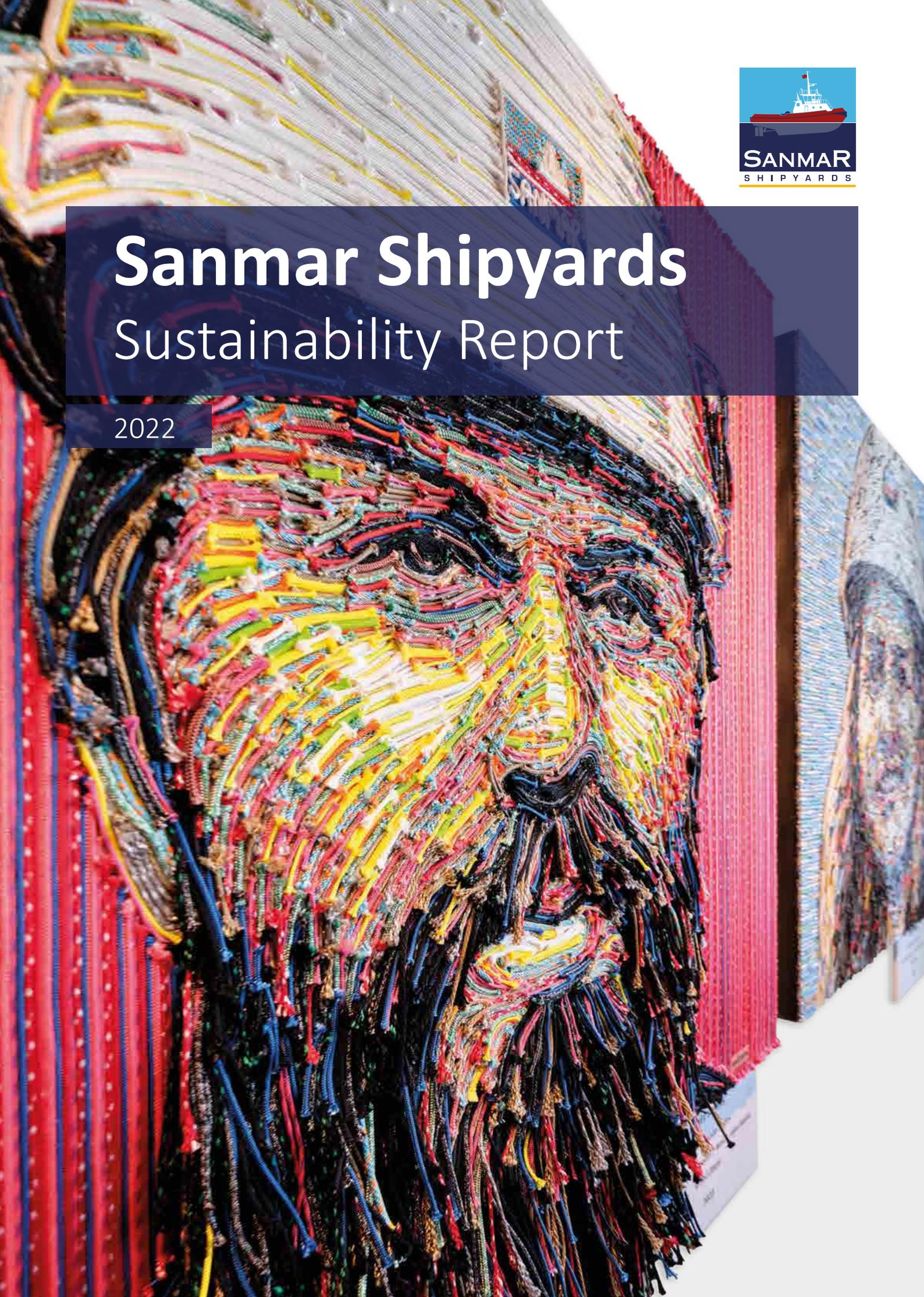




Sanmar Shipyards Sustainability Report

2022



“Navigating Tomorrow,
Preserving Today.”



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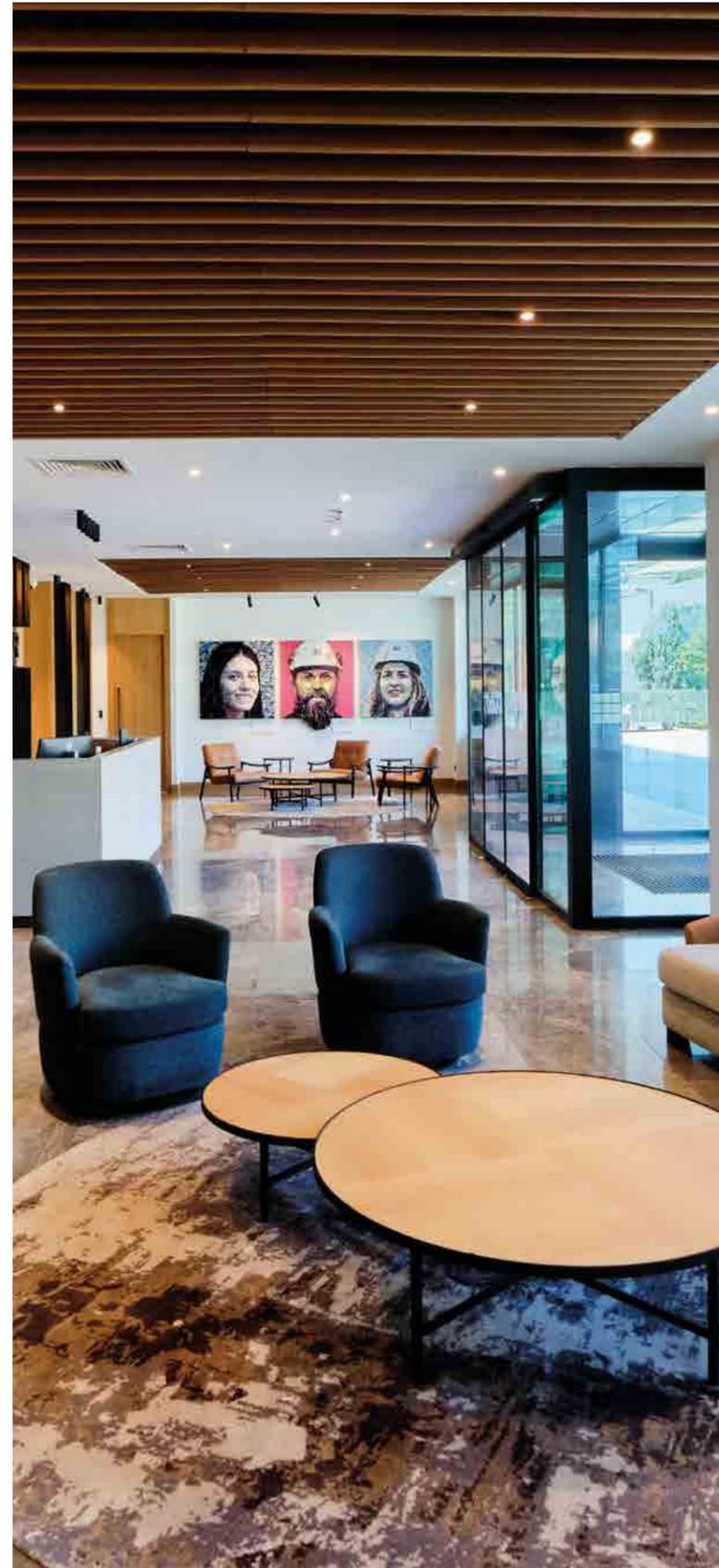


About the Report

GRI 2-1, GRI 2-2, GRI 2-3

About the Report

GRI 2-2, GRI 2-3, GRI 2-4



Purpose

Our activities aim to contribute to the construction of a sustainable future, while also striving to be a leader in our industry. We target the livability of our world, the safety of ports, the sustainability of the global economy, and environmental sensitivity for future generations. In line with this commitment, we showcase pioneering and modern capabilities globally through the tugboats and workboats we produce and operate. We are extremely proud of our commitment to pushing the limits of development and positively impacting our environment. We are happy to share our ongoing efforts in this direction with our valued stakeholders for the year 2022. The main goal of this report is to give our valued stakeholders a thorough understanding of Sanmar Shipyards' journey towards sustainability.

We are excited to publish our first Sustainability Report as we continue our determined journey towards a more sustainable Sanmar. This report goes into detail about our sustainability strategy, our priorities, how we perform, our goals, and how this journey has become a key part of our business approach. A goal of this report is to ensure transparency with our stakeholders and assess the impact of our activities.

We are presenting our approach to sustainability in the 2022 financial year, focusing on insights into our economic, environmental, and social performance. Unless otherwise stated, throughout this report, the terms "Sanmar Shipyards" and "Sanmar" refer to Sanmar Denizcilik Makina ve Ticaret A.Ş.

Scope

This report, offering a comprehensive overview of both our financial and non-financial data, encompasses our key activities in Shipbuilding, Towage Services, and Pilotage Services for the financial year spanning from 1 January 2022, to 31 December 2022. Unless otherwise stated, all the financial and non-financial data in this report represent the total figures from the production and operational areas of Sanmar Shipyards. This report, offering a comprehensive overview of both our financial and non-financial data, encompasses our key activities in Shipbuilding, Towage Services, and Pilotage Services for the financial year spanning from 1 January 2022, to 31 December 2022. Unless otherwise stated, all the financial and non-financial data in this report represent the total figures from the production and operational areas of Sanmar Shipyards.

Principles and Standards

Prepared with great care, this report for the financial year spanning 1 January 2022 to 31 December 2022. The report is prepared in accordance with the GRI Standards. You can find more detailed information about the GRI Content Index Tables in the "Appendix" section. In determining our strategic sustainability topics, we have considered principles like materiality, stakeholder engagement, sustainability context,

and completeness, as guided by the GRI Sustainability Reporting Standards. These principles have been crucial in identifying the most relevant and effective sustainability aspects for our organization. By focusing on certain key issues, we are actively contributing to 8 of the United Nations Sustainable Development Goals (SDGs).

By addressing these critical areas, we demonstrate our commitment to positively impacting various global sustainability issues identified by the United Nations. Additionally, in the "Appendix" section, you can find our detailed performance indicators for the past three years, encompassing the previous two periods.

We aim to publish our Sustainability Reports annually in the coming years. We are committed to regularly monitoring and presenting these goals to our valued stakeholders in line with the targets we have outlined to in our reports. Our goal is to make the published Sustainability Report accessible to all our stakeholders and to walk this journey together, incorporating their valuable feedback.

Our report is available at <https://www.sanmar.com.tr/en/hse-quality-esg>, and for any questions or requests you can send an email to sustainability@sanmar.com.tr.

Navigation Panel



Joint Message from the Board of Directors

The earthquakes in February 2023 that deeply affected 11 of our provinces were among the most significant natural disasters our country has ever experienced. Our hearts go out to all those affected by this disaster, and we extend our sincere condolences and wishes for recovery to our fellow citizens and our nation. At Sanmar, we have actively engaged in providing support to our citizens and employees impacted by the earthquake. We firmly believe that by standing together and helping each other, we can alleviate the hardships of these difficult times, and we are committed to persisting in our supportive efforts. We plan to communicate these ongoing efforts in our next report.

We are proud to present our first Sustainability Report, prepared under the Global Reporting Initiative (GRI) Standards, showcasing our performance in environmental, social, and governance aspects. When viewed from a sustainability perspective to Shipbuilding and Towage and Pilotage Services; we observe that the industry is confronted with a range of crucial issues such as reducing carbon footprint, controlling marine pollution, ensuring occupational health and safety, digitization, supply chain management, and inflation. These challenges pose significant responsibilities as we strive to achieve our sustainability goals. Therefore, it is crucial for our industry to take a proactive role in string these issues to contribute to a more sustainable future.

Leveraging our nearly five decades of industry experience and our skilled workforce, we are committed to fulfilling our responsibilities and continuing our operations vigorously. Looking back at 2022, we achieved a record by delivering a total of 32 vessels, comprising 24 tugboats and 8 mooring boats. Concurrently, we made significant progress in our production of 6 electric and 2 LNG-fueled tugboats set for delivery in 2023, a testament to our focus on technology and sustainability. Being a leader in the industry, we have placed a high priority on manufacturing high-tech and environmentally friendly vessels, aligning this with our strategy for sustainable business practices. Consistent with this approach, we have launched cutting-edge production facilities and built new production halls to support our commitment to advanced and sustainable manufacturing. These transformative efforts are driven by our goal to meet our customers' expectations to the fullest while reducing our environmental impact and ensuring safer production environments.



We continue to navigate in the industry by introducing innovative products like autonomous, electric, LNG, and methanol-powered vessels. The building of such vessels represents a major shift in the industry, setting new benchmarks for the future in terms of technology and environmental standards. This philosophy has motivated us to embrace the motto, "Navigating Tomorrow, Preserving Today." We not only manufacture eco-friendly and high-tech tugboats but also deploy them in our own fleet, contributing to the safety and continuity of Turkish ports.

Aligned with our sustainability strategies, we are firmly committed to reinforcing our future-oriented commitments. We are eager to share our short, medium, and long-term strategies with our esteemed stakeholders. Our short to medium-term strategy, which we started three years ago, is centered on digitizing all our processes and enhancing efficiency, as a key part of our digital transformation journey. A key goal is to ensure that both the construction and operation of ships are carried out with minimal environmental impact, while concurrently manufacturing high-tech and environmentally friendly vessels. For the long term, we aim to maintain our industry leadership and sustain our workforce.

Anchored in our sustainability strategy, we focus on projects that center around people and society, aiming to create value and benefit. Through initiatives like Kindergarten Project, Mind and Intelligence Games Workshop, Trash for Charity Project, sports sponsorships, investments in universities, career advancement programs, and engineering development programs, we are grooming the next generation workforce for the corporate world and fostering interest in our business sectors. Moreover, as members of the Sanmar Board of Directors, we are actively engaged in multiple foundations and non-governmental organizations, such as Turmepa, Board of Trustees of Universities, Shipowners P&I Club Board, and the Exporters' Union, with a strong commitment to addressing issues related to education, safety, and the environment. While carrying out our duties within these organizations, we are simultaneously strengthening our endeavors to tackle Environmental, Social, and Governance (ESG) issues within our company.

In our ongoing journey, marked by numerous pioneering achievements in the industry, we are thrilled to be the first company in our sector to produce a Sustainability Report. We extend our gratitude to our esteemed employees and stakeholders who have been unwavering companions on this remarkable journey.



Sanmar Shipyards at a Glance

Sanmar Shipyards at a Glance

GRI 2-1

Our story began in Istanbul back in 1976, when Orhan Gürün and Gökçen Seven founded the company. Since the beginning, we have focused on quality, innovation, and continuous growth, which have propelled us to become one of Türkiye’s leading companies in our sector. Starting as a tugboat operator, we gradually expanded into tugboat production, laying the groundwork for our success. Adapting to industry changes, improving work conditions, enhancing safety standards, and embracing sustainability have been part of our journey, guided by our forward-thinking and innovative mindset. This approach led us to undertake sustainability initiatives, including reducing carbon emissions and meeting national and international air quality requirements. We understand the significance of a more sustainable future and aspire to lead the way in change and innovation as a fundamental part of our business which is acknowledged by all our stakeholders.

In 1990, we marked a significant milestone by building our first tugboat “Sanmar I”, with a bollard pull of 16 tonnes. Our journey continued as we ventured into Turkish ports with “Sanmar II,” a robust 34-tonne tugboat. By the end of the 90s, we had successfully delivered tugs to international operators in countries such as Mexico, Bulgaria, and Pakistan. Today, we have risen to prominence as a global player, building tugs for operators all around the world.

Throughout our journey, technology, innovation, and high quality have consistently remained our top priorities. Guided by this perspective, we achieved a significant feat in 2014 by building the world’s first LNG-fueled tugs for a Norwegian operator. Further innovations followed, including the development of the world’s inaugural remote-controlled tugboat for a Danish operator in 2017. Our collaboration with Corvus Energy, a leading marine battery manufacturer, enabled us to embark on the production of fully electrically powered tugs. Our diverse product portfolio, rooted in designs from the renowned firm Robert Allan Ltd., encompasses the production of over 300 tugs to date. We also introduced the first Hydromechanical Hybrid (Advanced Variable Drive) tug in 2019. In 2021, we secured a contract with a Canadian company for three electric and two LNG-fueled tugboat projects, reaffirming our commitment to innovation.

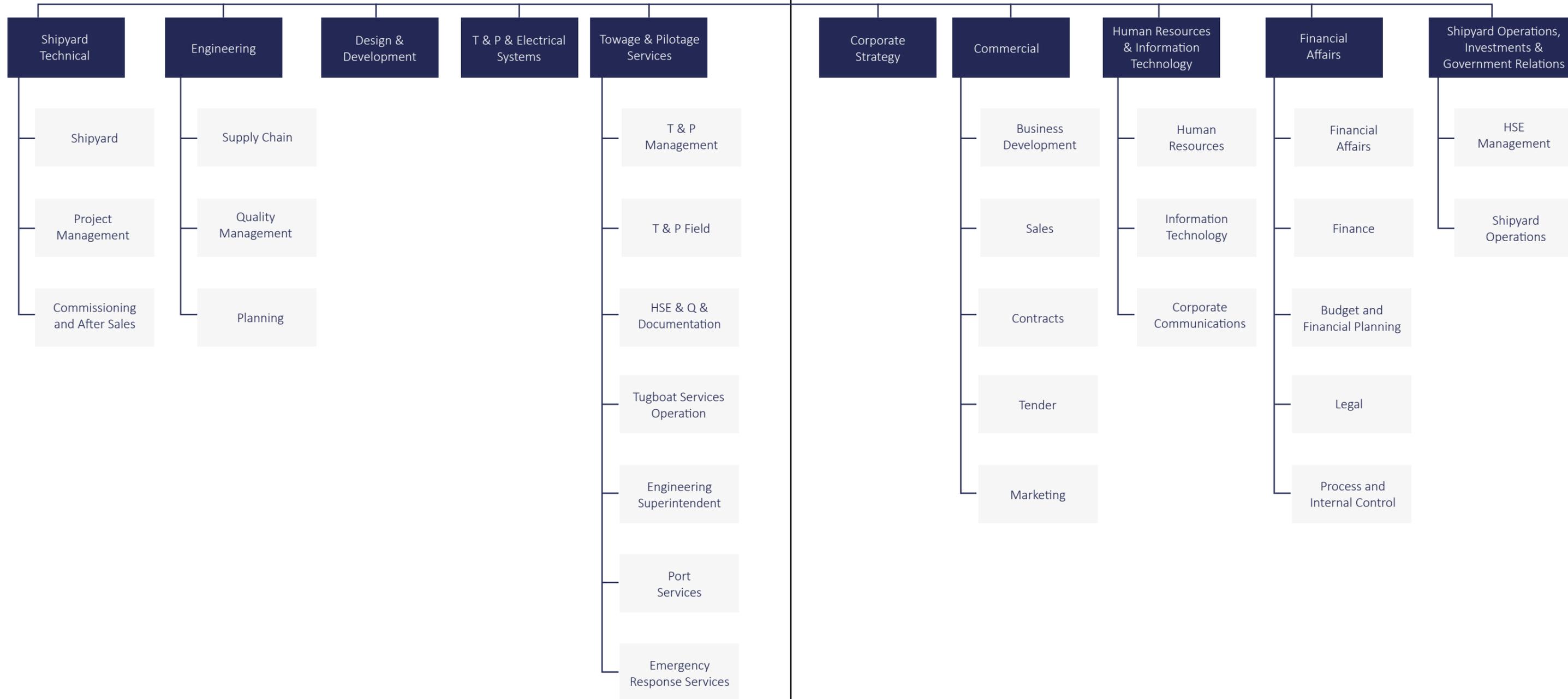
Nowadays, our employees, who have become the greatest heroes of this journey, were only a limited number when we were first established. Today, we have transformed into a strong brand representing our country worldwide with over 500 employees and 1500 subcontractors. Operating in national and international seas with more than 300 vessels we produce, each meter of which encapsulates the efforts of thousands of people. With state-of-the-art facilities in Tuzla and Altınova, we represent innovation in the maritime sector, and we believe in sustaining this culture for many years to come.



Organizational Structure, Products and Services

GRI 2-1

Boards of Directors





Product Portfolio

We are actively conducting operations in the ports of Antalya, Mersin, Izmit, Nemrut, Petkim, and Samsun, and we do so with a reliable fleet consisting of 32 tugs. Our impressive range of tugboats is the result of a close partnership that spans over 30 years with Robert Allan Ltd., a renowned name in cutting-edge designs. For further details about our products, you can click on the link provided below.



[https://www.sanmar.com.tr/#\[NS%281\]](https://www.sanmar.com.tr/#[NS%281])



Core Values

Our vision is to set the standard for customer satisfaction and reliability in our industry, consistently delivering the highest quality work. We recognize that achieving our leadership vision is intrinsically tied to our mission rooted in our core values. This mission encompasses fundamental values, including maintaining high quality and being a role model, employing a systematic approach and leveraging expertise, championing environmental preservation and occupational health and safety, promoting teamwork, ensuring timely and error-free work, fostering reliability, nurturing strong and effective communication, embracing advanced technology and innovation. Our commitment to safeguarding these values and upholding rigorous standards is strengthened by the productive relationships we have cultivated with our customers, suppliers, employees, and other stakeholders.



Vision

“
Being a Leader in Customer Satisfaction and Reliability



Mission

“
Upholding Customer Satisfaction and Reliability Through Our Core Values

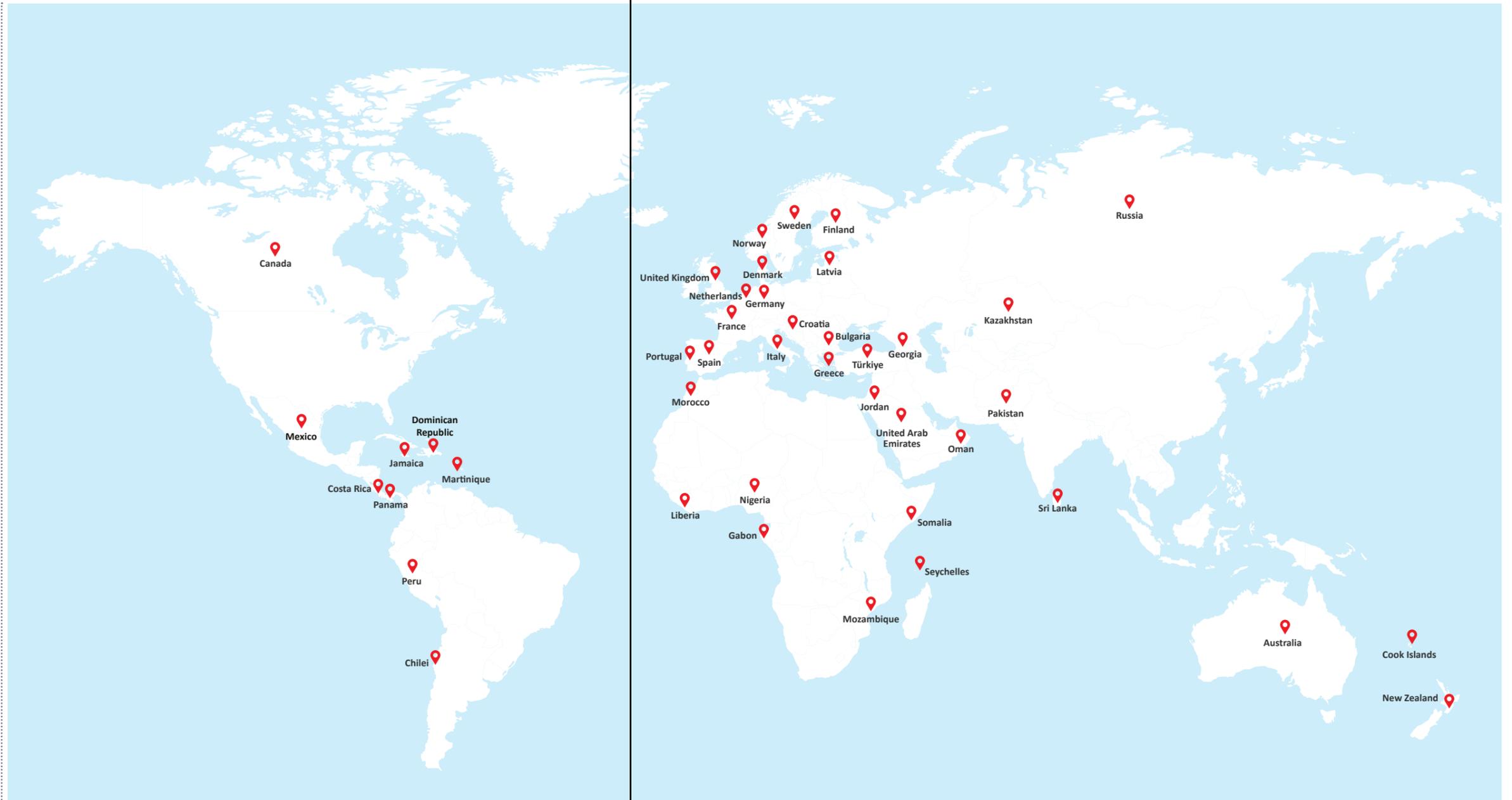


Global

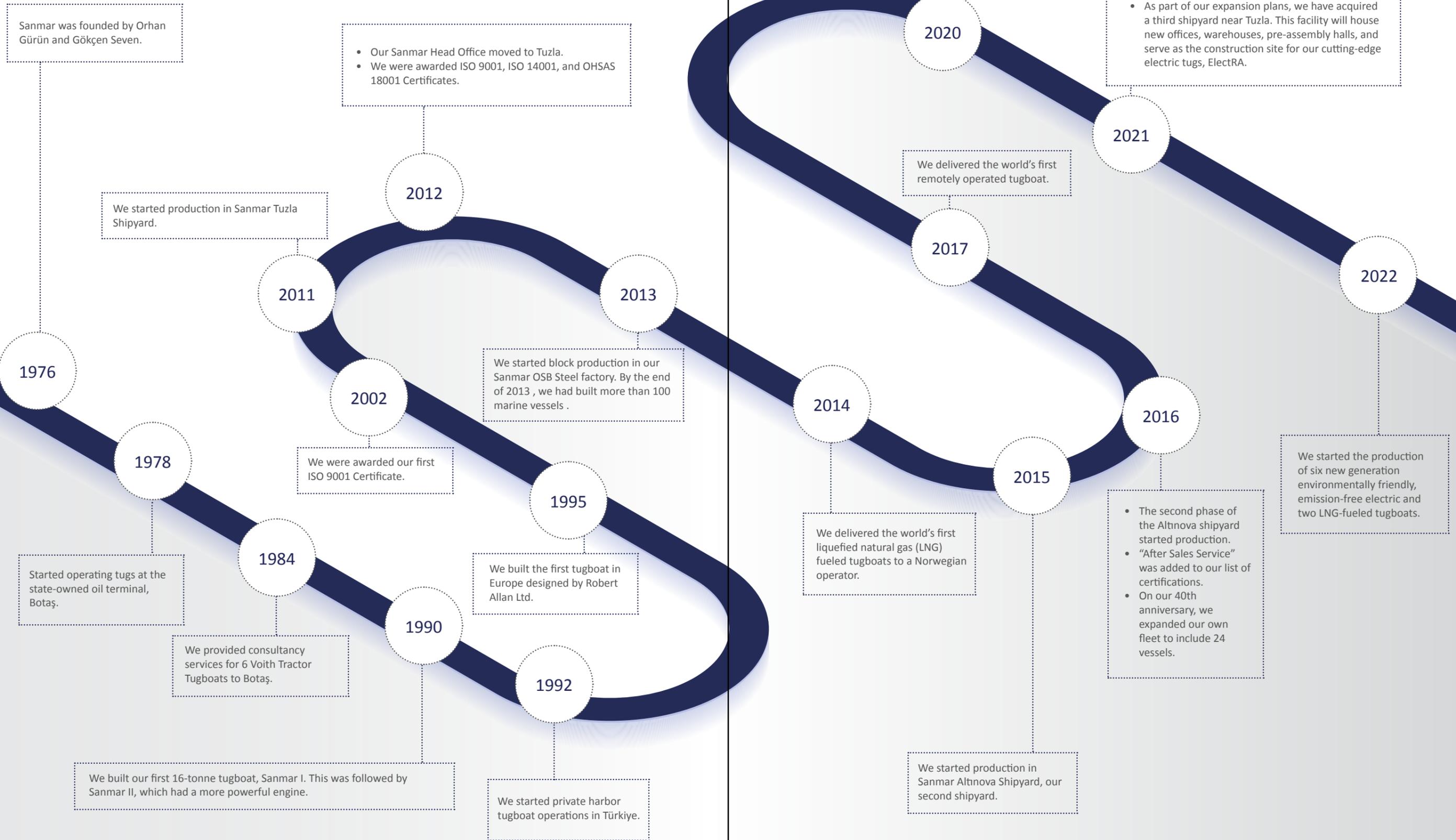
We have reached over 40 countries through exports since the beginning of our journey. As our product range continues to expand, our goal is to nurture relationships with stakeholders worldwide by further extending our global presence.

