



2023

ADEL KALEMCİLİK

SUSTAINABILITY

REPORT

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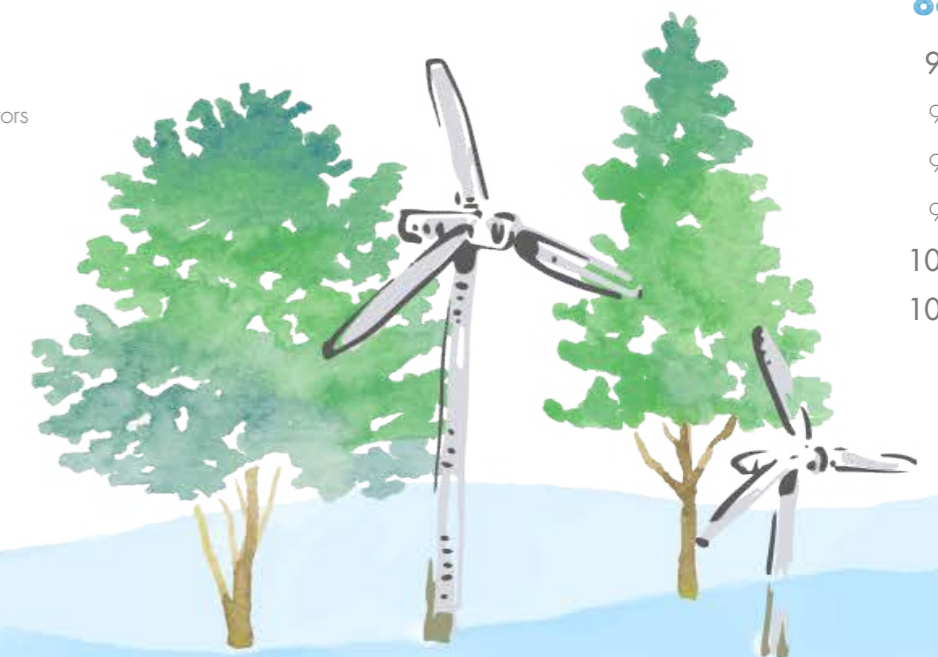
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About the Report

Our report covers Adel Kalemcilik's activities in the period from January 1st to December 31st, 2023.

As Adel Kalemcilik, sustainability is not just a goal for us, but also one of the fundamental elements of our way of doing business and our corporate identity. Accordingly, we are very happy to share with you announcement of our company's sustainability report covering our business activities between January 1st - December 31st, 2023.

After laying out the main building blocks in the last year's report, this year's report prepared in accordance with GRI Reporting Standards details our approaches within the framework of environmental, social and governance (ESG), our impacts on sustainability and our contributions to the Sustainable Development Goals. The production processes of wood-cased pencils, crayons and other stationery products manufactured in our Çayırova-Kocaeli plant are further covered comprehensively in this report.

As Adel Kalemcilik, sustainability is not just a goal for us, but also one of the fundamental elements of our way of doing business and our corporate identity.

Our company's sustainability reports aim to provide a comprehensive assessment of our activities within the scope of sustainability besides establishing an open and transparent communication with our stakeholders in this regard. We have decided to publish our reports annually and after this report, we will continue to share our sustainability performance, goals and progress with you in the coming years.

The content and analysis included in this report reflect Adel Kalemcilik's strong commitment to sustainability. For questions, opinions or suggestions on the subject, please contact us via sustainability@adel.com.tr. You can learn more about the sustainability efforts in our company by visiting the sustainability section of our website.

Your suggestions and contributions will help us shape our future sustainability strategies and practices and will play a key role in building a more sustainable future together.



CEO Message



Oğuz UÇANLAR
CEO

Dear Stakeholders,

The year 2023 has been a year of accelerated growth for Adel Kalemcilik. With our 55 years of experience and our partnership with Faber-Castell, we continue to be the first company that comes to mind for stationery in Türkiye, contributing value to both our country and the world through our sustainability-focused initiatives. Guided by our core values of "Quality, Innovation, Passion for Achievement, and Benevolence," we aim to contribute to the development of future generations. We have prepared the 2023 Adel Kalemcilik Sustainability Report to comprehensively reflect all our values within the framework of the core principles of sustainability: environmental, social, and governance.

As Adel Kalemcilik, we are a significant component of Anadolu Group's operations across diverse sectors such as beverages, retail, agriculture, automotive, stationery, real estate, energy, and healthcare. With our high production capacity and product diversity, we are one of the leading manufacturers in the stationery sector in Türkiye and the surrounding regions. Our leadership in the sector is built on our more than half a century of experience, commitment to ethical values, and a wide range of high-quality and reliable products. We continue our marketing and sales activities with a diverse portfolio of nearly 3,800 products.

Our vision is to be present in the lives of everyone who wants to shape, color, and leave a mark on their dreams. We shape our production philosophy with the principle, "We do not offer any product that we would not use for our own children." Driven by this sensitivity, we conduct an average of 10,000 product safety tests and 30,000 product quality tests annually.

Reflecting the social responsibility consciousness supported by Anadolu Group, we embrace the same sensitivity in the fields of education, health, sports, and culture and arts, launching numerous sponsorships and social responsibility projects. Since our foundation, all our activities have been conducted in adherence to sustainability principles to benefit our stakeholders and society.

At Adel Kalemcilik, we consider sustainability not just as a goal but as an integral part of our business ethics and corporate identity. We focus on the "Climate Action" and "Quality Education" goals within the scope of the United Nations' 2030 Sustainable Development Goals. We implement our social responsibility projects under the umbrella of our 'Goodness Tree' platform, which draws its strength from our core value of benevolence.

Our projects in Quality Education aim to ensure that all children in our country, particularly those in underprivileged and disadvantaged areas, can access better and more equitable education opportunities. In addition to being the main sponsor of the Creative Children's Festival, we collaborate with prominent museums in Türkiye, such as the Koç Museum, Pera Museum, and Istanbul Toy Museum. We work with various NGOs, including the Teachers Academy Foundation and the Turkish Education Association, to create value for society and expand our Goodness Tree.

Under our Goodness Tree platform, we continue to meet the educational and stationery needs of hundreds of thousands of children in need. Following the devastating earthquake in 2023, which brought grief to our nation, we coordinated with Anadolu Group to provide support to the affected regions.

During this period that reinforced our societal solidarity, we prioritized projects for children and our business partners. As part of the Education Support for Society project we launched in the 2022-2023 academic year, we collaborated with the Food Rescue Association and Fazla to deliver stationery and toy assistance to nearly 50,000 children across 20 provinces, including those impacted by the earthquake. Through AKUT (Search and Rescue Association), we provided approximately 20,000 stationery items and toys for children in the earthquake-affected areas.

In alignment with the Climate Action goal of the United Nations' Sustainable Development Goals, we develop integrated strategies to combat climate change. Guided by our sustainability objectives and Environmental, Energy, and Climate Policy, we prioritize projects focused on environmental sustainability, such as water management, biodiversity conservation, and contributions to the circular economy. We aim to prevent the depletion of natural resources, energy, and forests worldwide and are continuously researching alternative resources. Our wood-based products are manufactured from FSC® (C130058) certified trees grown exclusively for industrial use. We also continue efforts to reduce our corporate carbon footprint to achieve our net-zero goals. For instance, we utilize rainwater for garden irrigation at our Çayırova production facility instead of ready and clean water, and we recycle all production and office waste in accordance with circular economy principles. As a company that supports the preservation of biodiversity and raising awareness of this issue, we introduced our special pencil series "Anatolian Heritage" to raise biodiversity awareness among school-age children.

While investing in the future through our environmentally friendly production philosophy, we take pride in being an approved global supplier for UNICEF, showcasing our strong commitment to social sustainability and responsibility to society.

To strengthen our governance practices nationally and internationally, we hold global certifications and accreditations that align with our dedication to promoting fair and safe working conditions. In this context, we conducted supplier audits within the framework of the BSCI (Business Social Compliance Initiative) in our export processes to the European Union. We continuously enhance our governance processes through certifications, regulatory compliance, and R&D projects.

At Adel Kalemcilik, we approach R&D activities with a vision centered on sustainable development and creativity. Through collaborations with universities and projects we have developed, we consistently expand our sustainable product portfolio. This year, with our sustainable packaging initiatives, we enabled the separate recycling of paper and plastic materials, reducing the use of virgin plastics while achieving cost savings through efficiency improvements. Through these efforts, we not only achieved environmental and economic sustainability successes but also laid a solid foundation for future projects. Our cutting-edge production facility and pioneering work at our R&D center, renewed with technological advancements, have positioned us as an innovative leader in the stationery sector. We developed patented machines and took significant steps to increase our capacity.

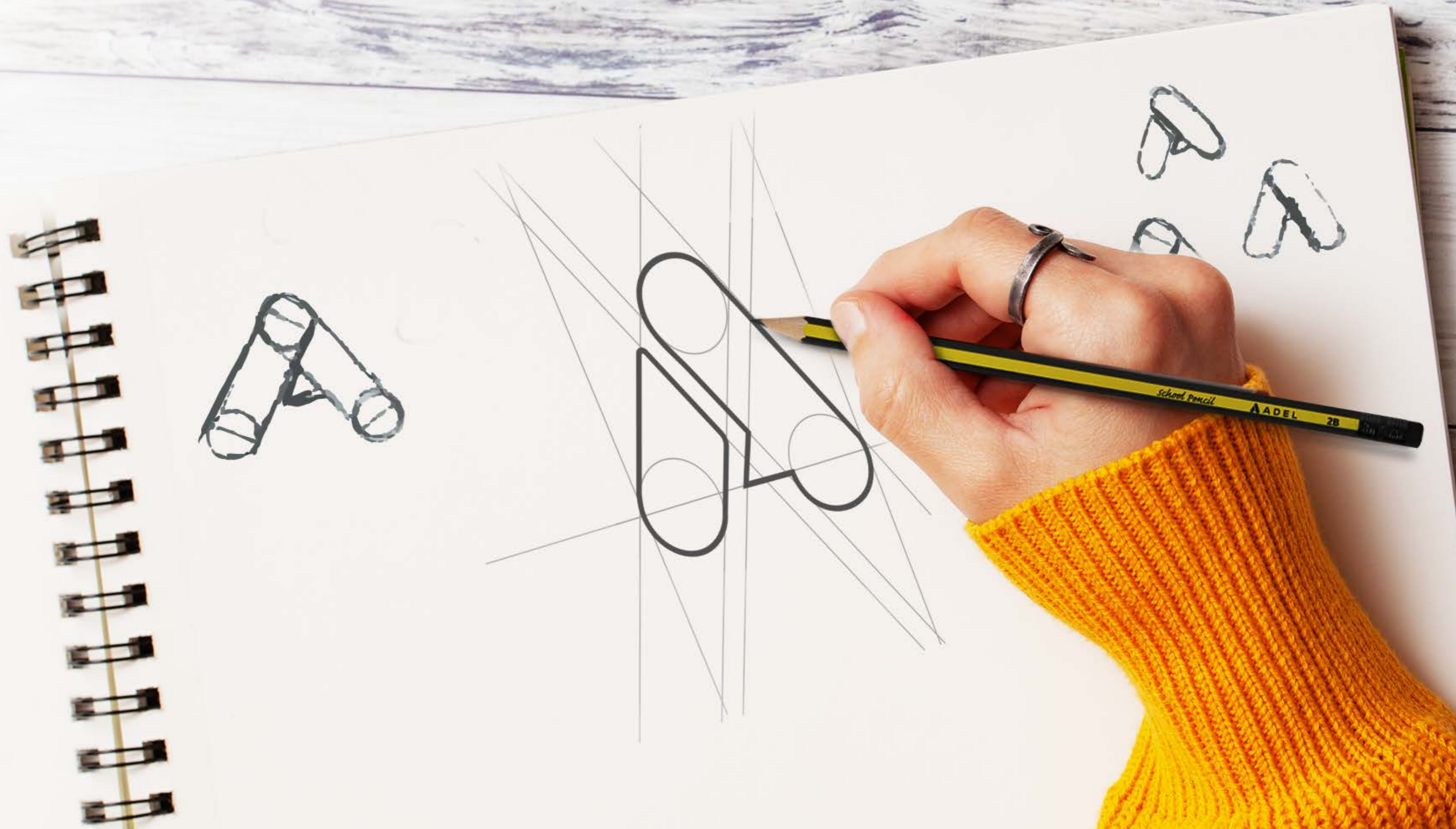
In governance practices, we are making strides in energy management, occupational health and safety, and business ethics policies, continuously improving ergonomic working conditions for our employees. We are proud to have been recognized at the Anadolu Group's Bi-Fikir Awards for eight consecutive years as the "Company with the Highest Number of Rapid Implementations" and for seven years as the "Most Innovative Employee." As a company that values innovation, we remain committed to encouraging our employees.

With our belief in a sustainable future and our goal of steady growth, we will continue contributing to our country's economy, creating employment, and investing in projects that reduce our environmental impact while enhancing societal benefits.

We take great pride in presenting our 2023 sustainability report, which reflects our efforts in environmental, social, and governance areas, to all our stakeholders. I extend my heartfelt gratitude to our employees, customers, students, teachers, investors, and business partners who have always supported us in advancing Adel Kalemcilik.



1. Corporate Profile



1. Corporate Profile

About Adel Kalemcilik

Thanks to our focus on high-quality products, we, as Adel Kalemcilik, have gained a significant place in the development of generations and have managed to become one of the first companies that come to mind when stationery products are concerned in Türkiye. Our story began in 1969 in Kartal, İstanbul. We then partnered with Faber-Castell, the world's long-established writing instruments company with whom we have been collaborating since our incorporation in 1995. Owing to this robust partnership, we have maintained our investments that add value to Türkiye without interruption.

Market research conducted with the participation of consumers and the results of Ipsos Brand Health Tracking 2023¹ revealed that Faber-Castell is the leader in the industry with 98% recognition and 79% usage rate. Our brand Adel is ranked the second, with 78% recognition and 27% usage rate. All these figures are the results of our successes, product quality, consumer satisfaction and continuous development goals. As Adel Kalemcilik, we undertake to maintain the same quality and assurance in the future.

Our company is managed by our main partner AG Anadolu Group Holding from our headquarters located in Ümraniye, İstanbul. Our production activities have been carried out in our 36 thousand square meter modern production facility located in Kocaeli Çayırova since 2015.

In this facility, which is renown as one of the most modern stationery factories in Europe, we produce approximately 1,000 different products such as wood-cased pencils, crayons and copying pens, ballpoint and liquid ink pens, markers, felt-tip pens, pastels and watercolors, erasers, pencil sharpeners, finger paints, play dough and gouache paints. Considering the production volume and product range, we are ranked as the largest stationery products manufacturer in Türkiye and nearby regions and we export to over 30 countries.

Thanks to our deep-rooted history of producing nearly 3,800 active product range, we, as Adel Kalemcilik market our "Faber-Castell, Graf von Faber-Castell, Adel, Panfix, Max and Atlas" branded products which are produced and imported in Türkiye to all through the country via a strong sales network. In line with our motto defined as "We do not offer any product that we would not let our own children's use to the market", we place product safety and quality at the heart of our business. For this purpose, we conduct safety tests for 10 thousand products and quality tests for 30 thousand products annually.

