SANMAR
SHIPYARDS

2023

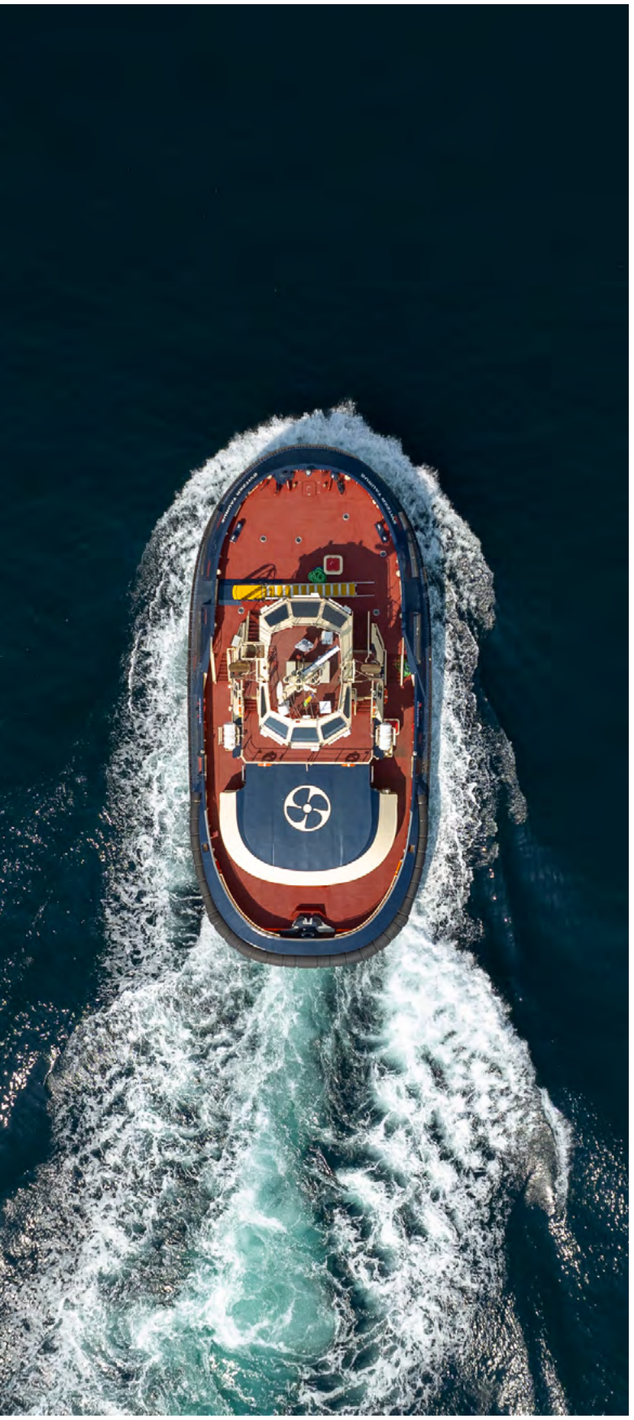
SUSTAINABILITY REPORT

SANMAR
SHIPYARDS

“Navigating Tomorrow,
Preserving Today.”

01

About the Report



About the Report

Purpose

As a pioneering figure in the industry, we are dedicated to building a sustainable future. Our focus is on enhancing the safety of ports, supporting the sustainability of the global economy, and prioritizing environmental responsibility. In 2023, we continued our efforts in these areas, pushing the boundaries of excellence in production while remaining committed to making a positive impact on our environment. With this 2023 Sustainability Report, we share these efforts with you, our valued stakeholders. The primary purpose of this report is to provide stakeholders with comprehensive information about our sustainability journey and establish transparent communication to evaluate the ESG impact of our activities.

Through this report, we provide detailed insights into our sustainability strategy, priorities, performance, goals, and how we have integrated this journey into our corporate culture. Along with our sustainability approach for the 2023 fiscal year, we also present our economic, environmental, and social performance to our valued stakeholders.

Unless otherwise stated, the terms “Sanmar Shipyards” and “Sanmar” throughout the report refer to Sanmar Denizcilik Makina ve Ticaret A.Ş.

Scope

This report covers the fiscal year from January 1, 2023, to December 31, 2023, and includes both financial and non-financial data related to Sanmar's core activities, including shipbuilding, towage, and pilotage services. Unless otherwise specified, all financial and non-financial data presented in this report reflect the total data from Sanmar’s production and operations.

Principles and Standards

Prepared with great care, this report adheres to the GRI (Global Reporting Initiative) Standards for the fiscal year covering January 1, 2023, to December 31, 2023. Detailed information on the GRI Content Index Tables can be found in the "**Appendix**" section. In identifying strategic sustainability topics, we carefully considered the GRI principles of materiality, stakeholder engagement, sustainability context, and completeness. These principles have served as the foundation for defining the most effective and applicable sustainability roadmap for our organization. Through our specific goals in key areas, we actively contribute to 11 of the United Nations Sustainable Development Goals (SDGs).

By addressing these critical areas, we demonstrate our commitment to creating a positive impact on various global sustainability issues as outlined by the United Nations. Additionally, in the "**Appendix**" section, you can find our performance indicators for the past three years, covering the two previous periods.

Having released our second Sustainability Report, we plan to continue publishing it annually. We are committed to regularly monitoring the progress of the goals outlined in the report and keeping you, our valued stakeholders, informed. Our goal is to make the report accessible to all stakeholders and to collaborate with them, using their valuable feedback as we progress together.

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

External Stakeholders' Groups

- Supplier
- Advisor
- Civil Society Organizations
- Customers
- Other (Agencies, business partners, etc.)
- Government Agencies
- Universities
- Financial Institutions
- National - International organizations

Internal Stakeholders' Groups

- Employees
- Senior Management

Related Themes

- Environment
- Social
- Governance
- Goal
- Highlights

Joint Message from the Board of Directors

Dear Valued Stakeholders,

The year 2023 will be remembered as a time of great hardship and sorrow for our country. The earthquakes on 6th of February, which deeply affected 11 of our provinces, were among the most severe natural disasters our nation has faced. This catastrophe left lasting scars on our lives. We extend our heartfelt condolences to the families and our nation. In these difficult times, as Sanmar, we acted promptly by setting up soup kitchens and distributing food, clothing, beds, bunk beds, blankets, kitchen supplies, portable toilets, containers, cleaning materials, and personal hygiene products. We identified and supported the needs of our employees affected by the earthquake, providing both financial and emotional aid. Throughout these challenging days, we remained committed to our work with a strong belief in the power of solidarity and compassion.

This challenging experience once again reminded us of the importance of solidarity and unity. However, alongside these difficult days, 2023 was also marked by our resilience and continued achievements. Last year, we were proud to release our industry's first GRI-approved Sustainability Report. This year, we have continued our sustainability efforts with the same dedication.

As the term "sustainability" gaining increasing importance in our industry, as Sanmar, we have reinforced our leadership in the field of eco-friendly and innovative tugboats. In 2023, 20% of our production consisted of electric tugboats, maintaining our global leadership in this area. This step marked a significant milestone in our environmentally friendly production strategies. Additionally, we made a direct contribution to sustainability in port operations by adding our first electric tugboat to our own fleet. Also, in 2023, we signed a contract to produce the world's first methanol-powered tugboats, taking a major step toward expanding our innovation and environment-focused product portfolio.

These initiatives are tangible examples of our commitment to future strategies and leading the transformation of the industry.

In 2023, our strategy focused on digitalization and the production of electric tugboats. Under the leadership of the IT and Digitalization Committee we established, we invested more on our digitalization projects. However, this year we also faced significant challenges such as economic fluctuations, high inflation, a decrease in the workforce due to retirement regulation, rising energy prices, fluctuations in the Euro exchange rate, and cost increases in strategic equipment. Additionally, geopolitical uncertainties caused by two ongoing wars and Türkiye's rising CDS (Credit Default SWAP) premium restricted access to financing due to difficulties in obtaining letters of guarantee. All these factors, combined with the loss of morale caused by the earthquake and decreased productivity in the workforce, led us into a challenging year.

These challenges once again reminded us of the critical importance of the ESG approach and sustainable business strategies. As Sanmar, due to the capacity of our shipyards and the high-tech, eco-friendly products we produce, we managed to navigate this challenging year and achieved satisfactory results. During this time, our Risk and Compliance Committee provided us with support and valuable guidance. Through the Committee's coordinated and effective work with all departments, we are managing our financial, operational, strategic, and compliance risks effectively and seizing opportunities. In 2024, our primary focus areas will be enhancing efficiency and productivity.

We extend our gratitude to all our employees and valued stakeholders who have been with us on this journey. By placing technology and people at the core of our sustainability strategies, we will continue to move forward toward the future with confidence.

Sincerely,

Sanmar Board of Directors

2023 Highlights

Environment

We supplied the electricity used in our shipyards from **100%** renewable energy sources.

We became the **shipyard that produces the most electric tugboats in the world.**

We decreased our natural gas usage per product by **76%** compared to the previous year.

We received the **award for building the most environmentally friendly ship.**

By optimizing the energy consumed in our production processes, we achieved an energy saving of **14,744 kWh** and a cost saving of **2.4 million TL.**

Through the Sanmar-Turmepa collaboration, we collected waste from **290** vessels in 2023, totaling **120,000** units. This effort contributed to keeping **1 million liters** of seawater clean.

Social

We increased the total number of female employees by **13%** compared to **2021.**

From **2022** to **2023**, we increased the percentage of female employees hired from **13.2%** to **16.1%.**

In **2023**, there were zero work accidents in our **Towage and Pilotage Services.**

We started working this year to receive the **Great Place to Work Certification.**

Governance

We established the **Sanmar Ethics Hotline.**

We established **Risk and Compliance Committee.**

We invested in a **solar energy solutions (SES)** to be installed on the roof of our Altınova shipyard.

We established **Sustainability Committee.**

Our local supplier ratio was recorded at **87%.**

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Sanmar Shipyards at a Glance

About Sanmar

Founded in 1976 by Orhan Gürün and Gökçen Seven in Istanbul, we built our company on the principles of quality, innovation, and continuous improvement, which have driven our progress from day one. Starting as tugboat operators, we expanded into tugboat manufacturing, leading to the successes we have today. Throughout this journey, we integrated sustainability into our operations and became a leader in this area within the industry. This is why we've added a focus on "**a more sustainable future**" to our mission of leading change and innovation, which remains central to our approach in the eyes of all our stakeholders.

In 1990, we built our first tugboat. Technology, innovation, and high quality have always been at the core of our priorities. The true driving force behind this journey has been our employees, who started as a small team when the company was founded. Today, with over 450 employees, we have grown into a brand that proudly represents our country globally. Throughout our journey, we have pioneered many industry firsts, delivering over 300 tugboats to more than 40 countries across 6 continents. With our state-of-the-art facilities in Tuzla and Altınova, we continue to lead innovation in the maritime sector, and we are confident that the culture we have built will thrive for many years to come.

Vision

To be the leading brand that shapes the future of world maritime industry with its trust-inspiring, innovative, and technological solutions for generations to come.

Mission

We develop high quality, safe and reliable engineering products and maritime services that exceed customer expectations, with our people-oriented, environmentally friendly, and innovative approach supported by our experienced team.

Core Values

Aware & Sensetive
We value nature, people, craftsmanship and safety.

Embracing
We value everyone's differences, offer equal and fair opportunities, and encourage people to take part in the solution.

Sincere
We are committed to adhering to ethical principles and being trustworthy through clear and transparent communication.

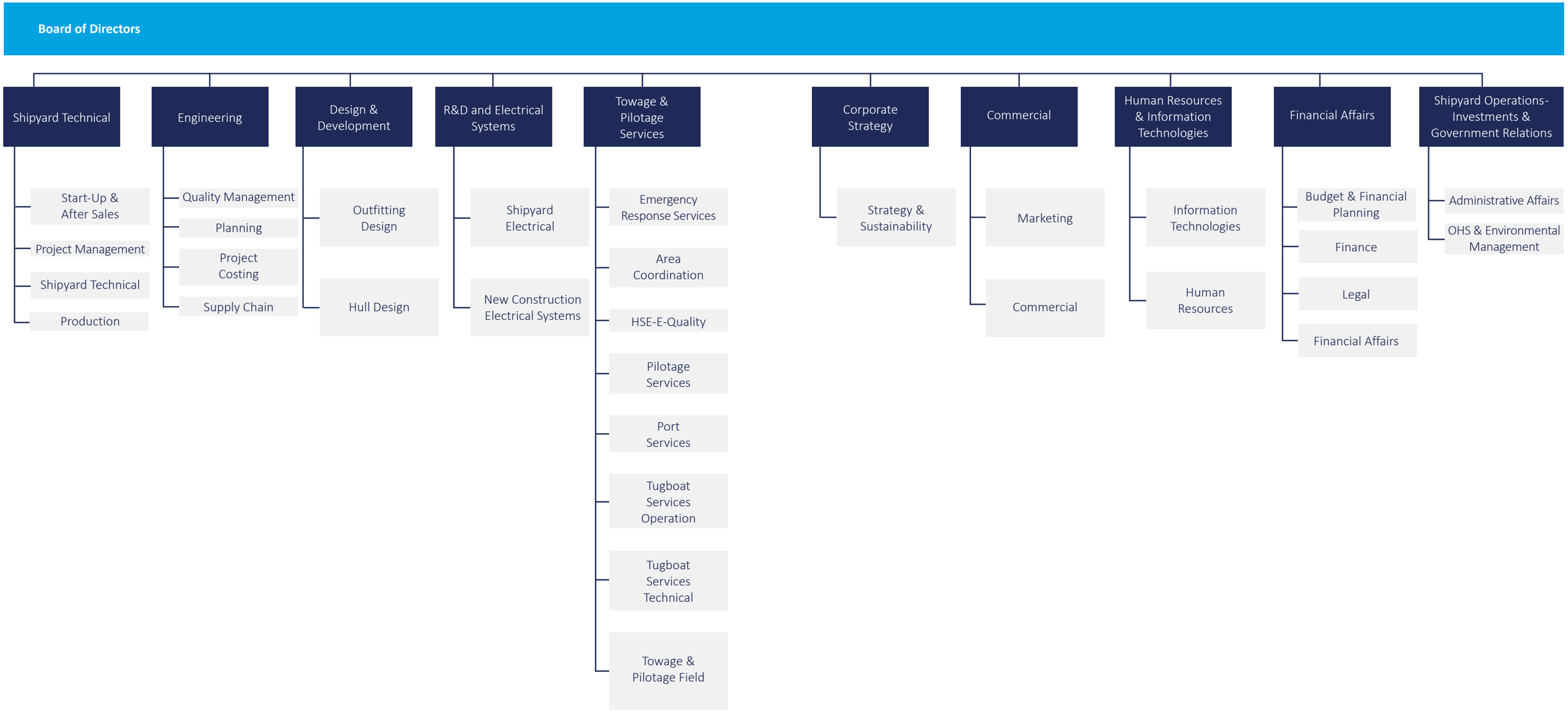
Innovative & Entrepreneurial
We have the technological vision, pioneering expert staff and motivation to implement what has not been done before.

Continuous Learners
We are curious, adaptive, and steering trends.

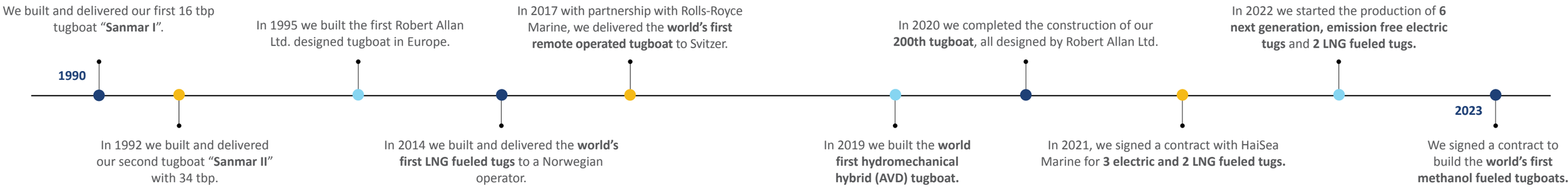
Passionate & Caring
We take ownership of our work, act meticulously and foresightedly, and work courageously for the best.

Customer Centric
We aim for technical expertise and excellence in all that we do to understand and manage customer expectations.

Organizational Structure



Products, Services and Quality



Product Portfolio

For nearly fifty years, we have been manufacturing tugboats and providing services to both domestic and international customers. Today, our tugboats are operating across six continents. Furthermore, this year, we exported to nine different countries and increased our production volume by 25% compared to last year.

Our company offers a diverse range of tugboats, including:

- Conventional tugboats
- ASD tugboats
- Tractor tugboats
- Alternative fuel-powered tugboats (LNG-powered, methanol-powered)
- Electric tugboats

In 2023, we delivered a total of 30 tugboats, including 25 new builds and 5 second-hand vessels from our fleet. In addition to operating our Tuzla, OSB, and Altınova shipyards, we began investments for our fourth shipyard to align with our business strategy, increase efficiency, and accelerate our sustainability efforts.

In 2023, our fleet, consisting of 32 vessels, operated in five ports along the Turkish coast (Antalya, Izmit, Nemrut, Petkim, and Samsun).

Our product portfolio has been designed in collaboration with Robert Allan, the world's leading marine architecture and ship design company. Our portfolio includes 25 types of tugboats.

You can find all the details about our products through the link **https://www.sanmar.com.tr.**

We prioritize ensuring the highest level of customer satisfaction by delivering quality products that reflect our customers' unique operational needs. We believe that communication and close collaboration with our customers at every stage of product development are crucial. We maintain effective and transparent communication with our customers, suppliers, employees, government institutions, professional organizations, as well as other shipyards, ports, and tugboat operators.

As a "**role model**" in the tugboat construction and operation industry, we believe that our commitment to sustaining long-term customer satisfaction is grounded in our "**quality everywhere**" policy.

Additionally, we recognize that our success in efficiency and performance must go hand in hand with the highest standards of safety and protection for our shipyard team, tugboat crews, and support staff. For this reason, our safety approach, which upholds these high standards, is a fundamental aspect of our overall quality commitment.

Stakeholder Perspectives

ABS FOUNDED 1862

American Bureau of Shipping (ABS)

We believe Sanmar has a success story that could serve as a "Case Study" in university engineering departments, specifically in courses related to Business and Production.

Imagine a company that starts with building a small tugboat in a modest workshop, and over time, develops the three key pillars of production (Quality, Customer Focus, and Employee-Centric Management) to perfection, while making these practices sustainable. This company also earns the trust and respect of its customers, employees, and even ABS, the world's largest and most reputable classification society providing audit and classification services.

We are proud to be a solution partner to Sanmar since its early years and to continue working with the Sanmar family as they grow.

Innovative and Environmentally Friendly Products

At Sanmar, we combine power, efficiency, and engineering optimization, leveraging technology as a strategic tool. We focus on green maritime operations for a sustainable future, producing stronger, more energy-efficient, and safer tugboats. By adopting eco-friendly fuel solutions and new technologies, we are leading the way in building alternative fuel-powered tugboats. Our innovative and environmentally friendly products are clear indicators of our commitment to reducing our environmental impact and upholding a sustainable business approach.

Our portfolio includes conventional, ASD, and tractor tugboats, along with electric, AVD hydraulic hybrid, LNG-powered, and methanol dual-fuel tugboats. While ensuring this diversity in tugboats, we also prioritize our environmentally friendly approach. In 2023, we were proud to receive the "**Most Environmentally Friendly Shipyard**" award for the second time and to be the world's leading producer of electric tugboats.

2023 Shipyard of the Year Award for Building the Most Environmentally Friendly Ship

Shipyard That Produces the Most Electric Tugboats in the World

World's First LNG Fueled Tugboats

In 2014, we delivered the world's first two liquefied natural gas (LNG)-powered tugboats to Norway's Bukser og Berging company. Named Borgøy and Bokn, these state-of-the-art tugboats were built in collaboration with Rolls-Royce. At the time of delivery, these vessels were hailed as the most innovative, fuel-efficient, and cost-effective tugboats ever built. Because they are LNG-powered, these tugboats eliminate sulfur emissions, reduce particulate matter emissions to nearly zero, and cut CO_2 emissions by 26%, while NO_x emissions are reduced by 80-90%.

Building the world's first LNG-powered tugboat was one of the most significant and pioneering steps in our long-term strategy. The success of this project resonated globally, showcasing our commitment to technology, quality, and the environment. Following the LNG-powered tugboats, we have steadfastly continued to lead the way in both technology and alternative fuel solutions, setting more industry firsts.

World's First Remote-Controlled Commercial Vessel: Hermod

In 2017, we delivered the world's first remote-controlled tugboat to one of the largest tugboat operators, Svitzer. The 28-meter-long, custom-built tugboat, named Hermod, successfully carried out a series of maneuvers under remote control by the ship's captain from Svitzer's headquarters in Copenhagen, Denmark. This groundbreaking vessel demonstrated the potential of remote-controlled maritime operations.

World's First Hydromechanical Hybrid AVD Tugboat

The Boğaçay XXXVIII, which we completed in 2020 and added to our fleet, is not only the world's first AVD (Advanced Variable Drive) tugboat but also the 200th Robert Allan-designed tugboat we've built, marking an important milestone in our history. Thanks to its AVD system, the Boğaçay XXXVIII optimizes power distribution during operations, significantly reducing fuel consumption and emissions. As a result, it decreases CO_2 emissions by up to 30% and minimizes NOx emissions, showcasing its environmentally friendly performance. The hull is painted in bright green, inspired by the famous pop art artist Andy Warhol's "Flowers" print, and the deck is decorated with colorful flowers. This artistic touch underscores our commitment to sustainability in the maritime industry, highlighting the fusion of industrialization and art, as well as the importance of environmentally conscious shipping.