Our Values

-  High quality and role modelling
-  Systematic approach and expertise
-  Environmental protection
-  Occupational health and safety
-  Teamwork
-  Timely and error-free work
-  Reliability
-  Strong and effective communication
-  Advanced technology and innovation



Sanmar Milestones



Value Chain

We play a significant and pioneering role in our industry, both nationally and internationally. Our role in this journey has encouraged us to take on the responsibility that falls upon us in our sustainability journey with our stakeholders

Consequently, we adopt a comprehensive approach, prioritizing the creation of positive impacts throughout our value chain, considering our position both in Türkiye and the global context.

We have incorporated our Sanmar sustainability strategy, developed during the reporting year, into all aspects of our business with our focus shifting to inclusivity, with the goal of generating value not just for ourselves, but for every part of the value chain

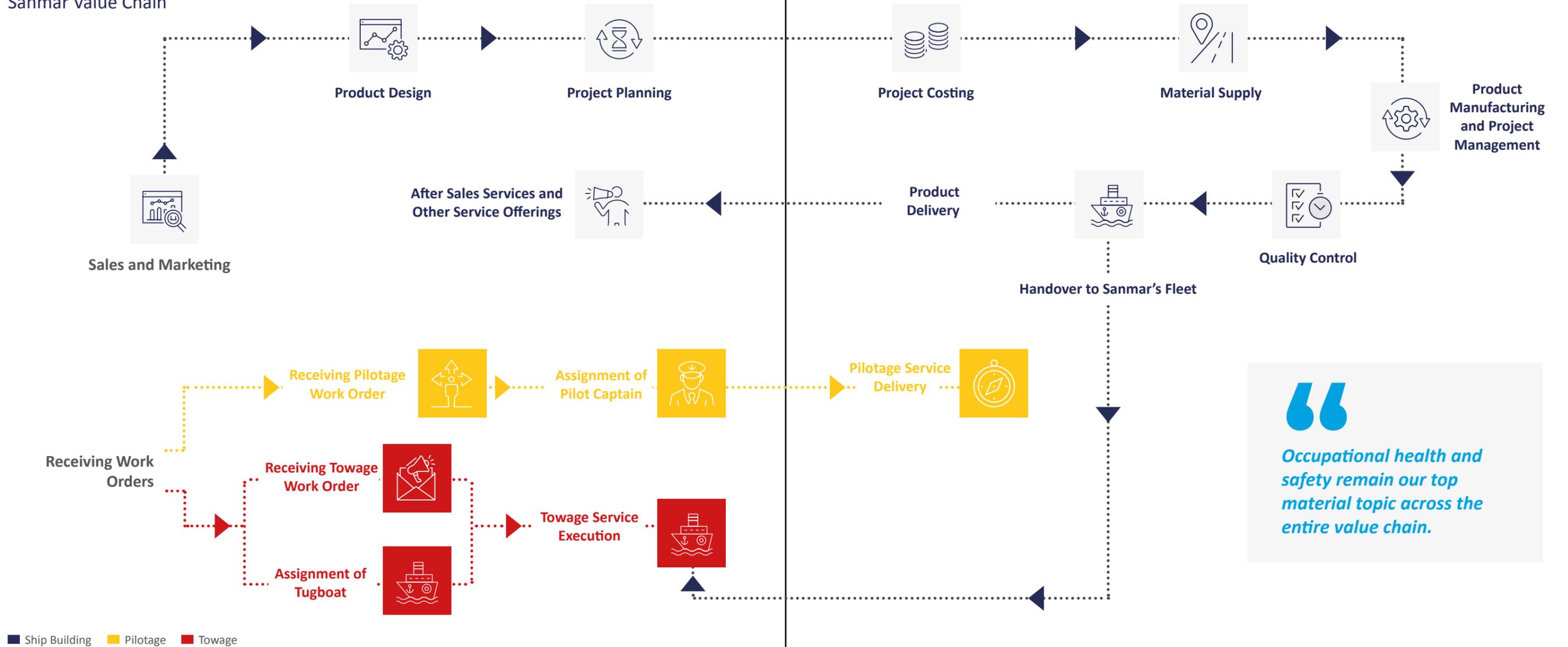
In our core activities of Shipbuilding, Towage Services, and Pilotage Services, we analyze how each part of our value chain affects our business, and we identify all stakeholder groups who play a role in what we do.

Our sustainability strategy involves analyzing the repercussions of our operations and aligning them with the United Nations Sustainable Development Goals (UN SDGs) and the material issues we have identified.

We recognize that engaging with our stakeholder groups at every stage of Shipbuilding, Towage, and Pilotage Services, from sourcing products to providing after-sales support, is crucial to achieving our sustainability targets.

We take pride in sharing our achievements, resulting from these collective efforts, with our value chain and all stakeholders through our first Sustainability Report.

Sanmar Value Chain



“
Occupational health and safety remain our top material topic across the entire value chain.
”

Shipbuilding Services

1 Sales and Marketing: At this stage, our target is to build lasting relationships by providing high-quality products that guarantee customer satisfaction. Additionally, it involves adding value to customers with environmentally friendly and innovative products, aligning with our sustainability mission.

- Customer Satisfaction
- Social Impact

2 Product Design: Entails designing new products in collaboration with Robert Allan Ltd. This step also includes the reorganization of existing products to align with customer needs, enhancing design focus on eco-friendly and alternative fuels, complying with current tech and legal standards, prioritizing material efficiency, ensuring the safety and comfort of crew members, and integrating feedback for continuous improvement.

- Customer Satisfaction
- Social Impact
- Innovation

5 Material Supply: This is executed across three main branches: These are Purchasing, Import & Export & Logistics, and Warehousing. Purchasing is categorized into strategic and local purchasing. Import & Export & Logistics, in collaboration with strategic purchasing, oversees the logistics of purchases, manages customs procedures, and ensures delivery of materials to the warehouse. The warehouse phase encompasses document control of purchases and material deliveries.

- Occupational Health and Safety
- Environmental Protection and Environmental Management
- Climate Change
- Waste Management

3 Project Planning: Conducted through detailed planning programs. The project plan is regularly updated.

- Customer Satisfaction
- Social Impact
- Innovation

4 Project Costing: Involves collecting data from relevant departments to model the costs of all projects in the shipbuilding plan.

- Customer Satisfaction
- Risk Management

6 Product Manufacturing and Project Management: This step entails the prompt execution and delivery of the project, adhering to international class and flag regulations, Sanmar's quality standards, and specific customer requirements. The process also includes the development of technical specifications, oversight of production workflows by the planning department, maintenance of safety and effective coordination, and consistent provision of project updates to customers through regular reports.

- Customer Satisfaction
- Social Impact
- Innovation
- Waste Management

8 Product Delivery: Our commitment to customer satisfaction and sustainability is realized through two distinct methods.

1: Product Delivery at the Shipyard to the Customer
Customers receive the manufactured marine vessels directly.

2: Product Delivery to the Location Requested by the Customer:
Towage and Pilotage Services Department handles the delivery of sea vehicles sold. Performs pre-sailing preparations. Conducts navigation procedures and delivery of sea vehicles environmentally-friendly and safely.

- Customer Satisfaction
- Environmental Protection and Environmental Management

7 Quality Control: The Quality step includes two basic responsibilities: Product Quality and System Quality. The Product Quality team oversees shipbuilding processes, collaborates with classification societies, and ensures the necessary certifications are obtained. They also maintain records and strive for the production of high-quality products through collaboration. The System Quality department utilizes ISO management systems, acquires international certifications, and places a strong emphasis on environmental awareness.

- Customer Satisfaction
- Occupational Health and Safety

9 After Sales Services and Other Service Offerings: This stage involves providing sustainable service for ship projects by offering fast and efficient solutions to customer demands. After-sales service aids in future product development and updates service conditions to heighten customer satisfaction.

- Customer Satisfaction

Pilotage Services

- Customer Satisfaction
- Risk Management
- Environmental Protection and Environmental Management
- Occupational Health and Safety



1 Receiving Pilotage Work Order: Upon request from the agency, we begin processing the work order for Berthing, Lifting, Shifting, or Escort duties. Essential documents for each operation are verified and incorporated into the work strategy.

- Environmental Protection and Environmental Management
- Occupational Health and Safety

2 Assignment of Pilot Captain: At the pilotage station, the incoming pilot receives a briefing on the task, devises a strategy for maneuvering, selects appropriate vessels, and communicates these details to relevant parties.



- Customer Satisfaction
- Occupational Health and Safety
- Risk Management

3 Pilotage Service Delivery: The pilot, after contacting the designated ship, directs the selected marine vessels to the operational site and travels to the ship via pilot boat. Upon arrival, the pilot discusses the maneuvering plan with the ship's captain and executes the maneuver as planned. After completing the maneuver, the pilot arranges the vessels for their next tasks or mooring positions, prepares the Pilot Bill, and obtains approval from the ship's captain. The pilot returns to the station by pilot boat, submits task documentation, and prepares for the next assignment.

Towage Services

- Environmental Protection and Environmental Management
- Occupational Health and Safety
- Customer Satisfaction
- Risk Management

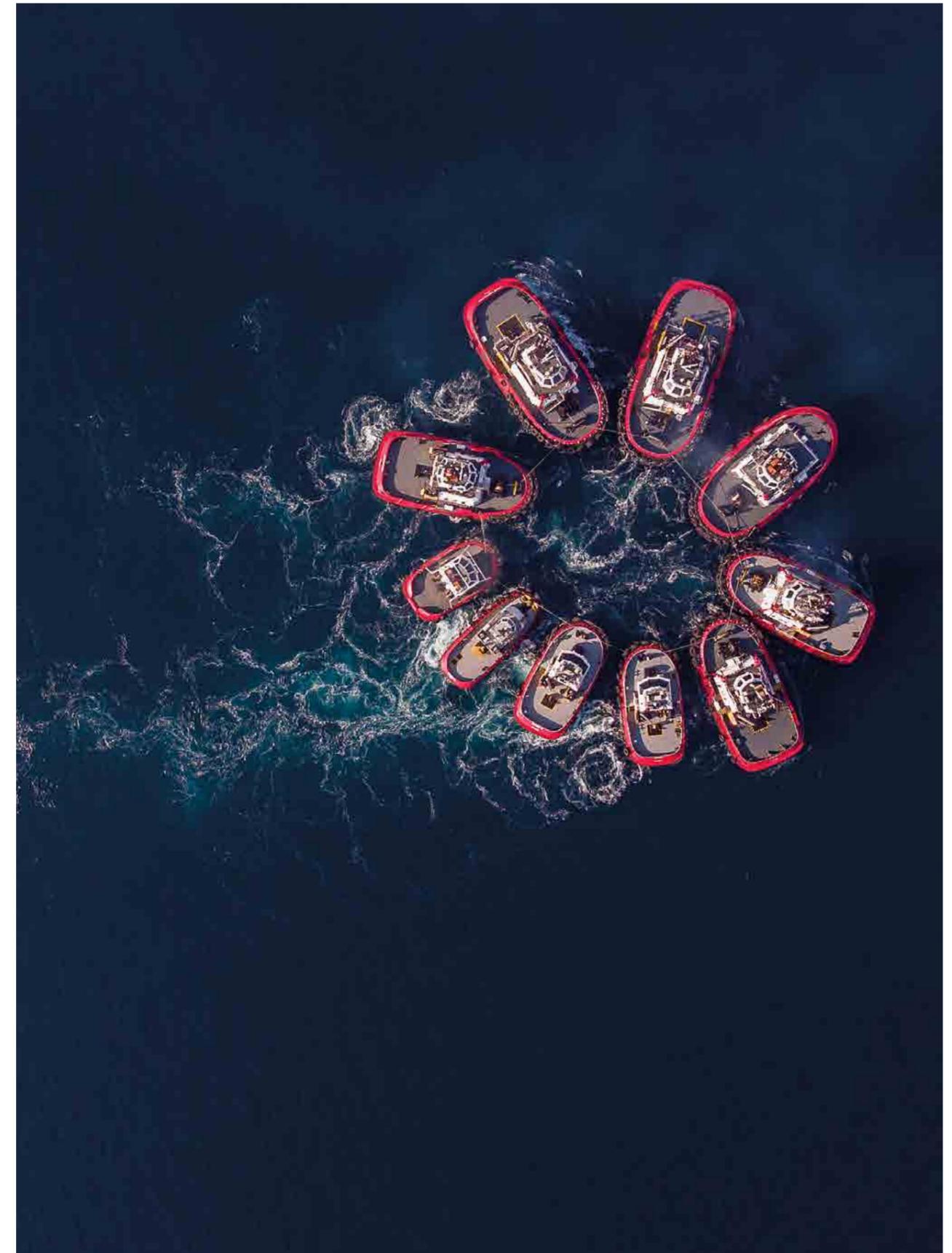


1 Reception of Tugboat Work Orders and Assignment of Tugboats: The dispatcher coordinates with the pilotage service to determine required vessels for the maneuver. Tugboats are instructed to assemble at a specified meeting point in accordance with the pilot's schedule.



- Risk Management
- Waste Management
- Occupational Health and Safety
- Customer Satisfaction

2 Towage Service Execution: The tugboat captain readies his crew by sharing detailed maneuver instructions and guidelines provided by the lookout. He positions the tugboat as instructed by the pilot and conducts the maneuver under pilot supervision. Post-maneuver, the tug captain obtains permission from the pilot to disengage and follows directions for the next operation or goes back to the mooring site.



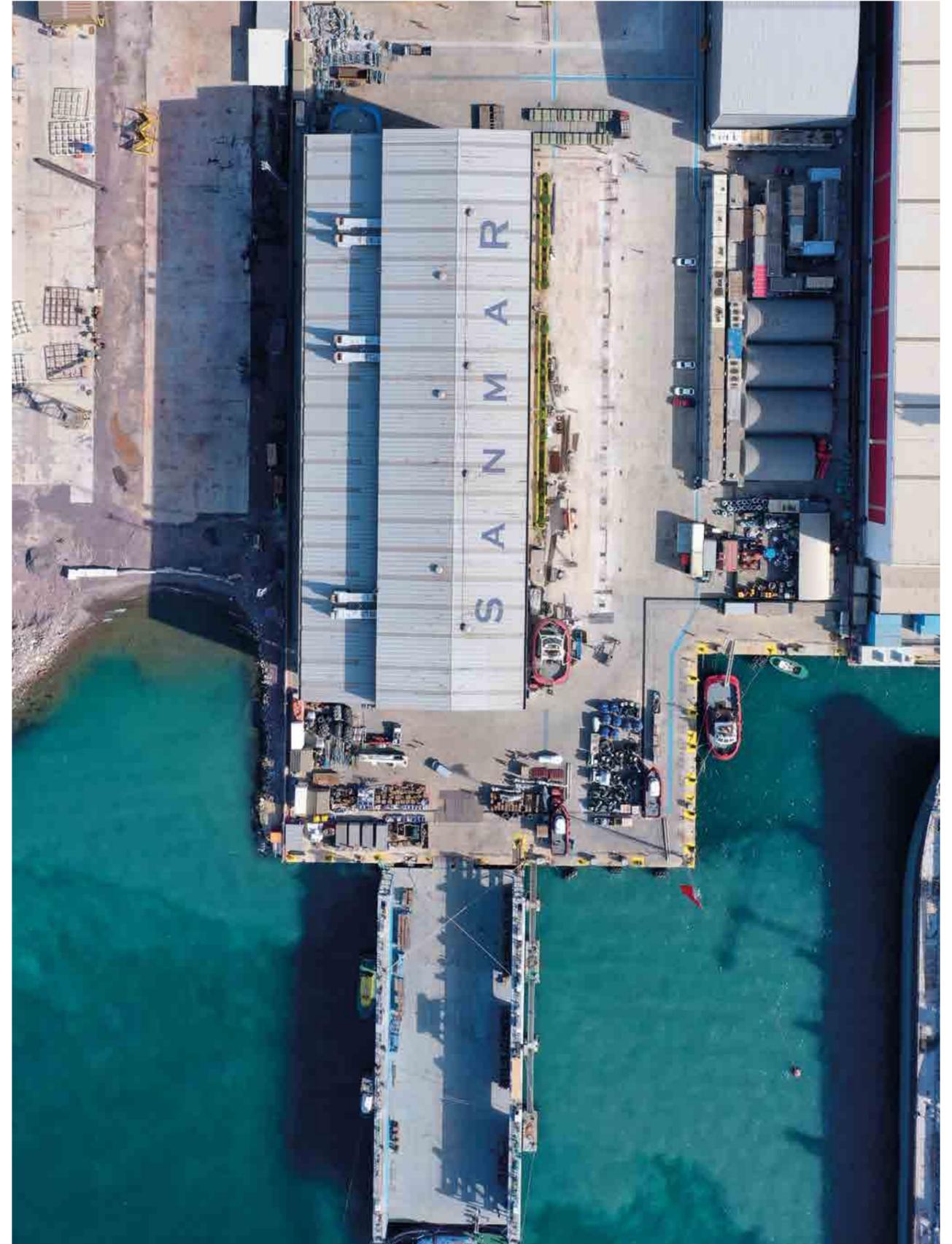
Global Trends

| Global Trends | Material Topics | Relevant Stakeholder Group | Sanmar Approach |
|---|--|---|--|
| <p>Addressing issues stemming from physical climate risks:</p> <p>Climate change poses physical risks like water scarcity, energy security issues, rising energy costs, the need for adaptation investments, extreme weather events, and ecosystem degradation. By 2030, these risks may escalate, significantly impacting especially low- and middle-income countries. In 2023, there is a growing need to focus on financing for adaptation and resilience. There will need to be more focus on reducing costs associated with water scarcity and drought, and intensifying the search for effective solutions.</p> <p>Therefore, it is essential to ramp up investments in technology and strategies for better disaster preparedness. Moreover, the impacts of climate change will disproportionately affect low- and middle-income countries, increasing their vulnerability. In summary, the physical risks from climate change represent a significant threat to societies, industries, and financial systems, necessitating more substantial efforts and investments for mitigation.</p> | <ul style="list-style-type: none"> Carbon Footprint Waste Management |     | <ul style="list-style-type: none"> We have initiated the calculation of emissions under the ISO 14064 Management System framework and are reporting these to relevant departments. Annually, we consistently calculate our Scope 1, 2, and 3 emissions and enforce our corresponding reduction strategies. Our efforts to lower energy consumption include transitioning to LED lighting and installing solar panels on the roof of our Altnova shipyard. We aim to achieve 100% carbon-neutral towage operations through battery-electric tugboats, which will be charged using the solar panels planned for installation at Altnova Shipyard. We are reducing water consumption and minimizing the use of natural resources by fitting photocell-operated fixtures in our Altnova and Tuzla administrative buildings We manufacture alternative fuel and eco-friendly tugboats that operate on LNG and methanol, offering reduced carbon emissions compared to traditional methods. |
| <p>Challenges in legal compliance due to increasing sustainable regulations:</p> <p>In 2022, ESG factors became increasingly critical for companies and investors. As a result, legal challenges have intensified, accompanied by an increase in climate-related regulations and legislation. Some countries have implemented more stringent regulations, while others have taken a more measured approach. Companies are pressured to align their sustainability commitments with concrete actions. In 2023, companies and investors are poised to confront legal risks and adhere to sustainability regulations. These regulations are designed to enhance the consistency and transparency of sustainability reporting, potentially increasing the regulatory burden for companies.</p> | <ul style="list-style-type: none"> Environmental Protection and Environmental Management Risk Management |      | <ul style="list-style-type: none"> We are reinforcing our governance structure to comply with existing and future legal requirements. We clearly delineate our sustainability-related responsibilities within the organization to promote a culture of sustainable governance. In 2023, we will publish our inaugural sustainability report, openly sharing our Scope 1, 2, and 3 emissions and environmental and social performance metrics with stakeholders. |

| Global Trends | Material Topics | Relevant Stakeholder Group | Sanmar Approach |
|---|--|---|--|
| <p>Financial Instability:</p> <p>In 2022, the market for global green, social, sustainability, and sustainability-linked bonds (GSSSB) did not match 2021 levels due to factors like high interest rates and recession risks. COP27 has pledged to progress this matter, highlighting the initiatives of multilateral development banks to expand the use of blended finance and draw in additional private investment. Additionally, the emphasis on boosting adaptation finance is aimed at showing how GSSSBs can help bridge the climate finance gap. However, the lack of a unified global climate finance taxonomy poses challenges to transparency and comparability.</p> | <ul style="list-style-type: none"> Innovation Risk Management |      | <ul style="list-style-type: none"> The Financial Affairs Office handles our company's financial operations and transparently reports on all aspects of our performance. Our risk inventory thoroughly addresses economic risks within ESG frameworks and corporate governance risks. We are committed to meticulously identifying, analyzing, and managing financial risks. Recognizing the ever-changing market conditions, we regularly update our financial strategy to adapt to prevailing circumstances. |
| <p>Digitalization and Innovation:</p> <p>The digitalization and innovation megatrend signifies a surge in the use of data analytics, cloud computing, AI, and digital platforms, reshaping business processes and supply chains. This trend involves integrating technology into business operations to enhance customer responsiveness, improve process efficiency, and boost environmental sustainability. Additionally, increased data transparency fosters a more data-centric approach in decision-making.</p> | <ul style="list-style-type: none"> Innovation Material Recycling |     | <ul style="list-style-type: none"> We place a high priority on digitalization and innovation in our shipbuilding, towage, and pilotage operations. We are committed to enhancing our production and operational processes with contemporary technological designs and digital technologies. We strive to improve our business processes through investments in digitalization and innovation initiatives. In our shipbuilding operations, we have digitalized our production monitoring processes, improved our communication networks, and cut down on paper waste by decreasing printing. |
| <p>Cyber Risks:</p> <p>Cyber risks are increasingly becoming more complex and widespread. This in turn necessitates greater investment in cybersecurity, strengthening of security protocols, and development of more robust defense strategies against cyber threats. Cyber attacks are emerging as a major concern, potentially impacting company operations, business continuity, and reputation.</p> | <ul style="list-style-type: none"> Risk Management Ethics Management |     | <ul style="list-style-type: none"> Being vigilant against cyber risks is paramount for Sanmar. By bolstering our cybersecurity measures, we safeguard company operations, customer information, and business continuity. In our company, the Information Technologies department diligently handles cybersecurity issues. To maintain security and confidentiality, customer and design data are stored in distinct, secure data infrastructure areas. We maintain information security by granting tailored access permissions for company documents. We develop crisis management and business continuity plans to be well-prepared for potential cyber attacks and security breaches. |

Global Trends

| Global Trends | Material Topics | Relevant Stakeholder Group | Sanmar Approach |
|---|--|---|--|
| <p>Social Inequality:</p> <p>Social inequalities, like income disparity and social polarization, pose threats to sustainability goals by exacerbating economic, social, and environmental divides. These disparities can hinder access to basic human rights, contribute to social unrest, and accelerate the depletion of environmental resources.</p> | <ul style="list-style-type: none"> Social Impact Employee Development Ethics Management |     | <ul style="list-style-type: none"> Our strong Human Resources principles are aimed to prevent any form of labor injustice. The Sanmar Code of Conduct ensures adherence to and protection of fundamental human rights through our policies, rules, and management practices. This policy guarantees the absence of social inequality among Sanmar employees. We have increased our female workforce by 48% since 2020. Additionally, there has been a near 100% increase in the representation of women in senior management roles. |
| <p>Destruction of Biodiversity:</p> <p>The COP27 and COP15 conferences highlight that while nature contributes to economic growth, biodiversity is rapidly diminishing. As a result, it is essential for policymakers and companies to consider risks and opportunities related to biodiversity. Implementing regulations and standards helps raise awareness and align actions on this issue.</p> | <ul style="list-style-type: none"> Environmental Protection and Environmental Management |      | <ul style="list-style-type: none"> Our shipyards and tugboats are equipped with marine pollution cleaning equipment for rapid response to potential marine pollution incidents. Working alongside TURMEPA, which has committed 29 years to maintaining the health of our seas, we aim to extend its protective efforts with the addition of more waste reception boats. Our partnership with TURMEPA will see an increase in their fleet to two boats. This effort aims to preserve the pristine condition of our bays by removing wastewater that could disrupt the balance of ecosystem. In our efforts to fight marine pollution and safeguard biodiversity, we partner with the Tuzla and Altnova Shipyards Association, and get support from Gisaş in Tuzla and Most Maritime in Altnova. Five projects manufactured for a Canadian operator have achieved ABS ENVIRO+ notation. This notation guides the selection of equipment specifically designed to reduce marine pollution. For example, we use a bilge separator (oily water separator) with a 5ppm separation capacity, effectively protecting marine life from harmful impacts. |



ESG Performance Highlights

GRI 2-1



Environment

We reduced our electricity consumption in operations by **3%** compared to 2020.