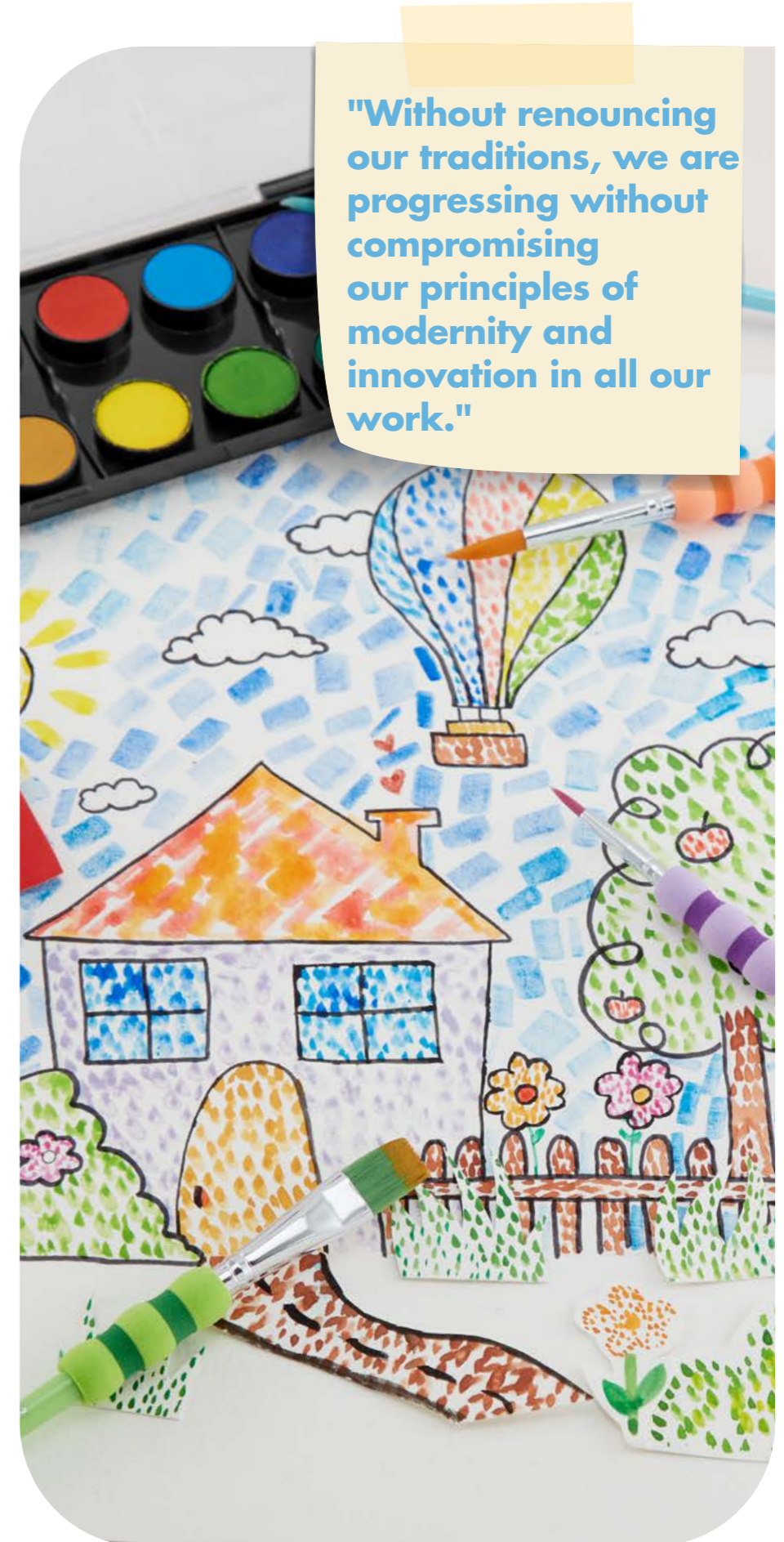
Since our incorporation, we have been carrying out all our business by supporting sustainable projects with the aim of providing benefit to our stakeholders and society in line with the vision and mission that we have adopted. As the most determined supporter of education and creativity/innovation in education, we extend numerous sponsorships and carry out social responsibility projects.



In order to closely follow sectoral dynamics and significant developments, we actively become members and participate in various organizations. Besides TÜKİD, All Stationery Association Türkiye, we have also been a member of the European Writing Instrument Manufacturer's Association (EVIMA) since 1999. Our company, which went public in 1996, currently has 27.71% of its shares traded on Borsa İstanbul. As Adel Kalemcilik, we regularly pay dividends to our investors with whom we share our financial progress.

In line with our goal of adding value to the industry beyond always taking our way of doing business one step further, we are proud to have been ranked as the Happiest Workplace in the Office Supplies industry in the Happy Place to Work Türkiye survey for three years and to have been deemed worthy of the Exceptional Employee Experience award for two years.

As of 2022, our "Leave a Trace" project team were awarded the Kaizen Award at the 25th Quality Circles Sharing Conference organized by KalDer (The Quality Association). In 2023, we have crowned this award and were granted the First Prize in the Kaizen Category with our "+1 More" project. These achievements for two consecutive years have brought us one step closer to our operational excellence goal. We were further granted the "Company with the Highest Number of Rapid Implementations" and "Most Innovative Employee" awards for 8 consecutive years within the scope of Bi-Fikir Awards organized by Anadolu Group. Owing to the internal and external audits conducted to measure the effectiveness of the Social Responsibility Management System, we were awarded the BSCI certificate of conformity by BSCI (Business Social Compliance Initiative) which aims to improve working conditions in the supply chain worldwide for properly fulfilling the necessary rules of conduct.



"Without renouncing our traditions, we are progressing without compromising our principles of modernity and innovation in all our work."

¹ Computer Assisted Web Interview (CAWI) was used to measure the brand usage rate. (Computer-Assisted Personal Interviewing (CAPI) was the method used in prior periods.)

Products and Services

As Adel Kalemcilik, we provide services in various areas of activity. We offer our customers a diversified range of products including wood-cased pencils, crayons and various stationery products under our different brands. We further sell and export the products manufactured in our facilities and we import, buy and sell all kinds of raw materials, semi-finished and finished goods in this context.

Our product portfolio under the Adel, Faber-Castell and Graf von Faber-Castell brands consists of four main categories:



1. Activity & Education

- Acrylic paints
- Pens for writing headings
- Crayons
- Painting Aprons
- Filing products
- Cardboard Backgrounds
- Pencil sharpeners
- Felt-tip pens
- Red Copying Pencils
- Pencils
- Scissors
- Crayon Pastels
- Play dough
- Watercolors

2. Writing, Marking Products and Office Supplies

- Tapes
- White glue
- Bags
- Graphite Pencils
- Highlighters
- Fine-tipped pencils
- Pencil tips
- Pencil sharpeners
- Scissors
- Markers
- Mechanical pencils
- Sketchbooks, Drawing Notebooks
- Roller pens
- Erasers
- Tape erasers
- Board markers
- Pens
- Glue sticks

3. Art and Graphics Products

- Acrylic paints
- Graphite Pencils
- Markers
- Artistic paints
- Artistic crayons

4. Premium Writing Instruments

- Fountain pens
- Roller pens
- Pens
- Leather accessories
- Inks
- Pencils

Our Vision & Mission and Values

Our Vision

To shape and color the dreams of individuals, to touch the lives and leave a mark on everyone who wants.

Our Mission

To be renowned as a Company that is responsible to society and the environment, that adheres to ethical values, that conducts international operations and offers quality and innovative products to its customers.

Our Values



Quality

We adopt competence, reliability and behavioral quality as our principles. We conduct safety tests for 10 thousand products and quality tests for 30 thousand products annually. We maintain the following certifications: ISO 9001 Certification for Quality Management Systems, SO 14001 Environmental Management Systems, ISO 45001 Occupational Health and Safety Management, Energy Management, ISO 27001 Information Management, Zero Waste Certificate and BSCI Compliance Certificate.



Passion for Success

We have adopted a self-motivated, competitive and accountable approach focused on continuous development, taking initiative and acting with a sense of responsibility.

We set goals for ourselves, and we move forward towards our goals with teamwork and common sense.



Goodness

We have adopted Quality Education and Climate Action in line with the United Nations Sustainable Development Goals as our focus areas.

We contribute to society through our social responsibility program called the Goodness Tree. We make education more accessible through the workshops that we organize in partnership with ÖRAV in the field of education and our award-winning platforms such as 1500Kelime.com. Furthermore, we have been supporting equal opportunities in education by providing stationery products to children in need since 2016. We address ecological sustainability with concrete actions: While protecting the forest ecosystem with our "Goodness Tree Forest" project, we further minimize our environmental footprint with our investments in renewable energy sources in our production facilities and via FSC® (C130058) (Forest Stewardship Council) Certified products.



Innovation

We care about keeping up with the times, being open to change/development, being creative, pioneering, entrepreneurial, pragmatic and researcher, and we follow technological developments closely.

We design and develop our own production machines, we apply to get the registrations for their patents and create firsts and innovations in the stationery industry.



History

1969

Incorporation and First Steps

With the first production facility located in Kartal, İstanbul, we took our first steps towards contributing to the education and stationery industry of Türkiye.

1995

Strategic Partnership

We enhanced our production capacity and expanded our product range for opening up new markets. We have strengthened our partnership with Faber-Castell with whom we have been collaborating since our incorporation in 1995. Thus, we have enabled our brand to be recognized internationally.

1999

Global Engagement

We officially started our memberships with EPMA (European Pencil Manufacturers' Association) and EWIMA (European Writing Instrument Manufacturers' Association) as the first and the only company from Türkiye to become a member of these associations.

1996

Public Offering

The public offering, realized based on the decision taken in 1996, improved the financial transparency of our company while allowing investors and stakeholders to obtain more information about the company's future and sustainability projects.

1999-2013

Diversified Product Range with New Brands

We have expanded our company's product range with the launch of Graf von Faber-Castell in 1999 along with Adel and Max in 2013.

2015

Çayırova Production Facility and Diversified Product Range

We opened the doors of our new production facility in Çayırova with an area of 36,000 square meters. In addition to ecological and innovative production methods, we have enriched our product portfolio with wood-cased pencils, crayon pastels and many other products that nourish children's use.

2021

Adel's Authorized Regional Dealers

We started accepting dealership applications in 2020, and following the application and assessment process during the year, we initiated 'Adel's Authorized Regional Dealership Structure' in 2021.

2019

Diversified Product Range with New Brands

Our product range expanded in 2019 with the launch of the Panfix brand.

2022

International Collaborations

The period we are currently in represents a new era in which international collaborations and sustainability are very important.

Adel Kalemcilik in Figures



Developments and Highlights at Adel Kalemcilik in 2023



Environment

- Through our "+1 Fazlayiz" Project, we achieved a **12% increase in efficiency** in our production processes and received the **First Prize in the Kaizen Category**.
- We recorded a **42% reduction** in our Scope 1 emissions. However, we observed a 21% increase in Scope 2 emissions and a 34% increase in Scope 3 emissions.
- In 2023, **29% of our energy consumption was sourced from renewable energy**.
- We developed 100% recyclable vacuum packaging, **resulting in savings of 200,000 TRY**.
- Through a project we initiated in 2022, we produced durable and long-lasting wax crayons for UNICEF educational kits, complying with international safety standards and creating an **economic contribution of 3,690,000 TRY**.



Social

- We were recognized as **"Türkiye's Happiest Workplace"** for three consecutive years and received the **"Outstanding Employee Experience"** award for two consecutive years.
- We provided a total of **5,268 hours of training** to our employees through educational programs.
- We supported **50,000 children** with stationery and toy donations.
- Our platform, 1500Kelime.com, which supports child development, earned us **11 awards**.
- Our employees received **16 hours of individual mentoring guidance**.



Governance

- By using **100% FSC® certified materials** in our products, we contributed to the conservation of natural habitats and sustainability.
- For eight consecutive years, we were awarded the **"Company with the Highest Number of Rapid Implementations"** and **"Most Innovative Employee"** awards.
- In 2023, **91% of our suppliers were local**.
- In 2023, we reassessed **our risks and opportunities in the context of sustainability**.





2. Our Corporate Governance and Sustainability Approach



2. Our Corporate Governance and Sustainability Approach

Corporate Governance

Corporate Governance Structure

Our Board of Directors stands at the highest level of Adel Kalemçilik’s corporate governance structure. Our Board of Directors adopts a governance structure based on protecting and serving the interests of our corporate partnerships and all relevant stakeholders at the highest level in line with the Corporate Governance Principles determined by the CMB.

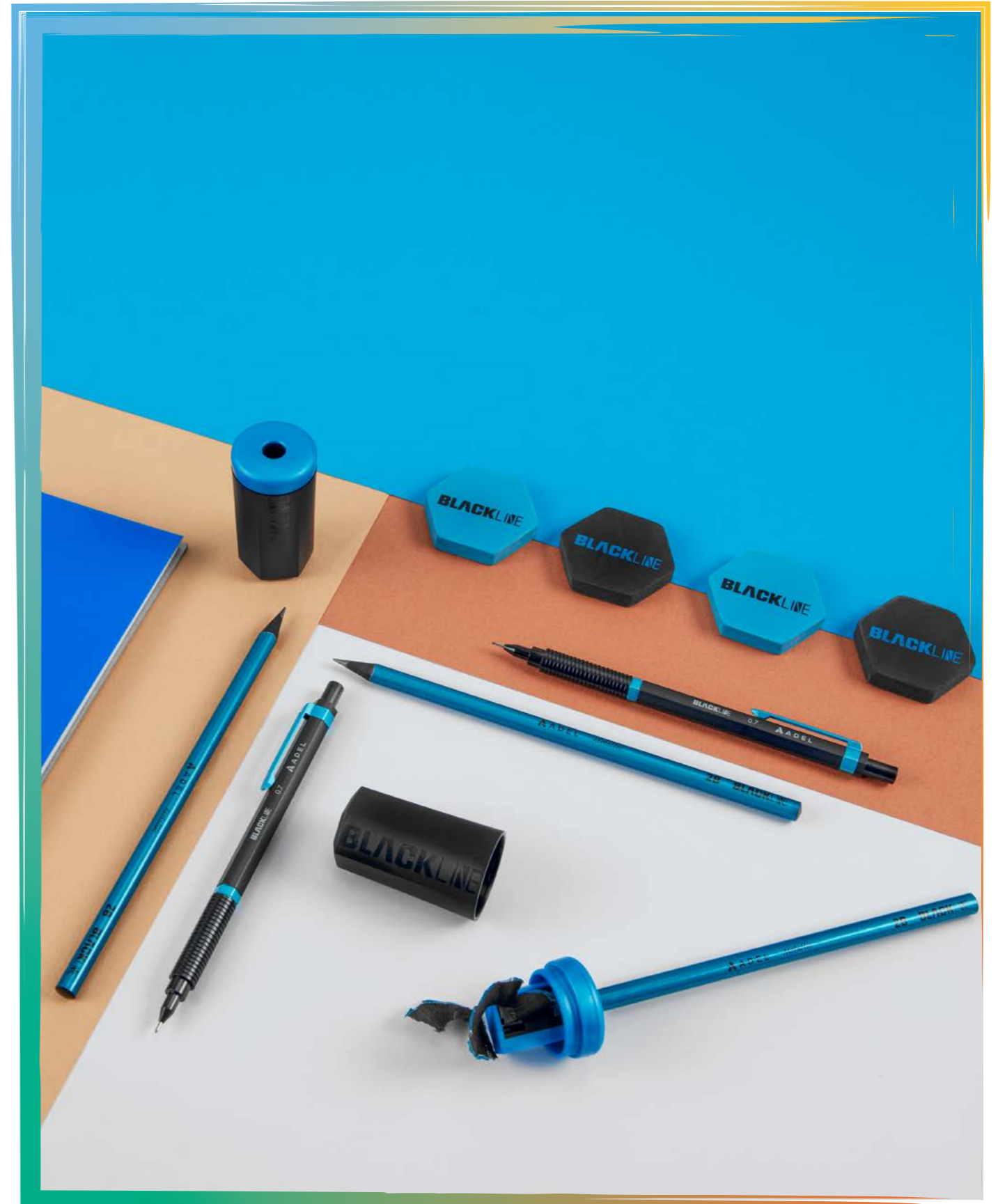
Our Board of Directors of 2023 consists of 12 people in total , with 1 Chairman, 1 Vice Chairman and 10 board members. The Chairman of the Board and CEO roles are held by different individuals who have the authority to represent and bind our company.

The resumes of our Board members, including all their duties, are disclosed with the public on our company’s official website. We have a total of 4 committees operating under our Board of Directors, namely Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee and Sustainability Committee.

Pursuant to our Company’s Articles of Association, the Board of Directors elects a Chairman and a Vice Chairman at least once a year. The Chairman of the Board of Directors is responsible for the management of the meetings, the orderly conduct of the discussions and the recording of the issues discussed in the meetings. Average rate of turnout at the Board of Directors meetings is 57%.

A total of 6 board meetings are held throughout the year, 4 in person and 2 remote meetings held electronically. Information on meeting dates and agenda items are disclosed to our stakeholders in our annual reports.

Our committee meetings are also organized similarly, and our Board of Directors’ members declare their competencies before the General Assembly. Our members who cannot attend all meetings are informed via other members. This governance structure and regulations we have adopted aim to improve the transparency and efficiency in Adel Kalemçilik’s governance processes.



