

CFN KİMYA

We bond with the future

SUSTAINABILITY REPORT 2023

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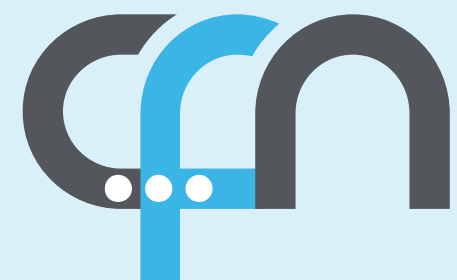
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ABOUT THE REPORT

Our goal with this report is to respond to our stakeholders' questions and information requests in a timely, accurate, and complete manner within the legal framework that regulates our activities. Our sustainability reporting efforts focus on accountability and transparency.

Our reporting periods cover the period from January to December of the previous year, and this initial report has been prepared to include data from our production activities in Türkiye for the period of January 1, 2023 – December 31, 2023. If any information is re-disclosed in reports to be prepared in the coming years, the reasons and effects of these changes will be explained in detail.

Repeated information may stem from methodological changes, updates in data collection processes, or corrections made to ensure accuracy and consistency. Such changes are important for the transparency and reliability of the report, ensuring that our stakeholders have access to accurate information.

In preparing our report, each unit regularly reports performance data in line with sustainability goals. These data are collected in a central system, analyzed, and prepared in accordance with GRI standards. This process contributes to CFN Kimya's overall sustainability strategy and reporting, thereby enabling a holistic assessment of the company's environmental, social, and economic impacts.

CFN Kimya ensures the sustainability of its financial and tax data by having them verified by independent auditors every year.

You can use the following channels to share your opinions, questions, and additional information requests regarding the sustainability report:



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MESSAGE FROM THE GENERAL MANAGER

Dear Stakeholders,

The year 2023 was a special year in which we proudly celebrated the 100th anniversary of our country and the 10th anniversary of CFN Kimya.

However, on February 6, 2023, unfortunately, we experienced one of the biggest natural disasters in our country's history. We once again extend our condolences to the families of those who lost their lives in the earthquake and to the entire nation.

For CFN Kimya, which set out with the vision of being a leading and reliable company in the domestic and international petrochemical sector, contributing added value to the national economy with its export power, sustainability has always been one of our company's focal points.

We do not limit our sustainability commitment to environmental issues alone; we also prioritize social and societal responsibility, aiming to create a positive impact in the communities where we operate. These include investing in local initiatives, supporting employee development, and promoting diversity and inclusion within our organization.

Thanks to our determination to continuously improve our environmental and social performance, I am proud of the progress we have made in reducing CO2 emissions and minimizing our carbon footprint. We have initiated a series of efforts to optimize our production processes and increase the use of renewable energy sources. Additionally, we are committed to using sustainable raw materials such as recycled polystyrene in our products, aiming to reduce waste and minimize our impact on the environment.

I believe that by collaborating with our customers, suppliers, and other stakeholders, we can create a more sustainable future for everyone. I expect that our commitment to sustainability will not only benefit the environment and the communities where we operate but also create long-term value for our company.

All our employees are responsible for taking the steps necessary to achieve our sustainability-focused goals and tackle the challenges we face. For this reason, we apply a special maturity methodology, which we evaluate our sustainability strategy and practices together with our executive teams, setting goals that will move us forward. This is a comprehensive evaluation process

that looks at all of the company's strategic functions, not limited to environmental, social, and governance dimensions.

We create an equal, inclusive, fair, and safe working environment for our people, focusing on making the most of their talents. We invest in our people to implement the strategic transformation that supports the transition to low-carbon business models.

While fair and green transformation is a priority for the entire private sector and especially the industrial sector, we believe that businesses must adopt a holistic approach to ensure a "better" future. In addition to our efforts for more sustainable production, we are exploring ways to offer technologies that increase resource efficiency for our customers.

To this end, we place great importance on sustainable product innovation. To contribute to the circular economy, we prioritize investments in new areas using resources efficiently in our processes and increasing the competitiveness and profitability of our existing assets.

We support our R&D and innovation capabilities through strong collaborations



and incentives, digitalizing our business processes, and accelerating our steps to transform into the "Petro-chemical company of the future" that uses renewable energy methods.

Together with my colleagues, I would like to express my gratitude to all our stakeholders, especially our customers, for their support and trust in us on this journey.

FATMA KÖKTAŞ
GENERAL MANAGER

ABOUT CFN KİMYA

CFN Kimya A.Ş. began production in 2013 in the Gebze V. Chemical Specialization Organized Industrial Zone to meet Türkiye's need for EPS products. As one of the world's leading EPS production facilities, CFN Kimya offers EPS products to domestic and international markets with quality that meets international standards.

Since 2013, through its investments, CFN Kimya has become Türkiye's largest domestic EPS producer and contributes significantly to the Turkish economy by exporting 70% of its production.



ACTIVITIES

CFN Kimya operates across a wide spectrum, including raw material production, R&D, sales, and distribution. Various chemical products are manufactured in our production facilities, and these products are used in various sectors.

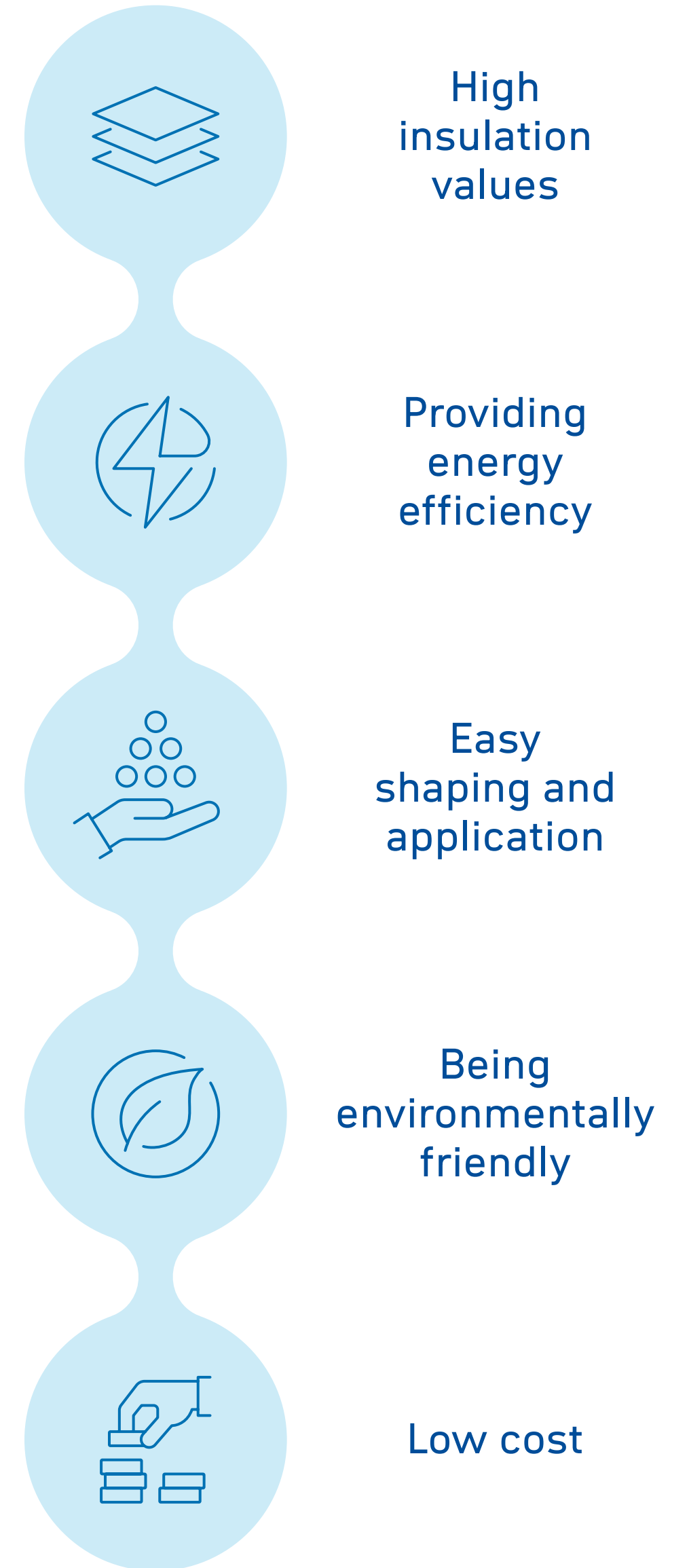
VALUE CHAIN

Our value chain encompasses all stages from raw material procurement to production, distribution, and the end-user. The raw materials we obtain from our suppliers are processed in production and offered to the market as high-quality chemical products. After transforming into the final product and reaching the consumer, we add value to the end user's life.

BUSINESS RELATIONSHIPS

CFN Kimya establishes strong bonds with customers, suppliers, business partners, and other stakeholders. By collaborating with its suppliers on sustainability and ethical business practices, it fulfills its environmental and social responsibilities at every stage of the value chain. While offering sustainable products to its customers, it develops innovation and quality-focused projects with its business partners. These partnerships play a crucial role in achieving the company's sustainability goals.

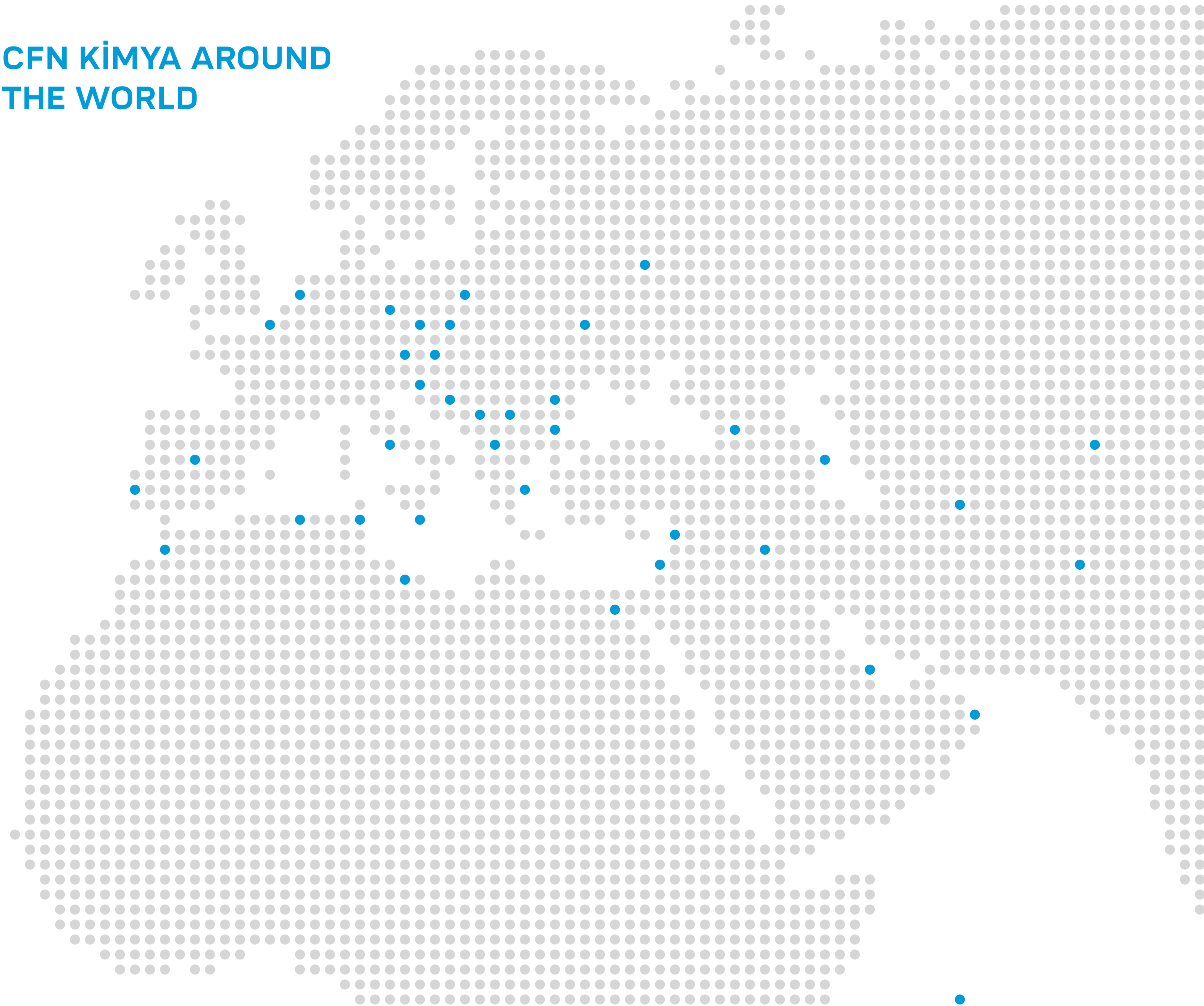
The main product of CFN Kimya, Expandable Polystyrene (EPS), is a thermoplastic material obtained by the polymerization of styrene monomer. It is a resin-form, closed-cell material that is typically white and semi-transparent. Important reasons for preferring **EPS, which is used in the construction, medical, packaging, automotive, and white goods sectors, include:**



MILESTONES

- 2013** • CFN Kimya 72 kt/y EPS production facility investment
- 2017** • 100% compliance with ECHA directives in the chemicals used
- 2018** • Obtained Türkiye's first EPS REACH certification
- 2019** • Investments in digital transformation and recycling technologies
- 2020** • Establishment of CFN R&D and Technology Inc.
- 2022** • 100% capacity increase investment for the EPS production facility
- 2023** • Establishment of CFN Global B.V.
• Investment in meeting 100% of energy consumption through solar energy sources

CFN KİMYA AROUND THE WORLD



ACHIEVEMENTS AND AWARDS



Low Carbon Heroes Award at the 8th Istanbul Carbon Summit (2023).



