elastron

ENGINEERING LIFE

2023 Sustainability Report

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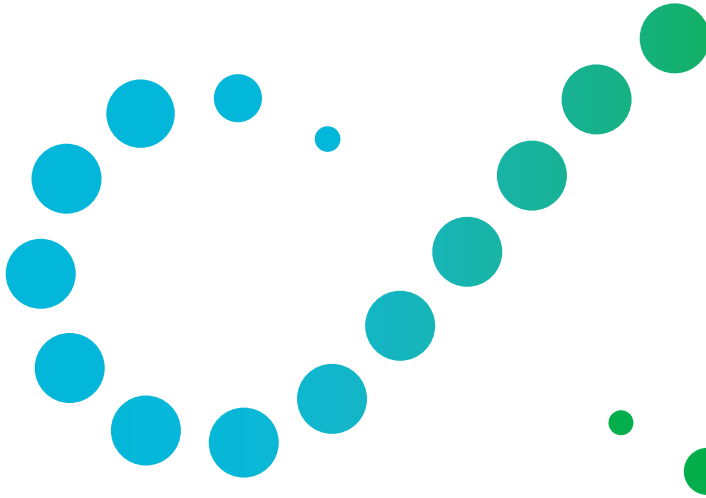


About the Report

Elastron, the world specialist in thermoplastic elastomers, has been touching people's lives since 1980 with products that make life easier. We manage our social, economic and environmental impacts in line with responsible approach to our stakeholders in our global operations. As an extension of this understanding, our Sustainability Report, published for the first time this year, aims to share our approach to sustainability and its impact on our business model with stakeholders.

This Report has been prepared by Elastron Kimya Sanayi ve Ticaret A.Ş. in accordance with GRI Standards for the period 1 January 2023- 31 December 2023. Unless otherwise stated, all data in the report reflect Elastron's entire operation in Türkiye.

Please send your comments and suggestions about sustainability activities and reporting to sustainability@elastron.com

Message from the President

Dear Stakeholders,

Elastron has been leveraging its expertise in thermoplastic elastomer (TPE) technology to deliver solutions that enhance human life since 1980.We are pleased to present our inaugural sustainability report, which outlines our commitment to sustainability and demonstrates our efforts in this area. This report aims to provide a transparent overview of our environmental, social and economic impacts, and we welcome your feedback as we continue to work together on our sustainability journey.

In today's business world, sustainability has become a vital priority, in line with global developments. In this regard, sustainability is an integral part of Elastron's business model, competitiveness, and vision, as a global player in its field.

As well as our environmental responsibilities, we have established a sustainable business model for Elastron that contributes to society at all stages of our value chain. This model supports economic growth with innovative products and creates social value. In addition to our past practices, we have taken new and significant steps in this direction in 2023.

We have made combating climate change and transitioning to a low-carbon economy one of our strategic priorities. In this context, we have initiated efforts to reduce our greenhouse gas emissions and optimised our production processes to increase energy efficiency. As a result, we have succeeded in reducing our total energy consumption while maintaining the energy consumption per product at 0.54 GJ/ton, representing a 5.5% decrease compared to the previous year. In waste management, we have recycled all 802.6 tonnes of waste generated from our operations and reinforced our commitment in this area with our circular economy strategy. In line with market expectations, we introduced product designs with 50% recycled content to our customers. We aim to increase this ratio to 75% by 2027. Our investment in innovation has strengthened our competitive advantage in global markets, offering low-carbon emission and recyclable products. The 678,572 € revenue generated from these products is a tangible indicator of our commitment to sustainable products. Our R&D projects have enabled the development of high-performance thermoplastic vulcanisate (TPV) products for the automotive industry, offering innovative, low-emission and environmentally friendly solutions to the sector. In 2024, we aim to further reduce our carbon emissions by increasing the use of renewable energy and integrating the electric vehicle fleet into our company processes.

As well as our environmental sustainability goals, we also prioritise our social responsibilities. The health and safety of our employees is one of our most fundamental values. In this scope, we have increased our investments in occupational health and safety, with the result that the injury rate across our operations has been reduced by 52% compared to the previous year. We continued to make progress toward our goal of creating a more inclusive workforce by increasing the percentage of female employees to 13%. In alignment with our commitment to fostering a thriving local economy, we have enhanced the environmental sustainability of our supply chain by augmenting the reliability of our domestic procurement to 53%. We also collaborated closely with our suppliers, encouraging them to adhere to environmental and social standards.

At Elastron, our commitment to the future is centred on our goal of creating a more liveable world. We aim to enrich our product portfolio with products containing increased recycled raw material content, increase the use of renewable energy sources and reduce the carbon footprint in our supply chain. Achieving these targets is essential for ensuring the sustainability of our economic growth and enhancing our environmental and social contributions.

We believe that the opinions and suggestions of our valuable stakeholders will guide us on our sustainability journey. As Elastron, we would like to emphasise once again that we are committed to producing solutions that add value to the environment, society and our business partners, and that we will maintain our leadership in this process. We are eager to continue our collaborative efforts with you to create a better future for all.

Respectfully yours,

Yüksel Habip
President

> We have made combating climate change and transitioning to a low-carbon economy one of our strategic priorities.

Elastron at a Glance

Elastron's mission goes beyond being just a 'TPE product supplier'; we are committed to adding tangible value through the establishment of long-term business collaborations.

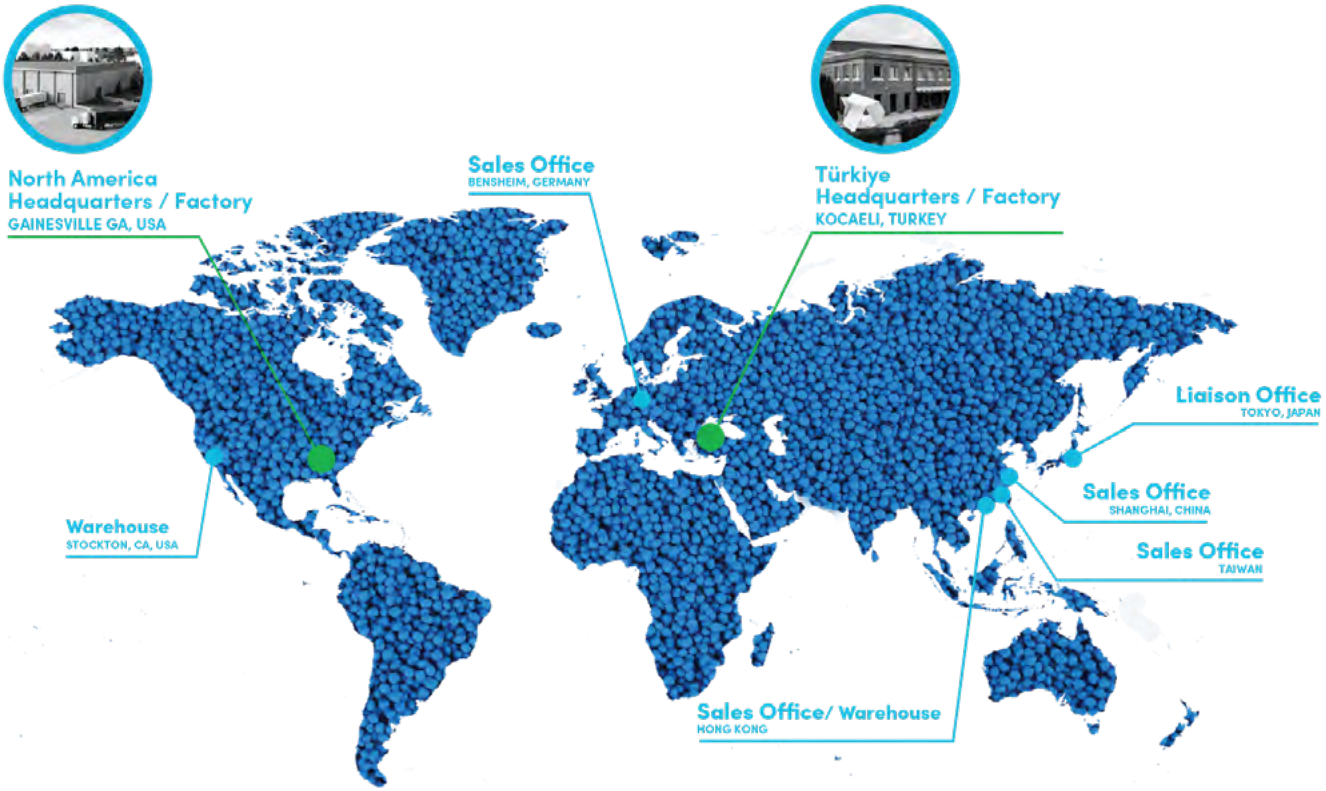
Elastron at a Glance

Since its foundation in 1980, Elastron has become a globally recognised brand, specialising in the provision of innovative solutions that enhance human life on a global scale. The company's expertise lies in thermoplastic elastomer (TPE) technology. With a focus on engineering solutions, Elastron designs products that enhance daily life. With a wide service geography reaching 69 countries, Elastron develops flexible and sustainable solutions suitable for the needs of different users. With its global reach and strong market position, Elastron has succeeded in becoming a representative of innovation and trust.

Elastron's mission goes beyond being just a 'TPE product supplier'; we are committed to adding tangible value through the establishment of long-term business collaborations. By offering its know-how and engineering capability to the service of its customers, it develops solutions to respond not only to current needs but also to future demands. This approach, Elastron not only as a product supplier, but also as a collaborative partner in achieving the sustainable growth of its business partners.

Elastron is dedicated to staying at the forefront of technological developments in the sector and adapts to the dynamic market environment through a proactive approach.

Elastron Geography of Operations



Elastron has a strong international presence, with products available in 69 countries outside of Türkiye. The company's main export markets include the USA, Germany, China, Spain, Poland, the Czech Republic, India, Sweden and France.