Board of Directors

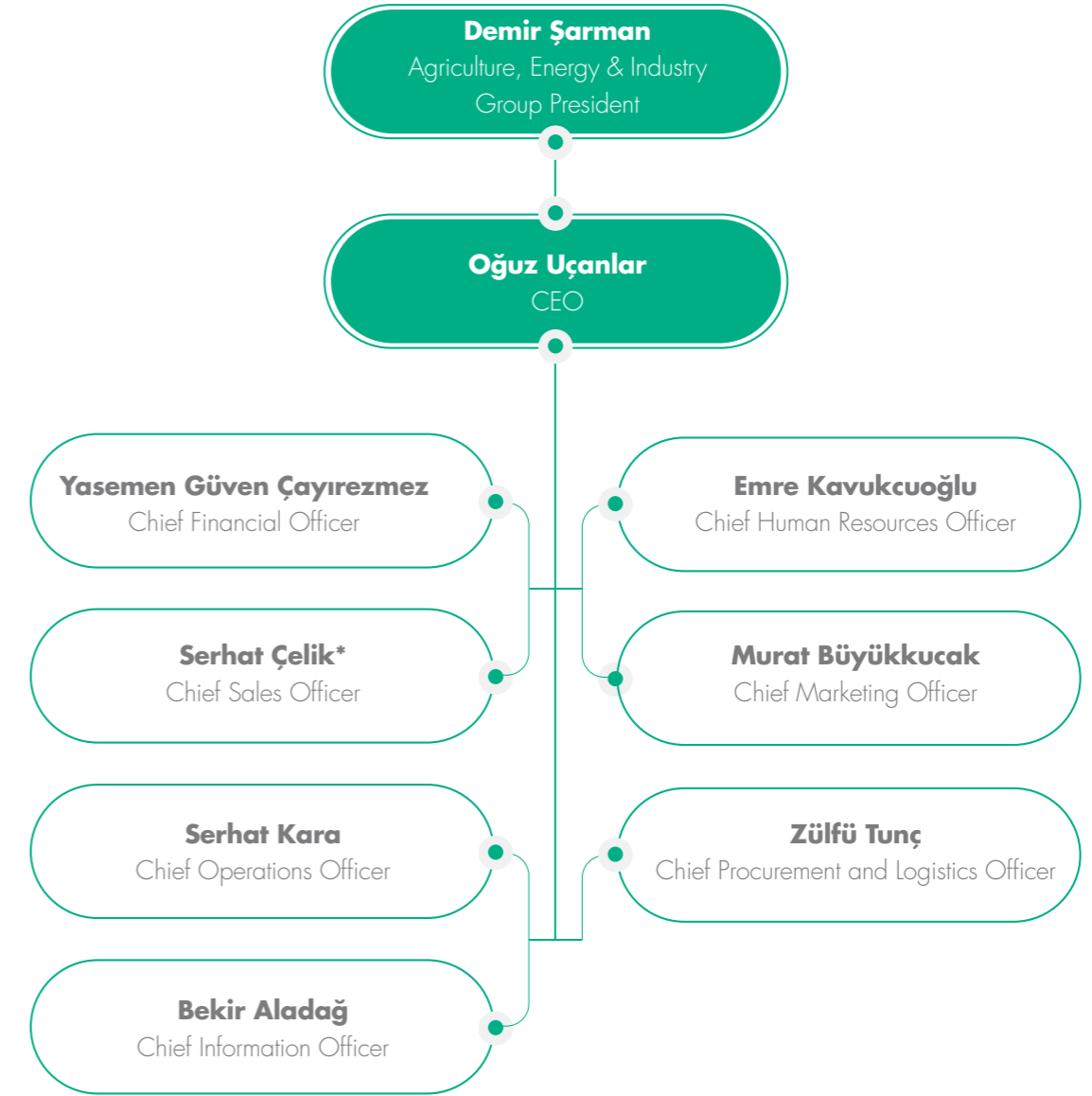
Name-Surname	Role
Tuncay Özilhan	Chairman of the Board of Directors
Kamil Süleyman Yazıcı	Deputy Chairman of the Board of Directors
Tuğban İzzet Aksoy	Board Member
Efe Yazıcı	Board Member
Mehmet Hurşit Zorlu	Board Member
Recep Yılmaz Argüden	Board Member
İbrahim Tamer Haşimoğlu	Board Member
Stephan Rosen	Board Member
Mehmet Ercan Kumcu	Independent Board Member
Ali Galip Yorgancıoğlu	Independent Board Member
Tayfun Bayazıt	Independent Board Member
İzzet Karaca	Independent Board Member

Committees Constituted Under the Board of Directors

Audit Committee	Corporate Governance Committee	Early Detection of Risk Committee	Sustainability Committee*
Mehmet Ercan Kumcu Chairman	Mehmet Ercan Kumcu Chairman	Ali Galip Yorgancıoğlu Chairman	Tayfun Bayazıt Chairman
Ali Galip Yorgancıoğlu Member	Mehmet Hurşit Zorlu Member	Tuğban İzzet Aksoy Member	Eyüp Mehmet Cemil Yükselen Member
	İbrahim Tamer Haşimoğlu Member	İzzet Karaca Member	Burak Başarır Member
	Recep Yılmaz Argüden Member		Demir Şarman Member
	Fatih Çakıcı Member		

* The Sustainability Committee was established by the Board of Directors' resolution dated April 26, 2024.

Our Senior Management structure is as follows:



* Has been in office since January 1, 2024.

Business Ethics and Human Rights

Business ethics and the fight against corruption have both direct and indirect effects on our sustainability performance.

Our newly recruited employees are duly informed about our ethical standards and are regularly informed and refreshed about these standards throughout their duties. We are committed to full compliance with laws and regulations within Adel Kalemcilik and we do not allow any of our employees to act in breach of these principles. In order to prevent ethical conflicts, our employees are required to immediately report any potential conflicts of interest, such as their family members or relatives having a commercial relationship with Adel Kalemcilik, to their managers.

We further manage our non-financial risks and gain competitive advantage by adopting an approach that integrates environmental, social and governance factors. In this context, our ethical standards and commitment to the fight against corruption constitute one of the milestones of our sustainability strategy.

The commitment of Adel Kalemcilik to business ethics and the protection of human rights constitutes a significant part of our Company's mission. For this reason, we follow a "zero tolerance" policy in order to provide a work environment with high ethical standards and to fight against corruption. Our working principles have been drawn up based on the ethical standards of Anadolu Group and these principles are clearly disclosed to all our employees, suppliers, dealers, distributors and business partners on our website.

We do not allow our employees to participate in any activity related to bribery or corruption nor to accept or give gifts of substantial economic value. We would also like to state that we have no commitment to provide any kind of support, in kind or in cash, to support any political view, party or politician. We fully respect human and employee rights in line with the UN Universal Declaration of Human Rights and ILO Directives.

Business ethics and high moral standards are the most fundamental commitments of Adel Kalemcilik. Our Board of Directors and senior management are responsible for ensuring that ethical rules are binding for all operations and employees. Accordingly, preventing unethical behavior is the common responsibility of all our employees.

We have constituted an Ethics Committee to monitor unethical behaviors and investigate any unethical incidents. This committee has adopted an ethical monitoring and investigation mechanism addressing behaviors in breach of human rights such as mobbing, discrimination, child labor and forced labor. We have in place an Ethics Line to improve transparency and to encourage the notification of unethical behavior. We receive non-compliance notifications via the etik@adel.com.tr web address. No notifications were submitted to our Ethics Line throughout the reporting period. The Ethics Committee routinely meets every three months, even if no notifications are submitted through the notification channels.

We evaluate bribery and corruption risks within the framework of our corporate risk management system. We continuously review the points that may create risks in our internal audit processes and we carefully investigate any unethical behavior detected via the Ethics Committee and Audit Committee. These committees regularly report the cases identified and the preventive measures taken to the Board of Directors.

Trainings on the fight against corruption and bribery are provided to our employees by the legal Director. In accordance with our anti-retaliation policy, we ensure our employees who notify an unethical situation not to suffer any harm.

We support our employees to freely exercise their freedom of association and collective bargaining, and we provide all the necessary facilities to make these rights fully applicable in our workplace. All our blue-collar employees are covered by collective bargaining agreements. The collective labor agreement covering 56% of our total employees was signed with the Turkish Wood and Paper Industry Workers' Union (AĞAÇ-İŞ) in 2014.



Sustainability Approach

As Adel Kalemçilik, we have adopted a sustainability approach in all our operations and we base our way of doing business on the environmental, social and economic dimensions of sustainability principles. Being aware of our responsibility to leave a more livable world for future generations, we place sustainability at the heart of our business strategy.

We reflect our approach, addressing three groups as governance, our workplace, along with environment and climate, in our way of doing business. Under governance approach, we aim to eliminate social, environmental, economic and governance risks while adopting a strong management culture that we have shaped within the framework of modern corporate governance principles, transparency, accountability and full compliance with legal regulations.

In line with a human-oriented approach, we attach importance to creating a safe and fair workplace where employees can develop their skills and be proud to be a part of.

Under environment and climate approach, we develop policies, systems, processes that prioritize the protection of the environment and climate in line with the awareness of climate change and environmental sustainability; we set various goals in order to systematically manage the topics of environment and climate and to continuously develop in fundamental issues related to environment and climate, from energy to greenhouse gas and air emissions, from water, wastewater and waste management to biodiversity and material use.

Sustainability Governance

In line with our [Corporate Social Responsibility Policy](#), we have been moving forward resolutely, assuming a pioneering role in sustainability in the stationery industry of Türkiye. We develop our sustainability management understanding at a strategic level under the leadership of our board of directors and senior executives. We aim to minimize our environmental impacts, fulfill our social responsibilities and ensure economic sustainability. Accordingly, we develop and implement strategic policies with regard to waste management, energy efficiency, supply chain management and occupational health and safety.

Ensuring effective sustainability throughout Adel Kalemçilik is one of the fundamental responsibilities of our managers. The Board of Directors assumes this responsibility at the strategic level, while the CEO and senior management fulfill it at the operational level. The cornerstone of sustainability management policy in our company was laid in 2015 with the Sustainability Working Group. This Working Group currently pursues its activities under the roof of the "Sustainability Management Committee" as of 2022. Reporting directly to the CEO, the "Sustainability Committee" is placed at the heart of our Company's sustainability strategy. The Committee, which leads different working groups, coordinates sustainability-related issues within the company. These groups, consisting of experienced people in different fields such as "Environment and Energy, Social Impact and Communication, Economy/Finance, Quality and Innovation", develop strategies to achieve our sustainability goals and ensure their effective implementation.

Financial Sustainability and Investor Relations

As Adel Kalemçilik, the cornerstones of our sustainability and investor relations strategy are financial solidity and compliance with ESG criteria. While meticulously managing our financial status and all our activities from the past to the present, we also fulfill our responsibility to our investors at the highest level. The financial reports that we have been regularly submitting as of the year we were listed on the stock exchange, we have aimed to improve our transparency along with our investors' trust in us.

Demonstrating our commitment to building a sustainable future for our investors and stakeholders, we further strive to improve our growth potential and financial performance. Our dividend distribution policy, which we have been implementing meticulously for many years, emphasizes the financial solidity and stability of our company in addition to providing sustainable returns to our investors.

Financial sustainability and effective investor relations are critical to achieving long-term success and reliability. These elements not only increase the value of our company but also meet the expectations of our stakeholders. Thus, we exhibit a more sustainable and ethical approach in the business world.

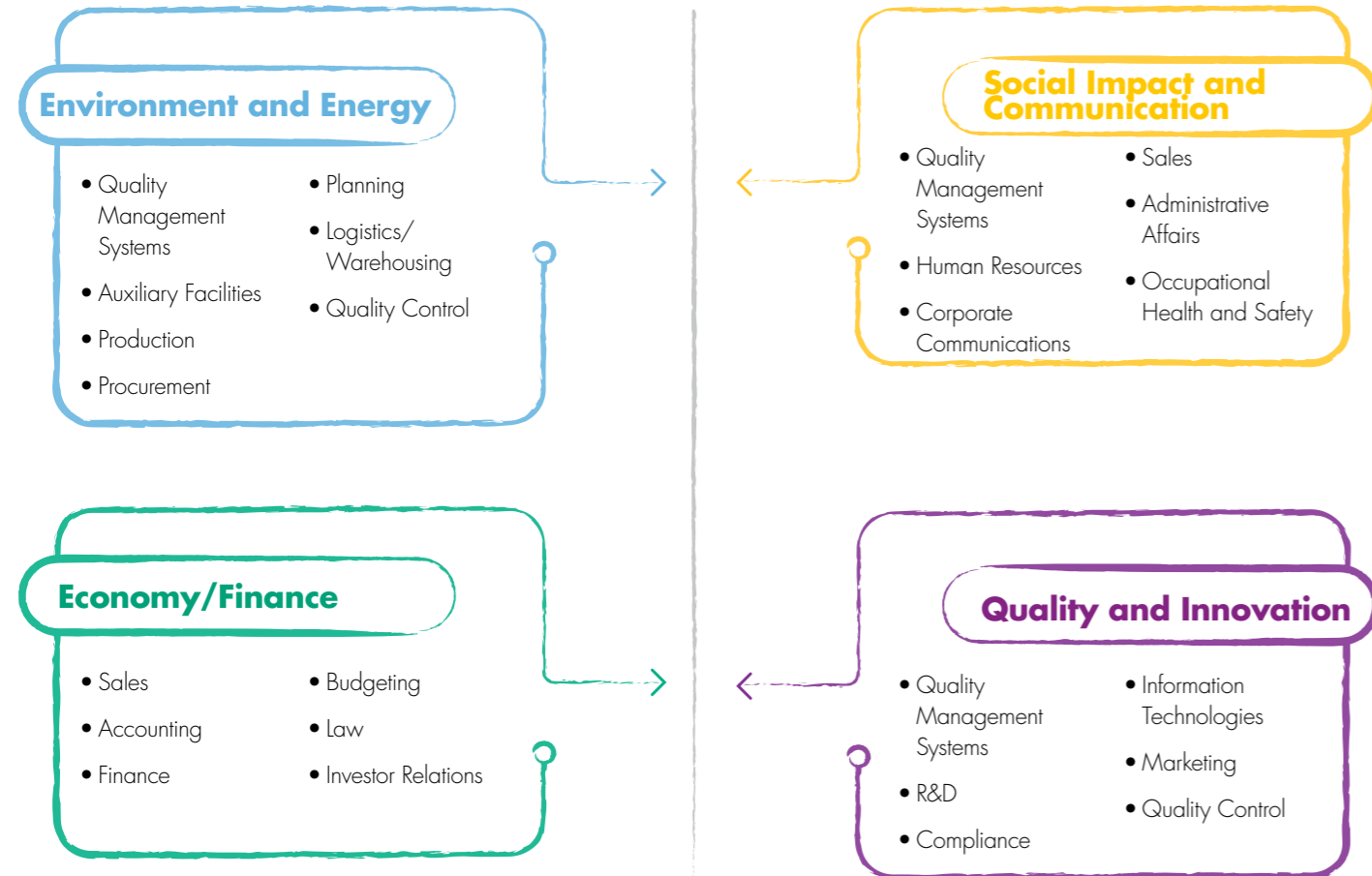


Another committee responsible for sustainability governance works under the name of "Board of Directors Sustainability Committee". This committee was constituted by three Board Members and Anadolu Group Agriculture, Industry and Energy Group President.

The Committee reviews sustainability issues at a strategic level, determines policies and makes decisions regarding their management.

Both committees support Adel Kalemcilik's sustainability goals and take important steps to strengthen sustainability awareness at various levels of the Company.

Sustainability sub-committees:



We provided comprehensive trainings on topics such as the concept of sustainability, the significance of reporting, developing strategies and goal setting to the Sustainability Committee and senior managers for to ensure them to raise awareness on sustainability issues and to encourage them to consider sustainability principles when making strategic decisions.

Stakeholder Interactions

We elaborate shaping our sustainability approach not only in line with our financial performance but also within the framework of the expectations and demands of our stakeholders. For this reason, we give wide coverage to the views and needs of our stakeholders in our sustainability reports.

As Adel Kalemcilik, we believe that stakeholder interactions are a critical factor for our sustainability. We care about understanding the expectations and needs of each of our various stakeholder groups that affect different fields of our business and with whom we collaborate. We are proud to contribute to a more equitable, ethical and environmentally friendly future in the business world by establishing close and sustainable relationships with our stakeholders.

Stakeholders Engagement List

Stakeholder Group	Expectations	Means of Communication	Engagement Level
Employees	Pleasant working environment, safe and healthy work environment, hybrid working, career path, strong internal communication, training, recognition, performance management	Periodic reporting, projects, e-mail messages, face-to-face meetings, online meetings, performance assessments, periodic meetings, events	Collaborative Communication
Labor Union	Sustainable industrial relations, a safe and healthy work environment, fair remuneration policy, strong communication, the right to speak on employee-related issues, compliance with the CBA, full and timely fulfillment of the rights of permanent employees	Periodically held routine meetings, face-to-face meetings, ad hoc meetings, collective bargaining agreement negotiations	Collaborative Communication
Board of Directors	Meeting annual growth, increase in profitability and strategic goals, maintaining a healthy cash flow and double-digit EBITDA	Meetings	Empowerment-Focused Communication
Senior Management	Provision of human resources required to achieve strategic goals, Board of Directors' Support	Meetings	Empowerment-Focused Communication
Society	Safe products, support for education, products with affordable prices	Disclosures and public statements, call center	Indirect Communication
Non-Governmental Organizations	Collaborating with NGOs, associations and foundations, providing more in-kind and cash support	Routine meetings, supportive social activities	Regulatory Communication
Public Enterprises and Regulatory Authorities	Conducting activities in accordance with legal regulations	Meetings	Two Way Communication
Media	Transparent information provided by the company upon request	Disclosures and press releases	Supportive Communication

As part of the Sustainability Policy, we ensure that Adel is committed to sustainability and adopts it as a part of its corporate culture. As Adel Kalemcilik, we are determined to continuously advance our sustainability journey one step further and to maintain our position as the sustainability leader of the Turkish stationery industry. This determination is a reflection of our company's and society's commitment to contribute to a sustainable future.



