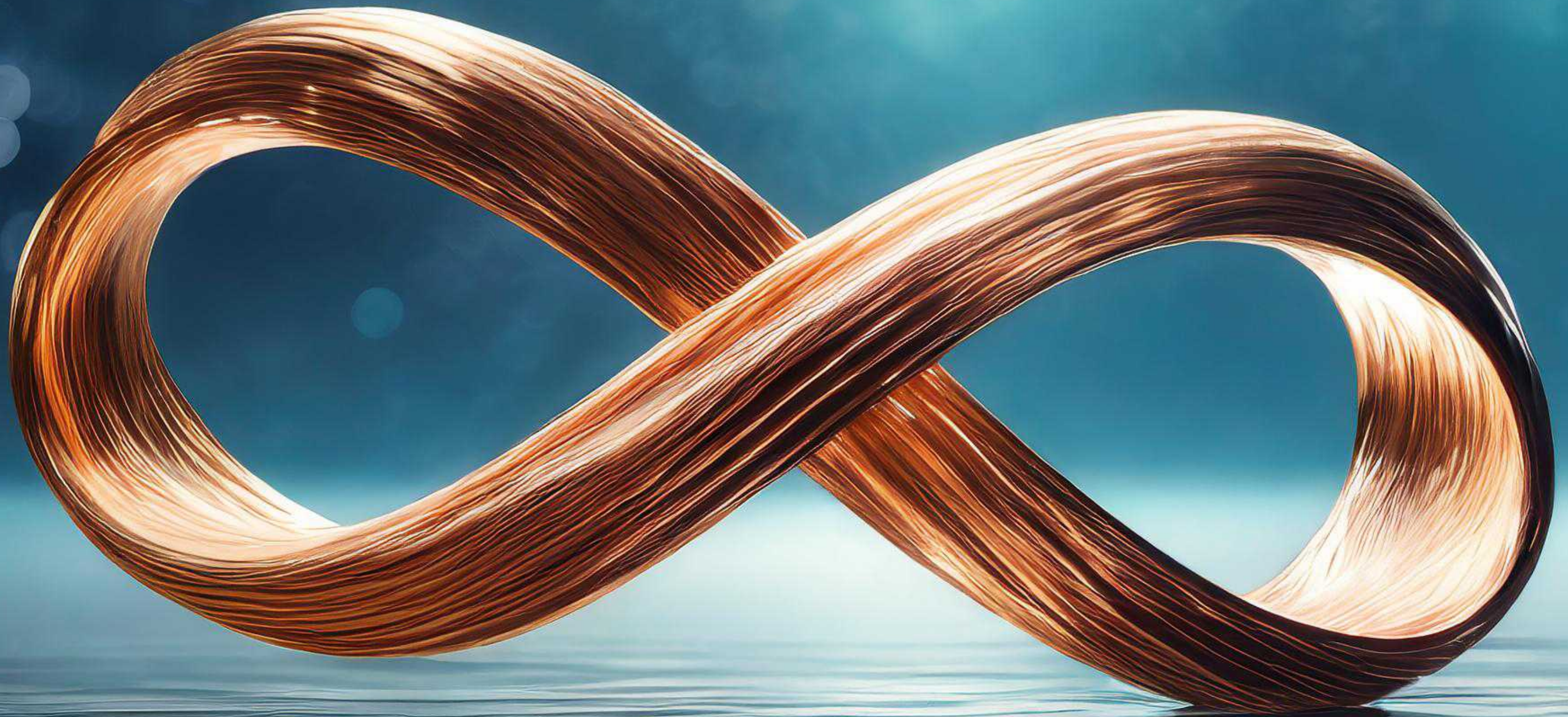


Respect for Nature, Assurance for the Future



**ELSAN**

SUSTAINABILITY REPORT 2023



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# ELSAN



# About the Report

As a company, we adopt an approach that prioritises transparency and accountability in our relations with our stakeholders. We evaluate the environmental, social and economic impacts resulting from our operations in line with our sustainability focus. As ELSAN, we are proud to present our second sustainability report reflecting our company values and our aim to contribute to the welfare of our employees, customers and the society in which we operate. This report details our impact on society and the environment, our sustainability approach, the issues we prioritise and the results we have achieved. In this way, we aim to reinforce social trust and provide effective solutions to the important problems we face.

## Reporting Scope

This report covers sustainability activities, initiatives and projects carried out from 1 January 2023 to 31 December 2023, except where noted. To provide context and enable comparisons, some sections also include data from 2022 and earlier years. In addition, certain sections of the report also include data outside of the 2023 reporting period to provide current and relevant information on our performance indicators and targets.

## Reporting Principles and Standards

The report content has been prepared with reference to the GRI Sustainability Reporting Standards, the requirements of the Task Force on Climate-Related Disclosures (TCFD) methodology and the Turkish Sustainability Reporting Standards (TSRS) published in December 2023. In addition, the report includes our contributions to the United Nations Sustainable Development Goals (SDGs), which are widely recognised in the industry.

## Publication Date and Frequency

June 2024- Published annually.

## Report Communication

ELSAN, 2023 Sustainability Report has been prepared in Turkish and English and the data and information contained in the report have been subjected to limited assurance by an Independent Audit Firm. You can send your opinions, suggestions and feedback regarding the report to [info@elsan-tr.com](mailto:info@elsan-tr.com).

## Disclaimer

ELSAN Sustainability Report has been prepared by ELSAN Elektrik Gereçleri San. ve Tic. A.Ş. with reference to GRI and United Nations Sustainable Development Goals (UN SDGs). Except for the declared data, the information and data in the report have not been verified by an independent organisation and are published for informational purposes. Due to a number of variables, the projections and results of our future business activities may differ from the data in the report. In this context, the data, information and forecasts shared do not constitute the basis for investment decisions.

ELSAN assumes no responsibility and makes no warranty that forward-looking statements, including the estimates, expectations and assumptions underlying such statements, are accurate or complete. ELSAN cannot be held liable in any way for any damages that may arise from the use of the report.



## General Manager Message



### Mehmet Akif Gül

ELSAN Chairman of the Board and  
General Manager

Dear Stakeholders and Business Partners,

With our Sustainability Report, which we published for the second time this year, we would like to share the important outputs of our environmental and social performance as well as our financial success and our contributions on the road to sustainable development. Our responsibilities in environmental, social and governance issues are at the centre of our activities and reflect ELSAN's corporate values.

For decades, we have seen the electricity sector mature, expand and evolve. The current industry outlook and our expectations for the future excite us more than ever. The unrestrained advancement of technology reinforces our commitment to the transition to electrification, and the technologies we develop play a leading role in this transformation. We are extremely well prepared for our work in this direction. Looking at our performance in 2023, we can clearly see that our efforts have paid off. All of our activities in the report are an indication of the joint efforts of each member of the ELSAN family, which continues to carry our employees and all our stakeholders further every day. In this context, I sincerely thank all my colleagues.

We endeavour to lead in this regard by further strengthening our responsibility for environmental awareness and reducing the carbon footprint of our company. ELSAN's decisive targets, which set the path to net zero, are positioned on a reduction strategy that will allow us to responsibly support global transformation initiatives in the short, medium and long term. In 2023, we managed to reduce our corporate carbon footprint by 27.2%, especially in our supply chain operations.

As ELSAN, we are proud to receive A Leadership score from the CDP 2023 Climate Change Programme, which we participated in for the first time.

In the research conducted by the Great Place To Work Institute, we received our "Great Workplace" award for the third time in the "250-499" employee number category.

As we left behind a very difficult year for our country and the whole world, we realised that we can overcome all difficulties by uniting and embracing our company. In this process, the health and happiness of our employees was the most important agenda of our company. Because we knew that it is happy employees who direct the success of an organisation and determine its future. As ELSAN, as in our corporate values, we are working and will continue to work to make this success sustainable by always focusing on people, with team spirit and hand in hand. I congratulate my valuable colleagues who have made great efforts to build our corporate culture on trust, team spirit, fairness and openness in this success we have achieved, and I sincerely believe that we will position our company as a "great workplace" in the years to come.

We remain committed to the health and welfare of our employees and continue to strictly adhere to our principle of taking care of ourselves and each other.

We aim to ensure the satisfaction of all our stakeholders by rapidly adapting to the developing technologies in the field of sustainability in the sector. All these efforts are steps taken to continue our mission to create a greener, cleaner and more livable world not only for today but also for future generations.

Together, we will continue to work for a more sustainable future.

Sincerely yours,



## Board of Directors



**Mehmet Akif GÜL**

Chairman of the Board of Directors & General Manager

He graduated from Middle East Technical University, Department of Metallurgical Engineering. Mehmet Akif Gül started his career in 1980 at ELSAN Elektrik Gereçleri A.Ş., which he took part in the establishment of as a shareholder, and continues to serve as the Chairman of the Board of Directors of the same company. Gül, who has 40 years of experience in the sector, has also served as Vice Chairman of the Board of Directors at ADM Elektrik Dağıtım A.Ş. and GDZ Elektrik Dağıtım A.Ş., which are Aydem Energy group companies. He is currently the General Manager of ELSAN and a Board Member at Çates Elektrik Üretim A.Ş. and Tümaş Mermer A.Ş.



**Serdar MARANGOZ**

Board Member

Serdar Marangoz graduated from METU Electrical and Electronics Engineering Department and started his career at Siemens AG. Since 2009, Mr Marangoz has assumed senior management positions in different companies under the roof of Aydem Energy, and continued to work as Aydem Electricity Market and Regulation Manager, Executive Board Member in Adm and Gdz Electricity Distribution companies, respectively. In 2019, he was appointed as Commercial Group President (CCO) and Aydem Renewable Energy Board Member to Aydem Energy. In 2019, he was appointed as a member of the board of directors of Aydem Retail and Gediz Retail companies, as well as general manager since 2021. Until 2023, he served as the general manager of retail group companies. As of 25 October 2023, Marangoz has been serving as General Manager at Aydem Renewable Energy.



**İdris KÜPELİ**

Vice Chairman of the Board of Directors

After double majoring in Finance and Business Administration at Florida International University, USA, he completed his master's programme (MBA) in the same departments at Miami University, USA. He started his career at Laurel Oak Financial Services. He worked as a Director at Morgan Stanley in the USA between 2005 and 2009 and then continued as a Project Director at NextEra Energy in Miami, USA between 2009 and 2012. In 2012, he returned to Turkey and worked as Project Finance and Trade Director at TANAP, Trans Anatolian Natural Gas Pipeline Project, one of the most important energy projects of Turkey and Azerbaijan, until 2014. Subsequently, he served as Group Chief Investment Officer (CIO) of SOCAR Turkey.

As of 2018, Mr Küpeli has been serving as the Chief Executive Officer (CEO) of Aydem Energy and Chairman of the Board of Directors of Aydem Renewable Energy.



**Emirhan KARAYAY**

Board Member

Mr Karayay graduated from Kocaeli University and Anadolu University, Faculty of Business Administration, Department of Business Administration and completed his Master's Degree in Finance Management (MS) at Istanbul University, Institute of Business Economics. In 1999, Karayay started to work as a Human Resources Specialist at Şahinler Holding, and after working as Human Resources Manager at Yıldız Holding and Matlı Group of Companies, he continued his career as Human Resources Director at Eksim Investment Holding. In 2019, Emirhan Karayay, who joined Aydem Holding as Aydem Holding Human Resources Group Director, worked as Aydem Yenilenebilir A.Ş. Human Resources Director, and between 2020-2022, he served as Aydem Holding Electricity Distribution Companies Adm and Gdz Human Resources Director. As of 2023, Emirhan Karayay, who continues his duty as Human Resources Group President within Aydem Holding, is also a Board Member at ELSAN.





## COMPANY PROFILE

*Good service, sustainable quality*





## Company Profile Considered

As the first and founding company of Aydem Energy, ELSAN is Turkey's largest copper enameled and Europe's largest aluminium enameled coil wire manufacturer. Founded in 1980 and managed to become one of the most important companies of our country and Europe in its sector, ELSAN manufactures critical equipment of machines that facilitate human life. The coil wires we produce are the hidden heroes of the motors of many white goods we use in our homes and workplaces, from washing machines to dishwashers, refrigerators to air conditioners, all electrical equipment from starter motors to wiper motors in vehicles, all transformers that enable the electricity generated in power plants to reach our homes, and even all technological devices such as mobile phones, printers and computers. Although its products and services are not directly seen by the end consumer, it is a company with high reliability and brand value in the electronics sector with its sustainable quality as a brand that directly touches life, makes a difference and improves the quality of life.

Since the day it was founded, ELSAN has been providing pioneering solutions in the sector by producing the right solutions for the needs of its customers. ELSAN, which manufactures in two locations in Denizli with a total of 42,000 m2 open and 22,000 m2 closed area, is the leader in the wire sector in Turkey. Today, ELSAN produces round and flat enamelled wires, CTC and paper covered wires. ELSAN's production capacity increases to 50.000 tonnes/year and its exports reach 30% of its total sales. Since our establishment in 1980, we have rapidly increased our production power and market share and export to 29 countries, mainly in Europe, Middle East and Africa markets.