World's First VSP Tugboat with High Speed Engines (Vectra)

The Vectra series tugboats are high-performance Voith Schneider Propeller (VSP) vessels designed for efficient port ship handling, escorting large ships, and performing fire-fighting and oil spill recovery operations. The twin VSP units located at the front provide the propulsive power, while the heavy-duty deck equipment and fenders make the tug suitable for all ship support services. Towing and ship handling are carried out from the stern using a high-performance split-drum winch, and towing hooks are mounted on both the stern and forward decks.

Built entirely from welded mild steel with twin rudders, the vessel ensures safe and efficient performance in various maritime tasks, including ship assistance, escort duties, external firefighting, and oil pollution control operations. The first VSP tugboat produced was delivered to Tripmare in Italy for service.

World's First Transverse Tugboat

In 2023, we continued the construction of the world's first Transverse tugboat. The first Transverse tugboat, launched in the final quarter of 2023, will be delivered to the Danish company Svitzer in 2024. With a length of 25.8 meters and a towing capacity of 60 tons, the unique feature of the Transverse tugboat is that one propeller is located at the front, and the other at the stern of the vessel. With this innovative tugboat, we aim to provide higher maneuverability and more efficient fuel performance compared to conventional tugboats of similar size.

LNG DF

Sanmar's RAstar 4000-DF (dual fuel) tugboats are among the highest-performing escort tugboats in the world.

We take great pride in having built all the vessels for Haisea Marine's "**World's Greenest Tugboat Fleet**". This fleet consists of three electric and two LNG dual-fuel tugboats. Our first LNG dual-fuel tugboat, Kermode, delivered at the end of 2023, is Canada's first LNG dual-fuel tugboat. With a towing capacity of 100 tons, it is one of the most powerful tugboats we have built, capable of generating 200 tons of indirect force during escort operations.

We expect this fleet of five tugboats to reduce CO_2 emissions by approximately 10,000 tons annually compared to diesel-powered alternatives. At the same time, by significantly reducing NO_x, SO_x, and CO_2 emissions, we are contributing to sustainable maritime transport with a minimized environmental impact.

World's First Methanol Tugboat

In 2023, we signed a contract to build the world's first methanol-fueled tugboat for Kotug Canada, marking another significant milestone for us. We aim to complete and deliver the project by 2025. Based on the RAsalvor 4400-DFM design from Canadian naval architects Robert Allan Ltd, the two revolutionary new tugs will service Canada's Trans Mountain Expansion Project (TMEP), escorting tankers from the harbour limits of the Port of Vancouver to the open Pacific Ocean through the commercial shipping lanes of the Salish Sea. Scheduled to enter service in 2025, they will be the most powerful escort tugs in Canada, capable of achieving a massive 120 tonnes of bollard pull, while also providing significant environmental benefits, reducing greenhouse gas emissions and underwater radiated noise.

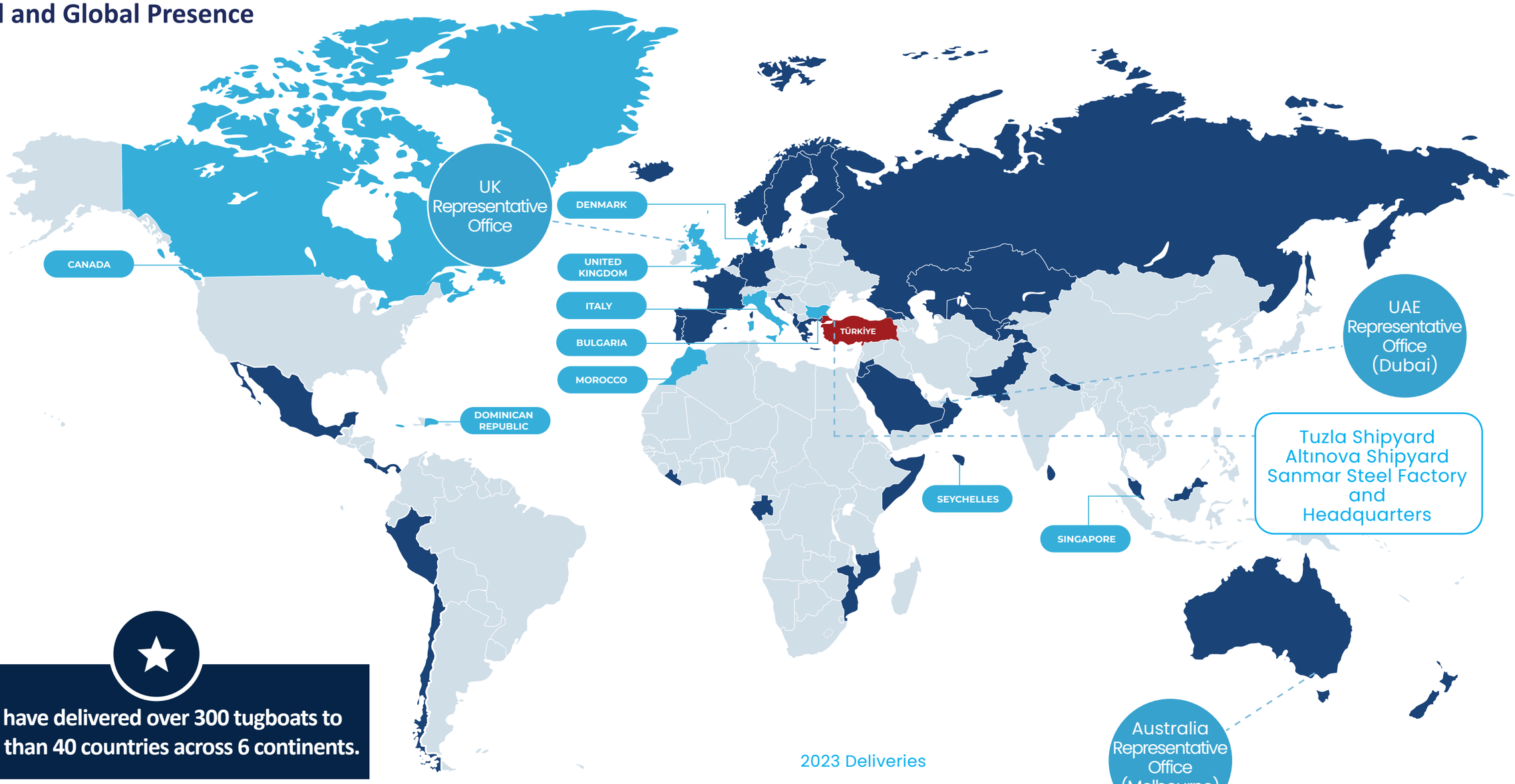
ElectRA

With our ElectRA Series, referred to as the "Tugboat of the Future," we are taking a revolutionary step towards sustainable maritime transportation with fully electric, zero-emission tugboats. Our ElectRA series was developed through a collaboration with Robert Allan Ltd. and Corvus Energy.

The series consists of five different models ranging from 19 to 28 meters in length, offering towing capacities from 40 to 85 tons. We customize each project to meet the diverse operational needs of our customers. In these calculations, we consider critical factors such as shore power infrastructure, the physical conditions of the port, the type and frequency of ships arriving at the port, the duration and intensity of operations. With these detailed analysis, we optimize each project to perfectly match the specific needs of our clients.

- In 2023, we became the world's largest producer of electric tugboats.
- Two ElectRA 2300 SX tugboats, with a 70-ton towing capacity and a 3616 kWh power capacity, were built for SAAM.
- Three ElectRA 2800 SX tugboats, with a 70-ton towing capacity and a 5288 kWh power capacity, were built for HAISEA Marine's green fleet project.
- One ElectRA 2200 SX tugboat, with a 45-ton towing capacity and a 1718 kWh power capacity, is being built for Bukser og Berging, with delivery scheduled for 2024.
- One ElectRA 2300 SX tugboat, with a 70-ton towing capacity and a 1800 kWh power capacity, is being built for the Sanmar Fleet, with delivery scheduled for 2024.
- Dynamo 2023, our ElectRA 2300 SX 3616 kWh for our own fleet will reduce carbon emissions by 2,600 metric tons annually.

Local and Global Presence



We have delivered over 300 tugboats to more than 40 countries across 6 continents.

Türkiye	68	Morocco	7	Chile	2	Gabon	1
United Kingdom	34	Jordan	7	Denmark	2	Greece	1
Italy	30	Germany	6	Finland	2	Jamaica	1
United Arab Emirates	18	Holland	5	Seychelles	2	Liberia	1
Canada	13	Oman	5	Georgia	2	Martinique	1
Australia	10	Somalia	4	Kazakhstan	2	Mexico	1
Pakistan	10	Costa Rica	3	Mozambique	2	Sri Lanka	1
Norway	9	Panama	3	New Zealand	2	Sweden	1
Dominican Republic	9	Peru	3	Portugal	2	Palau	1
Spain	9	Russia	3	Croatia	1	Cook Islands	1
Bulgaria	7	France	3				

2023 Deliveries

- United Kingdom
- Bulgaria
- Denmark
- Dominican Republic
- Morocco
- Italy
- Canada
- Seychelles
- Singapore

Representative Offices
Exporting Countries

Sanmar Milestones

2017
We delivered the world's first remotely operated tugboat.

2019
In 2019 we built the world first hydromechanical hybrid (AVD) tugboat.

2020
A significant milestone was achieved as we completed the construction of our 200th tugboat, all designed by Robert Allan Ltd.

2021
- We are proud to announce the commencement of production for our innovative battery electric tugs and LNG-powered tugs.
- As part of our expansion plans, we have acquired a third shipyard near Tuzla. This facility will house new offices, warehouses, pre-assembly halls, and serve as the construction site for our cutting-edge electric tugs, ElectRA.

2022
We started the production of six new generation environmentally friendly, emission-free electric and two LNG-fueled tugboats.

2023
We signed with Kotug to build the worlds first Methanol fueled tugboats.

2016
- The second phase of the Altınova shipyard started production.
- "After Sales Service" was added to our list of certifications.
- On our 40th anniversary, we expanded our own fleet to include 24 vessels.

2015
We started production in Sanmar Altınova Shipyard, our second shipyard.

2014
We delivered the world's first liquefied natural gas (LNG) fueled tugboats to a Norwegian operator.

2013
- We started block production in our Sanmar OSB Steel factory.
- By the end of 2013, we had built more than 100 marine vessels.

2012
- Our Sanmar Head Office moved to Tuzla.
- We were awarded the Integrated Management System Certifications for ISO 9001, ISO 14001, and OHSAS 18001.

2011
We started production in Sanmar Tuzla Shipyard.

2002
We were awarded ISO 9001 Certificate.

1995
We built the first tugboat in Europe designed by Robert Allan Ltd.

1992
We started private harbor tugboat operations in Türkiye.

1990
We built our first 16-tonne tugboat, Sanmar I. This was followed by Sanmar II, which had a more powerful engine.

1984
We provided consultancy services for 6 Voith Tractor Tugboats to Botaş.

1978
Started operating tugs at the state-owned oil terminal, Botaş.

1976
Sanmar was founded by Orhan Gürün and Gökçen Seven.

Value Chain

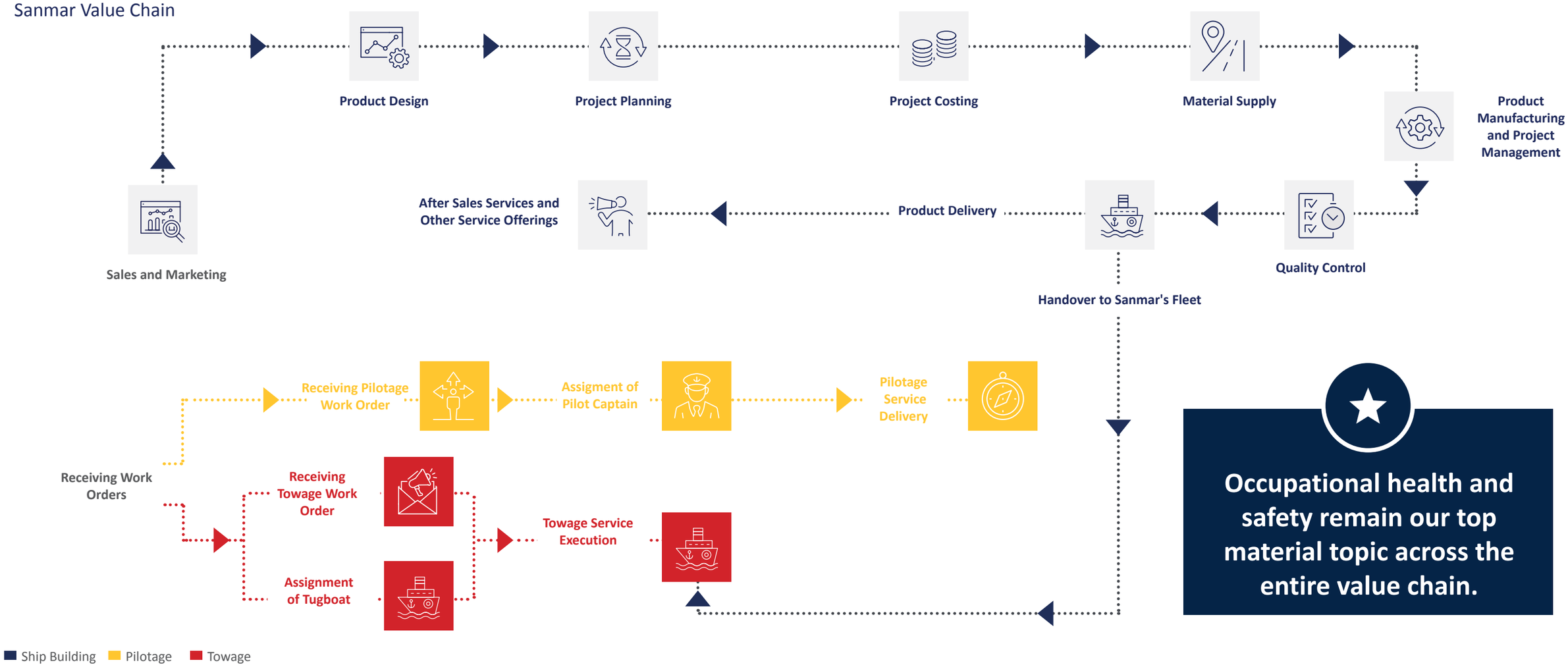
We play a leading and pioneering role in our industry, both domestically and globally. Recognizing our place in Türkiye and across the world, we embrace a holistic approach that prioritizes creating value throughout our entire value chain. In 2022, we took a significant step by fully integrating our sustainability strategy into all aspects of our business operations.

In our core activities of Shipbuilding, Towage and Pilotage Services, we assess the impact of each link in our value chain by identifying its influence on our business practices and stakeholder groups. In line with our sustainability strategy, we analyze the impacts of our activities in collaboration with these stakeholder groups.

We are aware that working with our stakeholders at every stage of our production—from supply chain to after-sales, in Shipbuilding, Towage and Pilotage—is key to our success in the sustainability journey.

You can find detailed information about the three main branches of our value chain (Shipbuilding, Towage and Pilotage Services) in the **Sanmar Sustainability Report 2022.**

Sanmar Value Chain



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

Global and Sectoral Trends

Global Trends	Material Topics	Relevant Stakeholder Group	Sanmar Approach	Related Risk Category
Climate Change				
Climate change stands out as one of the most critical issues of our time, deeply impacting our world and the societies we live in. As highlighted in this year's Global Risks Report by the World Economic Forum (WEF), climate change and its related challenges rank prominently among short- and medium-term global risks. Climate change introduces risks such as water scarcity, challenges to energy security, rising energy costs, extreme weather events, and ecosystem degradation. According to the Intergovernmental Panel on Climate Change (IPCC)[1] established by the United Nations, some of the changes currently observed in the global climate are irreversible for centuries to come.	• Carbon Footprint • Waste Management • Environmental Protection and Environmental Management		• We calculate emissions and implement emission reduction policies within the framework of the ISO 14064 Management System. • We manufacture alternative fuel (LNG and methanol) and environmentally friendly tugboats, reducing our carbon emissions. You can access the measures and actions we've taken against climate change in the "**Our Environmental Footprint**" section of our report.	• Physical – Extreme weather events • Physical – Ecosystem-related environmental pollution • Physical – Chronic climate events You can access our "**Risk and Compliance Management**" section for our risk management perspective.
Social Transformation				
Many countries are experiencing a rise in dependent populations and forced migration due to climate change[2].In Türkiye, the demographic structure has shifted over the last decade, moving away from self-renewal. This reflects a growing dependent population and a shrinking workforce. By 2030, the share of people aged 65 and above is expected to surpass 15%, signaling the end of Türkiye's demographic opportunity window[3]. Additionally, forced migration linked to climate change has significantly increased in the last decade. Projections indicate that by 2050, there could be as many as 1.2 billion climate migrants worldwide[4]. Companies experience these trends through shifting spending patterns, declining demand in various sectors, and challenges in finding workers with the desired skills. This impact is particularly pronounced for disadvantaged groups, such as young people and women, especially in manufacturing industries, where representation and working conditions are less favorable[5].	• Social Impact • Employee Development • Ethics Management		• We run the **Sanmar Engineering Development Program** to support the continuity of a skilled workforce. Additionally, in collaboration with Yıldız Technical University, we offer development opportunities for students early in their education. • We provide development opportunities to ensure employee satisfaction. Our training and internship programs can be accessed under the "**Employee Development**" section.	• Other Risks - Gender equality • Other Risks - Employee loyalty and satisfaction • Other Risks - Employee rights • Other Risks - Performance evaluation You can access our "**Risk and Compliance Management**" section for our risk management perspective.
Technology				
Technology is a global trend that impacts every sector, creating leverage across industries. Ongoing investments in pioneering technologies like AI, IoT, and climate tech are transforming and improving sectors. This technological progress is reshaping business processes and supply chains, leading to increased use of digitalization, data analytics, cloud computing, AI, and digital platforms. However, as technology becomes more widespread, cybersecurity issues also rise. Along with the increase in cybercrime, risks to critical resources and services such as agriculture, water, financial systems, public safety, transportation, and energy are emerging[6].	• Innovation • Risk Management • Ethics Management		• We focus on supporting our production and operations with up-to-date technologies and digital tools. You can find our digitalization projects in the "**Innovation**" section. • Being ready for cyber risks is crucial for us. By strengthening our cybersecurity, we ensure the safety of both company operations and customer data. • Our IT department carefully manages cybersecurity. Customer and design data are stored separately to maintain information security and confidentiality.	• Transition - Information security and cybersecurity You can access our "**Risk and Compliance Management**" section for our risk management perspective.
Macroeconomic Outlook				
In recent years, factors such as political tensions between countries and supply chain disruptions have triggered global challenges related to the cost of living[7]. This has caused major disruptions in production, transportation, and storage networks across increasingly interconnected supply chains in different regions, leading to a decline in food production and rising energy costs.	• Employee Development • Ethics Management		• To mitigate the effects of macroeconomic instability, we conduct Supplier Assessments, monitor supplier delivery times, and perform document audits on equipment used in the supply chain. • We ensure the protection and respect of fundamental human rights through our procedures, rules, and management practices, as outlined in the Sanmar Code of Conduct.	• Market- Variable macroeconomic conditions / Exchange rate and interest rate fluctuation You can access our "**Risk and Compliance Management**" section for our risk management perspective.

[1]https://www.ipcc.ch/
[2]https://www.un.org/sites/un2.un.org/files/2019/10/un75_shifting_demographics.pdf
[3] https://data.tuik.gov.tr/Bulten/Index?p=Nufus-Projeksiyonlari-2023-2100-53699
[4]https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10037158/#:~:text=Such%20figures%20are%20expected%20to,and%20climate%20change%20%5B6%5D.
[5]https://humanitarianaction.info/document/global-humanitarian-overview-2024/article/economic-hardship-persists-increasingly-becoming-primary-driver-need
[6]https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf
[7]https://unctad.org/global-crisis

Global Trends	Material Topics	Relevant Stakeholder Group	Sanmar Approach	Related Risk Category
Circularity in the Maritime Sector				
The goal of circularity is to reduce waste, conserve natural resources, and contribute to a more sustainable future. This involves designing products, processes, and systems that support the reuse, recycling, and renewal of materials while minimizing waste and pollution. Circular economy aims to keep materials in use for as long as possible and recover them at the end of their life cycle. It offers various economic, environmental, and social benefits, such as reducing carbon emissions and improving resource efficiency[8]. With companies striving to minimize waste and extend the life cycle of materials, circularity is gaining momentum in the maritime sector.	• Material Recycling		• Through our "Recycling Used Materials" project, part of our circularity efforts, we recycle used materials in our warehouses and use our resources more efficiently. • To promote recycling in our shipyards and offices, we are implementing the "Zero Waste Project" and ensure that waste generated in our workspaces is sent for recycling.	• Technology - Transitioning towards technologies that produce lower emissions • Regulation - Compliance with future regulations You can access our "**Risk and Compliance Management**" section for our risk management perspective.
Sustainable Technologies and Innovation				
Technology and data-driven solutions play a crucial role in addressing environmental and social issues. This involves the use of innovative, eco-friendly technologies, such as the development of alternative materials and clean technologies. It is clear that technology will play a defining role in the decarbonization journey. Additionally, technology enables the identification of emission hotspots and the detection of areas with the greatest impact, paving the way for decarbonization[9].	• Innovation		• We leverage the power of technology to develop new products and services that minimize our environmental impact. In this context, you can access the details of our eco-friendly and innovative products in the "**Innovative and Environmentally Friendly Products**" section of our report.	• Technology - Transitioning towards technologies that produce lower emissions You can access our "**Risk and Compliance Management**" section for our risk management perspective.