Stakeholder Group	Expectations	Means of Communication	Engagement Level
Partnerships and Subsidiaries	Increase in company earnings	Routine meetings, General Assembly meetings, finance meetings	Two Way Communication
Dealers	Maintaining the dealer structure to collectively earn profit	Meetings, field visits	Two Way Communication
Anadolu Group Holding	Acting in line with values, providing internal synergy, developing group suggestions	Mail, meetings, routine meetings	Two Way Communication
Agencies	Receiving clear briefings, creative collaboration	Meetings, routine meetings	Two Way Communication
Retailers	Earning income from product sales, receiving field support	Field visits, fairs	Two Way Communication
Licensors	Carrying out the operations smoothly, making payments on time, compliance with regulations	Periodic audits, meetings	Two Way Communication
Financial Intermediaries and Portfolio Managers	Providing information, communication, increasing profitability, producing specified reports	Routine meetings, Public Disclosure Platform (KAP) disclosures, reports	Informative Communication
Shareholders & Investors	Improving company profitability, expanding the field of activity, providing transparent information	Routine meetings, Public Disclosure Platform (KAP) disclosures, reports	Two Way Communication
Suppliers	Providing offers in full, effective execution of order processes	E-mail, online meetings	Two Way Communication
Universities	Collaborating for academic projects, providing internship and job opportunities for students	Meetings, trainings and internship programs	Deliberative Communication
Subcontractors	Provision of the services in accordance with the specifications by the company	Meetings, e-mail messages, visits	Two Way Communication

Memberships and Collaborations

Name of the Association	Date of Membership	The Vision /Mission/Purpose of Incorporation of the Association
THE ANADOLU FOUNDATION	1979	To create/improve the capacity and resources to take action to provide social benefit by working in collaboration with all stakeholders.
TÜKİD (All Stationery Association Turkey)		Structuring on behalf of all stakeholders of the Turkish stationery industry and to be an exemplary and leading organization in the world by carrying out widespread and effective work in and outside Türkiye in line with the aim of expanding the stationery industry.
Turkish Quality Association (KALDER)	1996	To be renown as an organization that has internalized the culture of excellence in all regions of Türkiye and contributes to the establishment of competitive institutions and organizations in line with the aim of bringing our country to a level of contemporary civilizations within the framework of the sustainable development approach in the 100 th anniversary of our Republic.

Name of the Association	Date of Membership	The Vision /Mission/Purpose of Incorporation of the Association
TEİD (Turkish Ethics and Reputation Society)		Ensuring the perception of "Reputation" towards our country to reach at the highest level. This perception will get its return in the "Corruption Perceptions Index of Transparency International" and similar surveys with our country being ranked among the top 20.
İstanbul Chamber of Commerce (İTO)		The vision of İstanbul Chamber of Commerce focuses on the economic growth of the city, while its mission is to support the success of its members and contribute to the business world. The purpose of its incorporation is to regulate and develop trade and to encourage cooperation among its members.
İstanbul Chamber of Industry (İSO)		The vision of İSO is generally defined as improving the city's leadership and competitiveness in the industry. Its mission is to support its members to be successful in business and to contribute to the sustainable development of the industry.
EWİMA (European Writing Instruments Manufacturers' Association)	1999	European Writing Instruments Manufacturers' Association (EWİMA) represents 57 leading manufacturers and is an association constituted by suppliers from 10 European countries.
ICC (International Chamber of Commerce)	1979	International Chamber of Commerce is a type of forum established to see, understand and grasp the importance of recent changes in the world economy.
TÜHİD (Turkish Public Relations Association)	2014	Turkish Public Relations Association was established to bring together public relations experts in Türkiye under one umbrella to provide solidarity within the profession and to promote, institutionalize and develop the profession.
Advertisers Association (RVD)	2014	The association was established to explain and promote the significance, effectiveness, efficiency and awareness of advertising in Türkiye and to protect the rights of advertisers in all processes related to advertising.
OYDER (Turkish Toymakers Association)	2015	Founded in 1994, OYDER (Turkish Toymakers Association) aims to gather all the actors of the toy industry, including manufacturers, exporters, importers, wholesalers and retailers, under one umbrella.
KOCAELİ CHAMBER OF INDUSTRY		In accordance with its vision, Kocaeli Chamber of Industry (KSO) aims for ensuring the leadership and sustainable development in the field of industry throughout the Kocaeli region. Its mission is defined as to strengthen the competitive power of its members, to help them to be effective in the business and to contribute to the economic growth of the region.
GEBZE CHAMBER OF COMMERCE	2016	The vision of the Gebze Chamber of Commerce is to ensure the development of trade in the region, while its mission is to strengthen the trading power of its members and contribute to the local economy.
Corporate Governance Association of Turkey (TKYD)	2016	Acting with the mission of guiding in all areas affected by the corporate governance approach built on the principles of fairness, transparency, accountability and responsibility, TKYD aims to develop corporate governance practices by ensuring a communication network between the private sector, public institutions, media, regulators, non-governmental organizations and the universities.

Our Strategy, Material Issues and Related Goals

As Adel Kalemçilik, we conducted a comprehensive materiality analysis in 2022 in order to strengthen our sustainability commitments and direct our actions in a more focused manner. This analysis will help us clarify our goals, respond to stakeholder expectations, strengthen our business strategy and guide us on our sustainability journey.

As the first step of the materiality analysis, we comprehensively evaluated the environmental, social and economic impacts specific to Adel Kalemçilik and the industry. Throughout this process, we clearly defined the issues that needed to be highlighted and the relevant stakeholder groups in collaboration with our stakeholders. We conducted detailed analyses to determine the boundaries and scope of the topic. In line with the stakeholder surveys and interviews with senior management, we determined the material issues and their importance levels.

While our employees rather expect more sustainable and environmentally friendly production processes, an equitable and egalitarian corporate culture, continuous development and innovative approaches, we found that our suppliers expect us to further strengthen our commitments to environmentally friendly products and production processes. In line with the opinions and significance levels presented by 290 stakeholder representatives, 6 very high material issues, 6 high material issues and 5 material issues were determined.



Our Sustainability Goals

	Material Issue	SMART Goals
<p>Environment</p>	Water and Wastewater Management	Developing strategies and a transition plan to reduce our water footprint by the end of 2025. Calculating our water footprint by the end of 2026. To reduce the water use and wastewater by 50% until 2050. To recover 50% of the water we use by 2030. To recover 100% of the water we use by 2050.
	Waste Management and Circular Economy	To reduce the wastes by 10% and to achieve a 20% recycling rate by the end of 2025. To reduce the wastes by 20% and to achieve a 30% recycling rate by the end of 2030. To reduce the wastes by 50% and to achieve a 50% recycling rate by the end of 2050.
	Sustainable Product and Raw Material Management	To make optimizations to reduce the amount of plastic raw materials used in product design, thereby reducing the use of plastics in products by 20% by 2030. To completely eliminate the use of 100% petroleum-derived plastic raw materials at Adel Kalemçilik and to become carbon neutral by 2050. To increase the recycled material content used in packaging by 20% by 2035. To ensure all packaging is made from recycled materials by 2050.
	Biodiversity	Putting action-based biodiversity targets and projects on the agenda.
	Greenhouse Gas Emissions	Developing strategies and a transition plan to reduce our carbon footprint. To be entitled for I-REC Renewable energy certification. Submitting the commitment letter for Science Based Targets initiative (SBTi) by 2025. Setting short-term targets for SBTi by 2030. Being a net zero company by 2050. Reducing Scope 1 and Scope 2 Emissions by 10% by 2030.
	Energy Management	Reducing total energy consumption (TOE) by 2% by the end of 2025. Reducing total energy consumption (TOE) by 6% by the end of 2030. Switching to renewable energy sources in electricity consumption and use fossil fuels at a minimum level by the end of 2050.
	Chemicals Management	To developing a system for the management of chemicals by 2025.

	Material Issue	SMART Goals
Social	Employment and Talent Management	To include 50% of employees in leadership development programs by the end of 2025.
		To keep the employee turnover rate below 10%.
	Equal Opportunity	To increase the female labor force participation rate to 35% by the end of 2025.
		To increase the female labor force participation rate to 45% and ensure 35% representation of women in all managerial positions by the end of 2030.
		To publish a Social Gender Equality Policy.
		To be a signatory of the United Nations Women’s Empowerment Principles (WEPs) by 2030.
	Customer Management	To increase customer satisfaction rate to 90% by 2025.
	Societal Community Benefit and Social Impact	To allocate 1% of the annual budget to social projects by the end of 2030 and to strengthen the monitoring mechanisms to follow the sustainable impact of these projects.
		To allocate 1% of the annual budget to social projects by the end of 2030 and to strengthen the monitoring mechanisms to follow the sustainable impact of these projects.
	Occupational Health and Safety	To reduce the frequency of occupational accidents by 20% by the end of 2025.
To reduce the frequency of occupational accidents by 50% by the end of 2030.		
To reduce the occupational accidents to zero by 2050.		
Human Rights	To be a signatory of the United Nations (UN) Global Compact, consisting of 10 articles on human rights, labor standards, environmental protection and fighting against corruption by 2030.	
	Publishing Adel Kalemcilik Human Rights Policy by 2030.	
Employee Rights	Publishing Adel Kalemcilik Employee Rights Policy by 2026. Maintaining the percentage of factory employees covered under Collective Bargaining Agreements above 70%.	

	Material Issue	SMART Goals
Governance	Economic Performance and Creating Value	Increasing sales volume and net profitability by 25% by the end of 2025.
		Increasing the sales of sustainable products and services by 50% by the end of 2030.
		Increasing the sales of sustainable products and services by 100% by the end of 2050.
		Issuing sustainability-linked bonds by 2030.
		Including sustainability related key performance indicators in the individual performance assessment criteria of the CEO who assumes the leadership of the Sustainability Committee by 2030.
	Supply Chain Management	To determine the sustainability criteria that suppliers are expected to comply with by the end of 2025.
		To ensure 25% of suppliers (based on turnover) to be assessed in terms of sustainability practices by the end of 2027.
		Establishing the ISO 28001 Supply Chain Security Management System by the end of 2024.
		To ensure 95% of suppliers (based on turnover) to perform in accordance with Adel Kalemcilik criteria in terms of sustainability practices by the end of 2050.
	Product Quality and Regulatory Compliance	Establishing a routine monitoring, training and performance system that will ensure 100% of suppliers to adopt sustainability practices by the end of 2030.
		Ensuring compliance with applicable legislation and continuous quality.
	R&D, Innovation and Digitalization	Increasing our market share by 10% by improving customer satisfaction and ensuring compliance with applicable legislation and continuous quality.
		Transferring the processes and work tracking systematics to digital environment, to develop a corporate R&D memory with digital infrastructure and to ensure its continuity by 2025.
		To launch an in-house entrepreneurship program by 2030. To launch a young entrepreneur supporting program by 2030.
Stakeholder Interactions	To be a signatory of the United Nations Global Compact (UNGCC) by 2030.	
	Improving the collaborations with NGOs and rating agencies to improve sustainability performance. To publish Integrated or Integrated Annual Report by 2030.	

Material Issues List

Adel Kalemcilik Material Issues List



Materiality Matrix



Our Sustainability Risks and Opportunities

By effectively managing our Sustainability Risks and Opportunities, we both improve our company's sustainability performance and contribute to achieving our long-term sustainability goals

As Adel Kalemcilik, we adopt a comprehensive risk management approach. In addition to traditional headings related to risk, we proactively address further risks related to different aspects of sustainability; we take different measures and actions to manage risk. We reviewed our sustainability risks and opportunities in 2023. You can find detailed information in the analysis table below.



We have an Adel Risk Management Model, which adopts the principle of early detection and proactive management of risks affecting the existence, development and sustainability of our company. The risk management approach, including systematic and disciplined rules, covers all Adel employees and operations.

Within the framework of Corporate Risk Management approach, Adel's Senior Management identifies the risks and opportunities that we may encounter in achieving our goals in advance and manages these risks and opportunities within the framework of our Company's risk appetite. The Early Detection of Risks Committee acts as the highest level administrative unit responsible for risk management after the Senior Management and reports directly to our Board of Directors. Furthermore Financial Affairs Department, which reports directly to the Early Detection of Risks Committee, advises the Committee and follows up on the implementation of its recommendations.





Impact Area	Sub-Impact Area	Risk	Risk Definition	Actions and Measures Taken to Manage the Risk	Opportunities Presented by Trends Opposite to the Risk	Related Material Topics
Social	Sustainability-Aware and Conscious Consumers	Changing Consumer Habits and Expectations	It represents the risk of failing to meet the rapidly changing consumer expectations and the demands of a sustainability-aware, conscious generation.	<ul style="list-style-type: none"> *We utilize the results of market research and consumer reviews to guide our consumer-focused activities. *We closely monitor trends such as evolving channel shifts in consumer behavior, a move towards sustainable products, and the expansion of preferred brand sets. New product development efforts are ongoing to create added value and/or cost advantages. 	Increasing sustainability awareness Sustainability-aware and conscious generation Comprehensive sustainability reporting Growth in sustainable product market share Increased market share of sustainable products Brand loyalty and reputation	<ul style="list-style-type: none"> • Sustainable Product and Raw Material Management • Stakeholder Interactions
		Brand Reputation	It represents the risks posed by counterfeit or fake products sold in marketplaces.	<ul style="list-style-type: none"> *We ensure effective customer communication. We create content to raise awareness within the scope of our corporate communication efforts and share these with the press at the CEO level. *We collaborate with institutions such as the Ministry of Commerce, Police Departments, Anti-Smuggling Units, and Customs to combat counterfeit and fake products. *We add distinctive features to our products, including QR-coded holograms and barcodes for the 10 most commonly counterfeited products. <ul style="list-style-type: none"> • We are providing information on the subject to sales points. • For erasers, we added unique QR codes to each package. 	Increasing sustainability awareness Sustainability-aware and conscious generation Comprehensive sustainability reporting Growth in sustainable product market share Increased market share of sustainable products Brand loyalty and reputation	<ul style="list-style-type: none"> • Customer Management

Impact Area	Sub-Impact Area	Risk	Risk Definition	Actions and Measures Taken to Manage the Risk	Opportunities Presented by Trends Opposite to the Risk	Related Material Topics
Social	Ensuring Employee Well-Being and Talent Management	Changing Employee Expectations	It represents the risk of failing to meet the preferences of today's employees for a work environment that balances work and personal life and values professional development.	<ul style="list-style-type: none"> *We have the BeWell platform to ensure employee well-being. * We organize "Bizbize" meetings to improve communication between our senior management and employees. *We launched a leadership development program for Managers, Middle Managers, and Specialists/Assistant Specialists. *Our Adel Campus Training Catalog provides full support for our employees' professional development. *We continuously organize social events, effective orientation programs, leave applications, webinars on various topics, and "Keyifli Bi'ara" activities to increase employer brand perception and employee motivation and well-being. 	Employee engagement Brand loyalty and reputation Professional development	<ul style="list-style-type: none"> • Employment and Talent Management • Equal Opportunity
	OHS	Occupational Health and Safety Risks	It represents risks with the potential to harm human health and safety during workplace activities and operations.	<ul style="list-style-type: none"> *We provide all our employees with regular annual Occupational Health and Safety (OHS) training tailored to their specific jobs. * We conduct regular site inspections, report identified issues, and communicate them to the relevant units. *In addition to annual periodic inspections and maintenance, our in-house Auxiliary Facilities (Technical Team) conduct autonomous maintenance. *We organize monthly OHS meetings with Anadolu Group companies to collaborate on OHS digitalization, evaluation of workplace accidents, and safety risks associated with company vehicles. 	Employee engagement Brand loyalty and reputation Professional development	<ul style="list-style-type: none"> • Occupational Health and Safety