In 2014, ELSAN acquired 50% shares of Heermann GmbH, a well-established company in the enamelled coil wire industry for over 118 years. Our Company has an R&D Centre at Pamukkale University Teknokent. ELSAN, the first company of Aydem Energy Holding, is one of the largest copper and aluminium enameled coil wire manufacturers in Turkey and Europe.

ELSAN has defined its strategy as sustainable product and service quality. For this purpose, it pays attention to continuously produce projects on process and product innovation and to develop qualified human resources to implement creative solutions.

ELSAN prioritises the demands of its customers and offers solutions to meet these demands and products and services that include solutions to its customers. Our company is a world brand that serves the most distinguished users all over the world with the support of quality systems and certificates such as ISO 9001:2015, IATF 16949:2016, ISO 14001, ISO 45001, ISO 50001, ISO 27001, UL Certificate, Reach, RoHs.

This performance, which reflects ELSAN's solution-oriented strategy and the value it attaches to the customer, is the strongest sign of a sustainable vision for the future. Our customer-centred approach guides us on a long-term journey where we continue to meet the expectations of not only our customers, but also the society and the environment.



# Management Structure

## Our Vision

To create happy stakeholders who are proud of our existence that facilitates every moment of life.

## Our Mission

To produce electromagnetic wire for organisations that want to add value to life with their products, with advanced technology machines, innovative management systems and competent staff in a socially and environmentally sensitive manner.



## Our Core Values



Happy employees with a high level of belonging who constantly produce new ideas and can take initiative when necessary



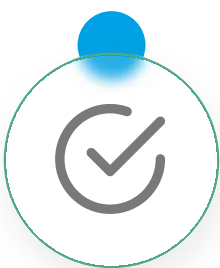
To seek innovation in everything we do, working efficiently and effectively with team spirit , while prioritizing employee health and ethical rules



An encouraging and fair management that takes quick decisions for solutions and shares these decisions



Adding value to society with our nature-friendly activities



Ensuring company sustainability by gaining the trust of end customers



ELSAN in 2023

We add value in every field

Economic Value Created				
Net Sales (TL)	Unit	2021	2022	2023
	TL	1,133,530,493	2,070,774,044	2,943,288,140

Total Environmental Investments and Expenditures				
Net Sales (TL)	Unit	2021	2022	2023
	TL	438,035.59	462,419.34	2,445,178.89

Ratio of R&D and Innovation Investments to Total Investments			
Unit	2021	2022	2023
%	18	7	20

Ratio of R&D Expenditure to Turnover			
Unit	2021	2022	2023
%	0.23	0.21	0.54



8530 Tonnes

Enamelled Copper Wire Production

4480 Tonnes

Enamelled Coated Aluminium Production

1791 Tonnes

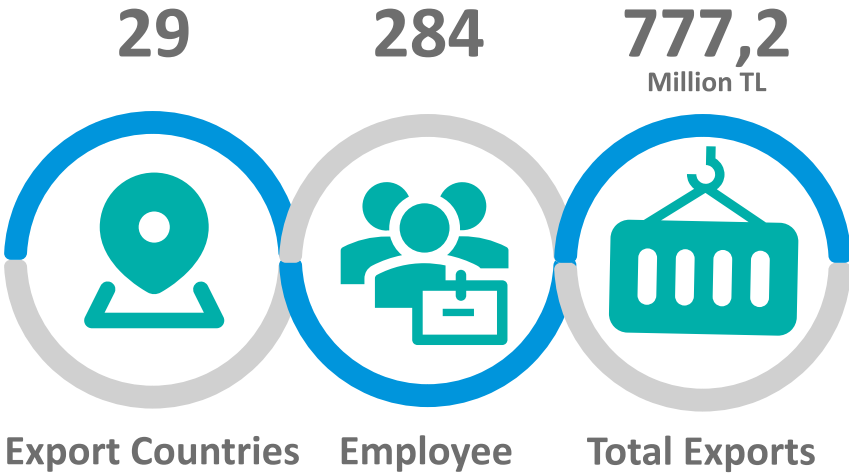
CTC Copper Wire Production

37 Tonnes

Paper Covered Copper Wire Production

195 Tonnes

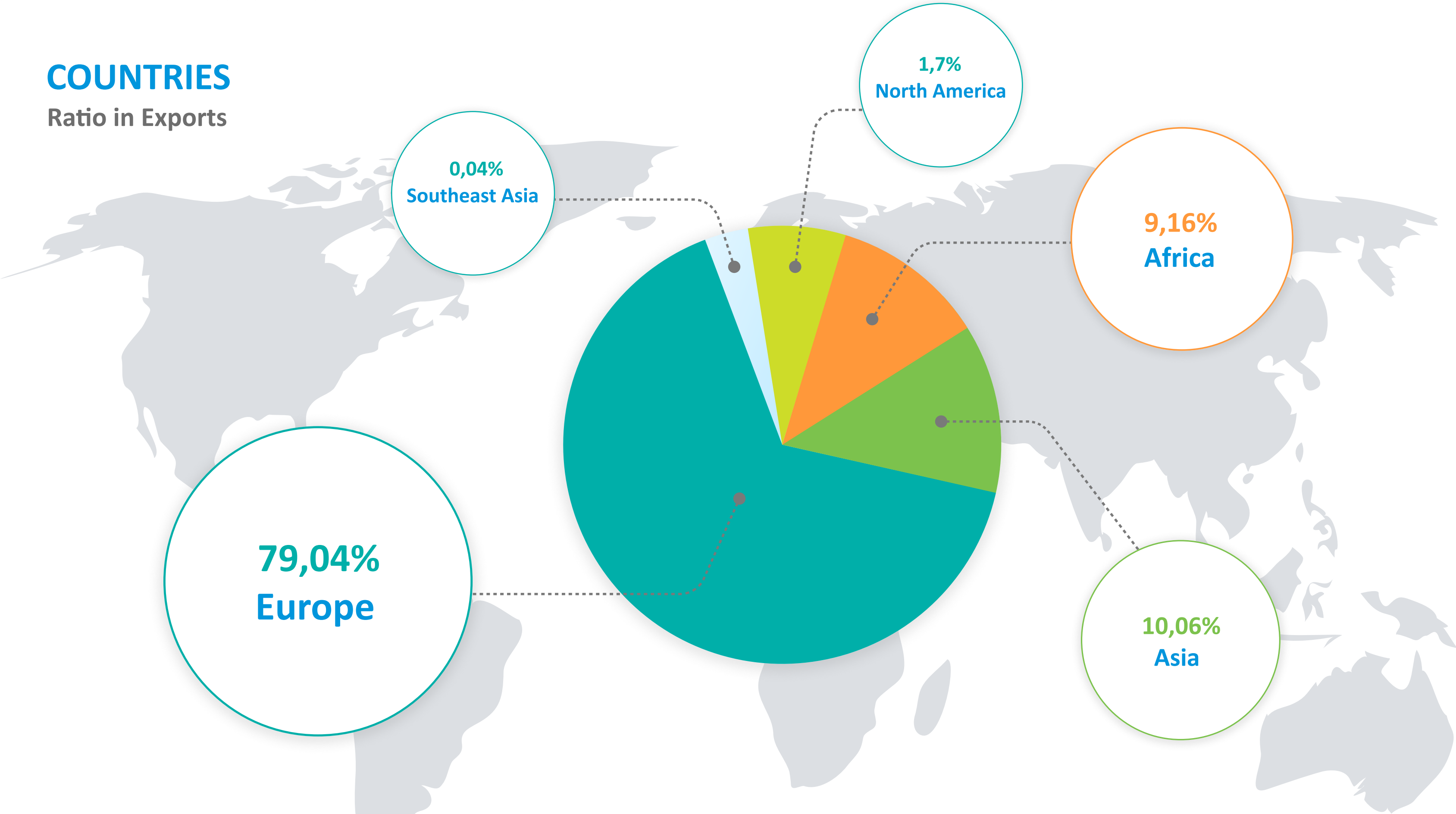
Paper Covered Aluminium Wire Production





# COUNTRIES

Ratio in Exports





# Quality Management

## Attentive Production, High Quality



### ELSAN Quality Policy

We undertake to establish and execute the Quality Management System with the participation of all members of the ELSAN family. We commit to providing information and resources to achieve strategic goals and objectives, increasing the quality awareness of our employees and stakeholders, to develop the system in the light of technological developments in order to produce high efficiency and quality products, complying with legal and other requirements, to increase customer satisfaction by taking into account customer requirements and expectations and to continuously improve the quality management system.



### Environmental Policy

We are committed to minimising risks for the prevention of environmental pollution and the protection of natural resources, reducing the environmental impacts arising from our activities, ensuring the disposal and recycling of waste by reducing it at its source, conducting studies within the scope of combating climate change and greenhouse gas reduction, complying with legal regulations and other requirements, and continuously improving the environmental management system to increase environmental performance.



### Energy Policy

As ELSAN, we are committed to use the available energy resources in the most efficient way, to ensure efficient energy use without compromising comfort, to comply with the necessary legislative obligations and other conditions, to comply with the expectations of the relevant parties, to prefer energy efficient technologies and applications in production and all processes, to purchase energy efficient products, equipment and services, to use energy and natural resources efficiently, to raise awareness of employees by providing the necessary resources on natural resource consumption and energy efficiency, to make energy performance environmentally and economically sustainable, to establish and execute an energy management system based on continuous review and improvement.



### Human Resources Policy

Our main goal is to create an environment where our employees are happy, embrace our organisation and everyone wants to work. In this direction; we are committed to creating human resources strategies that will increase the contribution of our employees in achieving our business goals, revealing their potential, measurable, transparent, fair, while listening to employees and encouraging self- improvement, We ensure the implementation of these strategies, within the framework of Aydem Energy Group values and culture; to create innovative employees and teams who are committed to ethical values, sensitive to the environment, creating value, aiming for the best and most efficient, to protect the rights of our employees within the framework of the law and ensuring healthy communication among all.



### Information Security Policy

We undertake to ensure the confidentiality, integrity and accessibility of all information assets and processes, to implement our information security management system in a way to fulfil the requirements of the standard, to eliminate risks and take all necessary measures to ensure business continuity, to recover the system in a short time in extraordinary situations, to comply with legal and other requirements, to increase the information security awareness of our suppliers and employees and to ensure the continuous improvement of our systems.



### Occupational Health and Safety Policy

Regarding Occupational Health and Safety, we are committed to preventing occupational accidents and improving working conditions by minimising the risks that may jeopardise the health and safety of our employees, ensuring the consultation and participation of employees/employee representatives, increasing the occupational health and safety awareness of our employees, complying with legal regulations and other requirements and carrying out continuous improvement activities.



## Quality Products and Customer Satisfaction



## Quality in Production

ELSAN aims to shape the future with the philosophy of continuous development and progress in the production of aluminium and copper enamelled coil wire. To ensure high efficiency and quality, it constantly renews its products and services by following the technological developments required by the market. At ELSAN, technological innovation and efficiency in production processes are at the centre of the business model. With this approach, it guarantees advanced production technologies, quality of its products and customer satisfaction, while maximising its environmental performance. While fulfilling national and international legal obligations in business processes, it always adopts these norms as part of the path to efficiency. Customer requirements and expectations form the basis of ongoing success.

ELSAN is in an innovative and leading position in the metal coating industry with its determination to produce high quality products. ELSAN, one of the leading names in the sector, adds value to the sector thanks to its product features and quality production standard.

In our products, we attach importance to the factors that affect the health and safety of the end user. We take precautions for all kinds of risks that may cause health, safety and environmental impact. In this context, we have certificates showing that we comply with REACH and RoHS requirements in our products. We are committed to comply with legal and other requirements in the products and production processes we offer to our customers and to increase customer satisfaction by taking into account customer needs and expectations. During the reporting period, no incidents occurred within the scope of compliance with regulations and voluntary rules regarding the health and safety effects of products and services.

Known for its world-class quality, ELSAN guarantees the superior quality and performance of enamelled coil wire using the latest technology and continues to move forward on the route of excellence. This approach further strengthens the company's production capabilities and enhances its ability to offer high value and reliable products to consumers. By adopting the principle of continuous improvement in production processes, the company aims to offer quality above world standards in its products. This quality approach enables ELSAN to offer superior quality and performance.

ELSAN continuously improves its product quality by responding accurately to customer needs. It carries the production of enamelled coil wire to the highest level by using its know-how and advanced technology possibilities. In order to provide a flawless product and service experience, the production process of each wire is meticulously controlled and continuous improvement activities are carried out to achieve the best.





### Copper and Aluminium Enamel Production Process

The enamelling process is the repetition of the processes in which the volatile substances in the varnish are burned and the permanent substances form an insulating layer as a result of applying varnish on bare copper or aluminium material and baking. Enamelled coil wire is produced to insulate the conductor. In this respect, it is similar to the cable. However, a similar insulation level is achieved by using one tenth of the plastic used to insulate the cables.



