



2022

# Sustainability Report

**OLGUNCELIK**  
Leading Technology

OLGUN**SUSPENSION** OLGUN**TECH** OLGUN**AUTOMATION** OLGUN**POWER**

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# MANAGEMENT MESSAGE



**Mustafa Erhan SAY**  
Chairman of the Board

## Respected Stakeholders,

We take pride in celebrating the centennial of our Republic. With a history spanning over 80 years, Olgun Çelik has witnessed and contributed to the industrialization strides of our country. It is a company with a deep-rooted history and accumulated experience. Seeing Olgun Çelik take a leading position in shaping the industrial future of our country increases our pride. Olgun Çelik represents our commitment to give back what we receive from these lands with the same care. We have always paved the way for the long-standing investments of Olgun Çelik. We are delighted that our company, with the efforts of our 750 employees, has become a significant player contributing to our country's economy.

With our perspective, the investments we made in human resources, testing, R&D infrastructure, and production technologies position our company among the best in its field in our country and globally. As a result, our export volume has rapidly increased in the last 10 years, with the export share in revenue surpassing 50%. Our company, a clear market leader in our own product in the country, holds the leading position in light commercial vehicles in Europe. Olgun Çelik imports only 5% of its inputs, produces with local inputs, directly exports 50% of its production, and is a net exporter with indirect exports accounting for 90% of its export volume. We are among the top 1000 exporters in our country and within the top 100 companies in the automotive sector. Over the last 10 years, our company has achieved an average growth of up to 10%, contributing value to our country's economy, employment, exports, and technological development.

The key factor in the success of Olgun Çelik is the cultural codes we embedded within the company. At Olgun Çelik, we embody the principles of reliability, transparency, risk-taking, teamwork prioritizing over individualism, result-oriented, dedicated work, competent and initiative-driven effective leadership. We implement these principles without compromise.

Our current business area, the automotive industry, is undergoing irreversible disruptive changes globally and in our country. These changes include the transition to electric vehicles due to global warming and its impact, the aging world triggering the Industry 4.0 revolution, a return from globalization to localization, disrupted supply chains, and geopolitical tensions. We have positioned Olgun Çelik not as a follower but as a pioneer in change. In 2020, we updated our company's organization by adding four business units to central units. We positioned our activities in the traditional product and market under the Olgun Suspension business unit. We created our OlgunTech business unit to produce light weighting requirements and green transformation solutions needed, starting with electric vehicles. We launched our OlgunAutomation business unit as a player in Industry 4.0 to provide solutions and as the player of the dark factories of the future. Finally, we established our youngest business unit, OlgunPower, to offer domestic electric drive solutions that can compete with the world in our country's journey of electric vehicles. We will continue to increase our contributions with these business units in the industrialization process of our country.

We believe that our development and change efforts, integrated with the understanding of sustainability, will not only make us important in our country but also on the international platform.

We aim for our contribution to Turkey's exports to be not only economic but also in a structure achieved with low-carbon production. The efforts of our OlgunTech and OlgunPower business units in the field of sustainability will contribute to making us a pioneering industrial organization in sustainability in the near future. In this regard, we are making efforts to successfully integrate the 'Circular Economy' model into our production processes with the belief that it will support the activities of our business units. In addition, our investment plans in renewable energy indicate that we are a stakeholder aiming to provide a solution to climate issues.

We take pride in making significant developments within the framework of employee rights for our employees, who constitute the basis of our success and strength, and diversifying corporate responsibility projects where we meet with the community in a different place. We work with competent individuals in terms of the workforce. Although many training and career opportunity activities, including our current employees, are aimed at making our employees more competent, our ultimate goal is to be a company preferred by talented workforce in our region first and foremost.

As Olgun Çelik, we act with a sense of responsibility for environmental, social, and economic values, and we hope to continue our success with determination and further strengthen our achievements in the future. The contributions of our valuable stakeholders and all our employees are significant in this process. I sincerely thank each one of you, and I hope our first sustainability report will lead the way for reports to be published in the coming years.

# MANAGEMENT MESSAGE



**Bülent KEŞLİ**  
Leader of Olgun Çelik

Dear Stakeholders,

Olgun Çelik, established nearly 80 years ago with the goal of shaping the future, stands out today as one of Europe's most modern and largest facilities. Our current suspension solution, the leaf spring, is exported to more than 35 countries. Olgun Çelik holds a competitive position in this product in Europe and the world. Despite the product's long-standing presence and revenue-generating feature in OEMs, it is only used in commercial vehicles. The established market and the weight of the product limit us in becoming a global player. In our new business units, we will provide solutions for green transformation and opportunities for our company's growth and value creation.

We contribute significantly not only to our company and employees but also to our suppliers, the sector, and the national economy. In this context, we take pride in being ranked 75th in the TIM Automotive Sector Exporters Association ranking in 2021 and 74th in 2022. Additionally, in 2022, we proudly received the Bronze Exporter Award from the Automotive Exporters Association.

Our test and development center infrastructure, rewarded by OEMs, is another area that fills us with pride. Olgun Çelik is one of the first organizations in Turkey to have an R&D center approved by the Ministry. With products developed through the R&D culture, we strengthen our leading position in the sector. Our company, a leader in Europe's light commercial vehicle market, has taken significant steps to produce high-tech and high-value products with the OlgunTech business unit and brand as a result of R&D studies. In the electric vehicle stage of green transformation, we offer product solutions with a 30-70% weight

reduction, providing solutions for smaller batteries or longer range.

OlgunAutomation has risen to a position as a business unit offering a leading Industry 4.0 solution that can design its own machines. OlgunPower is positioned to provide electric drive systems, the most critical component of electric vehicles. These developments will rapidly make us a pioneering industrial organization in sustainability and green transformation. Our innovation-focused approach has contributed to being ahead of our competitors today.

Considering the sector dynamics changed by electric vehicle technology, the OlgunTech business unit, focusing on green transformation, is also focusing on composite materials and lightweight solutions. We accelerated R&D studies by changing our organizational structure, and in this context, we continue to invest in competent human resources and infrastructure in new areas. OlgunAutomation is another business unit that focuses on Industry 4.0, digital factory software, and artificial intelligence. We provide competitive solutions to our customers through factory automation and Industry 4.0 transformation projects. OlgunPower is interested in battery and fuel cell electric vehicle traction systems aiming to reduce greenhouse gas emissions in the transportation sector and aims to be one of the first suppliers in Turkey in the years 2025-2035.

As we transition from product-focused work to a solution-focused approach and transform into a technology-centric organization in the automotive sector, we are not exempt from global issues. Global issues such as geopolitical tensions, increased energy costs, and supply chain problems are putting

our industry through a challenging process. We are forced to make solution-oriented decisions to address these challenges. At the same time, our efforts to cope with climate change and the resulting increased costs have moved us to a more innovative and solution-oriented point.

Additionally, we are aware that the Carbon Border Adjustment Mechanism, which will be implemented by the European Union, may pose a risk to our company and our national economy.

As our company transforms with a technology and Industry 4.0 approach, we are also transitioning to a sustainability-based business model. In this context, by successfully integrating the 'Circular Economy' approach into our business processes, we provide solutions to climate issues and all our stakeholders. Our commitment to building a sustainable future is concretized by directing our increased business volume towards clean energy investments, focusing on environmentally friendly projects such as solar energy plants.

Olgun Çelik is a pioneering company that makes significant contributions to the growth of the sector. With strong knowledge, an innovative approach, and motivation from our employees, we add great value to the Turkish economy by offering products of critical importance to the OEM market. Also, with our sensitivity to economic and social responsibilities, we aim to strengthen further in the future.

In this regard, we are excited to face a process where our efforts will gain momentum and expand. We are delighted to share these developments with our valued stakeholders through this report and to write this success story with you.

# ABOUT THE COMPANY

Innovation is  
ingrained in our DNA.

Since we commenced our operations in a small workshop in Izmir in 1945, we have been forward-looking. The technology we have developed, the solutions we provide, the employment we have generated, and the benefits we offer contribute to both the economy and the growth of the commercial vehicle sector. Without compromising our mission to lighten the load for our customers, we assume the responsibility for a sustainable future.

Inspired by our robust infrastructure and innovative corporate genes, we have been steadfastly progressing towards becoming one of the world's most preferred companies in our field for nearly 80 years. We continuously develop our technology seamlessly to adapt perfectly to the changing conditions of the world.

Located in the Manisa Organized Industrial Zone, our 30,000m<sup>2</sup> production area, 600m<sup>2</sup> Ministry of Industry approved R&D center,

facilities, advanced quality laboratory, and expert team enable us to maintain our claim of being a leading institution in suspension systems and lightweight product technology. With the title of having the most modern and largest facility in Europe that produces end-to-end solutions under one roof, we engage in solution partnerships with leading OEMs worldwide.

Our proximity to the Izmir Port, historically recognized as a significant trade transit center for thousands of years, allows us to efficiently use maritime transportation. Additionally, we constructed our logistics center close to railway lines to reach the world with the cleanest environmental footprint.

Driven by the most efficient potentials of our tradition and future, we are advancing, growing, developing, and providing benefits. We know that achieving all of these for generations is possible through sustainability.



# HISTORY



**1945**

Olgun Çelik was established in Izmir, Turkey.



**1976**

The initial steps towards industrialization were taken, and it adopted the name Olgun Çelik Sanayi ve Ticaret A.Ş.



**1981**

The company moved to modern production facilities in the Manisa Organized Industrial Zone.



**2008**

On August 28, 2008, Olgun Çelik's 2nd Factory, the most advanced leaf spring production facility in Europe, opened in the Manisa Organized Industrial Zone.



**2015**

Test center investment was made.



**2020**

OlgunTech, the technology hub of Olgun Çelik, was inaugurated.



**2022**

The foundation of the new OlgunTech facility in Manisa was laid in a ceremony held on June 27, 2022.

**1998**

The first production of parabolic leaf springs in Turkey was achieved.

**2005**

Capacity expansion was realized with the investment in a Parabolic Rolling Mill.

**2010**

On June 18, 2010, the Olgun Çelik Product Development department was recognized by the Ministry of Industry and Trade as a Research and Development (R&D) center.

**2018**

Became the market leader in the European market for light commercial vehicles.

# VISION, MISSION & VALUES

We lead our industry with the strength derived from our expert engineering infrastructure. Incorporating Industry 4.0, artificial intelligence, and other emerging technologies into our business processes through our new business units, we serve the sustainability transformation of the sector. Elevating competitive standards to higher levels, we establish sustainability as a fundamental criterion for global success.



## Mission

Aiming to serve our country, humanity, environment, and nature by enhancing the unity created with our employees, customers, suppliers, and other stakeholders. Providing the most advanced engineering, product, and manufacturing technologies in the industry.



## Strategy

- Establishing a safe working environment where our employees continuously improve their competence, and morale and motivation are high.
- Offering the best products and services in line with the expectations of our customers with competitive prices, fast supply, and high quality.
- Providing game-changing solutions with innovative approaches in the industry.
- Achieving organic or inorganic growth in our current business and emerging technology areas.

## Vision

Being the globally preferred leading company that adopts the principle of offering creative products to the solution needs in the areas of suspension, light weighting, and technological developments affecting our world.

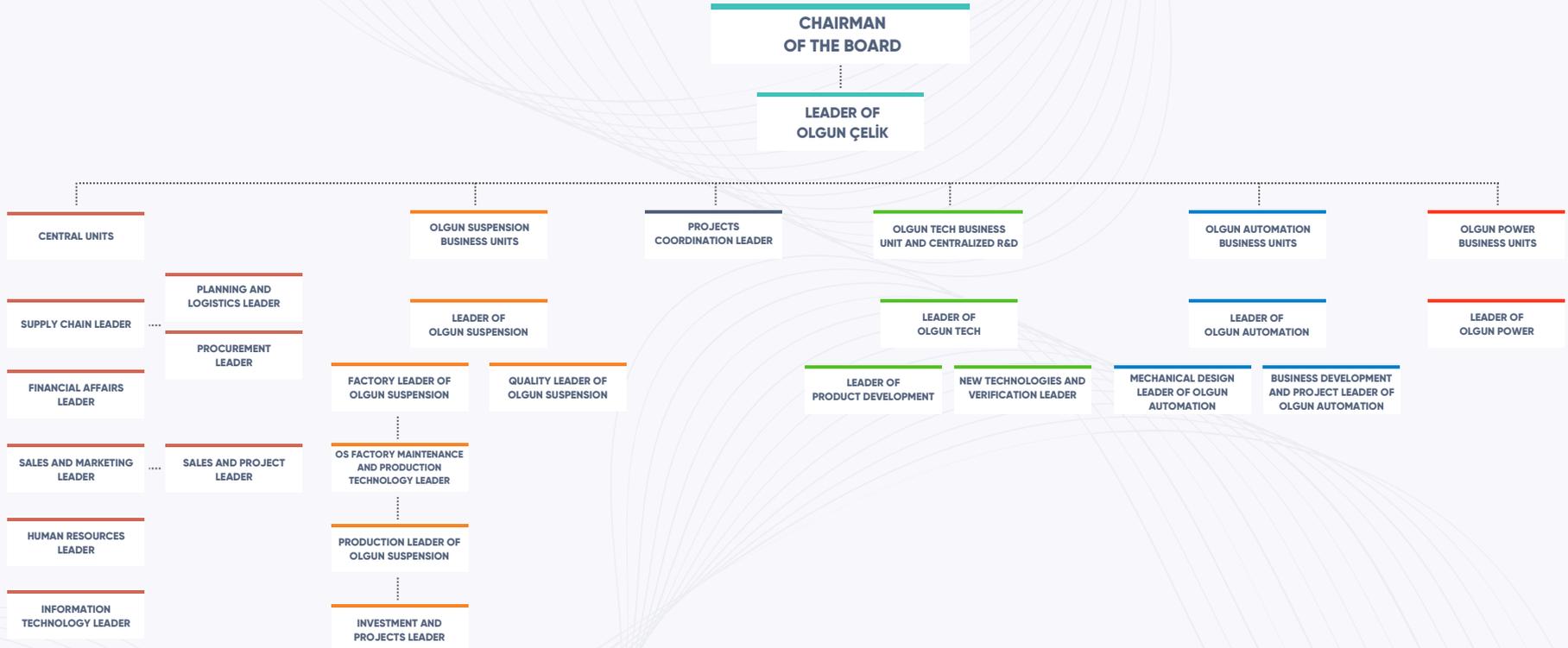


## Values

- Collaboration to continuously increase total benefit for all our stakeholders and our country.
- Continuous improvement and change.
- Participatory and empowering management approach.
- Customer focus.
- Honesty and transparency.
- Sensitivity to society and the environment.
- Entrepreneurship and determination.



# ORGANIZATIONAL CHART



# BUSINESS UNITS

We harness our engineering expertise to seize the opportunities arising from the technology-driven development of industrial systems. Our business units, created with the aim of providing sustainable solutions to the automotive sector, play a critical role in the development of our production infrastructure and innovative products.

The OlgunSuspension business unit manufactures parabolic, conventional, and Z-type leaf springs used in the global commercial vehicle industry. It offers high-strength, quality leaf springs, and suspension solutions for light commercial vehicles, medium and heavy-duty trucks, trailers, and buses in both the primary industry and aftermarket.

The OlgunTech business unit provides leaf springs made from composite materials, along with lightweight product and technology solutions.

Efficiently utilizing Industry 4.0 technologies that promote sustainable business processes, we encourage both environmental and economic benefits. Industry 4.0 technologies contribute to efficiency across a broad spectrum of our processes, from energy usage to waste management and from product development to reporting.

In our investment plans, we combine the power of technology with the strength of our experienced and knowledgeable human resources to take confident steps forward.

## OLGUN **SUSPENSION**

### LEAF SPRING AND SUSPENSION SOLUTIONS

The OlgunSuspension business unit, under the umbrella of Olgun Çelik, is a leading manufacturer and supplier of parabolic, conventional, and Z-type leaf springs used in the global commercial vehicle industry. It provides high-strength, quality leaf springs, and suspension solutions for light commercial vehicles, medium and heavy-duty trucks, trailers, and buses in both the primary industry and aftermarket.

## OLGUN **AUTOMATION**

### INDUSTRY 4.0 ROBOT AND AUTOMATION APPLICATIONS

The OlgunAutomation business unit is at the center of the Industry 4.0 revolution, focusing on robotic and software technologies targeting data management, capacity increase, cost reduction, and sustainable production systems.

OlgunAutomation specializes in Industry 4.0, digital factory software, and AI. Its teams, comprised of experts who have implemented various industrial solutions worldwide, play a crucial role.

OlgunSuspension is an internal customer of OlgunAutomation, benefiting from fully integrated robotic automation systems designed to handle demanding working conditions.

## OLGUN **TECH**

### TECHNOLOGY AND LIGHTWEIGHT PRODUCT SOLUTIONS

In the field of lightweight products and vehicle engineering, OlgunTech, our growing unit, is dedicated to continuous improvement and advanced technology investments towards new technologies. The unit focuses on composite materials and lightweight solutions, aiming to serve green transformation in all its endeavors.

In 2021, under the "Technology-Focused Industrial Initiative" program within the mobility call, a project proposal was submitted to establish the production infrastructure for polymer composite leaf springs, which are not yet produced in Turkey but are becoming increasingly popular, especially for light commercial vehicles. The project aimed to introduce a competitive range of products to the market and was approved.

## OLGUN **POWER**

### ELECTRIC DRIVE SYSTEM SOLUTIONS

Focusing primarily on the Automotive Sector, OlgunPower specializes in electro-mobility solutions. It offers solutions for xEV drive systems, electric motors, controllers (inverters), and surrounding electronic equipment such as DC-DC converters, power control units, internal charging units, and battery control units. Furthermore, it has initiated investments to produce electric motor laminations for the Automotive Industry with high capacity.

Anticipating the acceleration of the global Electric Vehicle Conversion from 2025 onwards, OlgunPower aims to be one of Turkey's first system providers with a strong supply chain and state-of-the-art production facilities.