Milestones

1980
Elastron TPE was established in Türkiye for the production of SBS-based TPE products.

1996
Production of SEBS-based TPE and EPDM/PP-based TPV products started.

2003
ISO 9001:2015 Quality Management System certification were acquired.

2007
IATF 16949:2016 Quality Management System certification were acquired.

2011
ISO 14001:2004 Environmental Management System certification was obtained.

2013
EN ISO/IEC 17025 certification of Elastron R&D laboratory was achieved.

2018
Elastron USA Inc. production facility was established in Atlanta, USA

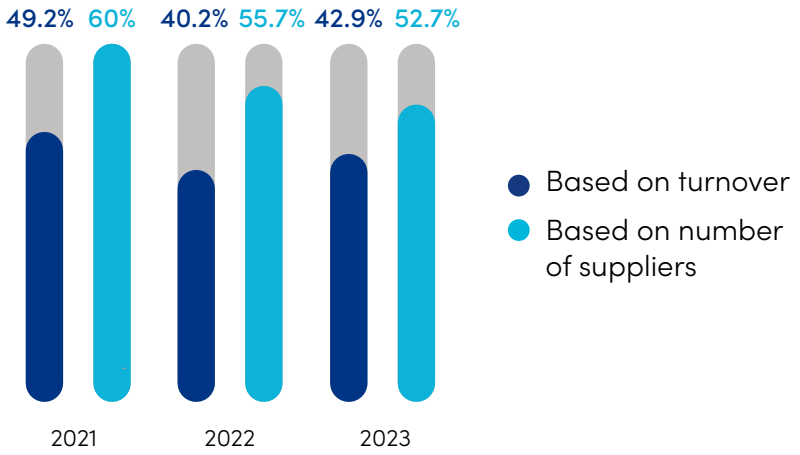
Elastron Türkiye production facility OHSAS:18001 Occupational Health and Safety Management System certification was obtained.

2020
Elastron USA has been certified in accordance with ISO 9001:2015 Quality Management Systems.

2021
Elastron Türkiye has been certified in accordance with ISO 45001:2018 Occupational Health and Safety Management Systems.

Elastron in Figures

Local Supplier Ratio (%)

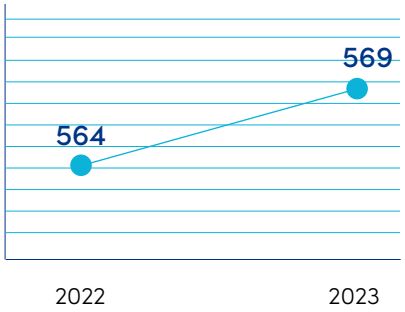


Capacity Utilisation Rate (%)

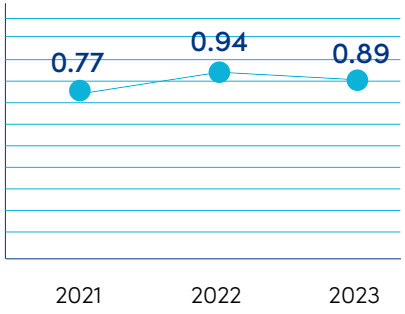
Revenue of the new developed products (thousand euro)

Savings of product optimisation (thousand euro)

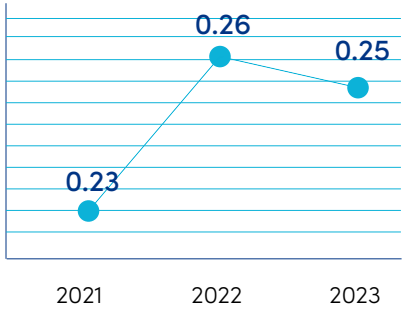
Energy consumption per product (KWh/Ton)



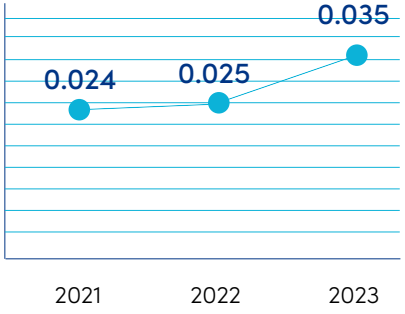
Water consumption per product (m^3/ton)



Greenhouse Gas Emission per product (Tonnes CO_2/Ton)



Amount of Waste per Product (Tonnes/Ton)



Total Workforce

- Male **86%**
- Female **14%**

Our Product

In the medical sector, Elastron produces special TPE products that meet biocompatibility and sterilisation requirements.

Elastron is a specialist in thermoplastic elastomers (TPE) and provides innovative solutions for a wide range of industries including: the automotive sector, consumer goods, construction, industrial equipment, and medical. The company's product portfolio includes TPV, SEBS and SBS based TPEs, which are characterised by their superior performance properties, making them ideal for a range of industrial applications.

Elastron TPE products are used in a variety of automotive applications, including interior and exterior components, as well as under the hood parts. These products are distinguished by their high temperature, UV and ozone resistance, making them ideal for use in various applications, including climate seals, seat and torpedo covers, wiper blades and fuel line hoses. In addition to its standard product range, Elastron also develops OEM-approved products, specially designed to meet the specific requirements of each sector.

Elastron is a company that specialises in consumer products, with a particular focus on products that are compatible with food and drinking water. The products' recyclability and ease of colouring make them ideal for ergonomic designs. Elastron TPEs are highly versatile, with components that are suitable for human health and free from toxic substances. These materials are preferred in a wide range of applications, including kitchenware, personal care products, sports equipment and toys.

Elastron products are utilised in a variety of applications within the construction industry, including window profiles and door seals. These products offer distinct advantages, such as their ability to function effectively across a broad temperature range, along with resistance to UV and weather conditions. These products provide durable and long-lasting solutions with high sealing performance for construction applications.

In the industrial sector, Elastron products are used in a wide range of segments, from cable insulations and electrical equipment to non-slip mats and impact resistance-enhancing additives. These products not only are environmentally friendly but also feature characteristics such as low deformation, high elasticity, and chemical resistance.

In the medical sector, Elastron produces special TPE products that meet biocompatibility and sterilisation requirements. These products are used in a variety of applications, from syringe gaskets to medical hoses, tooth protectors to medical stoppers, and are designed in accordance with high hygiene standards.

Elastron continues to innovate within the field of TPE technology, thus maintaining its position as a global market leader. The company provides customised solutions to customers in a variety of industries.

Details about our products can be found at

https://www.elastron.com/en/tpe-products

Vision

Contribute to a better world with reliable and sustainable products.

Mission

To be the everyday life engineering partner of TPE users with a variety of products and services.

Our Brand Values

Coorperation

Elastron specializes in crafting tailor-made TPE solutions that perfectly align with our customers' unique needs, fostering a collaborative environment where ideas converge and partnerships flourish.

Easy to do business with

With streamlined channels, flexibility and a customer-centric approach, Elastron ensures effortless access and interactions, providing prompt responsiveness and effective communication to meet our clients' needs.

Excellence

Elastron's commitment to excellence shines through our unwavering dedication to delivering exceptional TPE products, setting the benchmark for industry standards and customer satisfaction.

Human-orientation

At Elastron, we prioritize the needs and well-being of people, crafting innovative TPE solutions that enhance everyday experiences and promote a better quality of life.

Corporate Governance

We adopt a transparent and accountable management approach, structured in line with internationally recognised principles and standards.

Corporate Governance

We adopt a transparent and accountable management approach, structured in line with internationally recognised principles and standards. This approach enables us to maintain our operations with high efficiency and in compliance with business ethics, legal obligations and labour standards.

Board Practices

Elastron's Board of Directors, as the highest management body of the Company, is responsible for strategic decision-making, planning and oversight. The Board of Directors engages independent external experts and consultants to determine the Company's strategies and evaluate the results of its operations. While the Board approves the consultants to be hired, the associated costs are covered by the Company management.

The Elastron Board of Directors is comprised of four members elected by the General Assembly in accordance with the Articles of Association. The Board is accountable to the General Assembly. The roles of Chairman of the Board of Directors and General Manager are separate, with the General Manager also serving on the Board of Directors.

Remuneration Policy

Elastron Senior Management has determined a remuneration policy that is based on a fair and strategic approach. This approach takes into account the qualifications of its employees, position requirements and market conditions. The company aims to provide a suitable and satisfactory remuneration system for both office and field employees, using different methods to achieve this.

The remuneration policies for office employees are determined in line with market data obtained from independent consultancy companies using the grading system. These comprehensive studies are finalised only after being thoroughly reviewed and approved by the senior management team, ensuring that they align with the requirements of each position as well as the qualifications of the employees concerned. The same market data are used in determining year-end salary increases, and the opinions of Human Resources, the relevant department manager, the General Manager and the Chairman of the Board of Directors are included in the process. For field employees, a grading system is applied within the scope of collective labour agreements, and wage determination studies are carried out in cooperation with the union.

In the event of unforeseen loss of talent, solutions are generated from within the company through the promotion system. This flexible approach reflects the company's dynamic structure and the value it attaches to its employees.

Internal Audit and Risk Management

The Internal Audit Unit's primary function is to ensure that Elastron's operations are conducted in accordance with applicable legal regulations, established strategies, company policies, working principles and ethical standards. The Internal Audit activities, overseen by the company's board, are focused on financial and operational areas with the aim of preventing potential losses. The Audit Programme, which is risk-focused, is implemented by the Internal Audit Unit in Elastron and its subsidiaries.

The identification of financial, operational, market and legal risks and opportunities, which may impact the realisation of business strategies, the sustainability of the business model and company assets, is conducted by business units. Necessary action plans are then created. Risk responses such as risk avoidance, risk acceptance, risk mitigation, and risk transfer are determined according to the characteristics of the risks identified, and actions to reduce the impact and probability of the risk are defined. These plans are discussed and resolved at the Annual Review meetings held each year with the senior management team and put into action.

In order to expand the scope of risk management, it is proposed that studies be initiated to evaluate sustainability risks with the participation of relevant business units as of 2024. In this context, the initial focus will be on identifying climate change risks and developing action plans.

The Elastron Board of Directors is comprised of four members elected by the General Assembly in accordance with the Articles of Association.

Business Ethics and Legal Compliance

In addition to securing Elastron's business success, the Code of Business Ethics has been created to reflect human values in our work and to ensure sustainability in terms of economic, social and natural environments. Our Code of Business Ethics is a statement that reflects our identity and how we conduct business. These rules, which are binding for all our internal and external stakeholders, are also made available to our stakeholders.

An Ethics Committee has been established to ensure compliance with the Code of Ethics throughout the Company, to identify violations and to take necessary actions. The Ethics Committee is responsible for developing preventive approaches while protecting these values. When problems arise, the aim is to produce fair and acceptable solutions.

The responsibility for detecting and preventing situations contrary to ethical rules or legal regulations is recognised as the shared responsibility of all employees at all levels. In this scope, a mechanism has been established through which Elastron employees can report such cases with complete freedom when they observe suspicious situations in violation of ethical rules. Employees are encouraged to report such behaviours in confidence and confidentiality. Any employees who report ethical violations or suspicious situations in good faith can expect to be supported and protected from any negative repercussions.

