decided dividend distribution according to the consolidated financial statements as of 31 December 2005, which was prepared according to TFRS. Privatization Administration, who has a usufruct right over 1 (one) equity share among the Company shares it transferred to Ataer Holding A.Ş., filed a lawsuit at 1 May 2006 the 3th Commercial Court of Ankara against the aforementioned General Assembly decision, and claimed that, dividend distribution decision must be abolished and TRY 35.673 thousand allegedly unpaid dividend must be paid to itself (E. 2006/218). The Court rejected the case on 23 October 2008; Privatization Administration appealed this rejection on 7 January 2009. Court of Appeals' 11th Chamber reversed this rejection judgement on 30 November 2010; this time the Company appealed the Chamber's decision on 18 February 2011. However, the Chamber rejected the Company's appeal on 14 July 2011. The case file, sent back to 3th Commercial Court of Ankara once again. The case was dismissed at the hearing held on 26 June 2015. Decision of the local court has been reversed by the Supreme Court 11th Civil Chamber with the decision dated 24 May 2017 and 2015/15771 Docket; 2017/3040 Decision number. The decision of reversal has been notified to the Company on 2 August 2017.

Erdemir has applied for revision of the decision against the Supreme Court 11th Civil Chamber's decision dated 24 May 2017 and 2015/15771 Docket; 2017/3040 Decision number. By the decision of the Supreme Court 11th Civil Chamber dated 27 June 2019 and 2017/4580 Docket; 2019/4955 Decision number which was served to Company on 28 August 2019, it was notified that Company's request for revision of the decision has been rejected. In the file No. 2019/418 E. of the 3rd Commercial Court of First Instance of Ankara, the court accepted the case subject to appeal, on 30.12.2021

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

The Company, based on the above mentioned reasons, does not expect for the possible effects of changes in the net profit for the year ended 31 December 2005 due to the lawsuits mentioned above to have any impact in the accompanying consolidated financial statements as of 31 December 2021 and 31 December 2020.

Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.). located at Illinois state of United States of America and the Company executed a contract in 2008. The company fulfilled all its performances arisen from this contract in January and February in 2009. Corus International Trading Ltd. Co. sold to third parties the products supplied from company but thereafter alleged that they directed claim to some compensation and that these claims must be covered by Erdemir. Parties could not reach an exact agreement about this matter and then Corus International Trading Ltd. Co filed an action for compensation at amount of USD 4.800 thousand together with accessory against the Company in Illinois State District Court of USA. It is learnt through a notification made to the Company on 21 July 2010. After the subject case is dismissed by the court from jurisdiction aspect; this time a lawsuit is re-filed by Tata Steel International (North America) Ltd.) in Texas State District Court. This case is also dismissed by the court from jurisdiction aspect.

It is learnt through a notification made to the Company on 31 October 2012 that Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.) filed an action for compensation at amount of USD 4.800 thousand together with accessory against the Company before Ankara 14. Commercial Court of First Instance. As a result of adjudication made; the court adjudged to dismiss the case on procedural grounds because of non-competence and to send the file to commissioned and competent Karadeniz Ereğli Commercial Court of First Instance in Duty when the judgement becomes definite and in case of request. The case continued on file no. 2013/63 in Karadeniz Ereğli 2nd Civil Court of First Instance. At the hearing of the ongoing case dated 28 November 2017, Kdz. Ereğli 2. Civil Court of First Instance has decided to partially accept the case against Company. Company has applied for the appeal against the decision. With the decision of the 22nd Civil Chamber of the Ankara Regional Court of Justice, the decision of the Karadeniz. Ereğli 2nd Civil Court of First Instance has been annulled. The file was sent to the Karadeniz. Ereğli 2nd Civil Court of First Instance to be send back to the Regional Court of Justice after the reasoned decision was written. At the hearing dated December 07, 2021, it was decided to postpone the judgement to February 22, 2022.A provision amounting to TRY 105.796 thousand recognized on consolidated financial statements for the related lawsuit.

b) Other issues**Resolution of Constitutional Court on Electric and Coal Gas Tax**

The claims filed every month for refunding of taxes paid and deduction thereof from Electric and Coal Gas Tax collected by the Municipality on the Electric and Coal Gas consumption quantity produced by the Company in the facilities and used for industrial production of the Company were concluded in the court of first instance and the Council of State against the company. Thereafter, on 16 March 2015, the Company used its right to apply the Constitutional Court individually. In the General Assembly Resolution adopted by the Constitutional Court notified to the Company on 27 December 2018, it is stated that the property rights of the Company were violated, and retrial was decided for the applicable claims to eliminate the consequences of the violation of the property rights regarding to consolidated 15 cases.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

Similarly, in the consolidated 21 cases subject to Company's individual application, the Constitutional Court has decided for retrial of the cases, on the grounds that the property rights of the Company were violated, and the consequences of the violation of the property rights should be eliminated.

There are 3 applications for which the decisions are awaited from the Constitutional Court.

The cases which the Constitutional Court has sent to Zonguldak Tax Court to be retrialed, have been retrialed by Zonguldak Tax Court and the Court has resolved in favor of the Company.

Regarding to ongoing cases, resolutions are made in favor of the Company.

Lawsuit against The Municipality of Kdz. Ereğli's Tax Penalty Notifications

A real estate tax review was carried out by the Municipality of Kdz Ereğli under the name of "Real Estate Tax Determination Field Study" at Company's Ereğli facilities in August 2019. As a result of this tax inspection, 1.924 tax penalty notifications were notified to the company on 23 December 2019. With the 1.924 tax penalty notices, the building tax and related cultural assets contribution share has been levied for 2014 to 2019, as well as the tax loss penalty for the same periods. The amount of tax and related cultural assets contribution assessment is TRY 25.586 thousand and TRY 23.888 thousand tax loss penalty has been imposed.

6 lawsuits were filed against the notifications for penalty in the Zonguldak Tax Court by the Company on 20 January 2020. The Zonguldak Tax Court has decided to accept the lawsuits and cancel the tax / penalty notices. Karadeniz Ereğli Municipality appealed against the decisions.