# OLGUN ÇELİK IN NUMBERS

**78 years**

of experience in the industry

**45k tons**

of production capacity

**720**

employed workforce

**18%**

increase in training hours  
per person

**30%**

increase in the number of  
female employees  
IN THE LAST 3 YEARS

**21%**

increase in the total  
number of employees  
IN THE LAST 3 YEARS

**250+**

R&D projects

**30+**

patent applications

**40+**

published papers  
and articles

**12**

registered trademarks

**+**

R&D center approved by  
the Ministry of Industry

**50%**

export ratio from  
production

**TIM<sup>ilk</sup><sub>1000</sub>**

In the list of top exporters

**100%**

increase in turnover  
in Euro  
IN THE LAST 5 YEARS

**Ranked 74<sup>th</sup>**

in the TIM Automotive  
Exporters list in 2022

**6**

Exporting to continents

**35+**

Exporting to country

**100%**

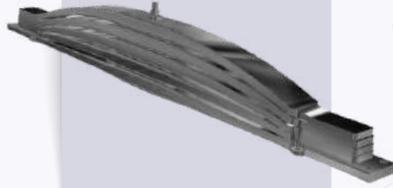
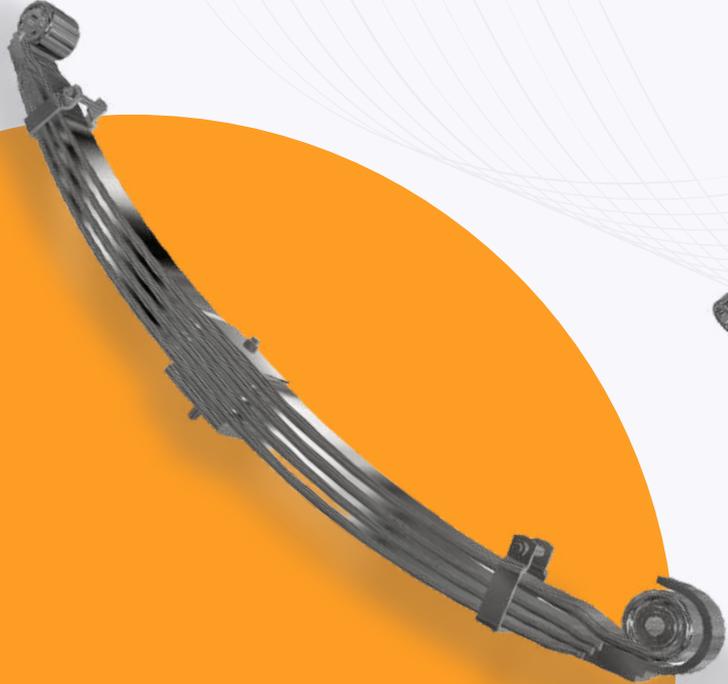
increase in export  
volume in Euro  
IN THE LAST 5 YEARS

**+**

Market leader in light  
commercial vehicles in  
Europe and in both light and  
heavy commercial vehicles in  
the Turkish market

# OUR PRODUCTS

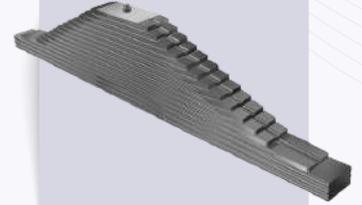
At our facility, we meticulously and delicately manufacture parabolic leaf springs, multi-parabolic leaf springs, conventional leaf springs, air springs, and their designs for light, medium, and heavy commercial vehicles in compliance with global standards.



Parabolic Front  
Leaf Springs



Parabolic Rear  
Leaf Springs



Conventional  
Leaf Springs



Air  
Linkers



Composite and  
Lightweight  
Solutions



Hybrid  
Solutions

# BUSINESS PARTNERSHIPS

At Olgun Çelik, we have been growing and developing through sustainable and reliable collaborations with some of the world's leading OEMs for many years.

We embrace a principle of continuous operation by meticulously meeting our customers' requests and expectations. Every piece of feedback, whether positive or negative, is carefully evaluated, and we strive to make each new shipment better than the previous one.

**15+** Global OEM Major Clients

**35+** Exporting to countries

90% of exports to European Union countries and the United Kingdom



# INFORMATION TECHNOLOGIES

We believe in the importance of efficiently utilizing information technologies in building a sustainable future. With the awareness that the successful achievement of our goal of industry leadership is possible through a successful digital transformation, we have been making uninterrupted IT investments for nearly 20 years. The IT department, which was once responsible for establishing and supporting the corporate IT infrastructure, is now positioned at a key point, providing services with comprehensive projects to ensure the efficiency of all functions within the company.

Our IT department, leading the digital transformation, aims to play the role of "Engaging IT" or "Triggering IT." While planning our company's technological journey, we use analyses of the current state of digital transformation and the envisioned future state. We focus on taking all our steps in line with OlgunÇelik's strategic objectives and working together to achieve our goals.

We embrace digital transformation not as a project to be completed but as a new way of doing business. We follow innovations, constantly update our roadmap with technologies that will enhance efficiency.

### Information Security

Information security is a top priority for us, as it is for any company growing with innovation. We allocate significant resources to ensure information security, considering it an integral part of information technologies.

The ISO 27001 certification is a document carefully overseen and valued by Olgun Çelik. We have held this certification since 2014 and conduct internal and external audits annually, preparing reports on the controls performed.

To strengthen our efforts in information security, we have a plan to obtain the TISAX certification in addition to our existing ISO 27001 certification in 2023.

### Our Information Technology Goals;

Industry 4.0 is an era that combines traditional industrial processes with digital technologies, taking automation to even more advanced levels. The Information Technologies (IT) department has become a significant player in this era. While leading this process, Olgun Çelik Information Technologies department aims to transition from the role of "Engaging IT" to the role of "Triggering IT."

The "Triggering IT Department" aims to create value in the following areas:

- Anticipating and accurately defining the requirements of digital transformation before the need arises, advancing them,
- Collecting and storing data from all possible points using the Internet of Things (IoT) approach, creating predictive reports, and ensuring the management and security of processes,
- Managing data management processes such as data storage, data security, data integration, and data analytics,
- Properly positioning and efficiently managing artificial intelligence and robotic processes,
- Leading projects that increase automation for a sustainable future, effectively moving energy usage to optimal points, and reducing paper usage,
- Optimizing business processes by centrally positioning in the heart of digital transformation and supporting decision-making processes based on data.

[Olgun Çelik Information Security Management System Policy](#)

[Olgun Çelik Data Privacy Policy](#)



# INFORMATION TECHNOLOGIES PROJECTS

## Supply Chain

Supply chain management has become a strategic area supported by technological innovations. Strategic approaches in this field contribute significantly to our efficiency through the automation of manual, repetitive, and non-value-added tasks. Our efforts to transform supply chain management into the most efficient state with innovations such as digitalization, automation, data analytics, and artificial intelligence continue seamlessly.

Since 2021, we have initiated data analytics projects in our supply chain department. We started a project aiming to make data more meaningful and visible through Business Intelligence and Data Visualization applications. This project has been well-received, acknowledged as a good practice within the company.

To make our supply chain processes more effective, we observed that critical processes like the procurement quotation process could be run more efficiently through SAP integration. Each new development led to an increase in business efficiency and improvement in user satisfaction. We have made significant progress in extending this project, which we started in the supply chain departments, to a broader audience with screens designed for finance and production areas in 2023.

## Human Resources

Our Human Resources department, facing manual and labor-intensive processes, has adopted Robotic Process Automation (RPA) as a technology where we can take the fastest action. In close collaboration between the business unit and the IT department, the first phase of this project aimed to achieve a monthly

saving of 20 man-hours, significantly boosting motivation within the department and the company overall. We successfully implemented the initial process in 2022 and will continue the efforts to expand the project in 2023. The success of this project will contribute to increasing the overall efficiency of our organization by ensuring more effective and efficient HR operations.

## Production

The uninterrupted continuation of production processes, continuity, and security are always among our priorities. The support of Information Technologies (IT) in 24/7 ongoing production processes is critical to ensure continuity. We have ongoing efforts to address all scenarios that could disrupt production. We continue our efforts to increase the efficiency of all processes, including production, and reduce costs with IT and Operational Technology (OT) projects.

IT and OT security are of great importance to us, and we aim for continuous improvement in this area. We take action based on the results of internal tests, making necessary security improvements. We allocate a portion of our IT budget to security projects every year. As production processes become more digitized, the importance of OT security increases. We added including OT elements in our periodic tests of IT systems as a significant step.

Collecting all field-generated data in a digital environment, backing it up, and making it analyzable ensures business continuity and allows us to generate desired reports quickly and accurately. To achieve more flexibility and dynamism, we plan to

implement solutions such as the Internet of Things (IoT), data analytics, and Robotic Process Automation (RPA). Although we have taken some significant steps in these areas, we are still in the development stage. We are aware that accessing the right data at the right time enhances the agility, flexibility, and dynamism of our organization. Therefore, we prioritize data analytics and prepare plans for their application areas.

In 2022, we focused on mobility and traceability solutions within the production site. In this context, we emphasized efforts to replace handheld terminals with tablets and develop more user-friendly screens. Positive feedback from the field has been a motivation to continue these projects.



A group of people's hands are shown holding a small green plant with soil, symbolizing sustainability. The hands are stacked, and the plant is in the center. The background is a blurred office setting with people in business attire.

# APPROACH TO SUSTAINABILITY



# GLOBAL DEVELOPMENTS AND MARKET IMPACTS

The "Sustainability Approach" (ESG - Environmental, Social, Governance) rapidly gained prominence in the business world, especially as a results-oriented approach towards financial outcomes in the early 2000s. Today, from investors providing financing to all stakeholders, there is a scrutiny of how companies not only address financial but also environmental and social risks and contribute to global issues. Companies now bear the responsibility of managing and solving the risks that global crises may pose as they plan and execute their operations. In other words, companies, under the umbrella of sustainability, are not only aiming for economic gain but also contributing to solving global problems with an innovative approach.

## Global Risks

The annual 'Global Risks Report' published by the World Economic Forum (WEF) is an important guide for every institution conducting serious and professional work on the sustainability approach. Various agreements, frameworks, and reporting standards that allow us to monitor developments based on sustainability provide significant platforms for institutions that lay the foundation for this transformation.

The 2022 report from the World Economic Forum (WEF) addresses global risks in the short, medium, and long term under environmental and social headings in the post-pandemic period worldwide. The report emphasizes technological risks alongside regional economic disruptions. Although technological risks play a significant role in risk perception, it is now an undisputed fact that environmental risks trigger social risks more rapidly in any context.

\*Frameworks: Sustainable Development Goals (SDG), UN Global Compact (UNGC), Carbon Disclosure Project (CDP), etc.

Looking at the short term in general, although global markets underwent long-term and fundamental changes after 2019, the decline in global trade gained momentum after 2021. However, this pace, just like in previous years, has resulted in disruptions in the supply chain, impacting and likely to continue affecting many companies and product manufacturing.

**The increasing intensity of global risks and their becoming more palpable are due to unresolved problems in the past, the growth of risks, and the challenges of managing the VUCA environment.**

## Exports and the European Union

Due to geopolitical risks, there has been a slowdown in global merchandise trade in quantity, but the Turkish economy grew by 5.6% in 2022. The country's exports increased by 12.9% to reach \$254.2 billion. This means that Turkey's share in global exports rose to 1.02%. **Especially, the automotive sector ranked second in exports in 2022 with \$31 billion, and 77.2% of this sector's exports were to the European Continent (EU).**

\*TIM (Turkish Exporters Assembly) and OIB (Automotive Industry Exporters Association) data

The Net Zero approach and carbon-neutral continent goal of the European Union (EU) indicate a period where long-standing efforts have turned into concrete regulations and become a significant factor in global trade.

Trade volume with the EU represents 40.6% of total exports for Turkey. Therefore, the EU's sustainability-focused trade policies are crucial for Turkey.

On the other hand, global economic and geopolitical developments pose a significant threat to Turkey. This situation also brings the obligation to meet the demands and requirements of major markets. In recent times, it is evident that the expectations of major markets are shaped around sustainability criteria.

The high export rate of the Turkish automotive sector to the EU implies that the European Green Deal may potentially have negative effects on Turkey's exports. Therefore, companies need to rapidly take steps towards technology and sustainability transformation. At Olgun Çelik, as a company producing leaf springs for world-renowned companies, we focus on transforming into a structure that aligns with the sustainability model in the light of changing technologies and risks and obtaining the necessary certifications.

**Trade volume with the EU represents 40.6% of total exports for Turkey. Therefore, the EU's sustainability-focused trade policies are crucial for Turkey.**



# AUTOMOTIVE SECTOR AND SUSTAINABILITY

## Automotive Sector

In recent years, the automotive sector has witnessed and even pioneered significant changes in sustainability. Starting from the 2020s, the industry has experienced notable sustainability developments and innovations.

The rise of electric vehicles in the consumer market not only signifies a technological advancement but also indicates a significant shift toward sustainability in production processes.

**Factors such as climate change, carbon emissions, and the transition to a circular economy are fundamentally altering car models and production processes.**

This transformation directly impacts automotive suppliers. The journey of the automotive sector, initiated by climate change and global emission reduction pressures, is rapidly progressing, influenced by the fact that the transportation and logistics sector contributes to 20% of global emissions. Therefore, there is encouragement for a transition to models that focus on fuel efficiency, emission reduction, and electric vehicles produced with lighter materials.

At Olgun Çelik, the Circular Economy model, a fundamental principle of our sustainability strategy, has allowed us to review our production processes. This opportunity enabled us to reassess our material usage, resource efficiency, energy consumption, and our impact on natural resources. Simultaneously, we seized the chance to review social criteria concerning our employees.

## Automotive Suppliers

Automotive suppliers have embarked on a parallel transformation process to support the automotive sector's evolution. Factors such as contributions from suppliers and collaborations with the main industry stand out among the elements that accelerate and strengthen the transformation process in the sector.

The contributions of suppliers to the automotive sector's transformation and their contributions to the sector can be summarized under key headings: sustainable material usage, energy efficiency and emission reduction, waste management and recycling, R&D and innovation, collaboration and certifications, responsible resource usage, employee rights and development, managerial principles and ethics, and governance compliance. Developments in these areas significantly contribute to the automotive industry's sustainability goals.

As Olgun Çelik, we take pride in being one of the leading suppliers in the automotive sector with our active participation in sustainability. This approach is a result of our strong R&D and innovation capabilities, engineering expertise, workforce, and expansive vision.

## European Union Green Deal Regulation and Carbon Border Adjustment Mechanism (CBAM)

The fundamental approach regarding the European Union Green Deal Regulation and the Carbon Border Adjustment Mechanism (CBAM) involves the application of a carbon tax based on the carbon footprint of imported products.

This tax will be calculated based on emissions that occur during the production process and will have a

global impact on producer companies and suppliers. CBAM is particularly critical for the automotive sector and its suppliers.

In this context, at Olgun Çelik, we adopt an approach that intervenes in potential cost increases, market losses, and the need for rapid transformation in advance. We have calculated our own carbon emissions and initiated improvement efforts. We are consolidating these efforts under the "Sustainability Management Model" and are sharing them in this report for the first time this year. We are committed to increasing these improvements over time.

These developments also present opportunities for small businesses that are suppliers to international companies to adapt to new business models and the Industry 4.0 transformation. As a company, we are working on product alternatives that are lighter but equally durable to meet customer expectations. In the course of these developments, the Industry 4.0 approach continues to provide important guidance for us.

Our goal is not only to meet customer expectations in the sector but also to become a transformative leader by strengthening our competitive position.

**With our strong R&D and innovation capabilities, engineering expertise, workforce, and expansive vision, we take pride in being one of the leading suppliers in the automotive sector with active participation in sustainability.**



# SUSTAINABILITY APPROACH

The sustainability practices of Olgun Çelik emphasize the following top three features:

**Value Creation and Enhancement:** The sustainability approach places value creation and enhancement processes at the center. This is a critical element for the success of our business not only today but also in the future.

**Risk Management:** Sustainability addresses both new and traditional risk factors. Therefore, risk management is approached with a broader perspective within the framework of sustainability.

**Recruitment and/or Retention of Skilled Employees:** Sustainability encourages the hiring and retention of skilled employees who align with ethical values in environmental and social areas and can contribute to sustainability goals.

The sustainability approach represents a comprehensive transformation process that includes our lives, business, and future. This transformation, despite having a robust risk management procedure to deal with demographic, environmental, and social crises, has prompted us to consider new risk elements. At the same time, this new perspective has brought new opportunities.

As Olgun Çelik, we integrate sustainability into our work by considering global, regional, sectoral, and local changes, disruptions, and developments. Our impact analysis work guides us in shaping the sustainability focus areas and strategy of our company.

At Olgun Çelik, we define ourselves as an 'human-centered' industrial technology company in our understanding of sustainability. The cornerstone of our company's success is our employees. With this foundation, we aim to support the overall development of our employees. While occupational health and safety rank as the top priorities of our company, we also emphasize the importance of well-being and success in both physical and mental health aspects within this approach.

"Combatting Climate Change" is the responsibility of every institution and individual. At Olgun Çelik, we swiftly engage in these efforts, measuring and reducing emissions resulting from our company's production and operational activities. These efforts not only involve adaptation but also encompass our company's innovative perspective, improvements in product and production processes, and new product developments.

Olgun Çelik aims to stand out with game-changing and value-creating solutions by transferring innovations with its scientific and creative knowledge to both the national economy and the global platform. Our business units, OlgunTech, OlgunAutomation, and OlgunPower, provide solutions that increase efficiency and respond to the market's needs. We navigate through challenges as opportunities in this journey.

OlgunPower works on designing and manufacturing electric motors and controllers used in traction systems of battery and fuel cell-powered renewable energy vehicles, one of the most promising solutions for greenhouse gas reduction in the transportation sector.

Contributing to the sector's growth in Turkey, Olgun Çelik is a company with strong expertise, an innovative approach, and motivation derived from its employees.

Successfully integrating the 'Circular Economy' model into its business processes, Olgun Çelik provides solutions to climate issues and all stakeholders, strengthening its efforts to create economic value.



# SUSTAINABILITY MANAGEMENT

At Olgun Çelik, we are aware of the importance of sustainability efforts at every level, including all company employees and the board of directors. With this awareness, we conducted an internal survey to integrate sustainability most effectively into our corporate structure. Through this survey, we identified steps for the integration of sustainability for all employees, including the board of directors, to ensure the most effective implementation. To further strengthen this process, we decided to form a two-tiered working group that encompasses all units. Sustainability, closely linked with company strategies and goals, is owned by our board of directors and is continuously reviewed.

Ensuring that the foundation of our company's sustainability program aligns with company objectives and future goals is critically important to us. Therefore, we structured our sustainability committee to encompass all departments that include company goals. Our goal is to instill and promote the understanding of sustainability among all employees.

Each member of our committee actively contributes to the efforts, sharing their expertise and experience in their respective fields. Additionally, they contribute to developing the content with innovative perspectives and provide new recommendations with their visions.

Members of the Olgun Çelik management committee not only oversee a holistic approach but also actively contribute proactively. However, our ultimate goal is for all employees to embrace the sustainability mindset and apply it in their daily tasks. We perceive sustainability as the responsibility of all employees.

