

epsan^e



EPSAN 2023

SUSTAINABILITY REPORT

The background is a solid red color with a repeating grid pattern of white line-art icons. These icons represent various sustainability themes: leaves, flowers, suns, wind turbines, water droplets, hands, trees, light bulbs, and globes.

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EPSAN 2023 SUSTAINABILITY REPORT



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Innovating Today
for a **Greener Tomorrow**



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epsan[®]

SHAPING THE FUTURE

TAKING STEPS TODAY
FOR A SUSTAINABLE
TOMORROW



At EPSAN, we believe that sustainability is not just a choice but a responsibility. The year 2023 marked a significant milestone in our journey to leave a lasting impact on the future, driven by our firm commitment to environmental, social, and governance principles.

This report highlights the progress we've made through our core values, including circular economy practices, renewable energy, and eco-friendly production processes. Our mission goes beyond reducing environmental impacts; we aim to build a fairer and more sustainable world by delivering innovative solutions that create lasting value for society.

The journey toward a greener world starts today!



1. About the Report

EPSAN transparently shares its environmental, social and governance performance, and its progress and commitments on sustainability with all its stakeholders through its first Sustainability Report. This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards and is based on consolidated data covering the period January 1-December 31, 2023. This report covers the outputs of operational processes in the production facility and R&D center in Türkiye as well as 4 offices and logistics centers in Europe. The report will be prepared on an annual basis in the future.

Feedback from stakeholders is highly valuable for EPSAN. You can share your opinions and suggestions regarding EPSAN's sustainability efforts, potential ethical violations you encounter and other feedback with EPSAN by filling in the information form in the Contact tab on our official website. You can access the contact tool via the following URL: <https://epsan.com/en/contact/>



2.Message from the Senior Management

Esteemed Stakeholders,

At EPSAN, we are proud to leave another year behind in our sustainability journey. We are committed to continuously furthering our commitment to environmental responsibility and the protection of the planet. 2023 was an important milestone in achieving our sustainability goals. Our company has successfully implemented environmentally friendly production and circular economy practices by taking strategic steps to minimize environmental impacts. EPLON+ and EPIMIX+, two distinct products developed by repurposing post-industrial and post-consumer wastes, have significantly reduced CO2 emissions and water consumption while optimizing resource use. These achievements are concrete examples of our innovative approaches and sustainable production principles.

We have also made significant progress in energy efficiency and emissions management. We provide 10% to 15% of our electricity consumption from the electricity generated by the solar panels at our facility. In 2025, following the establishment of the ISO 50001 Energy Management System, we plan to develop new energy efficiency projects. We not only minimize our environmental impact but also fulfil our social responsibility through the emission mitigation measures and projects we implement.

We contribute to the protection of clean water resources via water management and waste recycling efforts. We minimize our environmental impact with our strategies for the efficient use of water in production processes and the recycling of waste water.

For a greener and more sustainable world in the future, we will continue to develop innovative solutions and apply responsible resource management principles.

Behind these achievements and progress are the dedicated work of our teams and the support of our valued stakeholders. Working with you for a sustainable future gives us great inspiration and strength. I would like to thank all our stakeholders and employees for their contribution to this process. Together, we will continue to pull out all the stops to achieve a fairer, environmentally friendly and sustainable future.

Sincerely,
Bora Efe
Board Chairperson



3.About EPSAN



With nearly 50 years of experience, it produces innovative, reliable, efficient, sustainable and environmentally friendly products based on globally increasing customer expectations in all industries that touch your life such as automotive, electrics & electronics, white goods, construction, agriculture and furniture. As an agile, innovative and high-performance plastics manufacturer in the polymer field, EPSAN offers customized solutions to its customers through compounds such as PPA, PBT, PET, and PBT/PET, particularly Polyamide 6 and 6.6.



3.1.Organizational Profile

Founded in 1976, EPSAN has risen to a leading position in its sector thanks to its long years of experience and operational excellence. The company aims to maximize customer satisfaction by offering high quality products, while constantly striving to minimize its environmental impact. Strictly adopting policies such as quality, environment, occupational health and safety, sustainability and climate change, EPSAN puts sustainability principles at the heart of its operations. In addition to its modern production facility and R&D center in Türkiye, EPSAN aims to increase its production capacity to 72,000 tons/year on an area of 32,000 square meters in 2024 as well as 4 offices and logistics centers in Europe. EPSAN exports 65% of its annual production to 50 countries, mainly Germany, Italy, France and Spain.

EPSAN has distributors across Europe, Asia, Africa, North America and South America and cooperates with hundreds of companies in over 50 countries. In 2024, the company plans to expand its target audience by inaugurating an office in America. In delivering its operations, EPSAN is aware of the importance of complying with sustainability values in all aspects of environmental, social and governance matters, and it complies with all applicable national and international laws and regulations.

EPSAN manages its processes in consideration of customer demands, stakeholder needs and sector progress as well as legal requirements. The steps the company has taken with regard to material topics are shared openly with the public through the sustainability report.



3.1.1. Corporate Heritage

EPSAN started its operations as a polymer distributor in Türkiye in 1976 and has since become a key player in the plastics industry. The company commissioned its first production facility in 1998, started R&D work in its new factory building in Demirtaş Organized Industrial Zone in 2002 and rapidly increased its production capacity.

EPSAN opened its sales office in Istanbul in 2007, has been crowned the market leader since 2010 and established its first international office in Germany in 2014. The company is committed to continuously focusing on technological innovations by using Industry 4.0-compliant infrastructure and automation systems in its production and operation processes, offering a wide range of products in various industries such as electricity, white goods, defense, agriculture and health by delivering customized solutions to its customers thanks to its agile and innovative approach in the field of polymers.

The basis of EPSAN's current success lies in its adoption of sustainability principles, guiding the sector with its quality management policies and ensuring customer satisfaction on a global scale. Crowning its achievements with awards, EPSAN was deemed worthy of the best managed company award by Deloitte in 2019.

3.1.2. Vision, Mission and Values

The mission and vision of EPSAN, which cares about the sustainability of all resources and makes nature-friendly choices, is as follows:

MISSION



To meet the '**Engineering Plastics**' needs of its customers within the framework of the continuous improvement philosophy, respecting both people and the environment

MISSION

VISION



To become a **global company** offering innovative '**Engineering Plastics**' solutions

VISION

3.1.3.EPSAN in Figures

62,000 tons of
annual production capacity



An indoor area of

32,000
square meters



Distribution network
spanning **50** countries



4 sales offices in Europe



30 distributors



6 PA6/PA6.6 specialist



An R&D team comprising
14% of
white-collar employees



35% of sales
to the automotive industry



Leader in Türkiye in
production capacity and
market share (PA)





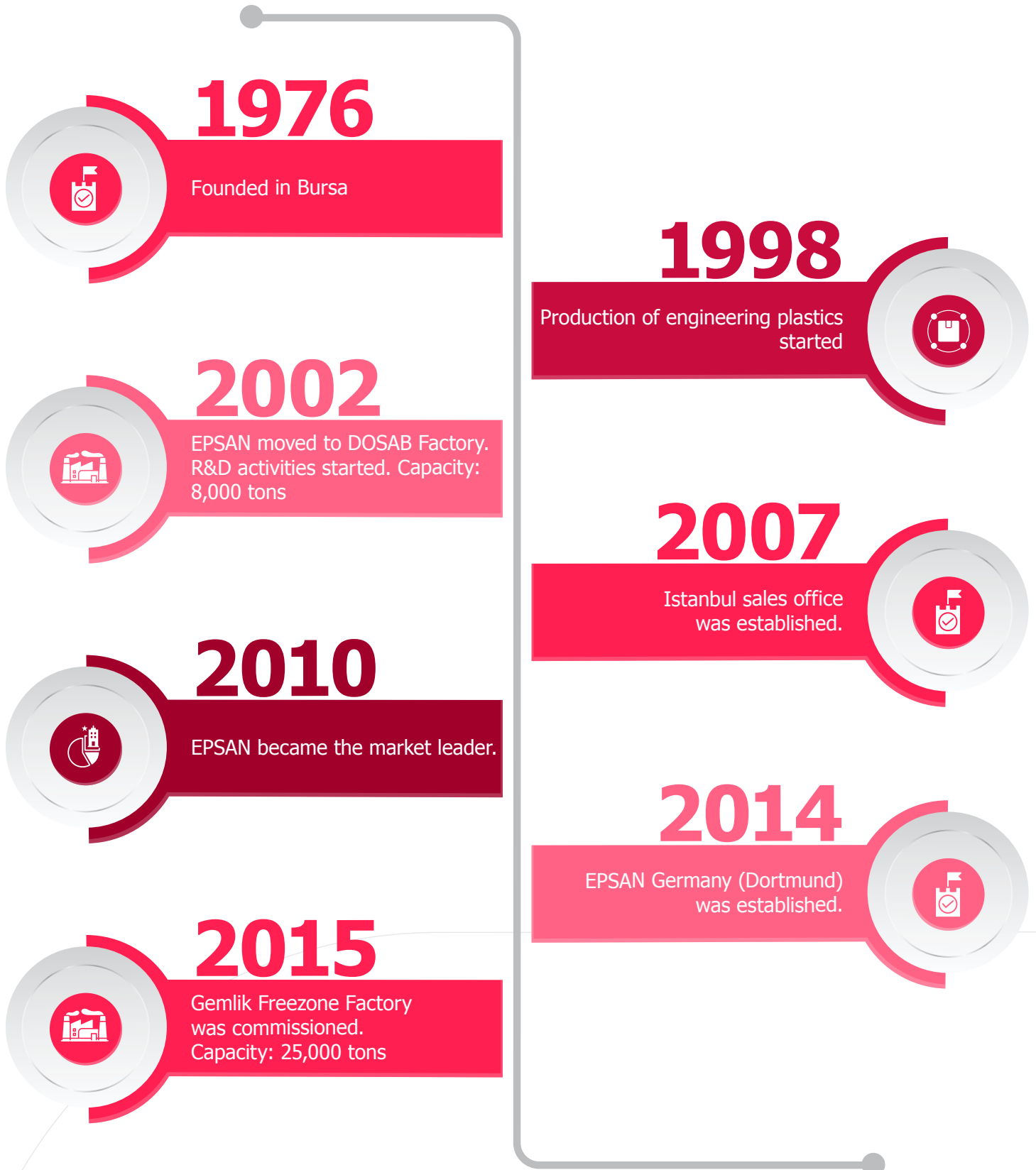
3.1.4. Products and Services

EPSAN classifies its products by sector into categories such as automotive, electrical and electronic equipment, white goods and small household appliances, construction, furniture, agriculture, and public transportation.