Impact Area	Sub-Impact Area	Risk	Risk Definition	Actions and Measures Taken to Manage the Risk	Opportunities Presented by Trends Opposite to the Risk	Related Material Topics
Social	Ensuring Information Security	IT and Cybersecurity Risks	It represents the risk of failing to ensure cybersecurity within Adel and for its customers.	<ul style="list-style-type: none"> *We provide information security training to employees. *In emergencies requiring immediate action, the İzmir ODM Center, which holds backups of Adel's critical systems, is activated. This system operates with real-time data synchronization with Adel's Istanbul systems. *We perform daily backups of all systems, and copies of these backups are stored in the cloud. *We utilize tools such as firewalls, antivirus software, and URL filtering for information security and monitor our operations based on reports from these tools. 	Employee engagement Brand loyalty and reputation	<ul style="list-style-type: none"> • R&D, Innovation and Digitalization
	Ensuring a Socially Responsible Supply Chain	Non-compliance with Human Rights, Corruption, Bribery, and Unethical Behavior in the Supply Chain	It represents social risks arising from suppliers' failure to comply with environmental and human rights standards or unethical behaviors such as corruption, bribery, and anti-competitive practices.	<ul style="list-style-type: none"> *We include clauses to minimize social risks in our general purchasing conditions and ensure agreements with our suppliers based on these clauses. 	Brand loyalty and reputation Increased access to capital and investor demands	<ul style="list-style-type: none"> • Supply Chain Management
Environmental	Addressing Climate Change	Extreme Weather Conditions	It represents risks that may arise from extreme weather conditions resulting from climate change, such as earthquakes, floods, and storms, which could affect Adel's operations.	<ul style="list-style-type: none"> *We update our Emergency Action Plans and conduct Earthquake Preparedness Studies in response to the increased frequency and severity of natural disasters such as earthquakes, floods, and storms. 	Circular economy initiatives Renewable energy usage Energy efficiency Waste reduction and recycling Water management Collective action against common challenges	<ul style="list-style-type: none"> • Climate Crisis • Greenhouse Gas Emissions
		Increase in Greenhouse Gas Emissions	It represents the risks associated with emissions released into the environment as a result of Adel's operations.	<ul style="list-style-type: none"> *We have been conducting corporate carbon footprint calculations since 2022. 	Circular economy initiatives Renewable energy usage Energy efficiency Waste reduction and recycling Water management Collective action against common challenges	<ul style="list-style-type: none"> • Energy Management

Impact Area	Sub-Impact Area	Risk	Risk Definition	Actions and Measures Taken to Manage the Risk	Opportunities Presented by Trends Opposite to the Risk	Related Material Topics
Environmental	Protecting Biodiversity, Natural Resources, and Preventing Pollution	Biodiversity Loss	It represents the risk of biodiversity loss caused by ecosystem collapse due to climate change and population growth.	<ul style="list-style-type: none"> *We are integrating environmental/sustainability topics into our crisis communication plan. *We continue efforts to transform waste sawdust used for heating energy into sustainable products. 	Collective action against common challenges Circular economy initiatives Renewable energy usage Energy efficiency Waste reduction and recycling Water management	<ul style="list-style-type: none"> • Water and Wastewater Management • Waste Management • Climate Crisis
		Waste and Water Pollution	It represents the risks resulting from the inability to manage waste in a sustainable manner.			
	Risks Related to Chemical Usage	It represents the risks resulting from the damage to the ecosystem caused by conscious or unconscious pollution affecting water resources.	<ul style="list-style-type: none"> *We continue to use chemicals permitted by legal regulations. *We are conducting studies in line with the KKDİK (Registration, Evaluation, Authorization, and Restriction of Chemicals) Regulation. 	Circular economy initiatives Collective action against common challenges	<ul style="list-style-type: none"> • Product Quality and Regulatory Compliance 	
		Material-Related Risks	It represents the risks related to the incompatibility between materials and their contents.	<ul style="list-style-type: none"> * 	Circular economy initiatives Renewable energy usage Energy efficiency Waste reduction and recycling Collective action against common challenges	
Compliance with Legal Regulations	It represents the risks of non-compliance with regulations related to product safety during production.	<ul style="list-style-type: none"> * 	Brand loyalty and reputation Increased access to capital and investor demands	<ul style="list-style-type: none"> • Product Quality and Regulatory Compliance 		

Impact Area	Sub-Impact Area	Risk	Risk Definition	Actions and Measures Taken to Manage the Risk	Opportunities Presented by Trends Opposite to the Risk	Related Material Topics
Environmental	Ensuring an Environmentally Sustainable Supply Chain	Non-compliance with Environmental Regulations and Audits by Suppliers	It represents the risks arising from suppliers' failure to comply with environmental regulations and audits.	*	Brand loyalty and reputation Increased access to capital and investor demands	<ul style="list-style-type: none"> Supply Chain Management
Economic / Governance	Financial Risks	Inflation	It represents the risks arising from significant and continuous increases in the general price levels of goods and services in Turkey.	<ul style="list-style-type: none"> *We issue bonds/notes with suitable terms and interest rates within the existing issuance limits to increase long-term borrowing capacity. *We diversify our financing resources by effectively using alternative financing instruments. *In a high inflation environment, we plan price adjustments during campaign periods, considering increases in costs, competition, and gross profitability targets. *We are working on cost reduction projects. *We are strengthening the portfolio of accessible products within our product range. *We aim to maintain competitive pricing, especially for key SKUs, to benefit from economies of scale. 	Brand loyalty and reputation Increased access to capital and investor demands	<ul style="list-style-type: none"> Economic Performance and Creating Value Equal Opportunity Societal Community Benefit and Social Impact
		Accessibility to Products	It represents the risk of reduced purchasing power of consumers as a result of inflation.			
	Ethical Compliance	Corruption, Bribery, and Anti-Competitive Practices	It represents the risks of unethical behaviors, such as corruption, bribery, and anti-competitive practices, among Adel employees.	*Through our Ethics Policy and Ethics Hotline, we provide all employees with warnings, information, and awareness about compliance with ethical rules and the protection of existing rights.		<ul style="list-style-type: none"> Product Quality and Regulatory Compliance

Impact Area	Sub-Impact Area	Risk	Risk Definition	Actions and Measures Taken to Manage the Risk	Opportunities Presented by Trends Opposite to the Risk	Related Material Topics
Economic / Governance	Ensuring the Economic Sustainability of the Supply Chain	Raw Material Supply / Ensuring Supply Chain Continuity	It represents the risk of disruptions in raw material supply due to rising raw material prices and shortages.	<ul style="list-style-type: none"> *We prioritize the selection of local suppliers. *The majority of our approved suppliers for raw materials, packaging, and commercial products operate in Istanbul and surrounding areas. *We plan to establish contracts with suppliers with robust fleet management.. *For long-term energy disruptions due to geopolitical risks or natural disasters, we are conducting feasibility studies for solar panel installations. For short-term disruptions, generators and UPS systems in our factory automatically activate. *We are developing sustainable packaging projects using bio-based plastics and recycled products. *We have initiated alternative raw material research to comply with carbon tax and eco-labeling requirements for exports to the EU. 	Brand loyalty and reputation Increased access to capital and investor demands	<ul style="list-style-type: none"> Supply Chain Management R&D, Innovation and Digitalization
		R&D and Innovation Activities	High Demand for Sustainable Raw Materials	It represents risks arising from the high demand for sustainable raw materials.		





3. Leave a Mark with Innovation:

Digital Transformation and Economic Performance



3. Leave a Mark with Innovation: Digital Transformation and Economic Performance

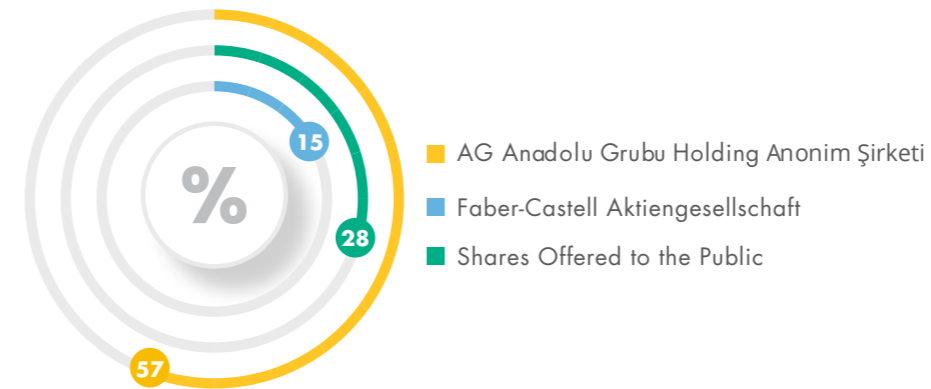
Economic Performance and Creating Value

Founded in 1969 in İstanbul-Kartal, Adel Kalemcilik has become one of the pioneering companies in the Turkish stationery industry. Thanks to our collaboration that we strengthened with the Faber-Castell partnership in 1995, we have made investments that add value to Türkiye. With our new production facility commissioned in Çayırova in 2015, we have expanded our product range and became the largest stationery products manufacturer of Türkiye.

The company's equity capital, which is TRY 23,625,000 as of 31 December 2023, is divided into 3,637,941 registered shares in accordance with the Foreign Capital Legislation amounting to TRY 3,637,941 and to 19,987,059 bearer shares amounting to TRY 19,987,059.

Shareholder Name / Title	Shares Owned	Percentage (%)
AG Anadolu Grubu Holding A.Ş.	13,439,211	56.89
Faber-Castell Aktiengesellschaft	3,637,941	15.40
Shares Offered to the Public	6,547,848	27.71

Shareholding Structure of Adel Kalemcilik



Young population and education system of Türkiye support the continuous consumption of stationery products. Owing to our local production facilities and high production capacity, Adel Kalemcilik is a leading stationery products manufacturer in Türkiye and the surrounding territory. We further assume worldwide exports of the products that we produce under the Faber-Castell brand.

90% of our import figures over the last three years consist of products that we supply from countries such as China, Indonesia, Germany, Japan, South Korea and Thailand. Our strong partnership with these countries and our solid supply chain directly contribute to our product diversity and quality.

Over the last three years, we have exported significant amounts to countries such as Egypt, Germany, Greece, UAE, Bulgaria, Kosovo, Israel and Palestine, Cyprus and Serbia. Our trade with these countries is part of our strategy to open up to international markets and reflects our understanding of fair competition on a global scale.

Adel Kalemcilik, with approximately 3,000 product categories, markets and sells Faber-Castell, Graf von Faber-Castell, Adel, Atlas, Max and Panfix branded stationery products. Market research reveals that the "Faber-Castell" brand is the leading brand in the industry with 98% recognition and 79% usage rate. "Adel" brand, on the other hand, is not only above the industry average but also the 3rd most recognized brand in the industry with 78% recognition and 27% usage rate.

Owing to our deep-rooted history and experience, we are pioneering the stationery industry. The principle of sustainability constitutes the basis of our way of doing business, and it is indispensable for us to reflect our commitment to our sustainability strategies in our financial performance.



Key Financial Figures*:

Million TRY**	2022	2023	(%)
Net Sales	1,675	2,262	35%
Gross Profit	422	1,056	150%
EBITDA	127	508	300%
Net Income/(Loss)	-19	436	-
Net Working Capital	503	534	6%
Net Financial Liabilities	395	187	- 53%
Free Cash Flow	-112	107	-
Gross Profit Margin	25%	47%	-
EBITDA Margin	8%	22%	-
Net Profit Margin	- 1%	19%	-

* All figures and tables in this report reflect the impact of IFRS 16.

**As of 31 December 2023, presented according to the purchasing power principle. TMS29 applied.

Economic Performance of Adel Kalemcilik:

Adel Kalemcilik, with over fifty years of experience, closely follows economic developments worldwide and in Türkiye and aims to reach out to operational profitability and strong cash flow while developing its long-term strategies. We aim to boost our business by taking into account the changes in consumer needs and purchasing power as well as economic variables.

Our 2023 year-end financial figures confirm that our business has improved significantly. Our net sales increased by 35% compared to the previous year, reaching out to TRY 2,262 million while our gross profit increased by 2.5 times to TRY 1,056 million. Our gross profit margin increased by 22 points to 47%, and our EBITDA margin increased by 14 points to 22%. As a consequence of the improvements in our gross profit margin and EBITDA along with the reflection of our effective balance sheet management on net financial expenses, our net profit, which was negative in the previous year, turned positive and increased to TRY 436 million. As a result of all these positive developments, the Net Debt/EBITDA ratio, which was 3.1 the previous year, approached to zero as of the end of December 2023 and was realized as 0.4.

With the awareness of the economic challenges and the volatility of the market, we have been developing our competitive pricing policy and sales channels, updating our product portfolio and shaping our commercial strategies with a sustainable growth vision. As Adel Kalemcilik, we are committed to support our future plans with our financial performance and to build a sustainable future.

As Adel Kalemcilik, we keep leaving our mark with the value that we add to the industry and we attach great importance to our sustainability initiatives. In this context, we have achieved various successes and we maintain our mission to provide benefits for society and the environment by adopting behaviors that comply with international standards.

R&D, Innovation and Digitalization

In line with a vision that prioritizes sustainable development and creativity, Adel Kalemcilik shapes its R&D activities with an innovative perspective, adding value to both our country and the world.

Standing out with its production capacity along with research and development and investments in technology, Adel Kalemcilik benefits the physical and chemical testing opportunities specific to the stationery industry in its R&D Center and leads the industry by developing products that comply with the chemical product safety regulations of all countries within its commercial field of activity since 2019 on the grounds of the license granted by the Ministry of Industry and Technology.

Within the scope of R&D and innovation projects undertaken during the reporting year:

- As part of our sustainable packaging project, we have expanded the use of recycled paper and plastics.
- We developed and produced solutions suitable for the stationery needs of UNICEF international education sets. We have started shipments to UNICEF's distribution warehouses headquartered in Copenhagen.
- While using majority of the approximately 800 tons of waste sawdust left behind the production of wood-cased pencils in energy conversion, we further developed sawdust-containing composite materials within the scope of green conversion to serve the reduction of consumed petroleum derivatives. In line with the results of our ongoing collaborations, we have taken a step towards using these raw materials in the design of environmentally friendly products.

- As part of our up-cycling and recycling efforts, we discovered that we could use 3% of our total plastic waste produced within the scope of the projects and turn 100% thereof into another product of the same quality.
- Within the framework of developing new domestic suppliers, we initiated open innovation studies within the scope of import substitution for the domestic production of felt-tip pen inks.
- We developed 21 pencils with different themes and features in 2023.
- We have finalized our artistic quality dye enamel research that will improve writing and painting comfort and brought the project to the mass production stage in a way that will adapt to changing consumer demands and expectations.
- We have completed long-life watercolor development project in compliance with different geographical climate conditions of the world and started mass production.

+1 More Triangular Pencils Produced of Lath

With the "+1 More Triangular Pencils Produced of Lath" project, which we developed between December 2022 and April 2023, we added the triangular pencil profile to our pencil production line. We used to obtain 9 pencils from a lath by producing only round and hexagonal pencils, then we improved our process so as to further obtain 9 triangular pencils from a lath instead of 8.

This project improved our production efficiency, allowing us to increase our production quantities per shift by 12% and to save approximately 150 trees. The project has provided an economic advantage by reducing costs with high-precision blade technology and environmentally friendly production methods.

Sustainable Packaging Project

For the purpose of the "Sustainable Packaging Project" that lasted 6 months beginning in 2023, we developed blister cardboards and recyclable vacuum packages for 12-color crayons. We have developed an environmentally friendly packaging using natural adhesives and new technologies that will allow the paper and plastic parts of blister packs to be easily separated. Thanks to this project, we reduced the use of virgin plastics and improved our costs by recycling paper and plastic materials separately. In addition to its sustainability impact, our project provided savings of approximately TRY 200,000, making a significant economic contribution.

Production of Wax Crayons Suitable for Long-Term Use within the Scope of UNICEF's Tender

For the purpose of this project, which started in 2022 and lasted 12 months, we produced wax crayons suitable for long-term use to be delivered to various parts of the world within the scope of UNICEF's tender. As Adel Kalemcilik, we have developed 12-color wax crayons that will meet the stationery product needs of UNICEF's international education sets with domestic production. The breaking strength of our products, which are developed in accordance with national and international safety regulations, has been increased beyond the standards. With this project, we have made a significant economic contribution with a total budget of TRY 3,690,000 while producing high quality, durable and long-lasting wax crayons.



As Adel Kalemcilik, we have established various mechanisms aiming to ensure the active participation of our employees in R&D and innovation processes. In addition to activities such as patent and design registration and utility model applications, our employees further contribute by making oral and written presentations and publishing articles in scientific journals. We further carry out project collaborations within the scope of national and international funding programs. We support PhD and Master's degree students with incentive regulations within the scope of the R&D Center and reward them with additional incentive bonuses if the topics of their thesis overlap with company projects. These mechanisms allow our employees to develop their knowledge and skills, while further providing our company with innovative and sustainable projects.

At Adel Kalemcilik, we encourage our stakeholders by giving importance to open innovation as an innovation method. We currently manage nearly fifty collaborations. 15% of these collaborations, which are carried out in partnership with domestic universities to develop products and systems that will serve the sustainable product portfolio, will continue in the coming years. Remaining 85% consists of services and business partnerships that host an R&D Center and/or are managed with an agile project approach.