Steering Committee	
Task	Chapter
Leader of Olgun Çelik	Management
Financial Affairs Leader	Central Units
Supply Chain Leader	Central Units
Sales and Marketing Leader	Central Units
Human Resources Leader	Central Units
Projects Coordination Leader	Olgun Çelik
Leader of Olgun Suspension	Olgun Suspension
Factory Leader of Olgun Suspension	Olgun Suspension
Leader of OlgunTech	OlgunTech and R&D Center
Leader of Olgun Automation	Olgun Automation
Leader of Olgun Power	Olgun Power

**We see sustainability as the responsibility of all employees. Our ultimate aim is for every employee to adopt and implement sustainability in their daily work.**

Operations Committee	
Task	Chapter
Quality Systems Leader	Olgun Suspension
Information Technology Leader/Information Technology Analyst	Central Units
Planning and Logistics Leader	Central Units
Sales and Project Leader	Central Units
Organization Development Leader	Central Units
Brand Marketing Partner	Central Units
OS Factory Maintenance and Production Technologies Leader	Olgun Suspension
OS Investment and Projects Leader	Olgun Suspension
Quality Leader	Olgun Suspension
Industrial Systems Leader	Olgun Suspension
New Technologies Validation Lead	Olgun Tech and R&D Center
P&D Leader	Olgun Tech and R&D Center
R&D Operations Engineer	Olgun Tech and R&D Center
Olgun Automation Mechanical Design Leader	Olgun Automation
Quality System Engineer	Olgun Suspension
Supply Chain Process Development Engineer	Central Units

# STAKEHOLDERS

At the core of our sustainability understanding, we are aware of the impact and contribution of our stakeholders. Collaboration with our stakeholders is crucial in determining our sustainability strategies and improving our performance in these areas. We focus on the needs of our existing and potential business partners and maintain continuous communication. In this communication, we stay closely connected with all our stakeholders, including customers, employees, shareholders, and suppliers. We listen to the expectations of our stakeholders, ensuring an appropriate timing to integrate these expectations into our plans.

In our 2022 report, we redefined our stakeholders according to our sustainability approach. In doing so, we prioritized the feedback received from stakeholders in past years and communication issues. Our primary stakeholders are individuals and institutions directly affected by Olgun Çelik's activities and those who make a critical contribution to the company's goals. In 2022, we conducted the first stakeholder survey with our employees, shareholders, customers, and suppliers. We also strengthened the communication and key issues of each stakeholder based on previous survey results and ongoing field project feedback.

Stakeholder-focused communication and other activities will be planned and integrated into our future work in 2023 and beyond.

Priority	Main Category	Communication Topics	Communication Method
<b>Priority Stakeholders</b>	Employees & Families	<ul style="list-style-type: none"> <li>• Rights</li> <li>• Employee Satisfaction,</li> <li>• Career Development,</li> <li>• Social Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Surveys,</li> <li>• Meetings and Seminars,</li> <li>• 1-1 Meetings</li> </ul>
	Shareholders	<ul style="list-style-type: none"> <li>• Financial Performance,</li> <li>• Investment Issues</li> </ul>	<ul style="list-style-type: none"> <li>• General Assembly Meetings,</li> <li>• 1-1 Meetings</li> </ul>
	Customers	<ul style="list-style-type: none"> <li>• Product Quality</li> <li>• ESG Developments,</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Surveys,</li> <li>• 1-1 Meetings,</li> <li>• Customer Meetings,</li> <li>• Events and Fairs,</li> <li>• Audits</li> </ul>
	Suppliers	<ul style="list-style-type: none"> <li>• Purchase Conditions</li> <li>• Supply Time and Other Terms</li> </ul>	<ul style="list-style-type: none"> <li>• Surveys,</li> <li>• 1-1 Meetings,</li> <li>• SAP Procurement Module</li> </ul>
<b>Supplementary Stakeholders</b>	Public	<ul style="list-style-type: none"> <li>• Developments in Legal</li> <li>• Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• 1-1 Meetings,</li> <li>• Correspondence,</li> <li>• Audits and reporting</li> </ul>
	Competitor Companies	<ul style="list-style-type: none"> <li>• Sector Developments and Issues</li> </ul>	<ul style="list-style-type: none"> <li>• Events,</li> <li>• Fairs,</li> <li>• Professional Organization Meetings</li> </ul>
	Financial Institutions	<ul style="list-style-type: none"> <li>• Financial and Operational Developments/Data,</li> <li>• Credits</li> </ul>	<ul style="list-style-type: none"> <li>• 1-1 Meetings</li> </ul>
	Academia	<ul style="list-style-type: none"> <li>• Collaborations for Product Development,</li> <li>• Career Support Relationships,</li> <li>• R&amp;D Studies</li> </ul>	<ul style="list-style-type: none"> <li>• Career Development Centers,</li> <li>• R&amp;D Studies,</li> <li>• 1-1 Meetings</li> <li>• Events</li> </ul>
	NGOs & Professional Organizations	<ul style="list-style-type: none"> <li>• Collaborations,</li> <li>• Event Participation,</li> <li>• Project Support,</li> <li>• Public Opinion Building in Sector-Based Studies</li> </ul>	<ul style="list-style-type: none"> <li>• 1-1 Meetings</li> </ul>
	Media	<ul style="list-style-type: none"> <li>• Company Development,</li> <li>• Product Development,</li> <li>• Markets,</li> <li>• Targets and Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Events,</li> <li>• Fairs,</li> <li>• 1-1 Meetings,</li> <li>• Social Media</li> </ul>
	Consultants	<ul style="list-style-type: none"> <li>• Development of Intellectual Property Rights,</li> <li>• Work on Potential EU-Incentivized Projects,</li> <li>• Innovation Program, and Innovation Studies,</li> <li>• Carbon Footprint,</li> <li>• Sustainability,</li> <li>• Environment,</li> <li>• TMGD,</li> <li>• Energy,</li> <li>• Business Intelligence Applications for Digitization,</li> <li>• RPA Issues</li> </ul>	<ul style="list-style-type: none"> <li>• 1-1 Meetings,</li> <li>• Congress and Symposium Attendance,</li> <li>• Trainings,</li> <li>• Events,</li> <li>• Meetings</li> </ul>
	Group Companies	<ul style="list-style-type: none"> <li>• All areas where cooperation can be established (Insurance, HR Processes, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• 1-1 Meetings,</li> <li>• Events</li> </ul>



# SUSTAINABILITY TOPICS

The 2022 Sustainability Report of Olgun Çelik marks our company's initial report and the first holistic step in transitioning to a sustainable business model. We approached this report with the awareness of reviewing our business activities and clearly defining our impact areas to transition to a sustainable business model. To identify the sustainability work areas that will guide us in the future and consequently determine the content of the report, we conducted a Materiality Analysis study. We acknowledge that the experience of the first year will become more integrated into our processes in the coming years and allow us to better adapt to external influences.

When determining sustainability topics, we examined our internal operations through an analysis based on environmental, social, governance (ESG-CSR), and economic developments. Considering global, regional, and local developments, we identified key topics and presented them to our internal and external stakeholders for assessments based on their importance levels.

In addition to considering the positive impacts of our production and operations, we evaluated our impact within the company's circularity steps and related areas. The Materiality study helped us better understand our strong areas and focus more on new business areas. This allowed us to see the company's strengths that are open to improvement more clearly.

During the sustainability topic assessment, we reviewed the company's future management plans and project goals. We then assessed the opinions and expectations of priority stakeholders. Subjects expected by our customers from Olgun Çelik and the European Union's 'Green Deal Regulation' are among the prominent issues in this assessment.

According to the results of the Materiality Analysis, we identified the company's priority topics as follows:

- Occupational Health and Safety
- Resource and Waste Management
- Climate, Emissions, and Energy Management
- Water Management
- Employment and Education

In addition to these topics, we will also monitor other issues affecting the company within the scope of environmental, social, and governance matters. We deemed it appropriate to address these issues with a broader strategic approach.



# MATERIALITY TOPICS



● Social Topics   ● Environmental Topics   ● Economic and Governance Topics

**MATERIALITY TOPICS IN ORDER**

- Occupational Health and Safety
- Resource Management
- Climate, Emissions, Energy Management
- Waste Management
- Water Management
- Employment and Training
- Pollution Management
- Economic and Operational Performance
- Corporate Governance and Business Ethics
- Industry Development
- Employee Rights
- Human Rights and Inclusivity
- Risk Management
- Climate-Related Risks and Opportunities
- Product Quality and Customer Satisfaction
- Legal Compliance
- Employees and Union Relations
- Customer Privacy
- Supplier Management
- Social Responsibility



# STRATEGY, POLICY, AND FOCUS AREAS

Olgun Çelik's Sustainability Policy aims to make this approach an integral part of our corporate culture. In this context, we aspire to integrate all our employees and stakeholders involved in processes such as design, analysis, planning, production, sales, and support into decision-making, implementation, and business processes of sustainability. We define the areas we focus on in building a sustainable future as follows:

**Valuing People:** Olgun Çelik sees its success as fundamentally rooted in human resources and is committed to protecting its employees, accepting differences as a richness, and integrating the talents of employees into the company's purpose.

**Trust and Development:** Trust and development are of paramount importance in a sustainable world. Olgun Çelik believes that trust begins within the company and supports its customers and other stakeholders with a participatory and empowering management approach based on principles of honesty and transparency.

**Environment and Circular Economy:** Olgun Çelik is aware of the importance of efficient use of resources and climate change-related risks. It acknowledges its connection to an economic model that promotes the circular economy concept shaping a sustainable future. Olgun Çelik aims to make a positive contribution in this field using an innovative perspective and technology.

**Contribution to Society:** Olgun Çelik is aware that it shares common issues with all stakeholders that constitute social capital. Therefore, it values listening to its stakeholders equally and staying in constant communication. This approach aims to take on a role that fosters collaboration, offering opportunities that encourage collective benefit, contribute to the development of the industry and society, and diversify.

With its knowledge, strong infrastructure, innovative character, and the strength derived from its employees, Olgun Çelik contributes to the growth of its industry in Turkey. By integrating the 'Circular Economy' model into its business processes, it strengthens the economic benefits it creates and provides solutions for climate issues and stakeholders.

**Leveraging its knowledge, robust infrastructure, innovative character, and strength drawn from its employees, Olgun Çelik contributes to the growth of its industry in Turkey. By integrating the 'Circular Economy' model into its business processes, it strengthens the economic benefits it creates and provides solutions for climate issues and stakeholders.**



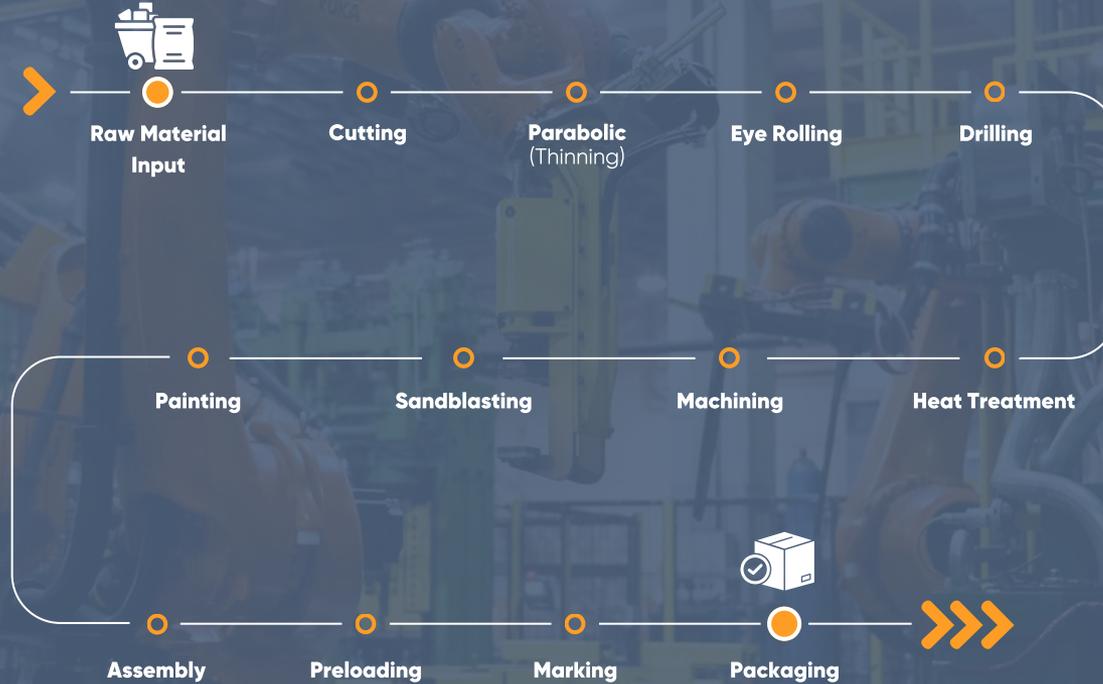
## OBJECTIVE

Olgun Çelik creates value for its stakeholders by offering solutions to global problems with its innovative approach and circularity understanding.

# CREATED VALUE

At Olgun Çelik, we base our impact assessments on the principles of the circular economy.

The goal of the circular economy is to prevent waste through more efficient processes and to encourage reuse, remanufacturing, and recycling, ultimately reducing resource consumption. With this awareness, we not only focus on product design, raw material selection, and production processes but also offer our customers new material alternatives and product development through research and development (R&D) activities under the OlgunTech unit that support the circular economy. Additionally, as we enhance the contribution of the Industry 4.0 approach in the OlgunAutomation unit and plan for the future in OlgunPower, we strive to align our efforts with a forward-looking perspective.



# SUSTAINABILITY GOALS

In setting our sustainability goals at Olgun Çelik, we prioritize topics that best reflect our sustainability efforts and motivate our employees. Beyond measurable goals, we recognize the existence of non-measurable but exciting sub-goals. While we assign these sub-goals as section objectives under the relevant section/title, we do not include them in the general goals. In the coming years, these sub-goals can be integrated with the organization's overall objectives.

Target Areas	Key Targets	Performance Indicators	Base Year	Target Year	Target Description
<b>Occupational Health and Safety (OHS)</b>	Reduce all types of accidents, illnesses, and lost days	<ul style="list-style-type: none"> <li>High-importance accident count,</li> <li>Total accident count,</li> <li>Occupational illness count</li> </ul>	2020	Süreklil	ZERO occupational accidents, ZERO occupational illnesses
	Reduce accident frequency rate	<ul style="list-style-type: none"> <li>Number of Accidents</li> </ul>	2020	2023	Maintain below 4.8%
			2020	2028	Maintain below 3.5%
	Eliminate ergonomic risks associated with hot and heavy operations by 2030	<ul style="list-style-type: none"> <li>Risk factor</li> </ul>	2022	2030	Reduce the risk factor from 'High' to 'Low'
<b>Emissions</b>	Reduction in Scope 2 emissions	<ul style="list-style-type: none"> <li>Weight of Scope 2 emissions</li> </ul>	2022	2026	80% reduction
	Total emissions reduction	<ul style="list-style-type: none"> <li>Weight of Scope 1&amp;2 emissions</li> </ul>	2022	2028	15% reduction
<b>Energy Efficiency</b>	Establishment of energy efficiency system	<ul style="list-style-type: none"> <li>ISO 50001 Certification</li> </ul>	2021	2023	Obtain ISO 50001 certification
	Energy efficiency	<ul style="list-style-type: none"> <li>Energy used per unit of production</li> </ul>	2021	2023	2% reduction
<b>Material Efficiency</b>	Efficiency in packaging materials	<ul style="list-style-type: none"> <li>Eliminated wooden material (kg) / Total wooden material amount (kg)</li> </ul>	2022	2024	6% reduction
<b>Development of Employees Environmental Awareness</b>	Increase employee training hours per person	<ul style="list-style-type: none"> <li>Environmental training hours / Number of employees</li> </ul>	2022	2025	Double the environmental training hours per employee
<b>Female Employee Ratio</b>	Increase in the ratio of female field workers	<ul style="list-style-type: none"> <li>Number of female field workers / Total number of field workers</li> </ul>	2022	2024	20% increase
	Increase in the ratio of female office workers	<ul style="list-style-type: none"> <li>Number of female office workers / Total number of office workers</li> </ul>	2022	2026	40% increase
	Increase in the ratio of female leaders	<ul style="list-style-type: none"> <li>Number of female leaders / Number of female office workers</li> </ul>	2022	2026	50% increase

# SUSTAINABILITY DEVELOPMENT GOALS

Priority Topic Ranking		3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
High Priority Topics	Occupational Health and Safety	●					●							
	Resource Management										●	●		
	Climate, Emissions and Energy Management					●				●	●	●		
	Waste Management									●	●	●		
	Water Management				●					●	●	●		
Other Sustainability Topics	Employment and Training		●				●							
	Pollution Management						●				●			
	Economic and Operational Performance						●							
	Corporate Governance and Business Ethics						●				●			
	Industry Development							●			●			●
	Employee Rights			●			●		●					
	Human Rights and Inclusivity		●	●			●		●					
	Risk Management						●	●				●		
	Climate-Related Risks and Opportunities					●	●			●	●	●		
	Product Quality and Customer Satisfaction						●							
	Legal Compliance						●						●	
	Employees and Union Relations	●	●				●		●				●	●
	Customer Privacy						●						●	
	Supplier Management						●	●			●	●		●
	Social Responsibility		●										●	





Sustainability Performance

# VALUING PEOPLE

OCCUPATIONAL HEALTH AND SAFETY • EMPLOYEE EXPERIENCE  
EMPLOYEE AND UNION RELATIONS •  
EMPLOYMENT AND TRAINING • HUMAN RIGHTS  
EMPLOYEE RIGHTS AND PARTICIPATORY APPROACH

# HUMAN RESOURCES

Our company, with a consciousness of responsibility to society and employees, diligently pursues its efforts. Our mission is based on leaving a cleaner and healthier environment for future generations and providing a safe working environment. Considering our presence in the heavy industrial production sector, we consider minimizing the potential impacts of our products and services on the environment and employees as our top priority. In this process, we make efforts to develop innovative products and practices that we believe will make significant contributions to our industry and society.

**Our success is based on our talents and workforce.**

As a regional employer, we continue to strive to be a preferred workplace for talented employees. In this context, we are aware of the critical importance of our Human Resources Approach and policies.

Our Human Resources Policy adopts and implements a human resources management approach based on International ILO Convention standards. Our goal is to be a company that everyone takes pride in and trusts, and therefore, we adopt an approach based on the principle of equality. We respect equal rights in all areas and do not allow discrimination. Our Human Resources processes aim to provide an environment that is based on equal opportunities, respectful of differences and ethical values, development-oriented, and supportive of high performance.

Our ethical policy emphasizes the importance of fair working conditions and acts in compliance with legal regulations and collective labor agreements regarding promotion, training, wages, working hours, and leave. We do not allow personal relationships within work relationships to influence decisions within the company, and we respect everyone's reputation and individual rights.