The company manufactures products for body and exterior applications, interior applications, under the hood applications and powertrain systems and electric vehicles in the automotive sector; for vertical switch disconnectors, rotary switches, switch boxes, cable glands, power sockets, lamp holders, terminal blocks, connection boxes and circuit breakers in the electric and electronics sector; for small household appliances, dishwashers, washing machines, stoves and ovens in white goods and small household appliances sector; for tile spacers, screw anchors, cable glands, three phase, reservoir systems and equipment in the construction products sector; for office chair systems and drawer systems in the furniture sector; for flame retardants in the public transportation products sector; and for lawn mowers, irrigation filter components, irrigation systems, irrigation system valve materials, spraying fans, spraying filter components and irrigation system catch in the agriculture sector.



3.1.5.Milestones





3.1.5.Milestones

2016



EPSAN Spain (Barcelona) was established. IoT 4.0 system was installed.

2018



EPSAN's R&D center was accredited.

2021



IATF Certification

2023



Our R&D center was expanded. Capacity: 62,000 tons. SPP System was commissioned.

2017



EPSAN Italy (Milano) was established.

2019



EPSAN France (Lyon) was established with a capacity of 50,000 tons.

2022



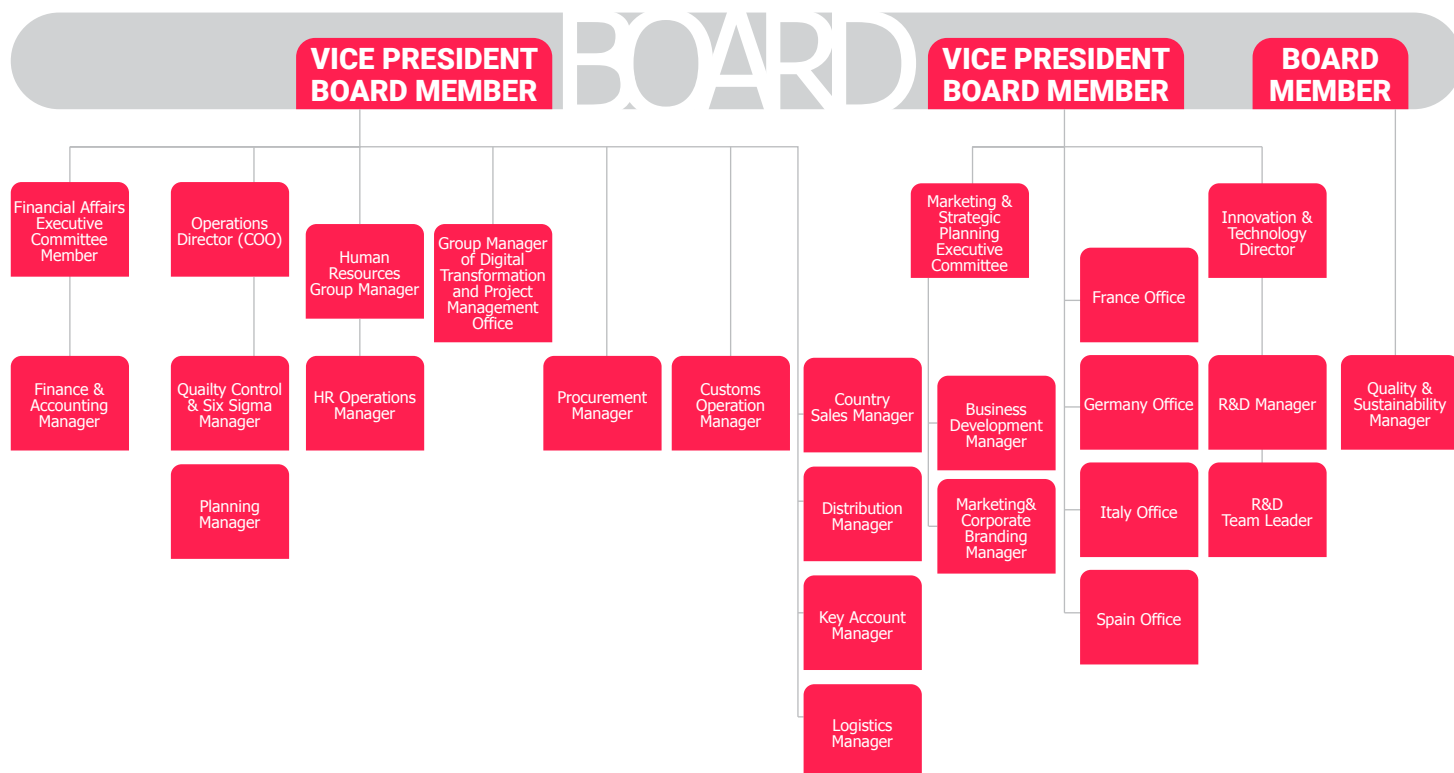
New warehouse with an area of 5,000 square meters was established.



4. Corporate Governance

4.1. Corporate Structure

As a company operating with a sense of responsibility towards the environment and society, EPSAN has placed sustainability principles at the center of its business processes. Since its establishment, the company has been working to minimize environmental impacts and benefit the society. A Quality and Sustainability Department reporting to a Board Member has been established to ensure that EPSAN achieves its sustainability goals. Each unit contributes to the strategic goals of the company through its pre-defined duties and responsibilities.



EPSAN not only manufactures products but also contributes to society through projects and initiatives that promote environmental awareness and sustainable lifestyles. Accordingly, the company has established a Sustainability Committee. The Committee develops sustainability strategies, oversees implementation and monitors company performance to ensure continuous improvement. The Committee also issues a Management Review Report and regularly submits it to the Board of Directors. These efforts support EPSAN in achieving its sustainability goals and enable the company to adopt environmentally friendly production methods.

4.2. Effective Risk Management

EPSAN has identified effective risk management as a strategic priority to achieve corporate success and sustainability goals. The Company has developed a comprehensive risk management process to ensure the sustainability of its operations and to minimize risks. Through this process, EPSAN aims to identify potential risks in all operational areas and take the necessary measures in a timely manner. Risk management at EPSAN is carried out within the framework of specific procedures and strategic planning. These procedures ensure that corporate and operational risks as well as environmental, occupational health and safety and sustainability risks are identified and that strategic decisions are taken against these risks. In addition, it also ensures that the strategic goals of the company are set and are effectively monitored. The company's strategic goals are set as part of long-term plans and are reviewed regularly. These goals are shaped in line with the company's growth and development strategies and are monitored at various intervals, with subsequent performance evaluations. Risk and opportunity analyses are conducted regularly, taking into account environmental and operational factors. These analyses play a critical role in achieving the company's sustainability and quality goals. Environmental and occupational health and safety risks are minimized through assessments led by relevant experts.



4.3.Certificates

EPSAN has documented its work in quality and environmental management with various international certificates. The company's operations are managed within the framework of the IATF 16949 Automotive Quality Management System, with ISO 14001 Environmental Management System and ISO 9001 Quality Management System being integrated into its operations. EPSAN plans to integrate ISO 45001 Occupational Health and Safety Management System and ISO 50001 Energy Management System into its corporate structure in 2025.

4.4.Policies

Corporate policies are of vital importance in EPSAN's management and operation processes. The company develops and implements policies based on certain principles and standards for sustainable growth and corporate success. These policies help EPSAN achieve its strategic goals and establish relationships with its stakeholders based on trust and transparency. Simultaneously, as one of the fundamental elements of the corporate governance approach, it ensures compliance with the company's ethical values and legal obligations. These policies adopted by EPSAN guide every stage of the company's operations and support core values such as sustainability, quality and innovation.

Quality Policy

EPSAN supports employees in leadership and development through its strategic corporate governance approach and continuous trainings. The company focuses on measurable values in quality management and adopts a continuous improvement approach. While reinforcing the quality awareness of suppliers, it is committed to increasing customer satisfaction in international markets via innovative solutions.

Environmental Policy

EPSAN is committed to not disrupting the ecological balance and to preventing pollution in all its operations. The company considers environmental impacts in new product and product development activities, participates in efforts to raise environmental awareness, reduces wastes at source, reuses or recycles them where appropriate and disposes of non-conforming wastes.

Occupational Health and Safety Policy

EPSAN fully complies with legal regulations to ensure that all employees are in a safe working environment, periodically includes employees in occupational health and safety trainings, conducts risk analysis to prevent occupational accidents and occupational diseases and complies with its policy to take necessary measures.

Human Resources Policy

EPSAN intends to increase employee engagement and success by ensuring work peace. In its human resources processes, the company hires employees who are innovative and open to development and respects ethical values. EPSAN is committed to a fair recruitment policy without discrimination, prioritizes internal resources and employs training and competency management systems for career management.

Business Ethics and Human Rights Policy

For EPSAN, business ethics and respect for human rights are essential. With this policy, EPSAN commits itself to compliance with principles such as legal compliance, integrity, fair practice, avoiding conflicts of interest, ethical behavior, anti-bribery and anti-corruption, non-discriminatory recruitment, respect for employee rights, no child labor, zero tolerance for torture and ill-treatment, and confidentiality.



Social Responsibility Policy

As part of its corporate culture, EPSAN aims to contribute to social development through its policy emphasizing the principles of corporate social responsibility and works in areas such as protection of cultural values, gender equality, respect for different opinions, environmental protection, sustainability, human rights, healthy life and development of sports, and educational support, prioritizing human beings, society and nature.

Anti-Bribery and Anti-Corruption Policy

EPSAN is committed to compliance with business ethics in combating bribery and corruption and to acting within an awareness of its legal and social responsibility. The Anti-Bribery and Anti-Corruption Policy promotes integrity, transparency and fair behavior. Bribery and corruption are strictly prohibited, and all employees and stakeholders are obliged to implement the policy and comply with relevant laws.

Sustainability and Climate Change Policy

EPSAN is committed to the principles of environmental, social and economic sustainability and aims to reduce climate change and environmental impacts by offering innovative and environmentally friendly products, to use water and natural resources economically, to support energy efficiency projects and to achieve global zero carbon goals. To this end, the company promotes renewable resources, increases the use of recyclable raw materials and manages wastes in an environmentally friendly manner.

Sustainable Supply Chain Policy

EPSAN depends on its supply chain policy of providing a working environment that is environmentally sensitive, attaches importance to waste management, encourages energy efficiency, reduces carbon footprint, respects employee rights and has fair wage policies and safe working conditions. EPSAN expects its suppliers to comply with sustainability standards and focuses on business continuity and efficiency through its long-term plans.

Code of Conduct

In its code of conduct, EPSAN adopts an approach that promotes respect, integrity and inclusiveness and stipulates that all individuals be treated with dignity, fairness and respect and that discrimination and harassment be avoided. The company adopts high standards in terms of professionalism, cooperation, security and welfare and attaches great importance to employee development, data privacy and anti-bribery. Environmental and sustainability sensitivities are also an integral part of these rules.

Policy on Protecting and Processing the Personal Data of Prospective Employees

The policy contains major regulations on the protection and processing of personal data and aims to determine how the personal data of prospective employees will be processed. The policy explains in detail the scope, processing methods, updating procedures and security of personal data collected and processed during the job application process.