253rd Place on the "Top 1000 Exporters of Türkiye" list by TİM in 2023.



Second Place in the "Plastic Raw Material Export" category at the 2023 İKMİB Stars of Export Awards.



To be among Türkiye's 500 Largest Industrial Enterprises since 2021.

MEMBERSHIPS

With our emphasis on partnership relations, it is essential for us to connect with individuals who share the same vision to create a greater impact on lives. For this reason, we are members of leading organizations in the industry.



Plastics Industry Association



Gulf Petrochemicals and Chemicals Association



Istanbul Chemicals and Chemical Products Exporters' Association



European Petrochemical Association



Turkish Plastics Industry Foundation



Kocaeli Chamber of Industry



EPS Industry Association



Foreign Economic Relations Board

OUR APPROACH
TO SUSTAINABILITY

We adapt to change

We view sustainability as a long-term transformation journey. With our sustainability strategy focused on Environment and Circular Economy, Stakeholder Management, Employee Development, and Corporate Governance, we continue to create value for all our stakeholders.



We enhance the quality of life for everyone we touch, and we improve the future of our planet.

In recent years, the world has faced several challenges effecting the global order. As geopolitical risks have escalated once again in many parts of the world, their impact on social and economic systems has shaped the global agenda.

We believe that the geopolitical tensions, persistent inflation, recession, and the physical consequences of climate change will create new challenges in our journey and we will need to achieve long-term goals while managing short-term risks.

This situation requires manufacturing companies that drive the economy to be much more resilient.

We view the sustainability approach as precisely the kind of strategy needed in this era and we believe that overcoming these crises depends on an effective sustainability strategy, rational action plans, and perseverance.

While managing this "era of multiple crises", we strive to develop innovative perspectives on our systemic issues and find solutions to our structural problems by transitioning to progressive technology applications.

Through this effort, we believe we can transform this same period into an "era of multiple opportunities" for our company and stakeholders.

We are shaping our business strategies with a focus on digitalization and sustainability, working to elevate our resilience capacity –defined as the ability to be foresighted in the face of uncertainties and to adapt to change– to the highest level.

Our company's working culture is shaped to enable transformation through our flexibility, agility, and adaptability capabilities, which are connected to our resilience. We accept sustainability as a long-term transformation journey and see this journey as our ultimate goal together with all our employees. This "transformational" perspective has become the most powerful driving force of our journey focused on positive impact.

As CFN Kimya, we completed the year 2023 with a strong performance and continued to create value for all our stakeholders despite challenging conditions. The agility and adaptability our company demonstrated during this period are indeed a reflection of resilience whose foundations were laid long ago. Our governance structure –which considers growth not only in the economic dimension but also with a focus on sustainable and digital transformation– our technology infrastructure investments realized in line with our strategic goals, and our competent employees, which are the foundation of our agile organization, are the most important building blocks that enable us to be a pioneer and leader in the EPS sector today.

With our [EPS product groups ↗](#) that we can diversify specifically for our customers, we produce climate-friendly and environmentally conscious solutions that enable the main sectors we serve– such as construction, building, packaging, electronics, and white goods– to reduce their carbon footprints.

Thus, in the relevant sectors:

We contribute to achieving net-zero energy and environmental targets.

We contribute to constructing energy-saving buildings.

Making our performance sustainable and taking advantage of the opportunities of this era is possible through continuous innovation and development. Although the fact that our achievements that have brought us to today were only made possible by our transformative mindset and resilience, this is not a journey that has reached its final destination.

With our goal of being a strong player in the global petrochemical sector, we have tried to convey in our report how we contribute to our stakeholders with whom we walk this “transformation with growth” journey together.

As CFN Kimya, we take pride in being a signatory of the United Nations Global Compact (UNGC), demonstrating our commitment to sustainability and social responsibility. The UNGC aims for the business world to adopt 10 fundamental principles that emphasize their responsibilities in areas such as human rights, labor standards, environment, and anti-corruption.

This global initiative began in 2000 and has become the world's largest corporate sustainability platform today, reaching over 15,000 participants in more than 160 countries. At CFN Kimya, we continue our work in line with the United Nations Sustainable Development Goals by integrating these principles into our way of doing business.

Our commitment to the UNGC not only involves accepting these principles but also includes taking concrete steps based on them. We are pleased to present our sustainability projects and progress, which we diligently carry out to achieve global goals, in the form of annual reports.



CFN Kimya is committed to environmental sustainability, social responsibility, and strong governance. This commitment aligns with the vision of a more sustainable and just world outlined by the United Nations Global Compact. We pledge to continually enhance our sustainability efforts to create a better future for all.

STAKEHOLDER MANAGEMENT

CFN Kimya regards stakeholder engagement as a strategic priority and manages this process with open, transparent, and continuous communication. We are aware that we can positively impact the end user's life by offering the right solutions and achieving optimum benefit. The company regularly interacts with customers, employees, suppliers, local communities, and other relevant parties.

Stakeholders' opinions, feedback, and recommendations play a significant role in the development of sustainability strategies. These interactions are carried out through surveys, meetings, workshops, and feedback mechanisms. Through this feedback mechanism, CFN Kimya aims to meet its stakeholders' expectations and continuously improve its sustainability performance.



PRIORITIZATION ANALYSIS AND MATRIX

To determine priority sustainability issues, CFN Kimya conducted a participatory stakeholder analysis involving a current state and benchmarking analysis. This process evaluated CFN Kimya's Environmental-Social-Governance (ESG) standing against local and global companies. Through this, areas for improvement were identified to advance the company's sustainability performance.

To focus on key sustainability topics, an integrated approach was taken, considering international literature, stakeholder insights, and business strategy. An inclusive stakeholder analysis was conducted according to the stakeholder engagement methodology, incorporating feedback from internal employees, strategic external stakeholders, and online surveys.

External trend analysis included global risks identified by the World Economic Forum, priorities highlighted by the Sustainability Accounting Standards Board (SASB), SDGs, and the European Green Deal.

The analysis considered:

- Topics aligned with CFN Kimya's business strategy.
- Insights from individual meetings with Board members and online surveys with senior management.
- Risks and opportunities from financial, legal, innovation, and competitiveness perspectives.

As a result, very high and high priority areas were identified for focused attention in sustainability efforts.

CFN KİMYA MATERIALITY ANALYSIS



OUR PRIORITY TOPICS AND RELATED SDGs

ESG Dimension	Sustainability Priorities	Supported SDG Targets
 SOCIAL	Occupational Health and Safety	SDG 3: Good Health and Well-being SDG 8: Decent Work and Economic Growth  
	Equal Opportunity and Diversity	SDG 5: Gender Equality SDG 8: Decent Work and Economic Growth SDG 10: Reduced Inequality SDG 16: Peace, Justice, and Strong Institutions    
	Education, Development, and Talent Management	SDG 4: Quality Education 
 ENVIRONMENTAL	Water Management	SDG 6: Clean Water and Sanitation SDG 12: Responsible Consumption and Production  
	Energy and Emission Management	SDG 7: Affordable and Clean Energy SDG 12: Responsible Consumption and Production SDG 13: Climate Action   
	Material Management	SDG 8: Decent Work and Economic Growth SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production SDG 13: Climate Action    
	Waste Management	SDG 8: Decent Work and Economic Growth SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production SDG 13: Climate Action    
 ECONOMIC AND GOVERNANCE	Data (Information) Security and Privacy	SDG 4: Quality Education SDG 8: Decent Work and Economic Growth  
	Economic Performance	SDG 9: Industry, Innovation, and Infrastructure 
	Sustainable Product Management	SDG 7: Affordable and Clean Energy SDG 9: Industry, Innovation, and Infrastructure SDG 12: Responsible Consumption and Production SDG 13: Climate Action SDG 17: Partnerships for the Goals     
	Supply Chain Management	SDG 8: Decent Work and Economic Growth SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production SDG 13: Climate Action    

CFN KİMYA'S CONTRIBUTIONS ON CLIMATE ACTION

The use of our main product, EPS, in green building construction creates a significant positive impact within the framework of sustainability. Research shows that buildings account for 40% of global energy consumption and 30% of water consumption. Moreover, considering that humans spend 90% of their lives indoors, the need for buildings that consume fewer resources, are more efficient, more livable, and environmentally friendly comes to the forefront.

Main Impact – Insulation

In both Türkiye and globally, 30-40% of energy consumption occurs in buildings, with 65% of that energy used in heating and cooling systems. Türkiye has 11.5 million buildings, but only about 20% have proper insulation. Given the country's energy dependence, widespread insulation could save billions of dollars in energy costs and significantly reduce greenhouse gas emissions.

Through its EPS production activities, CFN Kimya focuses on “energy efficiency,” developing innovative and greener practices. The company supports energy efficiency in buildings and facilities, advocating for insulation and packaging solutions as part of its sustainable energy efforts.

In 2023, CFN Kimya contributed to preventing 4 million tons of carbon emissions through the sale of its products to the insulation sector.

CFN Kimya has achieved a 35% reduction in water usage over three years by treating wastewater in its projects and a 15% energy savings by lowering baking temperatures in its furnaces.

The company's global motto is "We are making a positive impact on lives with sustainable solutions."



CFN KIMYA'S SUSTAINABILITY FOCUS AREAS

	ENVIRONMENT AND CIRCULAR ECONOMY	Implementing the Water Management System	Dissemination of Energy Efficiency Practices	Reducing Greenhouse Gas Emissions Through Carbon Footprint Measurement Studies	Increasing Production Efficiency and Safety Establishing	Developing Innovative Products that Support the Circular Economy and Implementing
	STAKEHOLDER MANAGEMENT	Increasing Commitment and Satisfaction and Developing Awareness	Developing Responsible Supply Chain	Communicating Sustainability	Diversity Inclusion (DEI) Policy and Implementations	Social Investment Programs
	EMPLOYEE DEVELOPMENT	Increasing Sustainability Awareness in Employees	Infrastructure Supporting Employee Development	Disseminating OHS Culture	High priority issues related to sustainability are examined in terms of our contribution to the Sustainable Development Goals and followed with the Sustainability Strategy prepared in four main focuses.	
	CORPORATE GOVERNANCE	Strengthening Sustainability Implementation	Ethics and Compliance Studies	Digital Transformation		

ENVIRONMENT

We create a positive impact

We consider combating climate change one of our top priorities and aim to achieve net zero carbon emissions by 2060. With the comprehensive decarbonization strategies we implement, we are steadfastly moving toward this goal.



ENVIRONMENTAL IMPACT

CARBON FOOTPRINT MANAGEMENT

At CFN Kimya, combating climate change is one of our top priorities. We aim to achieve net-zero carbon emissions by the year 2060. In line with this goal, we are implementing comprehensive decarbonization strategies. As an interim target for 2035, we are aiming for a 35% reduction in Scope 1 emissions compared to our base year of 2021. In this context, we are implementing energy efficiency practices, transitioning to renewable energy sources, and reducing our carbon footprint by optimizing resource usage.

Since 2021, we have been regularly monitoring our Scope 1, Scope 2, and Scope 3 emissions on an annual basis. This monitoring system enables us to develop continuous improvement strategies aligned with our targets to reduce emissions. Thus, it plays a critical role in reaching our sustainability goals and enhancing our environmental performance.

Scope 1 greenhouse gas emissions encompass the emissions resulting from CFN Kimya's direct energy consumption. These emissions originate from the fuels used in the company's operations, such as natural gas, gasoline, and diesel. The reduction of Scope 1 emissions is a significant indicator of the company's efforts to increase energy efficiency and reduce its carbon footprint.



As an interim target for 2035, we are aiming for a 35% reduction in Scope 1 emissions compared to our base year of 2021.



2023 Scope 1 Emissions

3,835 kg CO₂e

Total Scope 1 emissions have reached 3,835 kg CO₂e. This amount accounts for less than 1% of our total emissions. Various strategies are being implemented to reduce direct greenhouse gas emissions. These strategies include actions such as improving energy efficiency, promoting the use of low-carbon fuels, and transitioning to renewable energy sources.



2023 Scope 2 Emissions

3,329 ton CO₂e

These emissions represent the greenhouse gases released during electricity production. The company aims to achieve its sustainability targets by regularly monitoring and reporting Scope 2 emissions.