The prevention of bribery and corruption risks in the Company's activities and business relations are among the areas regulated in line with the Code of Ethics. In addition, the Company is committed to upholding human rights principles, including ensuring equal opportunities and preventing discrimination, as well as combatting money laundering and international trade restrictions. Furthermore, it is imperative to prevent conflicts of interest and ensure fair competition. All new employees are informed about the Code of Ethics. In addition, Elastron's business partners and suppliers with whom Elastron establishes a business relationship are also expected to comply with similar business ethics rules.

The establishment of an Ethics Reporting Line is planned for the near future, with the aim of ensuring the more systematic management of notifications of ethical rule violations. In addition, training activities are planned to enhance the efficiency of the system and to inform company employees about human rights and business ethics rules.

During the reporting period, there were no incidents of bribery, corruption, discrimination and human rights violations within the scope of our operations. No activity that poses a risk of forced or compulsory labour, or child labour, was observed throughout the operations, including the supply chain.

It is vital that Elastron activities comply with all relevant legal regulations. In this regard, the Legal Unit closely monitors changes in both local and international legislation. Depending on the nature of the changing legislation, relevant business units and employees are informed in line with the evaluations made with expert consultants, training activities are planned and the compliance of practices with new regulations is ensured.

The chemical industry is a sector of activity that is subject to numerous legal regulations due to its impact on the environment and human health. In this regard, Elastron is committed to adhering strictly to the legislation governing the use, registration and management of chemicals, trade and products in the markets in which we operate. This commitment extends particularly to the regulations of the Turkish Ministry of Environment, Urbanisation and Climate Change and the European Union. We are committed to adhering to all applicable laws, regulations and guidelines, including the EU's REACH regulations and the KKDIK regulations of the Turkish Ministry of Environment, Urbanisation and Climate Change. In this regard, harmonisation studies are conducted by the Regulatory Affairs Department.

During the reporting period, the Company was not subject to any complaints, legal proceedings or sanctions as a result of violations of binding legal regulations. These regulations pertain to the provision of products and services, environmental protection laws, breach of confidentiality of customer information and international trade restrictions. The Company has not incurred any in-kind or monetary penalties during this period. During the period 3,945€ of expenses were incurred for legal proceedings, primarily due to the resolution of labour-employer disputes.

In accordance with our business ethics and corporate governance principles, Elastron’s absolute compliance with legal regulations regarding its activities is essential. The Group Legal Department is responsible for the oversight and management of all legal affairs and transactions, including the control of compliance with legal norms and preventive legal activities.

The materiality study, which also takes into account sector-specific requirements across social, economic, and environmental areas, has addressed 36 different topics.

Sustainability Management

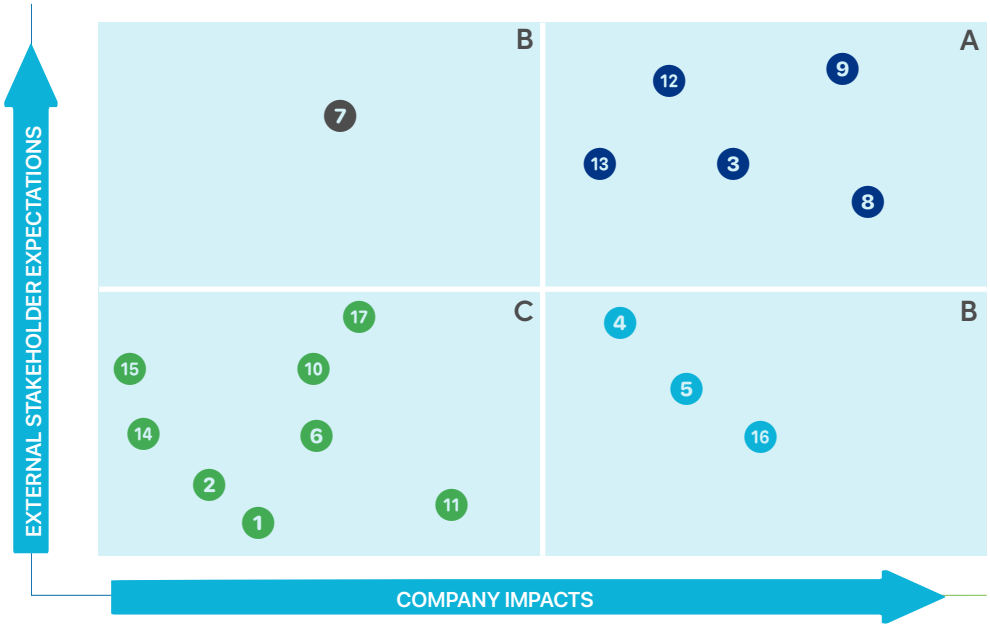
During the reporting period, Elastron initiated a project with the objective of strengthening and broaden sustainability management throughout the company. To this end, company managers were trained on sustainability management approaches and practices. During the period, training activities were also implemented on specific sustainability issues. Furthermore, ongoing efforts to identify sustainability risks and opportunities, as well as to develop relevant policies, systems and processes, will be continued in the forthcoming period.

Sustainability Priorities

The primary focus of Elastron's sustainability management is on the material issues that have been identified. The prioritized sustainability topics, identified through a systematic approach with the participation of internal and external stakeholders and a materiality analysis, form the main content structure of the reporting study. In the prioritisation study, both the current or potential impact level of the company on sustainability issues and the level of risk and opportunity that these issues may pose on the success of the company were evaluated.

The materiality study, which also takes into account sector-specific requirements across social, economic, and environmental areas, has addressed 36 different topics. Following the study, which was conducted with the participation of 15 company executives, 50 employees and 68 external stakeholders, including customers and suppliers, "Climate, Environment and Circular Economy, Product Responsibility, Workplace Practices, Digital Transformation and Governance" were prioritised with the approval of the company's senior management. The study also took into account 17 United Nations Sustainable Development Goals. Following a thorough evaluation, the following Sustainable Development Goals were identified as priorities: SDG8 - Decent Work and Economic Growth, SDG9 - Industry, Innovation and Infrastructure, SDG12 - Responsible Production and Consumption and SDG13 - Climate Action.

External Stakeholder Expectations Company Impacts



1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace, Justice and Strong Institutions
17. Partnerships for the Goals

A: The Most Material Topics **B**: Material Topics **C**: Topics Under Observation

Stakeholder Engagement

Elastron aims to establish a communication framework that is founded on mutual benefit, transparency and fairness with its primary stakeholders, who are affected by its activities and savings. In this direction, it provides stakeholder communication in methods and frequencies appropriate to stakeholder expectations and needs. This approach enables the company to effectively monitor and respond to stakeholder expectations, and to take stakeholder opinions into consideration in its strategic decision-making processes.

Stakeholder Group	Communication Methods/Frequency	Expectations, Suggestions and Positive Effects
Employees	Sustainability Report (biennially), Vision Meeting (annual), Management Review Meeting (annual), Target Evaluation Meetings (quarterly), Internal Audit (annual), Staff meetings (monthly), Website (continuous), Core Ideology and Guidebook Summaries (continuous), Code of Business Ethics (continuous), Open Door Days, Collective Bargaining Agreement (every two years), Employee representative meetings (once every two weeks), announcements (as needed), Information and Analysis Reports (daily, weekly, monthly)	Due to its positive impact on internal communication, it was proposed that Management Review Meetings be held biannually during this period. A 15-days planned shutdown in the middle of the year for maintenance works is also among the suggestions communicated during the year. The relevance of these suggestions for future periods has been evaluated by the relevant managers.
Shareholders	Sustainability Report (biennially), Management Council Meetings (monthly), Executive Committee Meetings (twice a year), General Assembly and Shareholder Meeting (annual), Vision Meeting (biennially)	
Public Institutions, Supervisors, and Regulatory Authorities	Sustainability Report (biennially), audit activities (monthly, quarterly, annual), declarations and reports (monthly, quarterly, annual)	The primary expectations of public institutions, supervisory and regulatory bodies are compliance with the relevant legislation, timely provision of the necessary information and declaration activities, and timely and complete realisation of tax and similar payments. The Company is committed to fulfilling these obligations in a diligent manner.
Suppliers and Subcontractrors	Sustainability Report (biennially), face-to-face and online interviews (as needed), e-mail communication and information (as needed), supplier visits (as needed), audits (as needed)	In order to maintain positive and productive relations with suppliers, requests for increased communication are responded to.
Customers	Sustainability Report (biennially), face-to-face and online interviews (upon request), e-mail communication and information (monthly), customer (upon request), audit studies (upon request)	We are committed to enhancing customer satisfaction and loyalty by consistently meeting our customers' expectations regarding turnaround time, production and delivery deadlines, technical services, consistent product quality, and competitive pricing.

Product Responsibility and Innovation

> The impacts resulting from procurement processes, product composition, and usage stages represent a significant portion of the sustainability effects within Elastron's value chain.

Product Responsibility and Innovation

The impacts resulting from procurement processes, product composition, and usage stages represent a significant portion of the sustainability effects within Elastron's value chain. Therefore, Elastron aims to generate a global positive impact by combining its sustainability approach with product responsibility and innovation strategies.

By offering recyclable TPE solutions throughout the product life cycle, environmentally friendly production is supported. The company's commitment to product safety and traceability is ensured by processes and certifications obtained from independent organizations in accordance with high standards. Elastron prioritises sustainability in its supply chain, fulfilling its environmental and social responsibilities by establishing strong collaborations with its business partners.

Elastron is developing innovative, performance-oriented products with R&D investments. The company aims to positively affect customer behaviour and offer environmentally friendly solutions. Digital transformation is contributing to reducing the carbon footprint by increasing efficiency in all areas from production processes to logistics operations. With these approaches, Elastron is a global player that both shapes the industry and supports sustainable growth.

Product Lifecycle

Elastron's business strategy is focused on the environment, with a 'total cost' approach that minimises risks and seizes opportunities throughout the product life cycle. It prioritises product safety and customer satisfaction by managing risks, such as the accurate assessment of raw material hazards and the timely response to customer requirements. The introduction of recyclable products and innovative designs has also been instrumental in achieving cost advantages and an environmentally friendly image. These approaches, combined with sustainable, recyclable production processes, create a competitive advantage in the market and contribute to Elastron's sustainable growth targets by complying with environmental regulations.

At Elastron, product lifecycle management is considered a joint responsibility of all units, with coordination of the process handled by the R&D department. Responsibilities of R&D include product design, rapid adaptation to changes in market demands, and the development of strategies that increase competitiveness. Additionally, it directs efforts to identify and strengthen resources to support the continuity of the supply chain.

The Purchasing unit is dedicated to ensuring a rapid response to market changes and maintaining product continuity by establishing strong cooperation with suppliers. It engages in extensive supply chain management to create competitive price advantages and thus support the sustainability of its presence in the market.