Global Trends	Material Topics	Relevant Stakeholder Group	Sanmar Approach	Related Risk Category
Regulations on Sustainability				
The EU has implemented the Corporate Sustainability Reporting Directive (CSRD), requiring about 50,000 companies to report on sustainability and undergo audits, in line with Green Deal principles[10]. This directive is a leading example globally. Following the EU's lead, Türkiye has authorized the Public Oversight Accounting and Auditing Standards Authority to take similar action. The Türkiye Sustainability Reporting Standards (TSRS), published in 2023, align with international standards and adopt reporting criteria set by the International Financial Reporting Standards Foundation (IFRS) and the International Sustainability Standards Board (ISSB). This initiative aims to promote corporate responsibility, create organizations that meet sustainability standards, and drive green transformation. It also seeks to make Türkiye a priority for international investment and increase access to green finance.	• Environmental Protection and Environmental Management • Carbon Footprint • Waste Management • Risk Management		• Within the framework of the Sanmar sustainability strategy, which we have developed based on global sustainability standards, we have been achieving our goals in recent years and aligning our activities with these objectives. • In line with our sustainability strategy, we analyze the impact of our activities and link them to the United Nations Sustainable Development Goals (SDGs). You can access our sustainability strategy in the "**Sustainability Approach**" section.	• Regulation - Compliance with current regulations • Regulation - Compliance with future regulations You can access our "**Risk and Compliance Management**" section for our risk management perspective.

[8]https://www.europarl.europa.eu/topics/en/article/20151201STO05603/circular-economy-definition-importance-and-benefits
[9]https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/playing-offense-with-green-tech-to-achieve-net-zero-emissions
[10]https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en#legislation

03

Sustainability Approach

Sustainability Approach

In today's rapidly changing world, the increasing environmental challenges and the need for companies and society to take greater responsibility for sustainability are clear. Our approach focuses on balancing economic, social, and environmental factors to manage resources efficiently. We believe that creating a strong sustainability framework is essential for assessing our performance, planning improvements, and making informed decisions for the future. Building on the foundation set by our first sustainability report last year, we've made significant progress in our sustainability journey. Guided by our vision, mission, and values, we've adopted a clear and transparent approach that supports continuous improvement. Over the past year, we identified key priorities, developed a comprehensive strategy, and set goals to guide our actions. Now, we are showing how these efforts are translating into measurable actions that create long-term value for our stakeholders and the environment.

This year, we continued to integrate sustainability into every aspect of our business operations, addressing environmental, social, and governance issues holistically. With a focus on quality, innovation, and continuous improvement, we are constantly driven to do better than we have before.

Guided by our motto, "**Navigating Tomorrow, Preserving Today**" we aim to make our environment, resources, and values sustainable as we build our future.

The portraits in the table were designed by Deniz Sağdıç using, respectively, waste fabric pieces, waste rope and cord pieces, and waste cable pieces.

Navigating Tomorrow, Preserving Today

Environmental	Social principles and Our Workforce	Community
• Use natural resources efficiently • Prevent marine pollution • Increase energy efficiency • Reduce waste generated from production • Explore opportunities for a circular economy • Reduce our carbon footprint	• Being fair, transparent and considerate • Ensuring the highest level of occupational health and safety • Protecting the well-being of our employees • Providing opportunities for professional development	• Being beneficial to society and making an impact on future generations • Creating value through our social responsibility and awareness projects

Technology and Innovation

- Prioritize quality and innovation in all processes
- Continue developing sustainable products through technological advancements

We are committed to adopting and internalizing sustainability principles, monitoring our environmental impact, and maintaining open communication with our stakeholders. In our sustainability approach, we are navigating our future in alignment with our vision and goals, working towards creating value for future generations.

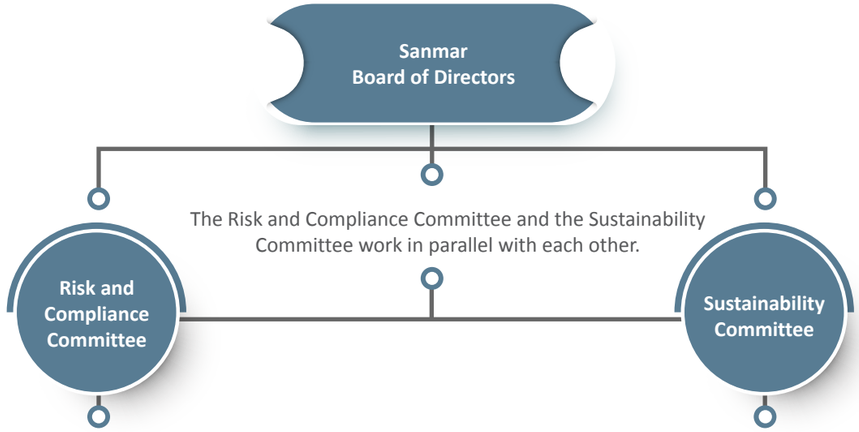
Aligned with our Sanmar sustainability strategy, we identified **three core strategic priorities**.

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

Environmental | **Social Principles and Our Workforce** | **Community** | **Technology and Innovation**

Sanmar Sustainability Governance

Sustainability management at Sanmar is a key and integral part of our corporate governance approach. To address environmental, social, and governance issues we committed to last year more effectively and adopt an inclusive approach across the company, we established the Risk and Compliance Committee and the Sustainability Committee. Within the Sustainability Committee, we formed sub-working groups to focus on areas such as environment, social, and sustainability finance.



- The Risk and Compliance Committee ensures the integration of sustainability-related risks into corporate risks.
- The Risk and Compliance Committee reports to the Board of Directors regularly.
- The Sustainability Committee reports to the Board of Directors regularly.
- The working groups meet regularly and report their activities to the Sustainability Committee.
- The Sustainability Committee monitors sustainability goals, performance, and projects.

Working Groups

Working groups collaborate harmoniously and meet at regular intervals.

Environment	Social	Sustainability Finance
In this group, we aim to address water management, emission management, waste management, and energy management in detail. As part of this, generating improvement initiatives in the relevant areas, as well as systematically monitoring and tracking data, are key responsibilities of this Working Group.	In this group, we plan to focus on topics such as human rights, diversity and inclusion, and occupational health and safety. In this context, carrying out work on relevant topics, developing socially responsible practices, and implementing continuous improvement projects are among the responsibilities of the Working Group.	In this group, we aim to evaluate topics such as access to green finance and legal compliance. This working group will support the development of strategies to make financial processes more sustainable and help our company adopt a financially responsible approach.

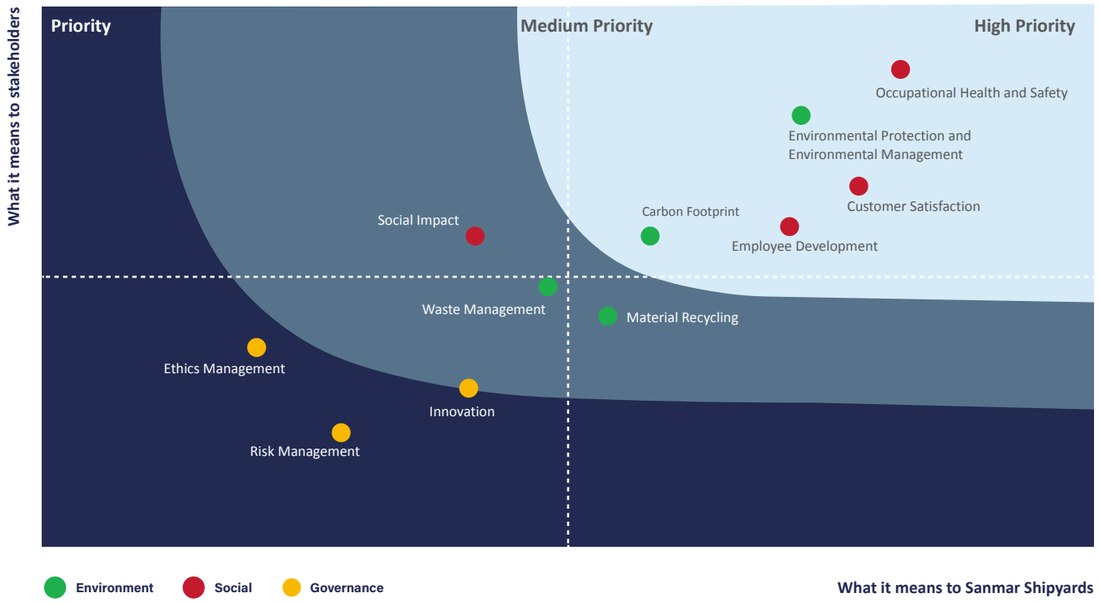
Sanmar Materiality Analysis

In our first sustainability report prepared in 2022, we conducted our first materiality analysis to identify our strategic priorities and focus areas within sustainability topics.

By reviewing reports related to global risks and sustainability trends published by renowned international organizations, including the World Economic Forum's Global Risks Report, the OECD's Economic Outlook, and the World Business Council for Sustainable Development's 2020-2030 Shaping Macro Trends and Disruptions Report, we conducted an external environment analysis and comparative studies to determine our sectoral focus areas. Combining the insights gained with Sanmar Shipyards' strategy and corporate approach, we identified a total of 11 material topics in the areas of environmental, social, and governance. Throughout this process, we ensured our analysis had an inclusive perspective by listening to the voices of our stakeholders.

As part of our 2023 reporting process, we reassessed all material topics in light of the current issues within the sustainability ecosystem. As a result of this evaluation, we determined that the same topics are still important to us and decided to maintain our current material topics.

You can access the steps of our materiality analysis and detailed content in the **Sanmar Shipyards Sustainability Report 2022.**



Key Goals:

- Updating and tracking ESG Risk inventory.
- Starting work to establish a sustainability management committee and determining the committee's working procedures and principles.

MATERIAL TOPICS	IMPORTANCE FOR SANMAR	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, Towage, 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.	
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.	
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 Towage and Pilotage Services.	

MATERIAL TOPICS	IMPORTANCE FOR SANMAR	RELEVANT STAKEHOLDERS
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.	
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.	

High Priority **Medium Priority** **Priority**

Stakeholder Communication

The communication network we have established with our stakeholders enables us to take stronger steps together. These relationships, built on solid foundations with each of our stakeholders, guide us not only towards sustainable success today but also in the future.

We categorize our main stakeholder groups into two types: internal and external stakeholders. We have identified our external stakeholders by determining the key stakeholder groups that we believe have a significant impact on Sanmar Shipyards' sustainability strategy and our ongoing interactions with them. In determining the communication channels and frequency, we paid close attention to what our stakeholders wanted and needed. As of 2023, you can find our stakeholder groups, communication channels, and frequency in the **Stakeholder Communication Table**.

- Senior Management
- Employees
- Customers
- Government Agencies
- Advisor
- Universities
- Financial Institutions
- Suppliers
- Civil Society Organizations
- National-International Organizations
- Other (Agencies, business partners, etc.)

Stakeholder Communication Table

STAKEHOLDER GROUP		IMPORTANCE FOR SANMAR	VALUE CREATED	COMMUNICATION CHANNEL	COMMUNICATION FREQUENCY
Internal Stakeholders	Employees	Our employees are the driving force behind our operations and the development of high-quality products. We believe that investing in our employees is crucial for the success of our economic and sustainability goals, as well as the growth of our business.	We provide our employees with opportunities for professional and personal development, fair compensation, and benefits. We promote an inclusive, healthy, and successful work environment. We strive to implement opportunities that maintain high levels of employee satisfaction and commitment. We give our managers key responsibilities and roles that contribute to successful projects and their success in the business world.	Emails, Mobile Communication Tools, Bulletin Boards, Meetings, Ethics Hotline, Employee Suggestions	Continuous
	Senior Management	Our managers are at the heart of our business and operations. By making timely, important, and accurate decisions, they guide and contribute to our success.		Emails, Internal Messaging, Meetings	Regular
External Stakeholders	NGO	NGOs provide valuable guidance on social responsibility, environmental solutions, and access to social opportunities for communities.	The social value and environmental benefits created through our joint projects strengthen our collaborations.	Emails, Meetings	Regular
	Universities	We ensure that our work and areas for improvement in our production processes are shaped by the insights and expertise of educational institutions, universities, and research organizations, providing guidance and new perspectives.	While facilitating collaboration in new areas between universities and research institutions, we also support their development in fields related to our industry.	Career days	Yearly
	Customers	Our customers are one of the most important factors influencing our products and operations. Their preferences directly affect our sales and long-term success. To maintain our success and competitiveness in the industry, it is crucial for us to sustain high levels of satisfaction, earn their loyalty, and actively listen to their feedback.	We continue to produce high-quality products, innovative solutions, high-tech products, and optimized engineering solutions, fulfilling our sustainability commitment. Our new designs, features, and technologies add value to our customers' lives and provide innovative solutions that enhance their experiences.	E-Bulletin, Meetings, Social Media, Website, Projects, Fairs, Expos, Ceremonies, Sanmar Experience Days	Continuous
	Suppliers	Our suppliers are essential for the continuity of our operations and the products we produce. In this regard, the healthy and transparent relationship we have developed with our suppliers ensures the continuity of the materials and services required for our production processes, as well as the quality and adequacy of raw materials and necessary supply services.	We encourage strategic partnerships, support fair and ethical practices, maintain quality standards, promote innovation and collaboration, and improve our supply chain relationships by optimizing supply management. We facilitate mutual growth and success while contributing to a sustainable and resilient supply ecosystem.	Meetings, Emails, Supplier Performance Audits and Checks	Continuous

STAKEHOLDER GROUP		IMPORTANCE FOR SANMAR	VALUE CREATED	COMMUNICATION CHANNEL	COMMUNICATION FREQUENCY
External Stakeholders	**Government Agencies**	Public institutions are vital for our company to overcome regulatory complexities, access resources, and contribute to sustainable economic development.	We make a strong effort to adhere strictly to the regulations and standards set by public institutions. As a key player in the shipbuilding industry, we actively support the relevant regulations and encourage compliance within the sector.	Meetings, Social Media	Regular
	Financial Institutions	Financial institutions facilitate our growth by providing access to financial instruments, investment opportunities, and capital market trading opportunities.	By demonstrating financial stability and a commitment to sustainability, we foster trust among our financial stakeholders. We direct our financial resources toward sustainable and innovative investments, adopting an approach that supports sustainable transformation in the business world.	Physical and Online Meetings, Emails, Telephone, Launch Ceremonies (Projects), Bank Performance Surveys	Continuous
	Advisors	Our advisors play a crucial role in helping us transform our processes and relationships with other stakeholders in line with regulations, while also considering resource efficiency.	We receive consulting services from third-party firms for sustainability reporting and corporate processes within our company.	Meetings, Emails, Visits	Regular
	National – International Organizations	National and international organizations ensure that we adhere to high quality and safety standards, implement environmentally sustainable practices, and comply with ethical and social responsibility norms. They also support our investment in innovation and technology, while helping us maintain transparency and accountability.	We produce in compliance with the highest standards set by international organizations. These include adherence to quality and safety standards, the implementation of environmentally sustainable practices, upholding ethical and social responsibility norms, investing in innovation and technology, maintaining transparency and accountability, and participating in international collaboration and networking activities.	Emails, Mobile Communication Tools, Meetings	Continuous
	Others (Agencies, Business Partners, etc.)	Through the contributions of our agents and business partners, we are able to be involved in various businesses and projects. In our pilotage services, the operational contributions of our partner agents have a decisive impact on work order and document management.	Our corporate governance approach positively impacts the business processes we carry out with our agents and business partners.	Meetings, Emails, Mobile Communication Tools, Visits	Regular

Sustainability Goals

At every stage of our sustainability journey, we set our goals by following international standards and trends, with the aim of enhancing the value we create for our company and key stakeholders.

During the previous reporting period, as part of the steps we took to define our sustainability strategy, we identified the topics we need to set goals for, guided by our material topics, subcategories, risks & opportunities, and KPIs*.

The details of the targets we have set, aligning our material topics with the 17 goals and 169 targets of the United Nations Sustainable Development Goals (SDGs), can be found in the table below. In this context, by aligning the 11 material topics with an ESG focus, derived from our stakeholder analyses, with the SDGs, we are transforming our activities in line with international targets.

*Key Performance Indicators

Focus Area	Material Issue	Subtopic	KPI	Activity Area	Short Term 0-2 Years	Medium Term 3-5 Years	Long Term More than 5 years	SDG	2022 Base values	2023 Performance	Goal Status
Environmental Footprint	Environmental Protection & Environmental Management		Building low-emission tugboats in the total production volume	Shipbuilding	Increasing the number of low-emission tugboats	Increasing the number of low-emission tugboats	Increasing the number of low-emission tugboats		Electra 0 LNG 0	Electra2800 - 3 units Electra 2300 - 2 units LNG Rastar4000 - 2 units	Completed
			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%	13 CLIMATE ACTION	Altınova: 648 hours Tuzla: 117 hours Sum: 765 hours	Altınova: 696 hours Tuzla: 160 hours Sum: 856 hours	12% increase In progress
				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)	14 LIFE BELOW WATER		Out of 208 employees, 174 were given environmental training	84% Completed
	Carbon Footprint	Energy Management	Total energy consumption (Mwh)	Shipbuilding & Towage and Pilotage Service	Ensuring traceability of total energy consumption	Continue monitoring	Reducing of electricity supplied per GT		Total energy consumption 2022: 49,481 Mwh	Total energy consumption 2023: 35.546 Mwh Altınova: 4,035,5 Mwh Tuzla: 1,420,3 Mwh Towage and pilotage: 489,5 Mwh	22% reduction Completed
			Total renewable energy investment (TL)	Shipbuilding	Evaluating opportunities for renewable energy investments	Evaluating opportunities for renewable energy investments	Evaluating opportunities for renewable energy investments		0	3.5 Million TL	Increase Completed
			Use of renewable energy (%)	Shipbuilding	Revealing the share of renewable energy in total energy consumption	Revealing the share of renewable energy in total energy consumption	Revealing the share of renewable energy in total energy consumption		0	43%	43% increase Completed
		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	13 CLIMATE ACTION	2.54 m^3/gross ton	2.51 m^3/gross ton	1% reduction Completed
			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%		-	Work in progress	In Progress
			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)	Monitoring the amount of water consumption per person (50 liters of water consumption per person per day)	Monitoring the amount of water consumption per person (50 liters of water consumption per person per day)		Being Monitored	Being Monitored	Completed
		Emission Management	Scope 1, scope 2 and scope 3 emissions (tCO_2e)	Shipbuilding & Towage and Pilotage Service	Emission tracking	Reducing the calculated emission value every year	Reducing the calculated emission value every year		22,650 tons CO_2e	18,304 tons CO_2e	19% reduction Completed
	Waste Management		Hazardous waste density (ton/gross tons)	Shipbuilding	Reducing waste density by 1%	Reducing waste density by 3%	Reducing waste density by 5%	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	0.0260 ton/gross ton	0.0370 ton/gross ton	In Progress
			Amount of hazardous waste (tons)	Shipbuilding	Reducing the amount of hazardous waste by 1%	Reducing the amount of hazardous waste by 3%	educing the amount of hazardous waste by 5%		Hazardous waste 220,272 tons	Hazardous waste 382,696 tons	In Progress
	Use of recycled materials (ton)		Use of recycled materials (ton)	Shipbuilding	Implementation of the material recycling project	Implementation of the material recycling project	Tracking and reporting on material recycling rates	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	315 tons	250 tons	21% reduction Completed

Focus Area	Material Issue	Subtopic	KPI	Activity Area	Short Term 0-2 Years	Medium Term 3-5 Years	Long Term More than 5 years	SDG	2022 Base values	2023 Performance	Goal Status
Social Impact	Employee Development	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	5 GENDER EQUALITY	-		In Progress
				Shipbuilding & Towage and Pilotage Service	Monitoring employee satisfaction	Monitoring employee satisfaction	Monitoring employee satisfaction	4 QUALITY EDUCATION	-		In Progress
	Occupational Health and Safety		Accident frequency rate (%)	Shipbuilding & Towage and Pilotage Service	Making sure the number of accidents is zero or minimal	Making sure the number of accidents is zero or minimal	Making sure the number of accidents is zero or minimal		5	6	20% Completed
			Number of fatal work accidents (#)	Shipbuilding & Towage and Pilotage Service	Making sure the number of fatal work accidents is zero	Making sure the number of fatal work accidents is zero	Making sure the number of fatal work accidents is zero		0	0	Completed
			Lost day rate (LDR)	Shipbuilding	Making sure the LDR is 10% less than the number of personnel	Making sure LDR is 20% less than the number of personnel	Making sure LDR is 30% less than the number of personnel	3 GOOD HEALTH AND WELL-BEING	13.21%	19.75%	50% increase In Progress
			OHS training rate (%)	Shipbuilding	Ensuring 50% OHS training rate	Ensuring 100% OHS training rate	Ensuring 200% OHS training rate		83,860	126,600	51% increase Completed
			OHS training hours (#)	Towage and Pilotage Service	For hazardous work, it is essential that each employee receives a minimum of 12 hours of Occupational Health and Safety (OHS) training every 2 years	For hazardous work, it is essential that each employee receives a minimum of 12 hours of Occupational Health and Safety (OHS) training every 2 years	For hazardous work, it is essential that each employee receives a minimum of 12 hours of Occupational Health and Safety (OHS) training every 2 years		3,294* hours	3,328 hours	16 hours Completed
	Social Impact		Social responsibility projects (#)	Shipbuilding & Towage and Pilotage Service	Continuing social responsibility projects	Continuing social responsibility projects	Continuing social responsibility projects		10 Projects	16 Projects	60% increase Completed
				Shipbuilding & Towage and Pilotage Service	Zero incidents of human rights violations	Zero incidents of human rights violations	Zero incidents of human rights violations	8 DECENT WORK AND ECONOMIC GROWTH	0	0	Completed
	Customer Satisfaction			Shipbuilding	Increasing the rate of customers receiving satisfaction surveys	Increasing the rate of customers receiving satisfaction surveys	Increasing the rate of customers receiving satisfaction surveys		7 customer surveys received back	7 customer surveys received back	Completed

* Since OHS training is provided every two years in accordance with legal regulations, the 2021 person*hour values have been added to the table.
In addition to the legal regulatory training, on-the-job meeting training and post-accident training are also organized.