No provision has been made in the consolidated financial statements due to the fact that no significant cash outflow is expected in line with the Group Management's assessments for the tax, cultural assets contribution fee and tax penalty charged.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1****Lawsuits against Cease and Desist Orders and Zoning Administrative Fines of The Municipality of Kdz. Ereğli**

The Municipality of Kdz. Ereğli has sealed 15 buildings in Company factory site with cease and desist orders. Subsequently, with Municipal Committee's decisions, administrative fines amounting to TRY 258.683 thousand have been notified to Company. 15 lawsuits with suspension of execution request have filed against aforementioned cease and desist orders and administrative fines at the Zonguldak Administrative Court. In all cases, the court decided to cancel the proceedings that were the subject of the lawsuit. The Municipality has appealed against these decisions. In 14 of the cases, the Regional Administrative Court decided to reject the appeal of Karadeniz Ereğli Municipality. In the last 1 lawsuit, the decision has not been notified yet. The Municipality has appealed to the Council of State against these decisions in 11 cases. 3 cases were finalized in favor of the Company without appeal.

No provision has been made in the condensed consolidated financial statements due to the fact that no significant cash outflow is expected in line with the Group Management's assessments.

Provision for state right on mining activities

According to "Mining Law" numbered 3213 and regulation on "Mining Law Enforcement" published in the Official Gazette, numbered 25716 on 3 February 2005, the Group is calculated state right on mining activities based on the sales and recognized provision on financial statements.

Land occupation

The Group have land property within the Erdemir factory area being within the provision and possession of the state. General Communique of National Estate with the series number 336 lays down the methods and principles of designation, estimation and collection of land occupation to be undertaken by the administration in respect of the land properties within the private possession of the treasury. In accordance with the communique, the land occupation is going to be designated and estimated by the relevant value designation commission with the condition of not being less than 3% of the minimum value which is the basis for the property tax of the land property.

In current period, land occupation provision recognized on balance sheet, considering property fair values presented land occupation notifications and yearly probable increases.

c) Penal Sanctions

None.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

7. General Assemblies

The company had achieved the aims stated in past terms. It has been decided to be registered adopted at the Ordinary General Assembly held on March 17, 2021 had been implemented.

8. Donations Made and Social Responsibility Projects

Donations of the Group's companies are as follows:

(thousand TRY)	1 January- 31 December 2021	1 January- 31 December 2020
Cooperative Activities with Public Institutions and Organizations	8.346	9.413
Education and Training Activities	2.209	1.530
Volunteer Studies and Cooperative Activities for Charities	6.340	7091
Cooperative Activities with Foundations, Associations, Organizations, Institutes	2.241	705
Cultural and Artistic Activities	54	31
Sportive Activities	222	356
Health-Benefit and Financial Support Activities	1	144
Total	19.413	19.270

9. Group Companies

a) Transactions

There is no act of law conducted beneficial to Ordu Yardımlaşma Kurumu (OYAK) or/and its subsidiaries or there is no measure taken beneficial to Ordu Yardımlaşma Kurumu (OYAK) or/and its subsidiaries in business year 2021. In year 2021, all commercial transactions between our Company and our Controlling Shareholder and its subsidiaries are executed according to market conditions.

In 2021, the common and continuous commercial purchase-related commercial activity and slab purchasing between the the subsidiary İskenderun Demir ve Çelik A.Ş. and, the Company, within the framework of CMB's II-17.1 Corporate Governance Communiqué, exceeding 10% of the total sales cost, common and continuous commercial activity on the sale of goods between the subsidiary Erdemir Çelik Servis Merkezi San. ve Tic. A.S. and the Company within the framework of CMB's II-17.1 Corporate Governance Communiqué; it is predicted to continue in 2022. These transactions are considered to be in line with previous years and are reasonable when compared to market conditions.

b) Information about Transactions

None.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

E - Financial Position

1. Summary of Financial Statements

Financial statements are prepared in accordance with the CMB's Communiqué Serial:II, 14.1 and have been audited as of December 31, 2021 and December 31, 2020.

Statement of Financial Position

	(Audited)	(Audited)
	Current Period	Previous Period
(Thousand TRY)	31 December 2021	31 December 2020
Current Assets	65.693.526	28.507.242
Non-current Assets	60.748.771	29.486.670
Total Assets	126.442.297	57.993.912
Current Liabilities	23.477.310	9.434.112
Non-current Liabilities	18.417.383	7.438.224
Shareholders' Equity	84.547.604	41.121.576
Total Liabilities	126.442.297	57.993.912

Statement of Profit or Loss

	(Audited)	(Audited)
	Current Period	Previous Period
(Thousand TRY)	1 January - 31 December 2021	1 January - 31 December 2020
Sales Revenue	68.227.404	32.048.029
Gross Profit	25.516.411	5.924.598
Operating Profit	24.871.472	5.573.200
Operating Profit Before Fin. Income (Expenses)	24.865.800	5.646.228
Profit Before Tax	23.916.713	5.657.525
Net Profit for the Period	16.078.558	3.509.790
Equity Attributable to the Parent	15.527.082	3.309.093
EBITDA	26.885.849	6.929.777
Earnings Per Share	443,63%	94,55%

The Entity prepares its budgets within the frame of its strategic goals that is approved by the Board of Directors.

In the regular meetings of the Board of Directors is reviewing the current position of the Entity and activities are compared with the previous period and budget targets.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

2. Key Ratios

(%)	1 January - 31 December 2021	1 January - 31 December 2020
Gross Profit Margin	37,4%	18,5%
Operating Profit Margin	36,5%	17,4%
Operating Profit Before Fin. Income (Expenses) Margin	36,4%	17,6%
Net Profit Margin	23,6%	11,0%
Net Profit Margin Attributable to the Parent	22,8%	10,3%
EBITDA Margin	39,4%	21,6%

3. Financial Strength

According to the calculation made with the ratios issued in Turkish Commercial Code Article No: 376, the Company's equity is fully covered.

4. The Availability of Financial Sources and The Policies The Group Applies in This Framework

Group has full access to all national and international financial sources with its market making power based on high trading volume in money markets. New funding alternatives according to changing market conditions are continuously analyzed and offers are evaluated. The debt policy of Group is developed based on the capability of cash generation and the strong equity structure. Hedging methods and amounts used against financial risks are developed based on a frame of systematic models. Within the risk tolerances, forward, futures, swap and options reflecting market conditions are implemented, if necessary.

5. The Nature and Amount of Issued Capital Market Instruments

Not available.