Thanks to enhancements in energy efficiency within our operations, we have achieved a substantial energy saving of **374,727 kWh**.

Since 2021, we have achieved a **15%** reduction in natural gas consumption in our production processes.

We have increased our use of recycled materials by **51%**.

By digitalizing our production tracking, we have saved **535 kg** of paper annually in our shipbuilding operations.

We have developed **alternative fuel and battery electric tugboats**, designed to lower greenhouse gas emissions.

In 2022, we began partnership talks with TURMEPA. Our collaboration with TURMEPA is set to double their boat fleet in Bodrum for the summer season of 2023.



Social

The total number of female employees increased by **48%** compared to 2020.

We raised our average training time per employee to **14 hours**.

In 2022, we achieved **zero work accidents** in our port services.

We reduced our accident frequency rate by **7%** compared to the year 2020.

Compared to 2020, we have increased our Occupational Health and Safety (OHS) training hours by **73%**.

The total number of local suppliers grew by **11%** compared to 2021.



Governance

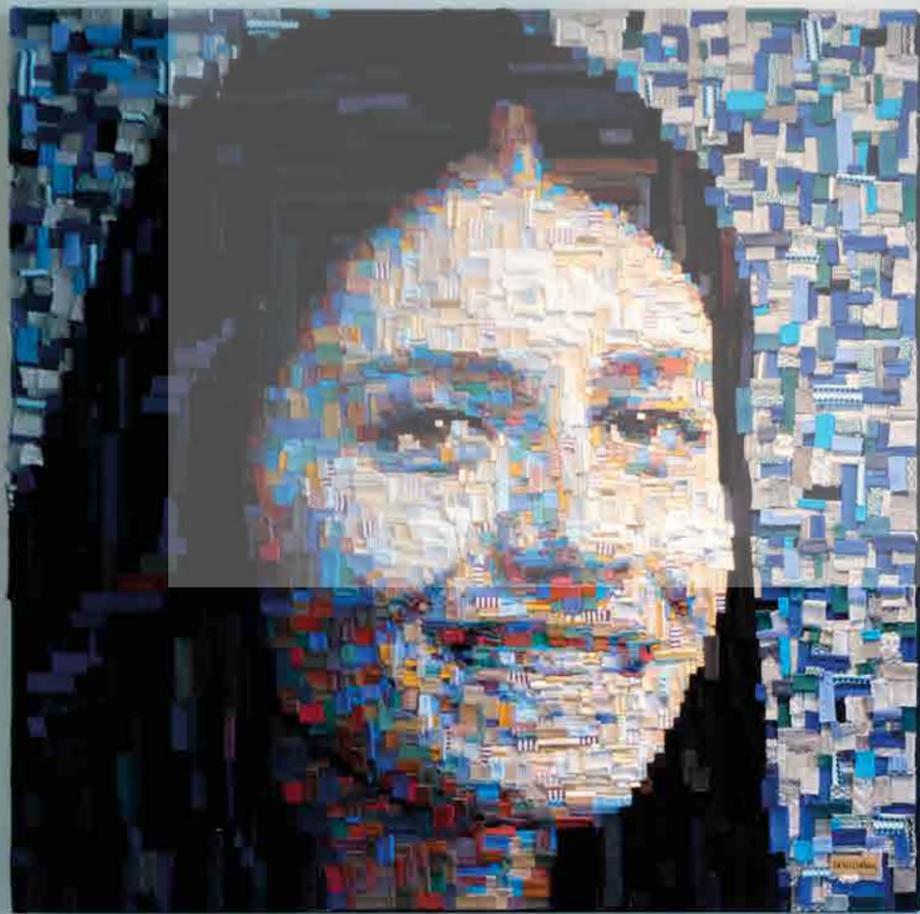
In 2022, we exported to customers from **12 different** countries.

In 2022, we were honored with the award for “Building the Most Environmentally Friendly Ship” at the 2nd Türkiye Maritime Summit.

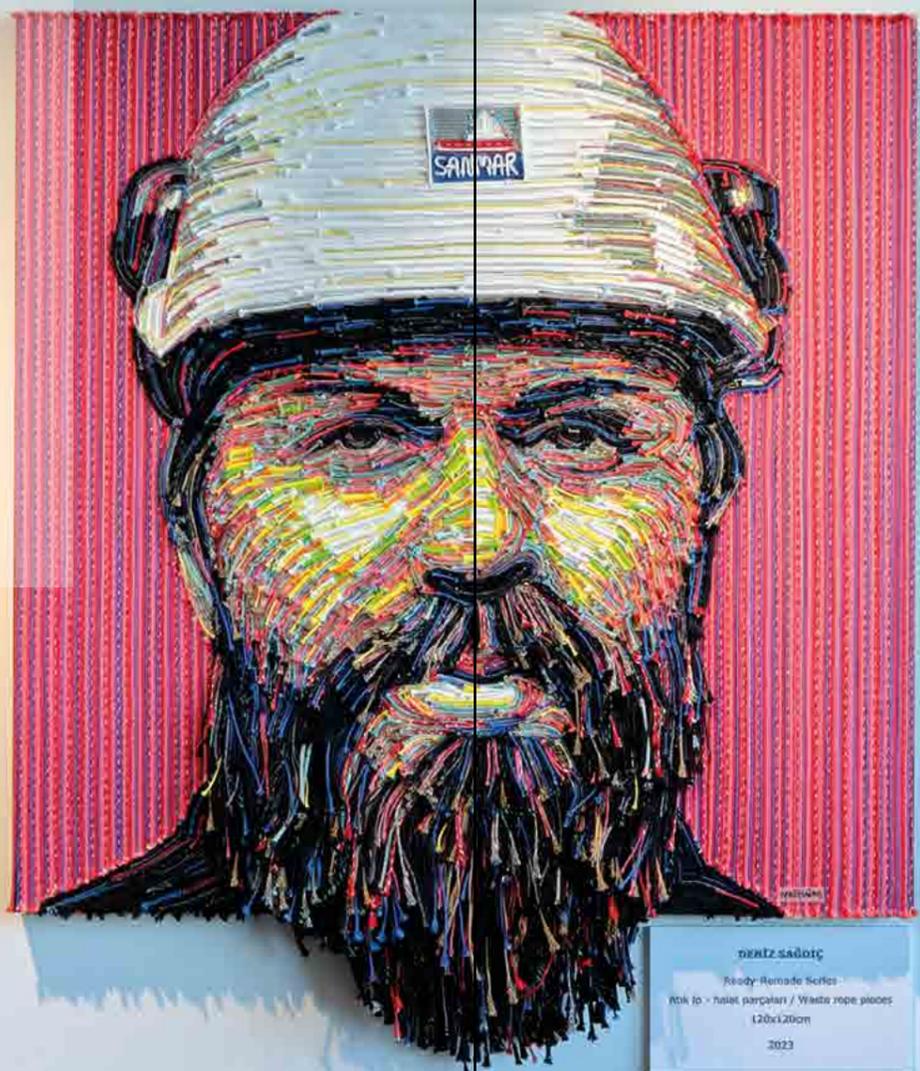
Our production increased by **20%** compared to 2020.

We initiated eight major R&D projects aimed at positively impacting Environment, Social, and Governance areas.

We initiated agreements to set up an Ethics Line and began creating relevant policies and procedures.



DEHİZ SAĞOĞUÇ
Yerel-yerelde Serim
Atık kutusu parçaları / Waste paper pieces
120x120cm
2023



DEHİZ SAĞOĞUÇ
Yerel-yerelde Serim
Atık to - halat parçaları / Waste rope pieces
120x120cm
2023



DEHİZ SAĞOĞUÇ
Yerel-yerelde Serim
Atık to - halat parçaları / Waste rope pieces
120x120cm
2023

Sustainability Approach

GRI 3-1, GRI 3-2



Sustainability Approach

GRI 3-1, GRI 3-2

In today's rapidly evolving world, with escalating environmental challenges, there is a growing need for companies and society to assume greater responsibility for sustainability.

Our approach to sustainability focuses on managing resources effectively, balancing economic, social, and environmental aspects. We believe a well-defined sustainability framework is crucial, aiding us in showcasing our operational performance, planning enhancements, and making more strategic decisions for the future.

A key milestone in developing our sustainability framework was incorporating this perspective into our governance structure. Under Sanmar sustainability strategy, we are continuously improving and systematizing our business, drawing on our extensive experience. We craft strategies that align with our objectives to fulfill our sustainability ambitions.

We actively listen to our stakeholders' voice and take their needs into account as we pursue our goals.

Moving beyond just financial success, we are embedding sustainability into all our business practices. A critical aspect of this integration is aligning the sustainability approach with our core principles.

Guided by our commitment to being a leader in customer satisfaction and reliability, we are now addressing environmental, social, and governance issues in a comprehensive manner, integrating these elements into our business operations. Quality, innovation, and ongoing improvement, central to our business philosophy, constantly motivate us to exceed our current achievements and practices.

Our guiding principle, "Navigating Tomorrow, Preserving Today" underlines our commitment to safeguarding our environment, resources, and values, forming the core of our sustainability strategy. We consider it our responsibility to act with foresight, addressing not just today's needs but also anticipating and meeting the needs of the tomorrow.



Our strategic efforts aim to use natural resources efficiently and ethically, prevent marine pollution, enhance energy efficiency, minimize production waste, explore circular economy prospects, and reduce our carbon footprint, considering environmental issues comprehensively. Committed to our approach, we strive to embody sustainability principles, continuously assess our environmental impact, and maintain transparent communication with stakeholders.

We consistently embrace fairness, transparency, and sensitivity in all social matters. We handle our social priorities with a lot of attention, staying true to these principles. We value every colleague, focusing on initiatives that foster their professional growth.

Contributing to society and impacting future generations is a key objective in our sustainability framework. We are working towards a better future through our social responsibility and awareness projects.

Aligned with our Sanmar sustainability strategy, we identified three core strategic priorities.

1 We are improving our occupational health and safety measures through innovative methods to guarantee a healthy and safe working environment.

2 Aiming to minimize our environmental footprint, we maintain high-tech, eco-friendly ships to secure and sustain the ports we operate in. Aiming to minimize our environmental footprint, we maintain high-tech, eco-friendly ships to secure and sustain the ports we operate in.

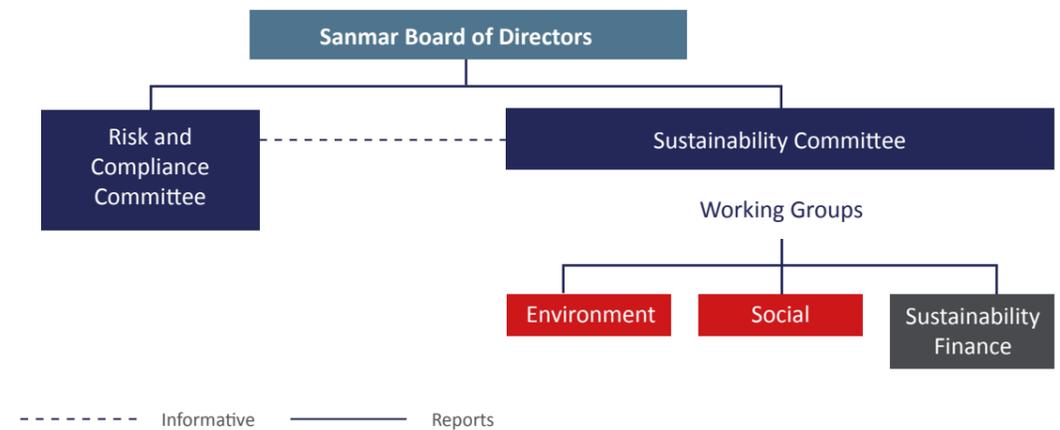
3 We focus on ensuring our experience and quality are sustainable, with a keen emphasis on customer satisfaction.

In our sustainability approach, we are navigating our future in alignment with our vision and goals, working towards creating value with our principle of preserving today.



In the Social Working Group, we plan to focus on issues such as human rights, diversity and inclusion, and occupational health and safety. In this context, we want to develop socially responsible practices and carry out continuous improvement projects by carrying out studies on relevant issues.

In the Sustainable Finance Working Group, we aim to evaluate issues such as access to green finance and legal compliance. This working group will help us develop strategies to make our financial processes more sustainable and take a financially responsible approach.



Sustainability Governance

Started as a family business, our goal to establish a corporate, transparent, and accountable structure initiated the process of creating distinct departments within our company. We established clear roles and responsibilities within each department, ensuring that highly skilled and experienced directors were appointed to lead them. Department directors regularly report to the board of directors.

As our operations continue efficiently within this newly established structure, our goal is to embrace corporate governance principles more comprehensively. To this end, we plan to create a Risk and Compliance Committee and a Sustainability Committee in the near future. This is to ensure an inclusive approach throughout the company by more effectively addressing environmental, social, and governance issues.

Within the proposed framework, our objective is to incorporate sustainability-related risks into our overall corporate risk management strategy through the Risk and Compliance Committee. Additionally, we intend to periodically report on the advancements in this domain to the board of directors.

We are planning to set up focused sub-groups within the Sustainability Committee, dedicated to specific areas like environmental issues, social responsibilities, and sustainable finance. These groups will be tasked with conducting detailed studies in their respective domains.

The aim is for these groups to meet regularly, update the Sustainability Committee on their progress, and in turn, the Sustainability Committee will report these findings to the board of directors, ensuring that our top-level decision-makers are always informed.

The function of this group is devising strategies for improvements in environmental management and consistently monitoring and tracking data related to these environmental concerns.

Materiality Analysis

GRI 3-1, GRI 3-2, GRI 3-3

In our first sustainability report, we focused on factors significantly affecting our stakeholders and our operations. Our first materiality analysis was conducted to identify strategic priorities and focus areas on sustainability. This analysis, shaped by numerous stakeholder contributions, considered current regulations, standards, mega trends, and our corporate strategy. We assessed how national and international events in 2022 influenced our material topics.

We ensured a comprehensive perspective in our analysis. Efforts were made to consider every stakeholder's opinion and expectation, using diverse perspectives to set strategic priorities.

Our sustainability report is a vital tool for shaping future efforts, highlighting strategic priorities based on this analysis. The active participation and collaborative efforts in this process have strengthened our commitment to achieving our sustainability goals.



Step 1 : Determination of Material Topics

In our effort to thoroughly analyze the material topics and trends, we researched published reports and outputs from various organizations, initiatives, and indices, including SASB, MSCI, S&P, WEF, UNGC, WBSCD, UNSDGs.¹ To identify our sector-specific focus areas, we carried out a comparative analysis using examples of best practices from within our industry. We integrated the insights gained from these research and analyses with Sanmar Shipyards' strategy and corporate approach. This process led us to identify a total of 11 priority issues within our environmental, social, and governance focus areas. This process led us to identify a total of 11 material topics within our environmental, social, and governance focus areas.



Step 2: Internal and External Stakeholder Opinions

We conducted an online survey to gather feedback from our stakeholders, where we listed 11 key topics and asked them to order by priority. We developed the survey in both Turkish and English, ensuring it was accessible and understandable, and then distributed it to the relevant internal and external stakeholders.

To understand how these 11 key topics are prioritized internally, we requested our employees and senior managers to rank them, giving us insight into their perceived importance within our operations. Responses from our employees and senior managers provided the data for the X axis of our materiality matrix.

We then extended the survey to certain external stakeholder groups. We carefully chose our external stakeholders based on their substantial influence on Sanmar sustainability strategy and the ongoing communication we maintain with them. From our eight identified key stakeholder groups (suppliers, customers, financial institutions, consultants, government institutions, NGOs, universities, national and international organizations), we collected responses. By analyzing these responses, we were able to provide input for the Y axis of our materiality matrix.



Step 3: Materiality Matrix

We transformed the data from our survey and the assigned prioritization scores into a graph, plotting them on the X and Y axes using a specific analysis method. We ranked our issues by importance to manage our priorities effectively, aligning with our sustainability strategy. Based on the average threshold values we set, we classified our issues into three levels of importance: Priority, Medium Priority, and High Priority. In the graph depicting our material topics, we used different colors for environmental, social, and governance priorities to ensure clarity and easy understanding.

¹ SASB: Sustainability Accounting Standards Board
MSCI: Morgan Stanley Capital International
S&P: Standard & Poor's
WEF: World Economic Forum
UNGC: United Nations Global Compact

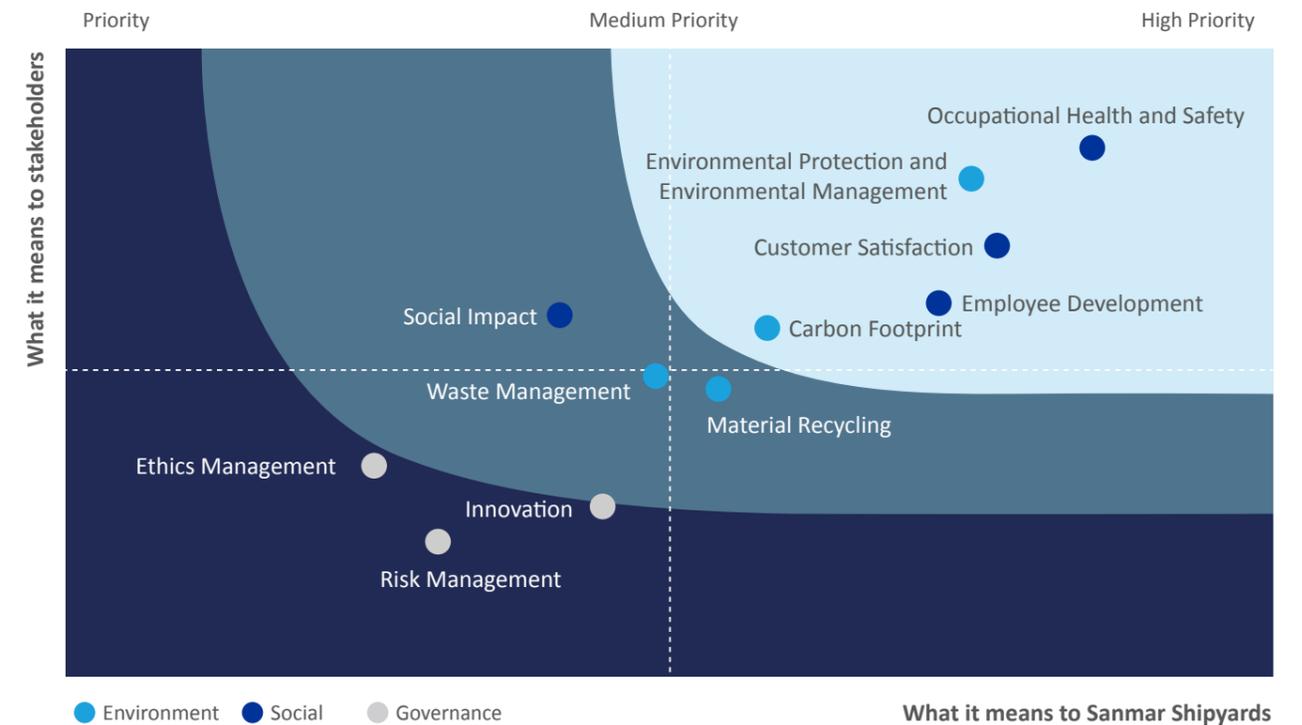
WBSCD: World Business Council for Sustainable Development
UNSDG: United Nations Sustainable Development Group
UNGC: United Nations Global Compact



Step 4: Senior Management Approval

Sanmar Shipyards' Board of Directors thoroughly analyzed and approved our resulting materiality matrix.

A key insight from the materiality analysis was the alignment between the priorities of our internal and external stakeholders. This alignment indicated how effectively we communicated our goals and vision to our external stakeholders. Our materiality matrix, reflecting our assessment of priority issues, forms the cornerstone of Sanmar sustainability strategy.



| Material Topics | Importance for Sanmar Shipyards | Relevant Stakeholders |
|---|--|-----------------------|
| Occupational Health and Safety | Occupational health and safety are fundamental at every stage of our operations. Our commitment to occupational health and safety ensures a safe and healthy working environment in our Shipbuilding, Towing, and Pilotage Services. | |
| Environmental Protection & Environmental Management | Mindful of our natural resources, we are dedicated to their efficient utilization across all our operational activities. We minimize our environmental impact by adhering to laws and regulations, covering aspects from waste management to water resource protection, emission control to energy efficiency. We are proactive in complying with and adapting to potential future regulations and developments. | |
| High Priority Customer Satisfaction | Customer satisfaction is paramount, influencing the management of all our operational processes. Our goal is to maintain top-tier service quality and satisfaction by collaborating with the best and providing superior service. | |
| Employee Development | We prioritize employee development, investing in various projects to foster their growth. Our human rights strategy, grounded in transparency, fairness, and honesty, promotes diversity and inclusion in all aspects of our operations. | |
| Carbon Footprint | We are actively working on innovative projects and initiatives aimed at minimizing the environmental impact of our operations. These include efforts to reduce our carbon footprint and boost our operational efficiency. We are engaged in various activities geared towards efficiency, such as closely tracking our environmental performance and implementing energy-saving projects. | |

| Relevant Stakeholders | Importance for Sanmar Shipyards | Relevant Stakeholders |
|-------------------------------|---|-----------------------|
| Waste Management | We effectively manage waste by focusing on reducing resource consumption at our production sites and promoting the recycling of key production materials. Additionally, we engage in various initiatives to not only improve our production processes but also to increase awareness with our Towing and Pilotage Services. | |
| Medium Priority Social Impact | We are dedicated to positively impacting society and increasing our involvement in social responsibility projects. Our goal is to generate a lasting social impact through the projects we engage in and support. | |
| Material Recycling | Our focus is on material reuse, waste reduction, and supporting the circular economy, exemplified by initiatives like recycling metal / plates from our production processes. | |
| Innovation | A key factor in our recognition as a leading company both in Türkiye and globally is our commitment to technology and innovation. We firmly believe that progress is intertwined with technological and innovative efforts, making innovation a top priority in our strategy. | |
| Priority Ethics Management | Our ethical practices are guided by the Sanmar Business Ethics and Code of Conduct, aligning with international standards, and ensuring adherence to ethical conduct rules. | |
| Risk Management | We vigilantly track environmental, social, and governance risks, formulating necessary action plans and identifying potential opportunities. For each identified risk, we develop a roadmap and strive to mitigate these risks in a controlled and systematic manner. | |

Stakeholder Communication

We place great emphasis on communicating with our stakeholders, recognizing that sustainable value is best achieved through their active participation and open dialogue.

The strong relationships we have built with each stakeholder are foundations towards sustainable success, both now and in the future. Transparent and empathetic communication acts as a bridge, helping us to align and achieve our shared objectives.

We categorize our main stakeholder groups into two types: internal and external stakeholders. Our internal stakeholders comprise our employees and senior management team.