4.5. Business Ethics and Compliance

EPSAN believes that ethical values and compliance are the cornerstones of corporate success. The company adheres to high ethical standards in all its activities based on the principles of integrity, transparency and responsibility. To this end, EPSAN's ethical values and employee code of conduct procedure is a guide that directs the way the company does business and is adopted by all employees. According to the Ethical Values and Employee Code of Conduct Procedure, EPSAN adopts to conduct business based on ethical values and its mission. The procedure has been prepared to establish clear ethical rules and standards, develop trainings and raise awareness, embed ethical principles in business practices and establish internal audit and monitoring processes. Furthermore, holding managers and employees accountable for ethical behavior and placing importance on social contribution and sustainability are also part of this approach. The individual strategies developed under this procedure are as follows:



- ✔ **Ethics Policy and Conflict of Interest Strategy:** The company aims to manage and prevent conflicts of interest by determining the ethical behavior standards for its employees.
- ✔ **Strategy on Accepting and Giving Gifts:** By regulating employees' accepting and giving gifts, the strategy ensures that ethical balances are maintained.
- ✔ **Strategy on the Protection of Confidential Information:** This strategy prevents the sharing of internal confidential information with unauthorized persons and ensures the protection of such information.
- ✔ **Strategy on Creating and Maintaining a Fair Working Environment:** This strategy aims to prevent discrimination and mobbing by maintaining a fair working environment where all employees have equal rights.
- ✔ **Anti-Bribery and Anti-Corruption Strategy:** This strategy aims to prevent, identify and punish unethical behavior such as corruption and bribery.



4.6. Internal Control and Audit

Epsan continuously strengthens its internal audit system by conducting regular reviews and updates to evaluate the effectiveness of its processes and ensure compliance with legal regulations and internal policies. Through audits carried out within the scope of quality, environment, occupational health and safety, and sustainability, risks are identified in a timely manner, allowing for the implementation of necessary preventive measures.

The company continues to develop control procedures aimed at preventing non-compliance in areas such as bribery and corruption, legal age requirements, and forced labor. To ensure that all employees adhere to these principles, Epsan adopts a management approach based on transparency and accountability. Additionally, Epsan regularly prepares reports on audit findings and process improvements to ensure full compliance with transparency principles. During the reporting year, no incidents of bribery or corruption were observed, nor were there any cases involving child labor or forced labor. These outcomes reinforce Epsan's commitment to ethical values and social responsibility, supporting its goal of creating a sustainable working environment.

Occupational Health and Safety (OHS) Management:

Legal requirements for OHS and by the Ministry of Labor are meticulously pursued by the OHS specialist and the Human Resources Department. All procedures are based on the Labor Law No. 4857, and full compliance with occupational health and safety issues is ensured. Accordingly, the safety and health of employees are continuously monitored and improved, and occupational accidents and occupational diseases are prevented.

Environmental Management:

Environmental legal requirements are closely monitored by the Environmental Specialist and the Quality and Sustainability Department. All environmental procedures of the company are prepared and implemented in accordance with the Environmental Law No. 2872. In addition, full compliance is ensured with the legislation and laws issued by all ministries concerned with the environment such as the Ministry of Environment and Urbanization, Ministry of Trade, and Ministry of Forestry and Water Affairs. To this end, EPSAN minimizes its environmental impact and takes key steps towards achieving its sustainability goals.



A NEW JOURNEY TOWARDS SUSTAINABILITY BEGINS!





5. Sustainability at EPSAN

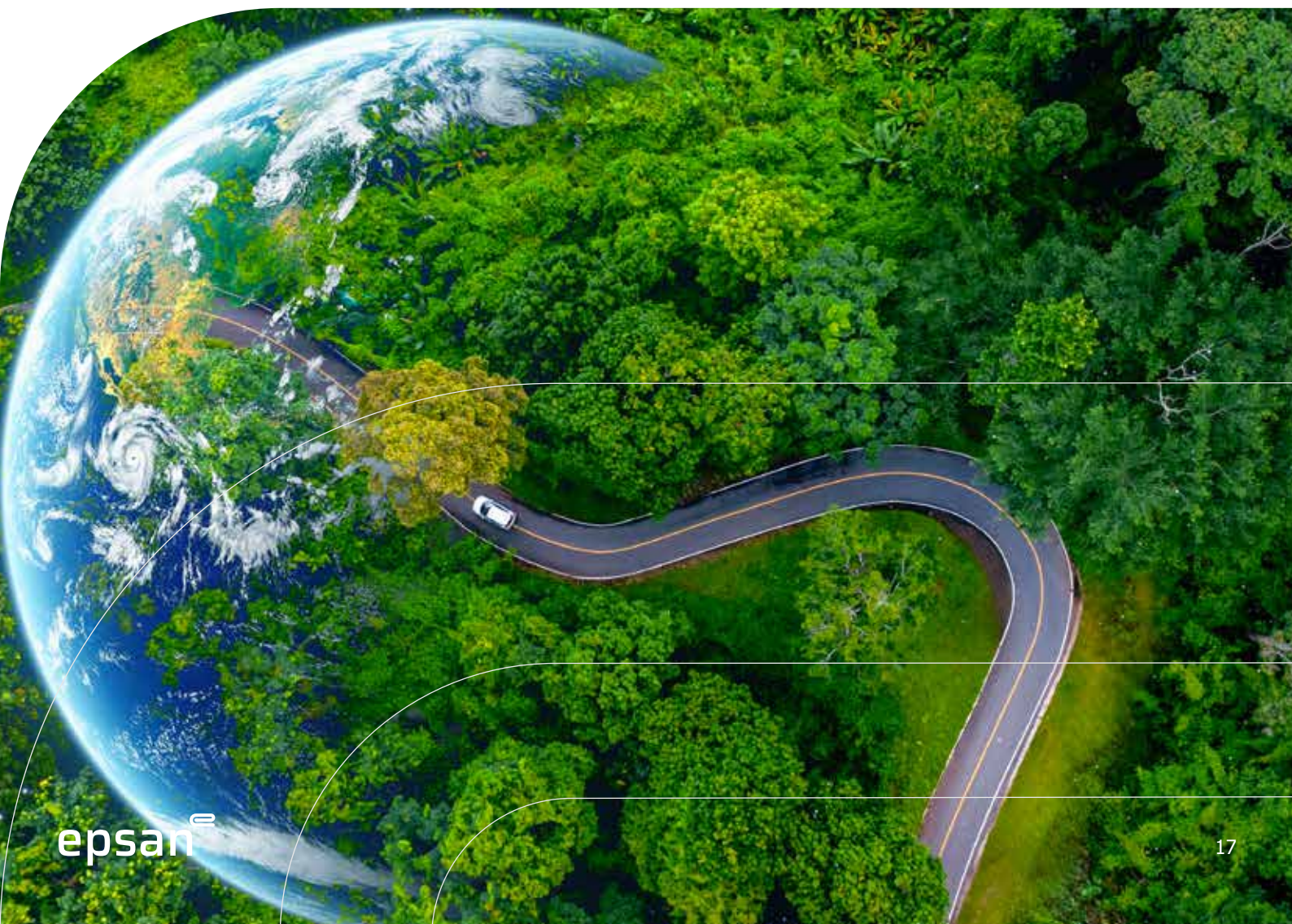
5.1. Sustainability Journey

As a leader that has embarked on a decisive transformation process in sustainability, EPSAN reshapes its way of doing business to put environmental and social responsibilities at the core. Through the sustainability steps it takes, the company resolutely pursues its goals of both reducing environmental impact and providing social benefits.

EPSAN's sustainability strategy focuses primarily on environmental sustainability. The company takes important steps to increase energy efficiency in its production processes, reduce waste and switch to renewable energy sources. These efforts aim to reduce carbon footprint and contribute to the conservation of natural resources. EPSAN also plays a pioneering role in developing innovative products and processes. The company's strategic priorities include the use of sustainable materials, minimizing the environmental impact of products early from the design process and developing projects to increase the sustainability of products throughout their life cycle.

Efforts to increase internal and external workforce diversity and community engagement are also regarded as one of the cornerstones of EPSAN's sustainability journey. EPSAN aims to improve innovation and sustainability performance through the inclusion of diverse talents and perspectives in the workforce. Moreover, it builds strong relationships with local communities and carries out projects to positively increase its social impact. Moreover, having received an EcoVadis score, EPSAN aims to improve this score in the coming years.

EPSAN continues to take decisive and strategic steps in its sustainability journey. The company's vision is to continue conducting business in a manner sensitive to environmental and social responsibilities, both now and in the future, and to offer effective and innovative solutions in this regard.





5.2. Sustainability Strategy

5.2.1. Materiality Analysis

EPSAN adopts an approach that targets continuous improvement in sustainability. To this end, it regularly performs materiality analyses, which play a critical role in determining strategic goals. Materiality analysis is supported by detailed analysis conducted in collaboration with internal and external stakeholders. These analysis help identify the material topics that the company will focus on in the environmental, economic and social dimensions, thus providing strategic guidance to ensure that the right steps are taken towards achieving sustainability goals.

EPSAN remains committed to strengthening its material topics in sustainability while shaping its future vision. As a result of the prioritization analysis, the highest priority issues were identified as future focus in a way to be differentiated by both internal and external stakeholders:

- ✓ Products and Services
- ✓ Occupational Health and Safety
- ✓ Sustainable Supply Chain
- ✓ Managing Climate Risks and Opportunities

These topics form the cornerstones of EPSAN's sustainability strategy and play a key role in determining the company's future steps.





5.2.2. Alignment with the UN Sustainable Development Goals (UN SDGs)

| | 1 NO POVERTY | 2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS |
|---|--------------|---------------|------------------------------|---------------------|-------------------|------------------------------|-------------------------------|-----------------------------------|---|-------------------------|---------------------------------------|---|-------------------|---------------------|-----------------|---|-------------------------------|
| Products and Services | | | | | | | | | | | | | | | | | |
| Occupational Health and Safety | | | | | | | | | | | | | | | | | |
| Sustainable Supply Chain | | | | | | | | | | | | | | | | | |
| Managing of Climate Risks and Opportunities | | | | | | | | | | | | | | | | | |

SDG 3: Good Health and Well-Being

- Yoga sessions are held once a week.
- Conferences are given on topics such as stress reduction and breathing exercises.
- Employees are encouraged to play sports, and football activities are organized throughout the summer.
- Donations are collected through participation in running races, and NGOs are supported. (Istanbul half marathon and Eker)
- Young cyclists of VeloBursa are supported.
- With the Help steps application, participants were given the opportunity to donate to the CSO of their choice according to their step count for 3 months.

SDG 5: Gender Equality

- Women make up 46% of white-collar employees and hold 38% of managerial positions.
- The presence of women employees in the sector is encouraged, and equal opportunities are offered to women employees at all decision-making levels.

SDG 6: Clean Water and Sanitation

- The wastewater generated from our production is treated through a shared water treatment system and reused in the production process.

SDG 7: Affordable and Clean Energy

- In 2023, a Solar Power Plant (SPP) was established, meeting 10–15% of the company's energy needs.