As Adel Kalemcilik, we focus on continuously developing our business model with open innovation applications. In this context, we carry out various projects under the Bi-Kap platform. For example, using Anadolu Efes Brewery's pulp as a medium in a laboratory environment with Marmara University students, we produced natural pigments through selected bacteria and developed a Natural Finger Paint prototype. This project was crowned with the first prize.

For the purpose of the Palgea project carried out within the scope of the Bi-Kap platform, we developed a plastic composite material from algae in Boğaziçi University's cultivation environment in cooperation with Anadolu Etap. We used this material to work on felt tip pen and watercolor bodies. We further collaborated with a domestic company to localize felt tip pen inks supplied from abroad. These projects reflect our determination to develop sustainable and innovative products in line with our open innovation strategies.

Our Economic, Environmental and Social R&D Projects

Our ongoing projects held throughout the year 2023 include:

- Developing Pencil Lath from Waste Biomass
- Organic Crayon Pastels
- Applications of Recycled Plastic Materials in Stationery Products
- Antibacterial Pencils
- Development of Bio-Based Polymers and Composites and Application to Stationery Products
- Optimized Ballpoint Pens
- Antibacterial Eraser for Stationery Industry
- Universally Compatible Plastic Construction Toy
- Adel Roller Ballpoint Pen
- Reducing the Number of Plastics via Foaming Technology

We allocate 20% of our total R&D budget to these environmental projects.

We were further granted the "Company with the Highest Number of Rapid Implementations" and "Most Innovative Employee" awards for 8 consecutive years within the scope of Bi-Fikir Awards organized by Anadolu Group for 9 years.

"With our vision that prioritizes sustainable development and creativity, we shape our R&D activities with an innovative perspective, thereby providing added value to both our country and the world."



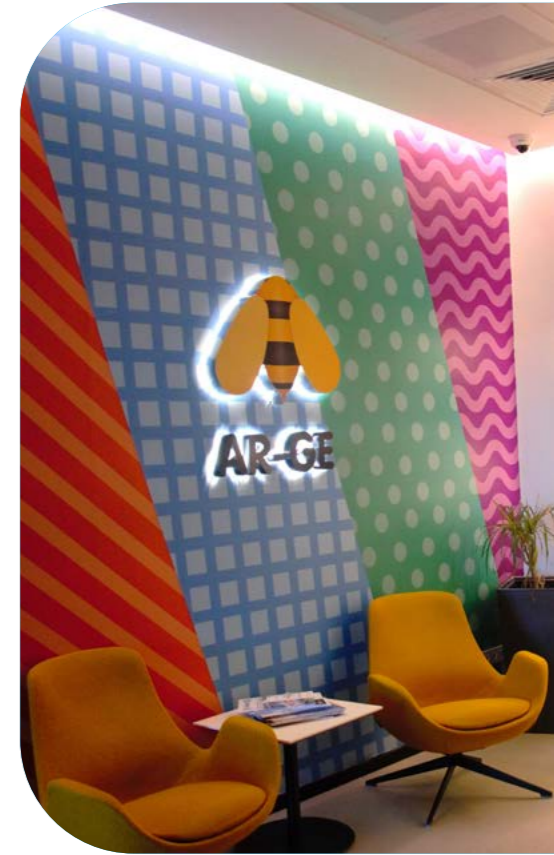
Our Product/Service Development Process

As Adel Kalemcilik, we carry out design, formulation and material developments based on literature review, benchmark reviews, target costs and specifications at the R&D Centre. The primary testing and analysis processes related to laboratory-scale developments are carried out at the **R&D Laboratory, Quality Control Laboratory**, and **ISO 17025** accredited institutions. The testing and analyses we realize through accredited institutions support product safety and our compliance with EU regulations and help us to maintain our strong position in the stationery industry.

Another significant dimension of our R&D activities is our patents and scientific publications. Since 2019, when the R&D Center was established, we have been developing innovative products and methods with a total of 10 national and 6 international patents registered.

We exclusively use the products and methods that we have patented and we do not earn any further commercial income from the licensing of these patents. Our scientific research and development projects further improve our maturity in the field of R&D and innovation and bring us to the forefront in our industry.

The articles written by our research team in our R&D center on various subjects have been published in refereed journals such as **TURKCHEM** and **Journal of Thermal Analysis and Calorimetry**. With these articles, we share our know-how with the public and announce our innovative and sustainable solutions in the industry to the world.



Within the scope of R&D and innovation projects undertaken during the reporting year:

- Our Artı 1 Fazlayız project was awarded the Kaizen Award of KalDer.
- We were further granted the "Company with the Highest Number of Rapid Implementations" and "Most Innovative Employee" awards within the scope of Bi-Fikir innovation platform of Anadolu Group.

Information Security

Today's rapid advancement of digitalization and technology have made the need for information security even more crucial. Information privacy and security is not only a technological requirement but is also of critical importance for our company to be a sustainable and reliable business partner.

The protection of our data, safeguarding against cyber-attacks and information leaks is of critical importance for both our employees and our customers. For this reason we rigorously implement and update information security measures for maintaining customer trust and reputation. We further strengthen our defense capabilities against new threats.

In accordance with the Personal Data Protection Law (KVKK), we have taken significant actions to ensure compliance by reviewing our processes and policies. We have established the Microsoft DLP system, particularly for the protection of personal and sensitive data. This system is designed to prevent unauthorized access and control the outflow of data outside the company. We perform monthly revisions and updates when necessary on data flows and system security.

Between 2020-2023, we made significant investments in our technological infrastructure. We purchased laptops for our employees and tablets for our field sales and trade fair teams. When IBM ceased its operations in Türkiye, we restructured our entire operations. We started working with partners specialized in database and server management, field support services, data center and cyber security.

We are moving our servers and physical devices in the data center to the new service model in the cloud environment.

Our ISO 27001 Information Security Management Systems Certification

covers a wide range of our activities, from the design to the sales, from import and export to logistics and financial transactions of stationery and toy products. This certification assures the security of our own products besides the information assets of our customers and business partners.

All these efforts are significant to fulfill our responsibility to our stakeholders as part of our sustainability vision.



Years	IT Developments
2020	SAP integration and moving Adel Warehouse management to Axata system
2020	Organizing all authorizations and approvals with SAP Authorization project
2020	DLP Project, tracking, approval structure and logging of critical data within the scope of information security
2020	Controlling and authorizing the management of Material master data with the master data project
2020	Operational Excellence Assessment, process improvement and roadmap with OPEX
2020	Operational Excellence Assessment, process improvement and roadmap with OPEX
2021	Cyber Security projects (Version update, security patches and Disk encryption project)
2021	Automation of project management process and new product process with Bitrix solutions
2021	Transitioning to exclusive regional dealership structure with the Route to market project and systematic solution
2021	Digital tracking of Territory violations with traceability project, Product-based Single QR coding
2021	Adel Dealer Integration
2021	Online Fair (A project developed during the pandemic allowing us to organize a virtual fair to receive online orders)
2022	Management of the digital contents and renewal of Faber-castell.com.tr web site
2022	International sales and order management (Export) via Adel International Portal
2022	Adel Dealer Automation (Single System available to all dealers)
2023	Transition to Office 365
2023	Microsoft DLP Security solutions
2023	Organizational Transformation
2023	Microsoft Data Classification Solutions
2023	Data center – Cloud transformation



4. Leave a Mark with Quality: Product Management and Quality



4. Leave a Mark with Quality: Product Management and Quality

Product Quality and Regulatory Compliance



Product quality, product safety and compliance with applicable legislation, which constitute the core of our sustainable production approach, include environmental sustainability as well as social and economic sustainability. Supporting creativity and inspiration with nearly 3,000 products is not only our mission, but also a responsibility that we assume. This responsibility covers all the steps from the design and production of our products to the moment they reach the end-user.

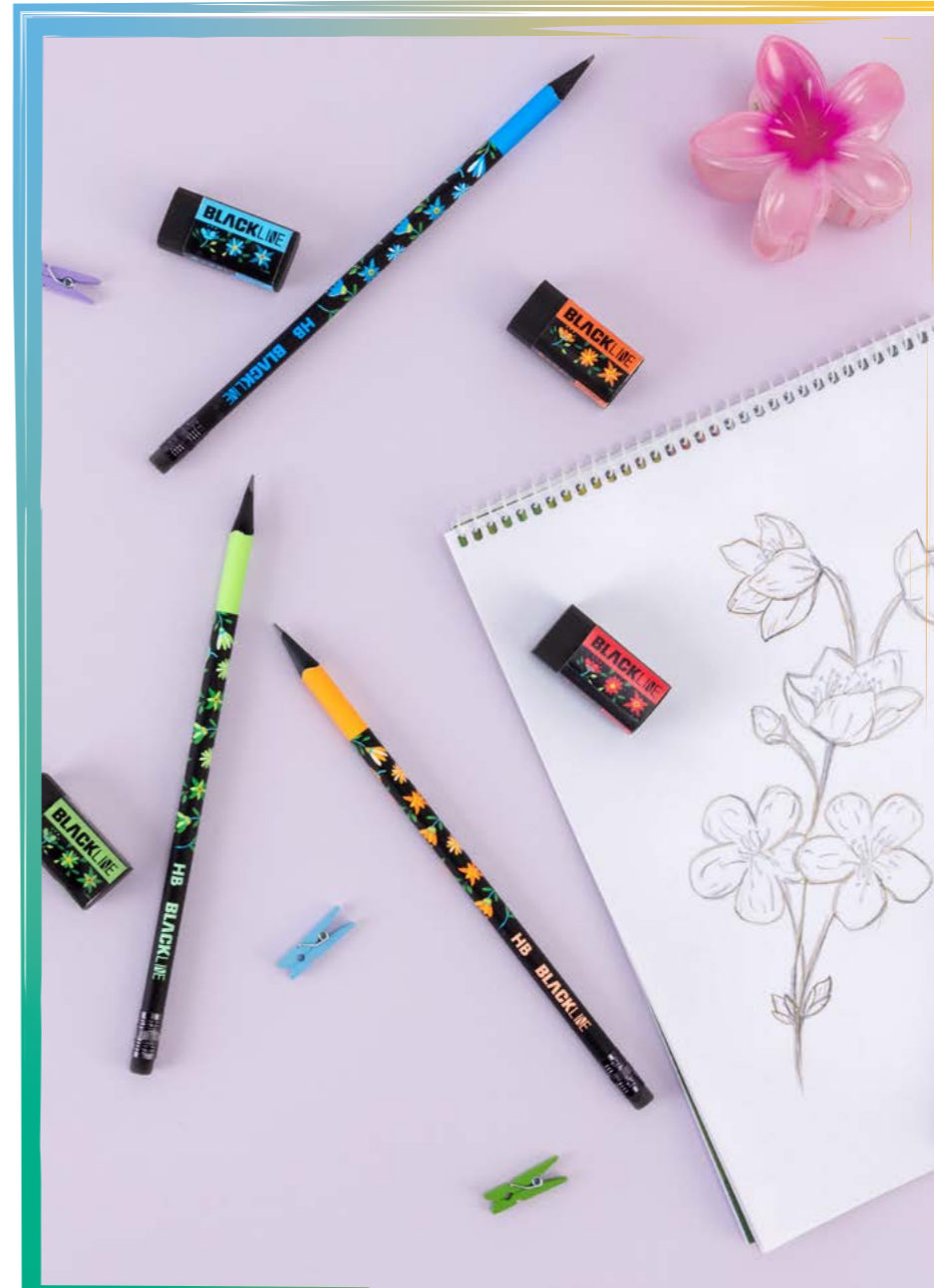
As the primary users of our products are children, product safety and quality are our musts. We emphasize that unbranded, unaccredited and unidentified products should never be used as they can pose a serious threat to health. Contrary to the public's suspicion of many other similar product groups on the market, we proudly state that all our products comply with legal regulations and bear the labels that provide consumers with information about the content, quality, environmental characteristics and conditions of use of the products.

Product labels and disclaimers are designed to allow consumers to make informed choices on the content, quality, environmental characteristics and conditions of use of the products. We transparently disclose relevant information with our consumers.

We do not offer any product that we would not let our own children's use to the market.

Collaborating with approved suppliers is a priority approach to ensuring product safety. In this context, we are a member of the European Writing Instruments Manufacturers Association (EWIMA). These memberships position us as a leader in Türkiye in complying with new standards and regulations concurrently with Europe.

"In order to achieve the goal of sustainable production and consumption, we provide consumers with clear and understandable information about the content, quality and environmental characteristics of the products."



Our Quality Management System certification confirms that all processes from the design, production and distribution of our products comply with the standards. The Turkish Standards Institution Conformity Certificates for Adel Wood-Cased pencils (ACK) and Faber Castel ACKs confirm our products' compliance with local quality and safety standards. We further produce products in compliance with the standards regulated under the EN 71 EU Toy Safety Directive which outlines the safety requirements for toys. Under the European Union Toy Safety Directive, we perform a series of significant tests, covering various aspects of toy quality control including physical, mechanical and chemical properties, to ensure the safety and suitability of our toy products.

We label our toy products with the CE mark, which indicates compliance with the safety and consumer protection requirements determined by the European Union Directives. We further subject these products and all our other products that do not fall into the toy category to chemical tests to confirm that they do not include chemicals harmful to human health such as phthalates, lead, cadmium, polyaromatic hydrocarbons and azo dyes. Accordingly we maintain our commitment to offer high quality and safe products to our customers.

We allocate approximately TRY 1 million from our budget each year for product safety and quality tests. This is an investment to ensure the sustainability of all our operations as Adel. Thanks to these investments, our dealers, retailers and investors continue to trust our brand. Detailed information about our product safety and quality efforts and projects carried out in our R&D Center is available in the "R&D, Innovation and Digitalization" section of our report.

Supply Chain Management

At Adel, we are committed to a sustainable, transparent and traceable supply chain by collaborating with our suppliers.

We do not collaborate with companies that fail to comply with national and international standards regarding product safety, consumer health, environmental protection and ethical norms.

We know that responsible value chain management is the first step in developing a responsible supply chain. For this reason, we are well aware of the due diligence and conscientiousness required throughout the entire value chain, beginning with procurement to the end user. We approach the entire process from raw material supply to product consumption with a holistic approach and include our supply chain in our sustainability impact area.

We demand our business partners in our supply chain not only to improve their operational excellence and quality but also to fulfill their responsibilities against the society and environment. We inform our suppliers that they are obliged to comply with the principles specified in the "Suppliers' Code of Conduct".

We group our suppliers under two main categories. The first category of suppliers support us in the supply of basic components such as wood lath, pencil enamel, various color pigments, pencil components and plastic materials required for production. Due to the need for specific production, the majority of suppliers in this category are large-scale manufacturers and SMEs. The other category includes suppliers of commercial products that we purchase directly. Faber-Castell branded products, supplied from Faber-Castell's global production network and third-party suppliers that produce in accordance with these standards are listed at the top of this group. We further purchase our Adel and Adeland branded finished products from suppliers that comply with the specified quality and safety norms along with local and international standards. Suppliers that fulfill our specific production demands are also included in this group.

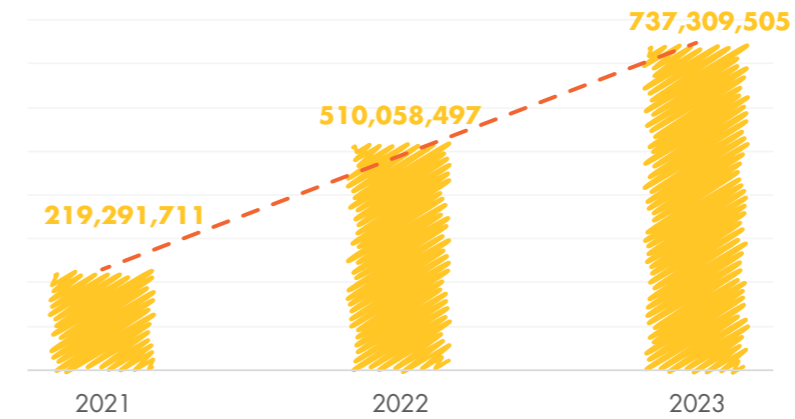
Our dealer network, which constitutes a significant part of our supply chain, ensures our products to reach a wide range of consumers. Our understanding of being a reliable business partner and creating sustainable value for our dealers constitute the pillars of our relationship. Owing to our high-quality products, we support dealers to improve their business values while increasing consumer demand. We continuously support the training and development of our dealers with the coordination of our sales and marketing teams and organize annual dealer meetings and events. In these meetings and events, we exchange information and views with participating dealers about the future of the industry and the company, and we have the opportunity to develop common goals and strategies. The workshops organized as part of these meetings further allow our dealers to get to know our products more closely and develop their own skills with the information provided by our expert staff.