The production unit's primary objective is to achieve maximum productivity. Processes are optimised to ensure efficient use of resources, minimise costs and reduce environmental impact. The use of recycled materials and minimised waste allows for the delivery of high-value products that contribute positively to the environment.

As part of the audit processes carried out by Internal Audits and independent audit institutions, it ensures that the activities carried out meet the relevant quality management system requirements.

Elastron's strategic approach to product life cycle management involves the integration of sustainability and low emission strategies, guiding the company's short, medium and long-term goals. In the short and medium term, the company aims to introduce product designs with 50% content from recycled raw materials to industrial, consumer and automotive markets by 2025, and to complete at least three different supplier approvals for each recycling source. In the long term, the company aims to increase the use of recycled raw materials to 75% by 2027 and to increase its market share of low-carbon emission products.

Elastron analyses the emission values of 40 different products on an annual basis. The company is a market leader in its field, producing alternative products from recycled raw materials and monitoring its targets with quarterly performance measurements. The results obtained are evaluated at monthly and quarterly meetings between the units and presented to senior management through annual Management Review Meetings.

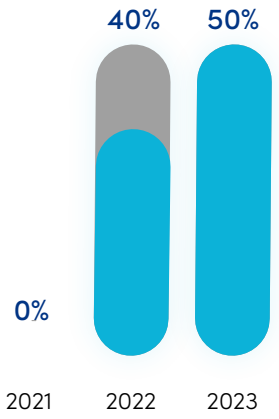
Elastron aims to improve the life cycle knowledge of its employees through product carbon footprint training, with training programmes planned for implementation in January 2025.

The Corporate Sustainability and Product Carbon Footprint working groups, established during the period, coordinate the work in this area. In addition, Elastron aims to improve the life cycle knowledge of its employees through product carbon footprint training, with training programmes planned for implementation in January 2025.

Elastron offers products to the industry that are designed with recycled raw materials. The company adopts a sustainability-oriented approach in product life cycle management. Market trends and legal regulations are closely monitored, and new products are proactively introduced in case existing products fail to meet expectations. The company's product designs are 100% recyclable, featuring recycled structures such as thermoplastics, inorganic fillers and process oils, with the aim of minimising CO2 emissions.

In order to comply with international regulations, close cooperation is maintained with suppliers to prevent the use of prohibited materials and to develop alternative solutions using raw materials that pose a risk. Total emission analyses of products with minimised environmental impact and low carbon emissions are conducted, and the results are shared with customer groups. Based on the results of these analyses, new targets are set, and joint studies are carried out with stakeholders.

The highest recycled content in circular product (%)



Elastron has designed almost 50 sustainable products under the title of 'Circular Product Group'. The company has completed the LCA analyses of these products according to ISO standards and plans to obtain EPD certification in 2026. This approach reflects a strategy that combines environmental responsibility and innovation.

As of 2025, factors related to product lifecycle management will be included in the corporate risk management program,, with the aim of increasing the effectiveness of risk and opportunity management.

Innovation and Digital Transformation

Elastron's pioneering company identity strategy, which emphasises sustainability-oriented innovation and digital transformation, is a key factor in the company's global success. The company offers environmentally friendly industrial product solutions developed in line with customer expectations, which are recyclable and produce a low carbon footprint. Elastron aims to be the leader in its sector with its innovative products.

Elastron's digitalisation strategy is a key part of its business model which becomes increasingly important in industrial production. The strategy increases operational efficiency and minimises environmental impacts by optimising production, logistics and customer services. In this direction, Elastron considers sustainable-oriented innovation and digital transformation as the key elements of increasing competitiveness in the global market and ensuring economic growth.

R&D and Innovation

Elastron's R&D strategy is centered on the development of innovative products that enhance human life, are shaped by customer expectations and have reduced environmental impact. The R&D Unit, established for this purpose, is responsible for the development, commercialisation and certification studies of new products in accordance with market expectations and demands, especially products with reduced environmental impact. As a result, Elastron generated 678,572€ in revenue from the sales of newly developed products during the reporting period.

In addition, the optimisation studies carried out provide clear advantages in terms of cost optimisation as well as localising raw materials. During the reporting period, Elastron achieved savings of 182,647€ through product optimisation practices.

Elastron is a market leader in the field of sustainability, low carbon emission and supply chain management research and development. These projects aim to provide solutions that balance environmental responsibility with industrial requirements. The R&D projects realised during the period are of strategic importance in terms of environmentally friendly product design and supply chain durability.

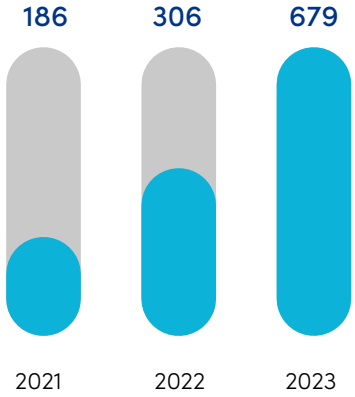
The initial project in 2023 is to design a thermoplastic vulcanisate (TPV) to be used in the automotive industry. This EPDM/PP-based product has been developed as an alternative to non-recyclable thermoset materials and is notable for its low carbon emission and recyclability. This innovative product has been developed in collaboration with one of the world's top 10 vehicle manufacturers.

Another project carried out during the period involved the design of products in the automotive sector that contain 50% recycled materials. This approach contributes to environmental sustainability targets by significantly reducing the carbon emission values of the products.

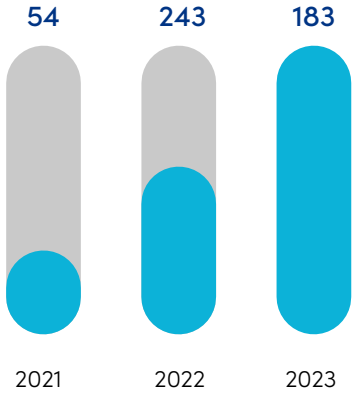
The objective is to strengthen the supply chain by identifying alternative raw material sources, which is one of the primary areas where R&D activities were focused during the year. This work aims to reduce emissions while mitigating supply risks through the localisation of specific raw material sources.

Elastron's R&D projects have a positive impact on the industry in terms of environmental sustainability and industrial innovation, thereby strengthening the company's leadership in the global market.

Revenue of the new developed products (thousand €)



Savings of product optimisation (Thousand €)



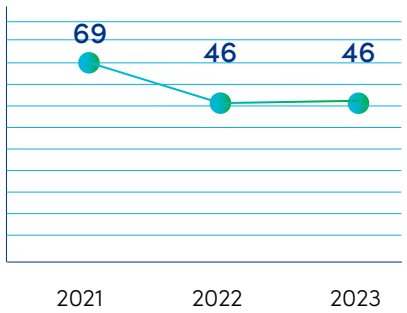
Elastron is committed to the continuous improvement of its technological transformation process by leveraging the opportunities offered by digitalisation and automation.

Digital Transformation

Elastron is committed to the strategic optimisation of business processes through the development of innovative solutions in the areas of Industry 4.0, robotic automation and artificial intelligence technologies. These technologies are integrated into corporate policies with the aim of increasing operational efficiency, reducing costs and providing a sustainable competitive advantage.

The implementation of the SAP MII system as part of the Industry 4.0 framework has yielded notable benefits, including enhanced productivity in production processes and a significant reduction in waste and losses. The transformation process, which was carried out by production department managers, SAP consultants and IT teams, was planned with approximately 100 meetings and successfully commissioned. The MII system aims to strengthen decision-making processes by monitoring production efficiency, energy expenditures and downtime. The integration of the EBA document management system has enabled the establishment of a global common information bank, while the QDMS programme ensures more effective management of quality management system processes.

Digital Transformation Investments (Thousand €)



The transition to robotic automation has enabled the transfer of routine tasks to software robots. This process has led to significant efficiency gains by reducing the workload of various units, including R&D, accounting, human resources, production and warehouse. Currently, 9 robotic software solutions are in active use within Elastron. These projects, which progress in coordination with the IT team and process owners, contribute to operational excellence.

Although artificial intelligence applications are still in the maturity stage on a project basis, Elastron is committed to the continuous improvement of its technological transformation process by leveraging the opportunities offered by digitalisation and automation. Senior management periodically monitors and reports on these projects.

In the context of digital business processes, the risks associated with system and data security are becoming increasingly significant. In addition to data security, cyber risks also pose a risk to business continuity due to the fact that processes are managed by digital systems. In this scope, Elastron adheres to comprehensive rules and procedures in accordance with ISO 27001 Information Security Management System and Personal Data Protection Law regulations. This ensures the security of data and systems, with a particular focus on safeguarding customer information. To this end, we have established authorisation frameworks based on departmental affiliation strictly limit who can access customer data. Various security measures have also been established to ensure data security in the transactions of authorised persons.

In order to ensure the reliability of information security systems, a range of vulnerability testing and control procedures, as well as 'disaster recovery' scenario studies, are conducted. Information security training is provided to employees in relation to these practices.

Product Safety and Traceability

Elastron's management of product safety and traceability processes is in accordance with international standards. This is in line with the company's goals of increasing customer satisfaction and environmental sustainability. Ensuring product safety and traceability is a strategic priority for the company, and these processes play an important role in reducing legal compliance risks and gaining competitive advantage. In this context, Elastron has planned and integrated its operations based on ISO 9001, ISO 14001 and IATF 16949 quality management systems. In addition, the company ensures proactive management of product safety by appointing a Product Safety and Conformity Representative (PSCR) trained product safety officer.

Product safety and traceability are regularly monitored through the SAP system at every stage, from production to the end consumer. With the use of batch numbers and product-specific tracking systems, product recall processes can be executed swiftly and efficiently in the event of any complaints. The safety of the chemicals used in the products is a top priority at Elastron, and the raw materials received from suppliers are subjected to detailed analyses. The safety data sheets (SDS) of raw materials are kept up-to-date as part of this process. These documents serve as a vital tool to ensure product safety, both in internal operations and in communication with customers and other stakeholders.

Elastron is committed to enhancing its existing systems through activities that ensure product safety in the short term. For instance, the company regularly verifies the compliance of its chemical raw materials with legal regulations and conducts studies to address any identified shortcomings. In the medium term, the company aims to make its processes more efficient through digitalisation and automation. In addition, the company has implemented a comprehensive training programme for employees, focusing on chemical safety and regulatory compliance. Long-term goals include integrating sustainability strategies into product designs and achieving a strong position in the market with environmentally friendly products. Elastron is prioritising projects that include developing products with low carbon emissions by using recycled raw materials and offering these products to different markets.