Focus Area	Material Issue	Subtopic	KPI	Activity Area	Short Term 0-2 Years	Medium Term 3-5 Years	Long Term More than 5 years	SDG	2022 Base values	2023 Performance	Goal Status
Corporate Governance	Innovation		Sustainability-related innovation projects	Shipbuilding	Investing in sustainability-related innovation projects	Investing in sustainability-related innovation projects	Investing in sustainability-related innovation projects	9	-	There are ongoing investments in 7 projects	Completed
				Shipbuilding & Towage and Pilotage Service	Digitalization of CRM & Insurance processes	Digitalization of all units collecting critical data	Digitalization of all units	9	-	We are continuing digitalization projects across all departments	Completed
	Ethics Management		Ethics training completion rate (%)	Shipbuilding & Towage and Pilotage Service	100% completion of ethics and code of conduct training	100% completion of ethics and code of conduct training	100% completion of ethics and code of conduct training	8	-	%100 Participation	Completed
	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	8	TCFD compliant risks and opportunities have been identified	▪Risk and compliance comitee has been established. ▪Corporate risks were evaluated, three new risks were identified, and the corporate risk inventory was updated.	Completed
	Supply Chain Management		Number of suppliers included in the Supplier Assessment (#)	Shipbuilding & Towage and Pilotage Service	5 new suppliers	8 new suppliers	10 new suppliers	8	50	42	In Progress
			Providing equipment manuals from suppliers as soft copies	Shipbuilding	Max 5	Max 10	Max 15	12	-	5	Completed
			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 12 strategic equipment suppliers via reports from the suppliers	Monitoring the deliveries of 15 strategic equipment suppliers via reports from the suppliers	8	-	Carried out with 10 suppliers.	Completed
	Sustainability Governance			Shipbuilding & Towage and Pilotage Service	Updating and tracking ESG Risk inventory	Updating and tracking ESG Risk inventory	Updating and tracking ESG Risk inventory	12	-	3 new ESG risks were added to the inverntory.	Completed
				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	8 12	-	▪Sustainability comittee has been established. ▪Comittee procedures and principles have been defined.	Completed
	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	Zero number of non-compliances with legal regulations and policies	Zero number of non-compliances with legal regulations and policies	8	0	0	Completed

04

Corporate Governance

Corporate Governance

Having an effective corporate governance structure plays a key role in building trust and achieving company objectives. With this in mind, our corporate governance framework is essential in fulfilling our commitments, maintaining a culture of transparency, reaching our sustainability goals, and creating value for all our stakeholders. The collaboration between the Board of Directors and the directors ensures that our strategic planning, risk management, and decision-making processes are aligned with our company's goals, while adapting to changing market conditions and stakeholder expectations.

The Board of Directors plays an active role in making strategic decisions and is responsible for managing and representing the company. In doing so, they consider risk management, growth opportunities, financial returns, and long-term interests. The main objective of our Board is to ensure the continued success and prosperity of the company. All actions taken by the Board align with principles of fairness, responsibility, transparency, accountability, and ethical behavior. Our Board of Directors consists of 2 members: Chairman Ali Gürün and Vice Chairman Cem Seven.

For more details about our corporate structure, you can refer to the "**Sanmar Shipyards at a Glance**" section.

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

We believe that our commitment to ethical values has shaped our current success and laid a strong foundation for future achievements. Core ethical principles such as honesty, transparency, fairness, and accountability are at the heart of how we operate and make decisions.

We place great importance on raising employee awareness of ethical values through regular training. Our efforts go beyond promoting compliance with ethical standards; we also focus on fostering awareness of ethical issues.

To ensure effective ethical management, we have created and shared with all our employees the Code of Ethics and Conduct Policy, the Code of Ethics and Conduct Handbook, the Code of Ethics and Conduct Reporting Procedure, the Ethics Committee Work Procedure, and the Ethics Committee Appointment Letter. Starting this year, the Ethics Committee began regularly reporting key metrics related to ethics to senior management.

The Sanmar Ethics Committee Chair and members, are appointed for a two-year term, and selected by the Board of Directors. At the end of the term, the Board decides whether members will continue their roles or new appointments will be made. Managers who have previously been investigated or received warnings or reprimands are not eligible to serve on the Ethics Committee.

The committee is also responsible for maintaining the confidentiality of the identities of those who report issues and the details of their reports. As a company, we manage this process with great care and ensures zero tolerance for any retaliatory actions or behaviors against individuals who report ethical violations. We closely monitor such processes with the Ethics Committee, maintaining the highest level of sensitivity on this matter.

Core Ethical Principles

- Fairness
- Honesty
- Accountability
- Transparency

Last year, we took an important step to strengthen transparent and effective ethics management. This year, we launched our Ethics Hotline in collaboration with an independent third-party firm to address ethical concerns more quickly and effectively. This initiative aims to foster a fairer, more transparent work environment aligned with our core values.

We launched our Ethics Hotline with a company-wide meeting, sharing video messages from the Board of Directors emphasizing their commitment to transparent and effective ethical governance.

To enhance awareness among employees about ethics and compliance, we provided training sessions and ensured robust internal communication on the topic.

- Issues believed to contradict legal regulations, Sanmar's Code of Ethics, or related policies can be reported through the "SpeakHub" platform.
- The platform is operated by an independent, impartial company to ensure confidentiality and fairness.
- If personal data is shared by the reporter, it is securely stored in compliance with PDPL (Personal Data Protection Law) and is never disclosed to third parties without explicit consent.

Identity Declaration

The person making an entry to the Sanmar Ethics Hotline has three options when submitting:

1. Not to share their name and contact information in order to keep their identity anonymous.
2. To share their name and contact information with SpeakHub and allow the information to be forwarded to the Sanmar Ethics Committee. (In this case, the Ethics Committee will contact the informant directly to request any information needed during the investigation.)
3. To share their name and contact information only with SpeakHub, but not with the Sanmar Ethics Committee. (In this case, the Ethics Committee will communicate with the informant through SpeakHub to request any information needed during the investigation.)

Our employees can submit via "https://www.speak-hub.com/en"

Key Goals:

- 100% completion of ethics and code of conduct training.

Risk and Compliance Management

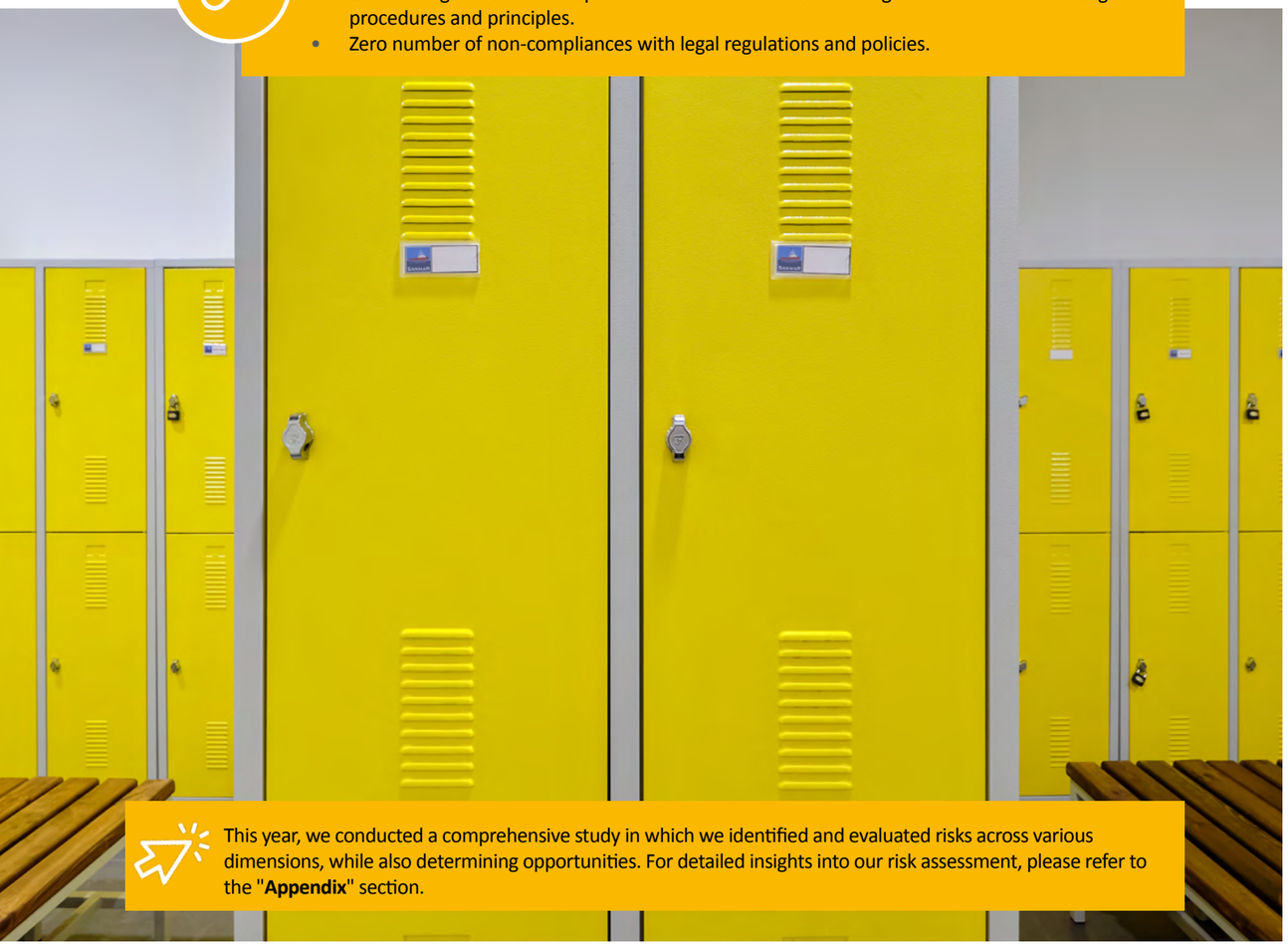
Risk management is essential for Sanmar's sustainability, profitability, and reputation. Recognizing that unidentified risks cannot be controlled. Therefore, we proactively identify and assess risks aligned with our strategies and business model. This approach extends beyond corporate risks to include sustainability-related challenges, ensuring a comprehensive and integrated risk management framework.

Each department and employee at Sanmar is accountable for monitoring and managing risks associated with their activities.

To enhance risk-awareness culture, maintain an up-to-date risk inventory, and oversee mitigation efforts, we established a **Risk and Compliance Committee** this year. Reporting directly to the Board of Directors, this committee ensures a comprehensive approach to risk evaluation and management across the company.

Key Goals:

- Establishing a Risk and Compliance Committee and determining the committee's working procedures and principles.
- Zero number of non-compliances with legal regulations and policies.



This year, we conducted a comprehensive study in which we identified and evaluated risks across various dimensions, while also determining opportunities. For detailed insights into our risk assessment, please refer to the "**Appendix**" section.

Committee's roles and responsibilities:

1. To define the company's risk strategies
2. To regularly evaluate risks
3. Proactively positioning for potential opportunities
4. Reporting to BoD regularly

Each process owner is required to identify the risks related to their responsibilities and report these risks to the Risk and Compliance Committee.

The Risk and Compliance Committee is responsible for periodically reviewing and monitoring risks reported by process owners.

Through this committee, we aim to enhance our expertise in risk management and compliance programs, which are crucial for the long-term sustainable success of our company, thereby increasing our ability to respond more effectively to risks and seize opportunities.

We assess Environmental, Social, and Governance (ESG) risks using the categories defined by TCFD (Task Force on Climate-Related Financial Disclosures) and COSO (Committee of Sponsoring Organizations of the Treadway Commission).

Last year, guided by TCFD, we worked to improve our risk management by assessing regulation, technology, market, reputation, physical, and other risks, and identified 25 ESG risks.

This year, with contributions from the Risk and Compliance Committee, we updated our evaluations and identified three new transition risks:

- **Risk of losing competitive pricing advantage**
- **The risk of losing the competitive advantage due to the termination of regulatory incentives and subsidies**
- **Risk of changes in the competitive landscape**

Risk Category	Risks							
Regulation	Compliance with Current Regulations	Compliance with Future Regulations						
Technology	Ineffective Utilization of Digital Resources	Information Security and Cybersecurity	Challenges in Transitioning to Lower Emission Technology					
Market	Raw Material Cost Variability / Occurrence of Supply Bottlenecks	Crisis Management	Volatile Macroeconomic Conditions / Exchange Rate and Interest Rate Volatility	Inability to Diversify Customers and Suppliers	Termination of Incentives and Support and Loss of Competitive Advantage	Inability to Be Competitive in Pricing	Change in the Competitive Environment	
Reputation	Increasing Stakeholder Expectations	Business Ethics	Falling Behind Rival Companies	Environmental Degradation				
Physical	Extreme Weather Events	Ecosystem-Related Environmental Pollution	Chronic Climate Events					
Other Risks	Gender Inequality	Employee Loyalty and Satisfaction	Employee Rights	Performance Evaluation	Occupational Health and Safety	Supply Chain Standards and Management	Failure to Attract or Retain Talent	Management of Corporate Risks

Low Risk
Medium Risk
High Risk

Innovation

We are investing in transforming our business processes by adopting innovative approaches to meet our sustainability goals. As we move towards a sustainable economy, we are implementing activity planning to strengthen our resilience and considering the priorities of our stakeholders.

In our 2022 sustainability report, we discussed our digital transformation strategy, which continued to progress in 2023. One of our key projects was the CRM module designed within our existing ERP system, SAP Business One. This module allows us to record interactions with current and potential customers, manage proposals efficiently, and streamline processes related to orders, contracts, and receivables. As a result, we are able to make faster and more effective decisions that align with customer expectations.

Other important projects included the Operations Monitoring System, Equipment Maintenance, Fault Tracking, Maneuver Management, and Contract & Advance Management. As part of our digital transformation journey, we have developed a five-year plan by prioritizing digitalization projects based on stakeholder expectations and available resources. Our IT and Digitalization Committee is responsible for implementing this plan as intended, working in coordination with other departments, and reporting to the Board of Directors.

We continue to take innovative steps regarding our products and production methods. Under the "**Products, Services, and Quality**" heading, we have detailed both our world-first achievements and the products we have created and will create with advanced engineering solutions and our innovative approach.

Key Goals:

- Investing in sustainability-related innovation projects.
- Digitalization of CRM & Insurance processes.

5 Year Roadmap

2024

- CRM phase 2
- IFRS reports to be prepared through our digital system
- Manager dashboards to be prepared through Qlik
- Design man-hour tracking
- Mobile app - approval pages
- Cost report based on zone and system
- Working advance request management
- Employee feedback and suggestions
- HR overtime structure
- Travel applications to be managed on the system
- Using Lexpera to track legislations and regulations
- HR process to be included to the system through Success Factors application

2025

- Success Factors project completion
- Fixtures and inventory tracking management
- Meeting tracking system
- Shipyard layout report
- Document tracking system
- Measuring our digital maturity
- After sales (AS) department to be fully integrated in SAP and be managed through Sanmar Connect
- AS reports to be created digitally

2026

- Routine and repetitive tasks to be handed to RPA
- ESG data, targets and KPIs to be digitized
- Custom AI tools for production planning
- OHS and Quality processes to be managed through Sanmar Connect

2027

- Implementing predictive maintenance systems for our fleet
- Implementing automatic welding to our production processes
- Digitalization of production data tracking system
- Critical processes in Sanmar Connect to be determined and moved to mobile app
- IoT solutions (smart wearables to track man hours and efficiency)

2028

- Building platforms for employees to share their knowledge and experience
- Using autonomous machines for under water operations (ex: cleaning and viewing)
- Using simulators for crew trainings.

We continue to actively integrate our innovative mindset into all our processes, focusing on **four key areas** for ongoing development:

We Produce Innovative and Environmentally Friendly Products

- We start the production of fully electric tugboats.
- We are the shipyard that builds the highest number of electric tugboats.
- We are building alternative fuel tugboats; LNG fuleled and methanol fueled.
- We have introduced industry-first technologies to our customers, including remote-controlled tugboats, the VectRA series, hydromechanical hybrid tugboats, and TRAnsverse tugboats.

We Embrace Next-Generation Production Techniques

- To prevent marine pollution, we carry out all our production processes inside equipped enclosed halls.
- We are reducing productions related to ship structural components and keeping our pressed productions at maximum levels. This way, we minimize risks in terms of both occupational health and safety (OHS) and the environment.
- In 2017, we purchased a CNC machine. The setup and commissioning of the new CNC Hall were completed in 2022. With our modern CNC machine, we can carry out 95% of the plate cutting for all projects in our own shipyard, this drastically reduced our dependency on external sources.
- By integrating CNC cutting into the Sanmar Connect system, we can track and report all the plates used in the projects in real-time through the system. Additionally, we manage scrap during project cutting and optimize the total plate usage for the project. Furthermore, since cutting is only done for Sanmar projects, we minimize transportation and operational costs.

We are Prioritizing Digital Transformation of Our Business Processes

- We started moving the employee feedback we previously collected manually to digital platforms to enhance efficiency.
- We have completed the digitization of processes that require approval from senior management, enabling real-time tracking and decision-making through a mobile app.
- In line with our commitment to legal compliance, we have implemented the Lexpera software for tracking legal regulations.

We are Continuing Our Transition to Sustainable Energy within Our Production and Service Processes

- We are continuing our solar panel installation project on the roof of our Altınova shipyard. We started our investments this year and plan to complete installation by the end of 2024. Using the electricity generated through the solar plans, we aim to charge our electric tugboat and achieve fully carbon-neutral operations.

You can find detailed information about our innovative products and services in the "**Innovative and Environmentally Friendly Products**" section.

Economic Performance

From the beginning of our journey as a family business, we have always prioritized continuous development, quality, innovation, and customer satisfaction. Maintaining our financial stability and improving our economic performance are key priorities for us to sustain and grow our business.

Our strong economic performance enables us to grow in alignment with our mission and values, ensuring that we remain competitive in the industry. It also allows us to finance new projects, leading the way in innovation. At the same time, it helps us deliver better services to our customers, strengthens our ability to manage our services sustainably, enhances the welfare of our employees, and enables us to maintain a safer and more environmentally focused production.

In the 2023 ranking of Türkiye's top 500 industrial organizations (ISO Top 500), we are ranked 302nd in terms of production sales and 283rd in net sales. In the "Top 1000 Exporters Survey" conducted by the Turkish Exporters Assembly in 2023, we are ranked 157th. **As one of the top four exporters in our sector, we take pride and joy in being the number one exporter in our main activity area.** In light of these indicators, we contribute significantly to the country's economy and employment by covering a major portion of the export value related to our field of activity.

In 2021, we ranked 4th in exports in our sector.

In 2022, we ranked 2nd in exports in our sector.

In 2023, we ranked 4th in exports in our sector.

Supply Chain Management

We believe that developing strong relationships with our suppliers is one of the key steps in providing quality service. Since 2020, we have been using the SAP infrastructure in all critical processes to manage and track our supply chain efficiently and improve its quality. This has enabled traceability, increased operational efficiency, and process optimization. Additionally, we have enhanced our digital capabilities to improve reporting in our internal processes.

We select our suppliers with a strong awareness of our responsibility for the entire supply chain. In choosing our partners, we consider factors such as respect for human rights, commitment to occupational health and safety, environmental performance, alongside price and quality.

We fall under the "Hazardous and Very Hazardous" classification, as per the Workplace Hazard Classes Communiqué on Occupational Health and Safety and Labor Law No. 4857. As per legal requirements, we do not engage with suppliers that employ workers under the age of 18.

As part of our company policy, we conduct an annual '**Supplier System Performance Evaluation**' and '**Supplier Compliance On-Site Audit**' with our suppliers.

We work with those suppliers who achieve the highest performance based on the criteria set by our supply chain department and audit standards. Our evaluation criteria include areas such as environmental and quality management, discrimination, child labor, and forced labor. We continue our collaboration with suppliers who score 70 points or higher in the audits.

In 2023, we conducted a total of **13 performance evaluations and 4 on-site audits** for our operational suppliers. We also evaluated 42 of our suppliers who provide strategic equipment and consumables. Additionally, **77% of our suppliers were assessed for their environmental and social impacts in 2023.**

As part of our evaluation and auditing process, we randomly sample materials stored in our warehouses to ensure that the intermediate goods used in tugboat construction do not contain asbestos[11] and that our production processes prevent contamination. These samples are tested quarterly at the laboratories of the Scientific and Technological Research Council of Türkiye (TÜBİTAK), and we obtain independent evaluation reports.

In 2023, we conducted a total of 13 performance evaluations and 4 on-site audits for our operational suppliers.

Key Goals:

- Including of 5 new suppliers in the Supplier Assessment.
- Adding up to 5 more companies to the equipment manuals as soft copies received from suppliers.
- Monitoring the deliveries of 10 strategic equipment suppliers via reports from the suppliers.

[11] Asbestos, commercially known as amiant, refers to a group of silicate minerals (including magnesium silicate, calcium-magnesium silicate, and ironmagnesium 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.

We are defining our suppliers in 3 groups:

Operational Suppliers — The suppliers we work directly with in our production and operations processes, ensuring the continuity and sustainability of operational processes.

Strategical Equipment Suppliers — Suppliers that meet the requirements outlined in the project specifications and align with customer expectations, with proven reliability from production through after-sales support. This group provides critical equipment for project needs.

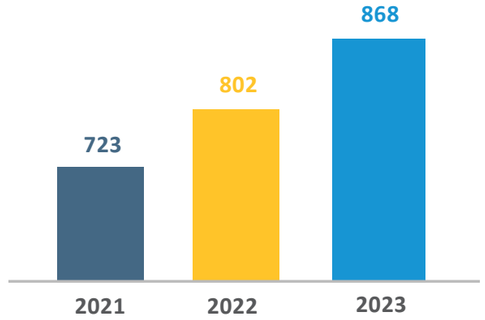
Consumable Material Suppliers — Suppliers that provide materials regularly consumed during production to ensure the continuity of the shipyard

Our tugboat production processes are inspected by international independent classification societies, and upon completion, they are certified by the same organizations. Therefore, we prefer products that are deemed suitable by classification societies in the equipment and materials provided by both supplier groups.