By supporting freedom of organization and the right to collective bargaining, we respect legal regulations and freedoms, avoid employing child labor, prevent all forms of abuse, and strive to comply with the law.

Discrimination and harassment are considered unacceptable forms of behavior in our company. We do not allow any discrimination or harassment based on criteria such as gender, race, language, social, cultural, or national origin, religious beliefs, age, health condition, political and philosophical thoughts, sexual orientation in our business processes. We evaluate all individuals equally, fairly, and unbiasedly.

We do not take these differences into account in processes such as recruitment, promotion, disciplinary practices, training, and general working conditions. The concept of harassment includes not only gender, race, or ethnic origin but also encompasses behaviors contrary to moral and ethical values in the workplace, and such behaviors are not tolerated.

In employee relations, compliance with general accepted communication, respect, and courtesy rules is required, which is part of our ethical rules.

Human Resources is diligently working to ensure that the company's personnel have the appropriate education, skills, and experience. Employee training, increasing motivation, and supporting professional development are the top priorities for every leader. Equal opportunities are given great importance in promotions and appointments within the company, and the goal is to make appointments from among the internal staff as much as possible. Leaders embrace impartiality and justice in personnel selection, placement, and training and have clear job descriptions for each position.

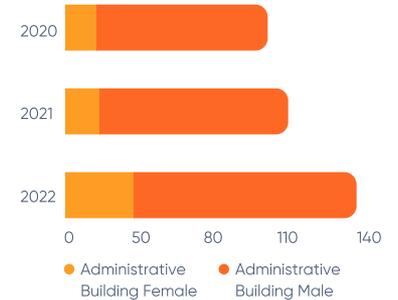
Preserving occupational health and safety is one of the company's top priorities. All our practices are carried out in compliance with the Labor Law, the Collective Labor Agreement, and relevant legislation. From the recruitment process onwards, we aim to clearly define the legal rights and obligations of all our employees and ensure the consistency and transparency of human resources practices. In the recruitment process, we aim to bring the most competent workforce to the company in line with the principle of equal opportunities.

Opportunities for internships are offered to students, and students wishing to intern are paid in accordance with the Vocational Education Law No. 6899.

**Our Work Ethics Procedure** aims to contribute to our employees, customers, suppliers, and society by placing sustainable growth at the center of corporate strategy, taking into account the needs and expectations of all stakeholders.

The principles of Work Ethics are designed to guide our employees in decision-making and behavior, and all our employees are responsible for adhering to the rules specified in the Work Ethics Procedure.

Administrative Building Employee Breakdown



# HUMAN RESOURCES

## Work Ethics Guidelines

- Olgun Çelik assumes social, environmental, economic, and ethical responsibilities while aiming to contribute to society, customers, suppliers, and employees. In line with this mission, sustainable growth is considered an indispensable part of the corporate strategy, taking into account the needs and expectations of all stakeholders.
- The Work Ethics principles aim to guide Olgun Çelik employees in making decisions and exhibiting behavior while carrying out their duties. All our employees are obligated to act in accordance with the rules and values stated in the 'Work Ethics Procedure.'
- In recent years, changes in workplace regulations have led to the implementation of new practices in our company. Our working system offers a hybrid model, where suitable employees can work remotely for 2 days a week and in the office for 3 days.
- During the summer months, due to daylight saving time, monthly salaried employees can finish their work at 15:00 on Fridays between June 1 and October 1.
- Our company provides various fringe benefits and rewards to employees. Employees under the Collective Labor Agreement (CLA) can benefit from complementary health insurance. Employees outside the CLA can choose from the health insurance practices of ILAB Holding companies.
- New employees receive welcome kits, including necessary documents and materials, upon starting their jobs.
- Birthdays are celebrated for all employees, and on religious holidays, grocery vouchers are provided.
- Employees who complete 5 years of service in our company are rewarded with prizes such as gold and plaques based on their tenure.



# HUMAN RESOURCES

## Recruitment, Selection and Placement

The requirements of positions, including knowledge, skills and experience criteria, are evaluated impartially. Job applications are accepted through recruitment portals, long-term internship programs, and internal announcements. The Human Resources and relevant departments conduct the initial assessment of candidates, and suitable candidates are interviewed by department leaders. As a result, job offers are extended to selected candidates, while those not selected are informed through the career portal, email, or phone. New employees are briefed on job procedures, policies, and regulations, participating in the company orientation program. Clear qualifications and skills are defined for each position.

## No Gender Discrimination

During the recruitment process, the suitability of candidates is assessed based on the qualifications required for the position, and there is no gender discrimination in recruitment or promotion practices.

## Long-Term Internship Programs

### Young Talents

Olgun Çelik aims to establish effective connections with the next generation of employees by participating in career fairs and providing employment opportunities for young talents through long-term internship programs. This initiative encourages successful interns to transition to the workforce and gain experience in open positions.

## Training and Development Process

Olgun Çelik offers various training opportunities, ranging from orientation training to on-the-job training, technical training to personal development programs, to support the professional development of employees.

To further advance our training activities, we aim to complete technical training for field employees by the end of 2023 and double the environmental training hours per employee by 2025.

## Performance Management

The performance management applied to all employees tracks individual and team goals flexibly and transparently. This process involves setting clear goals and planning strategies to achieve these goals between leaders and employees.

## Women's Employment

Olgun Çelik supports gender equality in the workplace and aims to increase the employment of women with equivalent skills. Accordingly, we aim to increase the employment of female operators in the production field by the end of 2024 and raise the proportion of female employees in leadership positions and the general office by 2026. Additionally, the return-to-work rate for female employees on maternity leave is 100%.

## Child Labor

Child labor is prohibited by the Labor Law No. 4857 in our country. Olgun Çelik commits not to employ individuals under the age of 18.

## Education and Development

Our employees are essential stakeholders in our company, forming the foundation of our success. Therefore, we offer a comprehensive training program to help employees achieve their personal and corporate goals.

The programs include personal development training, professional training, managerial training, orientation training, on-the-job training, career training, expertise training, and environmental training.

Our goal is to continuously improve the competencies of our employees through these training programs.

## Academic Collaborations

To support professional development, we collaborate with vocational high schools. This collaboration helps our employees enhance their professional skills. For example, we implement projects such as Olgun Academy School-Industry Collaboration and Maintenance Academy School-Industry Collaboration.

## Career Planning and Leadership Training

We evaluate the fundamental and leadership competencies of employees in administrative positions using a 360-degree approach. We integrate these competency assessments into our leadership and compensation practices using the 9-box approach. We support the development of leadership skills through training and coaching practices.

## OKR (Objectives and Key Results) System

Objectives and Key Results (OKR) is a management system that links the company's goals with the goals of each employee, providing a long-term focus. OKRs help measure the company's progress with measurable results and serve as a source of motivation for both the company and employees.

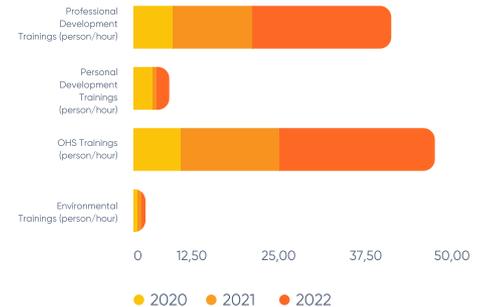
## Win-Win Practice

Our employees have the right to suggest suitable candidates for our open positions. If the suggested candidates are hired and successfully work in the company for one year, employees receive a reward.

## Employee Engagement and Satisfaction Surveys

Every year, we conduct "Employee Engagement and Satisfaction Surveys" through a professional consultancy firm to gather the opinions of our employees while preserving identity privacy. These surveys help measure employee satisfaction and engagement, allowing us to identify the strengths of our company and areas that need improvement. By comparing the data with Turkey and industry norms, we have the opportunity to make more informed decisions.

### Training Hours per Person by Training Type



# PARTICIPATORY APPROACH

## Employee Engagement with Suggestion and Reward Process

At Olgun Çelik, we recognize the importance of internal customer satisfaction as much as external customer satisfaction, and we acknowledge the critical role of teamwork in success. Therefore, we value our employees, respect their ideas, and strive to create a participatory work environment. We understand the centrality of employees in the business, as they are the ones who best understand the problems and can provide fast and effective solutions. Our developed suggestion system provides an opportunity for improvements in various areas, such as Production Development, Product, Material Movements, Quality, Environmental System, Energy Resources, Occupational Health and Safety, Human, Fault, and Information Security Improvement.

Suggestions are prioritized based on specific scopes, and projects are created. These projects ensure that actions are taken to implement suggestions as quickly as possible. We prioritize suggestions, especially those involving energy efficiency and high occupational health and safety risks, and rapidly put them into practice.

The owners of award-winning suggestions are rewarded based on the value of their ideas. Award ceremonies take place in the workplace with the participation of leaders and are supported by lunch programs to maintain strong communication.

## Kaizen Process

The continuous improvement cycle is one of the most important methodologies in our business. We conduct activities in two types: Before-After Kaizen and Kobetsu Kaizen.

Actions taken in the suggestion process are rewarded after being archived with a Kaizen form.

We have projects managed under the titles of OEE (Overall Equipment Efficiency) and LOH (Labor and Overhead). These projects are carried out and archived in accordance with the Kobetsu Kaizen methodology. We select priority issues with a high impact on revenue through efficiency analyzes in OEE, labor, electricity and natural gas and these issues are progressed by teams under the leadership of relevant individuals.

In 2022, we worked on a total of 52 OEE and LOH actions, completing 31 of them. The remaining 13 projects will continue in 2023.

In 2022, our employees submitted a total of 801 suggestions. Out of these, 149 were implemented and archived in accordance with the Kaizen system. These suggestions;



# OCCUPATIONAL HEALTH AND SAFETY

As a company operating in the heavy industrial metal sector, Olgun Çelik considers the health and safety of its employees a top priority. It takes responsibility for minimizing workplace accidents and health risks, improving business processes through a continuous improvement approach, and providing safe and healthy working conditions.

The primary goal in terms of occupational safety is to prevent hazards at their source. Using cutting-edge technology and automation systems, Olgun Çelik makes work processes safer. It creates working conditions that require employees to only conduct supervision and observation by keeping them away from hazardous areas. Achieving zero workplace accidents and occupational diseases is realized by transforming production processes into fully automated lines. Fully automated lines ensure a guaranteed safe working environment. For processes where full automation is not feasible, job-specific risks are identified, risk assessment procedures are applied, and engineering solutions are implemented with the use of auxiliary work equipment.

The management of occupational safety processes is carried out within the framework of ISO 45001 Occupational Health and Safety Management System, Occupational Health and Safety Policy, legal regulations, and international norms and standards.

## Kaizen Process

The Occupational Health and Safety Board organizes daily communication meetings and monthly occupational health and safety board meetings to guide all employees. These meetings provide an important platform for resolving unsafe conditions and improving occupational safety processes.

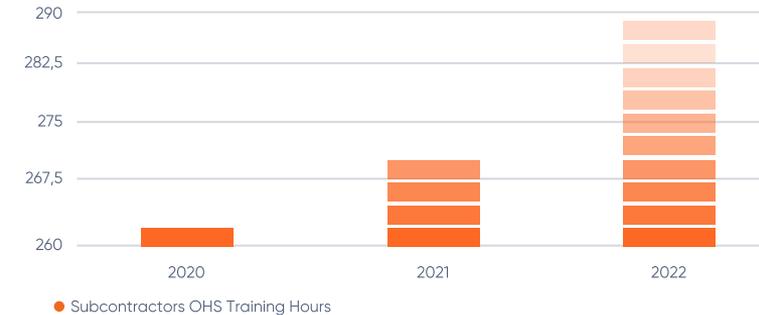
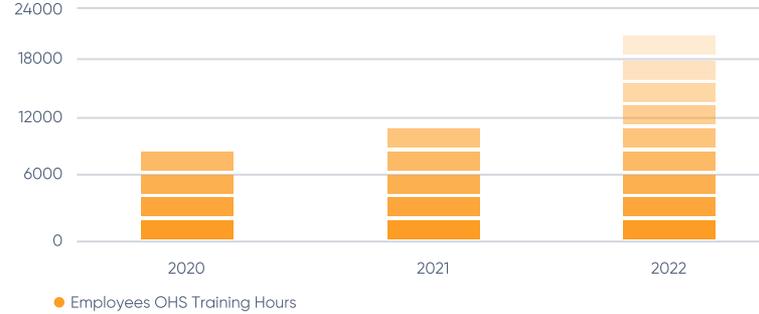
The health and safety of our employees and everyone affected by our activities are our highest priority. We work diligently to protect the health of our employees and provide the safest working conditions to prevent any possible risks.

We conduct continuous risk assessments, audits, and improvement efforts to achieve the health, safety, and environmental goals we have set within the Environmental and Occupational Health and Safety (OHS) Management Systems we participate in and rigorously implement. We support all stakeholders in the successful implementation and sustainability of these systems and take responsibility for this matter.

**Olgun Çelik aims to ensure the highest level of occupational health and safety for all employees working in the workplaces, contractor firm officials, and visitors.**

**All employees must act in accordance with the established rules and instructions to achieve this goal and report any inappropriate situations to the Occupational Health and Safety Board.**

**The Occupational Health and Safety Board is responsible for ensuring suitable conditions in the workplace, taking measures for employees to understand and implement these rules, and organizing training sessions.**



# OCCUPATIONAL HEALTH AND SAFETY

## Occupational Health and Safety Awareness and Culture

Olgun Çelik has initiated a significant cultural change process to ensure its employees are in a safe working environment. We aim to establish and disseminate a culture of occupational health and safety through our investments in occupational safety and the training provided to increase employee awareness. To achieve this goal, we organize occupational safety training and awareness-raising programs. All these efforts are carried out with the aim of ensuring that employees come to work safely and can continue their work in a safe working environment. Additionally, we embrace the goal of achieving zero accidents and aim to surpass industry standards in accident frequency by 2025.

Throughout our factory, there is a risk assessment team to identify occupational health and safety risks, and hazard and risk assessment procedures are implemented. These procedures ensure the identification, prevention, reduction, and control of potential hazards and risks at their source.

We use occupational safety software to process and track our employees' occupational health and safety records. Through this solution, operators can easily report safety issues they identify in the workplace with feedback supported by photos. These reports send warning notifications to relevant responsible parties, allowing on-site inspections for situations posing occupational safety risks. Considering that 98% of workplace accidents result from unsafe behaviors, we have decided to use artificial intelligence-supported occupational safety software to detect, reduce, and increase awareness of unsafe behaviors.

We anticipate that this approach will enable continuous improvements in monitoring workplaces 24/7, accessing real-time violation notifications, and developing compliance procedures. Additionally, we aim to track ergonomic risks in hot and heavy operations by 2030 and eliminate these risks.

Moreover, considering the geographical location of our country and the risks associated with climate change, we have conducted an assessment to complete natural disaster action plans and support teams by 2024 and implement them when necessary.

We aim to review emergency action plans twice a year and business continuity plans once a year.

## Ergonomics

In the field of ergonomics, we collaborate with a risk assessment team using methods based on international standards to identify ergonomic risks in our work processes. We effectively use technologies such as automation, robots, and manipulator systems to minimize work accidents and health risks. Additionally, considering the health and comfort of our employees, we pay special attention to the use of machines and equipment designed and placed in accordance with human anatomy and body structure. To prevent ergonomic and health risks arising from repeated movements, we facilitate material handling at the waist level for our employees by using auxiliary tools such as hydraulic, electric, and scissor lifting equipment. In areas where auxiliary equipment cannot be used, we reduce ergonomic risks using wearable technology (wearable exoskeleton support system). This approach prioritizes high-risk processes, and we take actions to reduce risk scores.

In the upcoming period, we plan to increase the number of scissor platforms and expand projects to create ergonomic and safe working areas.

## Prevention of Work Accidents

One of the most important tools in our workplace is undoubtedly our hands. Hands emerge as a sensitive and protectable body region, unfortunately constituting one of the most common types of all occupational injuries. Fifty-five percent (55%) of workplace accidents in our factory are caused by hand injuries. Therefore, it is of great importance to effectively protect the personnel working in labor-intensive jobs from work accidents.

To protect our employees from work accidents, we use durable gloves against impact and mechanical risks (such as cutting, piercing, abrasion). This measure aims to minimize and prevent damage that may occur in our employees' hand areas. We are committed to the "ZERO WORK ACCIDENT" goal and follow and implement current technologies to ensure the safety of our employees at every stage of the production process. We aim to continuously improve Occupational Health and Safety practices with the participation and contributions of our employees.

## Forklift Safety System

In order to further increase the safety of our forklifts, we have developed a warning system equipped with the latest technology. This new system has automatic braking and complete stopping features by detecting people or objects in front of the forklift driver. We plan to implement this innovative system in 2023. This will contribute to preventing possible accidents during the use of forklifts and further enhancing the safety of our employees.

This technology will support our progress in occupational safety and maximize the safety of our employees.

## Artificial Intelligence-Supported Field Control

Briefly, the integrated artificial intelligence system working with cameras precisely monitors our employees' correct use of Personal Protective Equipment (PPE) and simultaneously digitally reports rule violations to the line leader. Similarly, if inconsistencies are detected in material movements, we immediately notify our line leader, ensuring that necessary corrective actions are taken. It observes risky situations online, such as pedestrian walkway violations and unauthorized entry into specific unmanned areas, and intervenes rapidly if any violation requires intervention.

# COVID - 19 PRECAUTION

## Occupational Health and Safety During the COVID-19 Pandemic

The global COVID-19 pandemic, declared as a global outbreak towards the end of 2019 worldwide, initiated our battle against it with the detection and reporting of the first case in Turkey in March 2020. Throughout the pandemic, a series of measures were taken to protect the health and safety of our employees:

- **COVID-19 Vaccination:** Recommendations were provided to all employees regarding vaccination, and the information of employees who received the vaccine was recorded in the health records.
- **Pandemic Teams:** Special teams were established for pandemic management, and these teams conducted daily health surveys to monitor the health status of employees.
- **Masks and Face Shields:** Adequate masks and face shields were provided for all employees, and the use of masks became mandatory. Waste mask bins were placed in designated areas.
- **Virtual Meetings and Training:** Face-to-face meetings and training sessions were prohibited, and these activities were moved to online platforms.
- **Risk Surveys:** Participation in daily surveys was ensured to determine the risk groups of employees.
- **Remote Work:** A "work from home" arrangement was initiated for employees with chronic illnesses and office workers with suitable conditions on certain days.