Product safety processes are governed by regular internal and external audits, and the effectiveness of these processes is evaluated through periodic management review meetings. Quarterly meetings are held to measure the performance of products in the field and to determine the necessary actions.

Elastron's systematic and integrated approach is key to increasing customer satisfaction and positioning itself as a trusted brand in the market. Ensuring product safety is not only a legal requirement, but also a strategic advantage in a competitive market. The development of non-hazardous, environmentally friendly products not only builds customer trust but also supports the company's sustainability goals. Within this framework, Elastron is committed to ensuring quality throughout the product life cycle, minimising environmental impacts and leading the industry with innovative solutions. These strategic approaches are instrumental in ensuring the company's long-term success and market leadership.

Customer Behaviour Change

Elastron has a strong vision to develop customer-oriented strategies by analysing customer satisfaction and behavioural trends. The company applies a unique approach to understand customer satisfaction levels and identify areas for improvement by making direct contact with customers through face-to-face interviews at domestic and international fairs. In this process, an interview format based on open-ended questions was preferred instead of filling in a formal form. This method enables Elastron to maintain its strengths (e.g. fast turnaround time) while providing innovative solutions in areas that need improvement. Sharing the demands for developing sustainable products with the management and the decisions taken accordingly are part of the company's customer-oriented approach.

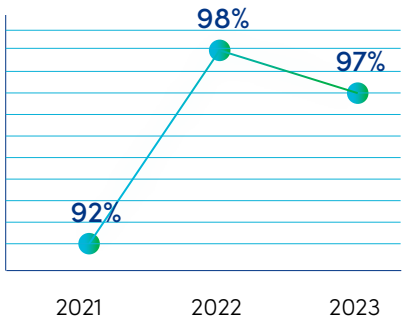
There has been a notable increase in the demand for sustainability in customer behaviour in recent years. Customers in the automotive, consumer and construction sectors are clearly expressing their demand for both the replacement of existing products with sustainable alternatives and the development of new products. This increased demand, initially observed in Northern European countries, is now being echoed in a broader geographical area. Elastron's product development process is meticulously tailored to customers' exacting specifications, including the provision of detailed carbon footprint information and the percentage of recycled materials in product content. This has not only increased product diversity, but also accelerated the company's sustainability-oriented R&D activities. Elastron has initiated the introduction of new product groups created in this direction to the market and accelerated the trial and approval processes with potential customers. These developments have reinforced the company's leading position in the sector in developing environmentally friendly products by adopting a 'circular economy' approach.

In order to improve customer satisfaction and experience, Elastron is investing in a variety of digital and personalised services. These include redesigning the website to better meet customer expectations, providing live customer service support (jivo chat) and offering customer-specific product code privileges. These strategies facilitate direct communication with customers, providing a clear understanding of Elastron's reasons for preference and its competitive positioning. Surveys of stakeholders play a key role in gathering the data necessary to strengthen the company's competitive strategies.

The economic impacts of global crises, such as pandemics and war, have resulted in significant changes to customer behaviour. Customers have expressed a desire for sustainable solutions that reduce natural resource consumption and support environmental responsibilities, with a focus on cost management and supply chain improvements. In response to these demands, Elastron has accelerated its environmentally friendly product development process, making sustainability goals a strategic priority. With heightened sustainability awareness, customers are now more likely to choose environmentally friendly products. Elastron has responded swiftly to this change by renewing its existing product portfolio with sustainable alternatives.

The company's customer-oriented approach is not limited to product development. Elastron aims to continuously improve its business processes by regularly evaluating feedback from customers. Feedback received at trade fairs and face-to-face meetings is discussed in detail at management meetings, after which strategies are developed in accordance with customer needs. This commitment to customer satisfaction and environmental responsibility has contributed to Elastron's strong market position.

Customer Satisfaction Rate (%)



Elastron has developed a customer-focused business model, with a commitment to customer satisfaction and analysing behavioural trends. Their commitment to sustainability has not only met their environmental obligations, but also provided a competitive advantage in the market by meeting customer expectations. The company's strategic goals are focused on enhancing customer satisfaction, consolidating its leading market position through the provision of sustainable products, and establishing itself as a sector innovator. This strategy underpins the company's long-term success and fosters increased customer loyalty.

Elastron has accelerated its environmentally friendly product development process, making sustainability goals a strategic priority.

Sustainability in the Supply Chain

Elastron's responsible supply chain management processes are of strategic importance in terms of ensuring operational continuity and demonstrating the company's commitment to sustainability principles. Disruptions in the supply chain can lead to significant operational challenges, but a well-managed supply chain can also result in cost savings, enhanced customer satisfaction and a stronger competitive edge. In addition, when sustainability impacts are taken into account in the selection of suppliers and products, risks in the value chain are significantly reduced. At Elastron, we meticulously analyse risks and opportunities in the supply chain to inform our business strategies. In the face of risk factors such as geopolitical situations, economic fluctuations and natural disasters, alternative supplier and equivalent product plans are formulated and processes are managed strategically.

Among the most basic risks that can be experienced in the supply chain are the inability to supply packaging materials in a timely manner, disruptions in the delivery of spare parts required for technical support units and supply problems in consumables. Such situations can lead to production disruptions, loss of time and cost, and even loss of customers. To mitigate these risks, Elastron has adopted a strategic approach to supply chain management, with a focus on enhancing collaboration with local suppliers and identifying alternative suppliers to ensure supply security. For instance, Elastron aims to collaborate with local suppliers to mitigate issues arising from overseas supply of spare parts. In addition, the supply chain's sustainability has been significantly enhanced by incorporating alternative raw material suppliers into the process.

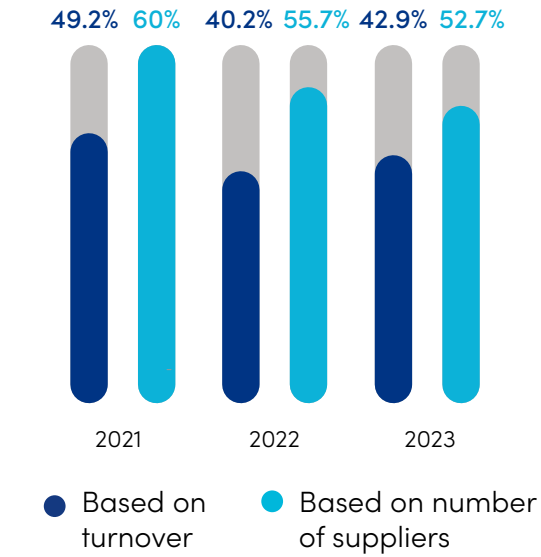
The Company's responsible supply chain management policies prioritise compliance with environmental and social responsibility standards. During the selection process for suppliers, not only economic criteria are taken into account, but also their environmental and social impacts. Certificates such as ISO 9001, ISO 16949, ISO 14001 and ISO 45001 are considered a prerequisite for suppliers. Suppliers without ISO 9001 certification are strongly encouraged to adhere to these standards. Furthermore, strategic tools such as the Kraljic Matrix are employed to promote increased sustainability within the supply chain, and supplier relations are strengthened.

Elastron's sustainable supply chain management goals are shaped by short, medium and long term strategies. In the short term, the company's priorities are to increase the transparency of the supply chain and to improve supplier relations. Moving forward, the company aims to integrate sustainability standards into the entire supply chain and reduce its corporate footprint. To achieve these goals, projects are being implemented such as monitoring carbon footprint data, utilising renewable energy sources and improving waste management systems.

Regular audits and reporting are carried out to measure and improve supply chain performance. In the context of internal audit processes, quality assurance and procurement units undertake supplier audits on a regular basis, and the results of these audits, as well as the sustainability performance of the supply chain, are reported to senior management. Developments and problems in supply chain processes are evaluated in detail at periodic meetings. These processes contribute to Elastron's environmental responsibilities as well as increasing its operational efficiency. Supplier audit practices are utilised to control supplier practices. During the reporting period, these activities did not identify any instances of non-compliance on the part of any of its suppliers in terms of environmental standards, working conditions and social risks, including human rights. In addition, no supplier was discontinued as a result of any such findings.

Localisation efforts on raw material and supplier basis are of great importance when it comes to responsible procurement practices. As a result of these efforts, the ratio of domestic suppliers in 2023 was 52.7% based on the number of suppliers and 42.9% based on turnover.

Local Supplier Ratio (%)



Environment and Climate Management

Elastron recognises environment and climate management as integral to its sustainability strategy.

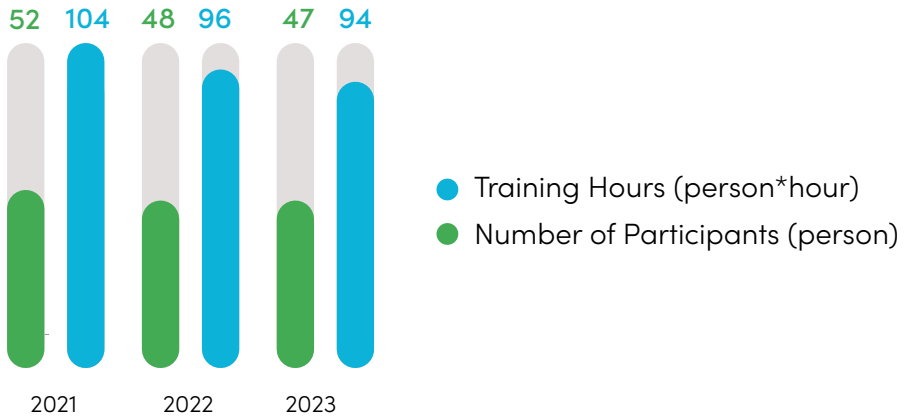
Environment and Climate Management

Elastron recognises environment and climate management as integral to its sustainability strategy. In response to the risks posed by the global climate crisis, Elastron has adopted a proactive approach to environmental responsibility, strengthening its competitive business strategies focused on climate-friendly products through energy efficiency, waste management and circular economy practices. The creation of climate-friendly processes, the adoption of sustainable production models and product development studies form the basis of corporate strategies.

The knowledge and awareness of employees in this regard play an important role in the development and dissemination of climate and environmental management practices throughout the company's operations. To this end, Elastron employees receive regular environmental training. During the reporting period, 47 employees received a total of 94 person*hours of environmental training.

The company also allocates the necessary resources for the effective implementation of climate and environmental management and the development of performance-enhancing practices.