In 2023, Scope 2 emissions from electricity consumption were recorded as 3,329 tons of CO₂e. This amount accounts for less than 1% of our total emissions.



2023 Scope 3 Emissions

514,084 ton CO₂e

In 2023, CFN Kimya's Scope 3 emissions, which include those from the supply chain and other indirect activities, amounted to 514,084 tons CO₂e. Scope 3 emissions encompass various categories, including purchased goods and services, capital goods, fuel- and energy-related activities, transportation and distribution, waste from operations, business travel, employee commuting, leased assets, post-sale transportation and distribution, processing and use of sold products, disposal of sold products, leased company assets, franchises, and investments.

CFN Chemicals Consolidated Corporate Carbon Footprint Results

The corporate carbon footprint value for CFN Kimya 2023 operations, categorized by scopes, is as follows:

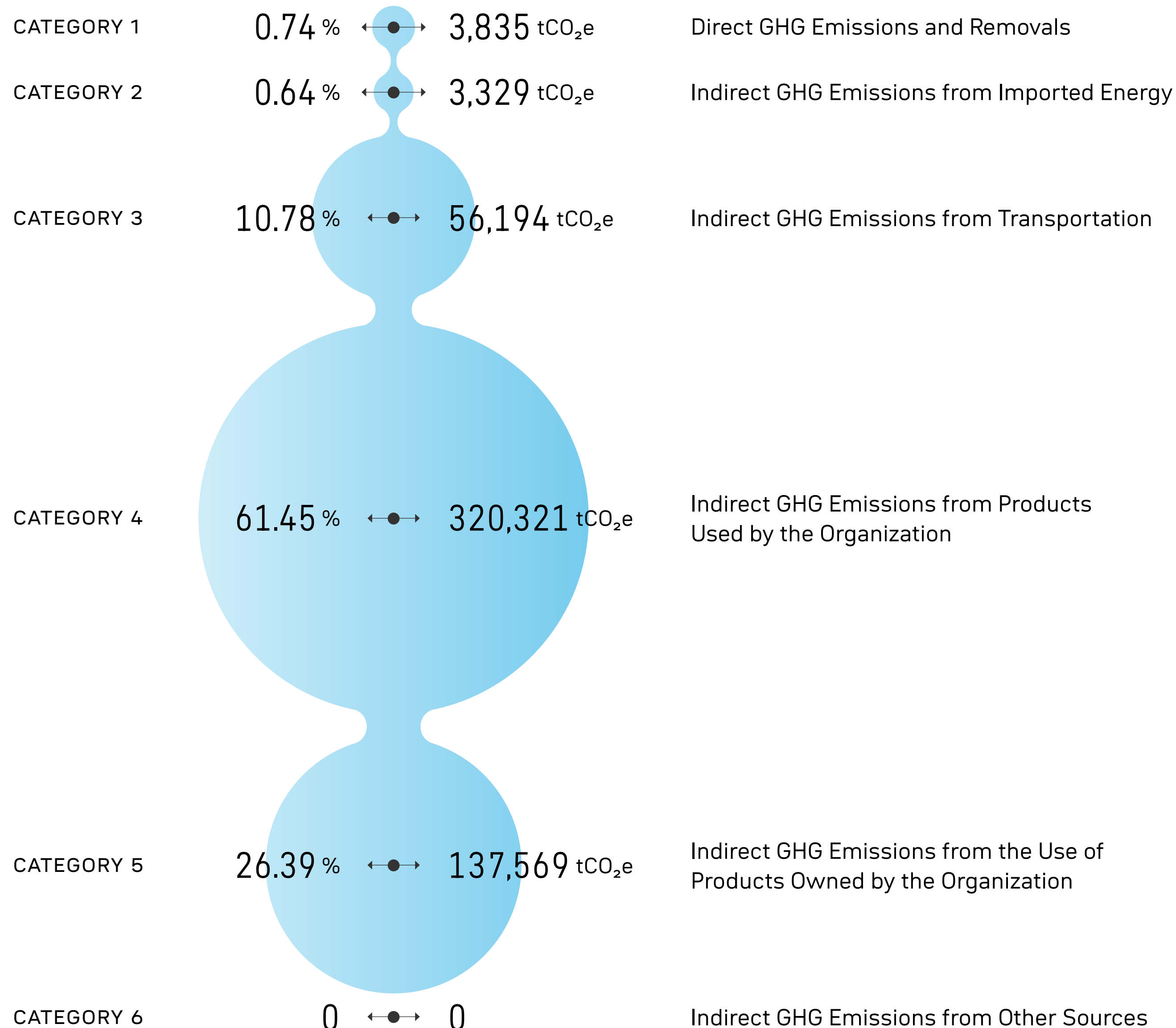
CFN Kimya collaborates closely with suppliers, optimizes logistics processes, and develops methods to minimize environmental impacts to reduce Scope 3 emissions. The company remains committed to monitoring and reporting Scope 3 emissions to ensure continued progress toward environmental sustainability.

CFN Kimya regularly monitors and reports greenhouse gas emissions intensity, which measures emissions relative to production volume and helps assess environmental performance.

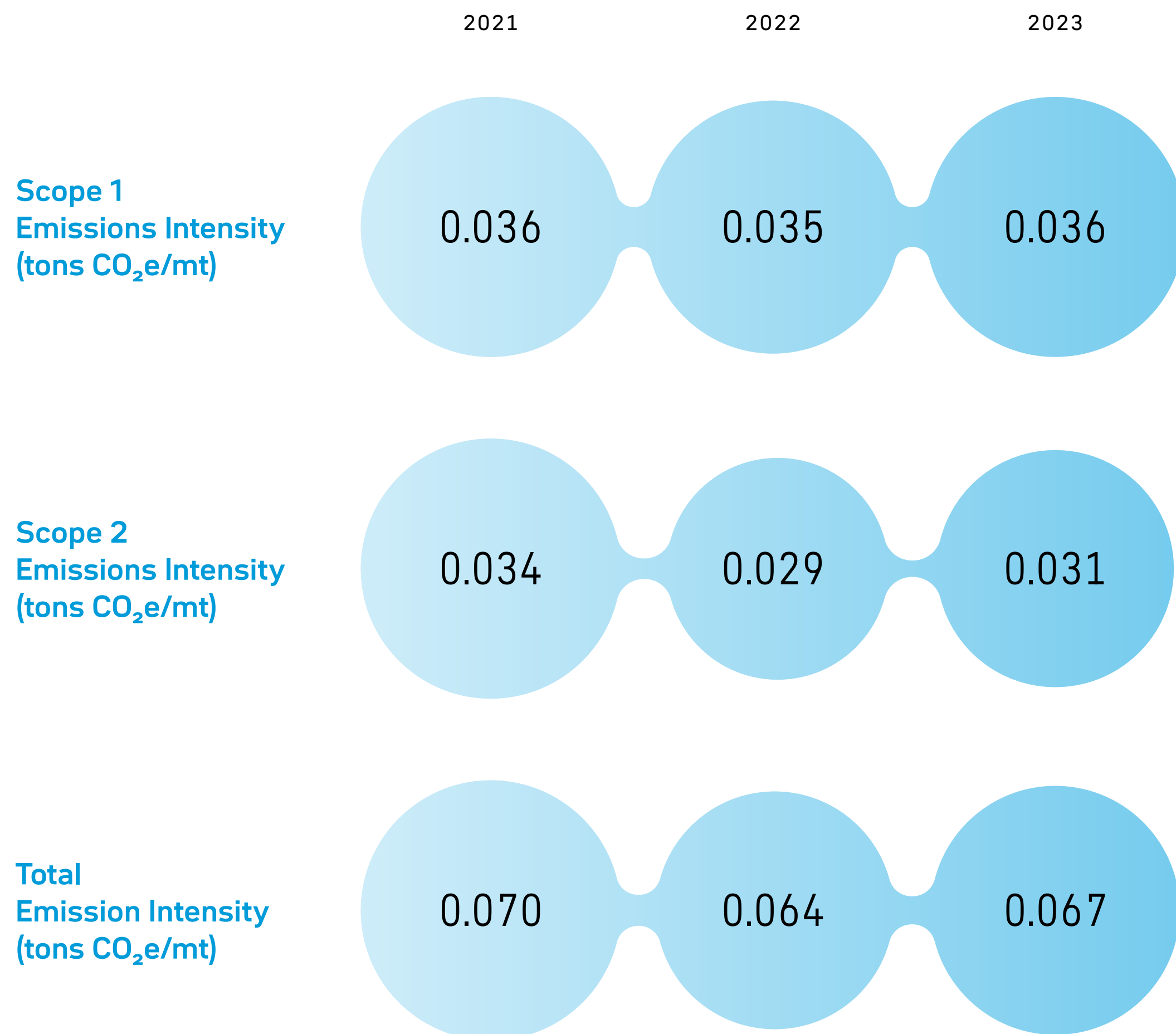
The measures taken in 2023 reflect CFN Kimya's commitment to optimizing energy consumption and minimizing environmental impacts. The company continually works on new technologies and practices to increase energy efficiency and reduce direct greenhouse gas emissions.

Corporate Carbon Footprint Values

Total
521,248
tCO₂e



EMISSIONS INTENSITY DATA



Greenhouse Gas Emissions Monitoring and Reporting

CFN Kimya effectively manages its carbon footprint by regularly monitoring and thoroughly reporting greenhouse gas emissions. This data aids in identifying emission sources and developing effective reduction strategies. The company conducts an annual comprehensive assessment and transparently shares its emissions data, ensuring accountability in achieving sustainability goals and improving environmental performance.

To protect air quality and minimize environmental impacts, CFN Kimya regularly monitors and reports emissions of nitrogen oxides (NO_x), sulfur oxides (SO_x), volatile organic compounds (VOCs), hazardous air pollutants (HAPs), particulate matter (PM₁₀), persistent organic pollutants (POPs), and other emissions. The 2023 air emissions data is as follows:

2023 Air Emissions Data (tons)	
NO _x	4.752
SO _x	0.000
Volatile Organic Compounds (VOCs)	36.370
Hazardous Air Pollutants (HAP)	0.000
Particulate Matter (PM ₁₀)	0.879
Persistent Organic Pollutants (POPs)	0.000
Others	0.000

Emission Management Strategies

Emission Control Technologies: Advanced technologies are used to reduce emissions such as NOx and SOx.

Continuous Monitoring: Emission levels are regularly monitored and reported in compliance with regulations. CFN Kimya is committed to reducing air emissions and ensuring environmental sustainability by continuously improving emission control technologies and taking proactive measures to minimize environmental impacts.

ODS Emission Management: CFN Kimya places great importance on minimizing the use and emissions of ozone-depleting substances (ODS). The company implements various measures and strategies to eliminate the use of ODS in its production processes and products.

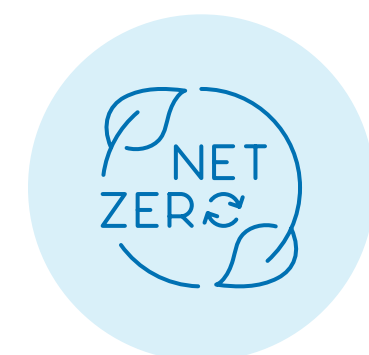
Alternative Substances: Non-ODS refrigerants and chemicals are used.

Equipment Replacement: Old equipment using ODS is replaced with environmentally friendly technologies.

Regular Maintenance: Regular maintenance of cooling and air conditioning systems is performed to prevent leaks.

Emission Reduction Targets

We set specific targets to reduce our carbon footprint and achieve net zero carbon emissions. By 2060, we aim to progress toward this goal by developing strategies such as improving energy efficiency and transitioning to renewable energy sources. In 2023, we established our energy management system in compliance with the ISO 50001 Energy Management System Standard, making our energy management processes more effective, efficient, and sustainable. Within our energy goals, we optimize energy consumption and reduce reliance on fossil fuels, minimizing our environmental impact while building a more efficient and sustainable business model.






Energy Efficiency and Use of Renewable Energy

Energy efficiency projects and the use of renewable energy are critical components of reducing our carbon emissions. We prioritize energy-efficient devices, particularly in energy-intensive equipment such as chillers, generators and invest in renewable energy sources. By doing so, we not only reduce costs but also minimize our environmental footprint, reinforcing our commitment to being a responsible corporate citizen that positively contributes to the well-being of the planet and its inhabitants.

Production

As of 2023, a significant improvement has been achieved in the unit energy performance per kg of EPS. The unit energy consumption, which was 0.0684 in 2022, has decreased to 0.0675 in 2023 thanks to the improvements made and optimized energy management strategies. This improvement indicates that the capacity ratio is being utilized at an optimum level and that remarkable progress has been made in energy efficiency.

Sustainability Priorities	Goal Description	Performance Indicator	2035 Target	Supported SDG Target
Emission Management	Reduce Scope 1 emissions (from stationary combustion sources)	Net emissions from direct fuel usage (tCO ₂)	35%	 
	Reduce Scope 2 emissions (from purchased electricity)	Emissions from electricity usage (tCO ₂)	0	

WATER MANAGEMENT

At CFN Kimya, we implement various projects and technologies for the effective and efficient use of water resources. These projects focus on water conservation, water recovery, and the reuse of water.