SDG 8: Decent Work and Economic Growth

- There are efforts to conduct regular employee satisfaction surveys and to make improvements based on feedback.
- Occupational health and safety trainings and comprehensive OHS practices are organized, and OHS policies are followed.

SDG 9: Industry, Innovation and Infrastructure

- According to Turkishtime, EPSAN ranked among the top 250 companies with the highest R&D expenditures in the Turkish plastics industry in 2023.
- Plans to introduce Eplon+ recycling product portfolio are in place. The product is designed to offer high mechanical properties.
- Fiber waste and polymerization waste generated by polyamide producers after industrial processes are collected for recycling.



SDG 10: Reduced Inequalities

- As part of the implementation of diversity and inclusion policies, no discrimination based on language, religion, color, race, gender or a similar basis is exercised.
- To support the employment and diversity of women as employees, efforts are made to increase the ratio of women in white-collar positions.
- The principle of equal opportunities is adopted, and the work environment is rendered accessible to support the employment of people with disabilities.

SDG 11: Sustainable Cities and Communities

- EPSAN has become a member of the Sustainable Mobility Initiative (SMI), which is supported by the Renault Group and aims to integrate an innovative, smart and sustainable city project.

SDG 12: Responsible Consumption and Production

- The treatment system enables the generation of less gases and liquid wastes during production.
- The use of the filtration system results in lower carbon emissions.
- Recycling companies have been contracted for bags and other wastes.
- Hazardous wastes are managed according to the government framework.
- Investment in carbon footprint monitoring software is planned.

SDG 13: Climate Action

- Donations are made to the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats (TEMA) to support the reforestation of Türkiye.

SDG 15: Life on Land

- We are planting saplings on our factory land areas.
- We are making donations to TEMA Foundation to support the reforestation of Türkiye.

SDG 16: Peace, Justice and Strong Institutions

- As part of the Ethics and Human Rights Policy, principles such as integrity, fair practices, avoiding conflicts of interest, anti-bribery and anti-corruption are adopted.
- Social performance criteria apply in the selection of suppliers, and the principles of preventing child labor and fair remuneration are observed.



5.2.3.Sustainability Goals



EPSAN has prioritized its sustainability strategy under the following topics.



Supply Chain



Sustainable Product



**Gender Equality,
Diversity & Inclusion**

Supply Chain

Focusing on sustainable supply chain management, the company is strengthening its emission reduction and offsetting strategies. In 2025, the company aims to by integrating new software systems for corporate carbon footprint quantification. Additionally, by sharing its corporate policies and targets with all stakeholders, the company closely monitors its supply chain activities and plans to enhance collaboration strategies in the coming years to gain a competitive advantage. Every three years, prioritization analyses are conducted through surveys with internal and external stakeholders to update the sustainability roadmap.

Sustainable Products

As part of the sustainable products and services strategy, the integration of EPSAN products to quantify water footprints and LCA reporting using its own software by the end of 2025 is in the plans. In addition, LCA reporting will be conducted for selected recycled material content products in 2025.

Equal Opportunities & Diversity & Inclusion

Regarding inclusiveness, equal opportunities and diversity, EPSAN is committed to increasing the already-high ratio of white-collar and executive women employees and providing trainings to its employees in line with the principle of equal opportunities. Starting with recruitment procedures, the company delivers its processes in cooperation with all stakeholders without discrimination on the basis of - inter alia - gender, sexual orientation, disability, age, marital status and beliefs.

Sustainability Targets of Epsan

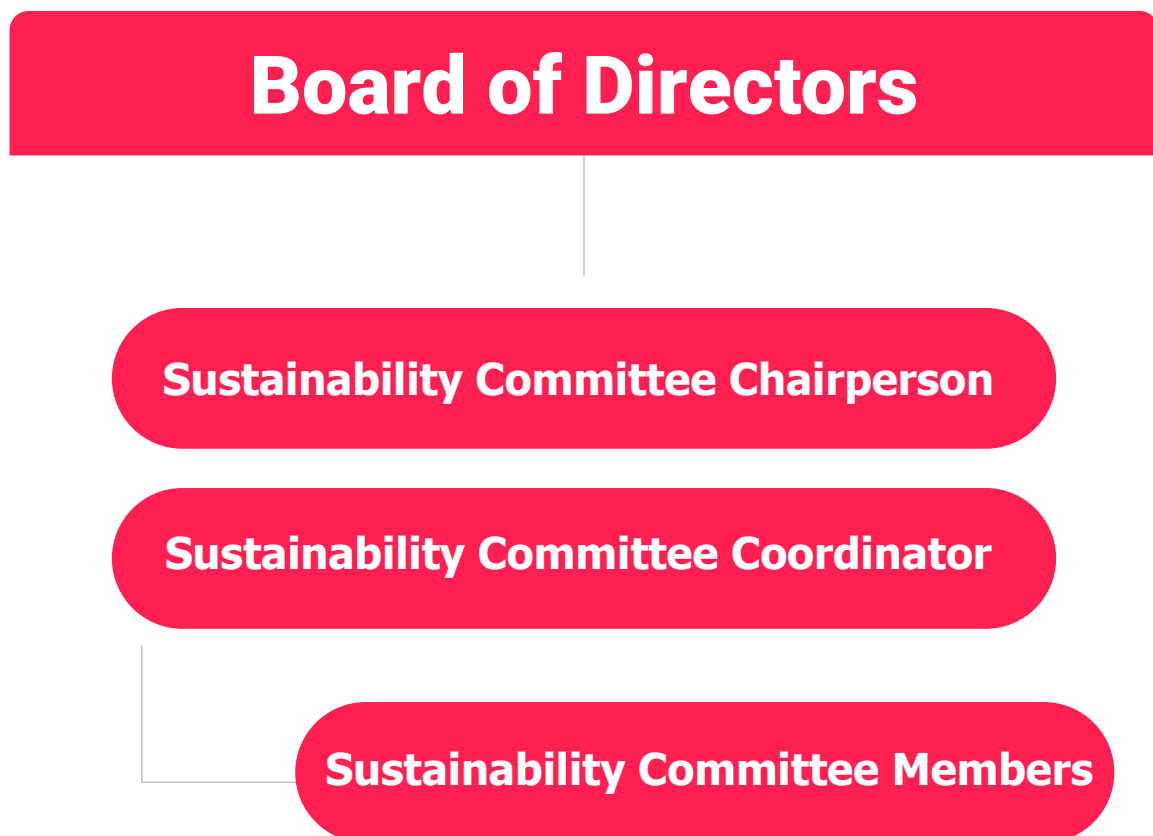
There are targets to reduce Scope 3 emissions by 30% by 2032, including supplier roadmaps, and to be carbon neutral for Scope 1 and 2 emissions by 2040 and net zero by 2050, based on the assessment of KPIs. And for sustainability prioritized goals the relevant departments monitor the process using specific Key Performance Indicators (KPIs). These KPIs include performance indicators such as training hours per employee, female employee ratios, employee satisfaction rates, water and electricity consumption per unit of product, energy consumption reduction targets and zero occupational accidents goal.



5.3.Sustainability Governance Structure

The Sustainability Committee at EPSAN adopts the United Nations Sustainable Development Goals as a guiding principle and thus determines and implements sustainability strategies. The committee works on material topics such as supply chain management, sustainable product development, equal opportunities and diversity and facilitates interdepartmental collaboration through regular monthly meetings. EPSAN maintains efforts in areas such as combating climate change and environmental protection in line with the sustainability principles.

EPSAN's sustainability governance structure is shaped in accordance with the company's mission, vision and policies. The Sustainability Committee is led by a Board Member and consists of relevant process owners. The committee organizes monthly meetings, reports its decisions to the Board of Directors and monitors the progress of sustainability projects.



6.Serving the Planet



EPSAN carries out various activities on environmental sustainability and protection of the planet in accordance with its Environmental Policy. Environmental and waste management trainings are provided both as part of orientation processes upon recruitment and at least once a year as required legally. In addition, chemical spill drills are organized, and trainings on the European Agreement on the International Carriage of Dangerous Goods by Road (ADR) as well as awareness-raising trainings are delivered by Dangerous Goods Safety Advisor (DGSA). Emergency drill forms and training presentations are recorded as evidence of these trainings. For 2024, there are plans to conduct climate change trainings and risk analyses.

The management of environmental processes is led by the Environmental Management Representative appointed by senior management and is a responsibility of the Quality and Sustainability Department. The organizational chart has been determined accordingly. There is also an Environmental Specialist in office.

EPSAN actively participates in environmental projects through memberships in various organizations. Environmental projects are ongoing in cooperation with the Environmental Protection and Packaging Waste Recovery and Recycling Foundation (ÇEVKO), and the company is a member of major organizations such as the Sustainable Mobility Initiative (SMI), the Turkish Quality Association (KALDER), the Turkish Plastics Industrialists Research, Development and Education Foundation (PAGEV), the Plastics Industrialists Federation (PLASFED), the Plastics Industrialists Association (PAGDER) and the Automotive Suppliers Association of Türkiye (TAYSAD). In addition, EPSAN attends the Automotive Industry Recycled Plastics Workshop together with Türkiye's Automobile Initiative Group (TOGG), PAGDER, TAYSAD and other organizations.

EPSAN also implements comprehensive risk assessment processes to minimize the environmental impact of its activities and ensure a safe working environment. While the Environmental Management Representative identifies and documents the environmental aspects and environmental safety impacts of activities, all employees participate in risk analyses, understand and apply the results and report deficiencies. Risk analysis and management programs are accessible by all users. Environmental aspects are evaluated in meetings chaired by the Environmental Management Representative and attended by representatives from other departments as well as the Environmental Experts. Department heads are also included in risk analysis studies, and their opinions are considered in the process.



6.1. Responsible Sourcing and Circular Economy

EPSAN implements responsible resource utilization and circular economy practices in line with the principles of sustainability and environmentally friendly production. The company optimizes resource use by recovering or recycling both post-industrial and post-consumer wastes. EPLON+ products are produced using recycled raw materials from post-industrial textile and polymer wastes, granulated through licensed recycling companies. The EPLON+ product provides approximately 32% CO₂ reduction compared to our prime products. Life Cycle Analysis (LCA) efforts have started for our EPLON+ products, and LCA reports for our EPIMIX+ products, which are produced using raw materials obtained from post-consumer recycled (PCR) PET bottle wastes, are expected to be complete by the end of 2025.

EPSAN ensures waste minimization by reusing the waste generated in production processes. It also utilizes renewable energy sources and meets 10-15% of its electricity consumption from its SPP. Carbon neutral logistics methods are preferred for the distribution of products by Kuehne & Nagel and DHL, thus minimizing the carbon footprint from transportation. In production processes, hazardous gas and liquid emissions are reduced through the purifying system, and lower carbon emissions are ensured thanks to the filtration system. All raw materials and chemicals purchased are meticulously checked for compliance with local (such as KKDIK) and international (such as REACH, RoHS, POP and CMRT) regulations, and the required documents are requested from suppliers. In storage processes, DGSA experts are employed to ensure that risky substances are stored in accordance with the legislation, and regular declarations are made to the relevant ministries.