6. Dividend Distribution Policy

Groups' Dividend Distribution Policy is as follows:

“As a principle, Company implements the policy of distributing all of its distributable profit in cash within the provision of forecasted free cash flow generation by considering financial leverage ratios, investment/ financing needs and anticipation of the market under the scope of effective regulations and clauses of Company's Articles of Association. Dividend distribution policy is reviewed by the Board of Directors every year considering national and global economic conditions, Company's projects on agenda and funds. Dividend is paid by fixed or variable installments in accordance with the legislation by giving authority to the Board of Directors at the General Assembly Meeting, where dividend distribution is decided, until 15 December of the relevant calendar year. General Assembly is authorized for distribution of dividend advance in accordance with relevant legislations.”

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

Dividend distribution (gross dividend per share: TRY 1,85) amounting to TRY 6.475.000 thousand from 2020 net profit was approved during Annual General Assembly Meeting dated 17 March 2021. The dividend distribution has begun on 24 March 2021.

7. Information about the sector

Global crude steel production in 2021 increased by 3,6 percent year on year to 1.91 billion tons.

In 2021, crude steel output in Asia amounted to 1.4 billion tons, rising by 0.6 percent, with 1.0 billion ton produced by China, declining by 3 percent, 96.3 million ton produced by Japan, increasing by 14.9 percent, 118 million ton produced by India, increasing by 17.8 percent, and 70.6 million ton produced by South Korea, up by 5.2 percent - with all comparisons on year-on-year basis.

EU-27 countries produced 152.5 million ton of crude steel in 2021, up by 15.4 percent year on year. In the given period, Germany's output was 40.1 million ton, falling by 12,3 percent year on year.

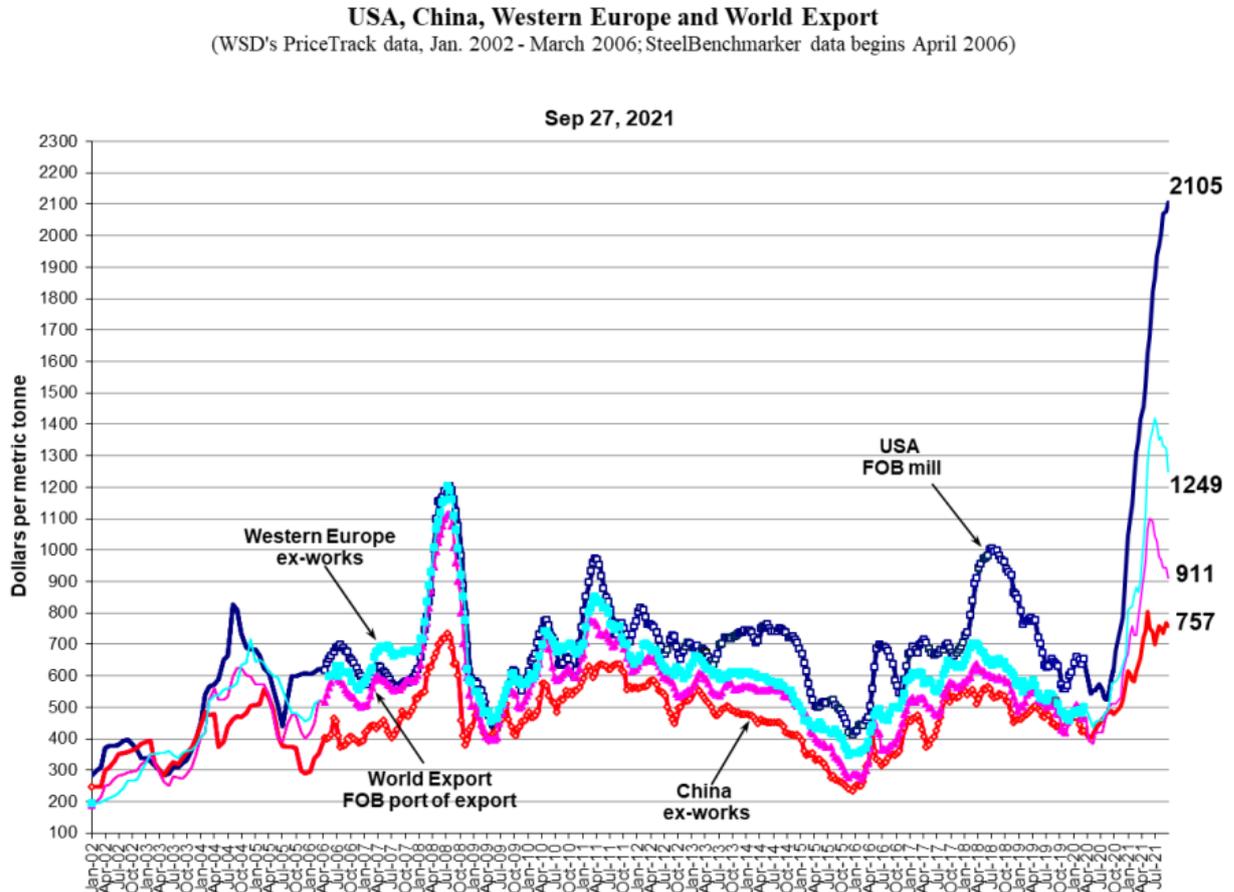
The CIS registered a crude steel output of 105.6 million ton, increasing by 5.6 percent on year-on-year basis, with Russia producing 76 million ton, up by 6.1 percent.

In North America in 2021, crude steel output totaled 117.8 million tons, rise by 16.6 percent, with the US producing 86 million tons, increasing by 18.3 percent. Crude steel output in South America in 2021 amounted to 45.6 million tons, increasing by 17.8 percent from 2020, with Brazil's output totaling 36 million ton, increasing by 14.7 percent year on year.

In the given period, Africa produced 16 million ton of crude steel, up by 26.7 percent year on year. In the Middle East, crude steel output totaled 41.2 million ton, rising by 1.2 percent, with Iran's estimated output at 28.5 million ton, decreasing by 1.8 percent, both year on year.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

Price changes of hot rolled products follows:



Turkish crude steel output in December 2021, decreased by 2.3 percent year on year to 3.3 million tonne. In the given month, Turkey's crude steel output by electric arc furnaces decreasing by 3.9 percent, while production by integrated plants increased by 2.1 percent, both year on year.