CFN Kimya takes various measures to manage water sustainably as a shared resource. The company uses water drawn from the municipal network in its production processes and applies advanced water recovery technologies to minimize water consumption. Water is treated and reused through Reverse Osmosis technology, with water quality monitored and optimized daily. Wastewater is treated to a specific level before being delivered to the organized industrial zone's wastewater treatment facility. This process is crucial for the efficient use of water resources and the reduction of environmental impacts.



Sustainability Priorities	Goal Description	Performance Indicator	2035 Target	Supported SDG Target
Water Management	Reduce water withdrawal	Water withdrawal per unit production (m ³ /ton)	25%	
	Increase water recovery amount	Percentage of wastewater reused (total recovered/ total usage)	20%	

WASTE MANAGEMENT

At CFN Kimya, "waste management" is one of the cornerstones of our sustainability strategy. We implement a comprehensive waste management policy to minimize our environmental impacts, use our resources more efficiently, promote sustainability, and comply with legal requirements. By doing so, we aim to reduce waste generation at its source, encourage recycling, protect natural resources, and reduce our company's environmental footprint.

We apply comprehensive strategies to manage the waste generated from our activities and to minimize their environmental impacts.

Parallel to our activities between 2021 and 2023, there has been an increase in the amount of waste. In 2023, hazardous waste was recorded at 482.38 tons and non-hazardous waste at 84.46 tons, all of which (566.84 tons) were recovered. Additionally, the amount of single-use plastic waste was 0.52 tons.

We ensure the safe and effective recovery of our hazardous and non-hazardous wastes. Between 2021 and 2023, we sent all our waste to licensed recycling companies for recovery, thereby also contributing to energy recovery.

Waste Directed for Recovery (tons)			
	Hazardous Waste	Non-Hazardous Waste	Total Recovered Waste by Year
2021	81.82	16.88	98.70
2022	191.92	38.92	230.84
2023	482.38	84.46	566.84
Total (2021-2023)	756.12	140.26	896.38

Key Practices and Strategies

With our proactive approach to reducing environmental impacts in waste management processes:

Recovery and Recycling: Programs aimed at reuse and recycling are implemented. In 2023, 84 tons of non-hazardous waste were recycled.

Hazardous Waste Management: Hazardous wastes are safely recovered through licensed firms.

Training and Awareness: Our employees are regularly trained on waste management and environmental impacts.

Continuous Monitoring and Reporting: Waste amounts are regularly monitored and reported by ensuring their recovery.

Waste Reduction and Recycling

We are working on various initiatives to minimize our waste and increase the amount of recyclable materials. We implement a comprehensive recycling program for the segregation and reuse of recyclable wastes. This program ensures the separation and collection of our waste at the source, increasing reuse and recycling rates. We particularly focus on the efficient collection and processing of recyclable materials such as plastic, metal, and paper.

Waste Management Systems

To make our waste management more effective, we use advanced waste management systems equipped with cutting-edge technology. These systems enable the segregation, collection, and processing of waste at its source. Thus, instead of sending waste to storage areas, we ensure its reuse and recycling. These systems are optimized to reduce waste amounts and increase recycling rates. Our waste management systems are regularly monitored, and their performance is evaluated to ensure continuous improvement.

In this context, we have also implemented the "Zero Waste Project," which aims for resource and waste management based on a circular economy at every point in our company. Within the scope of the project, we carried out effective studies for the proper segregation of our office wastes and submitted our applications to obtain the "Zero Waste Certificate" towards the end of 2023.

Reuse of Waste

Our efforts in reusing waste help us reduce our environmental impacts. By reusing waste materials in our other production processes, we minimize our resource consumption. Especially by reusing our production wastes, we both reduce our costs and contribute to the conservation of natural resources. Our reuse strategies increase resource efficiency and reduce the amount of waste. For example, by using some of our waste materials in energy production, we achieve both energy savings and reduce the environmental harm caused by waste.



Reused Big Bag Quantities

Year	Total Quantity
2021	945
2022	1,804
2023	2,477
Overall Total	6,091

Environmental Awareness Training

We regularly organize training and awareness programs to educate our employees on environmental issues, especially waste management. Through these trainings, we aim to help our employees understand and more effectively implement our environmental and waste management policies, while also improving the performance of our related processes by increasing our environmental awareness.

Moreover, these trainings not only increase the consciousness of environmental responsibility but also aim to create a more sustainable culture in the workplace. We provide our employees with the necessary knowledge and tools to implement environmentally friendly practices in their daily work routines. Thus, we aim to create a greater long-term impact on our sustainability strategies.

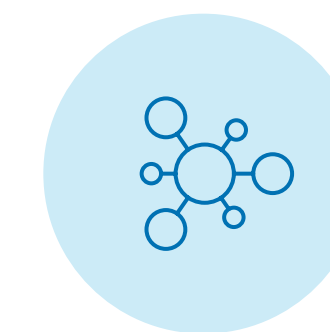
Circular Economy: Reintroducing EPS Packaging into the Economy

As CFN Kimya, we are reusing the big bag packaging in accordance with the principles of the circular economy. We collect used big bag packaging, clean, inspect, and reintroduce them into use. In this way, while extending the lifespan of our packaging, we minimize our environmental impacts and contribute to sustainable business practices. With our circular economy approach, we optimize material usage, reduce the amount of waste, and, together with our business partners, ensure that resources are used in a more sustainable manner.

Environmental Legal Compliance and Reporting

Our waste management practices at CFN Kimya are fully compliant with local and international regulations. We regularly monitor, evaluate, and report on our waste management performance to ensure full legal compliance and transparency in our progress toward sustainability goals. Legal compliance plays a crucial role in enhancing the reliability and effectiveness of our waste management. Through transparent reporting, we gain the trust of our stakeholders and fulfill our sustainability commitments.

By adhering to this comprehensive approach to waste management, we contribute to environmental sustainability and the conservation of natural resources. Our efforts help minimize environmental impacts and build a more sustainable future. Our waste management strategies are continuously developed to reduce environmental impacts and increase resource efficiency, thus contributing to a cleaner and more sustainable environment.



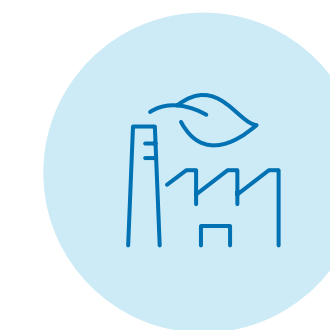
Waste Generation



Segregation by Waste Categories



Temporary Storage



Transportation to Disposal/Recovery Facility

Sustainability Priorities	Goal Description	Performance Indicator	2035 Target	Supported SDG Target
Waste Management	Reduction of waste and implementation of zero-waste principles	Waste reduction and implementation of big bag recycling (packaging) project	20% (big bag recycling ratio)	

ENVIRONMENTAL MANAGEMENT

At CFN Kimya, we adopt a comprehensive and systematic approach to fulfill our environmental commitments. To minimize environmental impacts and build a sustainable future, we implement the ISO 14001 Environmental Management System standard.

ISO 14001 Certification

After aligning the management of our environmental activities with the ISO 14001 Environmental Management System Standard, we initiated the application process at the end of 2023 and successfully obtained our certification upon completion. This enables us to proactively identify environmental impacts, aspects, and risks, manage them systematically, and ensure their continuous review and improvement.

Our ISO 14001 certification demonstrates our commitment to environmental responsibility, ensuring compliance with legal and regulatory requirements, effectively managing environmental risks, and taking necessary steps to achieve our sustainability goals.

Benefits and Applications

- **Legal Compliance:** ISO 14001 helps us comply with environmental laws and regulations, minimizing potential legal risks.
- **Environmental Performance:** We improve environmental performance and optimize resource use through continuous improvement.
- **Risk Management:** We identify, assess, and control environmental risks, minimizing their impacts.
- **Transparency and Reputation:** Certification builds trust with our customers and stakeholders and transparently communicates our environmental commitments.
- **Employee Engagement:** We enhance employee environmental awareness, helping them better understand and implement their responsibilities.

Beyond compliance, CFN Kimya operates with a commitment to environmental excellence, integrating sustainability into our business processes and contributing to a greener future.

Environmental Excellence

For CFN Kimya, environmental excellence is a continuous journey. We consistently improve our environmental performance by adopting best practices at every stage of our operations. We develop proactive strategies in areas like energy efficiency, water conservation, waste management, and sustainable resource use. Regular environmental audits and assessments help us minimize risks and ensure legal compliance. We reinforce environmental sustainability as part of our corporate culture through training and awareness programs for our employees. By continuously improving, we minimize our environmental impacts and contribute to a greener future.

Training and Awareness

We organize regular training programs and awareness campaigns to enhance our employees' environmental consciousness. These initiatives help employees understand their environmental responsibilities and adopt sustainable practices in their daily work.

Continuous Improvement

We continuously review and improve our environmental management system. Feedback and performance data are used to refine our environmental strategies and adopt more effective practices. Continuous improvement ensures that our environmental performance steadily increases.

CFN Kimya's commitment to environmental management and our practices help us achieve our sustainability goals and minimize our environmental impacts. Our work, in line with the ISO 14001 standard, plays a crucial role in our journey toward environmental excellence.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

Energy efficiency lies at the heart of our sustainability efforts. By installing energy-saving equipment and optimizing our processes, we reduce our energy consumption. In this context, we minimize energy losses by using devices with high energy efficiency. We continuously monitor and analyze energy consumption in our production processes and take the necessary measures to increase efficiency. Additionally, by transitioning to renewable energy sources, we minimize our dependence on fossil fuels. In this direction, we reduce our environmental impacts to a minimum by utilizing renewable energy sources like solar energy. By investing in renewable energy, we contribute to environmental sustainability and reduce our energy costs. We place energy efficiency at the center of our decision-making processes in procurement.

As CFN Kimya, we are taking exemplary steps in the field of energy efficiency. To achieve energy savings and minimize our pressure on the ecosystem, we optimize all our processes and prefer equipment with high energy efficiency.



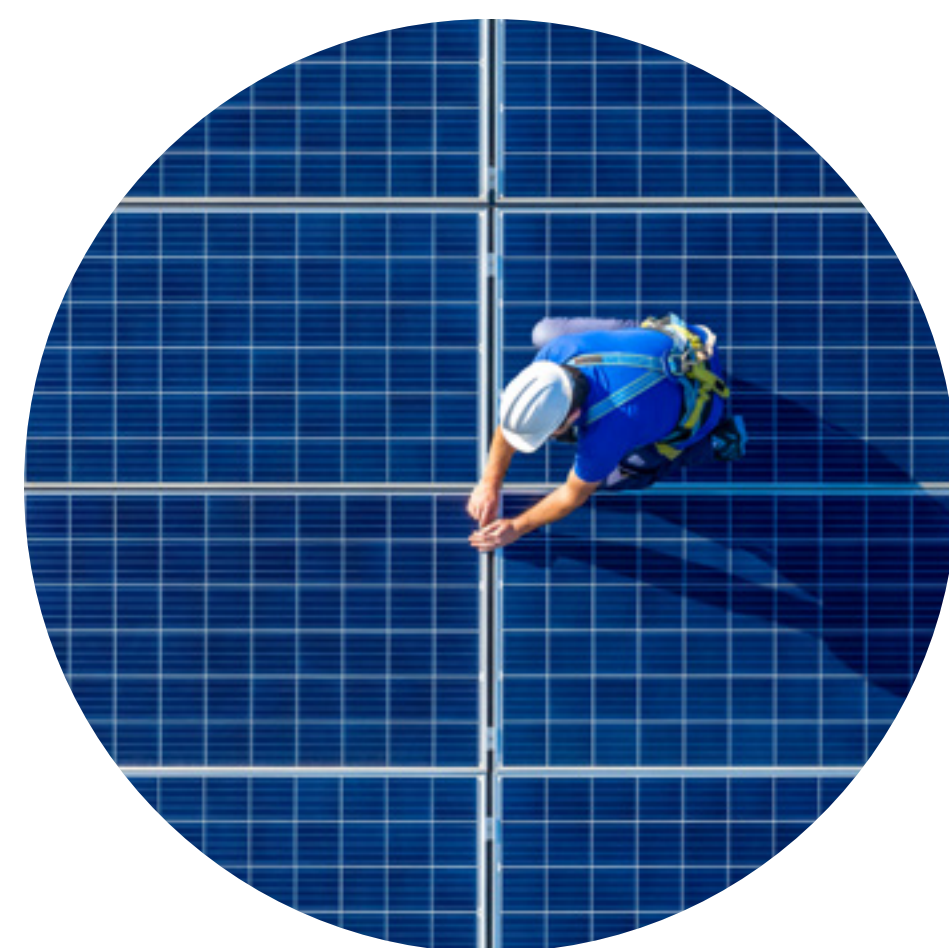
Selection of Technology

Energy efficiency is prioritized in our new cooler and generator investments. By choosing energy-saving, environmentally friendly, and high-efficiency equipment, we reduce our operational energy consumption. By using energy-efficient technologies, we reduce energy consumption and adopt a more sustainable business model. The use of environmentally friendly equipment helps us both lower costs and minimize our negative environmental impacts. These choices play an important role in achieving both our economic and environmental sustainability goals. We will continue to invest in these technological advances to save energy and minimize our environmental impact. CFN Kimya constantly strives to improve and innovate in reducing the energy requirements of its products and services.