- **Service Transport Capacity:** In accordance with the recommendations of the Ministry of Health, the service transport capacity was reduced, and temperature measurements and hand sanitization were implemented at shift entrances.
- **Common Areas:** Buffet service in cafeterias was discontinued, the use of disposable items was encouraged, and meal times for employees were organized.
- **Tea Break Arrangements:** Tea breaks were organized in groups and given alternately.
- **Dressing Rooms:** The arrangement of dressing rooms was changed, occupancy regulations were implemented, and turnstile applications were introduced to washbasin areas.
- **Isolation Rooms:** The first aid room at the production entrance was used for isolation purposes.
- **Tests and Isolation:** Employees suspected of COVID-19 were directed to undergo tests, and those with positive results were isolated at home. Additionally, isolation processes were initiated for close contacts of positive cases.

As a result of all these measures, Olgun Çelik AŞ was awarded by Yunus Emre District Governorship in 2021. These measures were successfully concluded due to the comprehensive precautions taken to protect the health and safety of employees.



# SOCIAL ACTIVITIES

In our commitment to enhancing employee-focused motivation and fostering the team spirit at Olgun Çelik, we organize a variety of dynamic, fun, and motivational social activities to ensure everyone feels happy and delighted. Some of these events include:

Company Celebrations, Street Food Festivals, Welcome Parties for Seasons, Year-End Dinners, Family Festivals, Bowling and Sports Tournaments.

These social activities contribute not only to the well-being and happiness of our employees but also play a crucial role in fostering a positive and motivated work environment at Olgun Çelik.





# TRUST & DEVELOPMENT

CORPORATE GOVERNANCE • ETHICS • TRANSPARENCY  
CUSTOMER PRIVACY • HUMAN RIGHTS • CUSTOMER SATISFACTION  
RISK MANAGEMENT • ECONOMIC AND OPERATIONAL PERFORMANCE



# WORK ETHICS

Our company has a comprehensive Work Ethics Policy that defines corporate governance principles in detail. This policy, placing sustainability at the core of all responsibility principles, covers all stakeholders, including employees, shareholders, suppliers, and customers. It regulates operational activities individually. All of our company's operations are conducted within the framework of general work ethics principles.

These principles guide us in achieving effective, honest, ethical, and professionally required business management in line with legal responsibilities. All employees act based on these general principles in their relationships with customers, suppliers, shareholders, and other stakeholders. Referring to both employee rights and human rights principles, these principles are as follows:

### Honesty and Transparency

Olgun Çelik conducts all activities in adherence to the principle of honesty. In its relationships with employees, customers, suppliers, shareholders, and all stakeholders, the company operates with the principles of truth, honesty, and accountability. It is transparent and open in all relationships.

Employees, customers, suppliers, shareholders, and confidential information belonging to the company are protected. This information is used only in line with our company's activities and is shared with relevant individuals within designated authorities.

### Freedom of Expression

The ability to speak freely allows for the prevention of wrongful behavior and provides the opportunity to correct mistakes. Therefore, an open working environment is provided where employees can freely express concerns or criticisms to reach their leaders without fear.

Leaders are aware of their responsibility to encourage open dialogue, support employees, and fairly and impartially evaluate their ideas.

### Compliance with Laws

Olgun Çelik has adopted the principle of acting in compliance with international treaties to which the Republic of Turkey is a party, the legal regulations of all countries in which it operates, Olgun Çelik policies, procedures, and ethical rules in all areas of operation.

Olgun Çelik employees are obliged to know and comply with the basic laws and regulations concerning their areas of responsibility.

### Cooperation

As employees of the company, we think and act as if we were owners of the company when conducting our activities. An open working environment is provided for employees to express problems or criticisms in order to ensure that our business is conducted as it should be and for the protection of the interests and assets of the company.

### Responsibility

In addition to our legal responsibilities, we make the highest level of effort to fulfill our responsibilities to our customers, employees, suppliers, competitors, shareholders, business partners, and society.

### Customer Focus

We provide products and services that meet the needs of our customers in the best way and gain their trust. We place our customers at the center of our activities.

### Sustainability

Sustainability is at the core of our corporate responsibility principles. We attach great importance to sustainable growth and development, focusing on long-term success.

## ETHICS COMMITTEE

All employees adhere to the principles outlined in the Work Ethics Policy. As Olgun Çelik, we share these principles with our suppliers, whom we consider as business partners, and encourage them to comply with these principles as much as possible.



Occupational Health and Safety



Data Privacy and Protection



Conflict of Interests



Accuracy in Financial and Accounting Records



Employee Relationships



Giving, Receiving, and Hospitality Gifts



Discrimination and Harassment



Corruption and Bribery



Political Activities



Relations with Stakeholders



Environmental Responsibility



Product Quality



Responsible Use of Company Resources



Fair Working Conditions

# WORK ETHICS

## ETHICS COMMITTEE

The Ethics Committee is comprised of an independent member appointed by the Board of Directors, the Leader of Olgun Çelik, and the Human Resources Leader.

Meetings are convened for reports directly submitted to the Ethics Committee or transmitted through the iLab Ethics Hotline. Minutes of the meetings are documented, and information is reported to the Board of Directors. In necessary instances, individuals from within the company may be invited to attend meetings.

Adherence to ethical principles is the responsibility of all employees, leaders, and the ethics committee.

### Responsibilities of the Ethics Committee

- Ensures the effective implementation of ethical principles and fosters a culture that supports it.
- Conducts periodic training sessions to inform employees about ethical rules and ensure the clarity of policies and rules.
- Provides consultancy on the procedural, fundamental, and operational aspects of ethical principles for company employees.
- Examines, evaluates, and concludes reports submitted to the committee.
- Conducts investigations related to reports with confidentiality.
- Maximizes efforts to maintain the confidentiality of reporters' identities and ensures job security.
- Records all stages of the investigation process.
- Implements necessary measures to prevent similar violations.

- Reports evaluations of violations to the Board of Directors when necessary.

### Responsibilities of Leaders

- Ensures the effective implementation of ethical principles and the cultivation of a supportive ethical culture.
- Serves as a role model for employees in complying with these principles.
- Supports employees in understanding and adhering to the principles within their teams.
- Prohibits compelling employees to behave unethically under any circumstances or reasons.
- Encourages employees to report concerns brought to their attention to the ethics committee.
- Encourages employees to report concerns to the ethics committee.
- Evaluates job processes within their scope in terms of ethical rules, identifies discrepancies, and takes measures to ensure compliance with ethical rules.
- Considers every employee's suggestion as an opportunity to enhance the organization and processes.
- Utilizes all management authority in professional standards and corporate discipline, treats employees fairly, and embraces the provision of equal opportunities under equal conditions. Ensures that no employee is subjected to psychological harassment such as discrimination, exclusion, mobbing, intimidation, etc.

### Responsibilities of Employees

- Applies comprehensive ethical rules within their areas of responsibility, prioritizing the company's benefit during their duties, and refrains from actions and behaviors that may provide benefits to themselves or their close ones.
- Is well-versed in regulations, procedures, and instructions related to the company. Acknowledges responsibility for the accuracy and truthfulness of all statements, correspondences, and statements made during proposals, tender preparations, or contract negotiations.
- Demonstrates honesty, discipline, dedication, respect for laws and internal regulations, adherence to high ethical values, and diligence. Embraces and protects the company's name and reputation and represents the company in the best way at all times and in all places.
- Pays meticulous attention to the effective and accurate use of company resources, avoids unnecessary expenses, and refrains from using or allowing the use of company assets and resources for personal gain.
- Maintains confidentiality concerning company-related information with trade secrets and confidential aspects, abiding by the company's rules on information confidentiality.
- Cultivates positive relationships with customers, strives to provide exemplary service, and exhibits moderate and respectful behavior with colleagues.

### Our Work Ethics Procedure



# ECONOMIC PERFORMANCE

As one of Turkey's largest 100 automotive companies, we contribute significantly not only to our own company but also to our suppliers, the sector, and the national economy.

Our company, a leader in the light commercial vehicle market in Europe, has taken a significant step to produce high-tech and high-value-added products under the OlgunTech brand and has risen to a leadership position in designing its own machines with OlgunAutomation. In 2021, we ranked 75th in the evaluation of the Automotive Exporters' Association by the Turkey Exporters Assembly, and we are proud to have climbed to the 74th position in 2022.

As a result of the evaluation by the OIB, we were honored with the 2022 Bronze Exporter Award.

While supplying a critical product to the OEM market in Turkey and globally, our company, employing more than 700 people, plays a crucial role in contributing significantly to the Turkish economy with sales to European OEMs on the global stage. Acting with the responsibility to preserve economic and social value, we aim to strengthen even further in the future.

**From 2018 to 2023, we increased our turnover level by 100% in EUR.**

**From 2018 to 2023, our export volume also showed an increase of over 100% in EUR.**

We anticipate a 66% increase in our export turnover by 2025. Similar growth was experienced in our domestic turnover, with an increase of over 100% in EUR.

With this growth, Olgun Çelik is now in a larger and stronger position. And the most exciting part is our commitment to building a sustainable future by directing our increased business volume towards clean energy investments. Focusing on environmentally friendly projects such as Solar Power Plants, we continue on the path to a brighter future.

### Accuracy in Financial Records

As a fundamental element of our ethical working policy, we place great importance on maintaining our financial and commercial records accurately, appropriately, and comprehensively. This reflects our commitment to ensuring that our relationships with official institutions and the information we provide to our stakeholders are transparent, orderly, and reliable.

### Anti-Corruption and Bribery Policy

Employees of Olgun Çelik have committed to complying with universal legal principles and ethical and professional standards in the fight against bribery and corruption. We embrace a "zero tolerance" approach to bribery and corruption and commit to conducting our activities in a fair, honest, legal, and ethical manner. None of our employees will offer bribes or benefits in any form, and no cash or similar payments will be made outside of laws and regulations, even for the benefit of the company.



# TAXATION

### Tax Policy

At Olgun Çelik, we consider taxation processes to be of utmost importance in terms of our company's values, stakeholders, and compliance with legal obligations. We actively manage, continuously audit, and fulfill our taxable transactions, ensuring that we meet our tax obligations comprehensively. The primary goal of our tax policy is to conduct tax processes for Olgun Çelik and all our stakeholders in a transparent, predictable, and risk-free manner.

### Tax Management and Organization

As a company, we proactively embrace the identification, management, and accurate implementation of tax risks in our business activities. To minimize tax risks, we focus on implementing practices that effectively utilize both physical and software-based control systems. The tax policy is overseen by our Chief Financial Officer (CFO) and is executed in collaboration with the finance and tax teams within the finance department.

### Tax Compliance and Planning

At Olgun Çelik, we believe that transparent and honest behavior in the realm of taxation is an integral part of our social responsibility, and we actively support and adhere to it. We prudently leverage incentives and opportunities derived from our investments in harmony with the value we create.

### Communication with Authorities

We strive to establish open, constructive, and transparent communication with relevant authorities. Fulfilling our disclosure obligations and submitting our declarations in a timely and complete manner are fundamental aspects of our policy. Responding promptly and comprehensively to requested additional information and documents is considered a cornerstone of our tax policy.

**At Olgun Çelik, we firmly believe and support the notion that transparent and honest behavior in the field of taxation is an integral part of our social responsibility.**



# RISK AND OPPORTUNITY MANAGEMENT

At Olgun Çelik, to deliver high value to all stakeholders:

- We establish and implement a risk and opportunity management system based on operational security and sustainability principles, aligned with strategic objectives, to preserve the values of assets.
- We create and continuously improve activity plans for anticipating, managing, and monitoring potential risks in all processes and functions.
- Recognizing all levels of risk in our operations, we define responsibilities related to risk management to eliminate or reduce risks to an acceptable and feasible level.
- We communicate process and sustainability goals to our employees, ensuring clear understanding and keeping communication channels open.
- Top management periodically reviews and ensures the continuity of risks and opportunities, securing all necessary resources for managing identified risks and opportunities.
- We base our corporate risk and opportunity management on compliance with existing laws, regulations, and rules, fulfilling our responsibilities to the environment, customers, suppliers, and employees.

After identifying and evaluating risks related to the organization's strategic objectives, we consider their probability and assess their impacts on aspects such as time, cost, performance, reputation, quality, environment, occupational health and safety, energy, information security, and sustainability.

Risk and opportunity assessment, a fundamental element of risk and opportunity management, involves identifying, analyzing, and determining appropriate solutions for situations or conditions that could impede the achievement of our organization's goals and objectives.

In corporate risk analysis, we refer to the strategic plan for identifying corporate risks, and for identifying risks at the operational level, we use the processes and workflow charts within our organization as a reference.

All our employees are responsible for risk and opportunity management through the definition of tasks, authorities, and responsibilities. Successful risk and opportunity management, for us, depend on our employees taking ownership of risk and opportunity management. Therefore, each of our employees is responsible for managing risks and opportunities within their scope (identification, assessment, response, review, and reporting).

We review our risk and opportunity management efforts at least once a year, considering changing conditions. The tracking and improvement of potential risk issues will progress within the framework of sustainability management system integration.

Classification	Description	Potential Risk Topics
<b>Strategic</b>	Risks related to the strategic goals and objectives of the organization or relevant business unit	Reputation loss, issues in raw material procurement, possible disruptions in the supply chain, rapid cost changes, decrease in customer satisfaction
<b>Financial</b>	Risks with financial impact (costs, revenues, and budgeting related)	Global economic slowdowns, problems in investment credit financing, high interest rate risk in financial borrowing, liquidity ratios, changes in exchange rates, internal financial programs and policies, raw material costs, imported raw material costs, the necessity of sustainable raw material supply due to climate change and EU Green Deal applications, and possible cost changes...
<b>Compliance</b>	Risks related to legal contracts, obligations, and political and policy-related influences	Non-compliance violations in matters requiring legal compliance, legal regulations and changes that may affect competitive power, geopolitical, political, legal, social, and financial issues that may affect trade with countries in our trade relationship, changes in regulations, legal (environmental, social), professional regulations, information security, OHS, trust violations due to cybersecurity issues, SKDM process
<b>Management</b>	Risks related to decision-making, resource management, and policies	Lack of critical internal policies, non-enforcement, limited management responsibility, failure to take necessary steps in institutionalization and ethics, delays and/or incorrect technological and strategic investment decisions...
<b>Operational</b>	Risks affecting service continuity, support processes, and management processes	Possible interruptions in supplier services, stoppage of activities due to natural disasters, problems in the production line and technological infrastructure, disruptions in production, quality issues, major accidents, potential environmental disasters...





# **ENVIRONMENT & CIRCULAR ECONOMY**

**ENERGY EFFICIENCY • EMISSIONS • WASTE  
RESOURCE AND WATER USAGE • NOISE AND AIR POLLUTION**



# ENVIRONMENTAL SUSTAINABILITY

We are committed to leaving a livable world for future generations by offering sustainable products and services. This mission reflects our commitment as a company that operates not only with a focus on financial gain but also as an environmentally and socially conscious company adhering to sustainability principles. In addition to holding the ISO 14001 Environmental Management System Certificate, we continue to invest in cleaner production and technologies, keeping pace with global developments in the industry.

Integrating the circular economy model into our business processes with the energy and contributions of our employees, we take necessary steps for efficient resource use throughout the product life cycle. This goes beyond mere regulatory compliance; it is an integral part of using our resources ethically and maintaining a holistic perspective. We support these efforts through in-house training. Doubling the environmental education hours our employees receive is among our goals by 2025.

Contributing positively to climate change within the framework of the Green Deal and the Paris Climate Agreement is central to our sustainability priorities. We work on various fronts to reduce our emissions and calculate our carbon footprint in accordance with the ISO 14064 standard. To reduce Scope 1 greenhouse gas emissions, we are transitioning to induction furnaces with technological innovations. We plan to invest in renewable energy sources to reduce Scope 2 greenhouse gas emissions.

To manage energy efficiency, we are establishing the ISO 50001 Energy Management System and aim to obtain this certificate by 2023.

We are working on new projects to reduce energy consumption, and our efforts in energy efficiency and emission reduction are long-term commitments. We also focus on environmentally friendly and innovative production research, including alternative material use and R&D projects.

Sustainability is crucial for every industry, especially for organizations engaged in industrial production. As automotive sector suppliers, aligning with the sustainability goals of our major customers is central to our mission. We actively work on environmental and social issues such as energy, emissions, water, and waste. Therefore, it is of great importance for every organization to adopt a sustainability management system and closely follow sectoral changes.

If we need to elaborate with examples, Olgun Çelik's pioneering efforts include internal initiatives in our products such as the use of alternative raw materials, energy efficiency, and emission reduction to contribute to the industry's transformation and emission goals. Additionally, investments in electric/hydrogen vehicle technology and plans for investments in new energy sources are integral parts of our strategic initiatives. These endeavors underscore Olgun Çelik's commitment to innovation and sustainability, aligning with the broader industry trends and future environmental targets.

The development of projects, especially those based on industry or raw materials, in collaboration with industry suppliers and our country's suppliers, holds great value in producing sustainable solutions and contributing to sectoral transformation. Leading technological development in the industrial sector, Olgun Çelik is well aware of its significant responsibilities to society and employees.

Our company's environmental sustainability approach is closely linked to our energy policy, and we embrace circular economy principles in our production processes.

Our management policies explicitly include the well-defined approach to environmental sustainability, intertwined with our energy policy. Our production processes, approached with a cradle-to-cradle perspective, indicate how our Environmental and Energy Policy guides our sustainability efforts.

**Our Environmental Ethics Approach aims to ensure the environmentally responsible provision and use of natural resources (energy, water, materials, and space) at every stage of our business activities. Throughout this process, we commit to providing our employees with a healthy and safe working environment by fully complying with environmental, health, and safety laws and standards.**



# ENERGY

### Our Energy Efficiency and Sustainability Initiatives

At Olgun Çelik, we operate as an industrial organization with high energy consumption. Natural gas and electricity are the primary energy sources used in our production processes. To control energy costs and offset the impact of rising energy prices, we consistently focus on energy efficiency initiatives.

In recent years, customer demands related to climate change, sustainability requirements, and the growing interest in green energy have accelerated our efforts towards transformation and green energy sources. In line with the European Union's Green Deal regulations, we are actively working to reduce emission rates. Energy efficiency initiatives play a significant role in this context.

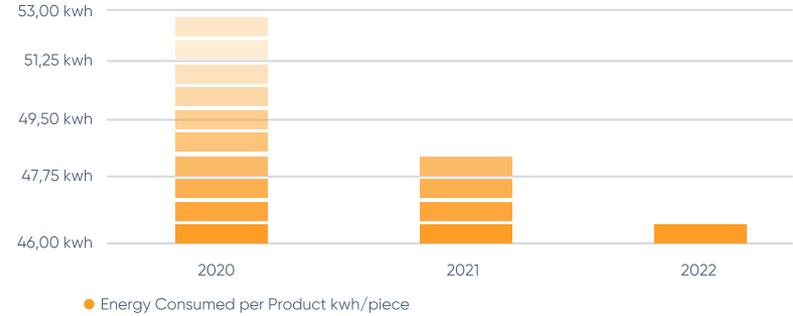
Our efforts to obtain the ISO 50001 certification, initiated in 2022, and emission reduction projects have contributed to accelerating the transformation in energy efficiency and sustainability. We have set a 2% efficiency target for the first year, considered as an initial step towards achieving our long-term goal.