Contributing to the local economy is a great motivation for companies like ours that represent our country globally. If the equipment and materials we need can be sourced from local suppliers, we make it a priority to work with them.

We are aware of the importance of localization and the value it adds to our company. In this context, **since 2021, we have successfully increased the proportion of local suppliers by 20%.** We are proud that **in 2023, the percentage of local suppliers reached 87%.**

Number of Local Suppliers



Our Supply Chain

- Responsible
- Sustainable
- High - Quality
- Transparent
- Traceable

Ratio of Local Suppliers: 87%

Operational Suppliers: 100% Local

Consumable Material Suppliers: 100% Local

Strategical Equipment Suppliers: 46% Local

05

Environmental Footprint

“Navigating Tomorrow,
Preserving Our Nature.”

Our Environmental Footprint

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

Our Environmental Objectives

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.

The results of the materiality analysis we conducted with our stakeholders last year clearly highlight the necessity of focusing on environmental issues. We continue our efforts to fulfill our responsibilities in the best possible way, focusing on our key priorities.

We receive environmental consulting services from a third-party consultancy firm. In our Shipbuilding & Towage Operations, we have two separate HSE-Environmental teams. Additionally, we carry out our environmental efforts in line with our **ISO 14001:2015 Environmental Management System.**

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.

We closely follow global sustainability developments and environmental priorities, identifying areas where we can reduce our environmental impact and integrate improvements into our business processes.

In 2023, we successfully increased our production by 54% compared to 2021 and by 25% compared to the previous year. With this growth, we will continue to develop products that shape the future and protect the environment.

Carbon Footprint

Key Goals:

- Reducing our Scope 1, 2, and 3 emissions annually in the long term within our Shipbuilding & Towage and Pilotage operations.

In 2022, we became the first company in Türkiye's maritime industry to receive the ISO 14064 certification.

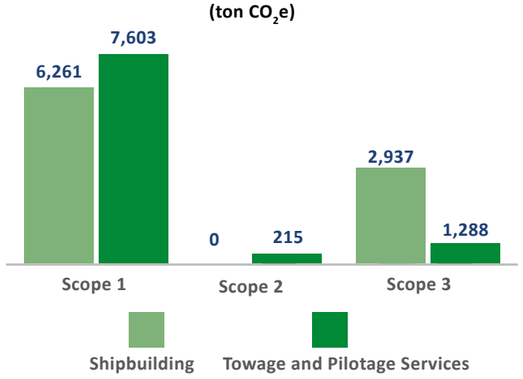
We are committed to combating climate change by aligning with global goals and implementing the action plan we established last year.

To reduce our carbon emissions, we are launching innovative projects, with our **fully electric and zero-emission** ElectRA series taking the spotlight. These tugboats, when operating at full capacity, achieve an average annual reduction of 2,600 metric tons of CO_2 emissions. You can find detailed information about these environmentally friendly innovations in the "**Innovative and Environmentally Friendly Products**" section.

In 2022, we became the first company in the maritime industry in Türkiye and Europe to receive the ISO 14064 certification. Alongside this achievement, we continue to develop strategies to minimize our environmental impact. We calculated our greenhouse gas emissions in line with the ISO 14064 standard and the GHG Protocol's Corporate Accounting and Reporting Standards, as follows:

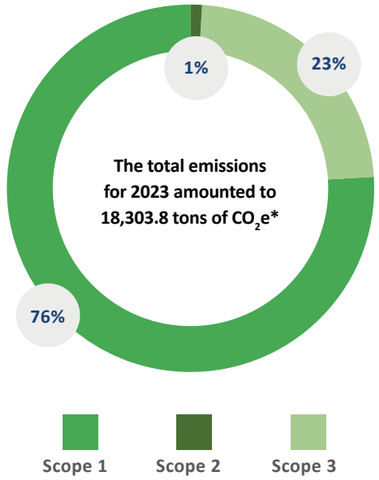
Scope 1	Category 1: Direct GHG Emissions (CO_2e) • From stationary combustion sources • From mobile combustion sources • From industrial processes • From anthropogenic systems
Scope 2	Category 2: Indirect GHG emissions from imported energy (CO_2e) • Electricity
Scope 3	Category 3: GHG emissions from transportation (CO_2e) Category 4: GHG emissions from products used by the organization (CO_2e)

2023 Emission Breakdown (ton CO_2e)



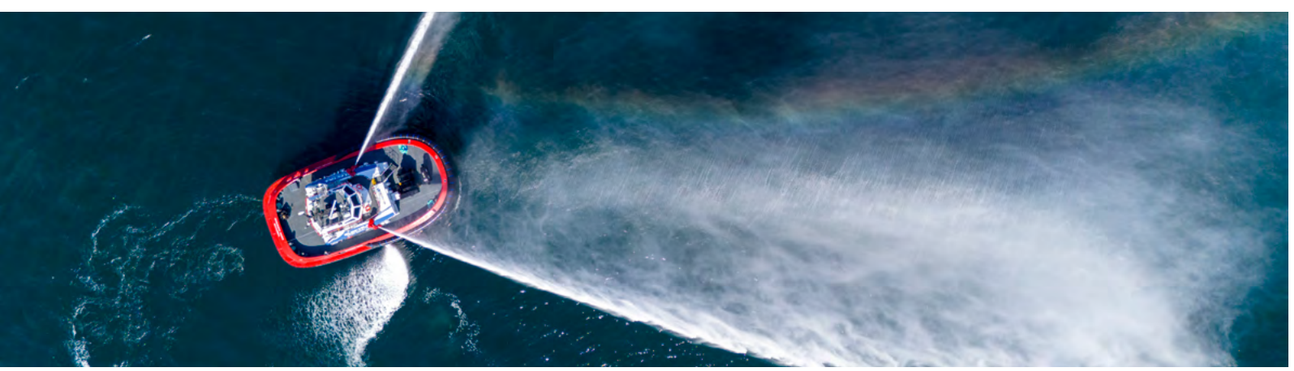
In 2023, we calculated the total Scope 1 and Scope 2 emissions from our production activities as 6,261 tons of CO_2e and Scope 3 emissions as 2,937 tons of CO_2e.

2023 Total Emission Breakdown(ton CO_2e)(%)

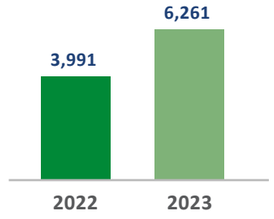


* Shipbuilding & Towage and Pilotage consolidated data.

For our Towage and Pilotage Services operations, the Scope 1 and Scope 2 emissions totaled 7,819 tons of CO_2e, with Scope 3 emissions amounting to 1,288 tons of CO_2e.



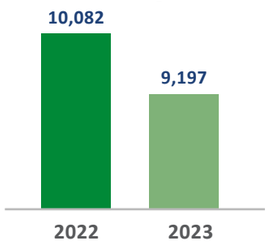
Distribution of Scope 1 Emissions (ton CO_2e)*



*Emission calculations for Shipbuilding.

Compared to the previous year, our Scope 1 emissions from production processes have increased by 10%. This increase is mainly due to a 25% rise in production volume, driven by the new production hall and the addition of a new office building.

Scope 1, 2 and 3 Emission Breakdown (ton CO_2e)*

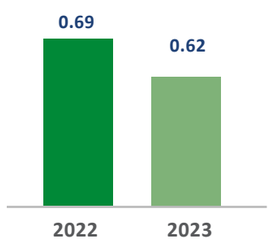


*Emission calculations for Shipbuilding.

In contrast, our Scope 2 emissions have decreased by 100%, as we switched to using electricity sourced entirely from renewable energy for production. Lastly, our Scope 3 emissions have decreased by 34%.

Although our Scope 1 emissions have increased, we have achieved a 10% reduction in total Scope 1, 2, and 3 emissions from 2022 to 2023.

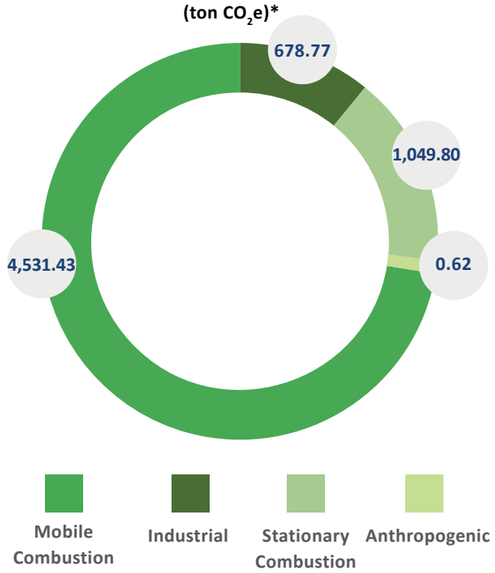
Emission Intensity (ton CO_2e/gross ton)*



*Emission calculations for Shipbuilding. The greenhouse gas emission intensity has been calculated by dividing the total Scope 1 and Scope 2 emissions by the production quantity.

Additionally, our greenhouse gas emissions intensity decreased from 0.69 to 0.62 tons of CO_2e per gross ton, marking an 11% decrease.

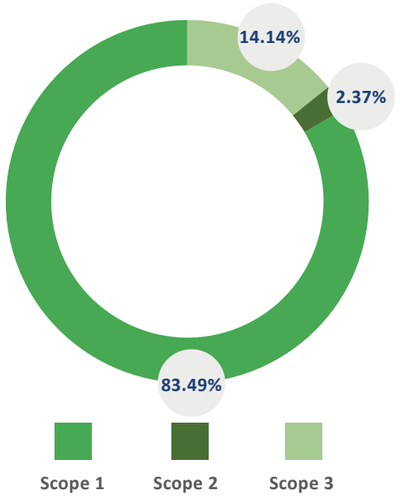
Distribution of Carbon Emissions from Non-Renewable Energy Consumption in 2023 (ton CO_2e)*



*The chart shows the distribution of carbon emissions from non-renewable energy consumption in shipbuilding activities for 2023.

In 2023, the majority of our carbon emissions from non-renewable energy consumption in production came from mobile combustion sources, such as company vehicles and machinery, contributing 4,531 tons of CO_2e. We are dedicated to reducing our environmental footprint by advancing green, sustainable practices in our production processes.

Distribution of Scope 1, 2 and 3 Emissions in 2023 (ton CO_2e)*

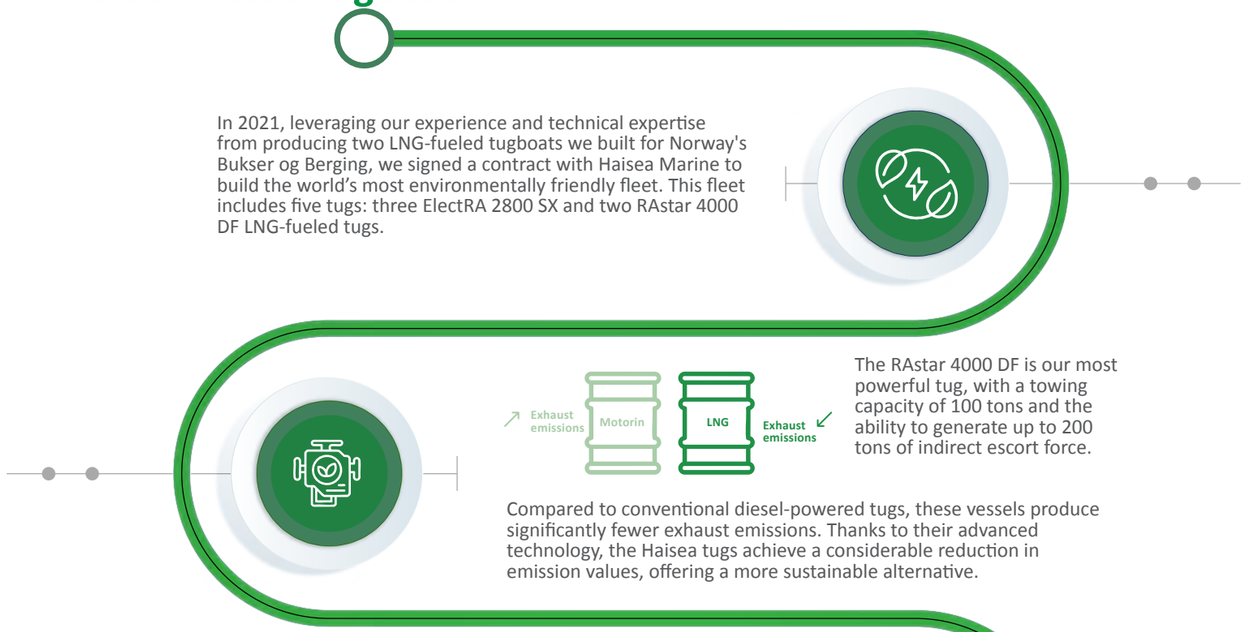


* Emission calculations for Towage and Pilotage services.

In 2023, for our Towage and Pilotage operations, Scope 1 emissions comprised 83% of total emissions, while Scope 2 emissions accounted for only 2%.

LNG-Fueled Tugboat

In 2021, leveraging our experience and technical expertise from producing two LNG-fueled tugboats we built for Norway's Bukser og Berging, we signed a contract with Haisea Marine to build the world's most environmentally friendly fleet. This fleet includes five tugs: three ElectRA 2800 SX and two RAstar 4000 DF LNG-fueled tugs.



The RAstar 4000 DF is our most powerful tug, with a towing capacity of 100 tons and the ability to generate up to 200 tons of indirect escort force.

Compared to conventional diesel-powered tugs, these vessels produce significantly fewer exhaust emissions. Thanks to their advanced technology, the Haisea tugs achieve a considerable reduction in emission values, offering a more sustainable alternative.

Emissions of sulfur oxides (SOx) in LNG-powered tugs are almost zero, and the amount of particulate waste from natural gas is minimal.

CO_2 emissions are 26% lower, and NOx emissions are reduced by 90%.

- Carbon dioxide emissions are 26% lower.
- Natural gas particulate
- SO_x emission
- NO_x emission 90% lower

These tugs also contribute to environmental sustainability by operating quietly, helping to maintain the comfort of marine life.

We continue to innovate in our production processes and product specifications, aiming to reduce environmental impacts more each year. We are committed to creating a cleaner future through eco-friendly technologies, innovation, and collaborations.

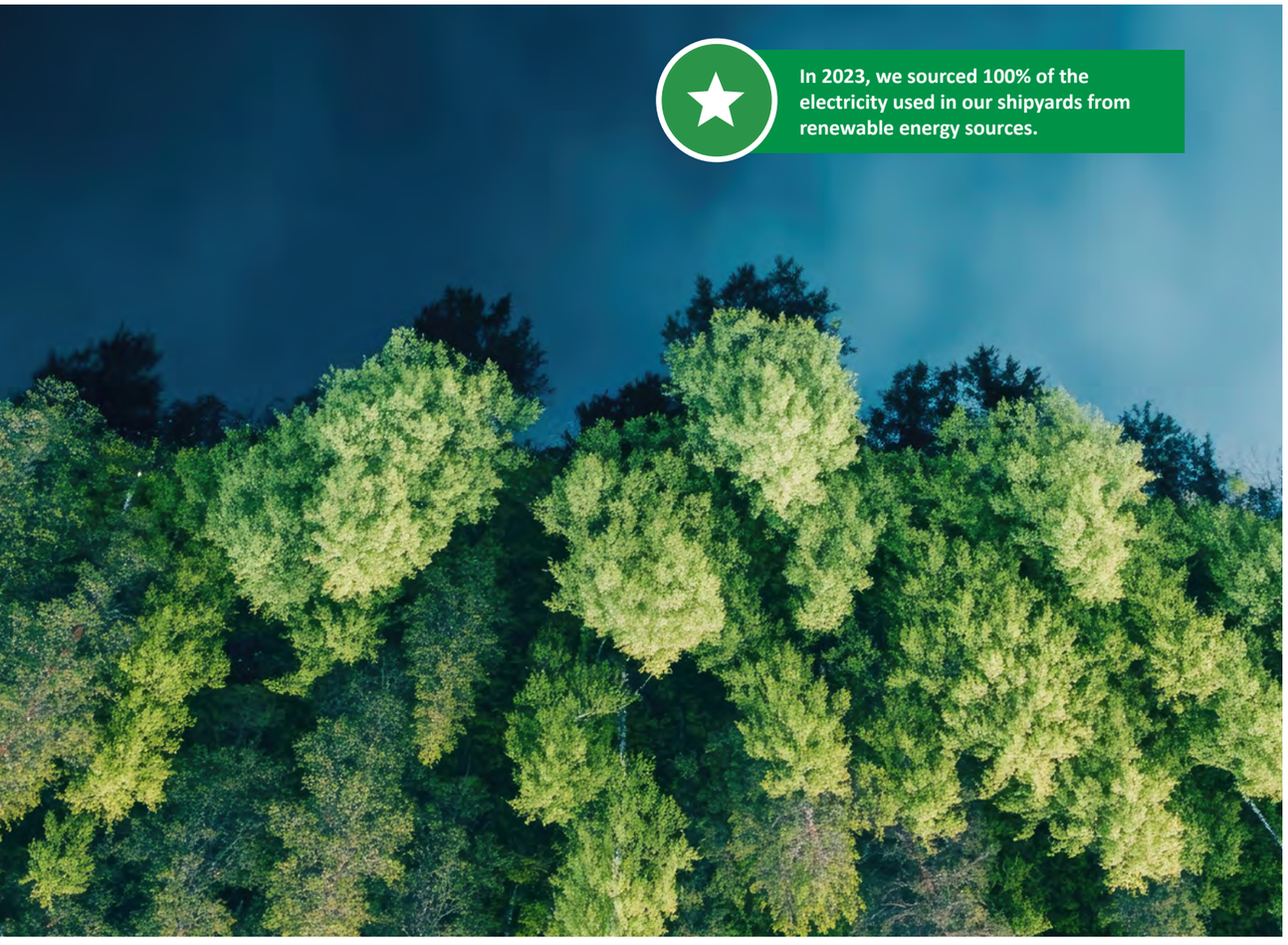
Energy Management

Key Goals:

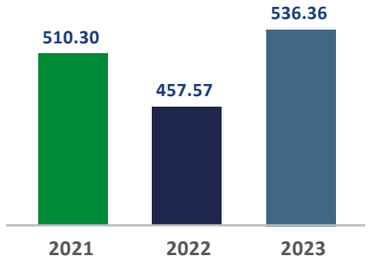
- Evaluating renewable energy opportunities in the short term within our Shipbuilding operations.
- Tracking the ratio of renewable energy in total energy consumption within Shipbuilding operations.
- Ensuring the traceability of total energy consumption in the short term within our Shipbuilding & Towage and Pilotage Services operations.

We identify the energy sources used during our operations and monitor our total energy consumption to ensure efficient resource usage. Our energy consumption consists of natural gas[12], electricity, LPG, and MDO (Marine Diesel Oil). To reduce consumption and enhance energy efficiency, we continuously develop improvement projects.

[12]LNG: When natural gas is cooled to -162°C at atmospheric pressure, it condenses from a gaseous to a liquid state and is referred to as LNG. LNG is a colorless, odorless, and non-toxic fuel.



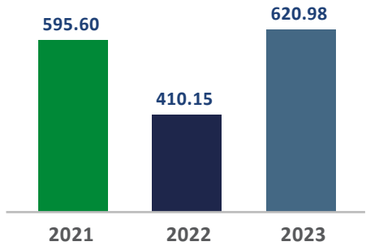
Electricity Consumption per Product by Year (kWh/gross ton)*



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

Compared to 2022, our electricity consumption per product increased by 17%. However, in 2023, we sourced 100% of the electricity used in our shipyards from renewable energy sources.

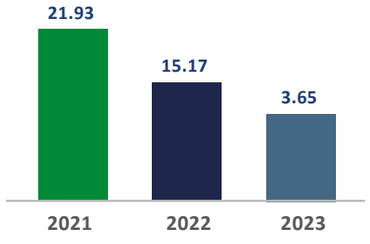
MDO per Product by Year (kWh/gross ton)*



*Graph of MDO per product in the shipbuilding activity area.

This year, we observed a 54% increase in MDO consumption per product. The main reason for this increase is the higher number of trial runs of the newly built tugboats.

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



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

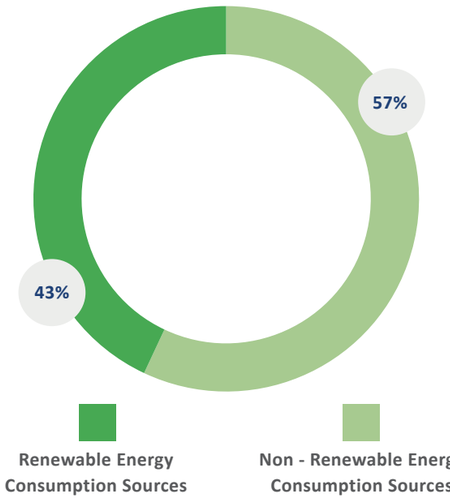
We reduced our natural gas consumption per product by **76%** compared to last year.

To achieve energy savings, we replaced all of our lighting systems (except for the overhead lights at our Tuzla location) with LED fixtures last year. Additionally, with the "**Ship Launching System Project**" we implemented in 2012 and still use today, we convert energy lost during braking in ship launching operations into electricity, which is then used within the yard. **Through this system, we reduce energy losses associated with our operations.**

Through another project, we utilize the temperature of seawater to cool our administrative building using a heat pump system. **By cooling our Tuzla office with seawater, we not only achieve energy savings but also reduce our carbon footprint.**

One of our most impactful projects is the '**Solar Panel**' initiative. This year, in line with our goal to enhance energy efficiency and transition to clean energy sources, we invested in installing a solar panel system on the roof of our Altınova shipyard, capable of producing **4,035.52 Mwh.** We plan to commission it in 2024. Additionally, we aim to install a solar panel system at our Tuzla facility, with a target production capacity of **1,420.37 Mwh.**

2023 Energy Distribution (Mwh)*



* Graph of Scope 1 and 2 emissions distribution in the shipbuilding activity area.