CFN Kimya aims to achieve sustainability goals by monitoring and optimizing energy consumption. These figures demonstrate that CFN Kimya is continually working to increase energy efficiency and optimize energy consumption. With the increase in production volume, energy consumption is also rising. Despite this, the goal is to increase efficiency through energy management strategies.

Renewable Energy Sources

We are reducing our dependence on fossil fuels by transitioning to renewable energy sources. This transition is a key part of our environmental sustainability strategy. By utilizing renewable energy sources like solar energy, we reduce our carbon emissions and minimize our environmental impacts. These energy sources not only contribute to environmental sustainability but also reduce our energy costs in the long term. Through these investments in renewable energy solutions, we are building a sustainable energy infrastructure for the future and working towards a cleaner world.



Energy Management System

We use advanced energy management systems to continuously monitor and improve our energy efficiency. These systems allow us to monitor energy consumption in real-time and develop strategies to increase efficiency. Our energy management systems enable us to quickly detect changes in energy consumption and take necessary corrective measures. By optimizing our energy consumption, we both reduce costs and minimize our environmental impacts.

We continuously update and improve these technologies to achieve our energy efficiency goals. These strategies and practices demonstrate CFN Kimya's commitment to and leadership in energy efficiency and sustainable energy. Our efforts to reduce energy consumption and transition to renewable energy are a key part of our contribution to environmental sustainability.

BIODIVERSITY

CFN Kimya carefully manages the environmental impacts of the operational sites it owns, leases, or manages. The company regularly assesses whether its operational areas are adjacent to protected regions or areas with high biodiversity value. Our operational sites are located within an Organized Industrial Zone prepared by local governments and are not in biodiversity-sensitive areas.

All activities are meticulously managed to minimize environmental impacts, ensuring full compliance with local environmental regulations. Protecting environmental sustainability and biodiversity remains a core priority for CFN Kimya.

INNOVATION AND R&D

Our culture of innovation aims to lead in sustainability both within the company and in the industry.

Innovation in sustainability is a crucial component of our decarbonization efforts. By investing in research and development, we are working on sustainable technologies and practices. We enhance our environmental sustainability by developing new materials, processes, and business models.

TRANSFORMATIVE INNOVATION

Governments, businesses, and civil society are being called to respond to systemic, interconnected issues that require insights from different perspectives. We recognize the need for businesses to implement transformative innovation policies that encourage long-term strategic thinking and planning, align research agendas with societal needs, facilitate interdisciplinary collaboration, and involve multiple stakeholders.

Digital and Green Transformations for Sustainable Growth

Strategic learning for transformative innovation is also fundamental to our growth strategy. Therefore, we define transformative innovation as innovations that can make significant changes by accelerating green and digital transformations to address the planetary crisis caused by climate change in line with the Sustainable Development Goals (SDGs).



Our Transformative R&D Approach

In this context, we have identified several key factors that enhance our capacity for innovation:



Strategic Learning

We enhance our adaptability and resilience by acquiring new knowledge, skills, and insights.



Continuous Adaptation

We manage our Innovation Policy and R&D practices as a dynamic and iterative process.



Digital and Sustainability Maturity Measurement

We apply a maturity measurement approach to excel in our capacity for twin transformation.



We align our employees with our long-term sustainable growth strategy.

We align our employees with our long-term sustainable growth strategy by fostering a culture of participation and learning through developing competencies and skills, and by creating routines that allow for experimentation and learning in daily practices. Acknowledging that encouraging experimentation and learning enables risk-taking and coping with failure, we implement workshops and training to test new approaches and try new ideas.

To support our holistic management approach, we use the "Sustainability Maturity Index," a globally recognized business performance methodology. This is our way of demonstrating to all our stakeholders that we take sustainability very seriously and have turned ESG issues into an acceptable and practical dialogue for all our employees.

The methodology includes six dimensions that cover all ESG aspects and beyond. Each year, a group of our employees embarks on this strategic learning journey, assessing the company's current maturity levels, thus increasing their understanding of this critical issue with a powerful strategy simulation tool.

This allows our employees to connect innovation, experience, and learning with the company's culture and strategy. The interconnectedness of innovation, experience, and learning makes the entire process strategic.

These elements are not independent components but an integrated triad that ensures continuous improvement. Securing appropriate and effective feedback loops on experience and application outcomes is a critical component of innovation policy.

Sustainability Approach in R&D and Innovation

Sustainability is the cornerstone of our company's R&D and innovation processes. Our expandable polystyrene (EPS) product, which we produce and sell, is used especially as a thermal insulation material in the construction sector. Due to its low thermal conductivity, EPS minimizes heat loss in buildings, significantly reducing energy consumption. Thanks to this feature, it decreases the need for heating in winter and cooling in summer, providing energy savings while enhancing living comfort. Additionally, by continuously reducing carbon emissions through energy savings, it creates a positive environmental impact.

All the R&D and innovation projects we conduct in our company are based on the meticulous evaluation of environmental and social impacts. In line with this approach, we shape our projects to offer innovative solutions that are environmentally friendly and beneficial to society. Our commitment to sustainability not only meets today's needs but also enables us to invest in the future. Our goal of developing products with high energy efficiency, minimized environmental burden, and positive societal impact supports the steps we take toward a sustainable future.

In addition, we aim to improve quality and efficiency in our production processes by working on artificial intelligence-supported machine learning projects. Through AI and machine learning technologies, we minimize errors and scrap rates in production, ensuring efficient use of resources and aiming to maximize customer satisfaction. These technology-based approaches enhance our company's competitive strength while also reinforcing our understanding of sustainable production and innovation.

Moreover, the collaborations we establish with universities support our sustainable innovation goals. Together with Boğaziçi University and Ondokuz Mayıs University, we are carrying out joint projects to develop the environmentally friendly, highly energy-efficient, and high value-added products of the future. These collaborations add depth to our innovation processes by combining academic knowledge and industry experience, continuously expanding our R&D capacity.

We continue our activities as CFN Kimya R&D and Technology Inc. at TÜBİTAK Marmara Technopark, one of Türkiye's leading technology development centers. Here, we work to develop high value-added and sustainable products, continuing to offer solutions that will make a difference in the industry. These efforts aim to provide a positive impact on sustainable development not only in our country but also on a global scale.

With this sustainability-focused approach, we fulfill our responsibilities to both the environment and society moving forward to leave a more livable world for future generations.

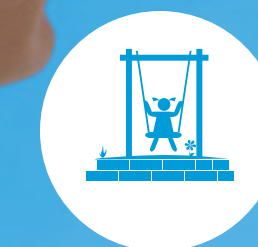
SEZGİN BAYRAK
R&D AND QUALITY MANAGER



PEOPLE AND SOCIETY

We add value to life

We impact lives. We do this because we prioritize people at the center and care about society around them. We expand our area of positive impact and work to add value to our world, our stakeholders, and the lives of the end users of our products.



OUR VALUES



CARING FOR PEOPLE, SOCIETY, AND THE WORLD

We impact lives. We do this because we prioritize people at the center and care about society around them. We expand our area of positive impact and work to add value to our world, our stakeholders, and the lives of the end users of our products.

GROWTH THROUGH CONTINUOUS DEVELOPMENT

We constantly build new connections, improve ourselves, and grow by expanding our network. Each new connection requires development, and we fulfill this need. We work with a curious and development-oriented mindset.

MORAL INTEGRITY

We work without compromising our ethical principles and build strong relationships with our stakeholders through transparent communication.

BOLD AND DETERMINED

We manage uncertainty, take calculated risks, and move forward with bold steps. To make a positive impact on the lives of the connections we care about, we take big steps when necessary and push boundaries.

ACHIEVING SUCCESS WITH DETERMINATION AND PERSEVERANCE

We value our connections, prioritize the success of your business, and ensure its continuity with unwavering determination. We take a solution-oriented and results-driven approach. We take ownership of our work and keep our promises.

OUR EMPLOYEES

As of 2023, CFN Kimya has a total of 177 employees. The distribution of our employees by gender, type of employment, contract type, and age group is detailed below. 33% of our employees are white-collar, and 67% are blue-collar workers. Our company does not employ any temporary contract workers.

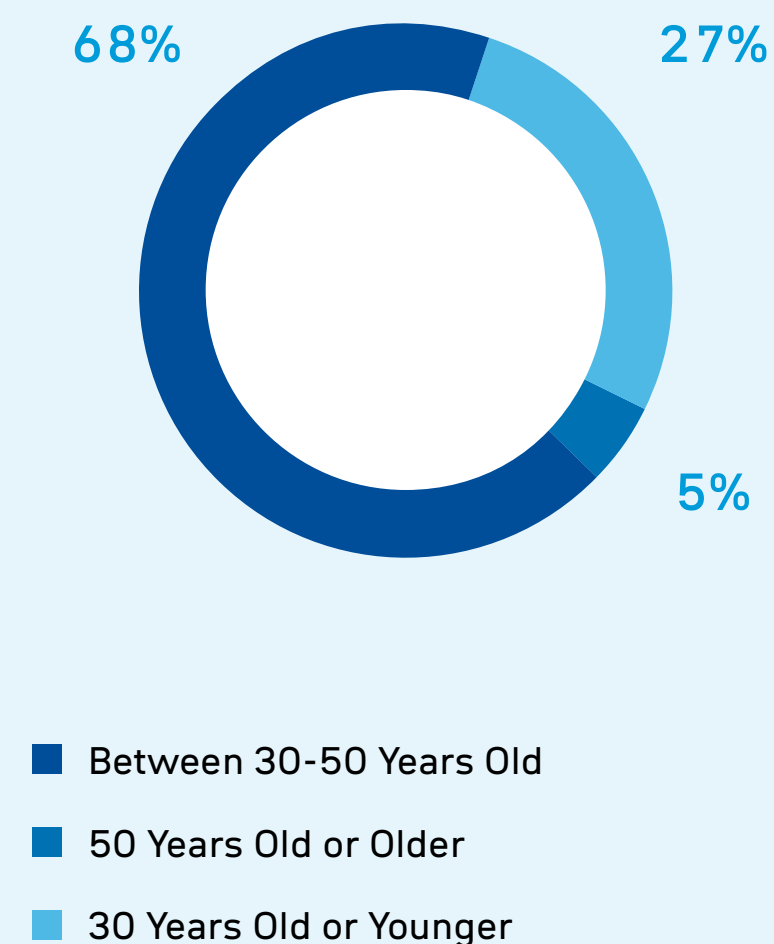
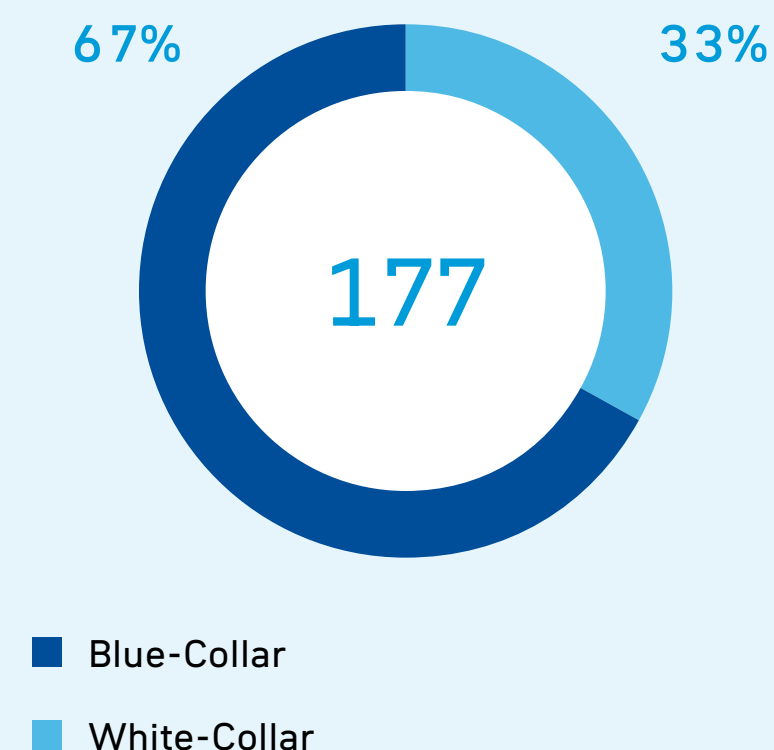
Our company also collaborates with non-employee workers to support its operations. These workers are typically sourced from external providers, including temporary labor, subcontracted workers, and service providers. Non-employee workers primarily serve in areas such as production, maintenance, logistics, and cleaning. These workers operate in compliance with CFN Kimya's sustainability standards and occupational safety policies, and they are regularly audited to ensure that all workforces are provided with safe and ethical working conditions.