EPSAN's R&D and innovation unit carries out PIR and PCR based PA6, PA66 and PBT/PET projects on recycling, and these products are already offered to customers. Studies on recycled glass fiber and chemically recycled PA66 are also ongoing. In addition, projects are run to increase the ratio of raw materials obtained through chemical recycling to reduce the product carbon footprint. Another innovation project uses PIR glass fiber. The project attempts to reduce carbon footprint, having achieved positive results so far. EPSAN both increases environmental sustainability and continues to offer innovative solutions through responsible resource utilization and circular economy principles. In 2023, 17% of the R&D budget was spent on sustainability projects.



6.2. Combating Climate Change



As a leading business in its sector, EPSAN is committed to the principles of environmental, social and economic sustainability. To leave a sustainable world for future generations, EPSAN aims to understand current and future needs, identify risks and opportunities in line with legal requirements, minimize climate change and environmental impacts, fulfill social responsibility and support economic sustainability.

Accordingly, the Sustainability and Climate Change Policy is based on the following principles:

The use of renewable resources and efficient production methods are encouraged to minimize climate change and environmental impacts. The focus is on delivering innovative and environmentally friendly products, thus minimizing both environmental and social impacts. EPSAN encourages the use of recyclable raw materials, aiming to develop a product portfolio with a lower carbon footprint. It makes investments in innovative technologies to reduce climate change and environmental impacts in production and product design processes. It promotes economical use and savings of water and other natural resources. The company encourages waste minimization at source, reuse and recycling to the extent possible. Wastes are disposed of without any harm to the environment. In-house energy consumption is continuously monitored, and energy efficiency projects are supported. Greenhouse gas emissions are monitored to mitigate the effects of global climate change and achieve net zero carbon goals. The aim is to reduce the carbon footprint from production and transportation processes and to support sustainable energy resources.

Epsan implements comprehensive environmental management strategies as part of its goal to minimize the environmental impact of its operations. The company continuously improves its production processes and enhances equipment efficiency to prevent and reduce atmospheric pollutant emissions, as well as noise, odor, vibration, road, and light pollution. By taking measures to reduce air and other local pollutants at their source, Epsan aims to keep local environmental pollution to a minimum.

Within this scope, Epsan regularly conducts stack emission measurements and maintains ventilation systems, monitoring emission levels to ensure they remain within legal limits. Through air quality measurements, compliance with environmental standards is achieved in operational areas, and necessary improvement measures are implemented.





6.3. Energy and Emissions Management

EPSAN aims to minimize environmental impacts and increase energy efficiency by adhering to sustainability principles in energy and emission management. To this end, various projects and strategies are implemented, and energy consumption and greenhouse gas emissions are closely monitored.

Energy management is monitored by the Sustainability Committee as a sub-heading of sustainability, with relevant planning for practical implementation. The committee develops action plans under energy efficiency policies. Accordingly, in addition to conducting energy audits, regularly monitoring the energy consumed per unit product and carrying out 6 Sigma projects, EPSAN plans to employ an Energy Manager in 2024 and establish the ISO 50001 Energy Management System in 2025.

Renewable energy sources form an integral part of EPSAN's energy management strategy. In 2023, production amounts increased by 12.32% compared to 2022, while the increase in purchased electricity energy was realized as 5.40% with the electricity energy provided from SPP.

EPSAN conducts Product Carbon Footprint (PCF) studies and plans to initiate cooperation with suppliers for Scope 3 emission reductions in 2024. Greenhouse gas emissions are quantified according to ISO 14064 and the GHG Protocol, while greenhouse gas emissions were quantified for all scopes in 2022 and 2023. EPSAN targets to become carbon neutral in Scope 1 and 2 emissions by 2040.

Scope 1-2 and Product Emission Intensities Data by Year

| Emissions Data | 2022 (tCO _{2eq}) | 2023(tCO _{2eq}) |
|--|----------------------------|---------------------------|
| Scope 1-2 Emission Intensity | 0.14 | 0.13 |
| Product Emission Intensity Data (tCO _{2eq} /ton of Product) | 4.5 | 4.14 |

EPSAN takes various measures to reduce emissions. It reduces the number of transportation vehicles by offering public transportation with shuttle buses as well as teleworking and hybrid working options, thereby reducing traffic density and related emissions. Charging stations for electric vehicles have been established within the company, and the use of electric vehicles is encouraged. Business visits, interviews and trainings are conducted online, thereby saving time and reducing emissions. To raise awareness on sustainability and environmental protection, trainings on reducing environmental impacts are organized. The transition to electric company cars by 2032 is expected to reduce emissions by around 15% in scope 1.



6.4. Water Management

EPSAN has set significant targets on clean water and sanitation within the framework of the Sustainable Development Goals. An environmentally sensitive approach is displayed through studies on the efficient use of water in production processes and the recycling of wastewater. EPSAN's water management strategy is designed to reduce the amount of water consumption per unit product, to treat polluted water and to reuse treated water in production. In 2022, while production increased by 26.13% year on year, approximately 6% less water was consumed per ton of product. In 2023, production increased by 12.32% year on year, while water consumption per ton of product stood at the same level as in 2022.

Dirty water from production is treated with a common water treatment system and reused in production. To this end, the Strand Cooling System (JSG), which is used for cooling the roving coming out of the extruder, was commissioned. In line with JSG's instructions for use and cleaning, the water filtration system allows water to circulate continuously through the system, significantly reducing water consumption. Starting from 2019, wastewater from the EPSAN plant has been sent to and treated at the BUSEB wastewater treatment plant. Pollution parameters detected in samples taken once a year are in compliance with wastewater connection permits. Only municipal water is used in the EPSAN plant. Groundwater is never used.

6.5. Waste Management

As a company setting a precedent in sustainability and environmental management, EPSAN holds a 'Zero Waste Certificate'. The company performs waste management meticulously by sending its hazardous and non-hazardous wastes to licensed recycling companies. The amount of non-hazardous wastes generated as part of the zero-waste goal is regularly reported. Accordingly, all waste management processes are delivered in a transparent and traceable manner. In addition, EPSAN reuses the rovings from compound plastic production as part of waste minimization. This allows to minimize the amount of waste from production processes and increase the recycling rate.

By prioritizing environmental awareness and sustainability in waste management processes, EPSAN both fulfills its legal obligations and conducts continuous improvement work to reduce its environmental impact. EPSAN has not been subject to any punitive action for environmental matters to date and has used 12% of its budget allocated for environmental management to fulfill its environmental obligations, 66% to manage its wastes in accordance with the legislation and 18% for the project developed for hazardous wastes.

Epsan implements a meticulous process to ensure the safe and environmentally responsible management of hazardous substances used in its operations. In this context, the transportation, storage, and disposal of all hazardous materials are carried out in compliance with legal regulations. By prioritizing the safety of employees and the environment, Epsan provides a sustainable and safe working environment through procedures that minimize risks.



6.6.Sustainable Supply Chain

EPSAN is committed to minimizing environmental impacts and fulfilling its responsibilities, including legal and regulatory requirements, throughout the supply chain in line with its sustainable supply chain policy. The company adopts environmentally conscious approaches in all supply chain processes, promoting the use of renewable and recyclable raw materials. Continuous efforts are made to develop solutions for reducing waste generation in the supply chain and minimizing waste through recycling or reuse.

Raw Material Procurement Process

Regulatory Compliance

To ensure the safe use of chemicals, Safety Data Sheets (SDS) are prepared in compliance with the REACH regulation. These sheets include potential hazards, exposure prevention measures, and emergency procedures for each chemical, enabling users to act safely and responsibly. EPSAN regularly updates these documents to prioritize employee and environmental safety, supporting its goal of being a sustainable enterprise.

All procured raw materials and chemicals undergo rigorous compliance checks with local (e.g., KKDIK) and international (e.g., REACH, RoHS, POP, CMRT) regulations, with necessary documentation requested from suppliers. In storage processes, collaboration with Dangerous Goods (TMGD) experts ensures hazardous materials are stored in compliance with regulations, and regular declarations are submitted to relevant authorities.

Circular Economy

In 2023, certain qualified pallets from procured raw materials were sorted and reused in specific packaging production lines, reducing waste and promoting reuse. In 2024, the scope of this initiative will be expanded to other packaging groups. Future plans include recycling packaging waste from purchased raw materials into reusable inputs for product packaging, contributing to a circular economy.

Logistics Processes

Partial raw material purchases are reduced to lower carbon emissions. Additionally, carbon offsetting methods are applied in Free on Board (FOB) shipments to improve sustainability.

Storage and Logistics Process

Storage and Inventory Management

Efficient use of storage space and reduced inventory optimize forklift movements, extending battery life. Projects are initiated to comply with foreign customers' packaging regulations, minimizing environmental impact. In 2023, a project was launched in Spain under this scope.

Logistics Planning and Optimization

Route optimization and transportation planning minimize wasted distances and reduce environmental impact. Sustainable transportation solutions, introduced in 2023, are actively managed.

Transportation and Shipping

Fuel-efficient vehicles are used in transportation to reduce emissions. Significant steps are planned for 2024 to further enhance sustainability. Collaboration with suppliers ensures environmentally friendly practices across the supply chain, guided by EPSAN's Code of Conduct (CoC), which defines principles for all stakeholders. Environmental and social compliance assessments are conducted for sustainability efforts in the supply chain.

Supplier Selection and Evaluation

Supplier selection and evaluation at EPSAN are conducted meticulously. Suppliers are assessed for quality, environmental compliance, and regulatory adherence during selection, followed by risk analysis. Approved suppliers undergo quarterly performance reviews, with results shared for improvement. In 2024, sustainability assessments via surveys will be introduced, followed by on-site and online audits in the future.

EMPOWERING PEOPLE BUILDING THE FUTURE

At EPSAN, we believe our people are the foundation of our success.

By fostering innovation, inclusivity, and growth, we are shaping a workplace where everyone thrives. Together, we achieve more.





7. Serving People

7.1. Human Resources Approach

EPSAN recognizes that human resources are the greatest strength to achieve strategic goals and manage growth under ever-changing competitive conditions. The understanding of employee satisfaction created by an environment of respect, understanding and trust in working life relations affects the engagement and professional success of employees. Significant efforts are made to maintain such an environment. The aim is to employ human resources that are open to innovation and changes, are dynamic, aspire to continuously improve themselves, respect ethical values. The company is committed to maximize and maintain employee satisfaction and motivation through human resources management processes. Within an awareness of social responsibility, the following criteria are taken into consideration in the selection of human resources required by the group companies without discrimination on the basis of religion, language, race, gender, marital status, physical disability and region.