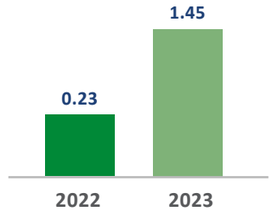
This year, 43% of the total energy ** we consumed in production came from renewable energy sources. We will continue to increase this ratio each year by gradually raising our investments in renewable energy.

** Renewable Energy Consumption Sources
-Electricity

Non - Renewable Energy Consumption Sources
-Natural gas
-MDO
-Diesel
-LPG/LNG/CNG

As a result of the improvements we made to optimize energy consumption in our production processes, we saved 14,744 kWh of energy and reduced costs by 2.4 million TL this year.

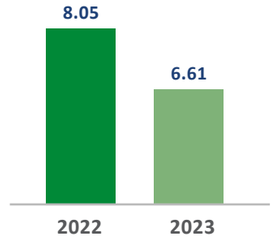
Energy Saving per Product as a Result of Improvements (kWh/gross ton)*



* Graph of energy savings per product in the shipbuilding activity area.

Additionally, as a result of improvements, our energy savings per product have increased more than fivefold compared to last year.

Energy Intensity (Mwh/gross ton)*



*Graph of energy intensity per ton in the Towage & Pilotage Services activity area

Furthermore, in our Towage and Pilotage services, we achieved an 18% reduction in energy consumption per ton. In addition to this improvement, we increased the number of energy efficiency projects from 2 to 4 compared to last year. As a result of these projects, we saved **415.1 Mwh** of energy and reduced costs by **896,208 TL.**

We believe that through the projects we have developed and will continue to develop, we will achieve our gradual carbon reduction and renewable energy goals in our operations and production line.

In the coming periods, we aim to reduce energy consumption and increase our renewable energy investments through innovative developments.

Energy Recovery from Load Testing Project

In line with our energy management goals, we worked diligently in 2023 to implement our Energy Recovery from Load Testing project.

Previously, the standard Sanmar ship generator load test consumed approximately 200 kWh using a step-load bank system.

With the new test unit, which can synchronize with the grid, we managed to redirect the 200 kWh energy consumption for use within the shipyard. This allowed us to increase our energy savings to 400 kWh.

Material Recycling

Key Goals:

- Implementing a material recycling project in the short and medium term within our Shipbuilding operations, and monitoring and reporting material recycling rates in the long term.

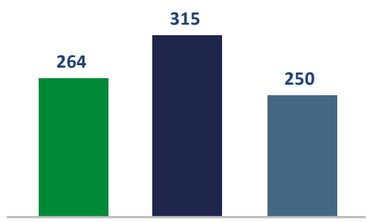
We take an environmentally friendly and resource-efficient approach in our Shipbuilding and Towage Services. To support this, we manage our resources based on the principles of the circular economy. In our production, we have shifted from welding to cold-press methods, incorporating them as much as possible. We also recycle scrap metal sheets, one of our main materials, by sending them to third-party companies that process them into new equipment.

In addition to our recycling efforts in production, we also develop and implement projects in our warehouses and offices to support sustainability.

Through our "**Recycling of Used Materials**" project, carried out within the framework of circularity in our warehouses, we ensure these materials are recycled, allowing for more efficient use of resources.

"Zero Waste Project" implemented in our shipyard and offices, promotes recycling and ensures that waste generated in our workplaces is recycled efficiently.

Total Recycled Material Utilization (ton)*



*Consolidated data for Shipbuilding & Towage, and Pilotage.

"**Zero Waste Project**" implemented in our shipyard and offices, promotes recycling and ensures that waste generated in our workplaces is recycled efficiently.

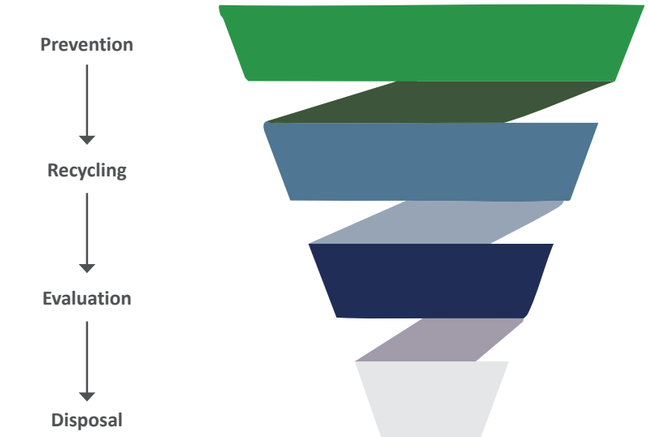
Waste Management

We work to minimize the environmental impact of our production activities. In this context, we aim to manage our waste effectively. In addition to reducing waste generated in our operations, we also carry out projects focused on protecting the seas, which are our primary area of operation.

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%.

Our Waste Management Philosophy



- Selection of environmentally friendly technology
- Efficiency and environmental targets
- Remedial and preventive projects

- Use of recyclable materials
- Separate collection at source
- Sending to recycling companies
- Monitoring - Measurement
- Conscious staff

- Reuse of materials and equipment
- Conscious staff

- Full compliance with regulations
- Registration

Through our Waste Management Procedure and HSE-Environmental Waste Management practices, we ensure **effective waste management across all our shipyards** in compliance with legal requirements

We determine the methods to be used for the disposal of waste generated in offices, production areas, and storage facilities. The environmental impact of waste resulting from our activities is assessed using the environmental aspect analysis method employed in the **ISO 14001 Environmental Management System.**

We dispose of our household waste through municipal channels or authorized private companies.

Hazardous waste is sent to licensed firms for disposal.

We classify recyclable waste as recovered waste and collect it separately in appropriate bins and containers according to its type, quantity, and content. The collected waste is labeled according to its characteristics and disposal methods, and we ensure its recycling.

Additionally, we report the quantity and disposal methods of waste through Waste Declaration Forms to the Ministry of Environment, Urbanization, and Climate Change.

In addition to reducing waste generation, we send our hazardous waste to authorized disposal facilities using licensed vehicles and the National Waste Transport Form.

This year, we successfully recycled **78,620 tons of waste generated** from our activities.

As part of our "**Combatting Marine Pollution**" project, we collaborate with the Tuzla and Altınova Shipbuilders' Association to provide services for our shipyards. To protect the waters in which we operate as part of our waste management efforts, we have implemented the "**Marine Pollution Response Kit**" project. This project ensures that we have marine pollution cleanup equipment on hand at our shipyards and tugboats, allowing for rapid response to any potential surface pollution. The inclusion of our waste in the recycling process, along with the contributions of these projects, reflects our commitment to adopting a more efficient management approach and reducing our environmental impact.

Environmental Protection and Environmental Management

We shape our environmental management by fulfilling our responsibilities to the environment and incorporating best practices into our production processes.

In line with our **ISO 14001 Environmental Management System, which is fully compliant and certified**, we apply the **ISO 14001 standard** across all our shipyards. Our EMS allows us to effectively manage risks, seize opportunities, and continuously improve our environmental performance. Our environmental strategy focuses on protecting the natural environment and preventing harm to marine life.

We follow regulations published by national and international organizations, such as the International Maritime Organization (IMO), MARPOL[13] and the Turkish Maritime Administration, and implement them in our areas of service.

Before implementing any projects, we apply to the Ministry of Environment, Urbanization, and Climate Change to obtain an Environmental Impact Assessment (EIA) opinion. The Ministry conducts this assessment, and if necessary, we prepare an EIA report based on their feedback.

Furthermore, we take measures to protect natural habitats and marine ecosystems around the project areas. Our Environmental Protection Procedure ensures that environmental protection activities are carried out systematically.

We provide training to our employees on preventing marine and environmental pollution to ensure environmental awareness is maintained and increased. We conduct environmental drills twice a year. Additionally, we hold Marine Pollution Prevention Drills twice a year with Gisaş and Most Maritime companies. We operate in line with sustainability principles to protect our natural heritage and aim to continuously improve our activities by following current environmental regulations and practices in our industry.

We have the authority to intervene in emergencies involving marine pollution by oil and other harmful substances, granted by the General Directorate of Maritime Affairs under the Ministry of Transport and Infrastructure. Additionally, **we hold the authority to organize training seminars and drills related to preparedness for pollution caused by oil and other harmful substances.** In this regard, we not only focus on our own activities in the field of sustainability but also strive to protect our seas from all potential dangers.

Key Goals:

- Increasing the number of energy efficient tugboats.
- Increasing the percentage of employee completing environmental training by 50%.

Biodiversity

Oceans, seas, and freshwater resources are vital to the life of our planet, playing a crucial role in regulating the global climate. It is well known that due to increasing levels of carbon dioxide caused by climate change, these bodies of water absorb more carbon while simultaneously being constantly polluted. This ongoing pressure on marine ecosystems threatens biodiversity at an alarming rate[14].

As part of our commitment to biodiversity protection, five tugs built for Haisea Marine (3 Electra 2800 SX, 2 RAstar 4000DF) carry the ABS ENVIRO+ notation. This certification indicates that the equipment used in these vessels has been carefully selected to minimize marine pollution. For instance, we use a 5ppm (parts per million) bilge separator that prevents harmful effects on marine life, ensuring environmental protection.

We closely monitor how our activities impact biodiversity. We work to minimize any potential negative effects and take measures to protect marine ecosystems.

We ensure that our activities consider not only marine life but all living organisms within our ecosystem. For example, in biodiversity-related projects, we promote the use of sustainable materials to contribute to reducing deforestation and habitat loss. To protect the natural habitats near our shipyards, we carry out shipbuilding activities (including sanding, washing, rust removal, painting, and welding) in enclosed areas.

We direct wastewater resulting from production to chemical treatment facilities through water IBCs (Intermediate Bulk Container), preventing discharge into marine or wetland areas. Additionally, we use special paints on the outer surfaces of ships that do not harm marine life. We ensure that these paints are certified by international standards, provided by the manufacturer, to confirm they do not pose a threat to the environment or contribute to marine pollution.

In the "World's Greenest Fleet" project for Haisea Marine, three ElectRA 2800 SX tugboats operating in the Kitimat region north of Vancouver are designed to operate at extremely low noise levels to avoid disturbing marine life.

[13]1It is the International Convention for the Prevention of Pollution from Ships, signed in 1973 and amended in 1978.

[14]https://www.un.org/en/climatechange/science/climate-issues/biodiversity

Through the Sanmar-Turmepa collaboration, in 2023, we collected waste from **290 vessels**, preventing contamination of **1 million liters** of seawater.

The Turkish Marine Environment Protection Association / TURMEPA helps reduce the environmental footprint of marine tourism by collecting thousands of tons of liquid waste with its waste collection vessels in coves frequented by yacht and tourist boat owners.

In our previous Sustainability Report, we shared that we formed a partnership with TURMEPA in 2022. Through this collaboration, our sponsored vessel, Tekirova 1, collects liquid waste in the coves of Bodrum as part of the "**Sustainable Marine Tourism**" initiative. Throughout the 2023 summer season, Tekirova 1 collected waste from 290 boats, helping keep 1 million liters of seawater clean by removing 120,000 units of waste.

The efforts of TURMEPA and Sanmar to protect the sea from pollution contribute to the restoration of fish populations. By collecting wastewater from yachts and tourist boats in Bodrum with the Tekirova I vessel, the release of pollutants into the marine environment is prevented, helping to preserve marine habitats and provide a healthy living space for sea life. According to scientific research, 50% to 70% of the oxygen we need is produced by our oceans. Therefore, this initiative is crucial not only for marine life but also for sustaining life on land.

[15] https://turkiye.un.org/tr/224255-be%C5%9F-maddede-bm-2023-su-konferans%C4%B1

Water Management

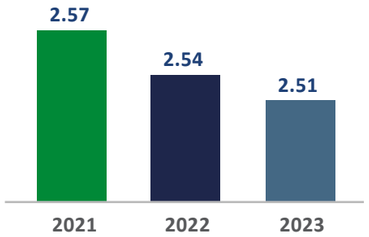
Water an essential resource for sustainable development. Nearly 4 billion people face severe water scarcity for at least one month every year[15]. Ensuring equitable access to this vital resource, protecting water sources, and managing it responsibly are crucial.

We have reduced our water consumption per product by 2% compared to our 2021 levels, maintaining our water usage at a similar level. However, we recognize the need to take more effective steps to further reduce water consumption.

Our water usage is closely monitored by the Occupational Health and Safety (OHS) and Environmental (E) teams. We are committed to implementing various water conservation projects to create a more efficient water management system.

In the administrative buildings of our Tuzla and Altınova shipyards, we use photoelectric-controlled lighting fixtures. This helps prevent unnecessary water usage, contributing to water conservation. By implementing proper planning and continuously improving our water-saving measures, we aim to enhance our water management performance over time.

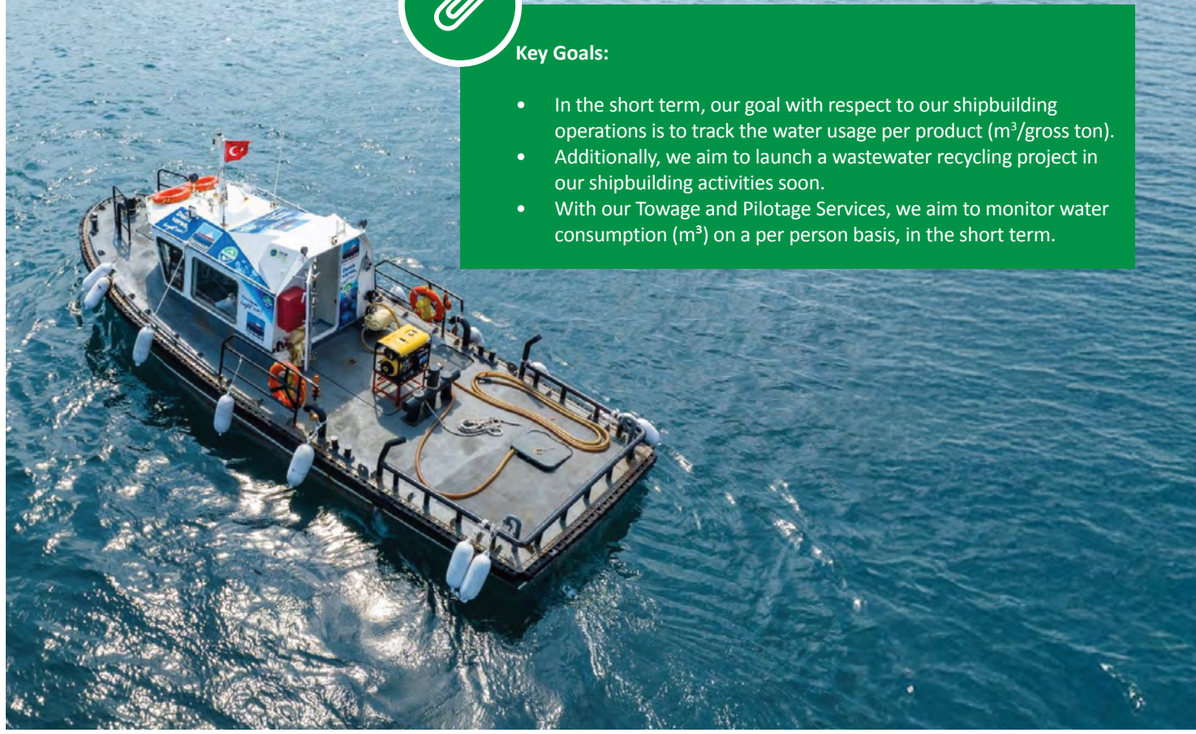
Water Consumption per Product (m^3/gross ton)*



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

Key Goals:

- In the short term, our goal with respect to our shipbuilding operations is to track the water usage per product (m^3/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 (m^3) on a per person basis, in the short term.



06

Social Impact

"Navigating Tomorrow, Preserving Employee Welfare and Equity."

Employee Development

We aim to empower our employees and establish a skilled and diverse workforce. By prioritizing the well-being and development of our team, we ensure a safe, supportive, and equitable work environment. Through our human resources strategy, we make significant investments to protect employee equality and welfare while focusing on activities that amplify our social impact. Guided by our five governance principles, we manage our social impact in line with our core values. Together with our employees—key stakeholders in our mission—we strive to maintain a vision that prioritizes innovation, entrepreneurship, and sensitivity to nature, humanity, labor, and workplace safety.

Governance Principles

Inclusivity | Transparency | Diversity | Accountability | Ethics

For detailed information about our values, you can visit the "**Sanmar Shipyards at a Glance**" section.

One of our most significant investments under the Inclusivity principle is supporting young people. In this context, we have established internship programs for both high school and university students. Through collaborations with universities such as Istanbul Technical University (ITU), Yıldız Technical University (YTU), and Piri Reis University (PRU), we offer internship opportunities to students.

We continue our Sanmar Internship Program in partnership with Istanbul Technical University (ITU), Yıldız Technical University (YTU), and Piri Reis University.

In 2021 and 2022, we employed a total of 155 interns, 5 of whom joined us after completing their internships. In 2023, we increased both the number of interns and post-internship employment, hiring 80 interns and welcoming 7 of them into our team.

In addition, to support young talents and enhance our skilled workforce, we run a recruitment project called the **Sanmar Engineer Development Program.** Through this program, we include final-year students from Naval Architecture and Marine Engineering or Ship and Marine Technology Engineering departments, who are set to graduate within the year, in our hiring process.

Newly graduated engineers selected for the program join a 1.5 year rotation plan, working in production, design, and engineering departments. Those who show progress are offered permanent roles. Launched in August 2022, the program welcomed six participants, three of whom completed the rotation and were hired in 2023. Additionally, we provide scholarships to university students based on applications or referrals submitted to the company.

We are launching the Sanmar Engineer Development Program for soon-to-be graduates in Naval Architecture, Marine Engineering, and Ship Technologies.

We consider continuous employee development one of our key responsibilities. Our training programs are structured into six categories. While core competency training is provided to all employees, role- and need-specific competency training is offered based on performance results and assessment center reports. Additionally, employees who express interest and are deemed eligible by their managers can access an online language development program through our training service agreement. Under this agreement, employees can also request training to further enhance their knowledge and skills.

Additionally, we provide financial support and leave benefits for employees pursuing a master's or doctoral degree.

In addition to prioritizing employee training and development, we also focus heavily on performance management. To ensure fair and transparent evaluations, we conduct performance reviews twice a year through the "Kolay İK" platform. This process includes unbiased assessments, with both reviewers and employees sharing feedback on the outcomes to foster mutual understanding and improvement.

As a result of our commitment to employee well-being, we began working towards obtaining the **Great Place to Work®** certification in 2023. We will continue implementing initiatives that foster a positive workplace experience and prioritize our employees. To maintain and enhance our efforts in employee well-being, we launched a platform during our reporting period where employees can share suggestions, complaints, appreciations, feedback, and opinions.

Stakeholder Perspectives

Dean of Piri Reis University (PRU)

As the Dean of Piri Reis University (PRU), I would like to share that we have laid the groundwork for our CADMATIC Basic Training project with SANMAR, which we plan to launch in 2024.

We aim to introduce the CADMATIC program to students of Naval Architecture and Marine Engineering at our university, and to ensure they use this program in their courses. In collaboration with SANMAR and our university, we plan to implement the CADMATIC program as a course during the academic year, allowing students to use it in their practical coursework.

As part of the project plan, we will meet with ARTI Engineering, the Turkish representative of the CADMATIC program, to sign a licensing agreement for 30 students at our university. The program will then be installed. PRÜ will assign a Research Assistant to coordinate the CADMATIC program training.

With the start of the 2024-2025 academic year, the process will proceed as follows: courses that will use the program will be identified, weekly schedules will be adjusted to incorporate CADMATIC basic training, and SANMAR engineers will participate in in-class applications to support students in their use of the program.

During the 2023 reporting period, the total training hours provided to our employees reached 4,443, with an average of 9.2 hours per employee.

Key Goals:

- Ensure that 50% of employees receive training on employee rights and human rights.
- Monitor employee satisfaction regularly.

Equality and Diversity

Due to the nature of our work, particularly in shipbuilding, we face certain challenges in employing women in our shipyards. The maritime industry is known as a sector with limited representation of women. Specifically in Türkiye, the percentage of women seafarers remains below 2% [16]. In recent years, the World Maritime Organization's initiative to improve women's representation in the sector has started to gain global traction. We also prioritize taking steps to increase the presence of women in the maritime industry. Not only within our company but also among subcontractors, we work to raise the proportion of women employees and prioritize hiring women for suitable positions. **Aligned with this objective, we increased the percentage of newly hired women from 13.2% in 2022 to 16.1% in 2023.**

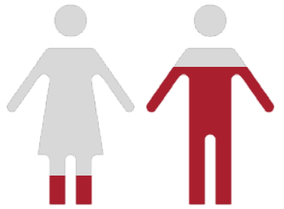
With 477 white-collar employees, we work to promote diversity across our two shipyards. Our Code of Business Ethics and Conduct emphasizes non-discrimination in all HR processes, regardless of gender, language, religion, age, nationality, or economic status. We ensure equal opportunities in recruitment and use innovative tools like video assessment systems. Beyond gender diversity, we also value age diversity, generational differences, and varied professional backgrounds to foster continuous learning. We prioritize employing socially disadvantaged individuals. In 2023, we hired five team members with disabilities.

In addition, we apply an equal pay for equal work policy for all our employees. Our compensation structure is based on the Hay/Korn Ferry framework, with short-term updates managed by our Human Resources team. At regular intervals, we review and reassess the system's operation in collaboration with Korn Ferry.