### Round Wire Drawing Production Process

8 mm diameter copper wire rod is elongated by drawing in wire drawing heads working synchronously with each other. To ensure that these elongations are uniform at every point of the wire and to obtain a smoother surface, wire drawing rollers are used between the heads. Emulsion or wire drawing oils are used to remove the heat generated during the wire drawing process and to make the wire surface smoother. Depending on the diameter of the wire to be drawn, the size of the wire drawing heads and the power of the motors used vary.



### CTC and Paper Coating Production Process

These processes are carried out especially for our transformer manufacturer customers. In the paper coating process, paper coating is applied on bare flat copper in various thermal classes. In CTC production, flat enamelled wires are transposed and become a single wire.



### Casting Process

With the Upcast casting process, copper cathodes purchased from suppliers are melted at 1200 °C, passed through graphite rollers in special coolers and solidified without any contact with air to produce oxygen-free copper wire rod with a diameter of 8-12.5 mm.



### Flat Wire Drawing (Extrusion) Production Process

The extrusion process involves pulping 10 or 12.5 mm thick copper wire rod under high pressure and passing it through the rolling mill to be shaped (converted into flat wire). No heat source is used in this process. Under high pressure (600-650 bar) copper loses its solid state. In this way, it is passed through the flat wire mill and after taking the shape of the mill, it is cooled with water without any contact with air. Isopropyl alcohol is used in low proportions to break down the oxide layer formed on the copper surface in the water used.

ELSAN



# Excellence in Quality

ELSAN, "Kalitede Mükemmellik" ilkesini benimseyerek, en iyi teknolojileri kullanmanın ötesinde, süreçleri etkin bir şekilde yöneterek sürekli iyileşme yolunda çaba göstermektedir. Üretim süreçlerinde üstün kaliteyi güvence altına almak için en yenilikçi teknolojilere yatırım yapmaktadır. ELSAN'ın kalite anlayışı, her bir üretim adımını ve iş süreçlerini sürekli geliştirmek için yüksek teknolojiyle sistemlerle donatılmıştır. Ürün kalitesi, yüksek teknolojiyle, gerçek zamanlı izleme ve kontrol sistemleri ile sağlanmaktadır. Üretim sürecinin her aşamasında veriler izlenerek kalitenin sürekliliği sağlanmaktadır. Bu doğrultuda, 2023 yılında transpozisyon ünitesinde makine parametreleri ayarlanırken karşılaşılan hataların giderilmesi için parametrelerin otomatik girilmesine olanak sağlayacak revizyonlar yapılmıştır.

“ Good Service,  
Sustainable Quality ”





## Customised Solutions

ELSAN, with its long years of industry experience and perfectionist approach, is determined to offer tailored solutions to customers in the best way possible. In the production of copper and aluminium enamelled coil wire, ELSAN uses state-of-the-art quality testing methods and offers products in accordance with standards and customer requirements., R&D studies such as improvements in machinery and process, design changes in the product, revisions in the supporting materials, etc. are carried out in order to improve the products of the customers and to meet the increasing capacity demand. Customer satisfaction is ensured by creating customer-specific control plans and performing measurements and controls specific to the product requested by the customer. By closely following technological and sector developments, ELSAN improves its machinery and products, thereby elevating its position in the industry by providing swift solutions to customer demands.





# Customer Satisfaction

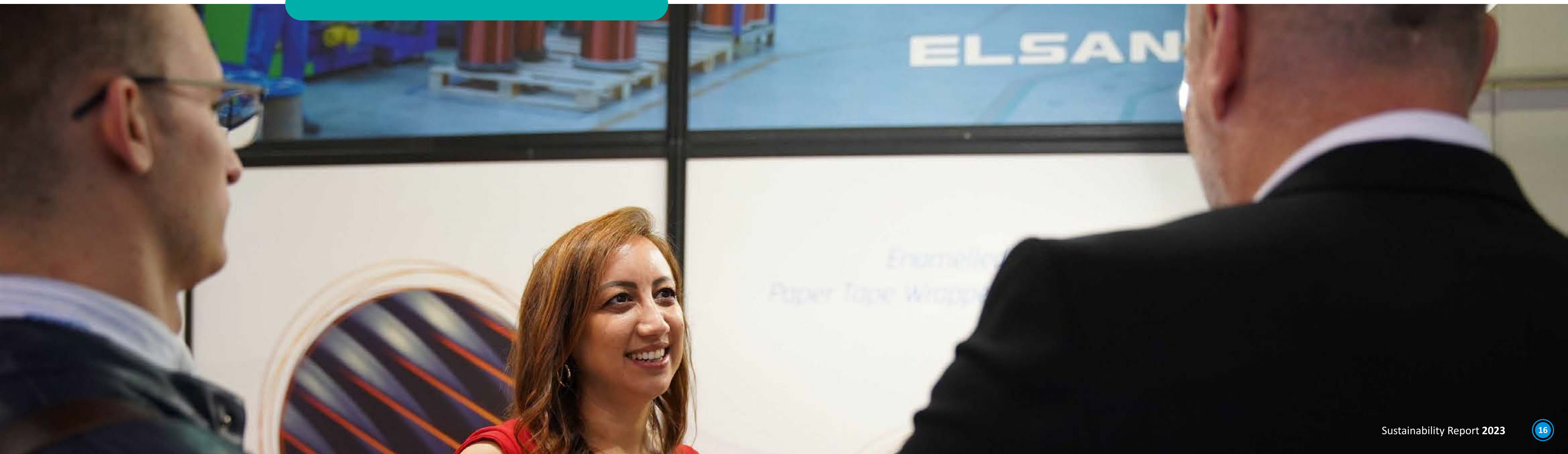
As ELSAN, we adopt the principle of providing high quality, original and integrated solutions by making a difference in the market. Acting with the understanding of adding value to the needs of our customers, our company offers a wide range of services with casting, wire drawing, extrusion, CTC, paper coating and enamelling processes. Thanks to this comprehensive range of services, we maintain our goal of maintaining our leading position in coil wire production.

Our customer-orientated approach enables us to follow and implement innovative developments in the sector by focusing on continuous innovation. Our company strives to provide the most efficient, high quality and sustainable solutions to our customers by understanding their demands and needs in depth.

As ELSAN, we constantly strive for improvement, closely follow technological developments and industry trends, and attach importance to research and development activities to continuously improve our operations. This approach guides our Company to achieve its goal of becoming the market leader both locally and globally.

Thanks to our agility and innovation capabilities, we set service standards in the sector by addressing the expectations of each of our customers. In this process, we invest in research and development activities to develop flexible and innovative solutions for our customers' needs. We aim to establish and strengthen long-term business relationships by prioritising quality and customer satisfaction in every service we offer to our customers.

**“ Solution Orientated Approach ”**







## SUSTAINABILITY AT ELSAN

*ELSAN places great importance to environmental management and corporate sustainability to ensure a brighter future for coming generations.*



## Sustainability at ELSAN

ELSAN attaches great importance to environmental management and corporate sustainability in order to provide a brighter future for future generations. Our Sustainability Policy consists of five basic principles that guide and ground our efforts. These principles have been determined in parallel with the material sustainability issues that are most important for our activities and stakeholders.

ELSAN continues its activities with the awareness of its responsibility to address climate change and establish a sustainable future. The company strives to minimise its environmental impact and offer solutions to its customers to help them achieve their sustainability goals. In line with its sustainability strategy; ELSAN works in cooperation with its customers and other stakeholders to find innovative solutions and move towards a lower carbon future together. Sustainability is a critical component of ELSAN's activities.

The company has started planning to contribute to the United Nations Sustainable Development Goals, the European Green Deal and Turkey's 2053 net zero target.

“

Thanks to ELSAN's experience and expertise developed over the years to produce sustainable solutions and make positive contributions to the environment, society and economy; sustainable business culture has been integrated into all operations.

”





# ELSAN Sustainability Policy

As Elsan, Turkey's leading enamelled coil wire production company, we believe that in order to be successful in the long term, we need to create value for our stakeholders and society; we adopt an approach that considers the requirements of global standards, the sustainability of natural resources, the environment and the needs of future generations.

With the awareness that natural resources are limited, we focus on climate change adaptation, zero waste and supporting sustainability while working to realise better for today and the future. We have created a sustainability strategy for Elsan by evaluating the environmental, social and economic impact areas of our company, the expectations of our stakeholders and our corporate strategy together. We continue to contribute to the sustainable growth of our country and prepare a better future for the next generations.

Our company, which adopts a management approach that integrates a corporate sustainability approach, recognises the fight against climate change, the economic and social development of societies and environmental sustainability as its main responsibility,

- To make the corporate sustainability perspective a corporate culture and to raise awareness in this field among our employees and stakeholders,
- To determine our business targets in all our activities by taking into account the three aspects of sustainability in economic, environmental and social dimensions,
- To develop and implement practices that will improve the amount of energy we consume in order to maintain our Enamelled Coil Wire production activities, to use the energy we consume more efficiently by constantly monitoring our energy consumption, to publish our energy consumption amount in our sustainability report every year,
- To consider, measure and evaluate the environmental, social, natural and cultural heritage impacts of our activities and investments by adhering to our code of ethics,

- To inform our suppliers about our sustainability strategy and expectations by attaching importance to sustainability criteria in our supply chain and to contribute to reducing sustainability risks in our sphere of influence by adding these criteria to supplier audit processes,
- To develop and implement practices that will ensure improvement in the field of occupational health and safety in accordance with our priority focus area studies, and to follow international performance criteria in this field,
- To comply with the 10 Principles of the United Nations Global Compact, of which we are a signatory,
- To comply with all national and international legislation requirements to which we are subject,
- To adopt Corporate Governance Principles, including ethical values, anti-bribery and anti-corruption, as a corporate culture and to encourage our stakeholders in this regard,
- Not to allow discrimination among our employees under any circumstances and to provide equal rights to all our employees
- To recognise and value the religious, structural or cultural differences of all our stakeholders,
- To announce this committed and implemented policy to all our employees
- To make it accessible to the public and third parties,





## Stakeholder Engagement

Sustainability is at the centre of ELSAN's business strategy and requires the participation of all stakeholders. Studies are carried out to raise awareness on sustainability for key stakeholders consisting of employees, customers and suppliers and these studies are included in ELSAN's sustainable success.



### Employees

ELSAN çalışanları sürdürülebilirlik hedeflerini gerçekleştirme konusunda belirleyici bir rol oynamaktadır. Eğitim ve farkındalık kampanyalarıyla, her çalışanın çevresel, sosyal ve yönetsel sürdürülebilirlik konularında bilinçlenmesi sağlanmaktadır. Ayrıca çalışanların sürdürülebilir iş uygulamaları konusunda fikirlerini paylaşmaları teşvik edilmektedir.



### Customers

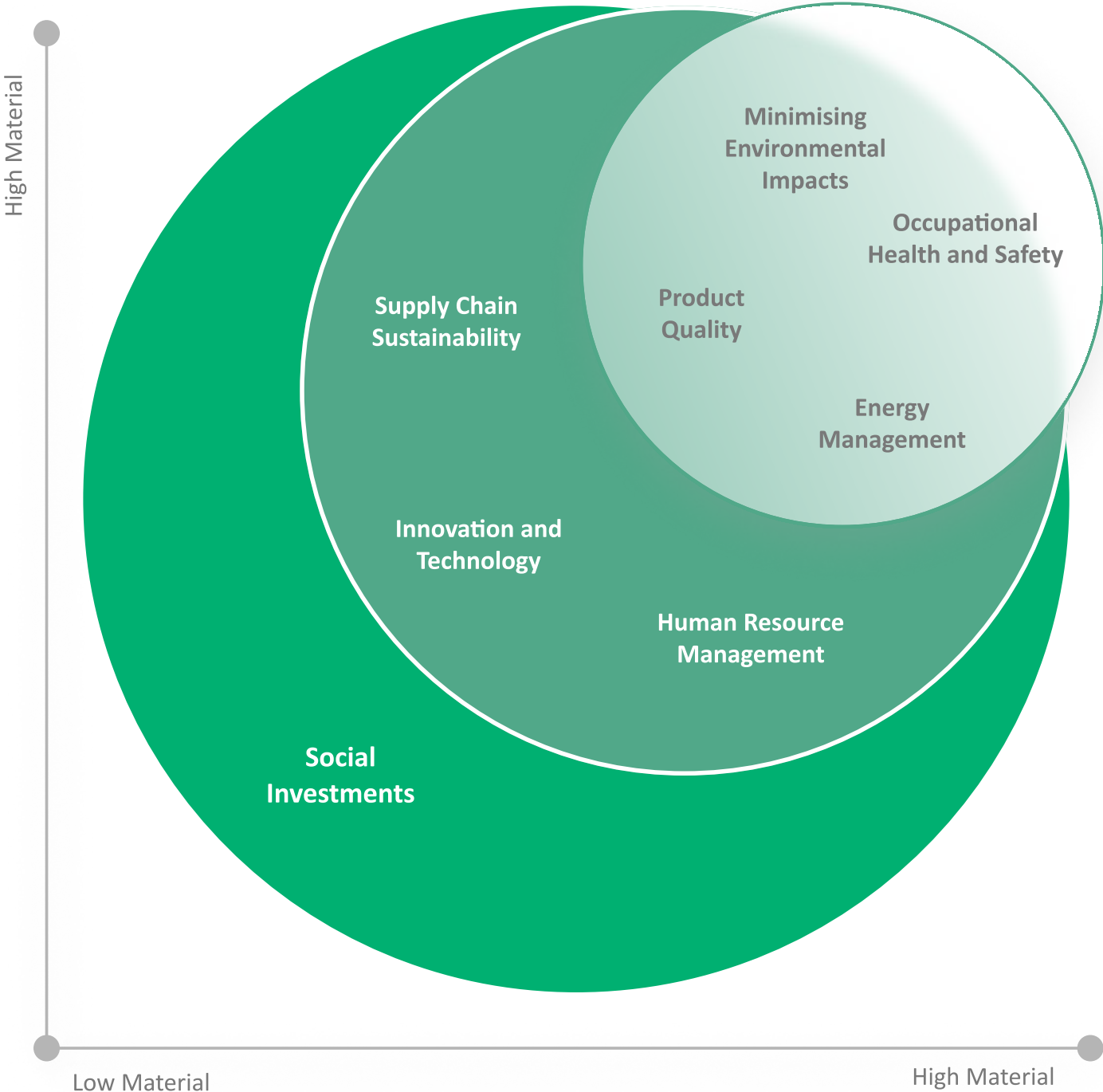
Customers are one of the cornerstones in the progress of the work carried out within the scope of sustainability. At ELSAN, customers are encouraged to choose environmentally friendly products and services and are guided towards sustainable consumption models. On the other hand, customer feedback and market researches help to continuously improve products and services. Through this two-way communication, progress and improvement of sustainability issues are ensured.