In 2021, Turkish crude steel output increased by 12.7 percent to 40.4 million tonne, year on year. Last year, Turkey's crude steel output by electric arc furnaces increased by 16.6 percent to 28.9 million tonne, while production by integrated plants increased by 3.9 percent to 11.5 million tonne, both year on year.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

8. The Position within the Sector

Group's crude steel production in 2020 had been 8,5 million tonnes. In 2021, the crude steel production in Ereğli Plant has decreased by 8% and decreased to 3.337 thousand tonnes while the crude steel production in İskenderun went up to 5.684 thousand tonnes with an increase of 16%. In 2021 Group production has increased by 6% and went up to 9.021 thousand tonnes.

9. Government Grants

These grants and incentives can be used by all companies, which meet the related legislative requirements and those grants have no sectoral differences:

- ✓ Incentives under the jurisdiction of the research and development law (100% corporate tax exemption etc.)
- ✓ Cash support from Tubitak and Teydeb for research and development expenditures.
- ✓ Inward processing permission certificates,
- ✓ Social Security Institution incentives
- ✓ Insurance premium employer share incentive.

Research and development incentive premiums taken or certain to be taken amounts to TRY 3.879 thousand (2020: TRY 3.009 thousand) which are accounted under income statement for the year ended December 31, 2021.

10. Developments Regarding the Plants

Turkey's first and only integrated flat steel producer, Group, who carries out production, operation, maintenance and modernization activities within its all facilities. Manufacturing 22% of all crude steel production in Turkey, Group again continued its operations in line with the principle of optimal costs, maximum productivity and quality of production in 2021.

11. Production Plants and Productivity

The information about the capacities of main product groups by Group are stated below:

Capacity used (%)	1 January - 31 December 2021	1 January - 31 December 2020
Liquid Steel	95%	90%
Crude Steel	94%	89%

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

12. Products

The main products of Group are as follows:

Erdemir	Isdemir	Ermaden	Kümaş Manyezit
Tinplate	Billet	Pellets	Refractor
Galvanized	Wire Rod	Iron Ore	Magnesite Ore
Cold Rolled	Slab		
Hot Rolled	Hot Rolled		
Plate			

13. Production (quantity)

Final Products (000 Tonne)	1 January - 31 December 2021	1 January - 31 December 2020
Flat Products	7.515	7.266
Long Products	857	992
Iron Ore and Magnesite	2.630	2.137

14. Developments Regarding Sales

The iron and steel industry is a delivering force in national economies and Turkey is one of the leading countries in terms of both production and consumption of steel, ranking as the world's seventh largest steel producer and steel consumer. Steel consumption of Turkey in 2021 is nearly 33,4 million tonne, which is upper 13% than the previous year. Crude steel production increased 13% to the level of 40,4 million tonne in the same period with the support of domestic consumption.

Total flat product sales of the Group of Companies reached the level of 7,4 million tonnes in 2021.

The domestic flat product sales has reached 5,8 million tonnes, 5% lower than the same period of previous year. Long products sales decreased by 16% and went down to 846 thousand tonnes. Domestic long product sales decreased 11% and went down to 829 thousand tonnes.

Group also exported 1.6 million tonnes of flat products and 17 thousand tonnes of long products. The level of the Group's export sales is 19% of total sales. The Group exported to 38 countries in flat products, 10 countries to long products.

Group continues to deliver shipments in line with its objectives in industries such as metal packaging, automotive or steel pipe. Because of its customer-oriented strategy, Group has added 10 new customers to long product portfolio and 26 new customers to flat product portfolio totaling 36 new customers in 2021.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

In order to provide rapid and effective response to the needs of the steel market, our industrially structured marketing and sales organization have continued to customer visits, congress and exhibition participations in Turkey and abroad, meetings with industry unions and organizations of customer activities. Our product range are managed dynamically and tailored to customer expectations. Additionally, product developments and newer steel grade works aiming the final user demand, keeps developing.

15. Sales (quantity)

Final Products (000 Tonne)	1 January - 31 December 2021	1 January - 31 December 2020
Flat Products	7.400	7.489
Long Products	846	1.006
Iron Ore, Magnesite and Pellet Sales (*)	2.364	2.031

(*) As of 31 December 2021, 2.116 thousand tonne of Ermaden's sales are made for Group Companies (2020: 1.909 thousand tonne). As of 31 December 2021, magnesite sales of Kümaş company are also included in the calculation.

F - Risks and Evaluation of the Board

1. Enterprise Risk Management

Enterprise Risk Management Procedure has been published with the purpose of ensuring systematic and comprehensive identification, evaluation, control and monitoring of risks and opportunities that may affect Company's assets, reputation, profitability. The procedure includes guidance on support and positioning, risk identification, prioritization, improvement, reporting, monitoring/surveillance, and communication principles related to risks in order to manage Company wide risks to the highest standard.

In order to measure the risks incurred by the company and ensure conformity to the risk tolerance limits; risks are monitored and managed in accordance with regulations and guidelines developed for critical risks.

2. Early Detection of Risk Committee

The Early Detection of Risk Committee Regulation is included in the Corporate Governance Policies and Regulations tab under Corporate Governance section of Investor Relations title on the company's website

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

The purpose of the Committee is to identify the risks that may threaten the existence, progress and continuation of the Company operations within the scope of the Early Detection of Risk Committee Regulation and legal legislation to implement the necessary measures related to the risks identified and to manage those risks.

The meetings of the Committee are held bimonthly and in accordance with the regular meetings of the Board of Directors. After each meeting, a written report on the activities of the Committee is submitted to the Board of Directors with a summary of the minutes. Meeting minutes are kept by the secretariat.

3. Prospective Risks

- 1) *Market / Price Risks:* Due to the industry that Company operates in, it is exposed to price change risks due to fluctuations in main inputs namely iron ore and coking coal prices as well as to fluctuations in the price of steel products. In addition, the time lag between supply of inputs and delivery of outputs may contribute to price change risk. Models are being developed and outputs are reported for close follow up of the impact of this risk to major company financial indicators. In order to keep the risk level within acceptable levels and to lock the sales profits, Company utilizes derivative solutions in line with Financial Risk Management Policy for "hedging" product/commodity prices.
 - 2) *Currency Risks:* Company is exposed to currency risk when sales; collection or payment transactions (credit repayments, supplier payments, energy payments, other payments, etc.) are transacted in currencies other than functional currency. Under these situations, Company's basic approach to currency risk management is to utilize derivative transactions for hedging purposes in accordance with the Financial Risk Management Policy.
 - 3) *Interest Rate Risk:* Changes in interest rates may result in increase in financing expenses. The company manages interest rate risk by creating a balanced financial asset-liability portfolio in line with the Financial Risk Management Policy. In order to manage the interest rate risks incurred, duration based profit/loss sensitivity is calculated considering the credit portfolio and cash flow projections. Besides natural hedging, considering the cost advantage, maturity advantage and similar reasons Company makes use of derivative transactions for hedging.
 - 4) *Liquidity Risk:* With the purpose of increasing productivity through incorporating evolving production technologies and increasing capacity, Company continuously makes large investments. In order to bear these high costs we incorporate financial instruments besides cash from revenues. In the absence of proper planning, these financial liabilities may not be met on time, at a sufficient level and at an optimum cost. Therefore, the company manages its liquidity needs by monitoring credit usage, repayments and cash flow projections in accordance with the Financial Risk Management Policy. The company has established an appropriate liquidity risk management structure for short, medium and long-term funding and liquidity requirements. The Company manages liquidity risk by regularly tracking estimated and actual cash flows and maintaining sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities.
-