For our energy-related initiatives, we have established an Energy Management Team. This team collaborates with the management in terms of planning activities and creating projects.

Furthermore, our energy efficiency initiatives include:

- Plans to eliminate secondary heating systems through the transition to automation and the adoption of induction heating systems, reducing natural gas usage,
- Implementation of energy efficiency measures based on energy study results,
- Monitoring product-specific energy consumption using MES (Manufacturing Execution System),
- Plans for energy recovery from compressor waste heat,
- Efforts to improve the efficiency of KTL and wet paint burners.

With all these efforts, we are steadily progressing towards our energy efficiency and sustainability goals.



# EMISSIONS

The year 2022 witnessed various weather events highlighting the increasing impact of climate change. These incidents served as serious warnings about the dangers of exceeding the 1.5°C temperature increase limit globally. The events were not limited to extreme heat in Europe and the Middle East, floods in Pakistan, heavy rainfall in West and Central Africa, severe storms, and wildfires in America. In our country, a series of disasters such as floods, fires, drought, and problems in water resources in recent years also pointed to the same issue. Therefore, the effects of climate change and greenhouse gas emissions have become a top priority for organizations worldwide. It's essential to note that customer expectations have a significant influence on actions in this area.

Our company recognized the importance of controlling and reducing greenhouse gas emissions a long time ago and has focused on more radical approaches, especially in areas like product raw material transformation. As of 2021, we began calculating the emissions caused by our production activities in accordance with the ISO 14064-1 standard through a specialized organization.

In the greenhouse gas calculation, we classified emission sources under three different scopes following the GHG Protocol:

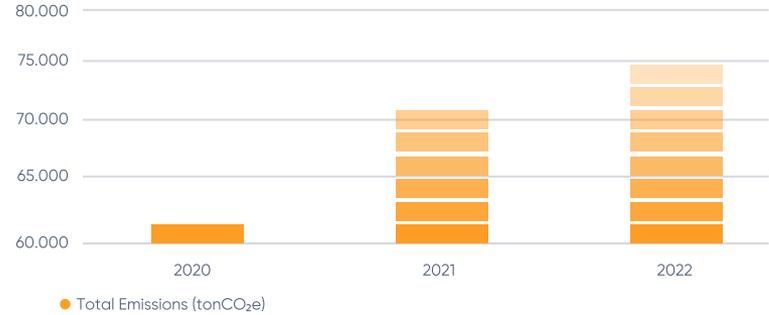
**Scope 1:** Greenhouse gas emissions arising from directly used energy sources, such as natural gas consumption, fuel consumption in company vehicles, leakage emissions, etc.

**Scope 2:** Greenhouse gas emissions arising from indirectly sourced electricity.

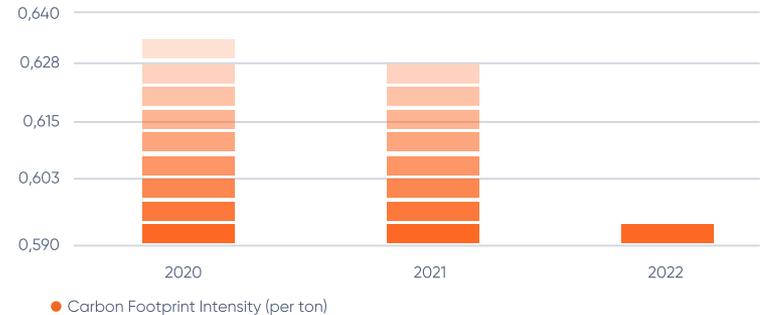
**Scope 3:** All other emissions, such as transportation (product, business travel, staff service, waste, visitor, etc.) emissions, emissions from purchased materials and services, emissions related to water consumption, emissions from waste, emissions occurring at the end of the product life, emissions from the transmission and distribution of energy sources used, etc.

The total emissions shared in this report include Scope 1, Scope 2, and Scope 3 emissions. Carbon footprint density was calculated considering only Scope 1 and Scope 2 emissions.

The transition from natural gas furnaces to induction electric heating technologies helped us reduce our Scope 1 and Scope 2 carbon footprint density by 5.3%.



● Total Emissions (tonCO<sub>2</sub>e)



● Carbon Footprint Intensity (per ton)

## Note

- Total emissions include the sum of Scope 1–Scope 2–Scope 3 emissions.
- Carbon footprint intensity is calculated considering only Scope 1 and Scope 2 emissions.

# MATERIAL & WASTE MANAGEMENT

In the automotive sector, material usage and waste management are two fundamental elements of great importance for sustainability. Waste management and recycling strategies are vital for conserving natural resources, reducing environmental pollution, and creating a healthier environment for future generations. The industry, adapting to continually evolving technologies and best practices in this field, can contribute to the production of more sustainable and environmentally friendly automobiles.

Among the prominent issues in the sector are waste management, waste reduction, recycling, and the transformation of materials into lighter new materials. At Olgun Çelik, we have adopted a strategy of using steel raw materials in our traditional production processes with a 100% recyclable approach. This minimizes the impact of energy, waste, and labor required for raw materials produced from new mining sources.

As evident in this report, we respond to the emission and waste reduction demands in the automotive sector by using composite and recycled steel materials in our production. Our company, as a leading firm advancing engineering knowledge in this field, has achieved successful results.

Additionally, we are working on reducing other packaging and transportation materials used to minimize environmental impact and paying attention to material selection. In this context, you can find the projects we have developed in collaboration with customers and suppliers in the following pages.

Since 2020, efforts to reduce waste have yielded positive results, and we are currently in the phase of rapidly implementing projects for 2023 and beyond. Our ongoing collaboration with suppliers to develop packaging projects in line with sustainability principles continues. The successful completion of the transition to online EPAL pallets in 2022 has been a significant step within this framework.



Olgun Çelik prefers 100% recyclable steel raw materials in our traditional production processes.

Amount of waste per tonnage of production



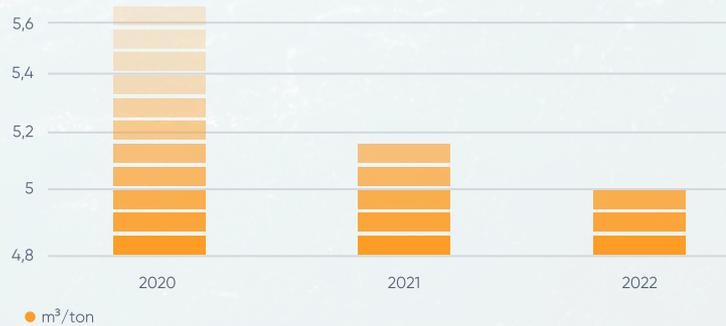
# WATER MANAGEMENT

Olgun Çelik utilizes water in its production processes. Although our water consumption is limited compared to other sectors, the scarcity of global water resources, the impact of climate change on water sources, and the challenges and expectations nationwide necessitate measures in water management.

Our company operates in the Manisa Organized Industrial Zone and uses municipal water. We are actively engaged in efforts to enhance efficiency with the goal of reducing water usage in office and production areas. Additionally, we aim to achieve a reduction in the amount of water used for each product manufactured, as depicted more clearly in the graph below.

In cases where water becomes contaminated during certain stages of the production process, we have plans to treat and repurpose the contaminated water for use in different areas such as garden irrigation. Importantly, our company refrains from utilizing groundwater sources for water consumption. These measures in water management constitute significant steps toward preserving water resources and promoting sustainable water use.

Water consumption per tonnage of production



# SUSTAINABILITY PRACTICES

## WATER

All our initiatives focus on projects aimed at saving water usage.

### Water Savings in Production

Our parabolic machine's furnace rollers posed a risk of overflowing in the closed-system water cooling pool, potentially causing a daily loss of up to 30 tons of water in the production process. Today, a float mounted on the water tank controls the water level and provides visual and audible alerts in case of overflow. This improvement has prevented an annual loss of 600 tons of water.

The cooling water for the winking machine's blade had to be closed when the machine was not in use, but the valve closure could be forgotten. To address this issue, a solenoid valve was added to the relevant water line and integrated with the hydraulic pump system. Now, when the machine is idle, water flow is automatically cut off, preventing an annual loss of 650 tons of water.

### Operational Water Savings

In the cafeteria, washing 200-250 coffee cups per day required individually checking each cup from the tap before being thrown into the machine due to the dense coffee grounds. This resulted in both water and time wastage. By adding a pressurized cup cleaning attachment to the kitchen sink, time was saved, and an annual excess water consumption of 42 cubic meters was prevented. The success of this project has become even more gratifying as all employees have shown sensitivity to the issue and internalized the process.

## TECHNOLOGICAL INFRASTRUCTURE PROJECTS

### Business Intelligence (BI) Study - Sustainability of Information

Many processes in our supply chain department were manually executed, increasing workload and complicating quick and accurate access to data. Manual processes carried the risk of errors and decreased efficiency.

We needed to reduce the time allocated to reporting tasks and focus on value creation. We required a solution that supported digital transformation, transformed data into meaningful visuals, was easily integrable, and could be used by the entire team. In 2021, we transitioned to BI reporting tools, eliminating an average workload of 60 hours per month in the supply chain unit.

Through digital transformation, our workload decreased, rapid access to data was achieved, and we strengthened our decision-making processes. We supported strategic and operational decisions. The visual panels we designed made data more understandable, allowing top management to monitor key metrics instantly. Thus, we began to facilitate easier access to sustainable information.

**Recyclable paper is used when necessary in all internal correspondence.**

## TRANSPORTATION

### Transition to Intermodal Logistics Application

For our international shipments, we initiated the use of intermodal transportation, utilizing sea and rail options as an alternative to road transportation. Our primary goal is to prioritize sea and rail options to minimize carbon emissions as much as possible.



## SUSTAINABILITY INITIATIVES WITH CUSTOMERS AND SUPPLIERS

### Switching to Recyclable Wooden Pallets Instead of Bottom Blocks for a Key Industrial Customer

In collaboration with our main industrial customer, we plan to utilize recyclable Euro pallet pools for a portion of shipments. Through this partnership, we aim to reduce wood usage, creating benefits in both sustainability and cost.

### Switching to Recyclable Steel Boxes and Wooden Crates Instead of Cardboard Packaging

As part of our cooperation with our supplier company, the pallets that carry the materials to OlgunÇelik are now supplied in wooden crates. In this way, we contribute to the circular economy and sustainability by reducing the use of materials such as pallets, stretch nylon, cardboard and plastic strapping. We also aim to further reduce wood consumption by utilizing the euro pallet pool.

### Reducing the use of cardboard

In collaboration with our supplier, we initiated a collaboration to reduce cardboard consumption. By changing the packaging method for a specific material group, we aim to reduce cardboard usage. We plan to implement the project in 2023.

# SUSTAINABILITY PRACTICES

## SUSTAINABLE STRUCTURES

### Olgun Çelik Sustainability Approach: OlgunTech Building

Olgun Çelik has a vision that embodies the principles of sustainability. Especially in our new investments, we evaluate environmental impacts, occupational health and safety, and ergonomic factors both in the short and long term. One of the most tangible examples of this approach is the OlgunTech building.

Sustainability principles and energy efficiency took precedence in the design of the OlgunTech building. The roof covering features 5.1 cm Polyzosranite insulation boards with aluminum-coated TPO membrane on both sides, certified by FM and UL. Polyzosranite is a recyclable material, a closed-cell rigid insulation foam.

Rainwater collected by the membranes on the roof is stored in a rainwater harvesting tank on the front facade of the building and reused through siphon systems. This way, rain and drainage waters are harvested and reused in the wastewater plumbing. Additionally, the roof is equipped with suitable electrical installations for solar panels.

In case of fire, pneumatically operated smoke exhaust hatches, opened by CO<sub>2</sub> cylinders, are used in the building. These hatches enhance safety with the feature of automatic opening without the need for firefighting intervention.

Facade panels are insulated with 80 mm PIR Aluform sandwich panels, providing top-level insulation.

The facade cladding system contributes to energy efficiency by reflecting 60% of sunlight back during hot weather and preventing the radiation of internal light during cold weather. Additionally, aluminum sunshade panels create shade on the facade, assisting in temperature control.

All sectional doors opening to the external facade of the building use thermal insulation materials. The sectional doors in the production area are equipped with Eraflex high-speed doors to prevent the escape of conditioned air.

Ventilation systems operate fully automated by transferring the temperature of the air back inside with recovery devices without releasing it. In the production area, fabric ducts are used to create a blowing duct system.

The entire building is equipped with automated systems, and lighting is managed through automation. Moreover, all faucets are equipped with sensors to optimize water usage.

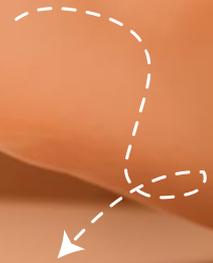
Mechanical and electrical installations are reinforced with seismic isolators against earthquakes. Fire prevention measures include a sprinkler system, the use of fire-resistant materials, and passive fire prevention measures such as fire-resistant OSB.



The image features a warm, orange-toned background. Two hands are positioned at the top, palms facing each other to form a protective arch. Below this arch, a row of white silhouettes represents a diverse group of people. The main title is centered over the silhouettes.

# CONTRIBUTION TO SOCIETY

**PRODUCT** • **QUALITY** • **INNOVATION**  
**STAKEHOLDERS** • **CORPORATE RESPONSIBILITY**



# QUALITY MANAGEMENT SYSTEM

## Our Quality Control Laboratory and Quality Policy

At Olgun Çelik, we constantly strive to ensure the highest level of quality in leaf spring production through our dedicated quality control laboratory and expert engineering team. We produce products that ensure the safe transportation of light, medium, and heavy commercial vehicles in line with the three fundamental principles of our customer-centric quality policy:

**Customer Satisfaction:** Meeting customer needs at the highest level in areas such as quality, safety, reliability, delivery times, and competitive pricing.

**Continuous Improvement:** Embracing continuous improvement in our products, processes, and procedures, and monitoring development with measurable performance indicators.

**Quality Management Systems:** Implementing all quality management systems accurately and effectively.

## Testing Capabilities of Our Quality Laboratory

At Olgun Çelik, production and quality control processes are meticulously monitored. Every step, from the entry of raw materials and consumables to final product inspections, is carefully tracked, documented, and recorded in accordance with international standards and customer requirements.

## TEST CENTER

Our investment in the Test Center, initiated in 2015, is part of our goal to transcend geographical and technological boundaries, acknowledging that sustainable quality is unmanageable. Our advanced data collection systems and seismic base surfaces enable us to measure all forces affecting vehicle components without loss—a source of pride for our advanced technology testing system, meeting the verification needs of our customers in the global automotive industry. With a series of projects to its credit, our test center has given Olgun Çelik a significant competitive advantage, becoming one of the leading test centers in the European automotive industry.

Our advanced test center, having contributed to various projects in the past, continues to be a source of competitive advantage for Olgun Çelik. With continuous growth and accumulated experience, it has become one of the leading test centers in the European automotive industry. In addition to meeting our own needs, it has become a center of excellence by providing testing services to other organizations.



## PRODUCT QUALITY

**Product quality is always at the forefront for Olgun Celik. In this regard, our employees are obligated to do their utmost to provide trustworthy, brand-enhancing, safe, and high-quality services and products in accordance with company standards and procedures.**



# R&D CENTER

The Olgun Çelik Research and Development Department was officially recognized as a Research and Development Center by the Ministry of Industry on June 18, 2010, following intensive efforts aimed at achieving superior quality and efficient production goals.

Our innovative and research-oriented team at the R&D center now plays a crucial role as a design and strategic solution partner for vehicle manufacturers worldwide. We boast the experience of providing services at the level of a 'Full-Service Supplier' to our customers.

Collaborating with primary industry engineers, Olgun Steel actively participates in suspension development projects, contributing deep knowledge and expertise to product development processes. To achieve this goal, we continually develop new methods and use finite element software to expedite the process.

Believing in the value of collaboration with universities, we engage in partnerships with academic circles, benefiting from the support provided by the Turkish Ministry of Industry and Commerce for R&D projects. We collaborate with academic experts as consultants, supporting postgraduate and doctoral studies.

Using finite element analysis methods, we conduct applied research and design studies to enhance leaf spring design methods. Our research team correlates theoretical results with practical implications, considering the effects of production and material parameters, and conducts sustainable R&D activities.

We take pride in regularly seeing the results of these efforts in our patent applications. Additionally, we have the opportunity to publish the outcomes of these studies at prestigious international conferences.

Our R&D Center continues to develop sustainable initiatives that reduce environmental impact, with over 250 R&D projects, 30 patent applications, 40 presentations and articles, and 12 registered trademarks.

**Our vision\*** is to continue our R&D Center efforts with the goal of becoming one of the most preferred technology companies globally, offering suspension and lightweight solutions.

Today, due to rising fuel costs and environmental regulations, reducing carbon emissions in the automotive sector has become a top priority, leading vehicle manufacturers to focus on producing lighter vehicles. Research indicates that a 10% reduction in a car's weight can result in 1-2% fuel savings. To support this transformation and be a leader in the industry, the OlgunTech business unit was established in 2013. OlgunTech aims to build expertise and infrastructure to offer strong alternatives such as composite leaf springs instead of steel.

As part of our strategic transformation plan, we initiated the establishment of a long-term exclusive partnership with the Fraunhofer Institute for the design, development, prototyping, and production of automotive composite components.

\*To be a globally preferred leading company that has adopted the principle of offering creative products to the solution needs in the fields of suspension, lightness and technological development affecting our world

Under the TÜBİTAK-supported project numbered TEYDEB 3140114, we successfully implemented the Composite Material Technologies and Composite Leaf Spring Development project with the Fraunhofer Institute. This project helped us gain competence in composite material properties, design and production methods, product verification capabilities, and supply chain dynamics. Our efforts expanded beyond leaf springs, also including other structural components in the automotive sector, such as bumper beams.

As part of our strategic transformation plan, the OlgunTech business unit aims to develop and produce alternative automotive components based on polymer composite knowledge and production infrastructure, offering end-users lighter products. Our goal is to be a globally preferred leading company by providing creative products for solution needs in the areas of suspension, lightweight design, and technological developments affecting our world.