### Suppliers

Supply chain sustainability is an integral part of sustainability performance. ELSAN encourages its suppliers to support its environmental and social goals and guides them towards sustainable business practices through regular dialogues and assessments. Each stakeholder group is an important part of ELSAN's sustainability efforts and their participation in the process is critical in achieving short and long term goals.





# Materiality Analysis

We regularly review sustainability issues and receive continuous feedback to identify risks and opportunities, further shape and refine our strategy and clarify areas of focus. The materiality analysis also helps shape the structure and content of our sustainability report. We consider economic, environmental, social and governance topics. After setting our goals and targets, we identify key performance indicators (KPIs) that help us benchmark and measure progress. In this process, we maintain our alignment with the United Nations (UN) Sustainable Development Goals (SDGs).

The materiality analysis is based on sectoral and megatrends, issues that will shape future policy, expectations of our internal and external stakeholders and best practices in the sector.

# Governance Structure

As ELSAN, we take sustainability strategy into consideration in our operations and other processes. We aim to develop projects that will reduce the amount of energy and water we consume to continue our activities. We review the activities that have an impact on climate change and conduct research to develop practices that will reduce carbon emissions. We make plans to use renewable and clean energy and to contribute to the reduction of foreign dependency in energy.

We adopt Corporate Governance Principles, including ethical values, anti-bribery and anti-corruption, as a corporate culture and encourage our stakeholders in this regard. We provide equal rights to all our colleagues without allowing discrimination among our employees under any circumstances. We aim to contribute to the development of our suppliers by including them in our sustainability practices.

A Sustainability, Environment and Occupational Health and Safety Committee has been established to monitor all these activities and evaluate new projects. The Committee consists of the General Manager, HSE and Sustainability Director, Production and Technology Director, IMS Manager. It convenes quarterly. In case there are items on stakeholder participation, social and ethical issues on the agenda of the committee meeting, the Human Resources Manager also participates.

The Board-level committee monitors climate change risks and conducts comprehensive financial and strategic risk assessments. According to the risk assessment, an action plan is prepared and presented to the Board of Directors. Sustainability, health, safety and environment (HSE) practices are also included in the assessment. Key performance indicators (KPIs) related to sustainability, environmental, social and governance factors and HSE are monitored by the committee.



# Our Contribution to Sustainable Development Goals

With the contribution of all parties, we can overcome the challenges facing the world. We believe that we can make a real difference when countries, communities, companies and citizens work together as part of a global partnership. For this reason, we have integrated our sustainability strategy and goals into the common framework created by the sustainable development agenda and the United Nations Sustainable Development Goals (SDGs). As ELSAN, while supporting all SDGs, we have identified key areas where we believe we can actively contribute and make an impact.

“

There is a clear link between the SDGs and our goals. Being connected with the future, each other, our stakeholders and the environment is the most important criterion for determining our sustainable growth path.

”





# Environmental Management

In line with the principle of environmental management, technologies that will minimise risks are followed and used to protect the environment and natural resources. Recycling and waste management are given due importance and pollution is prevented by ensuring that harmful wastes are disposed of appropriately.

**ELSAN complies with national and international legal regulations without compromising production quality by using the available energy resources in the most efficient way.**

ELSAN makes important commitments regarding environmental pollution and protection of natural resources. In this context, it takes steps to minimise environmental risks arising from its activities, minimise waste disposal and recycling, reduce greenhouse gases within the framework of combating climate change, and comply with legal regulations and other requirements. These are integrated with the company's Environmental Policy and performance targets.

During the reporting period, hazardous wastes and environmental risks were significantly reduced by making a central dosing system for transferring the chemicals used in our operations to the machines.

At ELSAN, climate change and environmental issues are considered as important risks and these risks are evaluated annually. The risk assessment is presented to the Senior Management at the FGD meeting and measures are taken in line with the actions determined at the meeting. Within this framework, efforts have been initiated to reduce carbon emissions to combat climate change. Issues such as climate change, energy efficiency, greenhouse gas and air emissions are within the responsibility of the Integrated Management System Directorate and regular reports are made to the General Manager of the Company on these issues. While ELSAN continues to work meticulously on environmental responsibility, it acts within the framework of continuous improvement.

**Preferring energy efficient technologies and applications in production and all other processes, ELSAN uses energy and natural resources efficiently by purchasing energy efficient products, equipment and services.**

**“The Company sets an annual compliance target and works are carried out towards this target. In 2023, a performance 100% compliant with this target was achieved.”**





# Waste Management

Due to the nature of our activities, waste is generated in our production and maintenance processes. Our priority is to reduce, recover and reuse the wastes at source in accordance with Waste Management. In order to reduce our environmental impact on nature, we separate all hazardous or non-hazardous wastes according to their types at the source within the scope of the relevant legislation and accumulate them in temporary waste storage areas.

Wastes temporarily stored in landfills are sent to waste processing facilities in compliance with legal regulations, promoting recycling.

We aim to raise awareness of all employees by organising training on environment and waste management every year. ELSAN fully adopts the "Zero Waste" approach and considers waste as an economic value. While this approach forms the basis of its sustainable business model, it significantly reduces the environmental impact of its activities. Our company holds the Zero Waste Certificate issued by the Ministry of Environment, Urbanisation and Climate Change

“During the reporting period, 230 person-hour environmental and waste management and environmental accident drill trainings were provided to our employees.”





# Water Management

Water management plays an important role in improving operational efficiency, reducing costs and taking environmental responsibility for a sustainable future. Effective management of water is critical both to meet current needs and to protect water resources for future generations.

Our plant uses municipal mains water, processed into soft and pure water through two-stage osmosis devices for various processes. Pure water is used to clean the wire surface and to maintain the concentration of the emulsion oil used in the lubrication of the wire. Soft water is used in the cooling process to cool the wire coming out of the furnace. The waste water after water transformation is used in social facilities and garden irrigation. The water used in the process is recirculated with a closed cycle system and returned to the process. With these applications, water consumption is reduced. All waste water generated is discharged to the municipal sewerage system. During the reporting period, no penalty was received due to non-compliance with waste water discharge standards.

At ELSAN, machines, equipment and water consumption points in the operational process are monitored online via the SCADA system to ensure continuous water management. Projects are carried out to reduce water consumption. Employees are given annual awareness trainings on usage and efficient energy resource management.

Our water footprint was calculated in 2022 and 2023 in accordance with the 14046 standard and verified by the certification body.



Water use per unit of product

Unit	2021	2022	2023
product/tonne	1,11	1,14	1,09



“ Thanks to the water management programme, the water consumption rate per unit product at ELSAN has been reduced by approximately 5% compared to 2022 ”



# Energy and Emission Management

ELSAN is aware that reducing energy consumption has a great impact on ensuring operational sustainability. In this context, studies for the ISO 50001 Energy Management System certification process were initiated at the beginning of 2023 and the audit conducted in December was successfully completed and the certificate was awarded.

ELSAN carries out machine improvement works and efficiency-enhancing projects to ensure energy efficiency. Thanks to its investments in energy efficiency projects, it not only saves energy but also achieves financial savings and reduction of greenhouse gas emissions. ELSAN aims to increase energy efficiency by carrying out detailed studies on projects suitable for the processes. In order to measure its performance, it monitors energy consumption per product every year and sets internal targets. With these targets, it improves its performance by providing significant improvements....

“ Thanks to energy saving and process improvement efforts, total greenhouse gas emissions at ELSAN decreased by 27.26% compared to 2022. ”

## Greenhouse Gas Emissions

2022	Direct CO2 Emissions (Scope1)	Indirect CO2 Emissions (Scope2)	Indirect CO2 Emissions (Scope3)
	1,120	13,244	142,993
↓			
2023	Direct CO2 Emissions (Scope1)	Indirect CO2 Emissions (Scope2)	Indirect CO2 Emissions (Scope3)
	1,046	12,467	100,938







# MANAGEMENT OF CLIMATE CHANGE RELATED IMPACTS

*A Future Built with Responsibility*



# Management of Climate Change Related Impacts

An effective climate change mitigation strategy is a critical factor affecting companies' operations and sustainability goals. In this context, we carry out studies under the leadership of the Sustainability, Environment, Occupational Health and Safety Committee in order to evaluate and mitigate the effects of climate change in all activities of our company. These efforts include projects to reduce emissions from energy consumption and procurement.

**“ ELSAN has a proactive attitude towards managing the risks brought about by climate-related regulations. ”**

In the name of sustainability, international standards and frameworks guide our company. We fulfil the requirements of ISO 45001 Occupational Health and Safety Management System, ISO 14001 Environmental Management System and ISO 50001 Energy Management System, and calculate corporate carbon and water footprint according to ISO 14064 and ISO 14046 standards. The fact that our products have REACH and RoHS compliance certificates is an indicator of our sustainable production processes.

Our customers also support us in our sustainability journey. Our membership to the Ecovadis platform and our declarations on Environment, Human Resources, Sustainability and Ethics are the most important indicators of our commitment to our principles of transparency and accountability. Developing shared goals and strategies on sustainability with our customers helps foster positive impact.

In the future, we plan to further increase the use of renewable energy sources and favour low-carbon products in our raw material choices. Initiatives in our raw material procurement processes aim to transition to low-carbon alternatives, elevating sustainability standards across our supply chain.

Collaborating with suppliers, we take steps to support the production of low-carbon products. The information we receive from our suppliers is an integral part of our efforts to reduce the environmental impact of our products. Collaborating with all our internal and external stakeholders on energy efficiency and sustainability issues are important steps we take to leave a cleaner and more livable world for future generations.





# Combating Climate Change and Adaptation

ELSAN's Board-level committee has extensive responsibilities in terms of participation in decision-making processes, risk management, achievement of targets and business strategies. The Board of Directors plays a critical role in setting the company's long-term strategic goals, managing risks and optimising business processes. In this context, we adopt a holistic approach to assess and manage business strategies related to climate change and risks. We encourage the active participation of each department in these processes by ensuring that responsibilities are evenly distributed across the company.

The active participation of the Board of Directors and senior executives in climate actions, decision-making processes and risk management practices is essential. ELSAN considers the leadership and guidance of senior management as a critical priority in order to raise awareness on climate and sustainability issues and develop effective strategies. The Board of Directors is structured as the highest governance body for setting strategic goals, establishing corporate governance practices, and organising and managing climate change and sustainability issues.

The Board of Directors assumes a decisive and supervisory role in ELSAN's management processes, especially in situations involving significant financial impact and risk. A comprehensive overview report is presented to the Board of Directors, including the actions proposed in relation to each risk, the estimated timeline for the implementation of these actions, and the expected impacts in the short, medium and long term. This detailed report is presented to the Board of Directors twice a year to evaluate and harmonise the Company's risk management strategies.

The Board of Directors takes decisions on the actions to be taken to eliminate risks. In the context of the Borderline Carbon Adjustment Mechanism (CBAM), which is planned to be implemented in 2026, six sectors were initially identified, and it is planned to expand the scope of this mechanism in the future. From this perspective, the inclusion of the sector within the scope of the carbon pricing mechanism is considered as a "high" risk and brings along various risks. In this context, the committee at the Board of Directors level has decided to take action to produce low carbon products. As ELSAN, we aim to increase operational efficiency with products with low carbon content. We focus on reducing our carbon footprint by adopting advanced modern technologies and thus developing areas of opportunity against potential carbon pricing and regulatory challenges.

In addition, all units of ELSAN work based on the principle of sustainability and develop practices that minimise environmental impacts. In this context, projects that increase energy efficiency, water and waste management policies and strategies for the use of renewable energy resources are developed. As our company takes decisive steps towards becoming the sector leader in sustainability, we encourage the active participation of our employees and stakeholders in these processes.