Our external stakeholders were carefully chosen based on their influence on Sanmar Shipyards' sustainability strategy and our ongoing interactions with them. External stakeholders include NGOs, universities, customers, suppliers, government agencies and financial institutions, advisor, national and international organizations, and others (such as agencies, business partners, etc.). When determining how and how often we communicate, we paid close attention to what our stakeholders wanted and needed. Below you will find a table showing our stakeholder groups, along with the ways we communicated with them and how often we did so in 2022.

| Stakeholder Group | Communication Channel | Communication Frequency | |
|---|--|--|------------|
| Internal Stakeholder | Employees | E-mail, WhatsApp groups, turacell message, meetings, ethics line | Regular |
| | Senior Management | Email, internal messaging, meeting | Regular |
| External Stakeholder | NGO | Email, meeting | Regular |
| | Universities | Career days | Yearly |
| | Customers | E-bulletin, meetings, social media, website, projects, fairs | Regular |
| | Suppliers | Meetings, internal messaging | Continuous |
| | Government Agencies | Meetings, social media, official correspondence | Regular |
| | Financial Institutions | Physical and online meetings, e-mail, telephone, launch ceremonies (projects), bank performance surveys. | Continuous |
| | Advisor | Meetings, email, visits | Regular |
| | National - International Organizations | Email, WhatsApp groups, phone, meetings | Continuous |
| Other (Agencies, business partners, etc.) | Meetings, email, WhatsApp, visits | Regular | |



Sustainability Goals

We develop our targets by keeping up with international standards and the latest developments, enhancing the value we bring to our company and key stakeholders throughout our sustainability journey.

As part of our work to shape our sustainability strategy, we have identified the areas we should focus on, including priority topics, subtopics, risks, opportunities, and KPIs². Our ongoing efforts involve building the infrastructure for follow-up processes, trend analysis, and alignment with other goals as we prepare to set numerical targets. Consequently, we have plans to achieve our numerical sustainability targets in the coming years.

Following our strategy work with our teams this year, we are pleased to share our non-numerical targets with our valued stakeholders.

In our first report, our goal is to establish practical and achievable objectives. Below, you will find the details of our goals linked to the United Nations Sustainable Development Goals.

² Key Performance Indicators

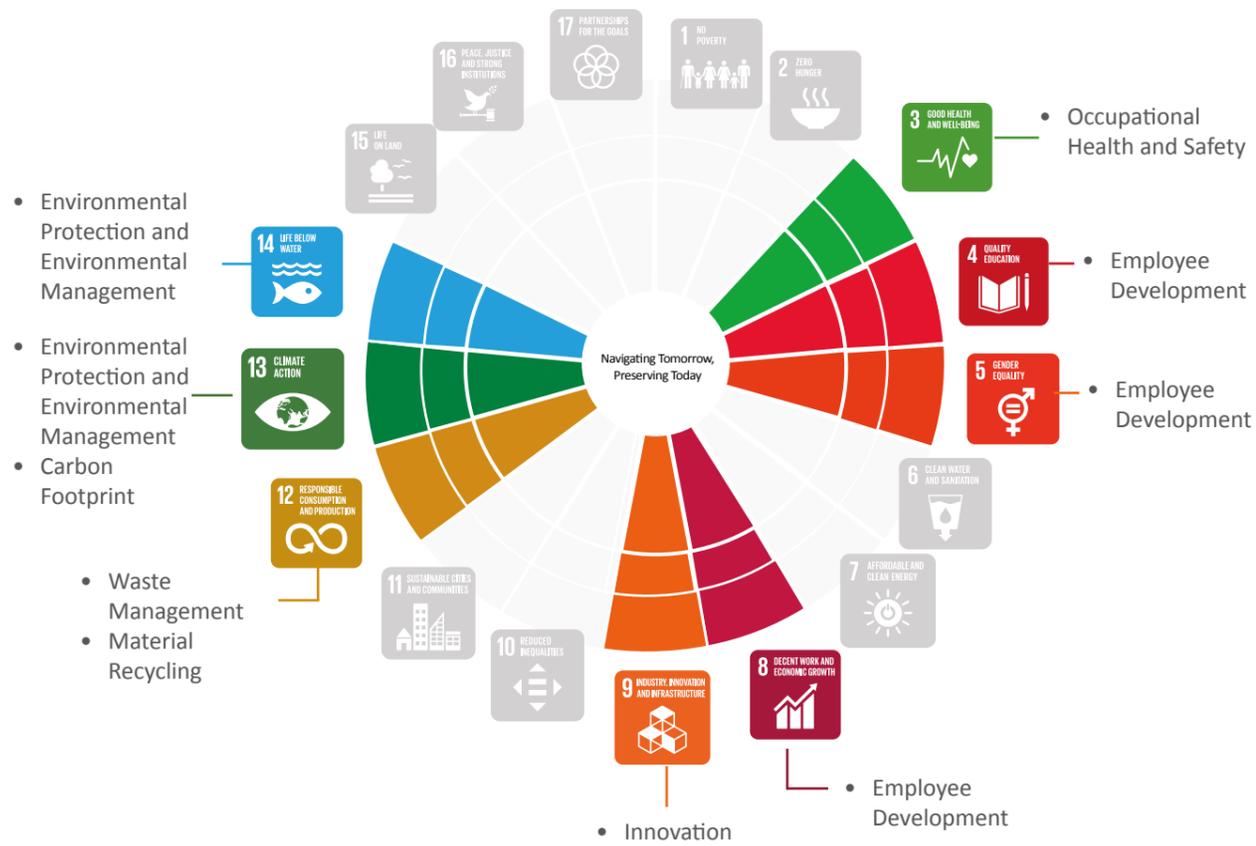
| Focus Area | Material Issue | Subtopic | KPI | Activity Area | Short Term | Medium Term | Long Term | SDG | | |
|--------------------------------------|---|-------------------|---|---|--|---|---|---|---|---|
| Reducing Our Environmental Footprint | Environmental Protection & Environmental Management | | Building energy efficient tugboats in total production volume | Shipbuilding | | Increasing the number of energy efficient tugboats | | | | |
| | | | Environmental accident (#) | Shipbuilding & Towage and Pilotage service | | Zero chemical accidents | |  | | |
| | | | Training hours on environment (#) | Shipbuilding | Increasing the percentage of employee completing environmental training by 50% | Increasing the percentage of employee completing environmental training by 100% | Increasing the percentage of employee completing environmental training by 150% | |  | |
| | | | | Towage and Pilotage service | Having a ratio of personnel who have completed environmental training to the total personnel should not be less than 70% (Annual Period) | Having a ratio of personnel who have completed environmental training to the total personnel should not be less than 80% (in a 2-year period) | Having a ratio of personnel who have completed environmental training to the total personnel should not be less than 90% (in a 4-year period) | | | |
| | Carbon Footprint | Energy Management | | Total energy consumption (kwh) | Shipbuilding & Towage and Pilotage service | | Ensuring traceability of total energy consumption | | | |
| | | | | Total renewable energy investment | Shipbuilding | | Making renewable energy investments / evaluating opportunities | | | |
| | | | | Use of renewable energy | Shipbuilding | | Revealing the share of renewable energy in total energy consumption | | | |
| | | Water Management | | Water Consumption per Product (m ³ /gross ton) | Shipbuilding | Tracking the amount of water per product | Reducing water consumption from production activities by 1% per product | Reducing water consumption from production by 5% per product | |  |
| | | | | Amount of reused, recycled water per product (m ³ /gross ton) | Shipbuilding | Creating wastewater recycling projects & demonstrating their benefits | Increasing the benefit from wastewater recycling projects by 1% | Increasing the benefit from wastewater recycling projects by 5% | | |
| | | | | Water consumption per marine vehicle (tugboat and pilot boat) (m ³) | Towage and Pilotage service | | Monitoring the amount of water consumption per person (50 liters of water consumption per person per day) | | | |
| | | | | Scope 1, scope 2 and scope 3 emissions (tCO ₂ e) | Shipbuilding & Towage and Pilotage service | Emission tracking | Reducing the calculated emission value every year | | | |
| | Waste Management | | Hazardous waste density (tons/gross tons) | Shipbuilding | Reducing waste density by 1% | Reducing waste density by 3% | Reducing waste density by 5% | |  | |
| | | | Amount of hazardous waste (tons) | Shipbuilding | Reducing the amount of hazardous waste by 1% | Reducing the amount of hazardous waste by 3% | Reducing the amount of hazardous waste by 5% | | | |
| | Material Recycling | | Material recycling (#) | Shipbuilding | Implementation of the material recycling project | | Tracking and reporting on material recycling rates | |  | |

| Focus Area | Material Issue | Subtopic | KPI | Activity Area | Short Term | Medium Term | Long Term | SDG | |
|----------------------------|----------------------------------|---------------------------------|--|--|--|--|---|--|---|
| Managing Our Social Impact | | Employee Development Management | Training hours on employee rights and human rights (#) | Shipbuilding & Towage and Pilotage service | Having 50% of employees receive training on employee rights and human rights | Having 75% of employees receive training on employee rights and human rights | Having 100% of employees receive training on employee rights and human rights |   | |
| | | | | Shipbuilding & Towage and Pilotage service | Monitoring employee satisfaction | | | | |
| | Occupational Health and Security | | | Accident frequency rate (%) | Shipbuilding & Towage and Pilotage service | Making sure the number of accidents is zero or minimal | | |  |
| | | | | Number of fatal work accidents (#) | Shipbuilding & Towage and Pilotage service | Making sure the number of fatal work accidents is zero | | | |
| | | | | Lost day rate (LDR) | Shipbuilding | Making sure the lost day rate is 10% less than the number of personnel | Making sure lost day rate is 20% less than the number of personnel | Making sure lost day rate is 30% less than the number of personnel | |
| | | | | OHS training rate (%) | Shipbuilding | Ensuring 100% OHS training rate | | Ensuring 200% OHS training rate | |
| | Social Impact | | | Social responsibility projects (#) | Shipbuilding & Towage and Pilotage service | Continuing social responsibility projects | | |  |
| | | | | | Shipbuilding & Towage and Pilotage service | Zero incidents of human rights violations | | | |
| | Customer Satisfaction | | | | Shipbuilding | Increasing the rate of customers receiving satisfaction surveys | | |  |

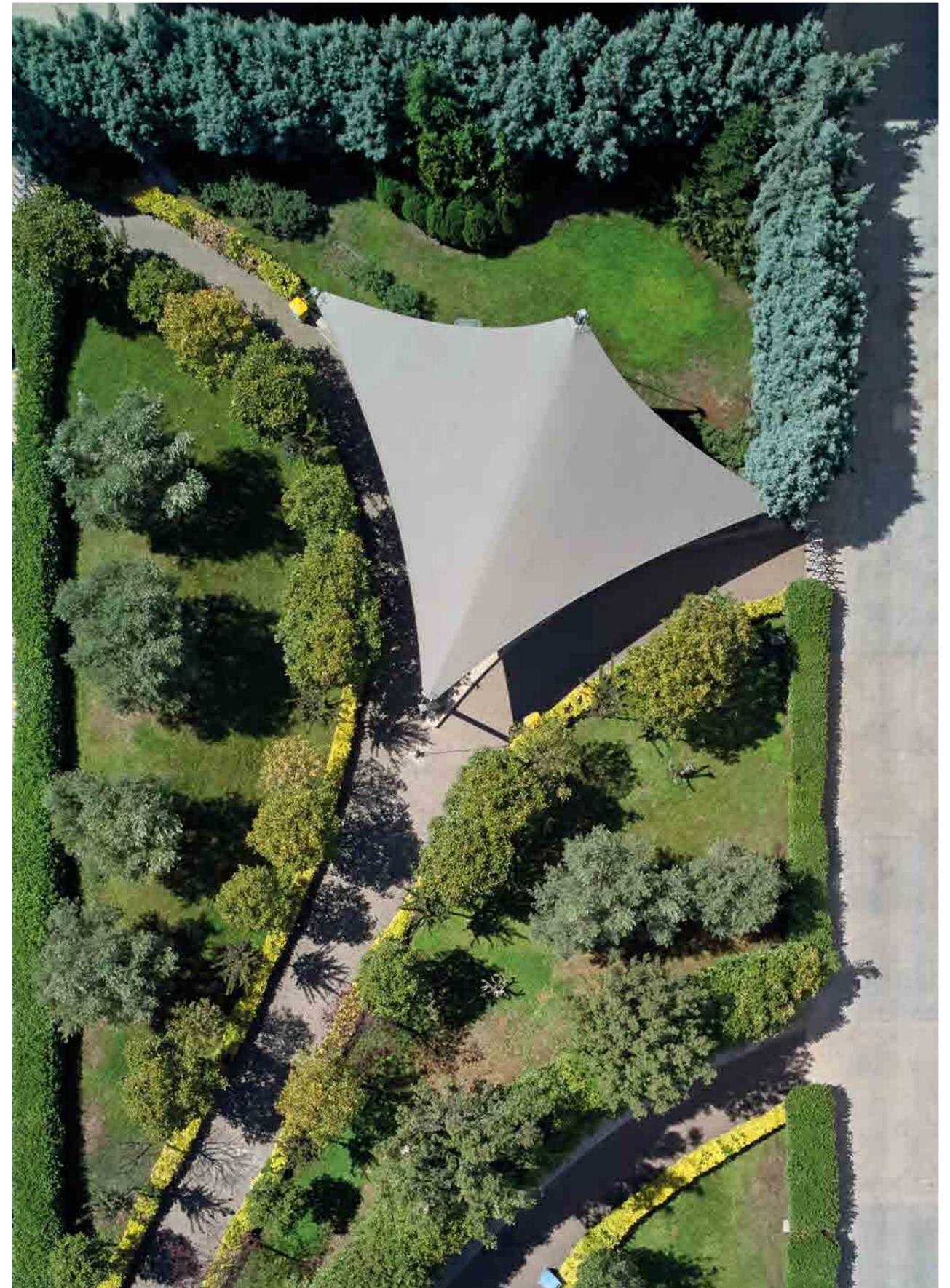
| Focus Area | Material Konu Issue | Subtopic | KPI | Activity Area | Short Term | Medium Term | Long Term | SDG | |
|----------------------|---------------------|-------------------------------|---|---|--|--|--|---|--|
| Corporate Governance | Innovation | | Sustainability-related innovation projects | Shipbuilding | Investing in sustainability-related innovation projects | | |  | |
| | | | | Shipbuilding & Towage and Pilotage Service | Digitalization of CRM & Insurance processes | Digitalization of all units collecting critical data | Digitalization of all units | | |
| | Ethics Management | | Ethics training completion rate (%) | Shipbuilding & Towage and Pilotage Service | 100% completion of ethics and code of conduct training | | |  | |
| | Risk Management | | | Shipbuilding & Towage and Pilotage Service | Establishing a Risk and Compliance Committee and determining the committee's working procedures and principles | Establishing the Corporate Risk Management system, implementing it in line with the risk appetite to be determined by the board of directors | Updating and monitoring corporate risks |  | |
| | | | Number of suppliers included in the Supplier Assessment (#) | Shipbuilding & Towage and Pilotage Service | Number of suppliers included in the Supplier Assessment | Increasing the number of suppliers included in the Supplier Assessment by 2 | Increasing the number of suppliers included in the Supplier Assessment by 6 | | |
| | | Supply Chain Management | Providing equipment manuals from suppliers as soft copies | Shipbuilding | Obtaining 10% of equipment manuals as soft copies | Obtaining 30% of equipment manuals as soft copies | Obtaining 50% of equipment manuals as soft copies | | |
| | | | Shipbuilding inspection in terms of suppliers' delivery times | Shipbuilding | Monitoring the deliveries of 10 strategic equipment suppliers via reports from the suppliers | Monitoring the deliveries of 20 strategic equipment suppliers via reports from the suppliers | Monitoring the deliveries of 30 strategic equipment suppliers via reports from the suppliers | | |
| | | Sustainability Governance | | | | Updating and tracking ESG Risk inventory | | | |
| | | | | | Shipbuilding & Towage and Pilotage Service | Starting work to establish a sustainability management committee and determining the committee's working procedures and principles | Establishing a sustainability management committee and determining the committee's working procedures and principles | Holding regular meetings where sustainability issues are discussed | |
| | | | Compliance with Legal Regulations and Policies | Number of non-compliances with legal regulations and policies | Shipbuilding & Towage and Pilotage Service | Zero number of non-compliances with legal regulations and policies | | | |
| | | Interacting with Stakeholders | | Shipbuilding & Towage and Pilotage Service | Obtaining stakeholders' opinions through external stakeholder survey | | | | |

Supporting the UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) constitute a global framework comprising 17 overarching goals and 169 specific targets, unanimously endorsed by 193 United Nations member states under the guiding principle of "Leaving No One Behind." In alignment with our commitments to these goals, we offer steadfast support, ensuring that each of our activities contributing to sustainable progress is directly linked with the SDGs. Upholding a firm dedication to our objectives, we proactively engage in initiatives and strategies aimed at fostering a more sustainable future.



Our approach strategically aligns the 11 key ESG priorities, identified through comprehensive stakeholder analysis, with the Sustainable Development Goals (SDGs) enabling us to demonstrate the tangible impacts of our activities more effectively. We are dedicated to the mission of bequeathing a more sustainable and habitable world to forthcoming generations.

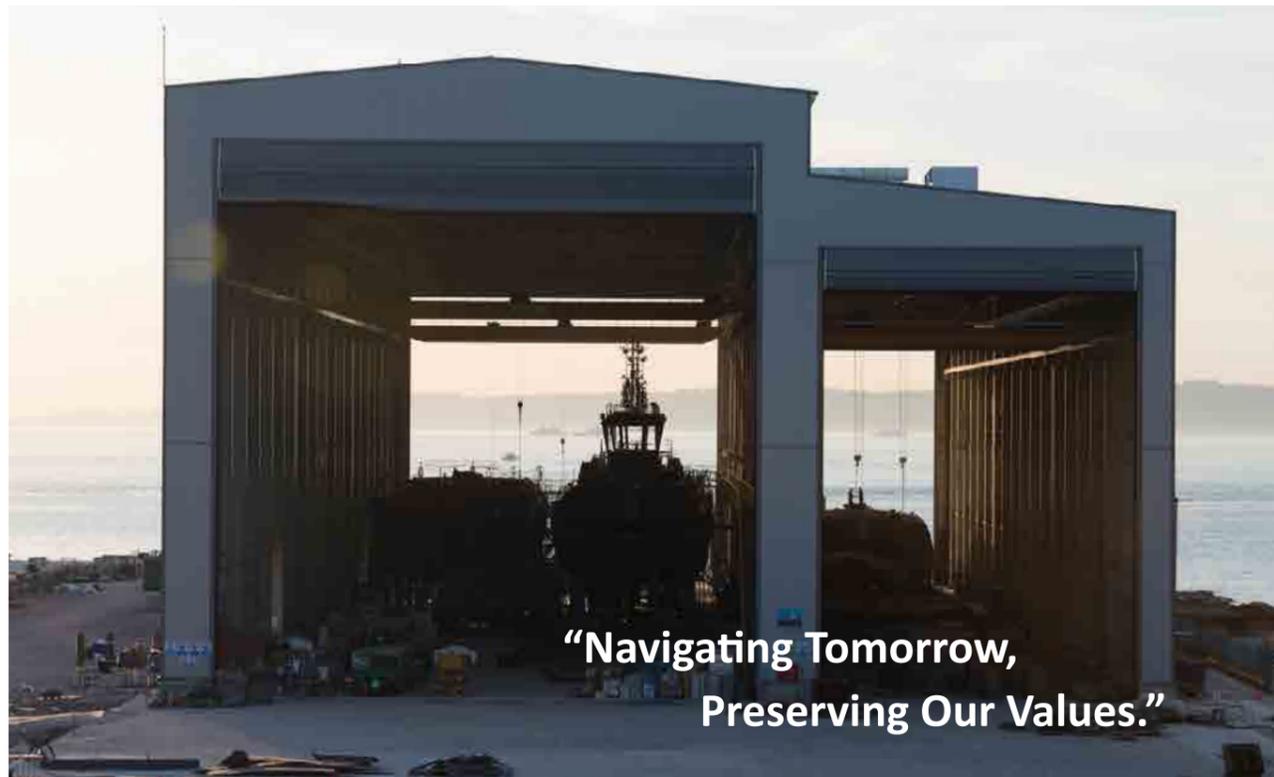




Corporate
Governance

4

Corporate Governance



**“Navigating Tomorrow,
Preserving Our Values.”**

Effective corporate governance is the foundation of building trust and realizing the company’s aspirations. This governance infrastructure is instrumental in our pursuit of fulfilling commitments and advancing towards our sustainability milestones. Synergistic collaboration, strategic foresight, adept risk management, and informed decision-making between the Board and management teams help synchronize the company’s objectives with dynamic global trends, market shifts, and evolving stakeholder expectations. Embracing robust corporate governance practices and fostering a culture of transparency and responsibility is key to securing the company’s longevity and crafting sustainable value for all stakeholders.

Guided by a comprehensive branding strategy since day one, we have consistently prioritized efficiency and strived to sustain peak performance levels. Our trajectory of continuous development since 1976 can be attributed to our ethos of active and transparent communication. Expanding this communicative approach and seamlessly integrating it with Sanmar Shipyards’ overarching vision and mission fortifies our connections with customers, suppliers, employees, legal authorities, professional bodies, other shipyards, ports, and tugboat operators.

The Board of Directors of Sanmar Shipyards leads strategic decisions, steering the company in accordance with its core policies and principles. Entrusted with the stewardship and representation of the company, the Board meticulously considers aspects of risk management, growth prospects, financial outcomes, and long-term interests, tailoring management strategies and models to these parameters. The Board’s foremost ambition is to preserve the enduring success and prosperity of Sanmar Shipyards. Every action undertaken by the Board is underpinned by a commitment to fairness, responsibility, transparency, accountability, and ethical integrity. The Board of Directors is comprised of two distinguished members: Ali Gürün, serving as the Chairman, and Cem Seven, in the role of Deputy Chairman.



Ali Gürün
Chairman of the Board of Directors

Ali Gürün is an alumnus of Kadıköy Anatolian High School and holds a Bachelor’s degree in Mechanical Engineering from Istanbul Technical University. He further enhanced his expertise with a Master’s degree from the Marine Engineering Department of the same university.

Since joining Sanmar Shipyards in 1989, Gürün has been instrumental in various capacities, including Engineering, Production, Management, Growth Strategy, and Marketing. In his role as Managing Partner, he keeps a vigilant eye on both national and international sectoral and economic trends. His leadership, characterized by a management style that harmonizes with global market standards, has led him to his current position as Chairman of the Board of Directors. Ali Gürün serves as a Board Member at The Shipowners’ P&I and Turkish Marine Environment Protection Association (TURMEPA), a Trustee at Piri Reis University, and holds roles as an alternate Board Member and an Assembly Member at the Chamber of Maritime Commerce.



Cem Seven
Deputy Chairman of the Board of Directors

Cem Seven, an alumnus of Saint-Joseph Private French High School, furthered his education with a degree in Business Administration from Bilkent University. Since 1989, Seven has been a pivotal figure at Sanmar, where he spearheaded the development of the company’s market strategy, analyzed Sanmar Shipyards’ strategic business development and market expansion, oversaw new shipyard constructions, and led the formulation and execution of business strategies. His active management role at Sanmar is complemented by his engagement with bureaucratic relations and regulatory institutions, fostering connections with various trade and professional associations to ensure their sustainability. He currently serves as the Deputy Chairman of the Board of Directors.

In addition to his responsibilities at Sanmar, Cem Seven is also the Chairman of the Board of Directors of the Ship, Yacht, and Services Exporters Association under the umbrella of the General Secretariat of the Istanbul Exporters Association.

Ethics Management

Sanmar is renowned for its business accomplishments and unwavering dedication to ethical principles. The foundation of our company culture is deeply rooted in our adherence to ethical management practices. We prioritize core ethical values such as honesty, transparency, fairness, and accountability in our business operations and decision-making frameworks.

By raising awareness and providing regular training on ethical values, we not only encourage our employees to uphold ethical standards but also enhance their sensitivity to ethical dilemmas. Upholding mutual respect for each other's personal space is a fundamental commitment for every member of our team. Our steadfast commitment to these ethical values is pivotal in shaping both our present success and our future achievements.

To reinforce our ethics management, we instituted a Business Ethics Code of Conduct Policy and Handbook, developed pertinent procedures, and established an Ethics Board. We have carefully outlined the roles and responsibilities of the Ethics Committee, ensuring each aspect of its operational procedures is understood. Beginning next year, we aim to regularly update our senior management with reports on our key performance metrics.

The Chairman and members of the Sanmar Ethics Board are appointed by the Board of Directors and their roles are communicated to all employees through official appointment letters. The tenure for the chairman, members, and secretary of our Ethics Committee is set for two years. Post this term, incumbents may either continue in their roles or new members may be appointed by the Board of Directors' decision. Individuals who have been previously investigated or reprimanded are ineligible to serve on our Ethics Board. The Ethics Committee is dedicated to safeguarding the anonymity and details of those who come forward



with reports, ensuring their confidentiality at all times. Additionally, we meticulously manage the process to ensure that no retaliatory actions or behaviors are tolerated against those who report ethical violations.

This year, we took a significant step in strengthening our commitment to transparent and effective ethical management. We have initiated efforts to establish an ethics hotline, aimed at resolving ethical violations effectively, thus fostering a work environment that is fairer, more transparent, and aligned with our values.

During this process, we partnered with an independent third-party firm. We developed the necessary infrastructure to allow for ethical reports to be made through an online website provided by an impartial organization. As we developed this infrastructure, we clearly outlined specific role responsibilities, meticulously reviewed our existing procedures and guidelines, and detailed every step of the process for complete clarity.

We are preparing to roll out our ethics hotline system in the next reporting cycle, marking a key milestone in our commitment to ethical practices. By launching our ethics hotline, we will be taking a crucial step towards creating an open communication environment, enabling our employees to safely express their concerns regarding ethical matters.