CFN Kimya collaborates with a globally recognized research company on salary and job analysis as part of its human resources strategies. In line with this partnership, the company categorizes employees into grading groups based on job size and responsibility, thereby establishing and implementing a fair, equitable, and gender-neutral compensation policy that aligns with market standards.

In this context, CFN Kimya conducts job analyses to determine the size and responsibilities of each position. Based on this data, the company analyzes market data and the salary structures of similar positions in the industry. Consequently, CFN Kimya ensures fair compensation by considering employee performance, experience, and responsibilities.

This approach not only increases our company's competitiveness but also enhances employee satisfaction and loyalty. When employees see that their jobs are evaluated and compensated based on objective criteria, they become more motivated and contribute more effectively to the company's goals. In conclusion, CFN Kimya has taken a significant step towards long-term success by strategically managing the company's people management and compensation policies.

Total Employees



COMMUNICATION

CFN Kimya provides mechanisms for employees and stakeholders to express concerns and seek advice. These mechanisms include:

Ethics Hotline: Allows anonymous reporting of concerns and seeking advice.

Open Door Policy: Enables direct communication with management.

Regular Meetings: Facilitates feedback from employees and stakeholders.

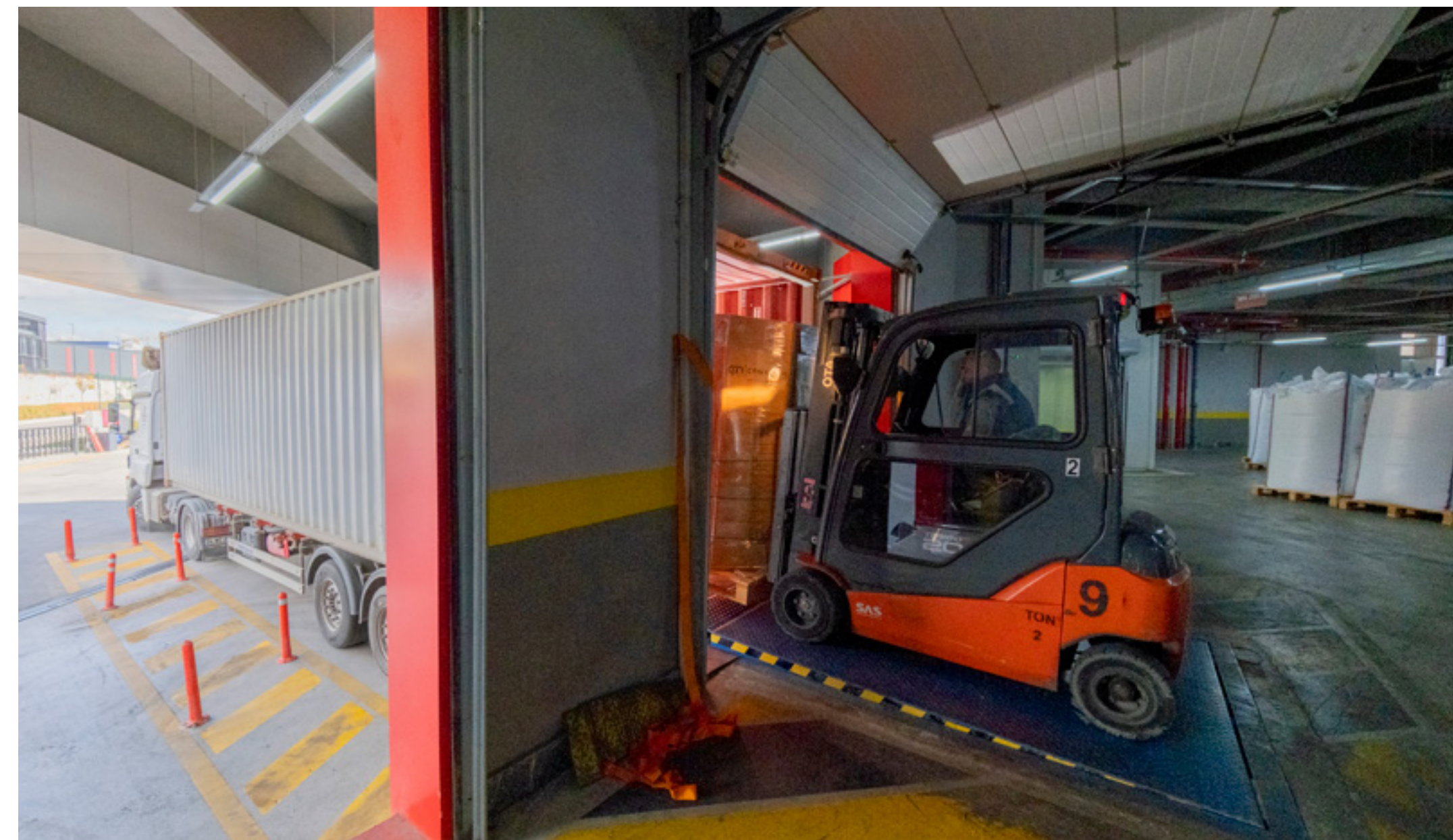
Customer Feedback: Customers share their complaints, opinions, and suggestions directly with the relevant managers and receive the necessary feedback on specific issues where they expect action.

OCCUPATIONAL HEALTH AND SAFETY

To ensure the highest level of health and safety for our employees and the subcontractor employees working on our site, we implement a comprehensive Occupational Health and Safety Management System (OHSMS). This system aims to minimize workplace accidents and occupational diseases by identifying hazards and risks in advance and taking necessary precautions.

At the same time, through systematic monitoring and controls that guarantee our compliance with legislative requirements, it helps us protect our company's reputation and support business continuity.

We further strengthened our OHS management processes with the ISO 45001 Occupational Health and Safety Management System certificate that we obtained in 2023. In this way, we have achieved health and safety standards at an international level.



Occupational Health and Safety Performance Indicators (Company Employees)			
	2021	2022	2023
Accidents			
Number of Fatalities	0	0	0
Work-Related Fatal Accident Rate	0	0	0
Frequency Rate (Serious but Non-Fatal)	0	0	0
Recorded Incident Rate	15.1	26	11.87
Diseases			
Deaths Due to Occupational Disease	0	0	0
Recorded Cases of Occupational Disease	0	0	0

Our potential hazards and risks in business processes are regularly evaluated by our expert technical teams to cover all our work activities, and necessary precautions are taken. We provide regular occupational health and safety (OHS) training specific to our facility for our employees and organize awareness programs.

Through these trainings, we continuously monitor and report our OHS performance. Additionally, with the help of these trainings, our employees actively participate in hazard

identification and risk assessment studies, adding value to the processes. In this way, they not only increase their awareness but also play an effective role in establishing and strengthening our occupational health and safety culture throughout the company.

We promptly report incidents such as work accidents and occupational diseases and take proactive measures to prevent recurrence by conducting root cause analyses.

To be prepared at all times for possible emergencies, we keep our emergency action plans and drill scenarios up to date by constantly reviewing them, ensuring our employees are aware.

We prioritize and encourage active employee participation in OHS management. Our employees contribute directly to the development of OHS policies by participating in safety committees and providing feedback. Moreover, we conduct regular periodic health screenings to closely monitor the health status of our employees. Through these screenings, we can detect possible occupational diseases early and take necessary precautions. Within the scope of occupational health and safety, we transparently share all information, especially that which concerns our employees and the community, and aim to keep employee participation consistently high through our open communication channels.

By meticulously carrying out processes of hazard identification, risk assessment, and incident investigation, we develop, implement, and effectively monitor action plans aimed at the risks we have identified and improvement needs.

To enhance the effectiveness of our occupational health and safety (OHS) management system by ensuring active employee participation, we implement the following mechanisms:

Employee Participation: The OHS Committee, which includes employee representatives, meets regularly. In these meetings, employees' complaints, opinions, and suggestions about the implementation of occupational health and safety processes are addressed. Information is shared on agenda items related to operational risk assessment results, training needs/realization status, and audit and control activities.

Regular Meetings: Regular informational meetings are held on OHS topics. In these meetings, employees are informed about current OHS policies and practices.

Surveys and Feedback: Through the annual "Safety Culture Surveys," we measure our company's safety climate and analyze the results to use as input in our continuous improvement efforts.

Training Programs: With the training programs we organize related to OHS, we not only increase our employees' safety awareness and consciousness but also reinforce our workplace safety culture.

Informational Materials: Informational materials such as brochures, guides, and posters are distributed to employees. These materials convey important information related to OHS to employees, increasing awareness.



TRAINING AND DEVELOPMENT

As CFN Kimya, we believe that achieving the best results in sustainable practices comes from acting according to the needs of our company and its units. In line with this strategy, we adopt the same approach in all the projects we implement. Thanks to the work carried out in alignment with needs and marketing strategies, it becomes easier for our employees to see the necessity of sustainability practices and to embrace this process.

CFN ACADEMY

CFN Kimya launched CFN Academy to support the career journeys of its employees. Together with the academy, it aims to contribute to the career development of employees by constantly updating the training and development programs they need.

It supports the development of its employees through joint projects with professional consultancy companies in their fields.

In our company's future plans, we aim to develop training programs that are both based on company strategies and focused on sustainability. Additionally, making sure that this perspective and its practices become increasingly integrated into the daily lives of more people in the workplace is prioritized. We aim for each of our employees to have a positive impact on the environment and human life in their daily routines. Moreover, alongside a holistic approach for a green and fair process, it is of great importance that sustainability practices and the understanding of corporate responsibility are embraced, and that employees are empowered on this subject.

We place workplaces and working environments that are worthy of human dignity at the core of our human resources approach. As CFN Kimya, we implement our training programs in managerial and functional areas based on the principles of continuity and widespread adoption, aiming to achieve the best business outcomes in line with the company's values and goals.

The philosophy of our training programs is built upon increasing the efficiency and development of individuals, teams, and the organization, and enhancing the skills of our employees. In this direction, we offer a comprehensive training process to all new employees who join us. Through programs such as orientation, environment, energy, occupational health and safety, and on-the-job training, we ensure that our employees quickly adapt to their roles in the workplace and perform effectively in a safe working environment.



Average Training Per Employee in 2023
16 hours



OUR SUPPLIERS

CFN Kimya uses certain environmental criteria to ensure environmental sustainability when selecting its new suppliers. These criteria were developed to evaluate the environmental performance of suppliers and minimize their environmental impact.

Evaluation Criteria

Environmental Management

Systems: Suppliers' compliance with environmental management standards such as ISO 14001.

Energy and Water Use: Existence of energy and water saving practices.

Waste Management: Recycling and safely disposing of waste.

Emission Control: Measures taken to reduce greenhouse gases and other harmful emissions.

These assessments contribute to CFN Kimya's environmental sustainability in its supply chain. Suppliers that comply with environmental criteria support CFN Kimya's efforts to improve its environmental performance. This process both reduces environmental impacts and helps the company achieve its sustainability goals.

We have a dynamic purchasing and logistics management system. We store our main raw materials, styrene and pentane, in tanks and support production with a one-week supply of styrene and a maximum of four weeks of pentane. That's why we need an uninterrupted raw material supply chain.

When selecting new suppliers, we evaluate them against social criteria such as fair labor practices, zero tolerance for child and forced labor and respect for fundamental human rights. We check these criteria through the Supplier Evaluation Form. So far, suppliers have no negative social impact.



CORPORATE GOVERNANCE

We grow through transformation

We aim to lead in all the industries we operate in by delivering lasting services without compromising our reliability and stability on both national and international platforms. Our goal is to contribute to sustainable development and shape a better future.



STRATEGIC TRANSFORMATION PLAN AND OUR TRANSFORMATION JOURNEY

Our transformation steps began by deeply understanding the concepts of sustainability, evaluating how we can manage this process, and developing effective strategies. The fundamental elements of this transformation have been our company's "holistic approach" and "consistency".

We designed the motto/strategy of "Building Strong Bonds to Make a Positive Impact on Life" in our company to encompass all our units. We recognize the critical importance of thoroughly analyzing the changing understanding of life in today's society, identifying needs, and integrating them into business processes and organizational structures. Consequently, we advocate that companies aiming to sustain their existence in the future should focus on innovation and differentiation strategies.

In this context, the concept of "financial sustainability" emerges as a very important and priority element in all our endeavors.

Our goal is to be a leader by offering lasting services without compromising our reliability and robust structure in all the sectors we operate in, both nationally and internationally. We aim to impact sustainable development and a better future with approaches that respect environmental and societal values.

As CFN Kimya, under the leadership of our senior management, we have designed a plan and journey where we can implement technology in line with sustainable development goals and achieve sustainable economic and social welfare by using our resources in the most efficient way possible on behalf of and together with all our stakeholders. In this process, before determining our strategic goals, we conduct a special sustainability maturity assessment that includes the company's management team and staff, thereby aiming for our company's sustainability culture to reach the same level of knowledge and awareness at every level. We believe that achieving all ESG (Environmental, Social, and Governance) goals, such as "decarbonization," is possible with this approach.



We designed the motto/strategy of "Building Strong Bonds to Make a Positive Impact on Life" in our company to encompass all our units.