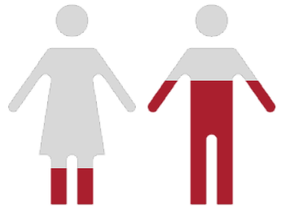
We establish clear and relevant criteria for career planning, promotions, and title assignments for applicable positions. These criteria are carefully integrated into our recruitment process as well. Our aim is to provide fair and equal opportunities for all employees across our operational fields and value chain. In addition to this approach, we actively involve our employees in performance evaluation processes, ensuring their feedback is heard.

We take pride in the progress we have made toward creating a fair, equitable, and transparent work environment through our ongoing efforts and initiatives. One of our key objectives on this path is to increase the representation of women in shipbuilding, towage, and pilotage services.

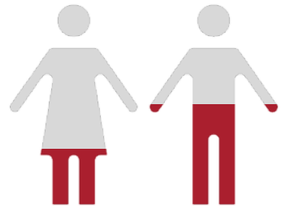
Gender Distribution Among White-Collar Employees (%)



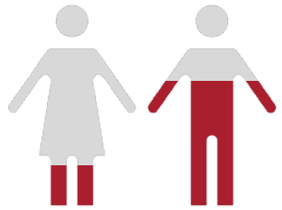
Gender Distribution in Management Positions (%)



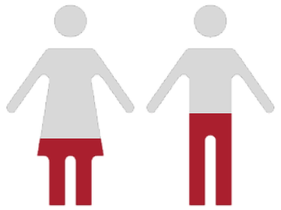
Gender Distribution Among New Hires (%)



Gender Distribution Among Employees Who Left Their Jobs (%)



Gender Distribution Among Employees Under the Age of 30 (%)



[16] https://wwwcdn.imo.org/localresources/en/OurWork/TechnicalCooperation/Documents/

Human Rights

We place great importance on respecting human rights in our business practices. While building relationships with employees, customers, and suppliers in line with our values, we expect them to adopt the same approach. Our Code of Ethics and Conduct Policy defines how we ensure compliance with human rights in our operations. Additionally, we take responsibility for upholding these principles in our recruitment and supplier selection processes. Even after establishing agreements with suppliers, we continue to monitor their adherence to human rights and legal standards.

At Sanmar, our employees have the right to unionize, and they are provided with the opportunity to join a union whose membership fees are covered by the company. This enables our employees to come together to protect their legal rights and improve working conditions. Currently, we have 78 unionized employees.

Additionally, we fully adhere to ISO 27001 and PDPL (Turkish Personal Data Protection Law) compliance standards. During the previous reporting year, we began preparations to obtain the ISO 27001 Information Security Management System certification. We are proud to state that we fulfilled the requirements of PDPL in 2021. As part of this process, we developed relevant instructions and procedures, creating authorization matrices to monitor access to data in shared areas to ensure information security and privacy. To enhance employee awareness of information security, we regularly conduct drills by sharing spam and virus reports provided by a third-party company. Furthermore, we utilize Managed Detection and Response (MDR) services to strengthen resilience against cyberattacks.

Key Goals:
- Ensuring zero incidents of human rights violations.

We prioritize human rights compliance in our Business Ethics and Code of Conduct Policy, as well as during our supplier selection process.

Occupational Health and Safety

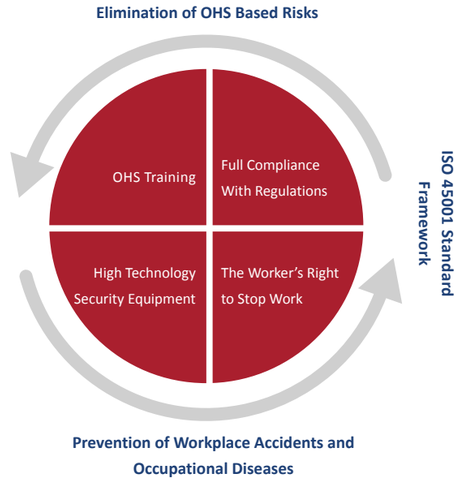
The health and safety of our employees are central to our corporate culture. In our prioritization matrix, occupational health and safety is the top priority. With this focus, we implement strong safety measures across all operations.

We have separate Occupational Health and Safety teams for Shipbuilding & Towage and Pilotage Services. In our shipyards, we have workplace doctors, health staff, and infirmaries, while for Towage and Pilotage Services, we receive doctor services from the Joint Health and Safety Unit (JHSU).

Our work is aligned with ISO 45001 standards, and we ensure the Occupational Health and Safety Management System is followed. Our main goal is to reduce risks to acceptable levels and prevent accidents and occupational diseases by eliminating risks at the source.

We have an Occupational Health and Safety (OHS) risk committee to assess OHS risks in our operations and proactively address these risks. The OHS risk board, composed of committee members and representatives from subcontractor companies, meets monthly to evaluate workplace accidents, near-miss incidents, field non-conformities, the reward & penalty system, and monthly OHS activities. Using the Fine Kinney method, we assess and rank risks based on their severity during these monthly evaluations and decide on action plans. With our proactive mindset, we aim to increase training hours to enhance awareness and prevent accidents, ensuring near-miss incidents are minimized.

Within this framework, during our reporting period, we implemented a new classification system for accidents, categorizing them as critical, very high, high, medium, and low risk. We updated our targets accordingly. Additionally, we monitor the OHS metrics of our subcontractors. For 2023, the fatal accident rate and occupational disease rate among our subcontractors were zero. The number of high-risk incidents was recorded as five.

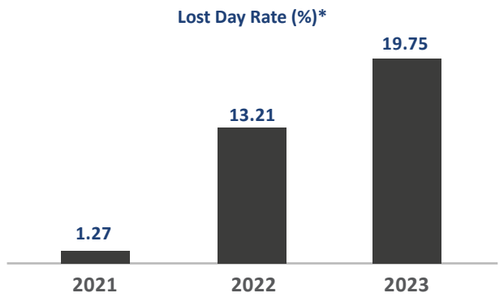


Key Goals:
- Making sure the number of accidents is zero or minimal.
- Making sure the number of fatal work accidents is zero.
- Making sure the Lost Day Rate (LDR) is 10% less than the number of personnel.
- Ensuring 50% OHS training rate in the short term.
- For hazardous work, it is essential that each employee receives a minimum of 12 hours of Occupational Health and Safety (OHS) training every 2 years.

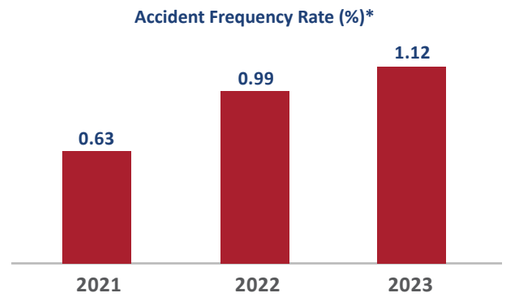
Fatal accident rate: **"Zero"**
Occupational ilness rate: **"Zero"**
High-level accident count: **"5"**
Very high-level accident count: **"2"***

*OHS metrics for our subcontractors.

Within the Scope of OHS,
- **We organize training sessions with virtual reality (VR) headsets.**
- **We conduct weekly safety walks (on-site tours) with a senior executive.**
- **We are working to increase the training provided per employee.**



* Indicates the Lost Day Rate (LDR) for activities in the fields of Shipbuilding, Towage and Pilotage Services.



* Indicates the accident frequency rate for activities in the fields of Shipbuilding, Towage and Pilotage Services.

Key Goals:
- Continuing social responsibility projects.

Social Impact

We approach sustainability from a multifaceted perspective and continuously consider the transformative power of our social impact. Our sustainability approach is shaped by a broad perspective, ranging from the use of natural resources to social impacts. In this way, while maintaining our economic successes, we aim to continually improve our social and environmental impacts in accordance with our ethical values.

On March 8, International Women's Day, we provided all our female employees with gift vouchers to make them feel valued.

We also made a donation to the Foundation for the Support of Women's Work on behalf of our female employees.

We donate 3 saplings to the TEMA Foundation for every newborn baby of our employees and 1 sapling for every candidate who comes in for a job interview.

On April 23, National Sovereignty and Children's Day, we sent book gift vouchers to the addresses of 331 children belonging to 223 employees with children aged 0-14, personalized with the children's names.

Sanmar provided Ramadan food distribution to a total of 1,923 people, including subcontractor and group company employees.

In line with the value we place on art, and with the motivation to support young independent artists, we acquire the artworks in our Altınova office through Loft Art, an art platform that supports independent artists and advocates for market equality in art.

We continue to serve as the main sponsor of the Turkish Rowing Federation, supporting the growth and recognition of rowing sports internationally.

By sponsoring the jersey backs of the Fenerbahçe Women's Volleyball Team, we proudly contribute to their success.

We supported Birgül Erken's Guinness World Record attempt for the longest distance swimimg record under ice.

We donate to TEGV to cover the education expenses of three students for every first-degree relative of our employees who passes away, reflecting our commitment to education.

We supported the establishment of the Sanmar Maritime Mind and Intelligence Games Workshop at Ahmetli Yahşi Bey Primary School in Şile.

We awarded 3,000 TL each to five winners of the Doğançay Museum Istanbul Middle School Painting Competition.

We donated to build the Edirne Gökçen Seven Kızılay Kindergarten.

Began building our second kindergarten in Muğla, Orhan Gürün Kızılay Kindergarten, following the first established in Sinop in 2018.

Donated balls to LÖSEV Educational Institution to promote sports among youth.

Customer Satisfaction

By prioritizing quality, we offer solutions tailored to the needs of our customers and place great importance on customer satisfaction. We ensure compliance with international maritime regulations and class rules in the construction of our tugboats. The production process is carried out within the framework of precise planning and the Inspection and Test Plan (ITP). Our internal control mechanisms are present at every stage of the production process. We conduct all production processes in enclosed halls, minimizing risks that could arise from external factors. Manufacturing in enclosed halls also allows us to carry out production without harming the environment. By using high production standards and integrated quality management systems at our shipyards, we aim to meet international quality requirements in every project. With this approach, we aim to achieve lasting customer satisfaction through our "**quality everywhere**" policy. In 2023, we delivered projects to a total of 18 customers. Compared to the previous reporting period, we increased the number of foreign customers by 25%.

We strive for excellence in product quality and after-sales services to ensure customer satisfaction. Our focus includes developing innovative, eco-friendly products, such as alternative fuel (LNG, methanol) and electric tugboats, which not only build trust but also appeal to environmentally conscious operators. In addition to offering a broad range of products, we actively collaborate with our customers during the product development process.

Using tools like the e-browser program, customers can virtually explore their tugboats during the design phase, providing feedback easily and ensuring their needs are fully met.

We provide warranty coverage for all tugboats, ensuring that customer requests during the warranty period are addressed promptly. To manage these requests effectively, we have a dedicated after-sales services department. This structure enables continuous communication with our customers and ensures their operational needs are fully met. Our approach to customer satisfaction goes beyond product delivery; we focus on proactive communication and support processes to establish long-term partnerships.

We work closely with our customers, collecting feedback at every stage to implement continuous improvements aimed at enhancing customer satisfaction. Our pioneering achievements, environmentally friendly technologies, and innovative solutions have positioned us as a key player in the global market.

Ensuring customer confidentiality is as crucial to us as meeting their needs and building strong relationships. To protect sensitive customer information, we have established authorization matrices for access to shared areas. Additionally, we securely archive all high-confidentiality documents and information shared with customers in our CRM system. By prioritizing data privacy, we build trust and foster confidence in our business relationships.

Key Goals:
- Increasing the rate of customers receiving satisfaction surveys.

07

Appendix

List of Association and Initiative Memberships

Sanmar Shipyards Memberships	
1.	Gisbir - Turkish Shipbuilders' Association
2.	TCS - Turkish Chamber of Shipping
3.	SYSEA - Ship Yacht and Service Exporters Association
4.	ETA - European Tugowners Association
5.	Turmepa - Turkish Marine Environment Protection Association
6.	Yater - Yalova Shipyards Association
7.	BTA - British Tugowners Association
8.	MBF - Maritime Battery Forum

Awards

Sanmar Shipyards 2023 Awards	
1.	ITS Awards - 2023 Tug of the Year Award (The First Tug of the ElectRA 2800SX Series)
2.	3rd Turkish Maritime Summit - Shipyard Award for Building the Most Environmentally Friendly Ship
Sanmar Shipyards 2022 Awards	
1.	2nd Turkish Maritime Summit - Shipyard Award for Building the Most Environmentally Friendly Ship

Sanmar Shipyards Risk and Opportunity Table

Risk Severity* Very Low | Low | Medium | High | Very High

Risk	Risk Category	Subcategory	Risk Definition	Relevant Stakeholder	Risk Severity	Opportunity
Transition Risks	Regulation	Compliance with Current Regulations	Non-compliance with current regulations (e.g., Maritime Waste Management Implementation Circular)	Employees, Business Partners, Customers, Community		As a result of closely monitoring current regulations, the company will not be required to pay any legal non-compliance fines.
Transition Risks	Regulation	Compliance with Future Regulations	Non-compliance with upcoming regulations in Türkiye (such as the Emission Trading System, Carbon Border Adjustment Mechanism, European Green Deal, etc.).	Employees, Business Partners, Customers, Community		Receiving draft legal regulations from the relevant organizations before publication enables us to be prepared for upcoming regulations.
Transition Risks	Technology	Ineffective Utilization of Digital Resources	Inefficient or insufficient use of information technology, digital tools, and resources.	Employees, Business Partners, Customers, Community		Minimizing human error levels in business processes. Accessing accurate and complete information through digital platforms enables quick and informed decision-making. This, in turn, contributes to a sustainable business model.
Transition Risks	Technology	Challenges in Transitioning to Lower Emission Technology	Failure in transitioning to lower emission technologies, and inability to develop sufficient technological innovation for energy transition. Lower customer demand for alternative fuels and electric vessels due to their high costs. High costs of green alternative fuels and electricity due to the lack of sufficient availability (except for importing countries). Lack of personnel with adequate experience and knowledge.	Employees, Business Partners, Customers, Community		Developing low-cost domestic products (such as alternative fuel tanks, marine-grade batteries, etc.). Standing out as a company and country by contributing to general ship rules with the accumulated knowledge. Having qualified and experienced personnel for diversifying the product portfolio through the use of low-emission technologies.
Transition Risks	Technology	Information Security and Cybersecurity	Negative impacts on IT infrastructure due to cyberattacks, data security breaches, and subsequent data loss or negative effects on projects and customers.	Employees, Business Partners, Customers, Community		Ensuring data integrity, confidentiality, and security creates a strong and reliable IT infrastructure, which enables business continuity.
Transition Risks	Market	Raw Material Cost Variability / Occurrence of Supply Bottlenecks	Issues in global supply chains and supply bottlenecks due to fluctuations in raw material costs.	Customers, Business Partners		Standardizing equipment creates opportunities for equipment sharing between projects. This way, if the equipment for a higher-priority project is delayed, equipment from a lower-priority project can be transferred, ensuring adherence to the project schedule.
Transition Risks	Market	Crisis Management	Operational disruptions due to potential uncertainties in national and international market activities.	Employees, Business Partners, Customers, Community		Early risk detection and the swift, effective management of potential crisis scenarios enable uninterrupted operations and support market share growth.
Transition Risks	Market	Volatile Macroeconomic Conditions / Exchange Rate and Interest Rate Volatility	Financial losses due to market fluctuations, challenges in accessing financing, high financing costs, and insufficient credit availability domestically. Türkiye's Credit Default Swap (CDS) risk premium.	Employees, Business Partners, Customers, Community		By diversifying business partners and financial instruments in line with favorable market conditions, transaction-based financial gains can be achieved.

* The severity of the risk indicates the inherent risk.

Risk	Risk Category	Subcategory	Risk Definition	Relevant Stakeholder	Risk Severity	Opportunity
Transition Risks	Market	Inability to Be Competitive in Pricing	Falling behind in price competition due to government incentives for manufacturing in Europe.	Business Partners, Customers		Government incentives for manufacturing in Europe can reduce production costs and enhance a company's competitive strength. Taking advantage of these incentives can provide a cost advantage. Since these incentives support companies producing in Europe, they create opportunities to offer products at more competitive prices in local markets, strengthening the firm's position within the European market. Incentives often promote R&D and innovation activities, enabling the development of more innovative products, differentiation from competitors, and the opportunity to establish long-term technological leadership. Another advantage of manufacturing in Europe is that incentives can also support exports. Government-backed production allows for cost-effective exports to other regions. Many European incentives focus on sustainable production and green energy use. This presents an opportunity for companies to build an eco-friendly brand image and appeal to environmentally conscious customers.
Transition Risks	Market	Termination of Incentives and Support and Loss of Competitive Advantage	Loss of competitive advantage due to the termination or modification of incentives and exemptions provided by regulatory authorities.	Business Partners, Customers		When incentives or exemptions are lost, the focus shifts to finding creative solutions to optimize costs and develop new business models. While concentrating on certain market segments based on specific incentives or exemptions, once these advantages disappear, there is an opportunity to develop new products or services and reach different customer segments. With the termination of incentives and supports, Sanmar can aim to leverage its internal dynamics to regain competitive advantage and eventually transition into a more robust and sustainable competitive structure.
Transition Risks	Market	Inability to Diversify Customers and Suppliers	Disruption of business continuity due to the inability to diversify suppliers and customers.	Business Partners, Customers		Supplier Side: Standardizing equipment creates opportunities for equipment sharing between projects. This way, if the equipment for a higher-priority project is delayed, equipment from a lower-priority project can be transferred, ensuring adherence to the project schedule. Customer Side: During visits, promoting our product portfolio, especially the green tugboat, can inspire new scheduling ideas for customer plans. Increasing access to new applications and securing long-term growth potential through emerging technologies. It provides an opportunity to mitigate supply chain disruptions caused by single point failures.
Transition Risks	Market	Change in the Competitive Environment	Changes in the competitive environment due to significant mergers in the industry.	Business Partners, Customers		The merger of large companies can shift their focus toward broader market segments, creating opportunities for firms targeting smaller niche markets. These niche markets offer less competition and the potential to build stronger customer relationships. While merging companies are often busy with operational integration processes, other companies can differentiate themselves through their products and services, strengthening their market position. There is an opportunity to stand out with customized services, customer-focused solutions, or innovative products. During the merger process, large companies may face image issues or weakened brand loyalty. This can create an opportunity for smaller players to strengthen their brand image and increase their market share.
Transition Risks	Reputation	Increasing Stakeholder Expectations	Inability to meet the increasing expectations and needs of suppliers, customers, business partners, local communities, NGOs, and stakeholders in the ESG field due to international initiatives focused on combating climate change and transitioning to a lower-carbon economy. Failure to meet stakeholder expectations due to not following or understanding their business strategies.	Employees, Business Partners, Customers, Community		he first step towards transitioning to a low-carbon economy was taken with the adoption of the specified standard. Going forward, this has paved the way for the development of the process to meet increasing expectations and needs in the ESG field. With the construction and delivery of green tugboats, there is an increase in knowledge, and they become a preferred choice. Speculatively and/or through the green tugboats built into our fleet, supporting and leading the green technology in our operational area. Opening doors for greater participation as a preferred shipyard for clean technology applications. Increasing sales volume through production tailored to market demand.

Risk	Risk Category	Subcategory	Risk Definition	Relevant Stakeholder	Risk Severity	Opportunity
Transition Risks	Reputation	Environmental Degradation	Damage to the company’s reputation and negative impact on the community and local population due to any adverse effects on flora and fauna, leading to environmental degradation.	Employees, Business Partners, Customers, Community		The opportunity to respond quickly to events that could harm flora and fauna, thanks to the competencies and experience gained through regular training and drills.
Transition Risks	Reputation	Business Ethics	Potential human rights violations, ethical breaches, corruption, bribery, or conflicts of interest within the company, among suppliers, or business partners.	Employees, Business Partners, Customers, Community		Working with customers and suppliers that align with the company's vision and mission to ensure a smooth workflow throughout all processes. Supporting green technology and leading the field with the green tugboats integrated into our fleet. Aligning our values in this area with those of our key suppliers, contractors, and customers.
Transition Risks	Reputation	Falling Behind Rival Companies	Falling behind competitors in the industry due to lagging behind new rival companies, developments, and innovations.	Business Partners, Customers		Determining strategies in preparation for future demands through regular meetings. By providing services in addition to our production activities, such as Tugboat and Pilotage services, our direct use of the products we manufacture allows us to predict customer expectations and improve and develop our products. Working with customers and suppliers in alignment with the company’s vision and mission to ensure a smooth workflow throughout all processes. Offering solutions that distinguish us as the best-equipped business to serve the long-term goals of the industry.