# OLGUNTECH - COMPOSITE MATERIAL

OlgunTech's pilot production line was established in 2020 with the company's own capital. This pilot production facility aims to enable the low-volume production of products that have completed the product design and simulation stages, utilizing the company's capabilities and expertise. In line with this goal, it is equipped with suitable machinery and equipment, including methods such as compression molding.

OlgunTech continues its journey in lightweight products and vehicle engineering, which started in 2013, with a focus on innovative technologies. It strives to grow and provide partnership solutions through continuous improvements and investments in advanced technology. The absence of polymer composite leaf springs, which are becoming increasingly common for light commercial vehicles, being produced in Turkey has led to the need to establish infrastructure and offer competitive products in this field. Therefore, a project application was submitted under the "Technology-Focused Industrial Initiative" program in 2021, focusing on mobility, and this project was approved.

The European Union's goals of regulating carbon dioxide in the automotive sector and promoting weight reduction and electric vehicle production have rapidly increased the demand for polymer composite leaf springs in Turkey's automotive industry. Within the scope of the Hamle project, infrastructure for the production of composite rear bumper impact absorber products, as well as investment in Epoxy Resin Impregnated Unidirectional Glass Fiber Cloth (Prepreg) semi-finished products for the serial production of these products, has been established.

With the Hamle project, OlgunTech aims to specialize as a technology campus within the business unit, creating a center for composite parts, lightweight product solutions, R&D, engineering, and testing services. To achieve these goals, the employment of a qualified workforce within the unit will also be carried out.



# OLGUN ÇELİK CERTIFICATIONS

- IATF 16949 : 2016
- ISO 9001 : 2015
- ISO/IEC 27001: 2022
- ISO 45001 : 2018
- ISO 14001 : 2015
- EAC (Eurasian Conformity Mark)

# COMPOSITE MATERIAL, PRODUCT & SUSTAINABILITY

Transportation accounts for approximately 20% of global greenhouse gas emissions, constituting a quarter in Europe, making it one of the largest sources of greenhouse gases worldwide. A simple solution to this problem is to produce lighter vehicles. In a time where environmental impacts are increasing, and future regulations for greenhouse gas reduction are inevitable, composite springs offer lighter products that can increase transport capacity and improve fuel economy.

At Olgun Çelik, we aim to target this transformation by turning to new materials. The prototype development and manufacturing infrastructure investment carried out in 2020 can be summarized under the following headlines:

- Design of polymer composite leaf springs that can replace steel springs,
- Structural analysis using the finite element method (mechanical properties, strength, fatigue, etc.),
- Working condition simulations,
- Establishment of the necessary infrastructure for prototype production (equipment, mold, auxiliary tools/fixtures, etc.),
- Manufacturing of preliminary prototypes for the verification of different design parameters,
- Physical tests and destructive examinations (Elongation, strength, cyclic life test, etc.).

Internal projects developing different product solutions for leaf springs are also ongoing within our company. As an alternative to the import of steel leaf springs with a single spring constant, design and prototyping studies have been carried out for glass fiber-reinforced thermoset composite leaf springs. As a result, approximately 50% weight reduction has been achieved, providing a local solution instead of imported products in the local market.

Furthermore, within another internal project, a hybrid solution has been developed for two-layered steel leaf spring products, where the main layer is steel, and the auxiliary layer is a thermoset composite. This hybrid product has provided a 20% weight reduction and made multi-layered leaf springs possible. Simultaneously, a single-layer composite leaf spring design has been developed as an alternative to multi-layered steel leaf springs. With this design, up to a 70% weight reduction in leaf springs has been achieved, and a request for industrial property rights has been made for this design (PCT/TR2020/050891).



# COMPOSITE PRODUCTS & SUSTAINABILITY

In 2022, we partnered in a Horizon project involving the production of hemp and recycled carbon fiber hybrid materials using an environmentally friendly and fully recyclable bio-epoxy matrix material. We have applied for this project. The materials used in this project are designed to be fully recyclable, and a production method aiming for lower energy consumption is under development.

The goals of reducing emission emissions have highlighted the need to lighten vehicles. This requirement has led to significant progress in material technologies and design studies. Additionally, the widespread adoption of electric vehicles has made weight reduction activities more crucial to increase the range of vehicles. Considering the predominantly battery-induced weight of electric vehicles, the use of composite materials in the external housings of vehicle batteries and chassis components may become inevitable in the future.

The OlgunTech business unit continues its efforts to develop technological solutions for future road, defense, and air vehicles, aiming to provide solutions for weight reduction requirements in electric vehicles. Especially due to the excessive weight of batteries in electric vehicles, there is a significant need for lighter materials. Therefore, the use of natural fibers in different components of electric vehicles presents significant opportunities. With the development of electric vehicles, OlgunTech aims to contribute to green transformation by offering solutions, especially in reducing battery sizes and increasing range.

## OUR STRATEGIES

### Short-Term Strategies

One of our short-term goals is to strengthen our presence in the market with high-tech composite materials by accelerating the development, production, and validation processes of composite leaf springs. Simultaneously, we aim to increase resource efficiency and productivity by designing and developing production machinery based on robotics and automation using our own resources. We also aim to build advanced data storage and analysis systems.

As new systems in the mechanical, electrical, and automation fields are designed, we will continue to work on a collaborative development environment where digital twins of these systems are created.

### Medium-Term Strategies

Among our medium-term goals is the development of lighter alternative automotive systems by utilizing the design capabilities and experience offered by composite leaf springs. Additionally, we will work on adapting the experience gained from composite technology in the automotive sector to the aviation and defense industries, developing composite systems, and improving test methods.

By responding to the needs of Industry 4.0 and 5.0, we aim to create capabilities for developing automation and software requirements in-house for manufacturing processes. We will also use various tools, including machine learning and artificial intelligence, to conduct development studies covering data collection, monitoring, analysis, visualization, and processing processes.

### Long-Term Strategies

Among our long-term goals is the exploration of future production technologies by examining the production of composites and other materials using additive manufacturing methods.



## STAKEHOLDER RELATIONS

At Olgun Çelik, we consistently demonstrate professionalism, a fair approach, and a courteous attitude in our relationships with suppliers, government agencies, and other stakeholders. Whether in professional or personal situations where our employees are associated with Olgun Çelik, we expect them to avoid behaviors that could damage the reputation of others or lead to legal issues.

Our employees, especially, should refrain from any behavior or action that is demeaning, harmful,

disrespectful, dishonest, discriminatory, or could provide an unfair competitive advantage.

Our relationship with stakeholders is conducted within a professional and corporate framework. The fact that they are familiar, relatives, or continuous stakeholders should not alter the behavior of our employees.

This approach reflects our Ethical Conduct Policy, which is considered part of our Corporate Governance principles.



## SOCIAL RESPONSIBILITY

Believing in the notion that businesses should benefit society, we have initiated social responsibility activities within the scope of stakeholder management. In addition to our core business and activities, we bear the responsibility of creating benefits for society.

The first focus of our social responsibility activities was the environment. In November 2022, we contributed to environmental awareness through tree planting and garbage collection activities with students from Manisa Üçpınar Yıldız Hanım Primary School. During this initiative, we also identified other needs of the school, and we will continue our efforts to address these needs in the upcoming period.



# MEMBERSHIPS



MANİSA ORGANİZE SANAYİ BÖLGESİ®  
MANİSA INDUSTRIAL PARK



Year	Documents
2005	FORD Q1
2007	IVECO Approved Supplier
2009	DAIMLER Category A
2011	VW Category B
2014	SCANIA & MAN Approved Supplier
2015	VW Category A
2016	MAN Logistic Category A Supplier
2017	VOLVO Approved Supplier
2018	FORD P1 & P2 Post Integration Q1

Year	Awards
2006	FORD Supplier Award
2010	Best Supplier Award from OEMs
2013	Ford Gold Star Best Supplier Award
2014	Respect for Humanity Award
2015	Respect for Humanity Award
2016	Respect for Humanity Award
2017	Respect for Humanity Award
2018	Ford Bronze Star Best Supplier Award
2018	Respect for Humanity Award
2019	Respect for Humanity Award
2019	Turkey's Top 1000 Exporters
2020	Captains of Technology
2020	OIB Silver Exporter Award
2021	Ford Gold Star Best Supplier Award
2022	OIB Bronze Importer Award



# HUMAN RESOURCES DATA

Employment Type	Gender	2020	2021	2022
Administrative	Female	30	30	38
	Male	63	77	97
Field	Female	3	4	5
	Male	500	562	580
<b>Total</b>		596	673	720

Location	Gender	2020	2021	2022
Manisa	Female	33	34	43
	Male	563	639	677
<b>Total</b>		596	673	720

By Age	Gender	2020	2021	2022
20-29	Female	10	10	13
	Male	133	161	170
30-40	Female	16	17	22
	Male	298	309	315
40-50	Female	7	7	8
	Male	106	136	154
50+	Female	0	0	0
	Male	26	33	38
<b>Total</b>		596	673	720

By Position	Gender	2020	2021	2022
Top Management	Female	0	0	0
	Male	2	6	6
Director	Female	0	0	0
	Male	6	3	2
Group Manager & Manager	Female	2	4	5
	Male	8	7	8
Team Leader & Engineer & Specialist	Female	15	14	15
	Male	38	43	52
Technician & Technical Staff	Female	13	12	20
	Male	9	18	27
Field	Female	3	4	5
	Male	500	562	580
<b>Total</b>		596	673	720

Employees	2020	2021	2022
Indefinite - term Contract	595	670	712
Fixed - term Contract	1	3	8
Temporary Contract	0	0	0
Part-time Employees	0	0	0
Remote	0	0	0
<b>Total</b>	596	673	720



## Performance Tables - Social

Recruitment	2020	2021	2022
-------------	------	------	------

By Age			
20-29	35	82	73
30-39	20	40	45
40-49	6	8	12
50+	1	1	5
<b>Total</b>	<b>62</b>	<b>131</b>	<b>135</b>

By Gender			
Female	3	7	12
Male	59	124	123
<b>Toplam</b>	<b>62</b>	<b>131</b>	<b>135</b>

Departures	2020	2021	2022
------------	------	------	------

By Age			
20-29	10	80	65
30-39	11	45	60
40-49	6	7	13
50+	7	1	7
<b>Total</b>	<b>34</b>	<b>133</b>	<b>145</b>

By Gender			
Female	32	10	3
Male	2	123	142
<b>Total</b>	<b>34</b>	<b>133</b>	<b>145</b>

Number of Employees Participated Performance Evaluation	2020	2021	2022
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Female	30	30	38
Male	63	77	97

Maternity Leave	2020	2021	2022
-----------------	------	------	------

Number of Employees on Maternity Leave	2	0	1
Number of Employees Returned from Maternity Leave	2	0	1

Training Hours by Training Category	2020	2021	2022
-------------------------------------	------	------	------

Professional Development	5.402,16	7.894,52	9.458,16
Personal Development	1.329,70	325,05	1.370,03
OHS	7.326,16	8.605,94	11.255,94
Environment	0	326	643
<b>Total</b>	<b>14.058,02</b>	<b>17.151,51</b>	<b>22.727,13</b>

Training Hours per Employee by Training Category	2020	2021	2022
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Professional Development	9,06	11,73	13,14
Personal Development	2,23	0,48	1,90
OHS	12,29	12,79	15,63
Environment	0,00	0,48	0,89
<b>Total</b>	<b>23,59</b>	<b>25,49</b>	<b>31,57</b>

Training Hours by Gender (%)	2020	2021	2022
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Female	47,19	51,97	32,30
Male	22,12	23,99	31,47

Training Hours by Job Category	2020	2021	2022
--------------------------------	------	------	------

White Collar	6.274,60	4.644,05	4.117,70
Blue Collar	7.783,42	12.507,46	18.609,43
<b>Total</b>	<b>14.058,02</b>	<b>17.151,51</b>	<b>22.727,13</b>

# OCCUPATIONAL HEALTH AND SAFETY DATA

Occupational Health & Safety (OHS)	2020	2021	2022
Fatal Accidents	0	0	0
Occupational Disease	0	0	0
Accident Frequency	2020	2021	2022
Accident Frequency Rate (%)	%4,8	%5,98	%5,82
Significant Accidents (Non-fatal)	0	0	0
OHS Training for Employees	2020	2021	2022
Employees (hours)	7.326,16	8.605,94	11.255,94
OHS Training Hours per Employee	12,29	12,79	15,63
Contractor Trainings	2020	2021	2022
Employees (hours)	262	269	287
OHS Training Hours per Employee	1	1	1
OHS Committee	2020	2021	2022
Number of Meetings (in a year)	12	12	12
Number of Participants	13	13	13
Emergency Drills	2020	2021	2022
Number of Drills	0	2	2
Employee Trainings (hour)	0	0	512
OHS Training Hours per Employee	0	0	1



## MATERIAL

Use of Recycled Materials	2020	2021	2022
Cardboard (kg)	4.846	5.577	4.160
Plastic (kg)	20.973	28.755	27.417
Wood (kg)	809.435	900.160,6	881.588,8
Steel (recycling rate)	%100	%100	%100

## ENERGY

Energy Consumption per product	2020	2021	2022
Energy Consumption kwh/per unit	52,85	48,02	46,81

## EMISSIONS

Carbon Footprint	2020	2021	2022
Total Emissions (tonCO2e)	60.582,04	71.808,61	72.353,78
Carbon Footprint Intensity (per ton)	0,632	0,628	0,594

\* Total emissions include the sum of Scope 1, Scope 2, and Scope 3 emissions.

\* Carbon footprint intensity is calculated based on Scope 1 and Scope 2 emissions only.

## WASTE AND WATER

Waste (KG)	2020	2021	2022
Reused/Recycled Waste Ratio	0,999998	0,999997	0,999998
Waste to Landfill	0	0	0
Waste to Incineration	0	0	0
Hazardous Waste (per production ton)	5,31	4,05	4,14
Non*Hazardous Waste (per production ton)	154,38	138,92	126,78
Recycled Waste (per production ton)	159,69	142,98	130,92

Environmental Fines(TL)	2020	2021	2022
Environmental Fines	0	0	0

Water	2020	2021	2022
Water Consumption (per production ton)	5,62	5,08	4,92



# ABOUT THIS REPORT

The Olgun Çelik Sustainability Report is the company's first report that brings together its sustainability efforts with stakeholders.

Unless otherwise stated, the report is prepared annually, covering the period from January 1 to December 31, including the company's financial reporting period. As this is the company's first sustainability report, it may include some projects from previous years in which the company operated. However, the data presented in the report is based on the period from January 1, 2022, to December 31, 2022.

The "2022 Sustainability Report" of Olgun Çelik reflects the fundamental activities of the company, including its business units, and includes all relevant and current data.

The report is prepared according to GRI Standards, taking into account the materiality and stakeholder engagement in compliance with GRI's principles of materiality, stakeholder engagement, sustainability scope, and completeness. While the company does not engage in additional framework reporting related to sustainability, it separately conducts "Emission Measurement and Reporting" as part of its own performance and improvement efforts. The emission measurement study is also carried out for the purpose of the implementation of the Carbon Border Adjustment Mechanism under the European Union Green Deal Regulation.

The company discloses its Sustainable Development Goals (SDG)-based targets for the first time in this report. However, due to the transformation in the company's production processes, the targets and

SDG are limitedly defined. These will be revised in parallel with the company's new approach in the coming years.

Details of these activities are included in the report and in the index tables.

The sustainability approach of Olgun Çelik, its focus areas, goals, and stakeholder communication efforts are not subject to third-party audits.

The data in the report includes information obtained from the company's internal standard reporting systems (financial, legal obligations, human resources, etc.) and data developed during project-based joint meetings, as well as information obtained directly from departments during one-on-one meetings. In addition, data reflecting the results of surveys and one-on-one interviews with stakeholders are also included in the report. Information on data collection methods and tools, if any, related to departments is included where necessary in the report. Some data, categorized as confidential information according to company policies, has not been directly disclosed in this report.

The "2022 Sustainability Report" of Olgun Çelik is prepared using the "GRI (Global Reporting Initiative) Reporting" standard.