Risk and Compliance Management

Risk and Compliance Management at Sanmar Shipyards is a top priority, vital for our company's sustainability, profitability, and reputation. We believe that an unidentified risk cannot be controlled. Without control, we cannot mitigate the impact of a risk, potentially leading to various negative outcomes. We also embrace the idea that every risk presents an opportunity, positioning ourselves in advance to seize these opportunities.

In line with our company strategies and operations, we identify and regularly assess our risks. Beyond corporate risks, we believe that incorporating sustainability-related risks will pave the way for a more holistic approach.



Each department and their respective employees at our company are responsible for managing risks inherent in their operations. Next year, we are set to establish a Risk and Compliance Committee directly reporting to the Board of Directors, aimed at keeping our risk inventory current, cultivating a culture aware of risk, and implementing proactive or mitigating action plans. The committee's responsibilities will include delineating the company's risk strategies, regularly reviewing risks, positioning for potential opportunities, and regularly reporting to the Board. With this new structure, we plan to add responsibilities to existing job descriptions, requiring each process owner to identify and monitor risks related to their work and report these to the Risk and Compliance Committee.

The Risk and Compliance Committee will be tasked with periodically monitoring and managing these reported risks. Our objective with this committee is to sharpen our focus and deepen our expertise in essential areas of risk management and compliance, ultimately boosting our capacity to adeptly address risks and seize opportunities.

In our risk assessments, we employ the risk categories outlined by TCFD (Task Force on Climate-Related Financial Disclosures) and COSO (Committee of Sponsoring Organizations of the Treadway Commission) to effectively identify and appraise Environmental, Social, and Governance (ESG) risks.

Guided by TCFD, we aim to more effectively manage various risks including regulatory, technological, market, reputational, physical ones, and others. In this context, we identified 25 Environmental, Social, and Governance (ESG) risks. The risks we assess include:

- Regulatory risks involving both current and future regulation challenges;
- Technological risks encompassing the evolving technological landscape, cyber risks, and risks associated with digital resource utilization;
- Market risks related to changing macroeconomic conditions, lack of diversification in customers and suppliers, raw material costs, and crisis management;
- Reputational risks including increased stakeholder expectations, environmental degradation, business ethics, and falling behind competitors;
- Physical risks from extreme weather events, environmental pollution due to ecosystem changes, and chronic climate events; and
- Other risks such as employee rights, performance evaluation, talent retention, occupational health and safety, employee engagement and satisfaction, gender inequality, supply chain management, and governance risks.

We have methodically mapped out the context for the 25 environmental, social, and governance risks identified. This involved pinpointing specific risk areas and correlating them with the relevant stakeholder groups, as outlined in our risk categorization framework. Our analysis has precisely identified our stakeholder groups, both within and outside the company, guaranteeing a clear and comprehensive understanding of everyone involved. This strategic identification allows us to clearly discern the direct associations between various risks and their respective stakeholder groups.

Following this, we have thoroughly reviewed and responded to the identified risks, evaluating our current initiatives and actions aimed at mitigating these risks.

Embracing the philosophy that every risk harbor potential opportunities, we have proactively identified advantageous prospects each risk could present, should we position ourselves strategically in advance.



Topics Subsumed Under the Risk Category:

Maritime operations inherently involve various risks, encompassing environmental, social, and economic dimensions. Driven by our objectives and guided by our core values, we proactively manage the risks with our operations.

| Regulation Risks | Technology Risks | Market Risks | Reputation Risks | Physical Risks | Other Risks |
|--|--|---|---|---|--|
| Compliance with current regulations | Efficient utilization of digital resources | Raw material cost variability / Supply bottlenecks | Increasing stakeholder expectations | Extreme weather events | Gender equality |
| Compliance with future regulations | Transitioning towards technologies that produce lower emissions | Crisis management | Environmental degradation | Ecosystem-related environmental pollution | Employee loyalty and satisfaction |
| | Information security and cybersecurity | Variable macroeconomic conditions / Exchange rate and interest rate fluctuation | Business ethics | Chronic climate events | Employee rights |
| We pay close attention to keeping an eye on existing regulations that directly affect our business activities. Staying legally compliant is a key focus for us, and we do this by staying up-to-date with current regulations. We are also on the lookout for any new regulations that might be introduced down the line. Getting early insights into draft legal regulations through our memberships in various organizations helps us prepare in advance for future compliance and spot early opportunities. | Technology plays an increasingly vital role in our operations, presenting a mix of both opportunities and challenges. To mitigate technological risks, we engage in diverse initiatives including staff training to enhance staff competencies, devising innovative solutions in technological systems, and implementing technical safeguards. This strategy guarantees that our operations are not just more efficient, but also that we utilize technology in a safe and effective manner. | Diversity of customers and suppliers In managing our operations, we firmly address market conditions and manage a variety of significant risks associated with them. Prominent among these risks are factors like fluctuations in raw material costs and supply chain disruptions that directly impact our operations. Recognizing these risks, we respond swiftly and effectively to any emergent crisis situations. We handle crisis management and the crafting of emergency action plans with exceptional care, aiming to safeguard and maintain our operational capabilities. | Falling behind rival companies As we diligently work towards safeguarding and enhancing our company's reputation, we thoroughly assess critical risk factors that align with this goal. In doing so, we consider the growing expectations of our stakeholders, our dedication to environmental sustainability, and our adherence to business ethics as key influencers of our company's reputation. We manage our environmental impact in line with quality standards, actively support the shift to green technology, and reinforce our commitment to ethical values. Furthermore, we focus on protecting our reputation through collaborative efforts with our customers and suppliers and by leading the way in industry innovations. | We take a proactive stance in addressing the physical risks associated with our operational activities. Key risk factors like extreme weather events, environmental pollution due to ecosystem change, and ongoing climate events are potential threats to our business continuity and sustainability. To combat these physical risks, we put in place robust strategies, including real-time weather monitoring, equipping our marine vessels with necessary safeguards, and conducting our production activities in enclosed hangars. | Performance evaluation Attracting or retaining talent Occupational health and safety Supply chain standards and management Management of corporate risks We prioritize effective management of social and governance risks, key elements in our risk category. From that perspective, issues like gender equality, employee loyalty and satisfaction, rights, performance evaluations, talent retention, occupational health and safety, supply chain standards, and corporate risk management are crucial for sustaining and enhancing our business reputation. We strongly emphasize respecting employee rights, adhering to ethical standards, and ensuring transparent governance in our company. This approach mirrors our commitment to maintaining social responsibility and managing risks efficiently. |

Innovation

As we embark on our journey towards sustainability, we enhance our business practices and invest with a technological and innovative mindset. We allocate resources to drive innovation, ensuring our long-term commitments lead to transformative change. We recognize the challenges of transitioning to a sustainable economy. Consequently, we focus on retaining the essential skills and resources needed to bolster our resilience in the face of future challenges and opportunities. All our investments and activities are planned and executed with this awareness in mind. As a company deeply committed to innovation, we have undertaken numerous projects throughout our history.

In 2020, we transitioned to the SAP Business One ERP system, streamlining all our end-to-end processes through this platform. This transition prompted us to revamp our existing policies and procedures to align with our new structure. We carefully planned and put into action procurement approval and authorization strategies with the ERP program. In 2021, we introduced the Oracle EPM Budget and Planning application. The project, nominated from Türkiye for the “Oracle Change Agents Award Story” at Oracle Global in 2022, serves as a testament to our unwavering commitment to innovation and excellence.



Scan the QR code

<https://www.oracle.com/customers/sanmar-denizcilik/>

In 2022, we made improvements to automatically generate all the reports in our Board of Directors presentation using the Qlik Sense business intelligence program. This project allows our employees to focus on analyzing data instead of spending time preparing reports. It also lets our senior management access detailed reports anytime, anywhere. In 2022, we also started working on using the SAP Business One ERP Program for our Customer Relationship Management (CRM) and Insurance Management processes.

Our commitment to innovation drives the seamless integration of fresh perspectives into our production processes. We take pride in our role as industry leaders, consistently pioneering groundbreaking advancements across multiple domains. Introducing our pioneering world-first projects: LNG-fueled tugboat, a cutting-edge remote-control tugboat, and the Boğaçay XXXVIII “Hydromechanical Hybrid” tugboat featuring the revolutionary Advanced Variable Drive (AVD) technology. Another significant aspect of our portfolio involves the production of the next generation “TRAnverse” series of multi-purpose tugboats. This tugboat series offers superior maneuverability compared to most designs of similar size. It boasts a cutting-edge draw system that enables push and pull operations in all directions, providing a distinctive and efficient maneuvering experience.

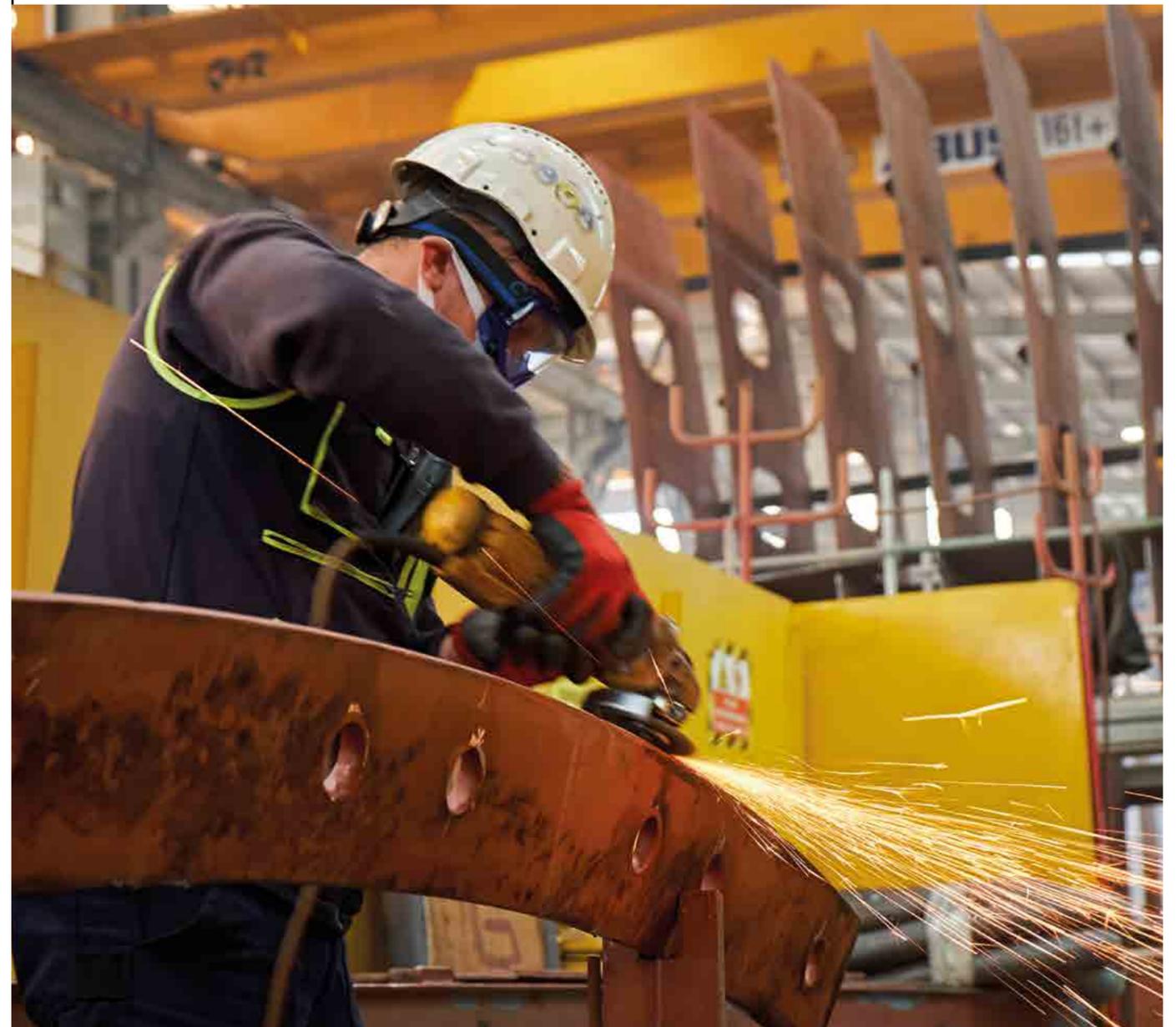
In addition to these endeavors, we are proud to announce the production of our “Tugboat of the Future” award-winning ElectRA series, a line of electric-powered tugboats that will play a vital role in reducing emissions. Our state-of-the-art shipyard is equipped with advanced technology to bring our pioneering projects to life. All our steel production processes are carried out within well-equipped enclosed facilities to ensure environmental protection and prevent marine pollution. We prioritize pressed production over welded production for ship structural elements, minimizing both occupational health and safety risks and environmental impacts. As a result, we are committed to reducing risks related to both occupational health and safety (OHS) and environmental concerns. In the near future, we are actively exploring the integration of solar energy on the roof section of our Altnova CNC hall as part of our sustainability initiatives. In line with our dedication to green energy and environmental sustainability, we established charging stations at our Sanmar Altnova Shipyard to facilitate the charging of the electric tugboats in our production line.

As we progress towards our goal of becoming a sustainable company, we believe that the cornerstone of shaping our business strategy to increase environmental and socio-economic benefits lies in our investments in innovation. We acknowledge that innovation across our domains of operation serves as a fundamental driving force and a pivotal factor in positioning us as industry leaders, and we operate with this awareness in mind.

Economic Performance

Since our journey began as a family-owned business, we have consistently embraced continuous improvement, quality, innovation, and customer satisfaction as our top priorities. With nearly 50 years of experience, we provide services to over 40 countries and continue to rank among the industry leaders in Türkiye and around the world. To ensure our business’ long-term sustainability, we consistently prioritized maintaining financial stability and improving our economic performance.

Our robust economic performance empowers us to expand profitably in alignment with our missions, maintain a competitive edge in the industry, and fund new projects, thereby positioning us at the forefront of innovation. Additionally, by prioritizing our economic performance in our business model, we enhance our ability to deliver superior service to our customers, bolster sustainable service management, improve employee well-being, and commit to safer and more environmentally friendly production practices.



Supply Chain Management

We believe that nurturing strong business relationships with our suppliers is a crucial step in delivering quality services and ensuring timely deliveries in our operational areas.

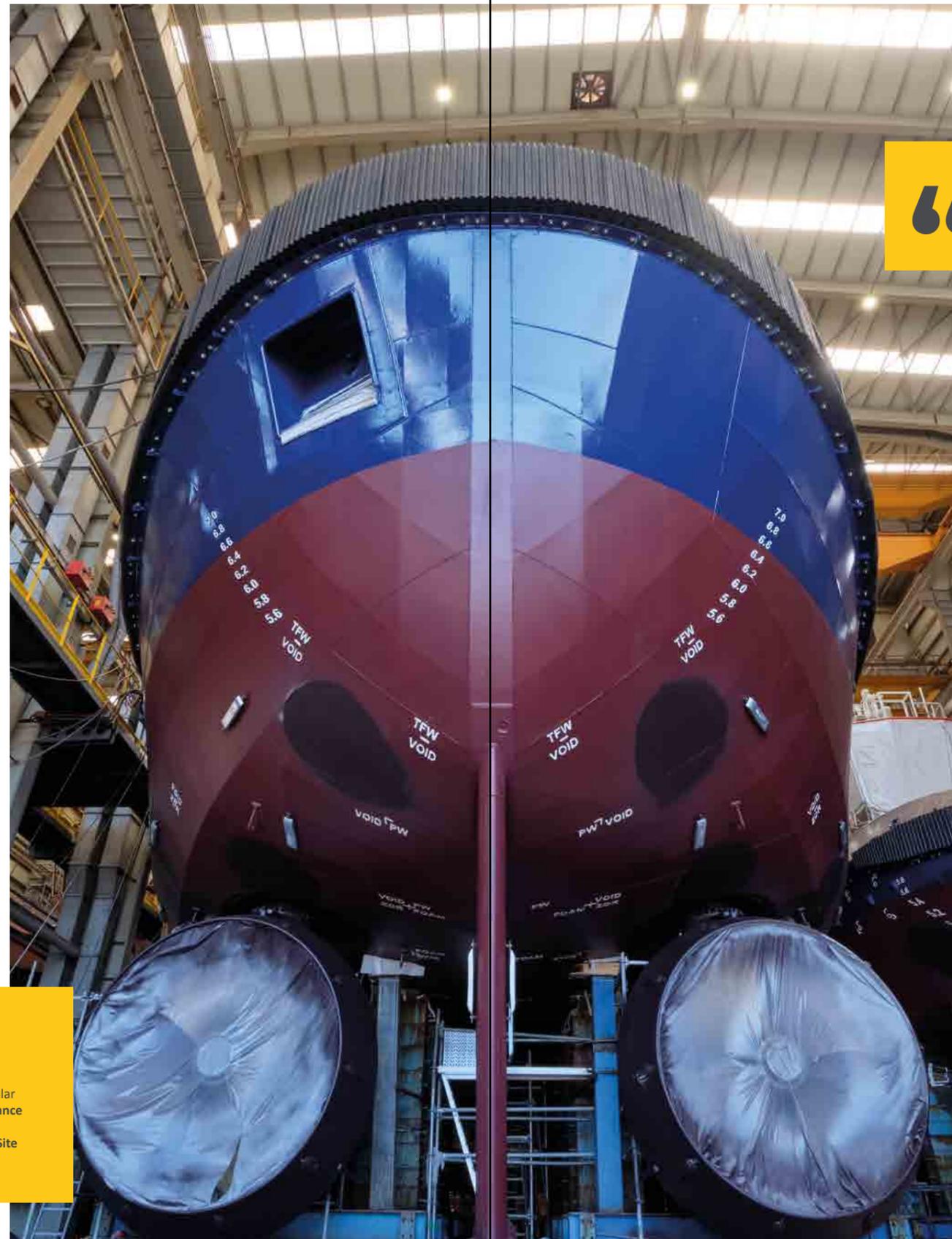
To enhance data tracking and quality, we have seamlessly integrated the SAP system, which we launched in 2020, into all our critical processes. Recognizing that supplier management is a vital aspect of our business, we have provided our suppliers with essential program training to optimize our collaborative processes. With this system we focused on traceability, the enhancement of operational efficiency, and the optimization of processes. Moreover, digitalization has significantly strengthened our capacity for data tracking, bestowing upon us the capability to produce both real-time and scheduled reports for our internal processes.

We select our suppliers with a profound awareness of our overarching responsibility for the entirety of our supply chain's processes. When selecting our partners, we assess various factors, including respect for human rights, emphasis on occupational health and safety, and environmental performance, alongside price and quality considerations. Additionally, we prioritize collaboration with suppliers boasting a strong corporate history and positive references, aligning with our commitment to reliability.

Following our company policy, we conduct "Supplier System Performance Evaluations" and "Supplier Compliance On-Site Audits" annually with our current suppliers. Our supply chain department collaborates with us to work with the best-suited suppliers based on these evaluations and audit criteria. Our goal is to provide the finest service and products by partnering with the best in the industry.

The evaluation and audit forms, developed in collaboration with our teams, encompass comprehensive performance assessment questions related to environmental management, quality management, non-discrimination, child labor, and forced and compulsory labor.

In our supplier selection process, we have a strict policy against engaging with suppliers employing child labor under the age of 18. We also ensure that our chosen suppliers, meeting our



evaluation criteria, undergo continuous monitoring on these critical issues after agreements are made. We assess our suppliers considering their environmental and social impacts.



We evaluated **80%** of a total of **42** suppliers from an environmental and social perspective

We maintain partnerships with suppliers who achieve a score of 70 points or higher after rigorous audits and assessments. Throughout 2022, we conducted a total of 12 performance evaluations and conducted 5 on-site inspections for our operational suppliers.

We conducted assessments for 42 of our suppliers providing strategic equipment and consumables. In 2022, we assessed the environmental and social impacts of 80% of our suppliers.

Our operations fall under the "Dangerous and Very Hazardous" classification, as per the Workplace Hazard Classes Communiqué on Occupational Health and Safety and Labor Law No. 4857. As a result, we are committed to maintaining the highest level of occupational health and safety measures throughout our supply chain, with rigorous inspections being an integral part of our approach.

Apart from our operational suppliers involved in our core processes, we categorize suppliers as strategic equipment and consumables providers. We meticulously select our strategic equipment suppliers based on their alignment with project specifications and customer expectations lists, which are crafted with insights from our extensive production experience. Our wealth of production experience allows us to curate these lists. Due to the intricate nature of our business, encompassing production, sales, and post-sales processes, we exclusively collaborate with suppliers who have demonstrated comprehensive sectoral expertise, perfectly aligning with the specific requirements of each project.



Each year, we conduct regular "Supplier System Performance Evaluations" and "Supplier Compliance On-Site Audit".



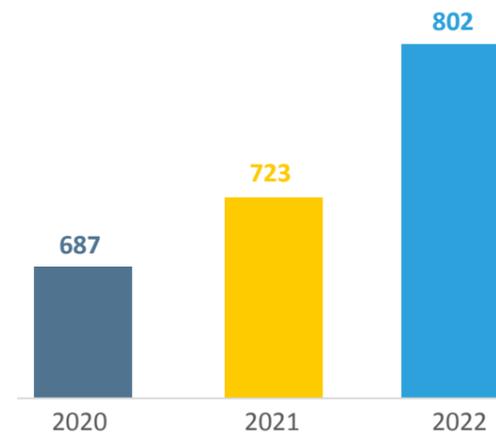
Regarding suppliers of consumable materials, our selections are guided by the social standards upheld by enterprises in the same sector, in alignment with our shipyard's production dynamics. In our meticulous selection process, we prioritize products endorsed by internationally recognized independent classification societies. This preference stems from the fact that our manufactured tugboats undergo comprehensive inspections conducted by these esteemed organizations, ultimately receiving certification upon the successful completion of construction.

Given our continuous production workflow, maintaining a well-stocked inventory plays a pivotal role in sustaining our production operations.

In order to assess potential environmental and social impacts, we test quarterly the "asbestos" levels on the gaskets we use. This substance presents substantial hazards to the environment and to human health. Therefore, we periodically conduct tests on random samples from the warehouses from both of our shipyards, and receive reports from laboratories certified by the Scientific and Technical Research Council of Türkiye (TÜBİTAK). In line with our commitment to environmental and social responsibility, we regularly inspect the materials supplied by our vendors as part of our process management.

¹ Asbestos, commercially known as amiant, refers to a group of silicate minerals (including magnesium silicate, calcium-magnesium silicate, and iron-magnesium silicate) characterized by a fibrous crystal structure. Asbestos serves a valuable role in numerous applications, primarily owing to its exceptional insulating properties that arise from its distinct and unparalleled physical and chemical characteristics. Inhaling asbestos fibers poses significant health and safety risks, leading to various severe lung conditions, such as mesothelioma, asbestosis, and lung cancer.

Total Number of Local Suppliers



Establishing a responsible, sustainable, high-quality, transparent, and traceable supply chain management system ranks high among our organizational priorities. We continue to enhance the quality and continuity of service in all processes from product sourcing to after-sales services, thus creating added value in our supply chain. We believe that by creating this value at every link in the chain, we are supportive of building a sustainable future and growing together towards that goal.

We are motivated to support our regional economy and represent our country internationally. Therefore, whenever the opportunity arises to source our equipment and materials from local suppliers, we are putting in extra effort to work with these suppliers to reinforce their growth and development. In this regard, we take immense pride in achieving an impressive 88% local supplier ratio for the year 2022. It is worth noting that 100% of our operational suppliers are, indeed, local suppliers.

88%
Local Supplier Ratio

The background of the slide is an aerial photograph of the ocean, showing the intricate patterns of waves and white foam. A large, white, stylized number '5' is positioned on the right side of the image, partially overlapping a green horizontal bar. The green bar contains the text 'Reducing Our Environmental Footprint' in white, sans-serif font.

Reducing Our Environmental Footprint

Reducing Our Environmental Footprint



“Navigating Tomorrow,
Preserving Our Nature.”

We prioritize environmental conservation and position our environmental policy as an integral part of our company culture.

At Sanmar, our objectives encompass the following:

- The elimination or reduction of adverse environmental effects throughout all our operations and projects.
- Preservation of biodiversity and ecosystems, coupled with sustainable and efficient utilization of raw materials and natural resources necessary for our production processes.
- We aim to prevent or mitigate potential negative impacts resulting from our activities while conducting continuous improvement initiatives to enhance positive impacts.

This year, the results of the materiality analysis we conducted with our stakeholders clearly demonstrate the necessity of our focus on environmental issues. We continue our efforts to fulfill our responsibilities effectively in priority areas such as environmental protection, climate change, material recycling, and waste management. We engage a third-party consultancy firm to provide expert guidance on environmental matters. We established two distinct OHS-E (Occupational Health and Safety - Environment) teams, each dedicated to our shipbuilding and towage as well as pilotage services.

Our environmental initiatives adhere rigorously to the principles outlined in our ISO 14001:2015 Environmental Management System.

Through our Environmental Management System, we achieve the following objectives:

- We consistently align our operations with both national and international environmental management legislation.
- The efficacy and efficiency of our environmental protection processes remain a steadfast priority.
- We establish comprehensive waste management systems and diligently monitor waste output from activities.
- Our environmental management performance undergoes continuous scrutiny and enhancement.
- We provide targeted environmental training programs to enhance the awareness of our employees and subcontractors.

As we contemplate global sustainability developments, we engage in meticulous research pertaining to environmental preservation, carbon footprint reduction, material recycling, and waste management. We closely monitor the global agenda and take significant steps towards reducing our environmental impact by identifying areas that we can integrate into our own business processes.