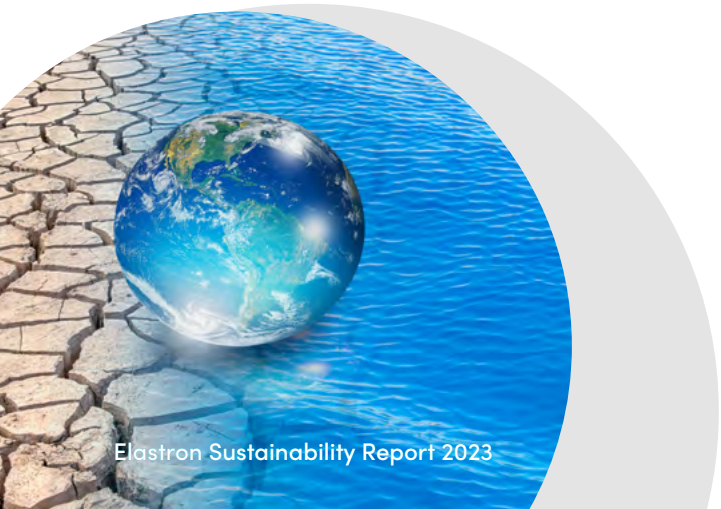
Environmental Trainings



Climate Change and Energy Management

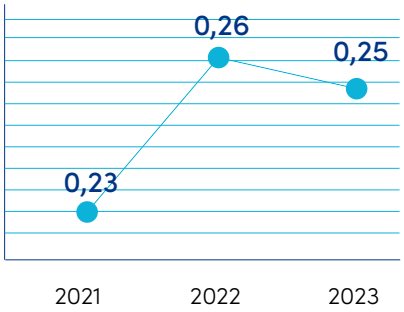
Climate change has become a key focus in today's corporate sustainability strategies. In the face of this global challenge, Elastron takes a solution-oriented approach by integrating energy management into business processes. The main elements of Elastron's environmental responsibility goals are to reduce the carbon footprint resulting from product and operational processes by implementing energy efficiency and clean production technologies, and to gain a climate-friendly business partner identity in the eyes of customers in line with the transition to a low-carbon economy.

Elastron aims not only to achieve cost advantages in energy management processes, but also to expand environmentally friendly production practices. Accordingly, investments in energy saving technologies and projects developed to reduce carbon emissions are an integral part of Elastron's strategic plans. The efficient use of energy resources allows us to offer more sustainable products to our customers and to increase our competitiveness in the global market.

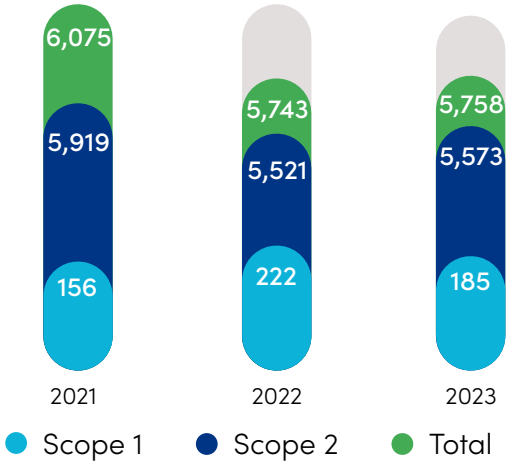


While rising energy costs, potential disruptions in the supply chain and the rapid depletion of natural resources stand out among the risks posed by climate change, it is clear that if climate risks are effectively managed and climate impacts are minimized in products and production processes, new sustainability-driven opportunities will emerge with changing customer expectations. To this end, Elastron accelerated its efforts during the reporting period to reduce the carbon intensity of its products and minimize its impact on climate change. On this basis, a working group was formed and the necessary training activities were carried out, followed by a greenhouse gas emission inventory and greenhouse gas emission calculations for the Turkish operations. As a result of the results obtained during the period under review, a comprehensive risk and opportunity assessment study will be carried out in the coming period through the establishment of a corporate climate policy.

Greenhouse Gas Emissions per Product (tonnes CO_2e/ton)



Greenhouse Gas Emissions (tonnes CO_2e)



During the reporting period, Elastron's operations generated a total of 5,758 tons of CO2e greenhouse gas emissions, as calculated on a Scope 1 and Scope 2 level. The amount of greenhouse gas emissions per product decreased by 13% to 0.27 tons CO2e/ton compared to the previous year. In the next reporting period, the greenhouse gas calculation studies will be continued by including the Scope 3 level.

Elastron's energy management strategy includes taking proactive measures against potential risks and taking advantage of opportunities. Risks such as fluctuating electricity prices and equipment based on old technology that increases energy consumption are among the key issues that the company carefully addresses. For example, the use of inefficient engines in production and auxiliary operations increases energy costs, while a lack of automation can lead to energy and time losses in the event of a malfunction. However, the company also

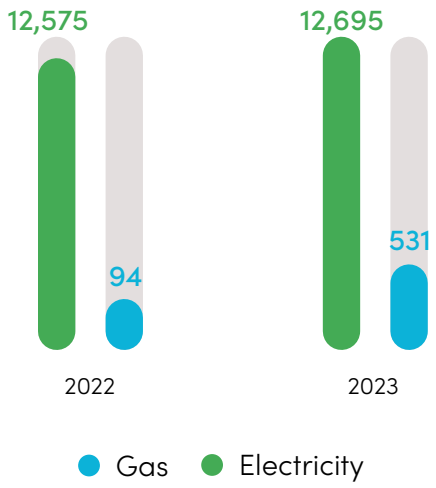
sees opportunities. As alternative energy sources, the use of LED lights in lighting systems and the replacement of engines with more efficient series allow Elastron to achieve significant gains in energy management. In addition, technological solutions such as building management systems (BMS) can be used to remotely monitor energy consumption in production and office areas, thereby minimizing energy losses.

These strategic approaches to energy management are closely linked to Elastron's corporate policy. In this direction, it is planned to initiate the ISO 50001 Energy Management System certification process in order to increase energy efficiency and comply with international standards. Within this framework, the appointment of energy managers and the implementation of training programmes for employees will allow energy management to become a permanent part of the company's structure.

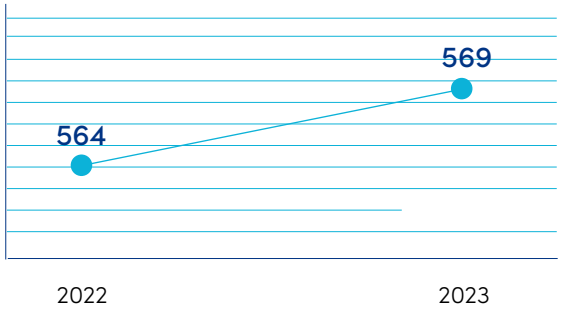
Feasibility studies for energy efficiency projects are coordinated by the Environment and Occupational Safety Department, while the Electricity Automation Unit implements the necessary improvements at energy consumption points. For example, there are plans for the use of heat recovery units to prevent energy losses in hot water systems during the reporting period. Regular measurement and repair of air leaks is another practice that optimises energy consumption. Such projects not only reduce energy costs but also help Elastron achieve its sustainability goals by reducing its environmental impact.

During the reporting period, total energy consumption increased in parallel with production volumes, and total energy consumption was 13.23 million GJ, while energy consumption per product was 694 KWh/ton.

Total Energy Consumption (MWh)



Energy Consumption per Product (KWh/ton)



Elastron's short, medium and long-term energy management objectives are being implemented as planned. During the reporting period, efficient LED and sensor lighting systems were installed at points with high energy consumption, and IE4 and IE5 class engines were used in production and auxiliary equipment. On the other hand, energy efficiency is increased through the use of heat recovery devices at the boiler outlets and immediate monitoring with regular air measurement devices. These practices will be continued in the short term. In the medium term, the aim is to optimise production processes through energy saving projects, while in the long term it is planned to start using renewable energy sources and complete all energy efficiency projects. On the other hand, personnel shuttle buses are used to ensure efficient commuting of employees to and from work, and shared use vehicles are available for daily transport needs. The plan is to replace the shared use vehicles with electric vehicles in 2024.

Elastron's energy management processes are also supported by regular reporting and auditing mechanisms. Energy efficiency and waste management processes are reported to senior management at management review meetings, and continuous improvement is ensured by analysing the results of actions taken. Technical support and maintenance units contribute to this process by regularly sharing energy consumption data with management.

long-term improvement targets for water consumption and wastewater reduction were set and the work to be carried out in this direction began to be planned.

Water Usage

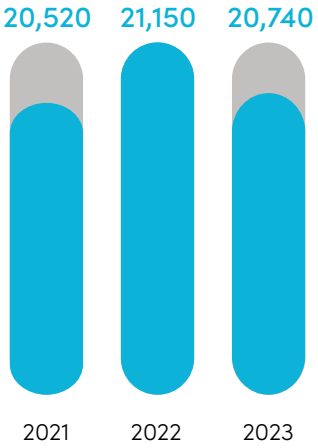
Securing water resources is essential for the continuity of production activities. Water resources are used both in production processes and for the individual needs of employees. Groundwater is the main source of water supply, but mains water is also used.

During the reporting period, meters were installed at water consumption points and point consumption data was collected. Filter meters and flow regulators were also installed during the period to improve water efficiency.

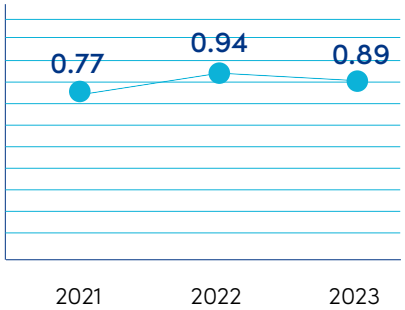
The wastewater produced as a natural result of the activities is discharged into the wastewater canal of the Gebze Organised Industrial Zone. The quality of the discharged wastewater is continuously monitored. An automatic wastewater control sampling device was installed at the discharge point, increasing the efficiency and measurement reliability of this process.

During this period, long-term improvement targets for water consumption and wastewater reduction were set and the work to be carried out in this direction began to be planned.

Total Water Usage (m^3)



Water consumption per product (m^3/Ton)



Waste Management and Circular Economy

In today's world, failure to properly manage waste and recycle it not only increases environmental damage, but also creates long-term operational and financial risks for companies. In this context, Elastron follows a waste management strategy that minimises environmental impact, provides economic benefits and is compatible with social responsibility. This strategy focuses on contributing to a circular economy by reducing waste from operations in a way that meets the requirements of legislation such as the Zero Waste Regulation and international standards such as ISO 14001, ensuring that unavoidable waste is separated and recycled at source, and at the same time ensuring that recycled material is reused to the maximum extent possible.