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

- 5) *Counter-Party Risk*: Company may suffer financial losses because of the failure of a counter-party to meet its obligations. Company's basic approach in managing counter-party risk is to distribute the exposure risk at a balanced and measurable level. In order to manage customer related counter-party risk, almost all of our receivables are secured by Direct Debiting System, Credit Direct Collection System and Credit Insurance. Our customers' risk exposures are constantly monitored and when a limit is breached, a call for collateral completion is made. Financial Institution Model is created to manage and monitor the risk of counter-party risk associated with financial institutions.

Operational and financial risks that may arise in addition to these risks are continuously monitored by the Corporate Risk Management Department and are reported to the Board of Directors by the Early Detection of Risk Committee.

G - Other Information**1. Organizations Out of the Headquarters**

The Company has a branch in Kdz. Ereğli.

2. Information about Amendments in Legislation That May Significantly Affect the Company's Activities

None.

3. Information About Conflicts of Interest Between the Company and Institutions that Provide Services to the Company on Issues Such as Investment Advisory and Ratings and Cautions Taken by the Company to Prevent These Conflicts

None.

4. Social Rights of Employees, Professional Training and Other Activities of the Company that Cause Communal and Environmental Consequences

Information about social rights of the employees and vocational training and other company actions bearing social and environmental outcomes. In accordance with the collective labor agreement, blue collar employees are entitled to 120 days of bonus payment per year, holy day allowance, fuelwood allowance, annual leave allowance, marriage bonus, maternity benefit, death benefit, complementary health insurance, annual leave, notice period and payment in lieu of notice. Both blue collar workers and white collar employees are provided food and company service, incentive bonus for senior workers; white collar employees are entitled to have private health insurance, supervisors and executives work in higher positions are offered private pension scheme. Erdemir, whose one of fundamental priorities is to offer its employees a healthy and safe working environment, also provides services of preventive medicine, pre-job examinations, periodical examinations, preventive activities for occupational accidents and occupational illnesses, first-aid and emergency treatment.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

In order to ensure the professional and individual development of human resources, trainings are designed and planned to contribute to the realization of the Company's strategic goals and implementation of the basic principles of the Quality, OHS, Environment and Information Management Systems Policy. In-class trainings were held under pandemic measures at Erdemir Training Center and Laboratories in 2021. With the aim of improving our engineers, 'Project-Based Learning Design' was implemented. By means of working on real projects within the field, experiencing skills on vocational development has been provided

Besides on-the-job trainings, in-class trainings, e-learning, domestic and international conferences and online seminars in which adult learning methods are meticulously adapted, the use of online training methods on DigitalHR Learning and Development Platform has also been mainstreamed. Within this scope, in order to develop the technical skills of our training specialists on preparing online trainings, 'Training Technologist Program' was carried out. While 34 online trainings were prepared in 2020, the number of designed online trainings soared to 79 in 2021. The distance training hours rate in 2020 was 49%, and increased to 57% in 2021 with the projects carried out under the Training 4.0 theme.

Similarly, online informational training program for our subcontractors was prepared and put into effect. This program includes corporate rules, general factory field risks, management systems and LOTO (lock out - tag out).

In accordance with the Law No. 6331 notifications, informing and awareness-raising trainings about occupational health and safety along with the legal rights and responsibilities of the employees, the dangers and the risks they face, were held as face to face (in-class) trainings before the 2020 pandemic broke out. The purpose of the "5x5 Güvenli Üretim Candır (5x5 Safe Production is Vital)" project ongoing in 2021; to detect risky behaviors, to examine them and to transform them into safe behaviors and to make them permanent and to ensure that the system is permanent. While observing the behaviors performed by the observant personnel with the permission of the employees during their activities, a specially prepared software was developed by Information Processing and made available as a mobile application. After the risky behavior determinations of the observers, the evaluation teams in the units ABC Analysis meetings with occupational safety experts, where they determine the causes of the behavior and the solution methods. As a result of ABC analysis, the issues that need to be taken can be followed as Corrective and Preventive Action with the development of the software.

As an enterprise that is included in the scope of dangerous and very dangerous works, cooperation with the Ministry of Education was renewed for the realization and certification of our professional and technical trainings. Under professional competency operations trainings and exams were held in the areas where training and certification are mandatory.

Erdemir has become the first integrated iron and steel facility in the sector to be entitled to receive TSE Covid-19 Safe Production Certificate by fulfilling the requirements of the guide with the measures and applications it has taken within the scope of Covid-19. It successfully passed the surveillance inspection carried out by TSE on December 10, 2021 and was entitled to continue the "TSE Covid-19 Safe Production Certificate", which was given for the production sectors.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

5. Information about Related Party Transactions

The immediate parent and ultimate controlling parties of the Group are Ataer Holding A.Ş. and Ordu Yardımlaşma Kurumu respectively. The transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated in the consolidation and therefore are not disclosed in this note.

The details of transactions between the Group and other related parties are disclosed below:

<u>Due from related parties (short term)</u> <u>(thousand TRY)</u>	<u>31 December</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
Oyak Renault Otomobil Fab. A.Ş. ⁽²⁾	212.106	98.111
İsdemir Linde Gaz Ortaklığı ⁽³⁾	12.569	3.807
Oyak Çimento Fabrikaları A.Ş. ⁽¹⁾	66.851	32.903
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. ⁽¹⁾	17.454	122.328
Other	2.404	1.836
	311.384	258.985

The trade receivables from related parties mainly arise from sales of iron, energy, service and by-products.