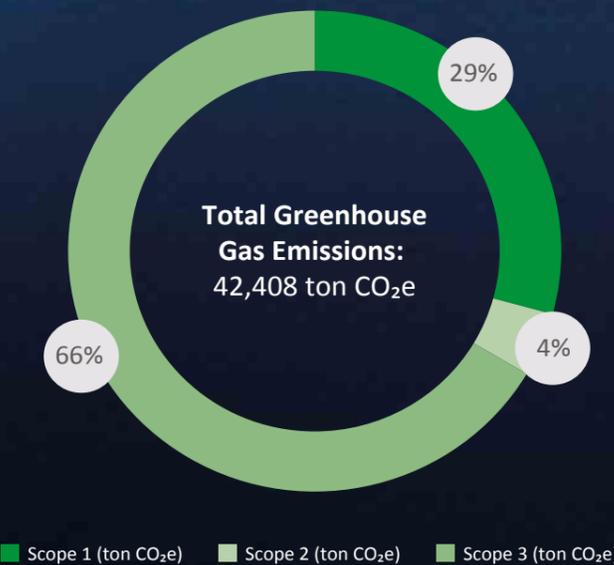
Key Goals:

- Our primary objective in our Shipbuilding division is to increase the number of energy-efficient tugboats.
- In the immediate future, we are firmly committed to elevating the percentage of personnel within our shipbuilding division who have successfully completed environmental training by a significant margin of 50%.
- Within our towage and pilotage operations, we aim for the percentage of staff who have completed environmental training in the short term to be no less than 70% of the total workforce.
- Our overarching aim encompasses the attainment of zero chemical accidents for our Shipbuilding and Towage & Pilotage Services.

Carbon Footprint



2022 Sanmar Shipping Emission Breakdown (ton CO₂e)



For the year 2022, our combined Scope 1 and Scope 2 emissions total 14,219 metric tonnes of CO₂e, while our Scope 3 emissions for our Shipbuilding & Towage and Pilotage operations amount to 28,186 metric tonnes of CO₂e.

With our emission calculations, we conducted a meticulous and comprehensive examination, ensuring detailed calculations for the subcategories within our extensive Scope 3 emissions to attain a comprehensive overview.

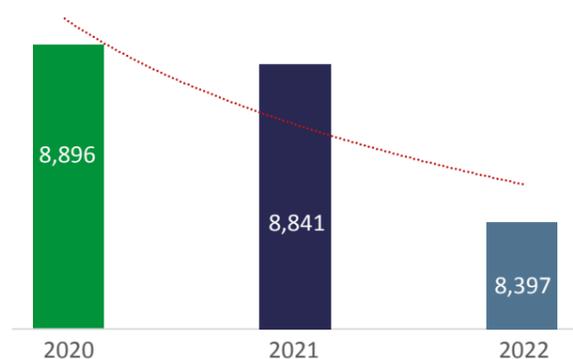
We remain acutely aware of the imperative to formulate an action plan aimed at limiting the global temperature increase to 1.5°C, aligning with the tenets of the Paris Climate Agreement. Within this framework, we attach significant importance to initiatives aimed at mitigating the adverse impacts of climate change for the maritime sector, recognizing these as integral to our responsibilities. We actively conceive and implement innovation projects aimed at reducing our carbon emissions.

This year, we take great pride in becoming the first company in Turkish maritime sector to have been awarded **ISO 14064** certification. We voluntarily computed emissions across all scopes, encompassing our Shipbuilding, Towage, and Pilotage operations. Nevertheless, our dedication to developing strategies for diminishing our environmental footprint remains unwavering.

In accordance with ISO 14064 standard as well as Corporate Accounting and Reporting Standards published by Greenhouse Gas Protocol, we calculated our greenhouse gas emissions across three distinct scopes: Scope 1 (Category 1: Direct GHG emissions), Scope 2 (Category 2: Indirect GHG emissions from imported energy), and Scope 3 (Category 3: Indirect GHG emissions from transportation, Category 4: Indirect GHG emissions from products used by the organization, Category 5: Indirect GHG emissions from post-production product use, Category 6: Other indirect GHG emissions from various sources).

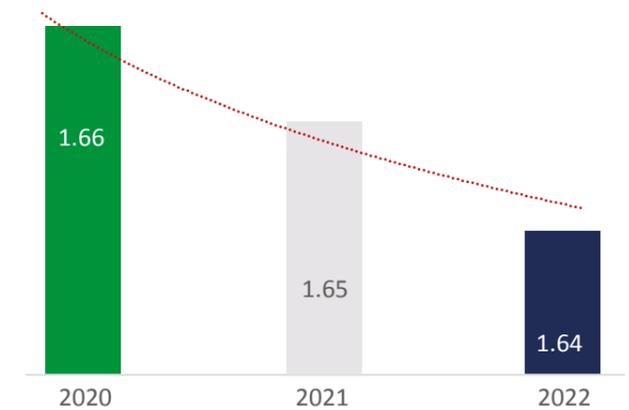
In our quest to analyze our retrospective impact, we also conducted emission calculations for the years 2020 and 2021. It is important to note that our results for 2020 - 2021 are based on estimated values. Furthermore, we wish to clarify that the emissions from our Shipbuilding production line have not been included in these calculations for the aforementioned years, rendering them incomparable to the data for the year 2022. For this reason, all of our reduction targets pertaining to Scope 1, 2, and 3 emissions will be assessed in future reporting periods, with the data from 2022 serving as the baseline.

Distribution of Scope 1 Emissions (CO₂e)



*Emission calculations for Towage and Pilotage services. It is worth noting that emission calculations for the years 2020 and 2021 are based on estimations.

Greenhouse Gas Emission Intensity (Scope 1 + Scope 2)* Breakdown (tCO₂e / gross ton)



Our emission intensity for Shipbuilding is calculated at **0.69 tons CO₂e per gross ton**, whereas for Towage and Pilotage services, our emission intensity is calculated at **1.64 tons CO₂e per gross ton**.

Furthermore, we achieved a 1.3% reduction in emission intensity with our Towage and Pilotage services, in comparison to the year 2020.

*Emission calculations for Towage and Pilotage services. It is worth noting that emission calculations for the years 2020 and 2021 are based on estimations.

We take great pride in leading the way in environmentally friendly technologies by producing the world's first LNG-fueled tugboats, one of our most significant projects. Our LNG-fueled tugboats emit significantly less emissions compared to those running on conventional diesel. Additionally, LNG-fueled tugboats have near-zero sulfur oxide (SOx) emissions and minimal natural gas particulate waste. They emit 26% less carbon dioxide and 90% less nitrogen oxide (NOx) compared to conventional diesel fueled vessels. By integrating such environmentally friendly initiatives into our production portfolio, we are committed to making our operations greener, more sustainable, and reducing our environmental footprint.

In addition, our battery-electric tugs help reduce carbon emissions. Furthermore, these tugs actively contribute to environmental sustainability by preserving marine ecosystems through their quiet and unobtrusive operation.

Our commitment to innovation remains unwavering, with daily advancements in our production methods and product technicalities, reinforcing our enduring dedication to reducing environmental impact over time. Our unwavering pursuit of a cleaner future is firmly rooted in the adoption of environmentally friendly technologies, a culture of innovation, and fruitful collaborations with like-minded partners.



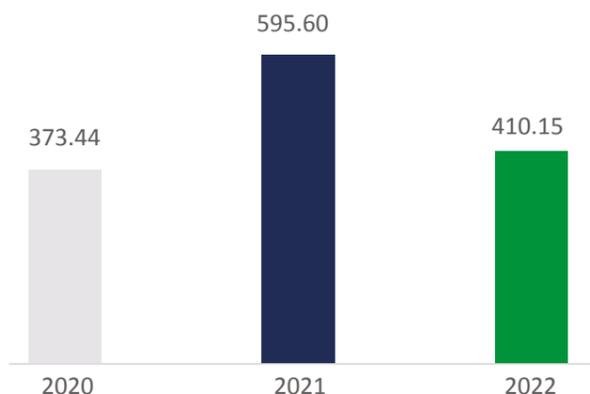
Key Goals:

Our immediate focus is on monitoring our Scope 1, 2, and 3 emissions for our Shipbuilding & Towage and Pilotage operations.

Energy Management

Within our organization, we conduct a meticulous identification and assessment of the energy sources utilized throughout our operations. We maintain a keen focus on optimizing resource utilization by continuously monitoring our overall energy consumption. Our energy consumption encompasses natural gas¹, electricity, LPG, and MDO (Marine Diesel Oil). We are committed to enhancing our energy efficiency and reducing consumption by proactively developing and implementing a series of continuous improvement projects.

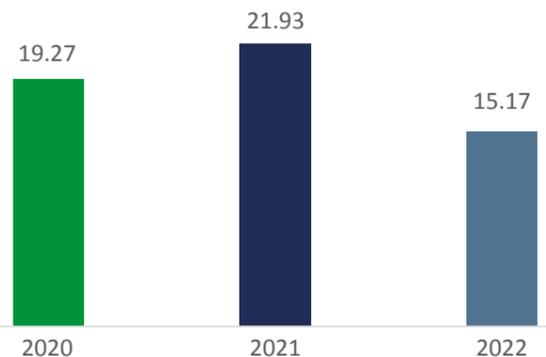
MDO per Product by Year* (kWh/gross ton)



*Graph of MDO (Marine Diesel Oil) consumption per product in the shipbuilding activity area.

¹ LNG: Natural gas undergoes a phase transition, changing from a gaseous state to a liquid state when cooled to -162°C at atmospheric pressure, and it is commonly referred to as LNG (Liquefied Natural Gas). LNG is an odourless, colourless and non-toxic type of fuel) **

Natural Gas per Product by Year* (kWh/gross ton)



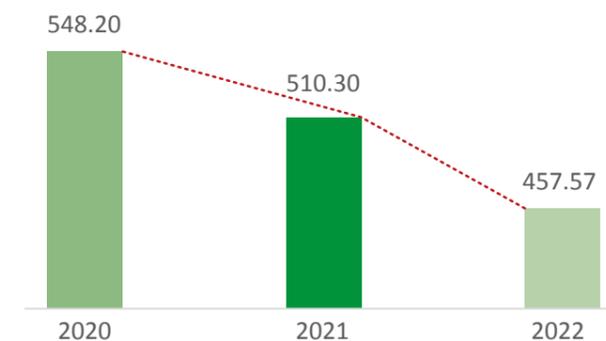
*Graph of natural gas consumption per product in the shipbuilding activity area.

Our first project implemented to achieve energy savings was the replacement of all our lighting fixtures with LED fixtures, except for the hall roof lights at our Tuzla location. In 2012, we carried out our 'Sea Launching System project,' which we still use today. With this system, we convert the energy lost due to braking during the ship launching operation into electrical energy for use within the shipyard, thereby reducing energy losses from our operations. Additionally, in the same year, we developed a project to cool our administrative building using a heat pump system that utilizes the temperature of the seawater. By cooling our administrative building in Tuzla with seawater, we achieve energy savings and reduce our carbon footprint.

One of our most important projects is the 'Solar Panel' project. With our desire to increase energy efficiency and shift towards clean energy sources, we aim to install solar panels on the roof of our Altnova shipyard. By doing so, we plan to charge our battery-electric tugboats with solar panels, thus aiming for a 100% carbon-free cruising experience.

We are confident in our ability to realize our goals of gradual carbon reduction and the incorporation of renewable energy sources into our operational and production processes through the projects we have already executed and those we are yet to develop.

Electricity Consumption per Product by Year* (kWh/gross ton)



*Graph of electricity consumption per product in the shipbuilding activity area.



Key Goals:

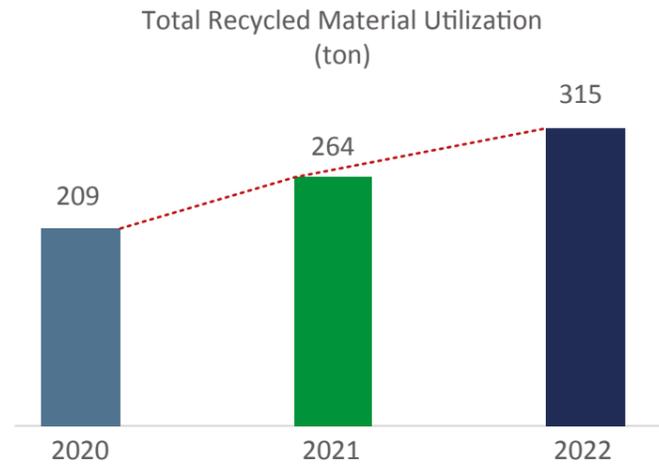
- We aim to invest in renewable energy in the short term in our Shipbuilding activities.
- In our Shipbuilding activities, we aim to monitor the share of renewable energy in total energy in the short term.
- We aim to ensure traceability of total energy consumption in the short term in our Shipbuilding & Towage and Pilotage Service activity areas.

In the 2022 reporting year, we reduced our natural gas and MDO (Marine Diesel Oil) consumption by 15% compared to 2021 as a result of various improvements we made in our production line. We aim to reduce our energy consumption and increase our renewable energy investments with the innovative developments we will make in the future.

Material Recycling

We recognize that a focus on environmental awareness and resource efficiency plays a critical role across our Shipbuilding, Towage and Pilotage operations. For this reason, adopting circular economy principles is of great importance not only for the sustainability of our business, but also for us to use our resources more effectively. With this consciousness, we oversee resource utilization throughout our operations, adhering to the principles of a circular economy.

Our primary focus lies in minimizing welding-based waste through the reduction of welding operations at Sanmar production sites to the greatest extent possible. In this context, we have strategically reduced the reliance on welded manufacturing with our production processes and transitioned towards cold press manufacturing methods. Via this method, we made progress in reducing waste from welding. By reducing the welding fumes, we help minimize our impact on the environment. We prioritize press bending manufacturing in our production processes to the highest degree possible. In addition to these efforts, we collaborate with third-party companies specializing in equipment manufacturing to repurpose our sheet metal waste. Subsequently, we ensure that these processed wastes are reused by including them in the production processes of the equipment works of our projects. To enhance the efficiency of this process, we intend to establish our own rig hardware workshop. Consequently, we are confident that we can attain our waste management goal by maximizing efficiency.



Through these initiatives, we align with our objective of resource optimization, in accordance with circular economy principles. We take pride in announcing a remarkable 50.7% increase in our overall recycled material utilization since 2020, a as a testament to our dedicated efforts.

Apart from our recycling initiatives with our production processes, we also conceive and execute projects aimed at promoting sustainability within our warehouses and offices. Our "Recycling of Used Materials" project, operating within the context of a circular economy framework in our warehouses, makes a substantial contribution to resource efficiency through the recycling of previously utilized materials. The "Zero Waste Project" implemented to foster recycling practices within our shipyards and offices, facilitates waste disposal through recycling, thus minimizing environmental impact in our working areas.



Key Goals:

- In the short term, we are committed to implementing a material recycling project for our shipbuilding operations.

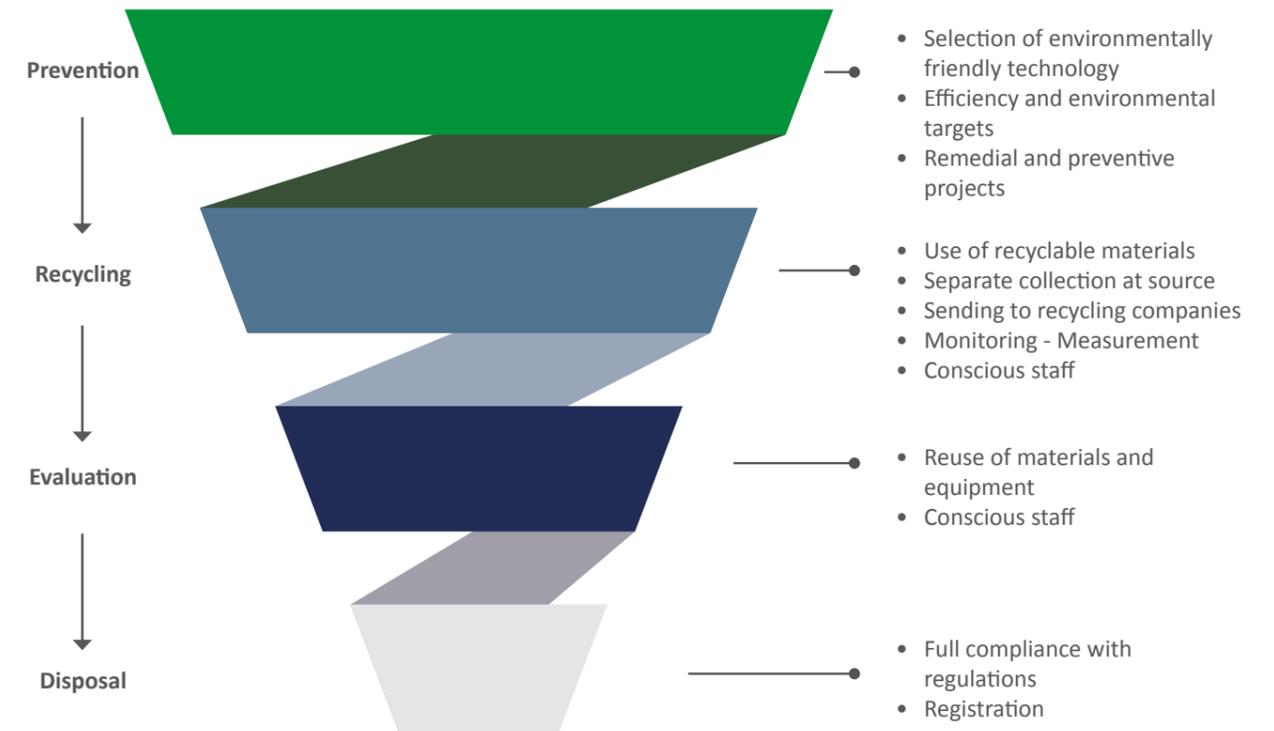
Waste Management

To minimize the environmental footprint from our production operations, we proactively strive to both prevent waste generation and efficiently manage our waste through an integrated approach. With our initiatives to reduce waste for our business processes, we actively engage in projects aimed at the preservation of the marine environment, which is our field of activity.

At all our shipyards, we meticulously adhere to legal requirements in executing our waste management procedures, following both our Waste Management Procedure and OHS-Environmental Waste Management protocols.

We systematically ascertain the appropriate disposal methods for all waste generated across our offices, production areas, and storage facilities, while carefully shaping the content of our waste management protocols.

Our Waste Management Philosophy



We determine the environmental impact of the waste that will arise from our activities with the analysis method of environmental dimensions used within the ISO 14001 Environmental Management system. As a result of the analysis, we defined 3 different waste types which are domestic waste, hazardous waste, and recyclable waste.

Our domestic waste is disposed of through municipal channels or specialized, authorized companies. We manage hazardous waste by entrusting it to licensed companies for proper disposal. We identify recyclable materials and collect them separately in designated bins and containers, adhering to specific guidelines regarding type, quantity, and content.

We categorize collected waste based on their characteristics and disposal methods, ensuring proper recycling procedures. Furthermore, we submit comprehensive reports to the Ministry of Environment, Urbanization, and Climate Change, detailing the quantities and disposal methods of waste, through the use of Waste Declaration Forms. In addition to our efforts to reduce waste generation, we ensure the responsible transportation of hazardous waste resulting from our activities, which involves using licensed vehicles and complying with the National Waste Transport Form to transport the waste to authorized disposal facilities.

Through our waste management initiatives, we have successfully reduced both hazardous and non-hazardous waste by a total of 18.3% since 2020. Another facet of our waste management strategy involves sending grid waste, used for sandblasting, to cement factories as an alternative raw material. Furthermore, as part of our “Combating Marine Pollution” project, we collaborate with the Tuzla and Altnova Shipyards Association to source services for our shipyards. To protect the waters in which our waste management operations take place, we have launched the “Marine Pollution Response Kit” project. With this project, we maintain marine pollution cleaning equipment at our shipyards and aboard tugboats to swiftly respond to potential offshore pollution incidents.



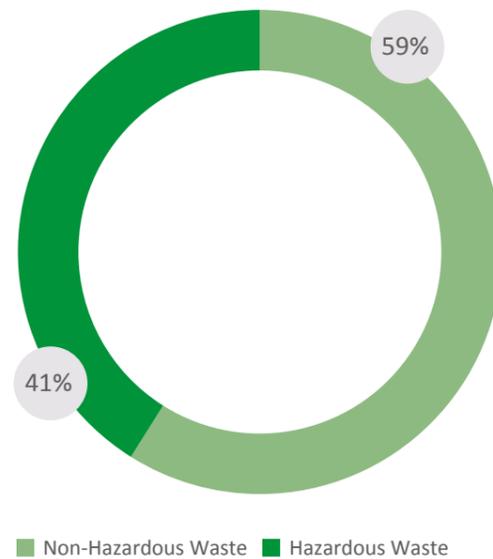
Integrating our wastes into the recycling process, enhanced by our projects, represents our commitment to reducing our environmental impact. We continually improve and develop our management systems, believing that proper waste management will make more efficient use of our natural resources and help solve global pollution problems.



Key Goals:

- In the short term, we aim to reduce the concentration of hazardous waste (tons/gross tons) in our shipbuilding activities by 1%.
- In the short term, we aim to reduce the amount of hazardous waste (tons) in our shipbuilding activities by 1%.

2022 Total Waste by Type (ton)



Environmental Protection and Environmental Management

Our main goal is to work together with all stakeholders to lead the path for the future and protect our environment. We believe that we must do our part to the best of our abilities to protect our environment in order to build a better future. While fulfilling our environmental responsibilities, we shape our environmental management by incorporating the best techniques and practices, with a commitment to reducing our environmental footprint in our operations and production processes.

In order to facilitate the effective execution of our environmental policies, we meticulously document our “Environmental Management System” and consistently strive to enhance our performance. We collaborate with relevant public institutions and authorities while complying with current environmental laws and regulations to fulfill our environmental obligations.

Our Environmental Management System is fully compliant with and certified to ISO 14001 EMS standards. ISO 14001 Environmental Management System is applied across all shipyards of Sanmar Shipyards. Through our environmental management system, we aim to reduce the potential adverse environmental impacts stemming from our activities by appropriately managing risks, seizing opportunities, and continuously enhancing our environmental performance.

We prioritize the preservation of biodiversity to reduce the potential negative impacts of our activities on the environment. The focus of our environmental strategy is on protecting the natural environment and preventing harm to marine life. Environmental protection and management are crucial components of our Shipbuilding, Towage, and Pilotage services. We conduct our activities and deliver our services in accordance with a range of procedures and regulations to protect the marine environment and promote sustainable maritime practices. We apply regulations and guidelines issued by national and international bodies, such as the International Maritime Organization (IMO), MARPOL², and the Turkish Maritime Administration, in our service areas.

The ongoing issue of mucilage in our country serves as a reminder of the necessity for lasting solutions to address this problem. In Türkiye, 20% of the seas are under chronic pollution, mainly due to the discharge of untreated waste into the sea³. In this context, at Sanmar, we are committed to developing a sustainable environmental management and protection system, taking necessary measures to ensure the safety and cleanliness of our seas. Prior to initiating projects, we submit applications to the Ministry of Environment, Urbanization, and Climate Change for an Environmental Impact Assessment (EIA). The Ministry conducts an environmental impact assessment. Depending on the Ministry’s opinion, an EIA report is prepared if necessary, or a “no EIA required” letter is issued by the Ministry if not needed.

We take necessary measures to protect natural habitats and marine ecosystems near our project areas. Our Environmental Protection Procedure underscores the need for environmental protection activities and control, outlining our responsibilities. We implement national and international waste management regulations to prevent waste and pollutants generated during shipbuilding and operations from contaminating the seas. Additionally, we annually train our employees on marine and environmental pollution prevention, using evaluation forms to promote environmental awareness. We conduct environmental drills twice a year and also hold Marine Pollution Prevention Drills twice a year with Maritime companies, Gisaş and Most.

We conduct our operations in compliance with sustainability principles, aiming to safeguard our natural heritage. We continuously monitor current environmental legislation and practices in our industry, aiming to continually improve and develop our operations.

² This refers to the International Convention for the Prevention of Pollution from Ships, signed in 1973 and amended in 1978.

³ <https://iklimgazetesi.com/sayilarla-turkiyede-deniz-ve-su-kirli>

Biodiversity

Seas, oceans, and freshwater resources form the life support system of our planet, playing a crucial role in regulating the global climate. Representing the largest ecosystem on Earth, they provide a habitat for nearly a million known species. Seas and oceans support the economic, social, and environmental needs of the global population. Despite the critical importance of preserving our wetlands, years of irresponsible and uninformed use have led to severe pollution and degradation in our seas and oceans.

Research conducted by the World Union for Conservation of Nature and Natural Resources indicates that 41% of marine creatures are in danger. It is underlined that the reason for this is that the increasing amount of carbon dioxide due to climate change is absorbed by the oceans and seas and is also constantly polluted⁴. In this regard, we strive to be fully compliant with the laws on the protection of seas and natural habitats by following the legislation and regulations regarding the protection of biodiversity.

We conduct thorough evaluations and analyses to understand how our Shipbuilding and Tugboat projects influence biodiversity. Based on these evaluations and analyses, we are committed to developing strategies that effectively minimize any potential environmental impact. We take specialized measures to protect marine ecosystems, recognizing their vital importance to environmental health. In conducting our activities, we consider the wellbeing of not only marine life but all living organisms within our ecosystems, ensuring a holistic approach to environmental stewardship. By advocating for the use of sustainable materials in our projects, we believe we are contributing to the reduction of deforestation and habitat loss.



⁴ <https://www.bbc.com/news/science-environment-64839763>

Nearby our shipyards, we implement measures to safeguard the surrounding natural habitats, diligently working to prevent any adverse effects on the local wildlife and ecosystems.