The main risks associated with waste management processes include uncontrolled accumulation and improper segregation of waste, resulting in increased emissions and the generation of environmentally hazardous chemical waste. These risks not only create environmental threats, but also increase the likelihood of regulatory sanctions. However, there are many opportunities to be realised with the right practices in this area. For example, sorting waste at source and reusing recyclables in a circular economy not only provides environmental benefits, but also significant resource efficiency and cost savings. Elastron aims to produce end products that are environmentally and health friendly by minimising the use of hazardous chemicals in these processes.

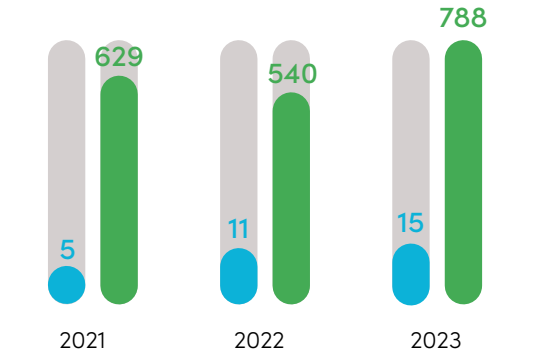
Elastron's waste management processes are coordinated by the HSE department. This department is responsible for ensuring the implementation of policies to minimise environmental impact, supporting circular economy processes and taking action in accordance with international legislation. In addition to waste management, the HSE department works to define the company's overall environmental strategies and to implement these strategies in line with sustainability goals. Effective execution of waste management processes not only reduces environmental impacts, but also increases the company's competitiveness and supports business continuity.

Waste management strategies with short, medium and long term objectives are an important part of Elastron's approach to environmental sustainability. In the short term, waste segregation at source and the development of systems for the reuse of recyclable materials are among the priority objectives. In the medium term, technological investments and process improvements are planned to reduce the amount of waste in all the company's production processes. In the long term, the aim is to minimise the proportion of non-recyclable waste in total waste and to implement circular economy processes on a wider scale. These targets demonstrate the company's commitment to reducing its corporate footprint.

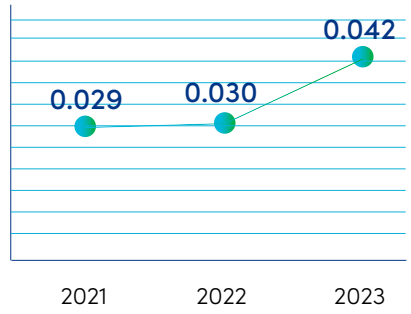
During the reporting period, Elastron's operations generated a total of 802.6 tonnes of waste. While 14.73 tonnes of this waste is classified as hazardous waste, 787.87 tonnes is non-hazardous waste. All waste generated in the last three years has been disposed of by recycling methods.

Elastron's waste management and circular economy processes are also supported by regular auditing and reporting mechanisms. In accordance with existing quality management systems, audits are carried out by internal auditors at least once a year and by certification bodies at most once a year. In addition, performance data on waste management and circular economy practices are reported to senior management at management review meetings and necessary actions are taken in light of this data. These auditing and reporting processes support the company's objectives to continuously improve and develop its sustainability performance.

Waste Amount (tonnes)



Amount of Waste per Product (Tonnes/Ton)



Workplace Practices

Elastron has 187 employees, 97 field employees and 90 office employees, all of whom are direct employees of the company.

Workplace Practices

At Elastron, workplace practices are shaped by an approach that focuses on equal opportunities, talent management and occupational health and safety. The aim is to create a safe, egalitarian and development-oriented working environment that respects human dignity.

Elastron has 187 employees, 97 field employees and 90 office employees, all of whom are direct employees of the company.

Workforce by Education

- Post Graduate 7%
- University 37%
- High School 32%
- Primary Education 24%

Workforce by Gender

- Male 86%
- Female 14%

Workforce by Category

- Office Employees 52%
- Field Employees 48%

Workforce by Age Group

- 18-30 28%
- 30-50 68%
- 50+ 4%

Elastron aims to ensure continuity within the company while increasing employee loyalty and satisfaction.

Talent Management and Equal Opportunities

Elastron considers human resources to be its key competitive advantage and, in line with this understanding, talent management based on equal opportunities is a strategic priority. One of the key elements in achieving sustainable growth and competitive advantage in the global business environment is to retain a talented and highly motivated workforce. While talent management practices aim to maximise the skills and potential of employees, they also aim to strengthen the corporate culture with the principles of equal opportunity, inclusiveness and diversity. Within this framework, Elastron has developed a number of policies and strategies aimed at enhancing not only individual performance, but also team dynamics and organisational efficiency.

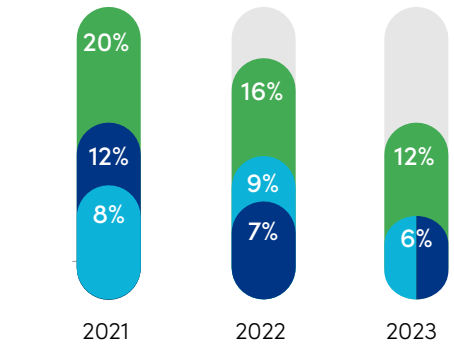
The talent management process is systematically applied to many areas, from recruitment to career planning, training and promotion mechanisms. Recruitment processes supported by scientific assessment methods ensure the identification of the most suitable candidates for the position. This process, supported by general aptitude and personality inventory tests, increases the rate at which the right talent is placed in the right position. Similarly, a fair and objective evaluation system is used in promotion processes and the career paths of employees are determined transparently. With this approach, Elastron aims to ensure continuity within the company while increasing employee loyalty and satisfaction.

During the reporting period, a total of 44 new employees were hired, including 5 female candidates. During the same period a total of 17 employees left the company, 7 of whom were female. While there was no loss of key personnel during the year, voluntary employee turnover was 6% and total employee turnover was 12%. During the period, the turnover of male and female employees was 9% and 3% respectively.

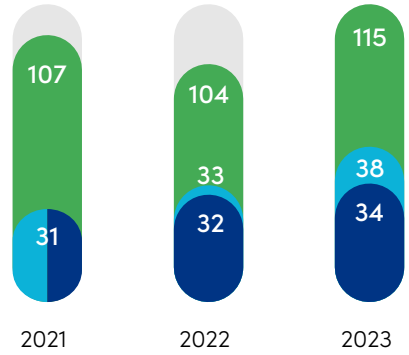
In 2023, the proportion of employees with up to 5 years of service is 61.5%, the proportion with 5-10 years of service is 18.2% and the proportion with more than 10 years of service is 20.3%.

The principles of equal opportunity and inclusiveness are the cornerstones of Elastron's talent management policy. Policies that prevent discrimination against female employees and disciplinary procedures that are rigorously enforced against bullying and harassment ensure that all employees work in a fair and equal environment. The principle of filling positions within the company primarily from existing employees supports the career development of employees and at the same time increases loyalty to the organisation. In addition, Elastron's inclusive approach is demonstrated by regularly reviewing quotas for disabled employees and providing new employment where necessary.

Employee turnover



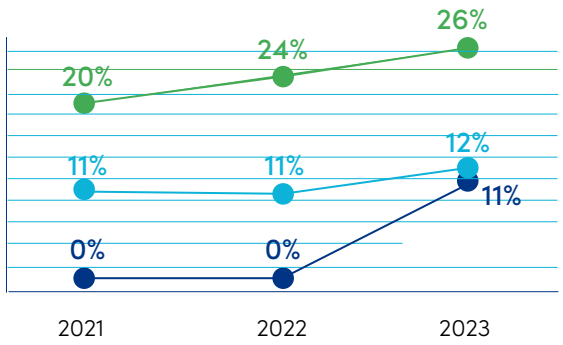
Employee Seniority Breakdown (person)



As of 2023, women will account for 14% of the total workforce, 12% of revenue generating professionals, 11% of IT professionals and 26% of engineering professionals.

While 49% of candidates for promotion and 50% of those promoted during the year were female, 25% of those promoted to managerial positions for the first time were female. While the waiting time for promotion was the same for men and women in the last two years, in 2023 it was 3 years on average for both men and women.

Female Employee Ratio by Function (%)



The principle of equal pay for equal work is applied throughout the company. Therefore, the remuneration policy does not allow for gender-based practices. Pay differentials can only be based on the employee's position, seniority and performance. The Gender Pay Gap performance, which is calculated taking into account the demographics of the workforce, shows no significant difference in remuneration between men and women. The Gender Pay Gap for field employees was 0.3% in favour of male employees based on the median salary level and -3% in favour of female employees based on the average salary level. For office employees, the gender pay gap was 6% based on median pay and 5% based on average pay.

Implementation and control activities to prevent unequal treatment and discrimination in the working environment and to protect a working environment that respects human rights are carried out in accordance with the Elastron Business Ethics Principles. In this scope, there are no practices against human rights such as child labour, forced and compulsory labour in the company's activities. On the other hand, during the reporting period there were no complaints against the company or its managers regarding discrimination, harassment, bullying, pressure and violence.

The right of employees to organise and bargain collectively is also guaranteed throughout the company. In this context, 82 employees, or 44% of Elastron's workforce, are covered by collective agreements. In addition, there were no work stoppages or lost working days due to strikes or labour unrest during the reporting period.

The principles of equal opportunity and inclusiveness are the cornerstones of Elastron's talent management policy.

Training and development opportunities are another important dimension of Elastron's talent management strategy. Professional development programmes for office employees are designed in line with departmental training requirements, while technical training, such as certificate of professional competence and forklift training, is organised for field employees. By regularly reviewing and updating training programmes, employees can participate more effectively in business processes. In addition, the performance evaluation system provides a detailed analysis of employees' concrete contributions and achievements throughout the year. Performance results have a direct impact on promotion and remuneration policies and encourage employees to succeed.

Elastron's talent management strategy is supported by short, medium and long-term objectives. In the short term, Elastron aims to optimise the process of finding and placing the right people by expanding the talent pool.

In the medium term, the aim is to increase continuity within the company by supporting the development of qualified employees. In the long term, the principles of diversity, inclusion and equal opportunities are to be fully integrated into the corporate culture. Human Resources is responsible for the effective implementation of these processes and ensures that employees adopt these principles through regular training and awareness programmes.

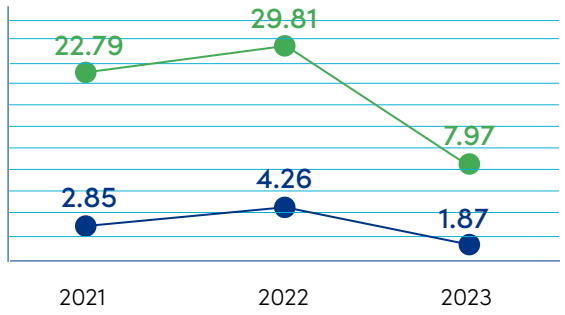
By bringing together a variety of perspectives and experiences, Elastron increases its competitive advantage by creating an organisational structure that is more creative and innovative. When human resources policies are combined with occupational health and safety practices, a reliable working environment is created that supports both the professional and personal development of employees.