ELSAN's management strategies include not only managing current risks, but also taking proactive measures against possible future risks. These strategies aim to guarantee the long-term success and sustainable growth of the company. Thanks to the strong leadership and visionary approach of the Board of Directors, ELSAN plays a pioneering role in the field of climate change and sustainability.

## Risk and Opportunity Management

Risks and opportunities are identified by the departments under the moderation of the IMS Department according to operational, strategic, economic, environmental and social impacts. The identified risks and opportunities are scored according to their impact and probability in accordance with the Risk Management Procedure. The actions to be taken for risks and opportunities with high risk scores are defined and the analysis is presented to senior management at Management Review, Occupational Health and Safety Committee, Energy Committee and Sustainability Committee meetings. Risks and opportunities are reviewed and evaluated quarterly at Committee meetings.





## Assessment of Climate Related Impacts

We closely follow the course to be followed for a low-carbon future within the scope of the development of the sector in which we operate, technological transformation and Turkey's net zero target. As ELSAN, we carry out our activities with a business model that supports and encourages the transition to a low-carbon economy while providing critical equipment in all areas and continuity of life. We promote a sustainable growth transformation while reducing our emissions throughout our value chain.

Our company aims to demonstrate active management to minimise the major negative environmental and social impacts of its activities while developing its economic growth potential. ELSAN's sustainability strategy is built around a set of long-term commitments that reflect the core elements of its corporate culture and strategy.

**ELSAN, carries out a comprehensive assessment process to identify potential negative impacts that may affect the achievement of its strategic priorities.**

By assessing climate-related transition risks and physical risks, we aim to integrate the impacts and financial implications of these risks on our operations into decision-making processes with a holistic approach. In this process, we aim to create long-term value for our stakeholders while tackling the challenges and opportunities associated with the transition to a lower carbon future.

The process of assessing climate change-related impacts was carried out with the contributions of all business units of our organisation and potential impacts were assessed for both transition risks and physical risks. Impact categorisation is in line with TCFD (Task Force on Climate Related Disclosures) recommendations.

**“ ELSAN is aware of the serious threat posed by human-induced climate change. It is ready to play an active role for a low-carbon future while ensuring continuity in the construction of modern life. ”**





Climate Related Impacts	Management Approach
<b>Changes in investor/creditors' expectations (difficulty in accessing capital/financing) in a way that is sensitive to climate change and failure to meet these expectations</b>	<p>ELSAN takes active steps to adapt to investor and creditor expectations that have become sensitive to climate change. In this context, we take the first step to overcome possible difficulties in accessing capital and financing by transparently sharing our company's environmental, social and economic data. We also actively contribute to the fight against climate change by voluntarily participating in international initiatives.</p> <p>The efforts of our company in these platforms emphasise that it takes its environmental and social responsibilities seriously and emphasises its commitment to sustainable development goals. The ESG (Environmental, Social, Governance) rating study to be carried out in the coming period will contribute to ELSAN's access to green financing and further improve the conditions of this financing.</p>
<b>High costs that may be incurred to develop decarbonisation efforts in line with low-carbon energy demand</b>	<p>Our company has developed emission reduction plans in accordance with the 2050 Net Zero Emission (NZE) scenario. These plans are designed to respond to the demand for low-carbon energy and accelerate the decarbonisation process. It has developed a comprehensive strategy to manage various risks, including the high costs that may be faced to support decarbonisation efforts. This strategy covers our comprehensive efforts to make costs predictable and ensure financial sustainability. As ELSAN, in this process, we constantly review our reduction plans and targets and shape our investments and operations accordingly.</p>
<b>High costs that may be incurred during the transition to low carbon feedstock</b>	<p>The shift to green aluminium is driven by increasing awareness of the environmental impacts of conventional aluminium production, as well as changing regulatory and consumer demands for sustainable products. This shift towards green aluminium could transform the industry, making aluminium the leading sustainable material of the future and increasing costs due to the production process. ELSAN supports the fight against climate change and the protection of natural resources by reducing energy consumption and environmental impacts through green aluminium production. Our company can also meet the increasing demand for green and environmentally friendly products in various sectors by spreading sustainable practices. In this context, in addition to the high costs to be incurred within the scope of green aluminium production, a holistic assessment is made with areas of opportunity for market expansion, environmental and social value creation.</p>
<b>Potential exposure to climate-related litigation or other legal sanctions</b>	<p>Our obligations within the scope of compliance with the legislation are monitored by all business units. Necessary actions are taken by being involved in the process from the draft stage of the legislation. This year, there have been no penalties, sanctions or lawsuits within the scope of climate change and related legislation.</p>



Climate Related Impacts	Management Approach
Potential exposure to climate-related litigation or other legal sanctions	Our obligations within the scope of compliance with the legislation are monitored by all business units. Necessary actions are taken by being involved in the process from the draft stage of the legislation. This year, there have been no penalties, sanctions or lawsuits within the scope of climate change and related legislation.
Failure to meet reporting expectations in sharing data with the public, failure to ensure consistency between reports	In line with our company's approach to full compliance with the legislation, reporting requirements are followed sensitively. Our declarations to the relevant Ministries, measurement and periodic reports are prepared in a complete and transparent manner to meet the requirements.
Damages caused by extreme weather events (flood, landslide, excessive rainfall, drought, fire, storm, etc.) to the production facility and interruptions/stoppage in production	We have emergency action plans to ensure production continuity within the scope of extreme weather events. For the fire effect, which carries the greatest risk, fire training and drills are carried out annually. Fire detection and extinguishing systems are available.
The effects of extreme weather events (floods, landslides, excessive rainfall, drought, fire, storms, etc.) on operational efficiency and service delivery	Our company operating in Denizli conducts assessments at the level of production processes, plant equipment, and employees regarding physical impacts. We continuously monitor Denizli's climate vulnerability and meteorological data, analyzing the potential effects of such events on our operations and service quality.



# Net Zero Road Map at ELSAN

Climate-related risks that threaten both the continuity of production processes and the value chain and business activities are identified and evaluated. While evaluating climate-related risks and opportunities, studies are carried out taking into account the 2050 Net Zero Emission Scenario (NZE2050). Using transition scenarios guides ELSAN in transforming and improving activities and adapting to climate change in the long term.

The Net NZE Scenario is constructed to achieve net zero CO2 emissions by 2050 and is aligned with the United Nations Sustainable Development Goals (UN SDGs). The scenario addresses the emission reductions set out in the Intergovernmental Panel on Climate Change (IPCC) special report on global warming of 1.5°C. The NZE2050 scenario has been assessed for potential impacts on all operations and the value chain. In this context, it is ensured that the emissions arising from the Company's operations are reduced, low-carbon products and services, materials and technologies that prioritise energy efficiency are preferred, creating minimum energy consumption and maximum efficiency space.

ELSAN prioritises sustainability with its strategic approach and works with determination to reduce greenhouse gas (GHG) emissions. We continue our efforts to minimise our dependence on fossil fuels and increase energy efficiency throughout our operations. From 2022 onwards, we carefully monitor greenhouse gas emissions from our operations and implement measures to reduce them. We are using a calculation model in line with the Science Based Targets Initiative (SBTi) since 2022 to ensure the reliability of our emission calculations and alignment with the industry.

We integrate climate change work into our business strategy to maintain compliance with current and future industry regulations. In line with our transformation plan, we have started using green aluminium instead of primary aluminium in our product portfolio from 2022. Green aluminium, which stands out with its lower climate change impact, contributes to Scope 3 reductions. Our goal is to become a leading company in the industry by continuously increasing our green aluminium content and offering a comprehensive portfolio of sustainable solutions. To achieve these goals, we aim to encourage the adoption of low-carbon practices across the industry by collaborating with more suppliers every year. In this context, in addition to green aluminium, we aim to implement various projects to increase the proportion of low-carbon product portfolio.





# ELSAN at Level A in CDP

As ELSAN, we continue to reap the rewards of the steps we take towards environmental sustainability and transparency. We were awarded with "A Leadership Score" at the 14th Climate Change and Nature Conference organised by Carbon Disclosure Project (CDP), Turkey's leading environment-focused platform, which we attended for the first time this year! We are proud to receive an A grade in the Climate Change Programme of CDP, the world's largest environmental reporting platform. We continue our efforts for a sustainable future.



**DISCLOSURE INSIGHT ACTION**

**A LIST  
2023**

**CLIMATE**





## OUR EMPLOYEES

*ELSAN considers its employees  
as a part of its family*



# Employee Rights and Gender Equality at ELSAN

ELSAN considers its employees as a part of its family. For this purpose, employees' motivation and loyalty to ELSAN are prioritised, continuous training and personal development opportunities are provided, and opportunities are created to maximise their potential. ELSAN's basic human resources principles include following a transparent and open management policy for everyone, protecting material and moral rights, constantly reviewing, updating and disseminating the human resources policy.

ELSAN is among the signatories of the Women's Empowerment Principles (WEPs) established in partnership with the United Nations Gender Equality and Women's Empowerment Unit (UN WOMAN) and the United Nations Global Compact. The Company bases its human rights commitments on the United Nations Universal Declaration of Human Rights, of which Turkey is a signatory. It regularly participates in the 16-day activism campaign organised by the Women's Unit (@unwomen) every year. Social responsibility projects carried out in the company are carried out under the management of the Holding HSE and Sustainability Group Directorate with the advice of the relevant department management and the approval of the Sustainability Committee.

- ELSAN supports the participation of women in the labour force, securing the principles of equal opportunity in all human resources policies and procedures, with the Human Rights Policy and increasing women's employment,
- To ensure that its employees and business partners act in accordance with the Human Rights policy,
- Under no circumstances tolerate discrimination among its employees on the grounds of race, religion, language, colour, age, sex, gender, family status, national origin, health status, physical disability, sexual orientation, possible or probable pregnancy, trade union activities or any other factors determined by law,
- Never allow the employment of personnel classified as child labour at any stage of its activities,
- To oppose all violent behaviour in the workplace or in the private life of its employees, including domestic violence, violence against nature and animals.

The Internal Audit and Control Group Directorate carries out examinations on the subject when necessary. Since the said reporting is considered within the scope of the duties and responsibilities of the Internal Audit and Control Group Directorate, it is not reported by the Human Resources Department.

At ELSAN, equal rights are provided to all employees in terms of remuneration, performance evaluation, equal utilisation of career opportunities, employment and similar issues, and all developments regarding equal opportunity plans are announced through internal and external communication channels.

ELSAN supports the participation of women in the labour force and has secured the principles of equal opportunity in all human resources policies and procedures and aims to increase women's employment. The company plans to improve the gender balance in decision-making mechanisms and increase the ratio of female employees in the board of directors and senior management of the company.

**Taking responsibility for our actions, we support sustainable, innovative and people-oriented life by committing to the 10 principles of the United Nations Global Compact in the areas of human rights, environment, labour standards and anti-corruption. With this view, we have applied for membership of the UN Global Compact, the world's largest corporate sustainability initiative of the United Nations Global Compact.**

At ELSAN, it is believed that women should be able to benefit equally from resources and opportunities regardless of gender. ELSAN, which keeps the labour of women and their place in society on its agenda every day of the year, fulfils its responsibility. In addition to increasing the number of female employees working in the company at all levels, Aydem Energy's Equal Life initiative contributes to the transformation of the sector and the business world. ELSAN will continue to resolutely pursue its nationwide projects that aim to enable women to be more involved in social and economic life.





# Gender Equality in the Career Journey

ELSAN Human Rights Policy and Code of Ethics Equality of opportunity is included in our Code of Conduct. In this context, equal practices have been implemented regardless of position in terms of supporting the employment of female employees, equal pay for equal work, operation of promotion processes according to the principle of equality, social benefits and fringe benefits.

“ ELSAN addresses the issues of "Equal Opportunity, Stance Against Violence, Inclusion and Diversity" on the basis of equality and shares this approach with all our employees. ”

Within the scope of the activities carried out under the heading of gender equality in the career journey, female employees were recruited from the region in which the Company operates. In order to ensure the adaptation of female employees to male labour-intensive workplaces, the Company's short-term goal was to improve the comfort areas in workplaces.



Gender Equality



Gender Equality in the Career Journey



Policies, Processes and Procedures from a Gender Equality Perspective



Work Life Balance



Gender Equality in Physical Conditions and Legal Practices







## Professional Development and Talent Management

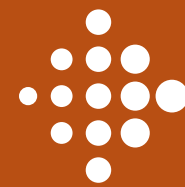
As ELSAN, aligned with our strategy to foster positive working environment for our employees, we set measurable, transparent and fair business goals that will reveal their potential and integrate them into our performance management system. We provide support by providing all the necessary resources for our employees to achieve these goals and reward their success.

The professional and personal development of our employees is provided through trainings on the Aydem Academy Enocta platform, internal awareness trainings, job-specific technical and vocational trainings. Menti-mentor programmes provide young employees with the opportunity to get to know the company culture and benefit from experiences. Full Energy Young Talent Programme enables new graduates to gain experience in all group companies and to work in the field of their choice. Within the scope of the S-energy programme, the internship process of students is supported and the recruitment process is initiated for candidates who are successful in the evaluation made after the internship. Projects that will ensure the development of both ELSAN and students are implemented in cooperation with high schools and universities.