<u>Other receivables from related parties (short term)</u> <u>(thousand TRY)</u>	<u>31 December</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽³⁾	-	6.488
OYAK NYK RO-RO Liman İşletmeleri A.Ş. ⁽¹⁾	5.735	4.404
	5.735	10.892

<u>Other receivables from related parties (long term)</u> <u>(thousand TRY)</u>	<u>31 December</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
OYAK NYK RO-RO Liman İşletmeleri A.Ş. ⁽¹⁾	32.512	28.458
	32.512	28.458

According to TFRS 16 provision, other short term and long term receivables from related parties arise from monetary receivables the leased contracts under the sub-lease transactions.

- (1) Subsidiaries of the parent company
(2) Joint venture of the parent company
(3) Joint venture of subsidiary
(4) Ultimate partner

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

<u>Prepaid expenses to related parties(short term)</u> (thousand TRY)	31 December 2021	31 December 2020
OYAK Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	15.838	280
Oyak Akaryakıt ve LPG Yatırımları A.Ş. ⁽¹⁾	6.444	-
	22.282	280
<u>Prepaid expenses to related parties (long term)</u> (thousand TRY)	31 December 2021	31 December 2020
Ordu Yardımlaşma Kurumu ⁽⁴⁾	1.110.765	611.717
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	57.536	31.650
	1.168.301	643.367
<u>Due to related parties (short term)</u> (thousand TRY)	31 December 2021	31 December 2020
Omsan Lojistik A.Ş. ⁽¹⁾	47.093	39.134
Omsan Denizcilik A.Ş. ⁽¹⁾	-	12.248
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽¹⁾	30.607	19.171
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	21.539	20.228
Omsan Logistica SRL ⁽¹⁾	5.473	2.093
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽¹⁾	39.159	20.904
Doco Petrol ve Danışmanlık A.Ş. ⁽¹⁾	3.230	1.676
Other	55.313	15.882
	202.414	131.336

Trade payables to related parties mainly arise from purchased service transactions, tangible assets and energy.

- (1) Subsidiaries of the parent company
(2) Joint venture of the parent company
(3) Joint venture of subsidiary
(4) Ultimate partner

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

<u>Major sales to related parties</u> <u>(thousand TRY)</u>	<u>1 January - 31 December 2021</u>	<u>1 January - 31 December 2020</u>
Ordu Yardımlaşma Kurumu ⁽⁴⁾	-	163.436
OYAK Renault Otomobil Fab. A.Ş. ⁽²⁾	434.763	397.919
OYAK Çimento Fabrikaları A.Ş. ⁽¹⁾	72.152	58.319
OYAK Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	24.981	6.436
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽¹⁾	1.674	33.994
İskenderun Enerji Üretim ve Ticaret A.Ş. ⁽¹⁾	699.708	276.400
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. ⁽¹⁾	77.603	24.791
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽³⁾	90.866	61.382
Other	5.619	4.430
	<u>1.407.366</u>	<u>1.027.107</u>
<u>Major purchases from related parties</u> <u>(thousand TRY)</u>	<u>1 January - 31 December 2021</u>	<u>1 January - 31 December 2020</u>
Miilux Yüksek Mukavemetli Çelik Üretim A.Ş. ⁽¹⁾	8.519	7.593
Omsan Denizcilik A.Ş. ⁽¹⁾	205.501	213.172
OYAK Pazarlama Hizmet ve Turizm A.Ş. ⁽¹⁾	200.176	160.270
Omsan Lojistik A.Ş. ⁽¹⁾	395.423	317.160
OYAK Savunma ve Güvenlik Sistemleri A.Ş. ⁽¹⁾	131.480	87.824
Omsan Logistica SRL ⁽¹⁾	41.152	15.177
OYAK Denizcilik ve Liman İşletmeleri A.Ş. ⁽¹⁾	206.399	147.365
Doco Petrol ve Danışmanlık A.Ş. ⁽¹⁾	34.834	14.516
İsdemir Linde Gaz Ortaklığı A.Ş. ⁽³⁾	153.925	109.639
OYAK Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	145.857	58.544
Other	24.306	16.455
	<u>1.547.572</u>	<u>1.171.319</u>

The major purchases from related parties are generally due to the purchased service transactions, tangible assets and energy.

- (1) Subsidiaries of the parent company
(2) Joint venture of the parent company
(3) Joint venture of subsidiary
(4) Ultimate partner

The period end balances are non-secured, and their collections will be done in cash. As of December 31, 2021, the Group provides no provision for the receivables from related parties (December 31, 2020: none).

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

In 2021, the common and continuous commercial purchase-related commercial activity between the the subsidiary İskenderun Demir ve Çelik A.Ş. and, the Company, within the framework of CMB's II-17.1 Corporate Governance Communiqué, exceeding 10% of the total sales cost, common and continuous commercial activity on the sale of goods between the subsidiary Erdemir Çelik Servis Merkezi San. ve Tic. A.S. and the Company within the framework of CMB's II-17.1 Corporate Governance Communiqué; it is predicted to continue in 2022. These transactions are considered to be in line with previous years and are reasonable when compared to market conditions.

6. Information for Shareholders

In accordance with the Tax Procedure Law No. 7352 and the Law on the Amendment of the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the financial statements prepared according to the tax procedure law was postponed to 31 December 2023.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

App.1: Information about Board Members' and Executive Management's Titles out of the Company

Board of Directors	Title	Titles out of the Company
OYTAŞ İÇ VE DIŞ TİCARET A.Ş.(Represented by: Süleyman Savaş ERDEM)	Chairman	<ul style="list-style-type: none"> OYAK General Manager and Board Member
OMSAN Lojistik A.Ş. (Represented by: Aslıhan DÖĞER)	Deputy Chairman Executive Director	<ul style="list-style-type: none"> OYAK Group President- Strategy and Business Development Board Member of Hektaş Ticaret T.A.Ş., Deputy Chairman and Executive Director of İskenderun Demir ve Çelik A.Ş., Executive Director and Chairman/Deputy Chairman and Board Member (As Representative) of other OYAK Group Companies
OYAK Pazarlama ve Turizm A.Ş. (Represented by: Gürtan DAMAR)	Executive Director	<ul style="list-style-type: none"> General Manager of Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş Executive Director of İskenderun Demir ve Çelik A.Ş and Chairman/Deputy Chairman (As Representative) of other OYAK Group Companies.
Republic of Turkey Ministry of Treasury and Finance Privatization Administration (Represented by: Bekir Emre HAYKIR)	Board Member	<ul style="list-style-type: none"> Republic of Turkey Ministry of Treasury and Finance Privatization Administration - Privatization Administration Deputy Chairman
OYKA Kağıt Ambalaj Sanayii ve Ticaret A.Ş. (Represented by: Baran ÇELİK)	Board Member	<ul style="list-style-type: none"> OYAK Group President- Financial Affairs and Finance Deputy Chairman of Hektaş Ticaret T.A.Ş.,Chairman of OYAK Portföy A.Ş., Board Member of İskenderun Demir ve Çelik A.Ş and Chairman/Board Member (As Representative) of other OYAK Group Companies