Occupational Health and Safety

Occupational health and safety is one of the cornerstones of Elastron's corporate values. A policy focused on employee safety and welfare not only enables the company to meet its legal obligations, but also creates sustainable business processes by increasing employee loyalty and satisfaction. In line with its 'Zero Accident Policy' and 'Employee Safety and Welfare' approach, Elastron has developed comprehensive strategies to prevent occupational accidents, create ergonomic working environments and ensure the safety of its employees under all circumstances. The company supports these objectives with OHS management systems structured in accordance with international standards and legislation. In this context, Elastron's OHS management is structured according to ISO 45001 standards and its effectiveness is continuously monitored through regular audits.

Elastron's Human Resources and Occupational Health and Safety (OHS) departments coordinate the management of OHS processes. All employees have access to health and safety training, risk assessments are carried out regularly and emergency plans are updated. A comprehensive risk management system is in place to protect employees from occupational accidents and diseases, and safety protocols are continuously improved. In addition, ergonomic improvements and health programmes to improve the well-being of employees are another important part of Elastron's OHS policy.

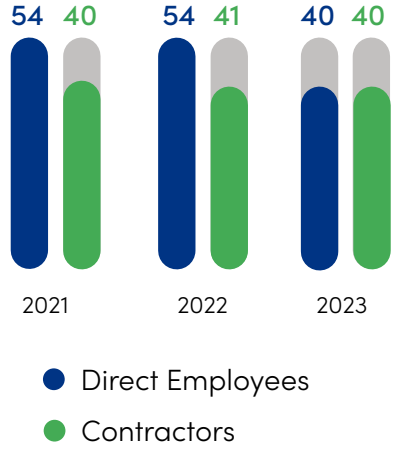
Occupational Health and Safety Performance



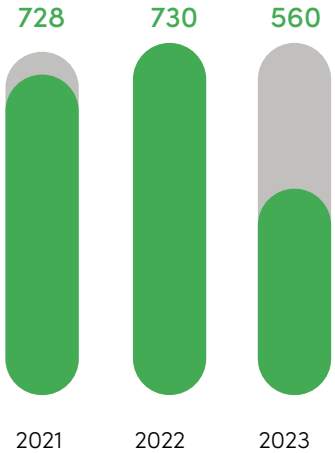
During the reporting period, OHS performance improved significantly compared to the previous period. The injury rate[1] per 200,000 hours worked fell from 4.26 to 1.87 and the lost time injury rate[w] from 29.81 to 7.97. There were no fatalities or occupational diseases during the period.

Trainig activities are carried out to spread the OHS culture in the workplace and to improve safety performance. In this context, a total of 560 person*hours of OHS training was provided to 80 Elastron employees and contractors during the reporting period.

Number of Occupational Health and Safety Training Participants



Occupational Health and Safety Training Duration (person*hour)



*[1] Injury Rate: Total Number of Injuries*200,000/Total Working Hours*

*[2] Lost Day Injury Rate: Total Number of Lost Days*200,000/Total Working Hours*

Elastron plans to complete the installation of a second automatic bagging machine in order to minimise manual handling and significantly reduce the physical workload of employees.

Elastron's occupational health and safety strategy is based on short, medium and long-term goals to support a reliable and safe working environment. In the short term, the aim is to provide employees with basic health and safety training, assess risks and increase safety measures. In the medium term, the aim is to reduce accidents at work by 25%, implement ergonomic regulations and introduce new practices that will increase the well-being of employees. In the long term, the aim is to fully establish a 'Zero Accident' culture and continuously improve OHS processes. These strategies demonstrate Elastron's commitment to creating a safe working environment.

To this end, Elastron intends to implement a number of important health and safety projects during the coming period. As part of these projects, Elastron plans to complete the installation of a second automatic bagging machine in order to minimise manual handling and significantly reduce the physical workload of employees. In addition, in order to improve the health and safety of the personnel working in the shredding operation, the commissioning of robotic systems is planned; this innovation will minimise the risk of industrial accidents by automating the relevant processes.

In order to make improvements to ergonomics in Elastron's production processes, wheeled bag handling equipment will be added to the pigment, crushing and extruder machines. These equipments will contribute to reducing ergonomic risks and increasing employee welfare by making it possible to easily pull bags by eliminating the need for employees to carry loads.

Another key project to be completed in 2024 will be the installation of air conditioning systems, with the aim of enhancing thermal comfort. In this regard, under the guidance of leading academic experts, the mixer roof areas have been painted with a bright, light-reflective colour, and a new chiller line is to be installed on the mixer floor. These measures will ensure both thermal comfort and an optimised working environment in the workplace.

Internal and independent audit mechanisms have been implemented to improve the effectiveness and sustainability of OHS processes. Internal audits conducted within the scope of ISO 45001 ensure a transparent audit process between business units, while independent audits evaluate compliance with international standards and the effectiveness of processes. At the Annual Management Review meetings, audit reports are analysed, improvement opportunities are identified, and new action plans are implemented. These audit processes enable Elastron to continuously improve its OHS policies and proactively address employee safety

GRI Content Index

Statement of Use	Elastron Kimya Sanayi ve Ticaret A.Ş. has reported in accordance with the GRI Standards for the period 01 January 2023-31 December 2023.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	/

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	About the Report (p.3); Elastron at a Glance (p.6-11)			
	2-2 Entities included in the organization's sustainability reporting	About the Report (p.3)			
	2-3 Reporting period, frequency and contact point	About the Report (p.3); Contacts (p.44)			
	2-4 Restatements of information	Since this is the first sustainability report published by the organization, there is no restatement.			
	2-5 External assurance	There is no external audit activity specific to this report.			
	2-6 Activities, value chain and other business relationships	About the Report (p.3); Elastron at a Glance (p.6-11)			
	2-7 Employees	Workplace Practices (p.33)			
	2-8 Workers who are not employees	Workplace Practices (p.33)			
	2-9 Governance structure and composition	Corporate Governance (p.13)			
	2-10 Nomination and selection of the highest governance body	Corporate Governance (p.13)			
	2-11 Chair of the highest governance body	Message from the General Manager (p.4)			
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance (p.13-15)			

GRI Content Index

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	Corporate Governance (p.13-15)			
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance (p.13-15)			
	2-15 Conflicts of interest	Business Ethics and Legal Complience (p.14)			
	2-16 Communication of critical concerns	Stakeholder Engagement (p.17)			
	2-17 Collective knowledge of the highest governance body	Corporate Governance (p.13-15)			
	2-18 Evaluation of the performance of the highest governance body	There is no performance evaluation practice at the Board of Directors level.			
	2-19 Remuneration policies	Remuneration Policy (p.13), Workplace Practices (p.35)			
	2-20 Process to determine remuneration	Remuneration Policy (p.13), Workplace Practices (p.35)			
	2-21 Annual total compensation ratio			Confidentiality Constraints	Elastron is not a publicly traded company. The data subject to the indicator is not shared for confidentiality reasons as it contains indicators that may affect competition in the market.
	2-22 Statement on sustainable development strategy	Sustainability Management (p.15-16)			
	2-23 Policy commitments	Corporate Governance (p.13-14), Digital Transformation (p.22), Environment and Climate Management (p.28-31), Workplace Practices (p.34-38)			

GRI Content Index

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	Corporate Governance (p.13-14), Digital Transformation (p.22), Environment and Climate Management (p.28-31), Workplace Practices (p.34-38)			
	2-25 Processes to remediate negative impacts	Corporate Governance (p.13-14), Digital Transformation (p.22), Environment and Climate Management (p.28-31), Workplace Practices (p.34-38)			
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Engagement (p.17)			
	2-27 Compliance with laws and regulations	Business Ethics and Legal Complience (p.14)			
	2-28 Membership associations	The Company does not have a corporate membership.			
	2-29 Approach to stakeholder engagement	Stakeholder Engagement (p.17)			
	2-30 Collective bargaining agreements	Workplace Practices (p.35)			
General Disclosures					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Management (p.15-16)			
	3-2 List of material topics	Sustainability Management (p.15-16)			
Digital Transformation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management (p.15-16), Innovation and Digital Transformation (p.21-22)			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Innovation and Digital Transformation (p.21-22)			
	203-2 Significant indirect economic impacts	Innovation and Digital Transformation (p.21-22)			

GRI Content Index

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
Climate and Environment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management (p.15-16), Environment and Climate Management (p.27-31)			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Environment and Climate Management (p.27-31)			
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Environment and Climate Management (p.30)			
GRI 306: Atık 2020	306-1 Waste generation and significant waste-related impacts	Çevre ve İklim Yönetimi (s.30)			
	306-2 Management of significant wasterelated impacts	Environment and Climate Management (p.31)			
	306-3 Waste generated	Environment and Climate Management (p.31)			
	306-4 Waste diverted from disposal	Environment and Climate Management (p.31)			
	306-5 Waste directed to disposal	Environment and Climate Management (p.31)			
GRI 302: Enerji 2016	302-1 Energy consumption within the organization	Environment and Climate Management (p.28)			
	302-3 Energy intensity	Environment and Climate Management (p.28)			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environment and Climate Management (p.29)			
	305-2 Energy indirect (Scope 2) GHG emissions	Environment and Climate Management (p.29)			

GRI Content Index

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
Workplace Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management (p.15-16), Workplace Practices (p.33-38)			
GRI 403: Occupational Health and Safety 2018	403-1 Average hours of training per year per employee	Workplace Practices (p.37-38)			
	403-2 Hazard identification, risk assessment, and incident investigation	Workplace Practices (p.37-38)			
	403-5 Worker training on occupational health and safety	Workplace Practices (p.37-38)			
	403-6 Promotion of worker health	Workplace Practices (p.37-38)			
	403-9 Work-related injuries	Workplace Practices (p.37-38)			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Workplace Practices (p.35)			
	404-2 Programs for upgrading employee skills and transition assistance programs	Workplace Practices (p.35)			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Workplace Practices (p.34-35)			
Product Responsibility					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management (p.15-16), Product Responsibility and Innovation (p.19-25)			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Product Responsibility and Innovation (p.25)			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Business Ethics and Legal Complience (p.14)			
Governance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management (p.15-16), Corporate Governance (p.13-14)			

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