RESPONSIBLE LEADERSHIP FOR SUSTAINABILITY

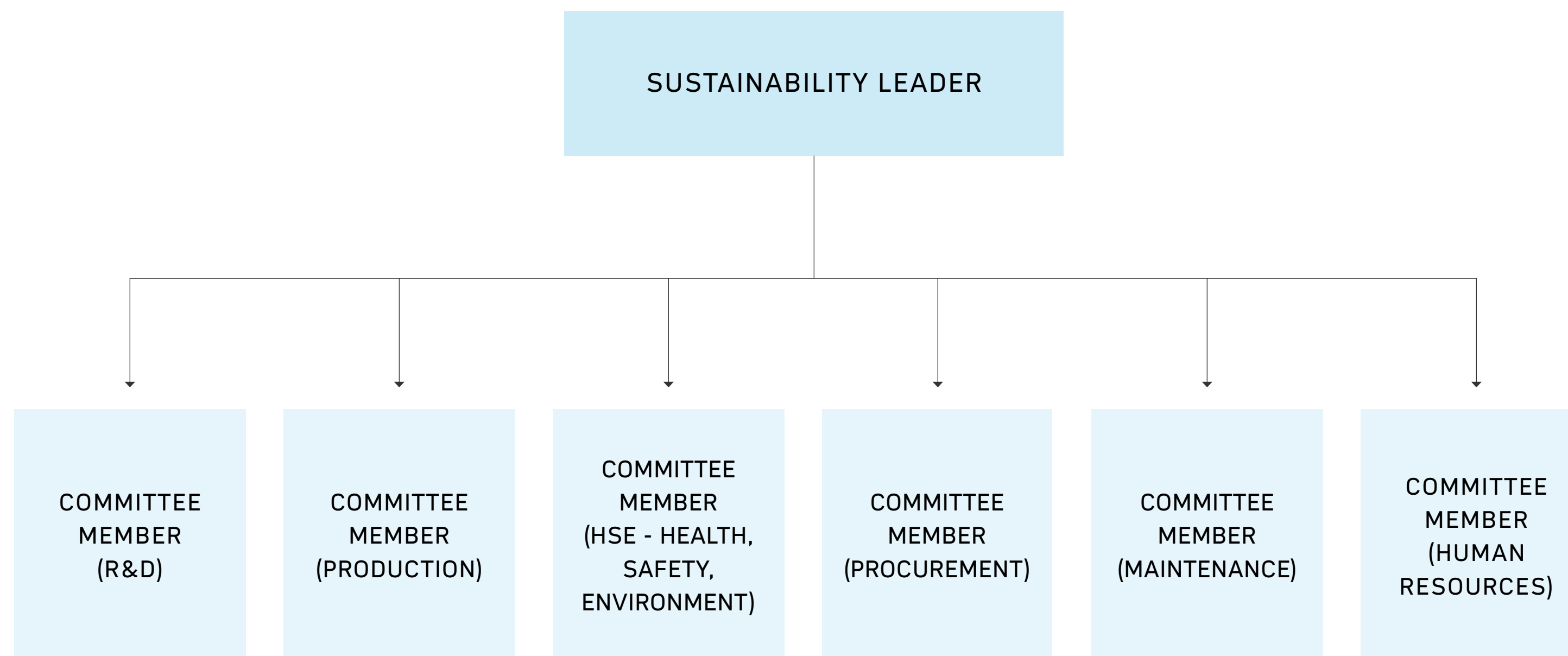
As CFN Kimya, we emphasize the critical importance of management support for the successful implementation of innovative projects aligned with our sustainability strategy. In this context, we believe that it is not possible to realize green practices without management backing and the ownership of the issue by management. In addition to our senior management, the fact that our employees have also embraced this vision makes us stronger in our sustainability journey.

SUSTAINABILITY MANAGEMENT MODEL

At CFN Kimya, we conduct our activities by considering the social, economic, environmental, and ethical dimensions within the scope of our company's sustainability approach. We integrate these dimensions into our corporate business objectives, monitor them, and manage our processes with sustainability principles within the framework of our established corporate policies and strategies. Additionally, while managing the needs and expectations of our stakeholders we also take into account the risks and opportunities related to sustainability.

In 2023, the management of our company's sustainability processes was the responsibility of the Sustainability Committee. The committee will transfer its current duties to the Human, Development, and Sustainability Directorate within 2024. Apart from this department, which will operate directly under the General Manager in our organization, the Sustainability Committee, consisting of strategic department employees, will continue its activities by dividing into sub-working groups to ensure active participation from a broader perspective.

SUSTAINABILITY COMMITTEE



Formed with the participation of CFN Kimya's senior management, this committee carries the mission of determining corporate sustainability and climate change policies and strategies, ensuring their integration with the company's business processes, monitoring their performance, and enhancing their effectiveness.

The Sustainability Committee is supported by working groups on:

- Climate Change
- Circular Economy
- Sustainability Policies

Our company's management level consists of Chairman of the Board Fuat Köktaş and Board Member Fatma Köktaş. Fatma Köktaş also undertakes the strategic leadership of CFN Kimya as the General Manager.

With our growing and developing organizational structure, we initiated a new restructuring in 2023 and established new formations at the directorate level. The nomination and selection of the company's highest management body are carried out in line with the company's corporate governance principles. The nomination process is conducted by the company's owner and current board members. Candidates are evaluated considering their leadership abilities, sectoral experience, and strategic vision.

Our Chairman of the Board plays a key role in making strategic decisions and determining the company's overall direction. While ensuring the effective and harmonious operation of the Board, the Chairman undertakes a significant leadership role in achieving the company's sustainability goals. This position holds critical importance both within the company and in managing relationships with stakeholders.

CFN Kimya's highest management body also undertakes a critical supervisory role in managing the company's environmental, social, and economic impacts. The Board approves sustainability strategies and monitors their implementation. Additionally, it works closely with the management team to achieve sustainability goals and oversees compliance with performance targets. This process is our method to ensure that our company remains committed to its sustainability commitments and guarantees the creation of long-term value.

“Sustainability is a long transformation journey, and like every transformation, this journey should have a new language that aligns with the realities of the business world, and we should all speak the same language. We found this new dialogue in the maturity level measurement methodology.”

FATMA KÖKTAŞ
GENERAL MANAGER

SUSTAINABILITY POLICY

As an established company operating in the field of chemistry, our fundamental mission is to create value for our stakeholders through a sustainable business model that is respectful to nature and humanity and highly profitable.

The main framework of CFN Kimya's perspective on sustainability consists of the following points:

- Managing the impacts that the company's activities have on sustainable development in social, environmental, and economic dimensions.
- Managing the effects of mega-trends emerging in these areas on company operations.
- Meeting the expectations of the company's stakeholders regarding these dimensions.
- Prioritizing transparency and accountability in all these efforts.

Our primary goal in sustainability management is to eliminate sustainability risks that could produce negative outcomes on company activities through our initiatives and to enhance our performance in areas with the potential to create opportunities.

In addition, one of our objectives in sustainability management is to be a key business partner in helping our customers manage their sustainability risks through the products and services we develop.

In this context, we place great importance on the principle of not hindering future generations from meeting their needs while responding to today's needs in all our activities, including the management of our products and services.

Our company's highest governing body undertakes a significant supervisory role to ensure the accuracy and integrity of sustainability reporting. The Board of Directors reviews the preparation and content of the sustainability report, ensuring that it aligns with the company's strategic goals and sustainability commitments. Additionally, the Board ensures that the report is shared transparently and openly with stakeholders and supports feedback mechanisms to improve sustainability performance.

We implement a special process to manage potential conflicts of interest that may arise among Board members and senior executives. We enable all our stakeholders to immediately report potential and/or existing conflicts of interest and independently evaluate each notification received. As a company, we raise awareness about ethical rules through regular training and assess the effectiveness of policies with the help of independent auditors to ensure transparency and integrity in decision-making processes.

At CFN Kimya, the process of communicating critical concerns is carried out through open and transparent communication channels. Employees, customers, suppliers, and other stakeholders can report any ethical violations they encounter or witness directly to senior management or designated communication points. This way, critical concerns can be addressed quickly and effectively, and feedback is provided to the relevant stakeholders.

Another stakeholder in our organization, our Advisory Board, consists of professional members who possess a wide range of knowledge and experience and specialize in areas such as the chemical industry, finance, sustainability, law, and strategic management.

This collective knowledge plays a critical role in achieving the company's strategic objectives and managing sustainability initiatives. The Board of Directors continuously improves decision-making processes by regularly gaining insights into current developments and best practices through training and informational sessions.



ANTI-CORRUPTION

As CFN Kimya, we regularly evaluate all our operations to minimize the risks of corruption. In every region where we operate, we meticulously implement our anti-corruption policies and do not compromise on this matter in any way. Our risk assessment process involves identifying operational areas with a high risk of corruption and taking necessary precautions in these areas. We continuously strengthen our commitments to combat bribery and corruption in line with our ethical business practices by supporting this process with internal audits, independent audits, and employee training programs.

For us, combating corruption is not just an obligation but an integral part of our corporate identity. Our company places sustainability and ethical business practices at the heart of our business processes. We do not leave this commitment merely in words; we integrate it into our business culture through strategic approaches and concrete implementations. Every step we take towards a transparent, responsible, and ethical business world further reinforces CFN Kimya's determination and reliability.

TRANSPARENCY

Transparency is not just a requirement for us; it is one of the fundamental pillars of our sustainable success. As CFN Kimya, we are committed to full compliance with tax obligations and to pursuing a transparent tax policy. Our tax strategy is built upon compliance with legal regulations and ethical business practices, and at every step, it considers long-term value creation and the sustainability of our business operations. In this process, we regularly assess our tax risks in collaboration with expert partners and report transparently. Additionally, the strategic steps we take to benefit from export supports and incentives both increase our competitiveness and reinforce our financial responsibility.

By strictly auditing our tax management and control processes, we adhere firmly to the principles of transparency and accountability. Through regular internal and external audits, we minimize potential tax risks and implement reliable policies integrated into all our operations.

In this context, we act meticulously at every step by ensuring full compliance with current legal regulations. For us, tax policies are not merely a financial obligation but also part of the strategic steps we take to protect our company's long-term sustainability and financial stability.

Thanks to this transparent approach that enables not only our company but also our business partners and suppliers to move forward with confidence, we are growing by sharing our responsibility, creating value, and embracing the power of doing ethical business together with all our stakeholders.

MANAGEMENT AND COMPLIANCE

As CFN Kimya, we commit not only to shaping today but also to guiding the future.

As CFN Kimya, we have laid the foundation of our sustainability journey by fully complying with the legal regulations we are subject to. Moreover, in cases not regulated by legislation, we do not limit our business solely to laws but support it with internationally recognized management and professional ethical principles. Wherever there is a gap, we implement our ethical and responsible way of doing business. Because we accept and embrace sustainability not just as a trend but as a strategic direction placed at the core of our business.

Our sustainability management efforts are carried out in line with rational goals developed according to our company strategies, based on time and performance. These time-phased rational goals guide us at every step of our business processes. To guarantee the successes of both today and tomorrow, we adopt sustainability as a business discipline and keep this philosophy alive in all our operations.

We establish our management, measurement, evaluation, and reporting processes for sustainability efforts in accordance with principles defined in international standards. In other words, we act not only by considering our internal dynamics but also global expectations. With this approach, we bring our sustainability efforts to a more transparent, measurable, and accountable structure. We are building a stronger, more responsible, and more sustainable future with each step.

Sustainable Management

As CFN Kimya, we play a key role in the management of sustainability. The Sustainability Committee meticulously determines priority sustainability topics, risks and opportunities, policies and strategies, as well as management and implementation norms. By integrating these strategic steps into our corporate strategic plans, we closely monitor our performance and transparently report the results to our Senior Management and external stakeholders.

As the main governing body on sustainability, the Sustainability Committee is responsible for the following activities:

- Identifying priority sustainability issues, risks and opportunities, policies and strategies, business objectives, management and implementation norms.
- Integrating activities into corporate strategic plans.
- Monitoring implementation and performance and reporting to Senior Management and external stakeholders.

While all these processes are meticulously carried out through our internal systems, they are subjected to independent audit processes when necessary. Additionally, supporting national and international initiatives operating in the field of sustainability and sustainable development is a fundamental part of our vision. In this context, we are in communication and cooperation with various stakeholders, especially non-governmental organizations, universities, and public institutions. We follow the most recent developments both in Türkiye and around the world and integrate these developments into our business processes.

We continuously monitor our legal compliance performance with regular internal and external audits and take corrective measures swiftly when necessary.

Thanks to these mechanisms, we not only operate within the legal framework but also make a constant effort to maintain high ethical standards.

Ensuring compliance with local and international laws in every area we operate is not just an obligation for us but a priority. We commit to full compliance with local and international laws and regulations through regular internal and external audits. For this purpose, we continuously monitor our performance and take corrective measures quickly when necessary. Through these mechanisms, we not only operate within the legal framework but also maintain our determination to uphold high ethical standards.