Talent management, diversity and inclusion issues are monitored by the Human Resources Department and progressed in coordination with the General Manager and Holding Human Resources Group Directorate.





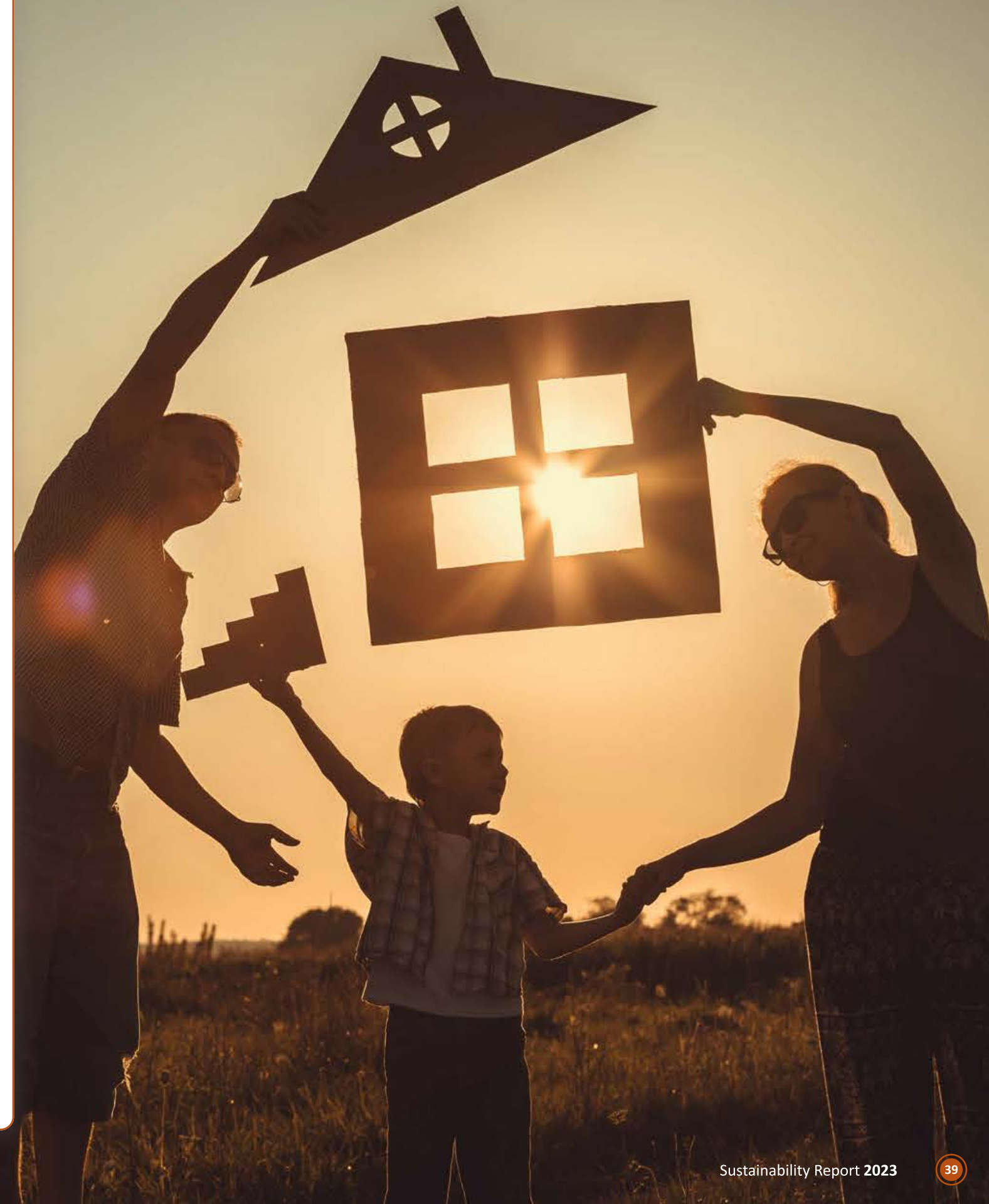


## Ethics and Transparency

Our reputation constitutes our company's licence to operate and the basis for conducting a sustainable business. As ELSAN, we aim to maintain and work according to the highest ethical standards and integrity levels while working within legal limits and regulations. Our mission, vision and company values reflect our clear stance on sustainable ethical behaviour.

Business ethics is an important part of business life and at the same time ELSAN's core principles that guide behaviour in the business world. These principles determine the ethical values and business principles of the company. The determined principles define the rules and employee rights that both the company itself and all parties acting on behalf of the company must comply with. Honesty and integrity are of great importance for ELSAN to maintain its reputation, reliability and success. In this direction, all activities are integrated with the "Code of Ethics and Working Principles".

Through the "Ethics Line", our employees can report situations that violate all basic principles, especially confidentiality, protection of personal information of customers, information belonging to company property, information retention, access to confidential information and all other basic principles. The notifications made are meticulously analysed and necessary actions are taken. In addition to the training we provide to all our employees on the Code of Ethics and Working Principles, "Code of Ethics and Working Principles Training" is compulsorily provided to our new employees during their orientation training. If any of our employees have any doubts about the "Code of Ethics and Business Conduct" or witness any behaviour or practice contrary to the determined rules, they can contact the Ethics Line via e-mail and/or the dedicated phone line at any time of the day and report the situation.





## Occupational Health and Safety

ELSAN always prioritises the health and safety of its employees. While implementing strategies to minimise all risks to prevent occupational accidents, it takes steps to continuously improve working conditions. It also carries out various trainings and information processes to raise the awareness of its employees on occupational health and safety issues.

At ELSAN, risk and opportunity analyses are conducted in accordance with legal requirements and the effectiveness of the actions determined is increased. These practices, which are also mentioned below, are integrated with the company's Occupational Health and Safety Policy and performance targets.

Field inspections are carried out daily by the OHS Specialist. As a result of these inspections and employee observations, the hazards that may be caused by inappropriate situations are graded and evaluated with the IMS (Integrated Management Systems) Department and technical team according to the hazard level and necessary actions are taken. In addition, accident frequency rate, accident severity rate and OHS trainings are monitored monthly to improve OHS performance. Representatives from department managers are included in the OHS Board and the decisions taken at the meetings are effectively implemented. A performance target has been set to increase the awareness of employees about near misses and inconvenient situations.

OHS committee meets every 2 months. At the meetings, employees' suggestions, risks identified, occupational accidents and near misses are evaluated. Actions are determined together with the committee and the decisions taken are communicated to the relevant departments to ensure that actions are taken.

In accordance with ISO 45001 and applicable legal regulations, hierarchy methods used in hazard identification and elimination of risks are applied. Risk analyses are examined together with employees and department supervisors to identify hazards and minimise them. The identified hazards and actions are updated in the table and published in the ERP system for all employees to see. In order for employees to contribute, their opinions and suggestions are received at board meetings, near-miss notifications, analyses after work accidents and field inspections.

Near Miss and Unsafe Situation Notification Form is used and published in the document management system so that every employee can access it. In addition, there are near-miss and unsafe situation notification boxes in production areas. Hazards are reported to the IMS Department verbally or via form or e-mail. Necessary actions are taken under the moderation of the IMS Department and the hazards are minimised.

OHS management is under the responsibility of the Integrated Management System Department within the Company organisation. Reporting is made to the General Manager. There are annual targets for accident frequency rate with lost days and total recordable accident frequency rate.

As a result of all the measures we have taken, the dissemination of good practices in the field and the adoption of occupational health and safety culture by our colleagues, there has been a significant decrease in our accident frequency rate performance in 2023. Similarly, there were no accidents with lost days in the reporting year.

Risk assessments are made regarding the risks that our employees, including our employees requiring special policies, may face and necessary actions are taken. Female employees are included in OHS Committee meetings and they are enabled to voice their wishes, complaints and suggestions. Disadvantaged employees are given the opportunity to express themselves better in the workplace and understand the risks they may face by assigning Buddy. Disadvantaged employees are prevented from working in heavy and dangerous jobs with the approval of the Workplace Physician. With the OHS practices implemented, efforts are made to provide a suitable working environment especially for women and disadvantaged employees.

OHS issues are among the risk issues of corporate governance. Risks and actions assessed annually are discussed at the Management Review (MD&A) meeting. OHS process is subject to both internal audit and independent audit annually.

Occupational Health and Safety Trainings	2021	2022	2023
Total OHS Trainings (Person*Hour)	3,584	4,899	7,736

“ In the field of Occupational Health and Safety, we prevent occupational accidents by minimising the risks that may jeopardise the health and safety of our employees, receive the opinions and contributions of employees/employee representatives, and carry out continuous improvement activities. ”

Accidents	Unit	2021	2022	2023
Accident frequency rate	Ratio	14.02	17.11	9.17

Lost Days	Unit	2021	2022	2023
Rate of lost days due to work accidents	Ratio	12.60	1.32	0.00





# R&D AND INNOVATION

*Innovations Shaping the Future*



# R&D AND INNOVATION

At ELSAN, R&D and innovation activities are handled with care in order to ensure innovation and continuous development that can shape the future. Based on the idea that each suggestion can be the next big innovation, each employee is invited to actively participate in R&D and innovation processes. "Idea Line" and "Quality Circle" applications are used to further strengthen R&D processes and accelerate innovation. The Idea Line is a platform where each employee's voice is heard and their valuable ideas are included in the company's innovation process. The Quality Circle application, on the other hand, encourages employees to use both their critical thinking skills and teamwork skills to continuously improve the performance of business processes and increase product quality.

With the Idea Line Portal, suggestions of employees are received and rewarded if approved. With Quality Circle practices, our employees are encouraged to contribute to the projects in their own fields. Project Plans are created in consultation with the relevant departments. Project risks and changes made are evaluated not only by the R&D department but also with the participation of IMS, Production, Planning, Sales, Marketing and Maintenance departments.

In 2023, ELSAN achieved significant success with the projects carried out in the fields of production efficiency and capacity increase, sustainability, environment and OHS under the moderation of the R&D department. With the commissioning of the vertical enamelling machine, enamelled flat copper and aluminium wire production capacity was increased. In addition, with the investments made in the CTC process, efficiency in production processes was increased and production capacity was doubled.

With the project aiming to reduce oil and water consumption in emulsion systems, a 12% decrease in oil and water consumption was achieved compared to the previous five-year average. In the enamelled superfine wire process, which is our strategic product, energy efficiency was increased and a significant decrease in scrap rate was observed with the innovations implemented in the input wire production and enamelling process. These achievements not only provide financial benefits to our company, but also make a significant contribution to sustainable and environmentally friendly production and energy and water saving.

The R&D unit monitors machine energy consumption on a monthly basis, identifies machines with unit energy values above the set value and identifies problems through analyses. In this framework, improvement efforts initiated with the aim of reducing energy consumption strengthen the company's sustainability and efficiency-oriented strategies. In addition, the R&D team closely follows developments in the sector and continues feasibility studies to evaluate new technological opportunities. These studies contribute to the company maintaining its competitive advantage and making strategic decisions for the future.

In 2023, occupational health and safety risks were significantly reduced with projects to increase the safety of the working environment in our factory. These projects were implemented to ensure the safety of our employees at the highest level.

Please share information about the co-operated projects.	University	Cooperated field/project
CTC Production Efficiency and Quality Improvement	PAU	Increasing Productivity in the Production Process / Improving the Quality of Existing Products
Flat Al Wire manufacturability	PAU	Exportable Product Development
On Quality Improvement and Breakage Reduction in Superfine Wires	PAU	Improvement of Existing Product Quality
Increasing Product Quality and Productivity with Machine Automation	PAU	Increasing Efficiency in Production Process
Use in Processes by Generating Steam in Waste Flue Gas	PAU	Increasing Efficiency in Production Process
Energy Scada Automation	PAU	Increasing Efficiency in Production Process

	Unit	2021	2022	2023
Financial savings from processes improved through R&D / Innovation / Digitalisation	TL	3,840,000.00	6,310,165.00	7,996,541.00



## Digitalisation

In order to integrate into the world's technological growth trends, digitalisation and the capacity to adapt to it have become an important issue. Digital management tools and automation models lead to changes in companies' business management, production processes, energy transition plans and climate strategies. By following all these trends, ELSAN focuses on having future-oriented technology and infrastructure, improving the ability to use data instantly and analytically, and improving production efficiency. In this direction, revisions were made in the technological infrastructure to make production data interpretable. Data traceability was ensured by converting the control panel of old technology enamel production machines from analogue to digital. The IT Digital Solution Centre platform was established in order to provide rapid response to the requests of employees regarding the digitalisation process.







## SOCIAL INVESTMENTS

*ELSAN believes that it should create value for society and the environment.*



# Supply Chain Management

ELSAN increases its production capacity by easily adapting to the dynamics of the rapidly expanding sector. Our company has managed to convert 30% of its sales into exports with its effective marketing strategy by accurately analysing the production demands for round and flat enamelled coil wire, CTC and paper covered winding wire. One of the most important components of ELSAN's success is its ability to quickly adapt to the digitalised world as well as integrating its supply chain with digital systems.