- ✓ People with the knowledge and skills that meet the requirements of the relevant position are hired.
- ✓ Candidates should present a considerable potential for development.
- ✓ It is fundamental to adopt and maintain the values of the company and to attach significance to ethical values.
- ✓ Candidates must be at least 18 years old, and the principle of equal opportunities must be taken into consideration.

EPSAN aims to offer equal opportunities to employees according to their various demographic characteristics while enhancing the diversity of its workforce. To this end, the company sustains its continuous improvement efforts to increase employee satisfaction and performance. In 2024, the company plans to measure employee satisfaction and development through external surveys.

In line with the globalization vision of the company, which is constantly growing and developing, internal resources, i.e. existing employees, are prioritized while meeting the need for workforce in vacant locations and positions. Thanks to the training and competency management systems aimed at increasing the personal and professional competencies of employees, employee careers are effectively managed through vertical and horizontal position changes.

The Sustainability and Climate Change policy also makes reference to human resources-related matters.

EPSAN is committed to the principles of social sustainability and intends to operate in a way that minimizes social impact to meet the needs of both present and future generations. Accordingly, the company is committed to working in accordance with the following principles:

- ✓ Employee rights are respected and safe working conditions are ensured,
- ✓ Employee development is encouraged and a healthy work-life balance is continuously promoted.
- ✓ A zero-tolerance policy is adopted against discrimination, harassment, bribery, and corruption in the workplace. With a "equal pay for equal work" approach, all employees are provided with fair and competitive wages appropriate to their positions. In this context, no discrimination is tolerated among employees, ensuring a work environment where every individual has equal rights.





7.2. Gender Equality, Diversity and Inclusion

EPSAN ensures that HR processes are carried out without any discrimination. In recruitment processes, no discrimination is allowed based on gender, age, religion, language, race, sect, social status, physical structure, ethnic origin, nationality, sexual orientation or any other personal characteristic, and it is recognized that diversity is richness. In line with corporate goals and principles, processes are carried out in line with the principle of 'the right candidate for the right position' and within the framework of a policy that secures equal opportunities.

Under the Sustainable Development Goals, good practices are included under the heading of Gender Equality. For instance, women constitute 46% of white-collar employees and hold 38% of executive positions. In addition, women's employment is prioritized as part of the goal to increase blue-collar female employment. The full and effective participation of women employees is encouraged, and equal opportunities for leadership are offered at all levels of decision-making processes. EPSAN is committed to creating a workplace where all employees enjoy equal rights and every individual is valued. For 2024, there are plans to extend the number of days of leave.



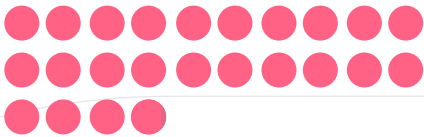
WOMEN EMPLOYEES RATE (NON-MANAGERIAL)

22,14%



2021

23,93,%



2022

24,83%



2023

7.3. Employee Engagement

Under the human resources policy, employees are provided with an environment of respect, understanding and trust. Employee engagement and success in working life are ensured through an employee-oriented approach. Human resources management processes are conducted in line with the objectives of creating sustainable human resources and keeping employee satisfaction and motivation high. We adopt a dynamic approach that is open to innovation and change, hones in on continuous improvement and focuses on ethical values. For 2024, EPSAN plans to conduct employee engagement and development measurements through external surveys. The company has a policy or approach to recruit qualified managers or to retain existing managers as well as an annual bonus practice regarding remuneration. In addition, fuel and maintenance support is available for company vehicles that managers can use for their private business.

Benefits targeting employee satisfaction include food vouchers for monthly food purchases, marriage gifts, baby gifts, holiday aid, New Year's gifts, pre-school stationery aid, private health insurance, personal accident insurance, company car, transportation aid, moving aid, language and education support. The company plans to make arrangements in 2024 for additional paid leaves in addition to the legally determined days of leave.

Internal activities are organized to increase employee engagement including but not limited to bowling tournaments, picnics, New Year's Eve dinner/organization, beginning of summer party, birthday celebrations, monthly breakfast day, March 8 Women's Day, kitchen workshop, pizza day, yoga event and street delicacies (Hamburger Day, World Coffee Day, etc.). In addition, seniority and promotion celebration events are planned.

Corporate internal communication platforms will be launched to strengthen internal communication and to inform both blue- and white-collar employees in Türkiye and at overseas offices more effectively about news and events within the company.

The employee satisfaction survey is evaluated under the following headings: The Company I Work For, Company Management, Manager, Nature and Scope of Work Performed, Internal Communication, Training System, Relations with Colleagues, Social Services, and General Evaluation. In 2024, the company plans to measure employee satisfaction and development through external surveys.

There are two in-house clubs, namely social responsibility and sports clubs, offering activities that strengthen the communication and synergy among employees outside of working hours and increase employee engagement and motivation. To this end, activities such as yoga, table tennis and table football are organized inside and outside the company in addition to cycling and walking competitions. Employees also participate in public competitions. In addition, there is a library available for employees within the organization.



7.4. Talent and Career Management

There is a systematic talent management process based on analyzing the current profile in line with strategic goals, identifying and incorporating the required talents into the organization, and developing, evaluating and retaining existing talents. In the management of this process, a policy of mutual understanding is highly important, and corporate communication channels are used actively and effectively. EPSAN adopts a talent-based HR management philosophy, with the acquisition of young talents being a main target for the company. EPSAN works consistently to become a company that improves its corporate structure and manages its reputation. Significant HR investments are made, with support from the senior management. According to the career planning system developed, talents for target positions are identified, providing them with subsequent individual and position-specific trainings. There is a clear feedback process in place, and a low turnover rate is regarded as a positive outcome of all these efforts. Two key features for success in the business world, namely agility and innovation, are incorporated, implemented and improved. Personal, professional / technical, quality, sustainability and environment training plans are made on a yearly basis, taking into account the annual training plan needs. In 2023, 45% of the trainings offered were on quality, 28% on Sustainability and Environment, 14% on Vocational and Technical Competence, and 10% on OHS. In 2024, new trainings are planned for blue-collar employees to increase their awareness through one-stop-shop trainings on OHS and the environment.





7.5. Occupational Health and Safety

EPSAN prioritizes the health, safety and overall well-being of its employees. Continuous training and awareness programs on occupational health and safety are organized. All activities assume that human beings are the most important asset and aim to raise occupational health and safety awareness among all employees. Accordingly, continuous development is ensured, and the following principles are observed:

- ✓ To prioritize minimizing all kinds of losses by providing a safer and healthier working environment,
- ✓ To comply with all laws and regulations related to Occupational Health and Safety,
- ✓ To organize training activities to create and improve occupational health and safety awareness for all employees,
- ✓ To render occupational health and safety culture a way of life,
- ✓ To allocate resources for occupational health and safety activities,
- ✓ To provide and ensure the use of required personal protective equipment in working environments,
- ✓ To adopt the goal of zero occupational accidents and occupational diseases, to identify the factors that may cause occupational accidents and occupational diseases in advance and to eliminate all related risks by taking the necessary measures,
- ✓ To ensure that every employee, supplier, intern and visitor complies with OHS rules.

In order to ensure the effective implementation of these principles, risks are analyzed, and measures are taken to minimize the identified risks. All kinds of equipment are checked, and all periodic tests and measurements are carried out on time to eliminate all possible hazards and risks at source. Annual training activities on occupational health and safety practices are repeated every year to increase the incentive of employees within the scope of continuous improvement and development, thus creating personal awareness.

Critical indicators such as total number of people trained in OHS, total OHS training hours, OHS trainings per person by hour, number of accidents, number of fatal accidents, lost days due to accidents, absenteeism rate due to accidents, accident frequency rate and accident severity rate show that occupational health and safety standards are maximized at the company. Continuous improvement and training activities are carried out to ensure that all employees are in a safe working environment and to minimize occupational accidents. EPSAN has never experienced any fatal accidents to date, and all employees without exception are regularly provided with OHS training every year.





8. Serving the Society

8.1. Stakeholder Communication

EPSAN attaches great importance to stakeholder communication and makes sure that the process is run in a simple and easily accessible platform. EPSAN communicates with its stakeholders through the communication page on its website. In addition to direct communication with the sales department, EPSAN has also established separate communication channels for human resources and other topics, aiming to facilitate access and speed up communication on a topic basis.

| Stakeholders  | Communication Method  |
|--|--|
| Employees | E-mails, phone calls and in-person meetings Meetings and trainings Digital communication tools (Corporate internal communication platforms, Teams, Mail, LinkedIn) Digital training programs Employee satisfaction surveys Special events for employees (Year-round events: Bowling, Football, Cooking Workshop, Street Delicacies, Coffee Day, Breakfast Day, Birthday Celebrations, New Year's Event, Picnic) Committee meetings Announcements and notifications Internal publications |
| Customers | Customer satisfaction surveys E-mails, phone calls and in-person meetings Customer visits and meetings Exhibitions, conferences, fairs Website News - LinkedIn and Other Social Media + Technical Press Releases on Website Social media Request/grievance websites |
| Suppliers | E-mails, phone calls and in-person meetings LinkedIn Meetings Supplier Audits |
| Public Institutions and Legislative Bodies | Periodic reporting Meetings and conferences E-mails, phone calls and in-person meetings Audits |
| Ministry of Finance, Tax Office | Tax return checks |
| Ministry of Industry | E-mails, phone calls and in-person meetings |

8.2. Customer Satisfaction and Product Management



EPSAN aims to keep customer satisfaction at the highest level, thus adopting a customer-driven approach. To increase customer satisfaction, complaints from stakeholders are received at sales topics and other topics tabs under the contact section on the website. Complaints are analyzed and resolved in detail, and the relevant persons and customers are informed through processes and procedures defined to manage customer complaints easily. For 2023, the turnaround time for customer complaints is 3.39 days. All kinds of feedback from customers are valued, and customer satisfaction performance is regularly monitored and meticulously analyzed. Customer satisfaction is actively pursued and improved.



8.3. Corporate Social Responsibility

At EPSAN, the importance and priorities of corporate social responsibility principles are emphasized. The company aims to make this understanding a corporate culture to contribute to social development. To this end, the company is sensitive to social issues and supports all activities that create shared value for society and shareholders alike in addition to contributing to the quality of life of the community. People, society and nature are the priorities in social responsibility. Accordingly,

- ✓✓ Protecting cultural values,
- ✓✓ Ensuring gender equality,
- ✓✓ Protecting the environment and nature,
- ✓✓ Ensuring a sustainable world order,
- ✓✓ Protecting human rights,
- ✓✓ Contributing to the development of healthy life and sports,
- ✓✓ Providing continuity and support in education and training are among the commitments of the company.

As part of its sustainability policy, EPSAN actively supports education and other social responsibility projects and contributes to the communities in which it operates. This year, the EPSAN family supported 'As Each Child Changes, Türkiye Flourishes' campaign by the Educational Volunteers Foundation of Türkiye (TEGV), which continues to work in the region after the earthquake that affected 11 provinces. EPSAN's volunteer running team participated in the 18th Istanbul Half Marathon held on the Historic Peninsula Course, contributing to the one-year education expenses of over 95 children. Support for education and students at Erdoğan Primary and Secondary School has been ongoing since 2019.