We focus on minimizing our risks in environmental, social, and economic areas through the comprehensive processes we implement to mitigate adverse outcomes. We regularly evaluate potential outcomes and maintain constant communication with our stakeholders who may be affected. While managing these processes transparently through our monitoring and reporting systems, we focus on achieving our sustainability goals and strengthening our stakeholder relationships.

RISKS AND OPPORTUNITIES

The chemical industry has the potential to make positive contributions to many Sustainable Development Goals (SDGs), but it also faces certain challenges in terms of environmental and social impacts. Responsible practices, regulatory compliance, and the adoption of a sustainable business model should be prioritized to realize these contributions.

It is vital for the chemical industry to focus on increasing innovative capacity while boosting investment capacity for the safe and sustainable supply of chemicals, thereby offering new solutions to achieve both green and digital transformation.

General Sector Overview

The chemical industry is a sector that provides inputs to almost every other industry and holds key importance for the development of national industries, exerting a driving influence over other industrial branches. The sector is a global business worth \$4 trillion, directly and indirectly employing 20 million people. As in all sectors, the production of environmentally friendly chemicals is gaining increasing importance in the chemical industry.

Forty-two percent of our country's exports are made to European Union countries. Therefore, the regulations introduced with the EU Green Deal are of critical importance for our country and all exporting sectors.

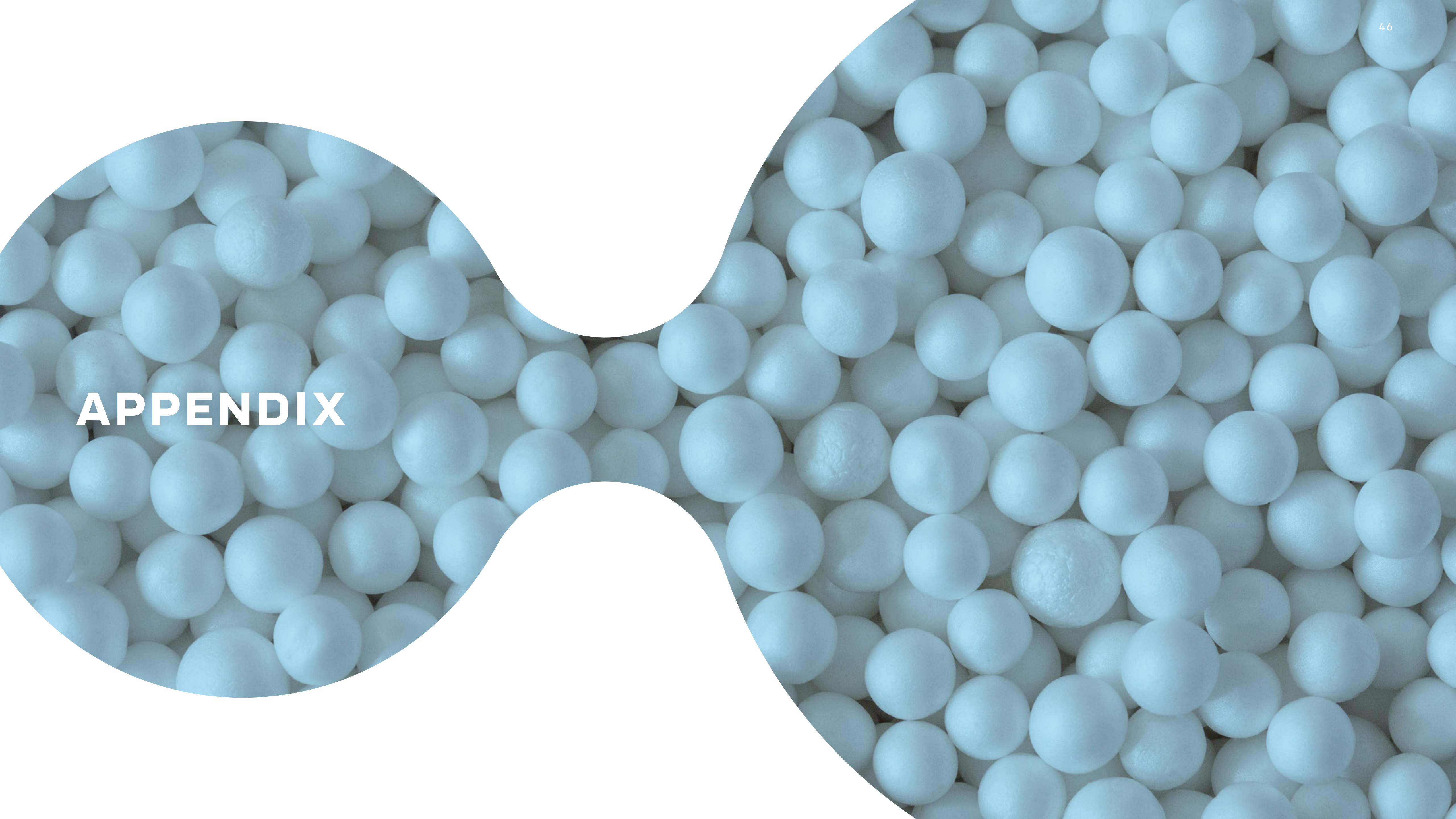
The EU's Sustainability Reporting Directive, the Directive and Regulations for Monitoring the Sustainability of the Supply Chain, the initiation of Carbon Footprint Reporting in priority sectors as of 2024, and the widespread implementation of the Emission Trading System (ETS) by 2026 are seen as fundamental challenges for the chemical industry and all sectors exporting to the EU.

The failure of our manufacturing and exporting companies to swiftly implement improvement and compliance efforts brings with it the risk of non-compliance and market loss.

The priority sustainability activities of companies in the sector can be summarized as:

- Responsible production, eco-friendly and innovative green chemistry applications
- Increasing resource use efficiency
- Recovery of waste
- Management of environmental impacts and environmental protection
- Employee health
- Management of the environmental, social, and economic impacts of the supply chain

APPENDIX



PERFORMANCE TABLES

Category	2021		2022		2023	
Non-Renewable Direct Energy Consumption (sm ³ , liters)	Natural Gas	1,513,410	Natural Gas	1,674,063	Natural Gas	1,873,628
	Gasoline	0	Gasoline	0	Gasoline	1,744
	Diesel	21,314.12	Diesel	42,185	Diesel	45,323
Energy Consumed from Non-Renewable Energy Sources (MJ)	57,605,423		64,464,755		72,143,712	
Energy Produced/Consumed from Renewable Energy Sources (MJ)	0		0		0	
Total Electricity Consumption (MJ)	20,517,981		22,744,706		26,811,501	
Total Water Consumption (m ³ /year)	60,917		100,909		102,157	
Scope 1 Emissions (kg CO ₂ e)	3,113		3,355		3,835	
Scope 2 Emissions (kg CO ₂ e)	2,981		2,824		3,329	
Scope 3 Emissions (kg CO ₂ e)	441,731		495,789		514,084	
Total Scope 1, 2 & 3 Emissions (kg CO ₂ e)	6,094		6,179		7,164	
Air Emissions (tons)					PM10	0.879
					NOx	4.752
					VOC	36.370
Hazardous and Non-Hazardous Waste (tons)	Hazardous	81.82	Hazardous	191.92	Hazardous	482.38
	Non-Hazardous	16.88	Non-Hazardous	38.92	Non-Hazardous	84.46
Total Waste Disposed (tons)	98.7		230.84		566.84	
Single-Use Plastic Waste (tons)	0		0		0.52	
Employees (Total)	104		142		177	
Employees by Employment Type	White Collar	36	White Collar	41	White Collar	58
	Blue Collar	68	Blue Collar	101	Blue Collar	119

Category	2021		2022		2023	
Employees by Gender	Female	15	Female	16	Female	20
	Male	89	Male	126	Male	157
Employees by Gender	Age ≤30	25	Age ≤30	42	Age ≤30	48
	Age 30–50	68	Age 30–50	89	Age 30–50	120
	Age >50	11	Age >50	11	Age >50	9
Employees with Disabilities	1		3		5	
Subcontractor Employees	0		0		18	
Number of Senior Executives	7		10		12	
Employees Hired and Left	Hired	27	Hired	80	Hired	68
	Left	12	Left	43	Left	88
Average Length of Service (Years)	3,5		3,1		2,5	
Percentage of Employees Participating in Environmental Training (%)	54		48		51	
Occupational Health and Safety (Company Employees)	Accidents	0	Accidents	0	Accidents	0
	Accident Frequency Rate	15.1	Accident Frequency Rate	26	Accident Frequency Rate	11.87
	Illnesses	0	Illnesses	0	Illnesses	0
Number of Deaths Due to Accidents	0		0		0	
Work-Related Fatal Accident Rate	0		0		0	
Accident Frequency Rate (High Importance but Excluding Deaths)	0		0		0	
Accident Frequency Rate (Recorded)	15.1		26		11.87	
Number of Deaths Due to Occupational Diseases	0		0		0	
Number of Recorded Occupational Disease Cases	0		0		0	

GRI CONTENT TABLE

Statement of use	CFN Kimya has reported in accordance with GRI Standards for the period January 1 - December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI Standard	Disclosure	Location (Section and Page)
GRI 2: General Disclosures 2021	2-1 Organizational details	4-6
	2-2 Entities included in the organization's sustainability reporting	3
	2-3 Reporting period, frequency and contact point	One year, 3
	2-4 Restatements of information	3
	2-5 External assurance	There is no external assurance.
	2-6 Activities, value chain and other business relationships	5-6
	2-7 Employees	33
	2-8 Workers who are not employees	33
	2-9 Governance structure and composition	40-41
	2-10 Nomination and selection of the highest governance body	40-41
	2-11 Chair of the highest governance body	40-41
	2-12 Role of the highest governance body in overseeing the management of impacts	40-41
	2-13 Delegation of responsibility for managing impacts	40-41
	2-14 Role of the highest governance body in sustainability reporting	40-41
	2-15 Conflicts of interest	43-45
	2-16 Communication of critical concerns	43-45
	2-17 Collective knowledge of the highest governance body	40-41
	2-19 Remuneration policies	33
	2-20 Process to determine remuneration	33

GRI Standard	Disclosure	Location (Section and Page)
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	13, 15, 42
	2-23 Policy commitments	13, 15, 21, 22, 24
	2-24 Embedding policy commitments	42-45
	2-25 Processes to remediate negative impacts	42-45
	2-26 Mechanisms for seeking advice and raising concerns	33
	2-27 Compliance with laws and regulations	44
	2-28 Membership associations	7
	2-29 Approach to stakeholder engagement	11
GRI 3: Material Topics 2021	3-1 Process to determine material topics	11
	3-2 List of material topics	12
	3-3 Management of material topics	11-13
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	37
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	43
	205-2 Communication and training about anti-corruption policies and procedures	43
GRI 207: Tax 2019	207-1 Approach to tax	43
	207-2 Tax governance, control, and risk management	43
	207-3 Stakeholder engagement and management of concerns related to tax	43
	207-4 Country-by-country reporting	43
GRI 301: Materials 2016	301-1 Amount of materials used	5
GRI 302: Energy 2016	302-1 Energy consumption within the organization	26, 27, 47
	302-2 Energy consumption outside of the organization	26, 27, 47
	302-3 Energy intensity	26, 27, 47
	302-4 Reduction of energy consumption	26, 27, 47
	302-5 Reductions in energy requirements of products and services	26, 27, 47

GRI Standard	Disclosure	Location (Section and Page)
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	22, 47
	303-2 Management of water discharge-related impacts	22, 47
	303-3 Water withdrawal	22, 47
	303-4 Water discharge	22, 47
	303-5 Water consumption	22, 47
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	27
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	17-21, 47
	305-2 Energy indirect (Scope 2) GHG emissions	17-21, 47
	305-3 Other indirect (Scope 3) GHG emissions	17-21, 47
	305-4 GHG emissions intensity	17-21, 47
	305-5 Reduction of GHG emissions	17-21, 47
	305-6 Emissions of ozone-depleting substances (ODS)	17-21, 47
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	17-21, 47
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	22-24
	306-2 Management of significant waste-related impacts	22-24
	306-3 Waste generated	22-24
	306-4 Waste diverted from disposal	22-24
	306-5 Waste directed to disposal	22-24
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	37
	308-2 Negative environmental impacts in the supply chain and actions taken	37
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	47-48
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	32-36
	401-3 Parental leave	48
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	33

GRI Standard	Disclosure	Location (Section and Page)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	34-35
	403-2 Hazard identification, risk assessment, and incident investigation	34-35
	403-3 Occupational health services	34-35
	403-4 Worker participation, consultation, and communication on occupational health and safety	34-35
	403-5 Worker training on occupational health and safety	34-36
	403-6 Promotion of worker health	34-35
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	34-35
	403-8 Workers covered by an occupational health and safety management system	34-35
	403-9 Work-related injuries	34-35, 48
	403-10 Work-related ill health	34-35, 48
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	36
	404-2 Programs for upgrading employee skills and transition assistance programs	36
	404-3 Percentage of employees receiving regular performance and career development reviews	36
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	33
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	37
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	37



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