In accordance with our Procurement Policy and Procurement Procedure; economic, social, environmental and energy impacts are considered in supplier selection and evaluation. New suppliers undergo to a system audit covering ethics, OHS, environment, quality and energy issues. In the supplier evaluation process, scoring is made on the criteria of shipment, delivery, development and co-operation performance. A system audit is conducted for the supplier development performance criterion and the supplier's status in environmental and social issues is measured.

We recognize that sustainable supply chain practices have a direct impact on operational efficiency, brand reputation and customer satisfaction.

Our business strategies require all suppliers to meet the criteria. Contracts that go beyond legal obligations and include additional environmental and social criteria strengthen our commitment to sustainability and encourage suppliers' compliance with the Company's climate and sustainability goals. Scope 1, 2 and 3 greenhouse gas emission measurements are requested from our suppliers in order to measure and improve the environmental performance of ELSAN and the supplier and to minimise the risks that may arise from compliance with the European Union Border Carbon Regulation Mechanism.

We Produce Alternative Solutions for Secure and Flexible Supply Chain

Due to the political instability and war situation in the location where our suppliers receive their raw materials, risks and effects such as delays in raw material supply, increase in logistics costs, etc. have been evaluated and alternative supply routes have been sought in order to eliminate the effects. In order to ensure supply chain sustainability, alternative suppliers from different regions are worked with.

For cathode and varnish raw materials, it is not possible to work with local suppliers due to the lack of local producers, raw material quality and insufficient supply in the market. However, efforts have been made to purchase wire rod from local suppliers. Since the previous years, 12.5% of the total procurement of bare round copper wire and 16% of the total procurement of bare round aluminium wire has been directed to local suppliers. Local procurement opportunities were investigated for the paraffin auxiliary material supplied from Germany and local procurement was started. The sustainability of the supply was ensured by carrying out development studies with the supplier company regarding the quality of the paraffin purchased. As a result of these efforts, our local procurement rate increased by 21% compared to the previous year.

At the London Metal Exchange (LME) events, economic and environmental factors affecting the supply chain in the past and the future are evaluated with suppliers and co-operation is made for common solutions. In addition, discussions are held on developments in the sector, changes in legal regulations and action plans to be developed on sustainable supply chain practices.





## Social Responsibility Projects

The most important benefit of social responsibility projects is to raise sensitivity and awareness. The projects also contribute to the development of employees' skills in communication, co-operation, leadership, teamwork and creative thinking.

ELSAN believes that it must create value for society and the environment. We actively work with our entire value chain and partners beyond our customers and suppliers to improve our processes, identify and manage risk and opportunity areas. In addition to our work with our suppliers and information sharing to raise customer awareness, we actively collaborate with various organisations.



### PASVAK - Food Aids to the Needy

With this work, which focuses on the most basic need, nutrition, we supported 2000 financially disadvantaged individuals to meet their food needs. We reduced the workload of the soup kitchen by enabling our colleagues to participate voluntarily in food distributions.



### Red Crescent Blood and Stem Cell Donation

Blood is a vital medicine that cannot be produced even under today's technological conditions and whose only source is human beings. Women between the ages of 18-65, over 50 kg, every 4 months, men every 3 months, with blood donation lasting 25-30 minutes, it helps to save at least 3 people's lives. As ELSAN family, we made voluntary blood and stem cell donations thanks to the Red Crescent team who came to our company for our colleagues who want to be blood donors within the scope of social responsibility project.



### KTU Wire Sponsorship

KTU Energy Technologies Society: KTU Energy Technologies Society, consisting of mechanical, metallurgical and materials, electrical-electronic engineering students, participates in three races a year, one of which is in Europe, in order to develop and popularise alternative energy vehicles. This year, as ELSAN, we supported their project with our enamelled coil wire product.



## The Disaster of the Century: 6 February Earthquake

As Aydem Energy and group companies, in coordination with AFAD and KIZILAY, we mobilised to support the earthquake zone. We supported the search and rescue efforts in the earthquake zone with our search and rescue teams. In addition, we contributed to the uninterrupted continuation of search and rescue efforts by sending generators and construction equipment to the region with our colleagues from the electricity breakdown-repair and support units. In co-operation with the Red Crescent, we worked to meet the earthquake victims' need for 3 meals a day. By making announcements in all group companies, we ensured that the aids such as drinking water, food, blankets, coats, sleeping bags, tents, underwear, boots, portable chargers, hygiene packages for women and toys for children, etc. needed by the earthquake victims reached the earthquake victims.

In addition to what we have done as a company, we set off our trucks on the road with the spirit of solidarity to deliver the aids that our colleagues organised among themselves and voluntarily provided from their own budgets to the region. We tried to heal the wounds of the earthquake together with solidarity.





## Each Donation is a New Life

Organ donation is the permission of a person to use his/her tissues and organs for the treatment of other patients after the end of his/her medical life with his/her free will and to document this. Anyone 18 years of age and over, who is mentally stable, can donate organs and give hope to patients waiting for organ donation. Within the scope of 3-9 November Organ Donation awareness week, as ELSAN, together with the team from the Provincial Directorate of Health, we carried out a study to raise awareness among our colleagues with the slogan "every donation is a new life" and we donated with our volunteer colleagues.

## Let's Have an Impact

With the stray animal care fund we have created, we cover the veterinary / medicine expenses of stray animals in need of care, which we provide shelter in our factory garden by collecting money / food donations from our volunteer employees. In addition, we prevent waste by feeding stray animals daily with leftover food in our cafeteria.





## Our Awards



### 100 Achievements in 100 Years Award Ceremony in the 100th Year of the Republic

The night of 100 success awards in 100 years was organised in Denizli and successful companies that have been serving our city for many years were awarded. "100 Achievement Awards in 100 Years" were presented to the representatives of companies that have completed more than 40 years as a member of Denizli Chamber of Commerce.

Our Company was deemed worthy of this award thanks to our deep-rooted history in Denizli and our commitment to sustainability principles. As Elsan, while continuing to contribute to Denizli and our country, we continue our activities to be a pioneer in sustainability and innovation.

This meaningful award is a symbol of our gratitude to Elsan's valuable employees, business partners and customers. In the future, we will continue our sustainability and success-oriented work and continue to fulfil our mission to leave a better world to new generations.



### Great Place To Work - Great Workplace Award

As Elsan, we are proud to receive the "Great Workplace" award for the third time in the "250-499" employee number category in the research conducted by the Great Place To Work Institute. This prestigious award recognises the satisfaction of our employees and the positive working environment in the workplace, as well as the high business standards of Elsan.

As Elsan, we always prioritise the satisfaction and development of our employees. We will continue to create an innovative and sustainable business culture by continuously improving our working environment with our efforts to create an environment where values such as trust, respect, fairness, pride and team spirit prevail in the workplace.



## The Events We Attended in 2023



### We are at Colitech Italy 2023 Fair!

As ELSAN, we shared our innovations and advanced technologies at Colitech Italy Fair.

The fair, which brings together companies operating in various sectors such as industrial technologies, automation, energy and environmental technologies, was held in Italy on 20-21 September.

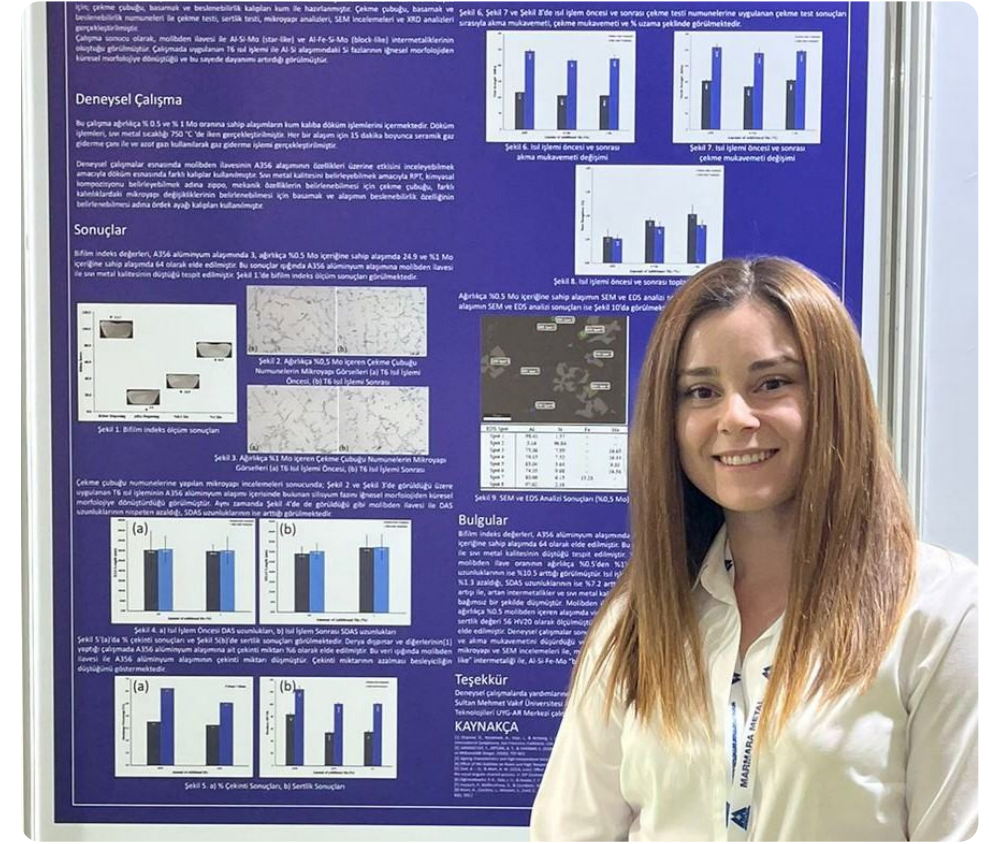
We took part in the Colitech Italy 2023 Fair at booth 7-D18. At our booth, we introduced our state-of-the-art technology products and innovative solutions and held productive meetings to shape the technologies of the future.



### CWIEME Berlin 2023 Exhibition

CWIEME (Coil Winding, Insulation & Electrical Manufacturing Exhibition) Berlin is the world's leading exhibition for electric motors, generators, transformers, electronics and electromechanical components. The exhibition brings together industry leaders, engineers, suppliers and manufacturers, offering the opportunity to discover the latest technologies, innovations and solutions in the industry.

At CWIEME, one of the most important fairs in the industry, we introduced our expertise and latest products in electric motors, generators, transformers and other electromechanical components. At our stand, we exchanged information about sectoral developments with our visitors who received detailed information about our products by meeting one-to-one with our engineers and expert team.



### 11th International Aluminium Symposium

The 11th International Aluminium Symposium was held on 12-14 October 2023 at Yeşilköy-Istanbul Expo Center in cooperation with TALSAD Turkish Aluminium Industrialists Association, TUBITAK Marmara Research Center and TMMOB Chamber of Metallurgical and Materials Engineers Education Center.

Merve Atik, one of our R&D Engineers, presented the paper "Effect of Molybdenum Addition to A356 Alloy - Effect of Mo Addition in A356 Aluminium Alloy" and her publication was included in the "Book of Proceedings".