By conducting our shipbuilding operations indoors, we significantly reduced our activities on the sea surface, minimizing marine pollution. We thus prevent marine pollution by constructing tugboats in enclosed halls, adhering to environmental protection standards. Our sandblasting and washing activities are also exclusively conducted in enclosed spaces to prevent environmental contamination. We ensure that wastewater generated from our manufacturing processes does not contaminate seas or wetlands by treating it with chemical processes in Intermediate Bulk Containers (IBCs) prior to disposal. Additionally, we perform scraping, painting, and welding operations indoors, further reducing our environmental footprint.

Across all our operations, we place a high priority on preventing any waste discharge into the sea, underlining our commitment to biodiversity conservation. Furthermore, our ships are coated with environmentally friendly paints that do not harm marine life. We ensure that these paints are environmentally safe and do not contribute to marine pollution, obtaining relevant international certifications from the paint manufacturers.

Our shipyards and tugboats are equipped with marine pollution cleanup equipment for prompt response to surface pollution incidents. We initiated discussions in 2022 with TURMEPA, an organization with 29 years of marine conservation experience. Through this collaboration, we aim to strengthen our efforts in protecting our seas by utilizing TURMEPA's waste collection boats. Thanks to our partnership, TURMEPA will double the fleet of waste-collecting boats in Bodrum during the 2023 summer season, significantly contributing to marine cleanliness. This initiative will help reduce the risk of wastewater disrupting the ecosystem balance and aid in preserving the pristine blue of our beloved coves. In our fight against marine pollution and our goal to preserve biodiversity, we collaborate with the Tuzla and Altnova Shipbuilders Association, sourcing services from Gisaş in Tuzla and Most Maritime in Altnova.

Into our five-biodiversity conservation-focused projects, we incorporated the ABS ENVIRO+ notation, which reflects our meticulous selection of equipment aimed at minimizing marine pollution. The ABS ENVIRO+ notation signifies our diligent selection of equipment specifically designed to minimize marine pollution risks. An example of our commitment to environmental protection is the use of a bilge water separator with a 5ppm (parts per million) level, which is essential in preventing harmful impacts on marine life. We act with the awareness that complying with international regulations, preserving biodiversity, and promoting environmental sustainability are significant responsibilities in our industry and we believe that all companies should make serious efforts to that effect. We foresee that Türkiye hosting the 16th UN Biodiversity Conference (COP16) in 2024, which will see participation from numerous countries, will significantly boost awareness about biodiversity issues.



Key Goals:

- In the short term, our goal with respect to our shipbuilding operations is to track the water usage per product (m3/gross ton).
- Additionally, we aim to launch a wastewater recycling project in our shipbuilding activities soon.
- With our Towage and Pilotage Services, we aim to monitor water consumption (m³) on a per person basis, in the short term.

Water Management

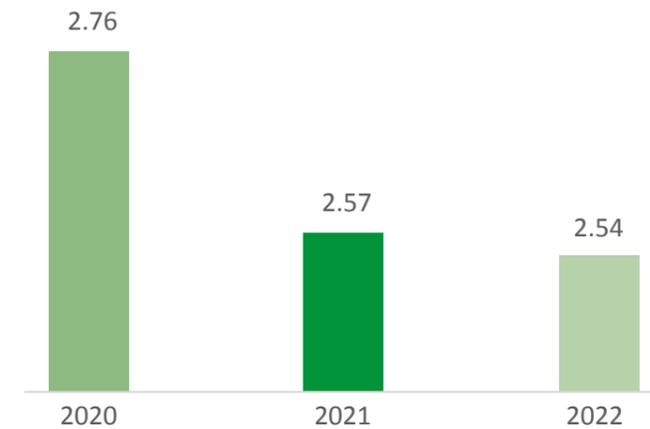
Water is one of the most crucial resources for sustainable development. It is estimated that each year, over 800,000 people die due to diseases linked to contaminated water, inadequate sanitation, and poor hygiene practices⁵. Approximately 4 billion people face severe water scarcity for at least one month of the year⁶. Given the critical importance of water in many aspects of life, ensuring fair access for everyone to this essential resource, along with its conservation and proper management, is of great significance.

At Sanmar Shipyards, we are aware of the responsibility that falls upon us. And so, we are taking necessary steps to reduce our water consumption. Our water consumption across our Shipbuilding, Towage, and Pilotage Operations is monitored by separate HSE (Health, Safety, and Environment) teams.

We are implementing various water conservation projects to achieve efficient water management. In the administrative buildings of our Altnova and Tuzla shipyards, we use fixtures featuring photocell technology.

This helps prevent unnecessary water usage in our administrative buildings, contributing to significant water savings. Additionally, we have reduced our water consumption per product by 8% compared to the year 2020 and continue to take steps towards further reductions. By making appropriate plans and enhancing our water conservation measures, we aim to continuously improve our water management performance.

Water Consumption per Product* (m³/gross)



*Graph of water consumption per product in the shipbuilding activity area.

⁵ <https://turkiye.un.org/tr/224255-be%C5%9F-maddede-bm-2023-su-konferans%C4%B1>

⁶ Ibid



Managing
Our Social Impact

GRI 2-20

Managing Our Social Impact

GRI 2-20

Employee Development

We empower our employees, a cornerstone in building a progressive and inclusive society, by investing in their development and skills. We are dedicated to nurturing a talented and diverse workforce, aiming to make a positive impact in our community. To achieve this, we focus on ensuring the well-being and growth of our employees by providing a secure and supportive work environment. With this in mind, we are committed to upholding the welfare and equality of our staff, aligning with our human resources strategy to shape the future.

Recognizing the importance of employee investment and activities that amplify our social influence, we actively pursue these as key factors in sustaining our success. We strive to create broad-based value, considering stakeholders beyond our immediate sphere in Shipbuilding, Towage, and Pilotage services.

Adapting to our fast-evolving world and trends, we integrate these considerations into our strategies to offer a thriving environment for our employees.

We proudly maintain our status as a preferred employer, grounded in principles of inclusivity, diversity, accountability, ethics, and transparency, a commitment we upheld since our inception. Our human resources team leads open and clear communication.

One of our major initiatives under inclusivity is fostering the development of young talent. We aim to cultivate our interns from scratch, envisioning them as future members of the Sanmar Shipyards workforce. Our internship programs cater to both high school and university students, providing them with valuable industry experience. Each year in May, we launch our internship application process, eagerly inviting a fresh group of aspiring professionals to join us. Through partnerships with recognized universities like Istanbul Technical University and Yildiz Technical University, we offer extensive internship experiences. Thanks to this initiative, two interns in 2021 and three in 2022 transitioned to full-time roles, growing with us. We have ongoing internship agreements with institutions like Yildiz Technical University and Piri Reis University.

In addition, we initiated the Sanmar Engineering Development Program, aimed at bolstering young talent and enriching our skilled workforce. This program is tailored to final-year students in Naval Architecture and Marine Engineering and Ship and Marine Technology Engineering, gearing up for their graduation. Selected graduates join a comprehensive program that moves them through different areas of our business, including production, design, and engineering giving them a hands-on experience offering significant professional growth before they advance to full-time positions in our team. We initiated this program in August 2022 and plan to continue it in the coming periods.

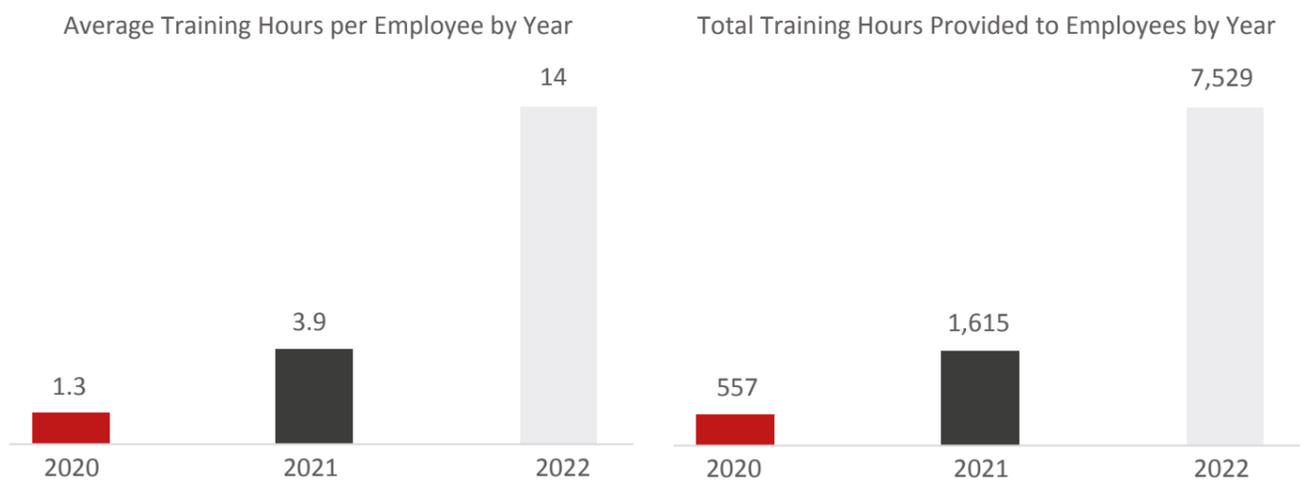
In addition to our internship program, we create scholarship opportunities for university students. These scholarships are awarded to students based on applications to the company or through referrals.

We consider the continuous support of our employees' development as one of our primary responsibilities. We offer training programs in six different categories to foster employee development. While providing basic competency training to all employees, we offer specialized training based on individual needs and positions, considering performance results and assessment center reports. We also offer additional training based on requests from employees and their managers. We have a specific procedure in place to organize all our training programs. The decision on which employees participate in what training (potential participants) is made by our team leaders and the Human Resources department.

We provide an opportunity for all our employees who express interest and are deemed by their managers to benefit from it, to enroll in an online language development program to enhance their foreign language skills. To accommodate additional training requests from our employees, we had an Education Service Agreement. This agreement allows our employees to request training to further develop their skills and knowledge. In addition, we offer financial support for employees who wish to pursue higher education, such as masters or doctoral degrees, in relevant fields. We also recognize the right to leave for employees as they start these educational programs.



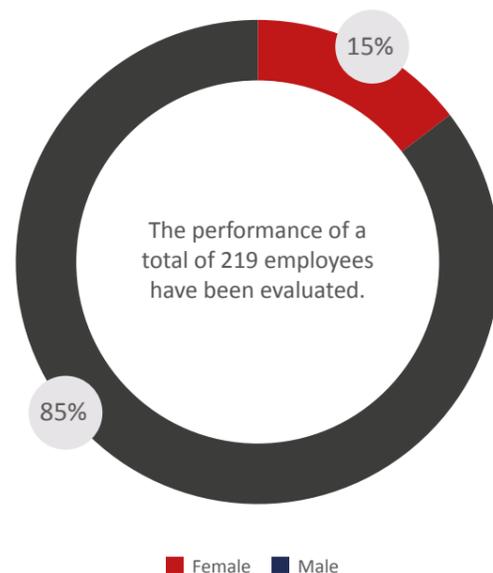
We are proud of the significant increase in the average training hours per employee resulting from these efforts. In the 2022 reporting period, the total training hours provided to our employees amounted to 7,529, with an average of 14 hours per employee.



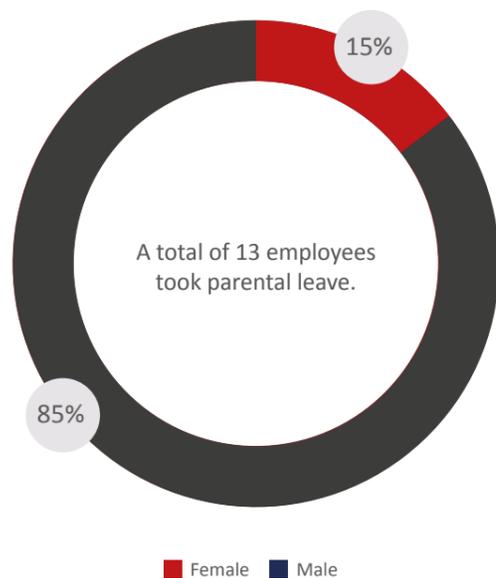
“Navigating Tomorrow, Preserving Employee Welfare and Equity.”

With our emphasis on employee training and development, we also prioritize performance management for our employees. Our goal is to provide our employees with a workplace environment where they feel respected and belong, while also ensuring that their performance throughout the year is recognized through fair evaluation systems. In this context, we conduct performance management twice a year through the "Kolay İK" (an HR platform), ensuring fairness and impartiality in the process. The evaluated and evaluating employees provide feedback to each other regarding the assessment results. Performance evaluations are conducted to assess whether behavioral, functional, and competency expectations have been met, and based on these evaluations, it is determined whether employees will receive additional rewards according to their performance outcomes.

The Percentage of Employees Subjected To Performance Evaluation (%)



Percentage of Our Employees Taking Parental Leave (%)



We prioritize our employees having a healthy work-life balance. Therefore, we aim to provide the necessary conditions to the best of our ability. We offer our employees the opportunity to work under a flexible schedule. Our flexible working model allows office employees to utilize remote work when the nature of the job and the function of the respective department permit it. Employees can benefit from the flexible working model by collaborating with their managers and fellow team members in their planning. We also care about the working conditions of our colleagues who work entirely remotely. For instance, we provide the same ergonomic conditions that are available in the office environment for a portion of our design team who follow the remote working model. We offer our employees access to amenities like a desk, chair, and internet without any cost.

We are aware of the importance of our employees utilizing their legal leaves to establish a healthy work-life balance. In this context, we have designed our leave system to provide more days than what is mandated by the Labor Law, thereby enhancing diversity. For instance, we provide extended parental leave beyond the durations stipulated by legal requirements. During the 2022 reporting period, 13 of our employees took parental leave, with the majority of them being male employees.

Key Goals:

- We aim to make sure 100% of employees receive training on employee rights and human rights.
- We aim to monitor employee satisfaction.

Equality and Diversity

At the core of our workforce is the "human". Recognizing that progress is not possible without differences, we strive to preserve the diversity and equality of our employees for a sustainable human resources model. We create an inclusive, fair, and equitable working environment to have a diverse employee portfolio.

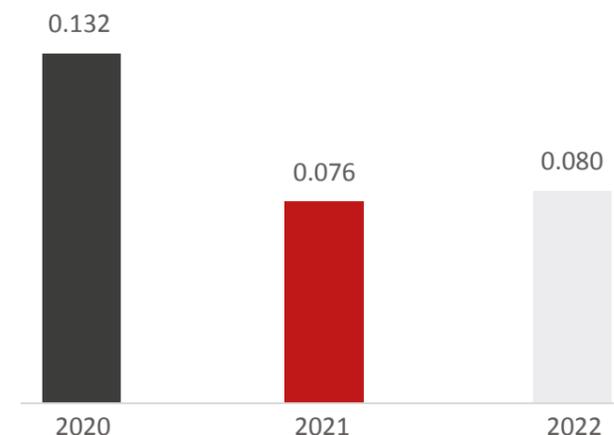
Due to the nature of our operations, we encounter specific difficulties in employing female workers, particularly with shipbuilding at our shipyards. Nevertheless, we are diligently endeavoring to enhance the representation of female employees, both within our organization and across our subcontracted workforce with a focus on prioritizing the recruitment of women in roles that align with their qualifications and expertise.

We are actively developing initiatives to increase diversity among our workforce, which currently consists of 451 white-collar employees across two different shipyards. We have an Ethics and Code of Conduct Policy that encompasses our commitment to diversity and inclusion. Our policy emphasizes no discrimination based on gender, language, religion, color, age, nationality, beliefs, or wealth, promoting equality and inclusivity. Additionally, we evaluate our candidates throughout the entire recruitment process with consideration for equal opportunities. We strive to maintain active learning among our employees by not only focusing on gender diversity but also by bringing together workers from different age brackets, bridging generational differences, and drawing on various industry experiences. Furthermore, with a priority on the inclusion of individuals with disabilities in the workforce, we are pleased to report that during our 2022 reporting period, we recruited 5 colleagues with disabilities.

In addition to these efforts, we adhere to the policy of equal pay for equal work for all our employees. In our compensation policy, we base our approach on the Hay / Korn Ferry framework. Our Human Resources team handles short-term improvements as part of their responsibilities. We occasionally take a look at how the system is working, and we do this with the help of Korn Ferry.

We lay out the criteria for career planning, promotions, and job titles in roles that hold significance, and we keep a close watch on these aspects throughout the hiring process. Our objective is to ensure that every member of our workforce has equal access to opportunities across our operational areas and throughout our value chain.

Employee Turnover Rate (%)



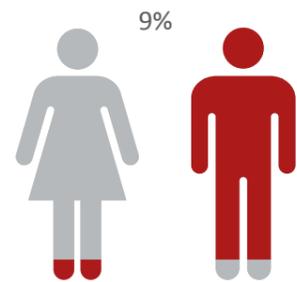
However, we are always aware that we need to provide a working environment where our employees can freely express themselves. We make it a point to let our employees know that we are open to any feedback they may have, and we emphasize that they can reach out to us anytime, from our Board of Directors to our Human Resources team.

In addition to this approach, we actively encourage our employees to participate in the performance evaluation processes, ensuring that we receive their valuable feedback. As a result of our efforts and improvements, we successfully reduced our employee turnover rate by 39% in 2022 compared to 2020.

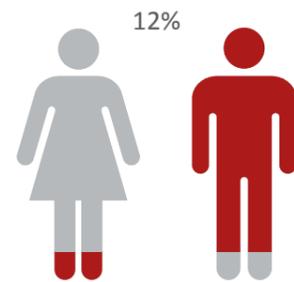
We are delighted to see the progress we have made in achieving our goal of creating a fairer, more equitable, and transparent working environment for our employees through our ongoing efforts and actions.

One of our significant objectives on this path is to increase the representation of women employees in the shipbuilding, towage, and pilotage sectors.

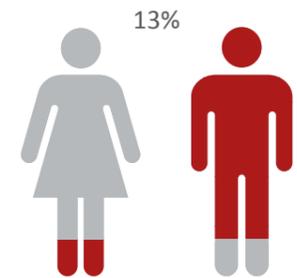
The Percentage of Women Among White-Collar Employees (%)



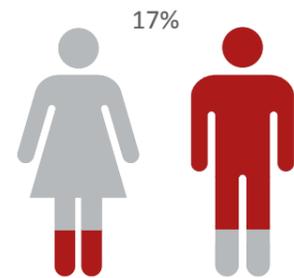
The Percentage of Women in Management Positions (%)



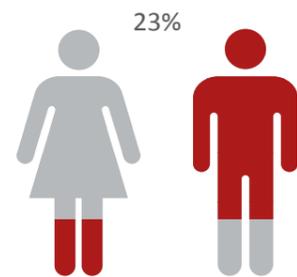
The Percentage of Female Employees Among New Hires (%)



The Percentage of Female Employees Who Left Their Jobs (%)



The Percentage of Female Employees Under the Age of 30 (%)



Human Rights

Upholding human rights is a fundamental aspect of our business operations at every level.

We engage with our employees, customers, and suppliers based on our core values and human rights principles, expecting them to reciprocate with similar respect and adherence to these rules. Our commitment to business ethics and the Code of Conduct, which includes human rights, guides our work practices. Beyond our operations, we prioritize human rights and legal compliance in our hiring and supplier selection processes.

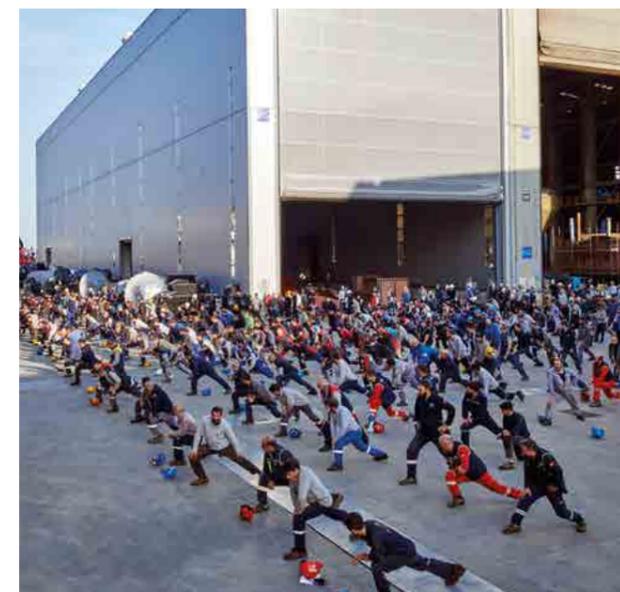
Human rights compliance is a key criterion in our supplier selection process.

We exclude suppliers that pose risks of human rights violations or fail to meet our standards. We continually monitor our suppliers for adherence to human rights and legal standards, among other factors, even after contracts are signed.

Our recruitment and supplier selection processes are conducted with a strong commitment to human rights, which extends to our current employees. Employees at Sanmar have the right to form unions. Our organization has a union, funded by us, which employees can choose to join. This arrangement enables employees to collectively protect their legal rights and enhance working conditions. Currently, 83 of our employees are union members.



We fully embrace ISO 27001 and Personal Data Protection Authority in Türkiye (PDPA) compliance standards. We are proud to announce the completion of all PDPA compliance standard requirements by 2021. We developed guidelines and procedures for the PDPA compliance process. We established access control matrices for document security and privacy in shared areas. Our most confidential documents, like contracts and tenders, are securely stored on CRM systems. To bolster information security awareness, we regularly simulate phishing and virus threats, analyzing reports from a third-party company and sharing insights with our staff. Additionally, we employ Managed Detection and Response services to strengthen our defense against advanced cyber-attacks.



Key Goals:
We aim for zero incidents of human rights violations across all our areas of operation.

Occupational Health and Safety

Occupational health and safety is our foremost priority. Emphasizing the health and safety of our employees is a fundamental aspect of our corporate ethos. This commitment is reflected in our Prioritization Matrix, where Occupational Health and Safety emerged as the top priority, as determined by both internal and external stakeholders.

With this in mind, we implement robust measures for our employees' occupational health and safety across all operational areas. We maintain two dedicated Occupational Health and Safety teams for our shipbuilding and towage, and pilotage services. For our shipbuilding operations, each shipyard is equipped with workplace physicians, medical staff, and infirmaries. For our towage and pilotage operations, we utilize workplace physician services provided by the Joint Health and Safety Unit (OSGB).

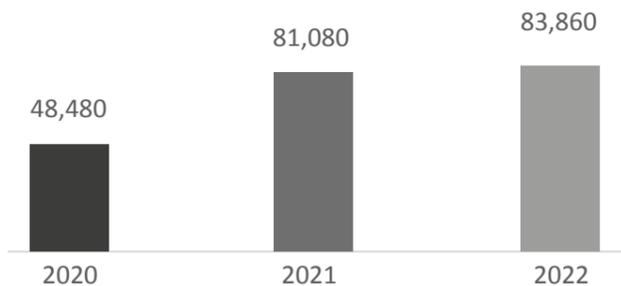
Our Occupational Health and Safety Management System, aligning with the ISO 45001 standard, is actively implemented by relevant teams across business methods, processes, and systems. At Sanmar, our guiding principle in all operations is: Minimizing OHS risks to an acceptable level; aiming to prevent work-related accidents and diseases by eliminating potential hazards at their source. To achieve this and fulfill our strategic objectives:

- We use the latest and safest occupational safety and health equipment, tools, methods, and technologies;
- Employees are empowered to halt any job posing objective environmental or personal dangers;
- We adopt a proactive stance, identifying OHS hazards and risks beforehand, and promptly taking necessary precautions;
- We commit to not just complying with the law but continuously enhancing our Occupational Health and Safety management system through regular review and goal setting;
- We provide current theoretical and practical knowledge to all employees through planned training, enhancing their competencies;
- We continuously improve our performance, with contributions from all employees and leading suppliers, striving to be a model organization in our sector.

- We are dedicated to preventing and minimizing negative impacts (risks and threats) in our activities, while proactively taking remedial actions based on potential positive impacts (opportunities).

Our operations include a Health and Safety (H&S) Risk Committee dedicated to assessing H&S risks, enabling us to proactively address these concerns. As the H&S Risk Board, committee members, including representatives from subcontractors, meet monthly to evaluate workplace accidents, near-miss incidents, field non-compliances, the reward and penalty system, and monthly H&S activities. On a monthly basis, we assess health and safety risks using the Fine Kinney method. This allows us to calculate the severity of risks, rank them accordingly, and then decide on appropriate action plans. Our proactive approach emphasizes increasing training hours to enhance awareness and prevent accidents, thereby effectively minimizing near-miss incidents.