As part of sponsorship activities,

- ✓✓ In 2022, support was provided to the GTU-Electromobile Electric Vehicle Team.
- ✓✓ In 2023, silver sponsorship and support were given to the HIDROANA Team from Eskişehir Technical University, young athletes of Velo Bursa, and the Alfa ETA Electric Vehicle Team from Gebze Technical University for the 2023 Teknofest Efficiency Challenge Electric Vehicle Races.

COLLABORATING FOR A SUSTAINABLE FUTURE

Partnerships are the cornerstone of progress. At EPSAN, we unite with forward-thinking organizations to drive innovation, sustainability, and shared success across industries. Together, we build a better tomorrow.



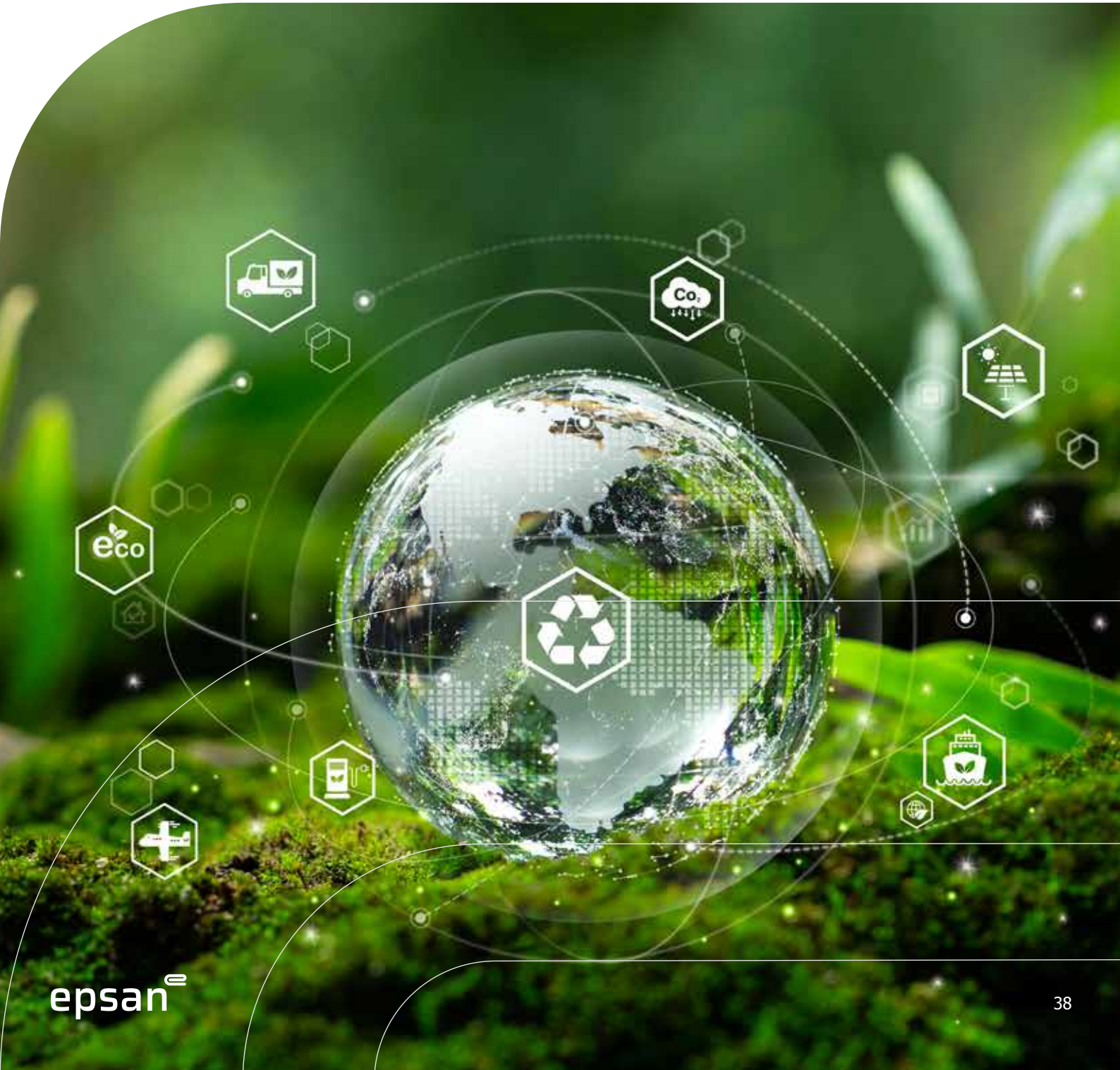
8.4.Memberships and Collaborations



As part of efforts under SDG 17 - Partnerships for Goals, EPSAN has become a member of the Sustainable Mobility Initiative (SMI), which aims to integrate innovative, smart and sustainable city projects under support by the Renault Group, one of its business partners in the automotive sector.

The associations we are a member of are listed below.

- Quality Association of Türkiye (KalDer)
- Plastic Industrialists Association (PAGDER)
- Plastic Industrialists Federation (PLASFED)
- Turkish Plastics Industrialists Research, Development and Education Foundation (PAGEV)
- Demirtaş Organized Industrial Zone Industry and Business Association (DOSAB-SİAD)
- Automotive Suppliers Association of Türkiye (TAYSAD)



9. Serving the Future

9.1.R&D and Innovation

EPSAN operates to ensure continuous improvement and development with the awareness that R&D and innovation studies set the most important step towards the future. Carrying out its R&D and P&D activities in accordance with internationally accepted test standards, EPSAN produces safe, efficient, sustainable and environmentally friendly solutions and develops products with high quality standards in superior laboratories equipped with new technology thanks to Industry 4.0-compatible infrastructure and automation investments.

EPSAN coordinates R&D activities by the Research and Innovation Department and identifies strategic focus areas based on market analysis and customer feedback, while shaping R&D projects by taking into account industry trends and competition analysis. Expert teams are formed with the participation of experts from various disciplines, and the process is successfully managed by providing the required financial and technical resources for the projects.



The company's other projects include the commercialization of new polyamide and polybutylene terephthalate formulations that exceed industry standards, the development of approved products by developing formulations in accordance with customer demands and specifications, and the development of patented products that optimize the properties of polyamides.

EPSAN collaborates with universities, research institutions and other industry partners to reinforce its R&D and innovation activities. The company's technological and scientific capacity is increased through projects carried out in cooperation with the Scientific and Technological Research Council of Türkiye (TÜBİTAK) as well as collaborations such as the 2244 - Industrial Doctorate Program with Bursa Technical University. The company delivers R&D activities with technical consultancy support from Kocaeli University.

In 2023, according to Turkishtime, EPSAN ranked among the top 250 companies in the plastics industry in Türkiye with the highest R&D expenditures, with various innovation studies being carried out within the company. The relevant efforts are summarized below. For detailed information, you can follow the official website or contact EPSAN via the contact information on the official website.



Hydrolysis Resistance:

EPSAN GFH product groups offer high quality products, particularly for under the hood applications. These products are designed for use in areas requiring hydrolysis resistance and thermal aging resistance.

Thermal Aging:

EPSAN continues to work for applications that require high thermal aging resistance. It offers product groups resistant up to 210°C as well as various compound solutions tailored for customer needs.

High Flow (Sprint Products):

EPSAN's Sprint product line offers higher fluidity, faster molding and energy savings without any change in mechanical and thermal properties.

Electric Vehicles:

EPSAN offers new parts for electric vehicles made of engineering plastics with features such as high voltage, flame resistance and low smoke density, and these products are replacing traditional combustion engines.

Electromagnetic Shielding:

Electromagnetic shielding in electric vehicle batteries protects against interference from power electronics in confined spaces, thus providing a viable alternative to metal for lightness.

Lightness:

Lightweight solutions developed for the automotive industry increase fuel efficiency and reduce emissions. EPSAN's carbon fiber reinforced lightweight solutions have features such as high strength and a low coefficient of thermal expansion.

High Performance Polyamide:

EPSAN's high performance polyamides are heat resistant and suitable for use in humid environment. They are designed with a high heat resistance, low moisture absorption and hydrolysis resistant properties.

Coloring and Surface Quality:

The coloring laboratory at EPSAN is a Renault-accredited color laboratory and provides high quality coloring.

Products with Non-Combustible Additives:

EPSAN's products with non-combustible additives have low smoke emissions and are halogen free. These products offer safe and flame retardant materials in a variety of industries.

PA66 Replacement:

EPSAN offers solutions that enable PA6 materials to be used as PA66 replacements. These solutions are characterized by high thermal resistance and low dehumidification.

EPLON+ (High Quality Recycled):

EPLON+ is the trade name for high-performance PA6 and PA66 compounds recycled from industrial fiber and polymerization wastes. In this product group, approximately 35% less CO2 emissions are achieved compared to our premium product groups, thus reducing environmental impacts. Furthermore, EPLON+ is certified with a Life Cycle Assessment (LCA) Certificate.

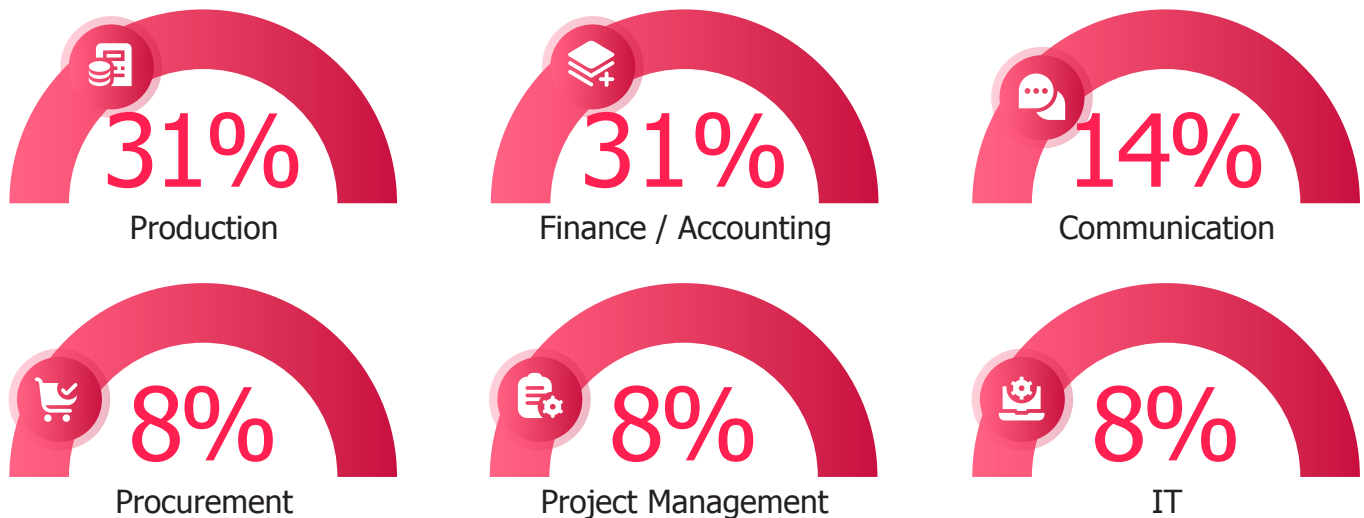


9.2. Digitalization

Using its digitalization strategy, EPSAN develops various technological solutions to increase efficiency and optimize operational processes. This strategy plays a key role in the company's digital transformation journey. The digitalization strategy aims:

- ✓ to secure faster, one-time and ubiquitous access to data,
- ✓ to ensure more efficient resource utilization by protecting the same data from duplicate processing,
- ✓ to enable faster access to accurate information produced through more efficient data processing methods, and to improve reporting and analysis capabilities,
- ✓ to perfect decision-making mechanisms.