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

Board of Directors	Title	Titles out of the Company
OYAK Denizcilik Liman İşletmeleri A.Ş. (Represented by:Güliz KAYA)	Board Member	<ul style="list-style-type: none">• General Counsel of OYAK• Board Member of İskenderun Demir ve Çelik A.Ş. and Erdemir Enerji Üretim A.Ş. (As Representative)
Ali FİDAN	Independent Board Member	<ul style="list-style-type: none">• Central Governor• İskenderun Demir ve Çelik A.Ş. – Independent Board Member
Kurtuluş Bedri VAROĞLU	Independent Board Member	<ul style="list-style-type: none">• Varoğlu Law Firm - Lawyer and Legal Counselling• İskenderun Demir ve Çelik A.Ş. – Independent Board Member
Salih Cem ORAL	General Manager	<ul style="list-style-type: none">• TED Kdz. Ereğli Koleji Vakfı Özel Okulları – Chairman

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

Executive Management	Title	Titles out of the Company
Sinan BOZKURT	Executive Vice President (Operations)	<ul style="list-style-type: none"> • None.
Mustafa Serdar BAŞOĞLU	Financial Management and Financial Affairs Group Vice President	<ul style="list-style-type: none"> • Erdemir Romania S.R.L – Board Member • Board Member of Kümaş Manyezit Sanayi A.Ş.(As Representative) • Chairman of Yenilikçi Yapı Malzemeleri Yatırım Üretim Sanayi ve Ticaret A.Ş. (As Representative)
Fatih ÇITAK	Marketing and Sales Group Vice President	<ul style="list-style-type: none"> • Erdemir Asia Pacific Pte. Ltd. – Board Member
İsmail Kürşad KORKMAZ	Procurement Group Vice President	<ul style="list-style-type: none"> • Erdemir Madencilik Sanayi ve Ticaret A.Ş. – Board Member (Representative) • OMSAN Lojistik A.Ş. – Board Member (Representative) • Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. – Board Member (Representative) • Erdemir Asia Pacific Pte. Ltd. – Board Member • Kümaş Manyezit Sanayi A.Ş. – Board Member (Representative) • Yenilikçi Yapı Malzemeleri Yatırım Üretim Sanayi ve Ticaret A.Ş. – Deputy Chairman (Representative) • ODAK Refrakter ve Madencilik Sanayi ve Ticaret A.Ş. – Chairman (Representative)
Ercan KAYA	Enterprise Architecture and Human Resources Group Vice President	<ul style="list-style-type: none"> • None.
Can ÖRÜNG	Information Technologies Group Vice President	<ul style="list-style-type: none"> • İsdemir Linde Gaz Ortaklığı A.Ş. – Board Member

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1****App.2: DECLERATIONS OF INDEPENDENT BOARD MEMBERS****BAĞIMSIZLIK BEYANI**

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun Kurumsal Yönetim Tebliği'nde belirtilen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

a) Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendim, eşim ve ikinci dereceye kadar kan ve sıhrî hısımlarım arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkisinin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olunmadığını ya da önemli nitelikte ticari ilişkinin kurulmamış olduğunu,

b) Son beş yıl içerisinde, başta şirketin denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde şirketin önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışmadığımı veya yönetim kurulu üyesi olmadığımı,

c) Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,

d) 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,

e) Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığımı koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,

f) Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiğim görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,

g) Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmadığımı,

ğ) Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,

h) Yönetim Kurulu üyesi olarak seçilen tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.



Ali FIDAN

05/02/2021

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1****BAĞIMSIZLIK BEYANI**

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun Kurumsal Yönetim Tebliği'nde belirtilen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

a) Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendim, eşim ve ikinci dereceye kadar kan ve sıhrî hısımlarım arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkisinin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olunmadığını ya da önemli nitelikte ticari ilişkinin kurulmamış olduğunu,

b) Son beş yıl içerisinde, başta şirketin denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde şirketin önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın alındığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışmadığımı veya yönetim kurulu üyesi olmadığımı,

c) Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,

ç) Bağılı oldukları mevzuata uygun olması şartıyla, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmıyor olduğumu,

d) 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,

e) Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığımı koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,

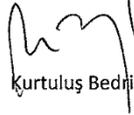
f) Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiğim görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,

g) Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmadığımı,

ğ) Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,

h) Yönetim Kurulu üyesi olarak seçilen tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.



Kurtuluş Bedri VAROĞLU

05/02/2021

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1****BAĞIMSIZLIK BEYANI**

EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. (Şirket) Yönetim Kurulu'nda, mevzuat, esas sözleşme ve Sermaye Piyasası Kurulu'nun Kurumsal Yönetim Tebliği'nde belirtilen kriterler kapsamında "bağımsız üye" olarak görev yapmaya aday olduğumu, bu kapsamda;

a) Şirket, şirketin yönetim kontrolü ya da önemli derecede etki sahibi olduğu ortaklıklar ile şirketin yönetim kontrolünü elinde bulunduran veya şirkette önemli derecede etki sahibi olan ortaklar ve bu ortakların yönetim kontrolüne sahip olduğu tüzel kişiler ile kendim, eşim ve ikinci dereceye kadar kan ve sıhrî hisimlarım arasında; son beş yıl içinde önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda istihdam ilişkisinin bulunmadığını, sermaye veya oy haklarının veya imtiyazlı payların %5 inden fazlasına birlikte veya tek başına sahip olunmadığını ya da önemli nitelikte ticari ilişkinin kurulmamış olduğunu,

b) Son beş yıl içerisinde, başta şirketin denetimi (vergi denetimi, kanuni denetim, iç denetim de dahil), derecelendirilmesi ve danışmanlığı olmak üzere, yapılan anlaşmalar çerçevesinde şirketin önemli ölçüde hizmet veya ürün satın aldığı veya sattığı şirketlerde, hizmet veya ürün satın aldığı veya satıldığı dönemlerde, ortak (%5 ve üzeri), önemli görev ve sorumluluklar üstlenecek yönetici pozisyonunda çalışmadığımı veya yönetim kurulu üyesi olmadığımı,

c) Bağımsız yönetim kurulu üyesi olmam sebebiyle üstleneceğim görevleri gereği gibi yerine getirecek mesleki eğitim, bilgi ve tecrübeye sahip olduğumu,