In addition to basic criteria such as price, quality and compliance with delivery times, business ethics and sustainability principles are also considered among the criteria we attach importance to when including potential business partners in our supply chain.

We believe that collaborating with local suppliers will have a positive impact on the local economy and employment, therefore we prioritize working with local suppliers. As of 2023, 91% of our supplier network consisting of 1,017 companies are local suppliers. Product groups procured from our local suppliers include erasers, play dough, toys, bags, painting aprons and pencils. With raw materials such as talc, calcite and stearate that we purchase from our local suppliers, we not only strengthen the local economy but also focus on minimizing our carbon footprint. The product groups we import include erasers, crayons, mechanical pencils, ballpoint pens, rollerball pens, mints, teack-it board markers, brushes, fountain pens, highlighters, technical drawing pens, pencils, felt-tip pens, toys, staplers, hole punches, liquid correctors, tape correctors, glue sticks, sticky notes and scissors.

While we purchase talc, calcite and stearate exclusively from local producers, we purchase wood from abroad due to the price advantage. We collaborate with FSC® (C130058) certified suppliers who adopt sustainable forest management practices for the resources such as wood that we procure from abroad. In other words, we design our entire production process from raw materials to final product within the framework of ethical and sustainable criteria. Throughout the reporting period, we allocated 65% of our purchasing budget to local suppliers and 35% to our suppliers abroad.

Total Payments to Local Suppliers (TRY)



Sustainability Performance Assessment for Suppliers

As Adel, we aim to align with our suppliers within the scope of our sustainability approach. Performance Assessment for Suppliers, which we conduct with the coordination of various departments and compliance tests, allows us to evaluate the compliance of companies with national and international standards in terms of product safety, consumer health, environmental protection and ethical norms. We only work with companies that provide this compliance.

In our current Performance Assessment for Suppliers, we use a scoring system that measures information provided by the other party on many different issues.

Assessing the information collected from our suppliers on many issues such as social compliance, environment, periodic maintenance-control, we use the resulting final score to decide whether or not the supplier complies with Adel standards. We conduct a comprehensive assessment of our suppliers, especially under the heading of environmental sustainability, on issues such as environmental permits, the current status of the supplier, emissions, waste and water management. In this context, we do not work with/exclude suppliers that fall below a certain level of competence.

We further require both our domestic and foreign suppliers to send us samples. We examine the samples received from our suppliers in detail and take this examination into consideration when deciding whether they can be our business partners.

We have processes where we evaluate our suppliers in different aspects of sustainability. In order to continuously improve the social and environmental sustainability performance in the supply chain, we carry out preliminary assessment to determine our suppliers that comply with the criteria determined by Sedex and BSCI (Business World Social Cohesion Initiative). We re-evaluate our suppliers, which we prioritized within the scope of Sedex and BSCI criteria, through various surveys and commitments at certain intervals.

As part of the stakeholder mapping conducted in 2023, we organized Stakeholder Surveys to obtain the expectations and opinions of certain suppliers on sustainability issues and to ensure stakeholder participation.

By 2025, we aim to establish the ISO 28001 Supply Chain Security Management System which covers the risk assessment, security management and performance monitoring required to ensure supply chain security.

As Adel Kalemcilik, we have duly complied with the rules of conduct required by BSCI, which aims to improve its working conditions in the supply chain worldwide, and we were awarded the "BSCI Compliance Certificate" as of 2022. This document further demonstrates that the sustainability approach and ethical values are a priority in our relations with our suppliers and other business partners.

We further expect our suppliers to adopt the same codes of conduct. Throughout the reporting period, we provided a total of **250 hours** of training to our suppliers in this context.

Customer Management

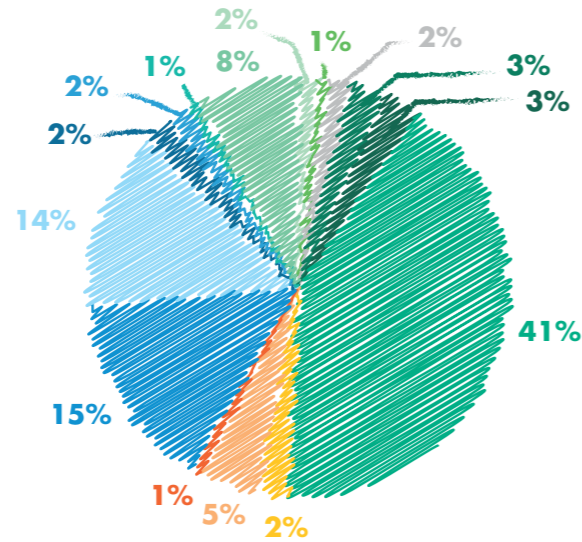
Thanks to the robust relationships we have established with our customers, we are positioned not only as a manufacturer but also as a solution partner in our industry.

At Adel Kalemcilik, we have adopted a customer satisfaction-oriented approach. We are well aware that the sustainable customer management approach has the potential to improve other dimensions of sustainability, i.e. in the environmental, social and economic arena. We strive to ensure effective communication with our prioritized and esteemed customers. In the long run, we further aim to strengthen our position in the market to create more value for our customers with our successful customer management.

Our customer portfolio mainly consists of dealers, retailers and end consumers. We offer customized product presentations and trainings for our customers, each of whom has different needs and expectations. We facilitate the correct and effective use of our products by our commercial customers, particularly through trainings.

Being certified for the ISO 9001 quality management standards, we have demonstrated to have adopted high standards in customer management and our commitment to improve customer satisfaction. This certification is essential in terms of consistently meeting customer expectations and continuously improving our customer-oriented processes.

Adel's Customer Profile



- Management Systems
- Chain Stores
- Local Chain Stores
- Specialized Retail
- Traditional Channel
- Specialized Retail
- Finance
- School
- Logistics
- Corporate
- Export
- Tender
- E-commerce
- Discount
- Other

Ensuring customer satisfaction at Adel Kalemcilik at the highest level is among our primary quality criteria. We develop innovative solutions day by day with our high-quality products considering the health and safety of our customers.

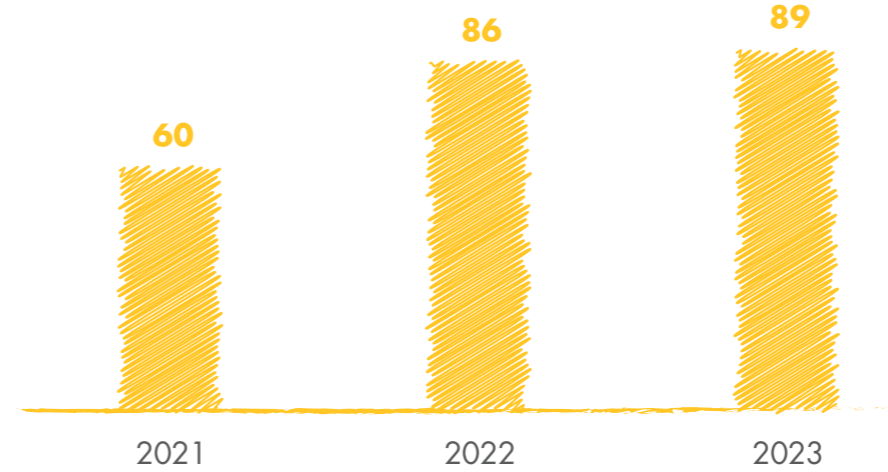
You can access further information about product safety and quality, which we try to maintain at international standards in order to keep customer satisfaction at the highest level, in the "Product Quality and Regulatory Compliance" section.

Customer satisfaction orientation, which we take into consideration during production, is meticulously maintained after sales. Within the context of our after-sales services, we offer trainings and provide information aimed at continuously improving customer experience by taking into account the feedback from our customers.

We communicate with our customers through our call center, customer satisfaction surveys, and Adel Kalemcilik communication channels within the scope of after-sales services. We develop proactive solutions against customer feedback and complaints.

The results of the "customer satisfaction survey" conducted to evaluate customer satisfaction revealed that our customer satisfaction rate, which was recorded as 60% in 2021, was realized as 89% in 2023. These results indicate that the services provided by our dealers has been increasingly appreciated by retailers and that customer loyalty has been increasing.

Adel's Customer Satisfaction Rate (%)²



It is very important for us to resolve our customers' complaints and feedback quickly and effectively.

Complaints Management

Seriously taking all feedback of our customers and resolving customer complaints is of critical importance in ensuring the reliability and sustainability of our Adel Kalemcilik brand in the long term.

We keep all our communication channels open with the responsibility of being ranked among the leading stationery manufacturers in Türkiye. Within the scope of our [Complaints Management Policy](#), we have adopted a customer-oriented approach aiming to ensure the continuity in meeting our customers' expectations and effectively handling customer complaints.

All feedback submitted to Adel Kalemcilik is carefully and meticulously reviewed in detail.

Our call center is the primary communication platform where our B2C customers can quickly get answers to all kinds of questions and complaints. Our Quality Control Department is the team responsible for complaints management. We carefully follow the entire process until the complaint is finally resolved and we regularly review and improve our processes to prevent the recurrence of the complaints.

We evaluate all feedbacks submitted within the framework of a detailed procedure that is valid for Adel Kalemcilik as well as our subcontractors and imported products. Notifications submitted by our customers are automatically transferred to the Quality Control Department to be recorded in our Adeliz system. Complaints submitted outside our communication channels reach our team via e-mail or direct product returns.

All relevant customer and product information is recorded on the Adeliz system by our Quality Control Department. A confirmation message is notified to customers and our call center when this information is recorded on the system. Accordingly, we inform our customers that a complaint management process has been initiated. We have set a 15-day follow-up period for the feedback submitted and we aim to minimize any issues that are not resolved within this period.



² In order to measure the quality of the services provided by the dealers in the field on behalf of Adel Kalemcilik, a "customer satisfaction survey" is applied to retailers.



5. For a Greener Future: Our Environmental Impact and Environmental Management



5. For a Greener Future: Our Environmental Impact and Environmental Management

We are well aware that the climate crisis threatens not only environmental conditions but also the entire ecosystem, natural habitats, biodiversity and therefore every dimension of life. Acting with this awareness, we aim to be prepared for economic and social impacts, and to maximize our responsibilities in protecting the environment and society within our sphere of influence and all areas where we can contribute.

As a strong indicator of the success of our environmental sustainability management, we are proud to announce that we have not received any environmental penalties or complaints with regard to our activities since 2019.

In order for our employees to better adopt environmental sustainability management and integrate it into their daily work, we organize annual environmental trainings addressing our company personnel and subcontractor employees.

Accordingly, we proceed our activities with full compliance with national and international legal regulations and with the awareness of our responsibilities towards society and the environment in line with our **Environmental Stewardship** approach. Within the scope of our **Environment, Energy and Climate Policy**, we make environmental sustainability one of our main activities by determining policies and strategies in areas such as the preservation of water resources, supply of forestry products from sustainable sources, reduction of energy consumption and use of renewable energy, waste reduction and recycling programs, minimization of carbon emissions, support for ecosystem and local biodiversity projects. These projects within the scope of our Environment, Energy and Climate Policy have been approved by the company's senior management and are binding in all our activities throughout the company's value chain.

As Adel Kalemçilik, we proceed with our activities within the framework of our environmental management system in accordance with ISO 14001 standards in line with the goal of protecting the environment and natural resources. Within this framework, we strive to achieve the goals we have set by regularly monitoring and reporting our company's environmental performance.

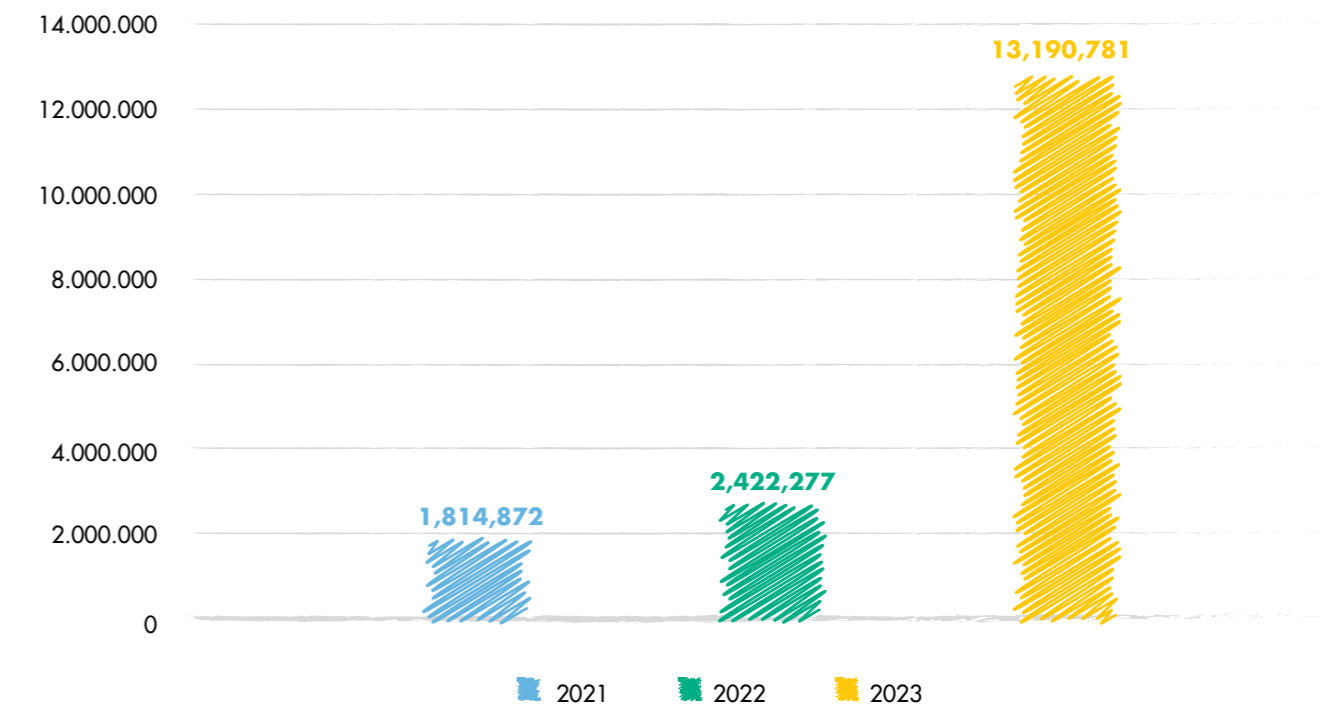
In this context, we provided a total of **810 hours of environmental training** to our **540 employees** in 2023.

Environmental Trainings



At the end of 2022, a Wet Chimney Filter System was installed for our Chip Boiler combustion chimney system under the auxiliary facilities management budget. With this investment, improvements were made in the purification process of flue gases.

Environmental Investments and Expenditures (TRY)



Energy Management

Energy management is positioned as a strategic priority for our company. In our Materiality Analysis, this topic has been determined as a high priority issue.

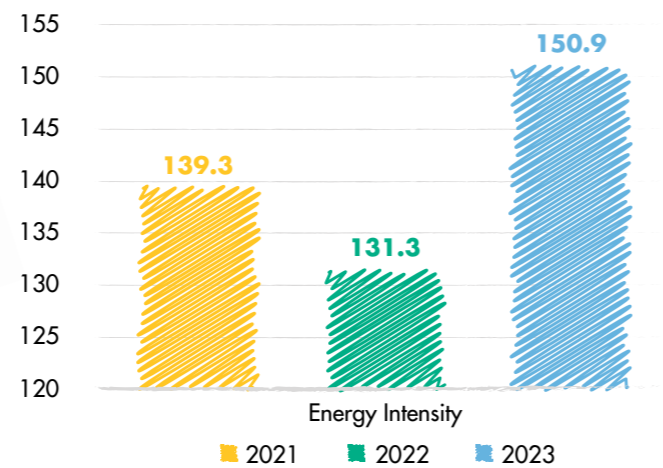
In line with our energy management goals, we aim to reduce our total energy consumption by 2% by the end of 2025 and 6% by the end of 2030; and to minimize fossil fuel use by switching to renewable energy sources in our electricity consumption by 2050.

In line with these goals, we optimize our production processes by implementing energy efficiency projects and innovative technologies, and we transform our current energy infrastructure by increasing our renewable energy investments.

We transparently disclose our calculations regarding energy consumption according to ISO 50001 Energy Management System standards. Energy consumption in our production facility and head office were calculated in accordance with thermal conversion reference tables.

Energy Consumption Figures (GJ)	2021	2022	2023
Total Energy Consumption	46,107	46,736	52,360
Non-Renewable Energy Consumption	35,449	36,473	38,405
Renewable Energy Consumption (GJ)	11,768	10,873	15,199

Energy Intensity (GJ/Total Number of Employees)



In 2023, 29% of the energy we consumed was derived from renewable sources.