The report is easily accessible and traceable by stakeholders on the company's website at [www.olguncelik.com.tr/surdurulebilirlik](http://www.olguncelik.com.tr/surdurulebilirlik) 

For any feedback on the report, please contact us at [mailgroup\\_surdurulebilirlik@olguncelik.com.tr](mailto:mailgroup_surdurulebilirlik@olguncelik.com.tr) 

# GRI CONTENT INDEX

Statement of use	OLGUN ÇELİK A.Ş. has reported in accordance with the GRI Standards for the period 1.1.2022 - 31.12.2022	
GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	LOCATION
<b>General disclosures</b>		
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	Company Overview p. 3-10
	2-2 Entities included in the organization's sustainability reporting	About the report p.60
	2-3 Reporting period, frequency and contact point	About the report p.60
	2-4 Restatements of Information	This is the company's first report.
	2-5 External assurance	Information Security; p.11, Mandatory external audits conducted. The sustainability report is not subject to external audit.
	2-6 Activities, value chain and other business relationships	Company Overview; p. 3-10 Value Creation; p.22
	2-7 Employees	Human Resources; p.26 Performance Tables; p.56-57
	2-8 Workers who are not employees	Not under the company's control; only OHS training is provided.
	2-9 Governance structure and composition	Governance Structure; Page 6 Work Ethics; p.35
	2-10 Nomination and selection of the highest governance body	Human Resources p.28
	2-11 Chair of the highest governance body	Organizational Structure p.6
	2-12 Role of the highest governance body in overseeing the management of impacts	Organizational Structure p.6 Sustainability Management p.17 Work Ethics p.36
	2-13 Delegation of responsibility for managing impacts	Organizational Structure p.6 Sustainability Management p.17 Work Ethics p.36

GRI STANDARD	DISCLOSURE	LOCATION
<b>General disclosures</b>		
<b>GRI 2: General Disclosures 2021</b>	2-14 Role of the highest governance body in sustainability reporting	Sustainability Management p.17
	2-15 Conflicts of interest	Work Ethics p.36
	2-16 Communication of critical concerns	Work Ethics p.36
	2-17 Collective knowledge of the highest governance body	-
	2-18 Evaluation of the performance of the highest governance body	Not shared due to confidentiality concerns.
	2-19 Remuneration policies	Not shared due to confidentiality concerns.
	2-20 Process to determine remuneration	Not shared due to confidentiality concerns.
	2-21 Annual total compensation ratio	Not shared due to confidentiality concerns.
	2-22 Statement on sustainable development strategy	Management Messages p.1-2 Sustainability Topics p.19 Strategy, Policies and Focus Areas p.21
	2-23 Policy commitments	<b><u>Policies</u></b>
	2-24 Embedding policy commitments	Work Ethic p.35-36
	2-25 Processes to remediate negative impacts	Work Ethic p.35-36 Economic Performance p.37 Risk and Opportunity Management p.39
	2-26 Mechanisms for seeking advice and raising concerns	Work Ethic p.36
	2-27 Compliance with laws and regulations	Work Ethic p.35 Economic Performance p.37 Tax p.38
	2-28 Membership associations	Membership p.55
2-29 Approach to stakeholder engagement	Stakeholders p.18, About the Report p.60	
2-30 Collective bargaining agreements	Human Resources p.26	



GRI STANDARD	DISCLOSURE	LOCATION
<b>General disclosures</b>		
<b>Material Topics</b>		
<b>GRI 3: Materiality Topics 2021</b>	3-1 Process to determine material topics	Sustainability Approach p.16-26
	3-2 List of material topics	Materiality Matrix p.20
	3-3 Management of priority topics	Sustainability Management p.17
<b>Occupational Health and Safety</b>		
<b>GRI 3: Materiality Topics 2021</b>	3-3 Management of priority topics	Sustainability Topics p.19-22
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Occupational Health and Safety p.30-31
	403-2 Hazard identification, risk assessment, and incident investigation	Performance Tables p.58
	403-3 Occupational health services	Occupational Health and Safety p.30-31
	403-4 Worker participation, consultation, and communication on occupational health and safety	Participatory Approach p 29 Occupational Health and Safety p. 30-31
	403-5 Worker training on occupational health and safety	Performance Tables p.58
	403-6 Promotion of worker health	Occupational Health and Safety p.30-31
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Covid - 19 p.32
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety p.30-31
	403-9 Work-related injuries	Occupational Health and Safety p.31
	403-10 Work-related ill health	Performance Tables p.58



## Material and Waste Management

### Material

<b>GRI 3: Materiality Topics 2021</b>	3-3 Management of priority topics	Sustainability Topics p.19-22
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Material and Waste Management p.44 Performance Tables p.59
	301-2 Recycled input materials used	Material and Waste Management p.44 Performance Tables p.59
	301-3 Reclaimed products and their packaging materials	Material and Waste Management p.44 Performance Tables p.59
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	Material and Waste Management p.44 Performance Tables p.59
	306-2 Management of significant waste-related impacts	Material and Waste Management p.44 Performance Tables p.59
	306-3 Waste generated	Material and Waste Management p.44 Performance Tables p.59
	306-4 Waste diverted from disposal	Material and Waste Management p.44 Performance Tables p.59 Sustainability Practices p.46
	306-5 Waste directed to disposal	Material and Waste Management p.44 Performance Tables p.59 Sustainability Practices p.46

## Climate, Emissions and Energy

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<b>GRI 3: Materiality Topics 2021</b>	3-3 Management of priority topics	Sustainability Topics p.19-22
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Emissions s.43 Performance Tables p.59
	305-2 Energy Indirect (Scope 2) GHG emissions	Emissions s.43 Performance Tables p.59
	305-4 GHG emissions intensity	Emissions s.43 Performance Tables p.59
	305-5 Reduction of GHG emissions	Emissions p.43 Sustainability Practices p.46-47 OlgunTech Composite Material p.51-53 Risk and Opportunity Management p.39



GRI 302: Energy 2016	302-3 Energy intensity	Energy p.42 Performance Tables p.59
	302-4 Reduction of energy consumption	Energy p.42 Performance Tables p.59 Sustainability Practices p.46-47 Digital Transformation p.11
	302-5 Reductions in energy requirements of products and services	Energy p.42 Performance Tables p.59 Digital Transformation p.11 Participatory Approach p.29

## Water and Waste Water

GRI 3: Materiality Topics 2021	3-3 Management of priority topics	Sustainability Topics p.19-22
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management p.45 Sustainability Practices p.46 -47 Performance Tables p.59
	303-2 Management of water discharge-related impacts	Water Management p.45 Sustainability Practices p.46 -47
	303-3 Water withdrawal	Water Management p.45
	303-4 Water discharge	Water Management p.45 Sustainability Practices p.46 -47
	303-5 Water consumption	Water Management p.45 Sustainability Practices p.46 -47 Performance Tables p.59

## Employee Rights

## Employment

GRI 3: Materiality Topics 2021	3-3 Management of priority topics	Sustainability Topics p.19-22
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Performance Tables p.57
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Resources p.27
	401-3 Parental leave	Human Resources p.28 Performance Tables p.57



## Employee Rights

### Employment

GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Performance Tables p.57
	404-2 Programs for upgrading employee skills and transition assistance programs	Performance Tables p.57
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Resources p.28 Performance Tables p.57
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Resources p.28 Performance Tables p.57

## Economic and Operational Performans

### Economic Performance

GRI 3: Materiality Topics 2021	3-3 Management of priority topics	Sustainability Topics p.19-22
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance p.37
	201-2 Financial implications and other risks and opportunities due to climate change	Global Developments & Market Impacts p.14 Sector&Sustainability p.15 Risk & Opportunity Management p.41 Digital Transformation p.11
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Management Messages p.1-2, R&D Center p.50 Olguntech Composite Material p.51-53 Digital Transformation p.11
	203-2 Significant indirect economic impacts	Economic Performance p.37 Tax p.38

## Risk Management, Compliance

### Anti-Corruption

GRI 3: Materiality Topics 2021	3-3 Management of priority topics	Sustainability Topics p.19-22
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Work Ethic p.35-36, Economic Performance p.37 Risk and Opportunity Management p.39
	205-3 Confirmed incidents of corruption and actions taken	N/A



# GRI Tables

GRI 207: Tax 2019	207-1 Approach to tax	Tax p.38
	207-2 Tax governance, control, and risk management	Tax p.38

## Human Rights, Work Ethic and Corporate Governance

GRI 3: Materiality Topics 2021	3-3 Management of priority topics	Sustainability Topics p.19-22
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Resources p.26 Work Ethic p.35
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Resources p.26 Work Ethic p.35
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Resources p.26 Work Ethic p.35
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Resources p.26 Work Ethic p.35

## Supplier Management

GRI 3: Materiality Topics 2021	3-3 Management of priority topics	Sustainability Topics p.19-22
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	The selection is based on the <a href="#">Work Ethics Principles Procedure</a> . Work Ethic p.35 -36
	414-2 Negative social impacts in the supply chain and actions taken	The selection is based on the <a href="#">Work Ethics Principles Procedure</a> .
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	The selection is based on the <a href="#">Work Ethics Principles Procedure</a> . Work Ethic p.35 -36
	308-2 Negative environmental impacts in the supply chain and actions taken	The selection is based on the <a href="#">Work Ethics Principles Procedure</a> .

## Product Quality & Customer Satisfaction

## Customer Health and Safety

GRI 3: Materiality Topics 2021	3-3 Management of priority topics	Sustainability Topics p.19-22
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## GRI Tables

<p><b>GRI 416: Customer Health and Safety 2016</b></p>	<p>416-1 Assessment of the health and safety impacts of product and service categories</p> <p>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</p>	<p>Sector and Sustainability p.15            Work Ethics p. 35            Risk and Opportunity Management p. 39            Quality Management System p.49, R&amp;D Center p. 50</p> <p>N/A</p>
<p><b>Customer Privacy</b></p>		
<p><b>GRI 3: Materiality Topics 2021</b></p>	<p>3-3 Management of priority topics</p>	<p>Sustainability Topics p.19-22</p>
<p><b>GRI 418: Customer Privacy 2016</b></p>	<p>418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data</p>	<p>N/A</p>

# DICTIONARY

**Alternative Energy:** Alternative energy is an inclusive term that refers to using an environmentally friendly energy source in place of an energy source that harms the environment. For example, using solar panels and/or wind turbines instead of fossil fuels to prevent CO<sub>2</sub> emissions. The concept of "alternative energy" does not include nuclear energy sources.

**EU Green Deal:** The European Union (EU) announced the European Green Deal (EGD) on December 11, 2019, setting the goal of becoming the first climate-neutral continent by 2050. The EU declared its commitment to adopting a new growth strategy and reshaping all policies around the axis of climate change to achieve this objective. The Green Deal, ranging from industry to finance, energy to transportation, and buildings to agriculture, envisages comprehensive changes in EU policies. As part of this, the "Fit for 55" legislative package for reviewing EU policies in climate, energy, land use, transportation, and taxation to achieve a 55% reduction in emissions by 2030 compared to the 1990 levels was published by the European Commission on July 14, 2021.

**EU Carbon Border Adjustment Mechanism (CBAM):** The Carbon Border Adjustment Mechanism (CBAM) is a key tool for the European Union (EU) to achieve the greenhouse gas emission reduction target set by the European Green Deal. With this mechanism, the EU aims to safeguard the competitiveness of Europe against the costs of the green transformation and increase global efforts in combating climate change. CBAM proposes the application of a carbon pricing equivalent to the Emission Trading System (ETS) applied within the EU since 2005 at the import stage of products covered by CBAM.

The CBAM was signed by the European Parliament (EP) and the Council on May 10, 2023, published in the Official Journal of the European Union on May 16, 2023, and entered into force on May 17, 2023.

**Disposal:** Disposal is the process of disposing of waste that cannot be recycled or reused.

**Business Ethics:** Business ethics refers to contemporary organizational standards, principles, value sets, and norms that govern an individual's actions and behaviors within an organization.

**Carbon Footprint:** Carbon footprint is the measurement, in terms of carbon dioxide equivalent, of the greenhouse gases released into the atmosphere due to an individual's transportation, heating, energy consumption, or the production of any product they use. Every impact we make, such as the fuel our cars consume or the electricity we use at home, contributes to our carbon footprint.

**Carbon Disclosure Project (CDP):** CDP is an independent and global system that allows for the measurement, disclosure, management, and sharing of environmental risks. As a non-profit international organization, CDP facilitates the reporting of public companies on how they utilize natural resources and natural capital, how their activities affect the reproduction of limited resources, and how they manage risks in this field.

**Circular Economy:** A term denoting an economic model that focuses on the transformation and continuity of all materials and resources used, rather than the stages of production, consumption, and disposal. In the context of industrial production, the reuse of materials and energy, allowing for a circular economy, is an example.

**Climate Change:** Climate change is a transformation, either direct or indirect, resulting from human activities that alter atmospheric components and weather conditions.

**Corporate Sustainability:** Corporate sustainability is the adaptation of economic, environmental, and social factors, along with corporate governance principles, to company operations and decision-making mechanisms with the aim of creating long-term value. It is considered an emerging management theory that offers an alternative to the traditional growth and profit maximization model. The focus is on managing the risks arising from these areas.

**Corporate Social Responsibility (CSR):** Corporate Social Responsibility is one of the corporate communication practices that acknowledges companies as legal and ethical entities with obligations to future generations and, consequently, to society. It emphasizes the idea that companies are corporate citizens with legal and moral responsibilities.

**Enterprise Risk Management:** Enterprise risk management is a comprehensive organizational risk assessment conducted with a broad perspective. It ensures that all forms of uncertainty are considered by all units of the organization. The goal in compiling all information related to risks is to ensure consistency in decision-making mechanisms across all risk categories. Regulatory and supervisory authorities increasingly expect organizations to adopt a holistic approach to governance, risk, and compliance.

**Emission:** To release, export, discharge.

**Direct Emission:** Direct emission is used to specify greenhouse gas (GHG) emissions directly originating from an individual, event, organization, or product, such as those emitted from a stack. Pollutants from production processes, factory vehicles, and any source directly controllable fall within the scope of direct emissions.

**Indirect Emissions:** Indirect emissions are greenhouse gas emissions that occur indirectly from an individual, event, organization, or product. All emissions arising from an organization's activities and those resulting from the use or purchase of a product fall within the scope of indirect emissions. For example, if the electricity obtained from a power plant causes emissions, this is considered an indirect emission. Emissions originating from the production of raw materials are also of an indirect nature.

**ESG (Environmental, Social, Governance):** An abbreviation of the English words Environmental, Social, Governance. It is a term used when companies report not only financially but also on these aspects. It is heavily used by companies with a responsible business model. Investors, particularly because of their impact on the performance of corporate investments, question companies' ESG practices and expect reporting on them.

**Greenhouse Gas (GHG) Emissions:** Greenhouse gases (GHGs) are components in the Earth's surface, atmosphere, and clouds that absorb and emit radiation within specific wavelengths of the infrared spectrum emitted by the Earth. Due to these

properties, they contribute to the greenhouse effect. Major greenhouse gases include water vapor (H<sub>2</sub>O), carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>), and ozone (O<sub>3</sub>).

**Global Reporting Initiative (GRI):** The Global Reporting Initiative is a non-profit organization with a global presence that works closely with United Nations programs such as the United Nations Environment Programme and the UNGC. The mission of GRI is to develop a globally applicable sustainability reporting guide and popularize triple reporting, making it routine and comparable, similar to financial reporting.

**Net Zero Emissions:** Net zero emissions refer to the level of greenhouse gas emissions that countries need to achieve to capture the maximum 1.5°C global warming target accepted under the Paris Agreement.

**Operational Technology (OT):** Operational technology refers to programmable software and hardware that interacts with the physical environment, managing devices that interact with or are part of the physical environment. These systems detect changes either directly by monitoring devices, processes, and events, or indirectly by controlling them.

**Recycling:** Recycling refers to the process of transforming used materials in production and consumption processes into new products. Recycling prevents the waste of materials with potential for reuse and reduces the consumption of new raw materials. In addition to reducing the traditional need for waste disposal, recycling lowers energy consumption, mitigates air and water pollution, and results in fewer greenhouse gas emissions compared to normal production processes.

**Reuse:** Reuse is a method aimed at using produced waste to create another product, contributing to the reduction of waste and the promotion of circular economy principles.

**RPA (Robotic Process Automation):** Robotic Process Automation is a form of automation technology for business processes that relies on metaphorical software robots (bots) or artificial intelligence (AI) / digital workers.

**Stakeholder:** Stakeholders are defined as "any groups and/or individuals that can affect the company's goals or be affected by the company in achieving these goals." Stakeholders of a company include shareholders, employees, investors, consumers, suppliers, unions, civil society organizations, regulatory authorities, and government agencies.

**Sustainable Energy:** Sustainable energy refers to the production of energy in a way that meets the current generation's needs without compromising the ability of future generations to meet their needs. Renewable energies such as biofuels, solar energy, wind energy, wave power, geothermal energy, and tidal power are generally considered sustainable energy sources. This energy also brings along technologies that enhance energy efficiency.

**Sustainable Development:** The concept of "Sustainable Development" was first defined in the Brundtland Report published in 1987. According to the widely accepted definition, sustainable development is "meeting the needs of the present without compromising the ability of future generations to meet their own needs."

**Sustainable Development Goals (SDGs):** Sustainable Development Goals (SDGs), also known as Global Goals, constitute a universal call to action to end poverty, protect the planet, and ensure that all

people live in peace and prosperity. The 17 Goals, established after global stakeholder input, build on the achievements of the Millennium Development Goals and encompass new areas such as climate change, economic inequality, innovation, sustainable consumption, peace, and justice. The Goals are interconnected, and the key to success in one Goal often involves addressing shared aspects with other Goals.

- **No Poverty:** End poverty in all its forms everywhere.
- **Zero Hunger:** End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.
- **Good Health and Well-being:** Ensure healthy lives and promote well-being for all at all ages.
- **Quality Education:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- **Gender Equality:** Achieve gender equality and empower all women and girls.
- **Clean Water and Sanitation:** Ensure availability and sustainable management of water and sanitation for all.
- **Affordable and Clean Energy:** Ensure access to affordable, reliable, sustainable, and modern energy for all.
- **Decent Work and Economic Growth:** Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
- **Industry, Innovation, and Infrastructure:** Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
- **Reduced Inequality:** Reduce inequality within and among countries.
- **Sustainable Cities and Communities:** Make cities and human settlements inclusive, safe, resilient, and sustainable.

- **Responsible Consumption and Production:** Ensure sustainable consumption and production patterns.
- **Climate Action:** Take urgent action to combat climate change and its impacts.
- **Life Below Water:** Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.
- **Life on Land:** Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
- **Peace, Justice, and Strong Institutions:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.
- **Partnerships for the Goals:** Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

The SDGs came into effect in January 2016 and will guide United Nations policy and funding for the following 15 years. The United Nations, as the leading development agency, works in over 170 countries and regions to implement the goals.

**Sustainability Materiality Analysis:** Sustainability materiality analysis is the process of identifying and prioritizing the most important issues for a company and its stakeholders.

**Sustainable Investment:** Sustainable investment involves planning and implementing investments that go beyond financial considerations and include the impacts of Environmental, Social, and Governance (ESG) issues on investment feasibility and practices.

**TISAX (Trusted Information Security Assessment Exchange):** TISAX is a standard that enables the joint assessment and exchange of information security for the automotive industry.

**Universal Declaration of Human Rights:** The Universal Declaration of Human Rights is a declaration that recognizes the fundamental rights of all human beings without distinction of race, language, or religion. It was adopted by the United Nations General Assembly on December 10, 1948.

**United Nations Global Compact (UNGC):** Initiated in 2000, the UNGC is the most comprehensive platform created in parallel with the increasing pace of globalization to formulate and implement policies within the framework of sustainability and corporate responsibility. It is considered an innovative corporate responsibility approach aiming to establish a universal culture of shared development for the business world. The United Nations Global Compact is a corporate sustainability initiative. The Compact calls for compliance with ten universal principles:

#### A. Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2: Businesses should make sure they are not complicit in human rights abuses.

#### B. Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4: The elimination of all forms of forced and compulsory labour should be upheld.
- Principle 5: The effective abolition of child labour should be upheld.
- Principle 6: The elimination of discrimination in respect of employment and occupation should be supported.

#### C. Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges.
- Principle 8: Undertake initiatives to promote greater environmental responsibility.
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

#### D. Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

**Waste Management:** Waste management aims to evaluate all steps of waste management as a whole and ensure sustainability both environmentally and economically. Effective waste management is only possible by combining all methods. According to the Waste Management Hierarchy, the prevention and reduction of waste at its source are the first steps. In cases where waste generation cannot be prevented, reuse and recycling steps are applied. For waste types where recycling is not possible, the landfill method is implemented.

**Waste Prevention:** Waste prevention aims to take all necessary measures to minimize the negative effects of post-production waste on human health and the environment.

**Waste Reduction:** Waste reduction aims to reduce the amount of waste generated at its source and prevent unnecessary consumption.

**Zero Waste:** Zero waste is a philosophy that encourages the redesign of resource life cycles to promote the reuse of all products. The goal is to eliminate the need for landfills, waste incinerators, and sending any waste to the environment. It aims to reduce energy consumption, air pollution, and water pollution, and results in fewer greenhouse gas emissions compared to traditional production.



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## Imprint

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