The process distribution chart for actual and planned digitalization projects is as follows. Some key projects are also summarized below.



- ✓ **Production:** More efficient collection of production data from site and equipment, paperless management of raw material storage and transfer, feeding and mixing processes
- ✓ **Finance & Accounting:** Faster, efficient and paperless management of banking and financial transactions
- ✓ **Communication:** Strengthening internal and external communication, accelerating the flow of information and managing this flow digitally
- ✓ **Procurement:** Faster, more efficient and paperless management of approval processes

EPSAN aims to maximize information security in the digitalization process. The company manages information security through various strategies and technological measures. To this end, against any potential vulnerabilities in the firewall, updates are regularly monitored and necessary version transitions are completed. Security risks are minimized by taking quick action.

A penetration test is performed once a year to keep security at the highest level. These tests identify potential security risks and make the system more secure. In addition, all networks in the internal network are separated, applying access restrictions and thus minimizing the security risk. EPSAN has a logging product ensuring compliance with PDPL (Personal Data Protection Law) and Laws No. 5651 and 5070 as well as the General Data Protection Regulation (GDPR) laws. Logs are kept for up to a maximum of 10 years, fulfilling legal requirements. Furthermore, the company complies with the contractual requirements of suppliers from whom services are procured.

Cybersecurity, Risk and Compliance Studies: Comprehensive studies on device, application/data and infrastructure security are carried out. Accordingly, potential risks are eliminated by making improvements regarding information technologies and production technologies.

Digitalization Efforts: Robotic Process Optimization (RPA) efforts are underway in managerial processes, while Machine Equipment Efficiency (OEE) efforts are carried out in operational processes. These efforts increase operational efficiency and ensure a more effective and secure management of processes.

TRANSPARENCY IN ACTION ACCOUNTABILITY IN EVERY STEP

At EPSAN, we are committed to upholding the highest standards of transparency and accountability. Our alignment with GRI Standards reflects our dedication to providing clear, comprehensive, and reliable information about our sustainability journey. This is how we build trust and drive impact.





GRI 1: Foundation 2021

EPSAN reported in compliance with GRI Standards for the period of January-December 2023. For the Content Index-Essentials Service, the GRI Services Team reviewed that the information is presented in a manner consistent with GRI Standards reporting requirements and that the information within the index is clear and accessible to stakeholders. This service was delivered on the Turkish version of the report.

| GRI Standard | Disclosure | Page numbers and/or descriptions | Exclusions |
|--|--|---|------------|
| Corporate Profile, Corporate Governance and Effective Risk Management | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | About the Report, p.3 Organizational Profile, p.5 | - |
| | 2-2 Entities included in the organization's sustainability reporting | About the Report, p.3 | - |
| | 2-3 Reporting period, frequency and contact point | About the Report, p.3 | - |
| | 2-4 Restatements of information | No restatement of information is available. | - |
| | 2-5 External assurance | No external audit was conducted for the sustainability report. | - |
| | 2-6 Activities, value chain and other business relationships | About EPSAN, p.5 Memberships and Collaborations, p.36 Corporate Governance, p.11 Stakeholder Communication, p.33 Sustainable Supply Chain, p.28 Customer Satisfaction and Product Management, p.34 | - |
| | 2-7 Employees | About EPSAN, p.5 Human Resources Approach, p.30 | - |
| | 2-8 Workers who are not employees | Occupational Health and Safety, p.32 Sustainable Supply Chain, p.28 | - |
| | 2-9 Governance structure and composition | Corporate Governance, p.11 Sustainability Governance Structure, p.22 | - |
| | 2-10 Nomination and selection of the highest governance body | Confidentiality Limitations EPSAN does not share this information publicly in accordance with the privacy policies of the organization. | - |



| GRI Standard | Disclosure | Page numbers and/or descriptions | Exclusions |
|--|--|--|------------|
| Corporate Profile, Corporate Governance and Effective Risk Management | | | |
| GRI 2: General Disclosures 2021 | 2-11 Chair of the highest governance body | Message from the Senior Management, p.4 Corporate Governance, p.11 | - |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Corporate Governance, p.11 Sustainability Governance Structure, p.22 | - |
| | 2-13 Delegation of responsibility for managing impacts | Corporate Governance Approach, p.11 Sustainability Governance Structure, p.22 | - |
| | 2-14 Role of the highest governance body in sustainability reporting | Sustainability Governance Structure, p.22 | - |
| | 2-15 Conflicts of interest | Business Ethics and Compliance, p.14 | - |
| | 2-16 Communication of critical concerns | Board of Directors and Senior Management, pp.11 Business Ethics and Compliance, p.14 Risk Management, pp.11 Sustainability Governance Structure, p.22 No critical issues were communicated to EPSAN throughout the reporting period. | - |
| | 2-17 Collective knowledge of the highest governance body | Corporate Governance, p.11 | - |
| | 2-18 Evaluation of the performance of the highest governance body | Confidentiality Limitations EPSAN does not share this information publicly in accordance with the privacy policies of the organization. | - |
| | 2-19 Remuneration policies | Human Resources Approach, pp.30 Employee Engagement and Development, p.31 | - |



| GRI Standard | Disclosure | Page numbers and/or descriptions | Exclusions |
|--|--|--|------------|
| Corporate Profile, Corporate Governance and Effective Risk Management | | | |
| GRI 2: General Disclosures 2021 | 2-20 Process to determine remuneration | Human Resources Approach, pp.30 Inclusiveness, Equal Opportunities and Diversity, p.31 | - |
| | 2-21 Annual total compensation ratio | Confidentiality limitations EPSAN does not share this information publicly in accordance with the privacy policies of the organization. | - |
| | 2-22 Statement on sustainable development strategy | Message from the Senior Management, p.4 Sustainability Strategy, p.18 | - |
| | 2-23 Policy commitments | Corporate Policies and Procedures, p.12 | - |
| | 2-24 Embedding policy commitments | Corporate Governance, p.11 Corporate Policies and Procedures, p.12 | - |
| | 2-25 Processes to remediate negative impacts | Combating Climate Change, p.25 Energy and Emissions Management, p.26 Responsible Sourcing and Circular Economy, p.24 Human Resources Approach, p.30 Sustainable Supply Chain, p.28 | - |
| | 2-26 Mechanisms for seeking advice and raising concerns about issues related to ethical and legal behavior | Business Ethics and Compliance, p.14 | - |
| | 2-27 Compliance with laws and regulations | Business Ethics and Compliance, p.14 | - |
| | 2-28 Membership associations | Memberships and Collaborations, p.36 | - |
| | 2-29 Approach to stakeholder engagement | Stakeholder Communication, p.33 | - |
| | 2-30 Collective bargaining agreements | EPSAN does not have any employees working under collective bargaining agreement. | - |
| Material Topics | | | |



| GRI Standard | Disclosure | Page numbers and/or descriptions | Exclusions |
|--|---|---|------------|
| Corporate Profile, Corporate Governance and Effective Risk Management | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Materiality Analysis, p.18 | - |
| | 3-2 List of material topics | Materiality Analysis, p.18 Alignment with the UN Sustainable Development Goals (UN SDGs), p.19 | - |
| | 3-3 Management of material topics | Materiality Analysis, p.18 Alignment with the UN Sustainable Development Goals (UN SDGs), p.19 | - |
| Occupational Health and Safety | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Occupational Health and Safety, p.32 | - |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Occupational Health and Safety, p.32 | - |
| | 403-2 Types of injuries and accident frequency rates, occupational diseases, lost days and absenteeism, and total number of work-related fatalities | Occupational Health and Safety, p.32 | - |
| | 403-3 Occupational health services | Occupational Health and Safety, p.32 | - |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Occupational Health and Safety, p.32 | - |
| | 403-5 Worker training on occupational health and safety | Occupational Health and Safety, p.32 | - |
| | 403-6 Promotion of worker health | Occupational Health and Safety, p.32 | - |



| GRI Standard | Disclosure | Page numbers and/or descriptions | Exclusions |
|---|---|---|------------|
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Occupational Health and Safety, p.32 | - |
| Products and Services | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Products and Services, p.9 Responsible Sourcing and Circular Economy, p.24 | - |
| Circular Economy | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Responsible Sourcing and Circular Economy, p.24 | - |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Responsible Sourcing and Circular Economy, p.24 | - |
| | 306-2 Management of significant waste-related impacts | Responsible Sourcing and Circular Economy, p.24 | - |
| | 306-3 Waste generated | Responsible Sourcing and Circular Economy, p.24 | - |
| | 306-4 Waste diverted from disposal | Responsible Sourcing and Circular Economy, p.24 | - |
| | 306-2 Management of significant waste-related impacts | Responsible Sourcing and Circular Economy, p.24 | - |
| Responsible Environmental Management | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Responsible Sourcing and Circular Economy, p.24 | - |
| GRI 303: Water and Effluents 2018 | 303-5 Water consumption | Responsible Sourcing and Circular Economy, p.24 | - |



| GRI Standard | Disclosure | Page numbers and/or descriptions | Exclusions |
|---|--|--|------------|
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Energy and Emissions Management, p.26 | - |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Energy and Emissions Management, p.26 | - |
| | 305-3 Other indirect (Scope 3) greenhouse gas emissions | Energy and Emissions Management, p.26 | - |
| | 305-4 GHG emissions intensity | Energy and Emissions Management, p.26 | - |
| Inclusiveness, Equal Opportunities and Diversity | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Inclusiveness, Equal Opportunities and Diversity, p.31 | - |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Inclusiveness, Equal Opportunities and Diversity, p.31 | - |
| | 405-2 Ratio of basic salary and remuneration of women to men | Inclusiveness, Equal Opportunities and Diversity, p.31 | - |
| GRI 406: Non-Discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Inclusiveness, Equal Opportunities and Diversity, p.31 | - |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor and actions taken | Sustainable Supply Chain, p.28 | - |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor and actions taken | Sustainable Supply Chain, p.28 | - |
| Enterprise Risk Management | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Effective Risk Management, p.11 | - |

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