## APPENDICES



*Economic Performance*

*Environmental Performance*

*Social Performance*

*GRI Content Index*



Economic Performance

Economic Value Created (TL)	2021	2022	2023
Economic Value (Revenues)	1,33,530,493	2,070,774,044	2,943,288,140
Economic Value Distributed (TL)	2021	2022	2023
Operating Costs (Including Procurement, Excluding Fees)	975,866,145	1,738,922,908	2,493,910,548
Wages and Benefits Paid to Employees	25,163,530	47,667,199	144,619,088
Total	132,500,818	284,183,937	2,638,529,636
Financial Assistance Received from the Government (TL)	2021	2022	2023
Incentives	1,796,362	5,549,402	9,830,232
Total Domestic Sales Revenue (TL)	2021	2022	2023
Copper Enamelled Coil Wire	626,631,254.25	1,064,108,620.74	1,713,224,76491
Aluminium Enamelled Coil Wire	162,844,899.81	358,404,034.79	452,817,400.78
Total International Sales Revenue (USD)	2021	2022	2023
Copper Enamelled Coil Wire	293,331,092.13	475,030,409.87	621,329,070.00
Aluminium Enamelled Coil Wire	66,814,188.38	142,773,236.43	155,916,904.00
Financial Indicators	2021	2022	2023
Net Sales (TL)	1,149,623,455.58	2,040,318,323.83	2,943,288,139.69
Net Profit (TL)	-269,098,328.44	-723,438,682.73	-1,150,294,871.49
Total Current Assets (TL)	1,423,824,280.18	835,680,951.52	1,703,787,099.76
Total Assets Amount (TL)	1,492,797,437.87	1,428,178,288.38	2,396,316,494.91
Total Equity (TL)	-509,964,377.02	-1,233,403,059.75	-1,869,526,576.27

Environmental Performance

Total Waste (by Type)	Unit	2021	2022	2023
Hazardous Waste	Tone	138	133	117
Non-Hazardous Waste	Tone	1,211	1,018	1,246
Total Waste	Tone	1,349	1,152	1,363
ENERGY and EMISSION				
Non-Renewable Direct Energy	Unit	2021	2022	2023
Diesel/Motor oil	Litre	8,300	13,600	4,200
Coal	Tonne	292	316	341
Non-Renewable Indirect Energy	Unit	2021	2022	20223
Electricity	kWh	32,596,470	30,576,810	29,604,880
Energy Supplied from Renewable Energy Sources	Unit	2021	2022	2023
Solar Energy	kWh	554,639	552,948	503,446
Greenhouse Gas Emissions	Unit	2021	2022	2023
Direct CO <sub>2</sub> Emissions (Scope 1)	tCO <sub>2</sub> e	-	1,120	1,046
Indirect CO <sub>2</sub> Emissions (Scope 2)	tCO <sub>2</sub> e	-	13,244	12,467
Indirect CO <sub>2</sub> Emissions (Scope 3)	tCO <sub>2</sub> e	-	142,993	100,938
Water Usage				
Total Volume of Water Withdrawn, Mains water	Unit	2021	2022	2023
Total Volume of Water Withdrawn, Groundwater	m³	37,665	36,262	34,172
Total Volume of Water Withdrawn, Groundwater	m³	423	0	0
Waste Water Discharge; Sewerage, OSB	m³	26,662	25,383	23,965
Water Consumption	m³	38,088	36,262	34,235
Water use per unit of product	product/tonne	1.11	1.14	1.09
Water Footprint	Birim	2021	2022	2023
Blue water footprint	m³/year	-	36,262	34,235
Green water footprint	m³/year	-	25,542	25,542
Grey water footprint	m³/year	-	22,831	21,554



Social Performance Indicators

LABOUR FORCE				
By Employment Type	Unit	2021	2022	2023
White Collar - Female	Person	20	19	22
White Collar - Male	Person	40	42	42
Blue Collar - Female	Person	5	5	5
Blue Collar - Male	Person	212	216	215
TOTAL		277	282	284
Sözleşme Türüne Göre	Unit	2021	2022	2023
Indefinite Term - Female	Person	25	24	27
Indefinite Term - Male	Person	252	258	257
TOTAL		277	282	284
Cinsiyete Göre	Unit	2021	2022	2023
Male	Person	252	258	257
	Ratio	%91	%91	%90
Female	Person	25	24	27
	Ratio	%9	%9	%10
TOTAL		277	282	284

By Age	Unit	2021	2022	2023
18 - 30 years old	Female	7	8	8
	Ratio	%11	%13	%13
	Male	55	55	55
	Ratio	%89	%87	%87
31 - 40 years old	Female	8	7	9
	Ratio	%7	%6	%7
	Male	108	109	114
	Ratio	%83	%94	%93
Between 41 - 50 Years	Female	5	4	5
	Ratio	%7	%5	%6
	Male	71	77	72
	Ratio	%93	%95	%94
Between 51 - 60 Years	Female	5	5	3
	Ratio	%26	%28	%18
	Male	14	13	14
	Ratio	%74	%72	%82
Over 60 Age	Female	1	1	1
	Ratio	%25	%25	%25
	Male	3	3	3
	Ratio	%75	%75	%75
TOTAL		277	282	284



Social Performance

LABOUR FORCE				
Other Groups	Unit	2021	2022	2023
Foreigner	Female	0	0	0
	Ratio	%0	%0	%0
	Male	1	1	1
	Ratio	%100	%100	%100
Disabled	Female	0	0	0
	Ratio	%0	%0	%0
	Male	9	9	10
	Ratio	%100	%100	%100
By Management Category	Unit	2021	2022	2023
Senior Management	Female	-	1	1
	Ratio	-	%20	%20
	Male	4	4	4
	Ratio	%100	%80	%80
Medium Level	Female	4	4	5
	Ratio	%13	%13	%15
	Male	26	27	28
	Ratio	%87	%87	%85
Other	Female	20	19	21
	Ratio	%8	%8	%9
	Male	223	227	225
	Ratio	%92	%92	%91
Contract	Unit	2021	2022	2023
Percentage of factory employees included in collective labour agreements	Ratio	58%	57%	65%

Employment and Turnover	Unit	2021	2022	2023
New hires - Total	Person	33	13	24
White Collar	Person	5	3	5
Blue Collar	Person	28	10	19
Resigned - Total	Person	13	9	22
White Collar	Person	1	2	3
Blue Collar	Person	12	7	19
By Gender	Unit	2021	2022	2023
Male - Recruited	Person	26	12	20
	Ratio	%79	%90	%83
Male - Leaving the labour market	Person	12	7	21
	Ratio	%92	%80	%95
Female - Recruited	Person	7	1	4
	Ratio	%21	%10	%17
Female - Leaving the labour market	Person	1	2	1
	Ratio	%8	%20	%5
By Age	Unit	2021	2022	2023
18 - 30 Years - Recruited	Person	24	12	19
	Ratio	%73	%92	%79
18 - 30 years - Leaving the job	Person	6	4	10
	Ratio	%47	%44	%45
31 - 40 Years - Recruited	Person	6	-	5
	Ratio	%18	-	%21
31 - 40 Years - Leaving the job	Person	2	4	1
	Ratio	%15	%44	%5
41 - 50 Years - Recruited	Person	3	1	-
	Ratio	%9	%8	-
41 - 50 Years - Leaving the job	Person	2	1	10
	Ratio	%15	%12	%45
51 - 60 Years - Leaving work	Person	3	-	1
	Ratio	%23	-	%5



Social Performance

All Trainings (By Type)	Unit	2021	2022	2023
Professional Development	Hour	633	1,940	2,771
Personal Development	Hour	1,165	4,873	9,529
Other (Leadership)	Hour	868	1,736	101
Total Training Hours	Hour	2,666	8,549	12,401
Employee Engagement and Satisfaction Score	Unit	2021	2022	2023
	Ratio	%84	%85	%89
Success rate of orientation and retention programme for newly recruited employees (0-2 years)	Unit	2021	2022	2023
	Ratio	%91	%92.3	%100
Occupational Health and Safety Trainings	Unit	2021	2022	2023
Number of Company Employees	Person	277	282	284
Company Employees	Person*Hour	3,584	4,899	7,736

OCCUPATIONAL HEALTH AND SAFETY					
Accidents	Group	Unit	2021	2022	2023
Near miss	Company	Number/Year	5.00	1.00	5.00
Accident frequency rate	Company	Ratio	14.02	17.11	9.17
Death	Company	Number/Year	0.00	0.00	0.00
Lost Days	Group	Unit	2021	2022	2023
Rate of lost days due to work accidents	Company	Ratio	12.60	1.32	0.00



# Limited Assurance Statement



## LIMITED ASSURANCE STATEMENT

### Verification Scope

Necessary verification activities were carried out to independently verify the compliance of GRI performance disclosures (environmental and social indicators) in the ELSAN Elektrik Gereçleri San. Tic. A.Ş. 2023 Sustainability Report prepared by ELSAN Elektrik Gereçleri San. Tic. A.Ş. for the year ended 31 December 2023 with the GRI Standard at a limited confidence level.

This Statement of Assurance covers the data and information relating to the performance disclosures assessed within the scope of the work described below.

### Environmental Indicators

Total amount of waste (by type) (tons)

Total amount of waste (by type) (tons)

Non-renewable direct energy quantities

Non-renewable indirect energy quantities (kWh)

Energy supplied from renewable energy sources (kWh)

Direct CO<sub>2</sub> Emissions (Scope 1) (tonnes CO<sub>2</sub> e)

Indirect CO<sub>2</sub> Emissions (Scope 2)) (tonnes CO<sub>2</sub> e)

Indirect CO<sub>2</sub> Emissions (Scope 3) (tonnes CO<sub>2</sub> e)

Total volume of water withdrawn (m<sup>3</sup> /year)

Water Footprint (m<sup>3</sup> /year)

### Social Indicators

Number of female and male employees by type of employment

Number of female and male employees by type of contract

Number of employees by management category

Number of employees by gender and age

Percentage of employees included in collective labour agreement (%)

Number of employees who quit their jobs by gender and age

Total training hours by training topics (hours)

Occupational health and safety training hours

Near miss

Kazakh frequency rate

Number of fatal accidents

Rate of lost days due to work accidents

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### Verification Activities

The accuracy and responsibility for the information contained in the Sustainability Report lies with ELSAN Elektrik Gereçleri San. Tic. A.Ş. and Unity Belgelendirme Muayene ve Test Hizmetleri Ltd. Şti. did not participate in the preparation of this report. The responsibility of Unity Belgelendirme Muayene ve Test Hizmetleri Ltd. is to verify the accuracy and reliability of the information available and to provide independent assurance of the underlying systems and processes used to obtain, analyse and review this information.

The procedures we perform are based on our professional judgement and include research, interviews, observation of processes performed, review of documentation, analytical procedures, assessment of the appropriateness of measurement methods, review of reporting policies and reconciliation of underlying records.

The limited assurance procedures we carry out are as follows:

1. Interviews were conducted with the persons responsible for the relevant environmental and social indicators.
2. It includes the control and verification of environmental and social performance reporting data with reference documents.
3. The source data used for the preparation of environmental and social indicators have been evaluated and selected specific examples of calculations have been redone.
4. Limited testing was carried out on a sample basis for the compilation and preparation of environmental and social indicators prepared by the Company.
5. It covers the evaluation of data and information management systems in terms of collecting, combining, analysing and reviewing data.

### Limited Assurance Statement

Unity Certification has planned and implemented verification studies in order to collect the information, explanations and evidence required to provide limited assurance in line with the processes and procedures applied.

In line with the procedures we have carried out and the evidence we have obtained, the GRI performance disclosures (environmental and social indicators) in the Company's 2023 Sustainability Report until 31 December 2023 have been verified and approved in all material aspects by the verification team.

### Restriction

This report has been prepared to assist in the reporting of the Company's sustainability performance and activities, including the results. We authorise the inclusion of this report in the 2023 Sustainability Report for the year ending 31 December 2023 so that the Company can demonstrate that it has fulfilled its responsibilities by having a limited independent assurance report prepared on the performance data. To the extent permitted by law and with our prior written approval, we do not accept any responsibility to any person or organisation other than ELSAN Elektrik Gereçleri San. Tic. A.Ş. in relation to the study or report we have carried out, except in cases expressly agreed upon.

UNITY CERT

Abdulkadir ÖZDOĞAN / Lead Verifier

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For the Content Index – Essentials With Reference option Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting with reference to the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the English version of the report.

Statement of Use	Elsan has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021



CONTENT INDEX ESSENTIALS  
SERVICE  
WITH REFERENCE OPTION

2024

# GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Company Profile, p.6
	2-2 Entities included in the organization’s sustainability reporting	About the Report, p.2
	2-3 Reporting period, frequency and contact point	About the Report, p.2
	2-4 Restatements of information	About the Report, p.2
	2-5 External assurance	Limited Asurance Statement, p.56
	2-6 Activities, value chain and other business relationships	Company Profile, p.6
	2-7 Employees	Employee Rights and Gender Equality at ELSAN, p.36
	2-8 Workers who are not employees	Confidentiality constraints
	2-9 Governance structure and composition	Board of Directors, p.4, Ethics and Transparency, p.39
	2-10 Nomination and selection of the highest governance body	Confidentiality constraints
	2-11 Chair of the highest governance body	Board of Directors, p.4
	2-12 Role of the highest governance body in overseeing the management of impacts	Combating Climate Change and Adaptation, p.29
	2-13 Delegation of responsibility for managing impacts	Governance Structure, p.21
	2-14 Role of the highest governance body in sustainability reporting	Combating Climate Change and Adaptation, p.29
	2-15 Conflicts of interest	Confidentiality constraints



# GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Governance Structure, p.21
	2-17 Collective knowledge of the highest governance body	Board of Directors, p.4
	2-18 Evaluation of the performance of the highest governance body	Confidentiality constraints
	2-19 Remuneration policies	Employee Rights and Gender Equality at ELSAN, p.36,37
	2-20 Process to determine remuneration	Confidentiality constraints
	2-21 Annual total compensation ratio	Confidentiality constraints
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TCFD Index

TCFD Main Headings	Recommended disclosures	Report Page
<b>Governance - Disclose the organization's governance around climate-related risks and opportunities.</b>	A. Describe the board's oversight of climate-related risks and opportunities.	21,29
	B. Describe management's role in assessing and managing climate-related risks and opportunities.	29
<b>Strategy - Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</b>	A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	31,32
	B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	31,32
	C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	28
<b>Risk Management - Disclose how the organization identifies, assesses, and manages climate-related risks.</b>	A. Describe the organization's processes for identifying and assessing climate-related risks.	30
	B. Describe the organization's processes for managing climate-related risks.	28,29
	C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	28,29
<b>Metrics and Targets - Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</b>	A. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	26,33,34
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# ELSAN

Respect for nature, assurance for the future

Sustainability Report 2023