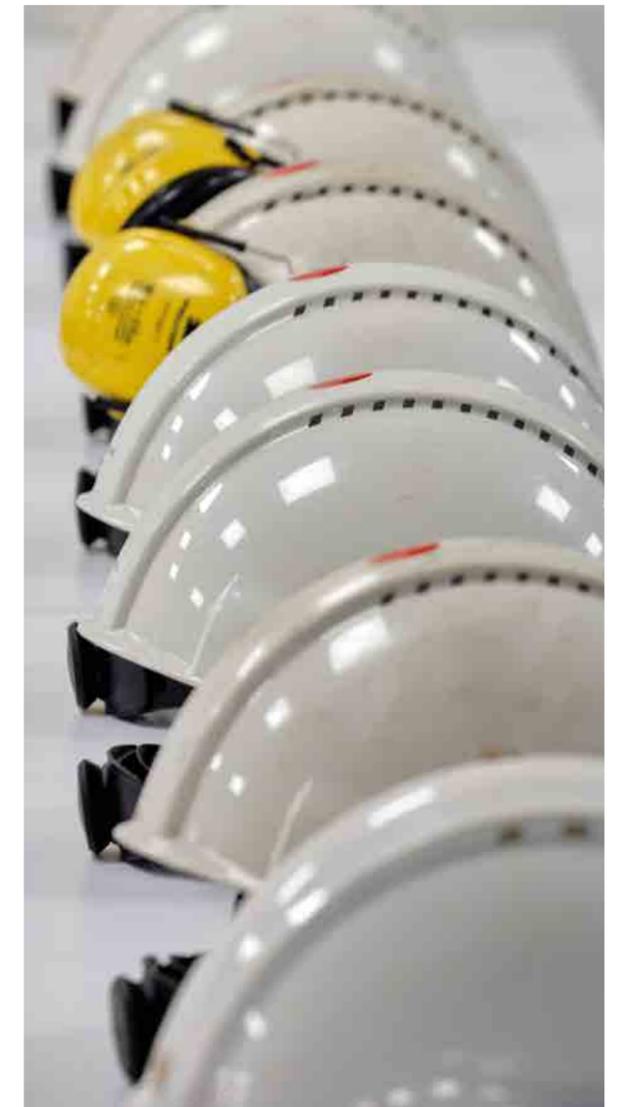
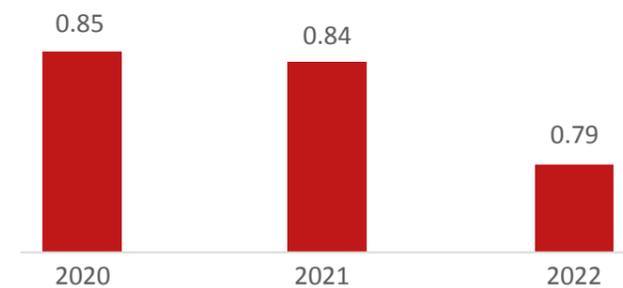
Total Hours of Health and Safety Training Provided to Employees Over the Years



Enhancing our employees' awareness of health and safety issues is of great importance to us. To achieve this:

- In the cafeterias of both our shipyards, we share informative videos and content related to health and safety to raise awareness.
- Before starting work, we conduct briefings and provide information about hazardous work aspects.
- We implement a yellow card penalty system for employees exhibiting inappropriate behavior in the field, and a green card reward system for those who report such behavior.
- We provide all visitors to our facility with a brief training session on health and safety rules and supply them with personal protective equipment.

Accident Frequency Rate Over the Years



Key Goals:

- We want to make sure the number of accidents is zero or minimal.
- With our Towage and Pilotage Service operations, our short-term goal is to achieve a maximum accident frequency rate of 1.5.
- In our areas of activity for Shipbuilding & Tug and Pilotage Services, we are aiming for zero fatalities.
- In our Shipbuilding activity area, we aim to reduce the Lost Day Rate (LDR) by 10% in the short term, in proportion to the number of personnel.
- For our Shipbuilding operations, we aim to achieve a 50% rate in Occupational Health and Safety (OHS) training in the short term.
- For our Towage and Pilotage operations, we aim to have a minimum of 12 hours of Occupational Health and Safety (OHS) training every two years per employee, specifically for those in hazardous roles, in the short term.



Social Impact

We view sustainability through a multifaceted lens. Hence, we are always mindful of the evolving and transformative nature of our social footprint.

Our sustainability efforts span a wide range, from our social impact to our stewardship of natural resources.

Through these initiatives, we strive for continuous improvement in our company’s economic performance, while also enhancing our social and environmental contributions, aligning closely with our core ethical values. Our goal is to expand our portfolio of social responsibility projects, ensuring the continuation and growth of our existing endeavors.



We engage in various activities aimed at raising social awareness and highlighting critical issues. On International Women’s Day, March 8th, we demonstrated our appreciation for our female employees with carefully selected gift certificates, a gesture underscoring their invaluable contribution to our organization.



In celebration of April 23rd National Sovereignty and Children’s Day, we dispatched gift vouchers to all our employees, enabling them to buy books for their children aged 0-14, as a gesture of our commitment to education and family values.



Key Goals:

We aim for a continuation of social responsibility projects.



Driven by our belief in the unifying power of sports, we proudly serve as the principal sponsor of the Turkish Rowing Federation, supporting Turkish rowing sport in achieving greater prominence on the world stage. We are proud to be part of the Fenerbahçe Women’s Volleyball team’s success story, sponsoring the back of their jerseys. We were excited to sponsor Birgül Erken’s Guinness world record bid for the longest underwater distance swum with fins under ice.



Committed to environmental sustainability, we donate three saplings through the Tema Foundation for every newborn of our employees, and one sapling for each job interviewee.



Believing that education is foundational to any society, we donate to TEGV to fund the education of 3 students, in memory of each employee’s deceased first-degree relative.

We offered both material and moral support to the Sanmar Shipyards Mind and Intelligence Games Workshop at Ahmetli Yahşi Bey Primary School in Şile.

We rewarded TRY 3,000 to each of our five students who triumphed at the Doğançay Museum Istanbul Secondary Schools Painting Competition.

We proudly supported the construction of the Edirne Gökçen Seven Kızılay Kindergarten, in collaboration with the Red Crescent.

Our contributions also extend to the development of the Muğla Kindergarten project.

“Navigating Tomorrow, Preserving Social Values by Caring Our Social Responsibilities.”

Customer Satisfaction

Our commitment to customer satisfaction has been pivotal in establishing our leadership in the industry, enabling us to expand our global network continually since our inception, leading to exports to over 40 countries and operations across six ports. We are convinced that the cornerstone of sustaining customer satisfaction and forging enduring partnerships lies in consistently prioritizing quality at every stage of our operations.

Our success hinges not only on the robust relationships we have built with our existing customers but also on our ability to understand and cater to the needs of new customers, always maintaining the highest standards of service quality. We maintain active business engagements with customers from 40 different countries, reflecting our broad and diverse market reach.

Our portfolio features a wide array of high-quality products, meticulously designed to meet the operational requirements of our customers. To address these needs effectively, our shipbuilding designs are rooted in innovation, integrating the latest technologies to stay at the forefront of the industry. We prioritize consistent communication and collaboration with our customers throughout the product development process, ensuring their needs are met at every stage.

Beyond meeting customer needs and building robust relationships, we place immense importance on protecting their privacy. To safeguard customer privacy, we implemented strict access control matrices in shared spaces and diligently manage sensitive information. Additionally, we securely archive all confidential documents and customer information in our CRM system, ensuring data integrity and privacy. By adopting these measures, we foster a sense of trust and reliability among our customers, which is integral to our business ethos.

Our commitment to sustainability is at the forefront of our industry practices, as we uphold the highest environmental standards in our shipyard operations. In line with this commitment, we respond to the evolving needs and standards of our customers by manufacturing resource-efficient tugboats. Alongside prioritizing customer satisfaction in our shipbuilding activities, we also offer comprehensive after-sales services to provide long-term support to our customers.



Key Goals:

- We aim to add a “Percentage of Customers Recommending Our Services” query to our customer satisfaction survey.
- We aim to increase the proportion of customers who participate in the satisfaction survey.



Appendix

List of Association and Initiative Memberships

| Sanmar Shipyards Memberships | | | |
|------------------------------|---|---|--------------------------------------|
| 1 | Gisbir - Turkish Shipbuilding Manufacturers Association | 5 | Turmepa - Deniz Temiz Association |
| 2 | DTO - İMEAK Chamber of Shipping | 6 | Yater - Yalova Shipyards Association |
| 3 | GYHİB - Ship Yacht and Service Exporters Association | 7 | BTA - British Tugowners Association |
| 4 | ETA - European Tugowners Association | 8 | MBF - Maritime Battery Forum |

Awards

| Sanmar Shipyards Awards 2022 |
|--|
| 2nd Turkish Maritime Summit - Shipyard Award for Building the Most Environmentally Friendly Ship |

Social Performance Indicators ¹

| Talent development | Unit | 2020 | 2021 | 2022 |
|---|------|------|------|------|
| Number of employees subject to performance evaluation | # | 194 | 203 | 219 |
| Female | # | 20 | 31 | 32 |
| Male | # | 174 | 172 | 187 |

| Employee training | Unit | 2020 | 2021 | 2022 |
|--|-------------|------|-------|-------|
| Average training hours per employee | hours | 1.30 | 3.90 | 14.00 |
| Female | hours | 0.33 | 0.89 | 13.21 |
| Male | hours | 0.97 | 2.96 | 0.8 |
| Total hours of training given to employees | person*hour | 557 | 1,615 | 7,529 |
| Female | person*hour | 142 | 373 | 1,743 |
| Male | person*hour | 415 | 1,242 | 5,786 |

| Maternity leave | Unit | 2020 | 2021 | 2022 |
|--|------|------|------|------|
| Number of employees taking maternity leave | # | 21 | 19 | 13 |
| Female | # | 1 | 0 | 2 |
| Male | # | 20 | 19 | 11 |
| Number of employees returning to work after parental leave | # | 21 | 19 | 13 |
| Female | # | 1 | 0 | 2 |
| Male | # | 20 | 19 | 11 |

¹ Unless otherwise indicated, the relevant data for social performance indicators have been consolidated and calculated for the activity areas of Shipbuilding, Tug Boating, and Pilotage Services.

Social Performance Indicators

| Gender diversity | Unit | 2020 | 2021 | 2022 |
|---|------|------|------|------|
| Percentage of female employees in the total workforce | % | 6% | 8% | 9% |
| Percentage of women in all management positions, including middle and senior management | % | 3% | 3% | 5% |
| Percentage of female employees among managers | % | 0% | 14% | 12% |

| Age diversity | Unit | 2020 | 2021 | 2022 |
|---|------|------|------|------|
| Percentage of employees under the age of 30 in management positions and higher levels | % | 0% | 0% | 5% |

| OHS training | Unit | Ship Building | | | Towage and Pilotage | | |
|--|-------------|---------------|--------|--------|---------------------|-------|------------------|
| | | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Total Hours of OHS Training Provided to Employees Over the Years | person*hour | 48,480 | 81,080 | 83,860 | 2,864 | 3,294 | 282 ² |
| Average OHS Training Hours per Employee | Hours | 20 | 20 | 20 | 16 | 16 | 1 |
| Number of days lost due to accidents | Days | 202 | 210 | 334 | 84 | 0 | 0 |
| Number of accidents | # | 4 | 4 | 4 | 2 | 0 | 0 |
| Sanmar Shipyards Employees | # | 0 | 0 | 2 | 2 | 0 | 0 |
| Contractors | # | 4 | 4 | 2 | - | 0 | 0 |
| Number of fatal incidents | # | 0 | 0 | 0 | 0 | 0 | 0 |
| Sanmar Shipyards Employees | # | 0 | 0 | 0 | 0 | 0 | 0 |
| Contractors | # | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of occupational diseases | # | 0 | 0 | 0 | 0 | 0 | 0 |
| Sanmar Shipyards Employees | # | 0 | 0 | 0 | 0 | 0 | 0 |
| Contractors | # | 0 | 0 | 0 | 0 | 0 | 0 |
| Accident frequency rate (IR) | % | 0.85 | 0.84 | 0.79 | 0.44 | 0 | 0 |
| Fatal accidents ratio | % | 0 | 0 | 0 | 0 | 0 | 0 |
| Occupational Diseases Ratio | % | 0 | 0 | 0 | 0 | 0 | 0 |
| Lost day rate (LDR) | % | 43 | 44 | 66 | 18 | 0 | 0 |

² Due to Occupational Health and Safety (OHS) training being conducted biennially as per legal regulations, the person-hour values for 2022 are lower. Beyond the legally mandated training, we also organize on-the-job meeting training and post-work accident training.

Social Performance Indicators

| Suppliers | Unit | 2020 | 2021 | 2022 |
|--|----------|------------|------------|------------|
| Total number of suppliers | # | 777 | 816 | 913 |
| Total number of local suppliers | # | 687 | 723 | 802 |
| Total number of foreign / Global suppliers | # | 90 | 93 | 111 |
| Total number of new suppliers | # | 0 | 40 | 97 |
| Local supplier percentage | % | 88% | 89% | 88% |
| Number of suppliers evaluated for their environmental and social impacts | % | 54 | 64 | 50 |
| Percentage of suppliers evaluated for their environmental and social impacts | % | 7% | 8% | 5% |

| Customers | Unit | 2020 | 2021 | 2022 |
|----------------------------------|----------|-----------|-----------|-----------|
| Total number of customers | # | 18 | 13 | 17 |
| Number of foreign customers | # | 13 | 11 | 12 |
| Number of local customers | # | 5 | 2 | 5 |

Environmental Performance Indicators

| | Unit | Ship Building | | | Towage and Pilotage Service | | |
|----------------------|-----------|---------------|-------|-------|-----------------------------|-------|-------|
| | | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Amount of production | gross ton | 6,758 | 6,600 | 8,138 | 5,483 | 5,483 | 5,251 |

| Energy consumption | Unit | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
|---|----------------|------------------|-----------------|------------------|----------------------|----------------------|------------------|
| Electricity | kWh | 3,704,750 | 3,367,95 | 3,723,737 | 440,890 ³ | 440,890 ⁴ | 427,297 |
| Electricity per product | kWh/gross ton | 548.20 | 510.30 | 457.57 | 80.41 | 80.41 | 81.37 |
| Natural gas | kWh | 130,240 | 144,763 | 123,467 | - | - | - |
| Natural gas per product | kWh/gross ton | 19.27 | 21.93 | 15.17 | - | - | - |
| MDO (Marine Diesel Oil) | kWh | 2,523,710 | 3,930,940 | 3,337,810 | 32,482,590 | 32,284,880 | 41,868,000 |
| MDO per product | kWh/gross ton | 373.44 | 595.60 | 410.15 | 5,924.24 | 5,888.18 | 7,973.34 |
| Diesel (Forklift + Tractor + Generator + Heating) | kWh | - | - | 523,350 | - | - | - |
| Diesel per product (Forklift + Tractor + Generator + Heating) | kWh/gross ton | - | - | 64.31 | - | - | - |
| LPG/LNG/CNG | kWh | 332 | 291 | 345 | - | - | - |
| LPG/LNG/CNG per product | kWh/gross ton | 0.05 | 0.04 | 0.04 | - | - | - |
| Total energy consumption | kWh | 6,359,033 | 7,443.94 | 7,708,709 | 32,923.48 | 32,725.77 | 42,295.29 |
| Total energy consumption per product | kWh/ton | 941 | 1,128 | 947 | 6,005 | 5,969 | 8,055 |

| Energy consumption | Unit | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
|--|----------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Direct energy consumption | MWh | 2,654 | 4,076 | 3,985 | 32,483 | 32,285 | 41,868 |
| Indirect energy consumption | MWh | 3,705 | 3,368 | 3,724 | 441 | 441 | 427 |
| Total energy consumption | MWh | 6,359 | 7,444 | 7,709 | 32,923 | 32,726 | 42,295 |
| Energy consumption per product (energy consumption per ton) | MWh/gross ton | 0.94 | 1.13 | 0.95 | 6.00 | 5.97 | 8.05 |

| Energy-saving | Unit | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
|--|-------------------|------|------|-------------|------------|------------|------------|
| Energy savings achieved as a result of improvements | kWh | - | - | 1,840 | 288,033 | 249,196 | 374,727 |
| Cost savings resulting from Improvements | | - | - | TRY 180,000 | USD 26,396 | USD 22,837 | USD 36,656 |
| Energy savings resulting from improvements per product | kWh/gross product | - | - | 0.23 | 52.5 | 45.4 | 71.4 |

³ Calculation based on assumption.

⁴ Calculation based on assumption.

Environmental Performance Indicators

| Emissions | Unit | Ship Building | | | Towage and Pilotage Service | | |
|-----------------------------------|--------------------------------|---------------|------|-------|-----------------------------|------------------|--------|
| | | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Scope 1 Emissions ⁵ | tCO ₂ e | - | - | 3,996 | 8,896 | 8,841 | 8,397 |
| Scope 2 Emissions | tCO ₂ e | - | - | 1,638 | 188 ⁶ | 188 ⁷ | 188 |
| Scope 3 Emissions ⁸ | tCO ₂ e | - | - | 4,453 | - | - | 23,736 |
| Greenhouse Gas Emission Intensity | tCO ₂ e / gross ton | - | - | 0.69 | 1.66 | 1.65 | 1.64 |

| Water consumption | Unit | Ship Building | | | Towage and Pilotage Service | | |
|-------------------------------|---------------------------|---------------|--------|--------|-----------------------------|-------|-------|
| | | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Mains water consumption | m ³ | 18,646 | 16,951 | 20,696 | 1,387 | 1,387 | 1,387 |
| Total fresh water consumption | m ³ | 18,646 | 16,951 | 20,696 | 1,387 | 1,387 | 1,387 |
| Water consumption per product | m ³ /gross ton | 2.76 | 2.57 | 2.54 | 0.25 | 0.25 | 0.26 |

| Waste consumption | Unit | Ship Building | | |
|--|---------------|---------------|-------|--------|
| | | 2020 | 2021 | 2022 |
| Raw material | ton | 6,758 | 6,600 | 8,138 |
| Raw material per product | ton/gross ton | 1.00 | 1.00 | 1.00 |
| Auxiliary materials | ton | 1,650 | 1,500 | 2,550 |
| Auxiliary materials per product | ton/gross ton | 0.24 | 0.23 | 0.31 |
| Total material usage | ton | 8,408 | 8,100 | 10,688 |
| Total material usage per product | ton/gross ton | 1.24 | 1.23 | 1.31 |
| Percentage of suppliers evaluated for their environmental and social impacts | % | 7% | 8% | 5% |

⁵ In the published report of Sanmar Shipyards 14064, the Scope 1 emission value was reported as 12,403 tons of CO₂e. This is attributed to the timing shift in the natural gas billing period. The reasons for the discrepancy will be explained and rectified in the report that is to be prepared

⁶ Calculation based on assumption

⁷ Calculation based on assumption

⁸ The Scope 3 calculation was conducted solely for the 2022 period.

GRI Content Index



2024

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with 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: | Sanmar Shipyards has reported in accordance with the GRI Standards for the period 1 January 2022 and 31 December 2022. |
| GRI 1 use: | GRI 1: Foundation 2021 |
| Applicable GRI Industry Standard(s): | - |

| GRI standard | Disclosure | Location of statement |
|--|--|--|
| GRI 2: General disclosures 2021 | 2-1 Organizational details | About the Report, page 07 |
| | 2-2 Entities included in the organization's sustainability reporting | About the Report, page 07 |
| | 2-3 Reporting period, frequency and contact point | About the Report, page 07 |
| | 2-4 Restatements of information | As the Sanmar Shipyards Sustainability Report was published for the first time in 2022, there are no data revisions compared to previous reports. |
| | 2-5 External assurance | Sanmar Shipyards did not engage external assurance services for its 2022 Sustainability Report |
| | 2-6 Activities, value chain and other business relationships | Sanmar Shipyards at a Glance page 13; Value Chain, page 24; Organizational Structure, page 16; Products and Services, page 16 |
| | 2-7 Employees | Managing Our Social Impact, page 87; Employee Development, page 88 |
| | 2-8 Workers who are not employees | Equality and Diversity, page 91 |
| | 2-9 Governance structure and composition | Corporate Governance, page 57 |
| | 2-10 Nomination and selection of the highest governance body | Corporate Governance, page 57 |
| | 2-11 Chair of the highest governance body | Corporate Governance, page 57 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Corporate Governance, page 57 |
| | 2-13 Delegation of responsibility for managing impacts | Corporate Governance, page 57 |
| | 2-14 Role of the highest governance body in sustainability reporting | Sustainability Approach, page 37; Sustainability Governance, page 40 |
| | 2-15 Conflicts of interest | Corporate Governance, page 57 |
| | 2-16 Communication of critical concerns | Corporate Governance, page 57 |
| | 2-17 Collective knowledge of the highest governance body | Corporate Governance, page 57 |
| | 2-18 Evaluation of the performance of the highest governance body | Managing Our Social Impact, page 87; Employee Development, page 88 |
| | 2-19 Remuneration policies | Managing Our Social Impact, page 87; Employee Development, page 88 |
| | 2-20 Process to determine remuneration | Managing Our Social Impact, page 87; Employee Development, page 88 |
| | 2-21 Annual total compensation ratio | This information is not disclosed due to confidentiality constraints. Since the company is not public interested entity, the company is not required to share its financial information. |
| | 2-22 Statement on sustainable development strategy | Sustainability Approach, page 37 |
| | 2-23 Policy commitments | Corporate Governance, page 57; Ethics Management, page 60; Risk and Compliance Management, page 60 |
| | 2-24 Embedding policy commitments | Corporate Governance, page 57, Ethics Management, page 60, Risk and Compliance Management, page 60 |

GRI Content Index

| GRI standard | Disclosure | Location of statement |
|--|--|---|
| GRI 2: General disclosures 2021 | 2-25 Processes to remediate negative impacts | Corporate Governance, page 60; Ethics Management, page 60 |
| | 2-26 Mechanisms for seeking advice and raising concerns | Corporate Governance, page 60; Ethics Management, page 60 |
| | 2-27 Compliance with laws and regulations | Corporate Governance page 60; Ethics Management, page 60; Risk and Compliance Management, page 60 |
| | 2-28 Membership associations | List of Association and Enterprise Memberships, page 102 |
| | 2-29 Approach to stakeholder engagement | Sustainability Approach, page 37; Stakeholder Communication, page 46 |
| | 2-30 Collective bargaining agreements | Human Rights, page 93 |
| Material topics | | |
| GRI 3: Material topics 2021 | 3-1 Process to determine material topics | Sustainability Approach, page 37; Materiality Analysis, page 41-43 |
| | 3-2 List of material topics | Sustainability Approach, page 37; Materiality Analysis, page 41-43 |
| | 3-3 Management of material topics | Sustainability Approach, page 37; Materiality Analysis, page 41-43 |
| Ethics management | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43, Ethics Management, page 60 |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | Ethics Management, page 60; Risk and Compliance Management, page 60; Human Rights, page 93 |
| | 205-2 Communication and training about anti-corruption policies and procedures | Ethics Management, page 60; Risk and Compliance Management, page 60; Human Rights, page 93 |
| Environmental protection and environmental management | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43; Energy Management, page 76 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Reducing Our Environmental Footprint, page 71; Energy Management, page 76 |
| | 302-2 Energy consumption outside of the organization | Reducing Our Environmental Footprint, page 71; Energy Management, page 76 |
| | 302-3 Energy intensity | Reducing Our Environmental Footprint, page 71; Energy Management, page 76 |
| | 302-4 Reduction of energy consumption | Reducing Our Environmental Footprint, page 71; Energy Management, page 76 |
| | 302-5 Reductions in energy requirements of products and services | Reducing Our Environmental Footprint, page 71; Energy Management, page 76 |
| GRI 305 Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Reducing Our Environmental Footprint, page 71; Carbon Footprint, page 74 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Reducing Our Environmental Footprint, page 71; Carbon Footprint, page 74 |
| | 305-4 GHG emissions intensity | Reducing Our Environmental Footprint, page 71; Carbon Footprint, page 74 |
| | 305-5 Reduction of GHG emissions | Reducing Our Environmental Footprint, page 71; Carbon Footprint, page 74 |

GRI Content Index

| GRI standard | Disclosure | Location of statement |
|---|---|---|
| Material recycling | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43; Material Recycling, page 78 |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | Reducing Our Environmental Footprint, page 71; Material Recycling, page 78 |
| Carbon footprint | | |
| GRI 3:Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43; Carbon Footprint, page 74-76 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Carbon Footprint, page 74-76 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Carbon Footprint, page 74-76 |
| | 305-4 GHG emissions intensity | Carbon Footprint, page 74-76 |
| | 305-5 Reduction of GHG emissions | Carbon Footprint, page 74-76 |
| Waste management | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43; Waste Management, page 79 |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Waste Management, page 79 |
| | 306-2 Management of significant waste-related impacts | Waste Management, page 79 |
| | 306-3 Waste generated | Waste Management, page 79 |
| | 306-4 Waste diverted from disposal | Waste Management, page 79 |
| | 306-5 Waste directed to disposal | Waste Management, page 79 |
| Employee development | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43; Managing Our Social Impact page 87; Employee Development, page 88 |
| GRI 401 Employment 2016 | 401-1 New employee hires and employee turnover | Managing Our Social Impact page 87; Employee Development, page 88 |
| GRI 404: Training and education 2016 | 404-1 Average hours of training per year per employee | Managing Our Social Impact page 87; Employee Development, page 88 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Managing Our Social Impact page 87; Employee Development, page 88 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Managing Our Social Impact page 87; Employee Development, page 88 |
| Occupational health and safety | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43 |
| GRI 403: Occupational health and safety 2018 | 403-1 Occupational health and safety management system | Occupational Health and Safety, page 94 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Social Performance Indicators, page 102 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Social Performance Indicators, page 102 |
| | 403-5 Worker training on occupational health and safety | Occupational Health and Safety, page 94 |
| | 403-6 Promotion of worker health | Occupational Health and Safety, page 94 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Occupational Health and Safety, page 94 |
| | 403-8 Workers covered by an occupational health and safety management system | Occupational Health and Safety, page 94 |
| | 403-9 Work-related injuries | Occupational Health and Safety, page 94 |

GRI Content Index

| GRI standard | Disclosure | Location of statement |
|--|--|---|
| Social impact | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43; Social Impact, page 96 |
| GRI 413: Local communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | Social Impact, page 96 |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | Social Impact, page 96 |
| Customer satisfaction | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43; Customer satisfaction, page 98 |
| Risk management | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43; Risk and Compliance Management, page 60 |
| Innovation | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | Materiality Analysis, page 41-43; Innovation, page 64 |



Imprint

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Unless otherwise specified, in this report, the terms “Sanmar Shipyards”, “Sanmar”, “the Company”, “we”, and

“our” refer to Sanmar Denizcilik Makina ve Ticaret A.Ş.



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