Risk	Risk Category	Subcategory	Risk Definition	Relevant Stakeholder	Risk Severity	Opportunity
Physical Risks	Acute / Sudden	Extreme Weather Events	Operations being negatively impacted due to extreme weather events (heatwaves, storms, wildfires, tornadoes, floods, etc.).	Employees, Business Partners, Customers, Community		Our production activities being carried out in enclosed hangars protect us from the impact of weather events, ensuring continuity in production. On the tugboat and pilotage service side, closely monitoring weather forecasts and pre-planning operations with experienced pilot captains enables the services to be carried out without disruption. This approach helps prevent potential conflicts and financial losses.
Physical Risks	Acute / Sudden	Ecosystem-Related Environmental Pollution	Operations being negatively affected due to damage to marine vehicle machinery components caused by ecosystem-related environmental pollution (such as mucilage, etc.).	Business Partners, Customers, Community		Having the technical team continuously stationed at service areas provides the opportunity for quick intervention in case of malfunctions or technical disruptions, ensuring the continuity of business operations.
Physical Risks	Chronic	Chronic Climate Events	Failure to implement the necessary transformation in ship design and durability in advance due to the occurrence of chronic climate events (such as changes in rainfall patterns, seasonal shifts due to climate change, rising temperatures and drought, rising sea levels), resulting in issues like increased carbon dioxide levels in seawater and the oxidation of ship parts.	Employees, Business Partners, Customers, Community		The diversification of the product portfolio according to customer demands, the implementation of agile project management, and an effective change management system provide opportunities for sales to many countries and the growth of market share.
Other Risks	Social Risks	Gender Inequality	The failure to implement the equal pay for equal work policy in recruitment and compensation processes.	Employees		Ensuring equal opportunities in line with the company's principles and following the equal pay for equal work policy enables qualified and skilled personnel to choose our company.
Other Risks	Social Risks	Employee Loyalty and Satisfaction	The lack of an environment for employees to express themselves can lead to employee turnover.	Employees		Providing a work environment that ensures employees can perform their duties in a healthy, comfortable, and safe manner, along with facilities that exceed industry standards, are key factors that make Sanmar an attractive choice from an employee perspective.
Other Risks	Social Risks	Employee Rights	Failure to implement human rights policies in accordance with national and international agreements.	Employees		A work environment that is in compliance with human rights is a key factor in making Sanmar a preferred employer.
Other Risks	Social Risks	Performance Evaluation	The lack of an effective performance evaluation system can lead to a lack of clarity in employee goals and hinder their development.	Employees		By providing training to strengthen employees' weaknesses based on the current performance evaluation system, productivity can be enhanced. Promoting high-potential employees through performance evaluations can increase employee engagement and loyalty.
Other Risks	Social Risks	Failure to Attract or Retain Talent	The risks arising from the loss of skilled employees, challenges in talent acquisition, and difficulties in retaining talent.	Employees		Being among the top choices for individuals graduating from leading universities in Türkiye, especially in sector-specific fields. Continuation of designing and implementing new recruitment projects and career opportunities (e.g., SEDP) to attract talent. Enables the company to achieve its long-term vision and goals. Provides a competitive advantage to the company.
Other Risks	Social Risks	Occupational Health and Safety	Employees being exposed to occupational health and safety (OHS) risks, potential accidents, near-miss situations, and fatal accidents.	Employees		Creating a safe and healthy workplace environment enables employees to work in peace, fostering a sense of loyalty and belonging to the company, which in turn boosts job productivity. A strong occupational health and safety (OHS) system allows for quick responses to customer expectations. Independent audits by customers, which verify the presence of all necessary conditions and environments, help secure business opportunities. The effective implementation and sustainability of the OHS system ensure compliance with legal responsibilities and help avoid potential penalties or sanctions.
Other Risks	Social Risks	Supply Chain Standards and Management	Violations in the supply chain due to issues like business ethics, global human rights, and child labor.	Business Partners, Customers, Community		It enables the creation of a sustainable supply chain and the existence of a culture with social responsibility awareness.
Other Risks	Governence	Management of Corporate Risks	Not having sufficient risk awareness within the organization, failure to create and monitor a corporate risk inventory, and not planning risk-reducing activities.	Employees, Business Partners, Customers, Community		Building a corporate structure with effective management of risks and controls, Preventing financial losses and increasing efficiency, Establishing sound decision-making mechanisms, Availability of a transparent and reliable control environment.

Social Performance Indicators[1]

General Employee Demographics	Unit	2021	2022	2023
Total Number of Employees	**#**	**421**	**451**	**477**
Female	#	35	40	46
Male	#	386	411	431

Employee Demographics - Age	Unit	2021	2022	2023
Under 30	**#**	**65**	**80**	**93**
Female	#	15	18	20
Male	#	50	62	73
Ages 30 to 50 (inclusive)	**#**	**289**	**298**	**293**
Female	#	17	20	24
Male	#	272	278	269
Over 50	**#**	**67**	**73**	**90**
Female	#	3	2	2
Male	#	64	71	88
Manager and above - Under 30	**#**	**0**	**2**	**1**
Female	#	0	1	1
Male	#	0	1	0
Manager and above - Ages 30 to 50 (inclusive)	**#**	**14**	**24**	**24**
Female	#	2	3	3
Male	#	12	21	21
Manager and above - Over 50	**#**	**6**	**10**	**10**
Female	#	0	0	0
Erkek	#	6	10	10

New Hires Demographics	Unit	2021	2022	2023
Total Number of New Hires	**#**	**36**	**53**	**31**
Female	#	10	7	5
Male	#	26	46	26
Under 30	**#**	**23**	**30**	**17**
Female	#	6	6	4
Male	#	17	24	13
Ages 30 to 50 (inclusive)	**#**	**12**	**22**	**13**
Female	#	3	1	1
Male	#	9	21	12
Over 50	**#**	**1**	**1**	**1**
Female	#	1	0	0
Male	#	0	1	1
Number of interns hired in a year	**#**	**51**	**104**	**80**
Female	#	11	27	20
Male	#	40	77	60

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

Talent Development	Unit	2021	2022	2023
Number of employees subject to performance evaluation	**#**	**203**	**219**	**206**
Female	#	31	32	27
Male	#	172	187	179

Maternity Leave	Unit	2021	2022	2023
Number of employees taking maternity leave	**#**	**19**	**13**	**8**
Female	#	0	2	1
Male	#	19	11	7
Number of employees returning to work after parental leave	**#**	**19**	**13**	**8**
Female	#	0	2	1
Male	#	19	11	7

Employee Training	Unit	2021	2022	2023
Average training hours per employee	**hours**	**3.9**	**14**	**9.2**
Female	**hours**	0.89	13.21	10.3
Male	**hours**	2.96	0.8	13.63
Total hours of training given to employees	**hours**	**1,615**	**7,529**	**4,443**
Female	**hours**	373	1,743	967
Male	**hours**	1,242	5,786	3,476

Gender Diversity	Unit	2021	2022	2023
Percentage of female employees in the total workforce	%	0.08	0.09	0.10
Percentage of women in all management positions, including middle and senior management	%	0.03	0.05	0.01
Percentage of female employees among managers	%	0.14	0.12	0.12

Age Diversity	Unit	2021	2022	2023
Percentage of employees under the age of 30 in management positions and higher levels	%	0.00	0.05	0.03

OHS Metrics[1]	Unit	2021	2022	2023
Number of days lost due to accidents	days	6[3]	67[3]	106
Number of accidents[2]	#	3[3]	5[3]	6
Number of fatal incidents	#	0	0	0
Number of occupational diseases	#	0	0	0
Accident frequency rate (IR)	%	0.63[3]	0.99[3]	1.12
Fatal accidents ratio	%	0.00	0.00	0.00
Occupational Diseases Ratio (ODR)	%	0.00	0.00	0.00
Lost day rate (LDR)	%	1.27[3]	13.21[3]	19.75

[1]It is the consolidated data for the Shipbuilding, Towage, and Pilotage Services activities.

[2]The explanations regarding the accident categories are as follows:

Critical: Accidents resulting in death

Very High: Limb loss, permanent damage or disabilities, third-degree burns

High: Serious injuries requiring first aid outside company boundaries

Medium: Moderate injuries requiring first aid outside the company boundaries

Low: Accidents that can be treated with first aid

[3]For the reporting period, the data calculation method has been updated, and past years' data have been recalculated using this method.

Subcontractor OHS Metrics	Unit	2023
Fatal accidents ratio	#	0
Occupational Diseases Ratio (ODR)	#	0
Number of High-Level Accidents[1]	#	5
Number of Very High-Level Accidents[2]	#	2

[1]The number of high-level accidents requiring first aid outside company boundaries.
[2]Very high-severity accidents include limb loss, permanent damage or disabilities, third-degree burns, and similar accidents.

Suppliers	Unit	2021	2022	2023
Total number of suppliers	**#**	**816**	**913**	**997**
Total number of local suppliers	#	723	802	868
Total number of foreign / global suppliers	#	93	111	129
Total number of new suppliers	#	40	97	84
Local supplier percentage	**%**	**89**	**88**	**87**
Number of suppliers evaluated for their environmental and social impacts	#	64	50	42
Percentage of suppliers evaluated for their environmental and social impacts	%	8	5	4

Customers	Unit	2021	2022	2023
Total number of customers	**#**	**13**	**17**	**18**
Number of foreign customers	#	11	12	15
Number of local customers	#	2	5	3

Environmental Performance Indicators

	Unit	2021	2022	2023
Amount of production	gross ton	6,600	8,138	10,172
Vessels operating in the port	gross ton	5,483	5,251	4,859

		Shipbuilding			Towage and Pilotage Service		
Non-renewable Energy Consumption	Unit	2021	2022	2023	2021	2022	2023
Electricity[1]	kwh	3,367,955	3,723,737	0.00	440,890	427,297	489,534
Electricity per product	kWh/gross ton	510.30	457.57	0.00	80.41	81.37	100.75
Natural gas	kWh	144,763	123,467	37,086	0.00	0.00	0.00
Natural gas per product	kWh/gross ton	21.93	15.17	3.65	0.00	0.00	0.00
MDO (Marine Diesel Oil)	kWh	3,930,940	3,337,810	6,408,130	32,284,880	41,868,000	31,610,242
MDO per product	kWh/gross ton	595.60	410.15	629.98	5,888.18	7,973.34	6,505.50
Diesel (Forklift + Tractor + Generator + Heating)	kWh	NA[2]	523,350	686,170	0.00	0.00	0.00
Diesel per product (Forklift + Tractor + Generator + Heating)	kWh/gross ton	NA	64.31	67.46	0.00	0.00	0.00
LPG/LNG /CNG	kWh	291	345	544	0.00	0.00	0.00
LPG/LNG/CNG per product	kWh/gross ton	0.04	0.04	0.05	0.00	0.00	0.00
Total non-renewable energy consumption	**kWh**	**7,443,949**	**7,708,709**	**7,131,930**	**32,725,770**	**42,295,297**	**32,099,776**
Total non-renewable energy consumption per product	**kWh/ton**	**1,128**	**947**	**701**	**5,969**	**8,055**	**6,606**

[1]The total electricity consumption in 2023 was entirely from renewable sources.

[2] NA: Not Available

Renewable Energy Consumption	Unit	2021	2022	2023	2021	2022	2023
Total renewable energy consumption[1]	**kWh**	**NA**	**NA**	**5,455,889**	**NA**	**NA**	**NA**
Total renewable energy consumption per product	kWh/ton	**NA**	**NA**	536.36	**NA**	**NA**	**NA**

[1]The total electricity consumption in 2023 was entirely from renewable sources.

Company Vehicles	Unit	2021	2022	2023[1]
Total fuel consumption (Rental cars)	**liter**	**NA**	**NA**	**96,074**
Diesel	liter	NA	NA	30,532
Gasoline	liter	NA	NA	65,543
Total fuel consumption (Owned vehicles)	**liter**	**NA**	**NA**	**37,375**
Diesel	liter	NA	NA	32,141
Gasoline	liter	NA	NA	5,234

[1]The data calculation method for the reporting period has been updated, and the data from previous years have been recalculated using this method.

Energy Consumption (Mwh)	Unit	2021	2022	2023	2021	2022	2023
Direct energy consumption	Mwh	4,076	3,985	7,132	32,284.88	41,868.00	31,610.24
Indirect energy consumption	Mwh	3,368	3,724	5,455.889	440.89	427.30	489.534
Total energy consumption	**Mwh**	**7,444**	**7,709**	**12,588**	32,725.77	42,295.30	32,099.78
Energy consumption per product (energy consumption per ton)	**Mwh/ gross ton**	**1.13**	**0.95**	**1.24**	**5.97**	**8.05**	**6.61**

Energy-Saving	Unit	2021	2022	2023	2021	2022	2023
Energy savings achieved as a result of improvements	kWh	0.00	1,840	14,744	249,196	374,727	415,115
Cost savings resulting from improvements	TL / USD	0.00	180,000 TL	2,442,400 TL	22,837 USD	36,656 USD	37,751 USD
Energy savings resulting from improvements per product	kWh/gross ton	0.00	0.23	1.45	45.45	71.36	85.43

Emissions	Unit	2021	2022	2023	2021	2022	2023
Scope 1 Emissions	tonCO_2e	NA	3,991.26[3]	6,260.62	8,841	8,398.00	7,603.39
Scope 2 Emissions	tonCO_2e	NA	1,638.44	0.00	188	188.01	215.39
Scope 3 Emissions[1]	tonCO_2e	NA	4,452.58	2,936.67	55.00	3,981.34[3]	1,287.73
Greenhouse Gas Emission Intensity[2]	tonCO_2e / gross ton	NA	0.69	0.62	1.65	1.64	1.61

[1]Scope 3 emissions cover categories 3 and 4.
[2]The greenhouse gas emission intensity has been calculated by dividing the total Scope 1 and Scope 2 emissions by the production amount.
[3]The data calculation method for the reporting period has been updated, and the data from previous years have been recalculated using this method.

		Shipbuilding			Towage and Pilotage Service		
Water Consumption[1]	**Unit**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Mains water consumption	m^3	16,951	20,696	25,561	1,387	1,387	4,670
Total fresh water consumption	**m^3**	**16,951**	**20,696**	**25,561**	**1,387**	**1,387**	**4,670**
Water consumption per product	m^3/gross ton	2.57	2.54	2.51	0.25	0.26	0.96

[1]The reason the 2022 value is higher than the 2023 value is that in previous years, data was only recorded for the amounts used in office areas.

Waste Consumption[1]	Unit	2021	2022	2023
Raw material	ton	6,600	8,138	6,575
Raw material per product	ton / gross ton	1.00	1.00	0.65
Auxiliary materials	ton	1,500	2,550	3,480
Auxiliary materials per product	ton / gross ton	0.23	0.31	0.34
Total material usage	**ton**	**8,100**	**10,688**	**10,055**
Total material usage per product	ton / gross ton	1.23	1.31	0.99

[1]It is the consolidated data for the Shipbuilding, Towage, and Pilotage Services activities.

Use of Recycled Materials[1]	Unit	2021	2022	2023
Raw material	ton	264	315	250
Raw material per product	ton / gross ton	0.04	0.04	0.02
Total Use of Recycled Materials	**ton**	**264**	**315**	**250**
Total Use of Recycled Materials per Product	ton/ gross ton	0.04	0.04	0.02
Recycled Material Usage Ratio	%	0.03	0.03	0.02

[1]It is the consolidated data for the Shipbuilding, Towage, and Pilotage Services activities.

Waste Amounts by Disposal Methods[1]	Unit	2021	2022	2023
Hazardous Waste	ton	259,425	220,272	382,696
Amount of hazardous waste per product	ton / gross ton	39.307	27.067	37.622
Non-hazardous waste	ton	1,130,725	973,550	1,293,200
Amount of non-hazardous waste per product	ton / gross ton	171.32	119.63	127.13
Total Waste Disposed	**ton**	**1,390,150**	**1,193,822**	**1,675,896**
Total Waste Disposed per Product	ton / gross ton	0.207	0.144	0.162

[1]It is the consolidated data for the Shipbuilding, Towage, and Pilotage Services activities.

Recycled Solid and Liquid Wastes[1]	Unit	2021	2022	2023
Paper	ton	23,120	24,510	44,360
Paper per product	ton / gross ton	3.50	3.01	4.36
Metal	ton	32,810	71,450	34,260
Metal per product	ton / gross ton	4.97	8.78	3.37
Total Amount of Waste Recycled	**ton**	**55,930**	**95,960**	**78,620**
Total Amount of Waste Recycled per Product	ton / gross ton	8.47	11.79	7.73

[1]It is the consolidated data for the Shipbuilding, Towage, and Pilotage Services activities.

Solid and Liquid Wastes[1]	Unit	2021	2022	2023
Total Waste Amount (Disposed + Recycled)	**ton**	**1,446,080**	**1,289,782**	**1,754,516**
Total Waste Amount per Product (Disposed + Recycled)	ton / gross ton	219.10	158.49	172.48
Waste Recycling Ratio	%	0.04	0.07	0.04
Waste Disposal Ratio	%	0.96	0.93	0.96
Waste Reduction Amount	ton	1,446,080	-156,298	464,734
Waste Reduction Amount per Product	ton / gross ton	219	-19.21	46

[1]It is the consolidated data for the Shipbuilding, Towage, and Pilotage Services activities.

GRI Content Index

Statement of use:	Sanmar Shipyards has reported in accordance with the GRI Standards for the period 1 January 2023 and 31 December 2023.
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 8
	2-2 Entities included in the organization's sustainability reporting	About the Report, page 8
	2-3 Reporting period, frequency and contact point	About the Report, page 8
	2-4 Restatements of information	Occupational Health and Safety, page 96-97 Environmental Performance Indicators, page 117-119 Social Performance Indicators, page 114-116
	2-5 External assurance	Sanmar Shipyards did not engage external assurance services for its 2023 Sustainability Report.
	2-6 Activities, value chain and other business relationships	Sanmar Shipyards at a Glance, page 16-35, Value Chain, page 30-31, Organizational Structure, page 18-19, Products, Services and Quality, page 20-21
	2-7 Employees	Our Social Impact, page 91-101, Employee Development, page 92-93
	2-8 Workers who are not employees	Equality and Diversity, page 94-95
	2-9 Governance structure and composition	Corporate Governance, page 60-71
	2-10 Nomination and selection of the highest governance body	Corporate Governance, page 60-71
	2-11 Chair of the highest governance body	Corporate Governance, page 60-71
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance, page 60-71
	2-13 Delegation of responsibility for managing impacts	Corporate Governance, page 60-71
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance, page 40
	2-15 Conflicts of interest	Corporate Governance, page 60-71
	2-16 Communication of critical concerns	Corporate Governance, page 60-71
	2-17 Collective knowledge of the highest governance body	Corporate Governance, page 60-71
	2-18 Evaluation of the performance of the highest governance body	Employee Development, page 92-93
	2-19 Remuneration policies	This information is not disclosed due to confidentiality constraints.
	2-20 Process to determine remuneration	This information is not disclosed due to confidentiality constraints.
	2-21 Annual total compensation ratio	This information is not disclosed due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	Sustainability Approach, page 38-57
	2-23 Policy commitments	Corporate Governance, page 60-71, Ethics Management, page 62-63, Risk and Compliance Management, page 64-65
	2-24 Embedding policy commitments	Ethics Management, page 62-63, Risk and Compliance Management, page 64-65
	2-25 Processes to remediate negative impacts	Corporate Governance, page 60-71, Ethics Management, page 62-63
	2-26 Mechanisms for seeking advice and raising concerns	Ethics Management, page 62-63
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	Corporate Governance, page 60-71, Ethics Management, page 62-63, Risk and Compliance Management, page 64-65
	2-28 Membership associations	List of Association and Enterprise Memberships, page 104
	2-29 Approach to stakeholder engagement	Stakeholder Communication, page 44-49
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Approach, page 38-57, Materiality Analysis, page 41-43
	3-2 List of material topics	Sustainability Approach, page 38-57, Materiality Analysis, page 41-43
	3-3 Management of material topics	Sustainability Approach, page 38-57, 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 62-63
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Ethics Management, page 62-63, Risk and Compliance Management, page 64-65
	205-2 Communication and training about anti-corruption policies and procedures	Ethics Management, page 62-63, Risk and Compliance Management, page 64-65, Human Rights, page 96
Environmental Protection and Environmental Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, page 41-43, Environmental Protection and Environmental Management, page 86
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management, page 80-83 Environmental Performance Indicators, page 117-119
	302-2 Energy consumption outside of the organization	Energy Management, page 80-83 Environmental Performance Indicators, page 117-119
	302-3 Energy intensity	Energy Management, page 80-83 Environmental Performance Indicators, page 117-119
	302-4 Reduction of energy consumption	Energy Management, page 80-83 Environmental Performance Indicators, page 117-119
	302-5 Reductions in energy requirements of products and services	Energy Management, page 80-83
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Carbon Footprint, page 75-79, Environmental Performance Indicators, page 117-119
	305-2 Energy indirect (Scope 2) GHG emissions	Carbon Footprint, page 75-79, Environmental Performance Indicators, page 117-119
	305-4 GHG emissions intensity	Carbon Footprint, page 75-79, Environmental Performance Indicators, page 117-119
	305-5 Reduction of GHG emissions	Carbon Footprint, page 75-79, Environmental Performance Indicators, page 117-119

Material Recycling		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, page 41-43, Material Recycling, page 84
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Our Environmental Footprint, page 74-89, Material Recycling, page 84
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, page 41-43 Waste Management, page 84-85
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management, page 84-85 Environmental Performance Indicators, page 117-119
	306-2 Management of significant waste-related impacts	Waste Management, page 84-85 Environmental Performance Indicators, page 117-119
	306-3 Waste generated	Waste Management, page 84-85 Environmental Performance Indicators, page 117-119
	306-4 Waste diverted from disposal	Waste Management, page 84-85 Environmental Performance Indicators, page 117-119
	306-5 Waste directed to disposal	Waste Management, page 84-85 Environmental Performance Indicators, page 117-119
Employee Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, page 41-43 Employee Development, page 92-93
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee Development, page 92-93
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development, page 92-93
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development, page 92-93
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Development, page 92-93

Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, page 41-43 Occupational Health and Safety, page 96-97
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety, page 96-97
	403-2 Hazard identification, risk assessment, and incident investigation	Social Performance Indicators, page 114-116
	403-4 Worker participation, consultation, and communication on occupational health and safety	Social Performance Indicators, page 114-116
	403-6 Promotion of worker health	Occupational Health and Safety, page 96-97
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, page 96-97
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety, page 96-97
	403-9 Work-related injuries	Occupational Health and Safety, page 96-97, Social Performance Indicators, page 114-116
Social Impact		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, page 41-43, Social Impact, page 98-99
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Impact, page 98-99
	413-2 Operations with significant actual and potential negative impacts on local communities	Social Impact, page 98-99
Customer Satisfaction		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, page 41-43 Customer satisfaction, page 100-101
Risk Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, page 41-43 Risk and Compliance Management, page 64-65
Innovation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, page 41-43 Innovation, page 66-68

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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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