ç) Bağlı oldukları mevzuata uygun olması şartıyla, üniversite öğretim üyeliği hariç, üye olarak seçildikten sonra kamu kurum ve kuruluşlarında tam zamanlı çalışmıyor olduğumu,

d) 31/12/1960 tarihli ve 193 sayılı Gelir Vergisi Kanunu (G.V.K.)'na göre Türkiye'de yerleşmiş sayıldığımı,

e) Şirket faaliyetlerine olumlu katkılarda bulunabilecek, şirket ile pay sahipleri arasındaki çıkar çatışmalarında tarafsızlığımı koruyabilecek, menfaat sahiplerinin haklarını dikkate alarak özgürce karar verebilecek güçlü etik standartlara, mesleki itibara ve tecrübeye sahip olduğumu,

f) Şirket faaliyetlerinin işleyişini takip edebilecek ve üstlendiğim görevlerin gereklerini tam olarak yerine getirebilecek ölçüde şirket işlerine zaman ayırabileceğimi,

g) Şirketin yönetim kurulunda son on yıl içerisinde altı yıldan fazla yönetim kurulu üyeliği yapmadığımı,

ğ) Şirketin veya şirketin yönetim kontrolünü elinde bulunduran ortakların yönetim kontrolüne sahip olduğu şirketlerin üçten fazlasında ve toplamda borsada işlem gören şirketlerin beşten fazlasında bağımsız yönetim kurulu üyesi olarak görev almıyor olduğumu,

h) Yönetim Kurulu üyesi olarak seçilen tüzel kişi adına tescil ve ilan edilmemiş olduğumu,

beyan ederim.



Mahmut Cengiz AYDIN

04/12/2020

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1****APP.3: CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT****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 2021, 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 2021, 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.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

Ereğli Demir ve Çelik Fabrikaları T.A.Ş. Sustainability Principles Compliance Report 2021 - 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					

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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					

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

Principles	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Irrelevant	
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

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

Principles	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Irrelevant	
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					
Regulations for not employing child labor have been explained.	x					

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

Principles	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Irrelevant	
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					

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

Principles	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Irrelevant	
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					

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

Principles	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Irrelevant	
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					

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

	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	There was no transaction notice in this manner.
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 2021 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.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
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 earning,, 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.	X					
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					

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	N/A	
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 total 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 expected in 2022.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

Company Compliance Status					Explanation
Yes	Partial	No	Exempted	N/A	

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.
--	--	--	--	---	---

4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X				
--	---	--	--	--	--

4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	In 2021, any committee did not receive consultancy services.
---	--	--	--	--	---	--

4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
---	---	--	--	--	--	--

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.
---	--	--	--	---	--	--

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		
--	--	--	--	---	--	--

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.
--	--	--	--	---	--	---

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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 54

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/910538>

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 Communique 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 Communique on Corporate Governance (II-17.1) <https://www.kap.org.tr/en/Bildirim/909161>

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 2020 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 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 -

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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.
17-03-2021	0	63%	0,012%	63%	Investor Relations/General Assembly/Minutes of General Assembly	Investor Relations/General Assembly/The questions asked on General Assembly Meetings	-	205	https://www.kap.org.tr/en/Bildirim/859984

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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	223
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 plan bulunmuyor (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

15

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.

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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.), Aslıhan DÖĞER - Deputy Chairman and Executive Director (Representative of OMSAN Lojistik A.Ş.), Gürtan DAMAR - Board Member and Executive 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

5

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%

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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 Independen cy 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 independen t director)	27-05-2013		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
OMSAN Lojistik A.Ş. (Represented by: Aslıhan DÖĞER)	İcrada görevli (Executive)	Bağımsız üye değil (Not independen t director)	11-09-2012		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
OYAK Pazarlama ve Hizmet Turizm A.Ş. (Represented by: Gürtan DAMAR)	İcrada görevli değil (Non-executive)	Bağımsız üye değil (Not independen t 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 independen t director)	20-09-2012		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
OYKA Kağıt Ambalaj Sanayi ve Ticaret A.Ş. (Represented by:Baran Çelik)	İcrada görevli değil (Non-executive)	Bağımsız üye değil (Not independen t director)	12-09-2012		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
OYAK Denizcilik ve Liman İşletmeleri A.Ş. A.Ş. (Represented by:Güliz KAYA)	İcrada görevli değil (Non-executive)	Bağımsız üye değil (Not independen t director)	12-09-2012		Değerlendirilmedi (Not considered)	Hayır (No)	Evet(Yes)
Ali FIDAN	İcrada görevli değil (Non-executive)	Bağımsız üye (Independe nt director)	31-03-2017	https://www.kap.org.tr/tr/Bilgi/909157	Değerlendirildi (Considered)	Hayır (No)	Evet(Yes)
Kurtuluş Bedri VAROĞLU	İcrada görevli değil (Non-executive)	Bağımsız üye (Independe nt director)	31-03-2017	https://www.kap.org.tr/tr/Bilgi/909157	Değerlendirildi (Considered)	Hayır (No)	Evet(Yes)
Vacant	İcrada görevli değil (Non-executive)	Bağımsız üye (Independe nt director)			Değerlendirildi (Considered)	Hayır (No)	Evet(Yes)

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

Corporate Governance Information Form

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	100%
Whether the board uses an electronic portal to support its work or not	Evet
Number of minimum days ahead of the board meetingto 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 coveringthe 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)

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUE SERIAL:II, NO:14.1**

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/ Corporate Governance / 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

**BOARD OF DIRECTORS' ACTIVITY REPORT PREPARED IN ACCORDANCE
WITH THE COMMUNIQUÉ SERIAL:II, NO:14.1**

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%	5	3
Riskin Erken Saptanması Komitesi (Committee of Early Risk Detection)	-	100%	100%	6	6