Application	Savings Amount
LED conversion and sensor application in raw material warehouses	109,000 KWH electricity savings
Optimization of the chip boiler chimney	10% improvement in combustion efficiency
Free cooling chiller application for injection cooling water	150,000 KWH electricity savings
Soft starter application for chip fans	6,805 KWH electricity / 14,000 TRY savings

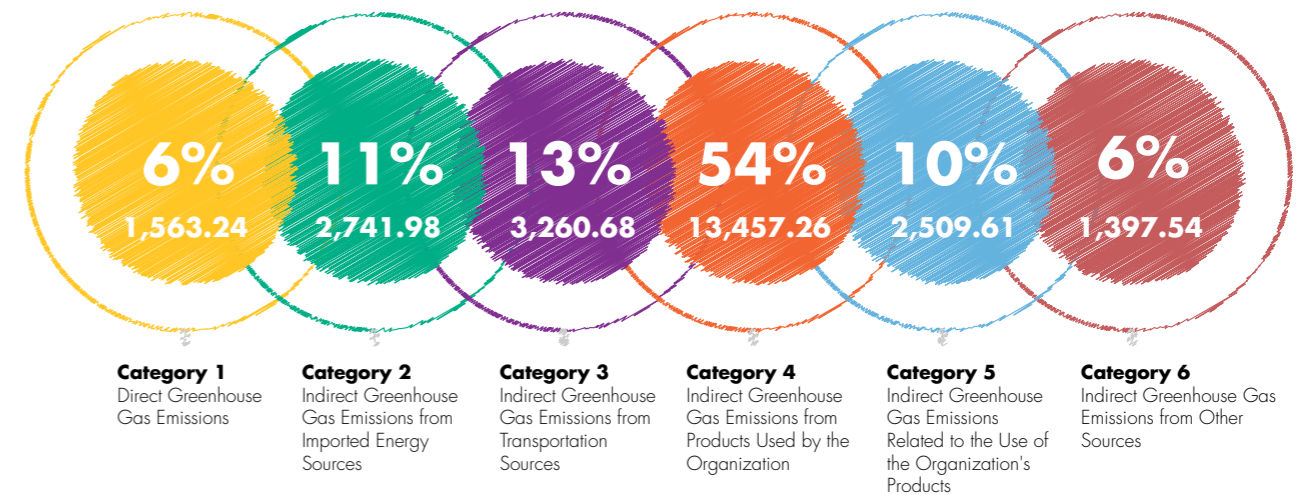
Climate Crisis and Greenhouse Gas Emission Management

As Adel Kalemçilik, we follow new low-emission technologies and develop projects for renewable energy production and supply as part of the fight against the climate crisis.

In order to better manage our emissions and follow the targets that we set, we first calculated our carbon footprint in 2021, and then we calculated our corporate carbon footprint in 2023 in accordance with ISO 14064-1:2019 standards.

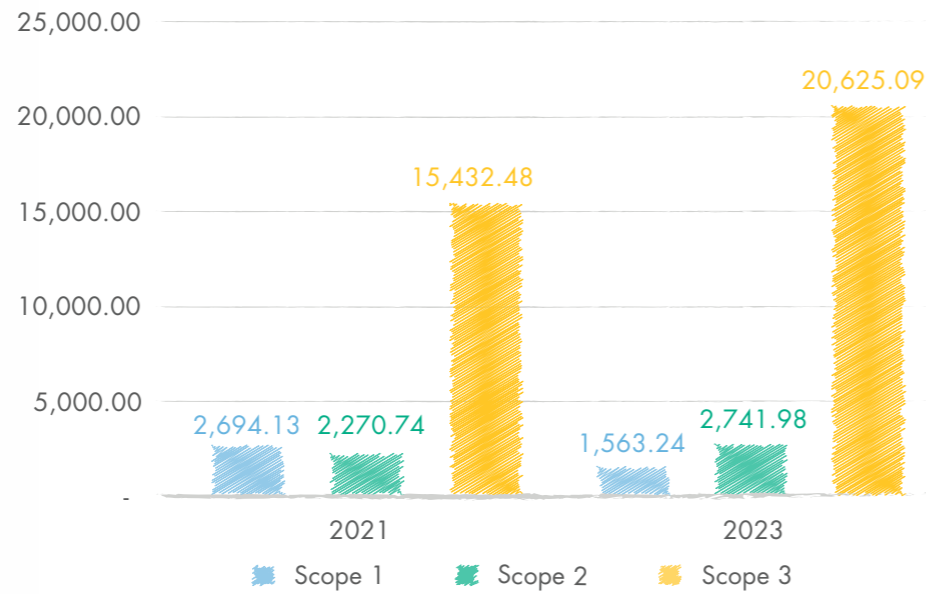
We have addressed our carbon emissions in a holistic manner in order to understand and more effectively develop our strategies to reduce carbon emissions throughout our company's value chain. In addition to controlling our Scope 1 and Scope 2 emissions, we further analyzed our Scope 3 emissions such as supply chain and logistics.

Distribution of 2023 emissions by category:





Year-Based Greenhouse Gas Emissions (ton CO₂e)



As Adel Kalemcilik, we analyzed our greenhouse gas emissions recorded between 2021 and 2023. In 2023, we realized a 42% decrease in our Scope 1 emissions compared to 2021. We observed that our Scope 2 emissions increased by 21% and Scope 3 emissions increased by 34%.

In this context, we support our commitments on climate change and greenhouse gas emissions with concrete targets and projects. We plan to submit a commitment to the Science Based Targets Initiative (SBTi) by the end of 2025 and to set short-term targets for SBTi by 2030.

Throughout this process, we aim to reduce our Scope 1 and Scope 2 emissions by 10% by 2030 and eventually become a net zero company by 2050. We have been developing strategies to reduce our carbon footprint, creating transition plans and aiming to be entitled for I-REC Renewable energy certification.



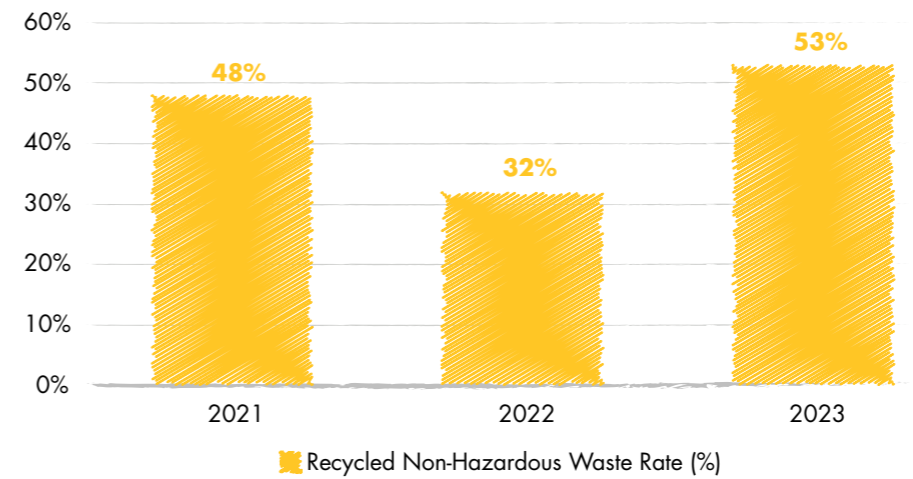
Waste Management

As Adel Kalemcilik, we attach utmost importance to waste management in order to achieve our sustainability goals and minimize our environmental impacts. We implement various strategies and projects to reduce the amount of waste generated within our production processes, to increase recycling rates and to ensure that these wastes are disposed of without harming the environment.

In this context, we have successfully implemented the Zero Waste Management System established within the scope of the Zero Waste Regulation of the Ministry of Environment, Urbanization and Climate Change of the Republic of Türkiye and we were entitled to receive the Zero Waste Certificate in 2021.

We aim to leave a more livable world for future generations by fulfilling our environmental responsibility in addition to our waste management approach and compliance with legal requirements.

Recycled Non-Hazardous Waste Rate



Taking 2021 as a reference, we aim to reduce our wastes by 10% and achieve a 20% recycling rate by the end of 2025; we further aim to reduce our wastes by 20% and achieve a 30% recycling rate by the end of 2030 and to reduce our wastes by 50% and achieve a 50% recycling rate by 2050.

+1 Fazlayız

Within the scope of the “+1 Fazlayız” project implemented in 2023, we use new blades specifically designed for the production of wood-cased triangular pencils. The renewed blade design makes it possible to produce more pencils from the same amount of wood raw material. With this innovative design, we have gained the ability to produce +1 more pencils in each batch of production. With this development, we have reduced the waste rate in our production process by 12% for triangular pencils, increasing efficiency and making resource usage more effective. Thanks to this successful project “+1 Fazlayız Project Team” was awarded the First Prize in the Kaizen Category at the 26th Quality Circles Sharing Conference organized by KalDer (The Quality Association).



Water and Wastewater Management

in order to protect water resources and allow future generations to access to clean water, we work diligently to reduce water consumption, to increase water recycling, and ensure appropriate treatment of wastewater.

Year	2021	2022	2023
Water Consumption (m ³)	20,394	26,603	26,341

Currently we are actively collecting and using rainwater for water recovery purposes. By using rainwater, particularly for garden irrigation, we both save water and contribute to the protection of natural water resources.

Developing strategies and creating a transition plan, we aim to optimize our water consumption and reduce our water footprint by the end of 2025. We will calculate our water footprint and take steps to evaluate our impact by the end of 2026. Taking 2021 as a reference, we aim to reduce our water consumption by 50% and recover 50% of the water used by 2030.

By 2050, we further aim to contribute to the protection of natural water resources and the provision of a sustainable environment by reducing water consumption and wastewater by 50% and recycling all the water we use. In line with these goals, we will continue to strengthen our water management strategies, develop innovative solutions and ensure the efficient use of water resources.

Sustainable Product and Raw Material Management

We strictly adhere to sustainability principles in product and raw material management. We encourage the use of raw materials obtained from sustainable sources and we develop design and production processes that will reduce the environmental impact of our products throughout their life cycle. We aim to contribute to sustainability by dedicating our knowledge and experience to designing smarter products. We keep producing innovative and sustainable solutions by constantly improving our awareness and competencies in this area.

Accordingly, we aim to decrease the plastic material ingredient in our products by 20% until 2030, and eventually become carbon neutral by completely eliminating the use of 100% petroleum-derived plastics by 2053. We further plan to increase the recycled content of our packaging by 20% until 2035 and ensure all of our packaging to be made from recycled materials by 2050.

We work to develop projects for the protection of certain species or ecosystems within the scope of biodiversity and to implement these projects in cooperation with non-governmental organizations (NGOs).

As an indicator of our environmental and social responsibilities, we produce all Adel Kalemçilik products in line with FSC® (C130058) certification. FSC® (C130058) certification promotes sustainable management of forest resources and contributes to the protection of natural habitats. This certificate guarantees that the raw materials used in our products are responsibly sourced from forests and that natural ecosystems are not harmed. We are proud of offering our customers products with minimized environmental impacts produced from sustainable resources.

As Adel Kalemçilik, in line with sustainability principles, we recycled and used a total of 90 tons of plastic wastes exclusively in our plastics production unit in 2021. We further reduced our plastic raw material consumption by using 120 tons of recycled plastic, hence contributed to the protection of natural resources. The materials we prefer, in terms of both quality and sustainability in production, include plastics, wood, chemicals (glue, foil, pigment), fillers (calcite), stearates and waxes. The products we import are plastics, paper, solvent and water-based adhesives for our ZTic group, metal (for pencil sharpeners), cardboard, fabric and rubber. We separate the paper, cardboard and plastic packaging wastes at the source and discharge all of them to recycling, thus we contribute to the reuse of waste and the protection of natural resources.



Biodiversity

As Adel Kalemcilik, we are seriously committed to the conservation and sustainable use of biodiversity. We actively work for the conservation of natural habitats and species. We encourage practices that support biodiversity and increase our contribution to natural ecosystems by collaborating with local communities.

Forests play a significant role in fighting against climate change and are also the source of raw materials for many products such as wood, paper and cardboard, so they are of critical importance to us. As Adel Kalemcilik, we have adopted preventing deforestation, conservation of biodiversity and preserving the environment as the fundamental and strategic goals in the fight against climate change.

As Adel Kalemcilik, we created an exclusive pencil series called "Anatolian Heritage" in collaboration with Faber-Castell, in order to raise biodiversity awareness among children at school age. For this exclusive product series, which represents species under threat of extinction such as the Reed Cat, Crane, Sea Turtle and Anatolian Ground Squirrel, we solely used FSC® (C130058) certified trees grown for industrial use only, as in all our production processes. As a company that adopts sustainable and environmentally friendly production principles, we aim to preserve natural resources in every product we produce and we invest in the future.



As Adel Kalemcilik, we have developed an antibacterial product family, by prioritizing innovation and hygiene, during the COVID-19 pandemic. The specific paint we use, particularly in our antibacterial pencils, prevents 99.9% of bacteria from adhering to the pencil surface.

We produce Faber-Castell Comfort Felt Tip Pens with our environmentally friendly bioplastic-based bodies; thus, we reduce plastic use and contribute to the preservation of natural resources. We plan to allocate 48% of our 2023 R&D budget to the development of sustainable products.

Detailed information about our sustainable supply chain management is available in the "Supply Chain Management" section.





6. Leave a Mark with Kindness: Employee Rights and Social Impact



6. Leave a Mark with Kindness: Employee Rights and Social Impact

Employment and Talent Management

As Adel Kalemcilik, we have adopted a sustainable and people-oriented approach to employment and talent management. We implement supportive policies and programs allowing our employees to develop their talents, advance their careers, and maintain their work-life balance. We further aim to improve employee satisfaction and engagement by introducing new talents to our workforce and offering diverse training and development opportunities.

Employee Development Programs and Trainings

We consider the trainings we receive within the scope of **Adel Campus Trainings** as an opportunity to improve ourselves professionally and achieve success both in our career path and within Adel Kalemcilik. Our training catalogue includes various trainings under the main headings of Leadership, Personal Development, Digitalization and Data Analytics.

Within the scope of Personal Development, Digitalization and Data Analytics trainings, we offer trainings on subjects such as strategic thinking, emotional resilience, conflict management, data visualization (Power BI) and data analysis.

All these trainings serve to improve the professional competencies of our employees and to contribute to being more productive and effective.

At Adel Kalemcilik, we believe that leadership allows us to reveal our individual and collective potential and has an invaluable impact on our collaborative successes. In line with this belief, as of 2023, we have supported our colleagues at every level of their leadership journey by providing leadership-focused **“Adel Lead”** trainings to our employees at the expert, manager and director level. We offer three main programs within the scope of Adel Lead trainings: We offer three main programs under the titles of Adel Lead Shine, Adel Lead Discover and Adel Lead Advance.

Our employees who participate in our **Adel Lead Shine** program, which we have developed in cooperation with Bahçeşehir University for our management candidates to discover and develop their leadership potential, are allowed the opportunity to take the first step to shape their future and make a bright start to leadership. This program aims to provide our management candidates the opportunity to discover and develop their leadership potential, enabling them to take an important step in their professional careers.

Adel Lead Discover program, which we have developed in collaboration with Bahçeşehir University in order to raise the awareness of our managers, develop their leadership skills and prepare them for the next step in their career journey, offers our participants the opportunity to reach their potential by deeply exploring leadership. This program aims to contribute to the professional development of our managers by providing them the opportunity to increase their knowledge and skills in leadership.

Within the context of **Adel Lead Advance** training program, aiming our managers to discover their “Value-Oriented and Authentic” leadership styles and allowing them to have team dynamics tools to develop their teams and improve the performance, our colleagues receive both module trainings and one-on-one coaching sessions. Simultaneously with our program, we further prepare and follow the development plans of our colleagues with our assessment center applications. This program aims to help our managers develop their own leadership skills and manage their teams more effectively.

When planning trainings, we prioritize providing trainings that will improve the qualifications and competencies of our employees and transform their behavior. We determine a theme for the relevant year with regard to the trainings provided each year and we offer trainings in accordance with the theme as we move towards the goal we want to reach. The theme for 2023 has been determined as “Leadership” and training programs related to this field have been provided.

For the coming year, we plan to implement projects to create and spread a mentoring culture that will support leadership programs. By adopting a mentoring culture, we aim to further strengthen our employees' leadership skills by encouraging them to share their knowledge and experience. We have further goals for defining professional skill sets and creating functional development and career plans within 2024.

Within the scope of our short-term goals in terms of employment and talent management, we focus on developing the talents of our employees and ensuring that their engagement to our company for a longer period of time. By 2025, we aim to include 50% of our current employees in talent management programs and reduce the employee turnover rate by 20%. In line with these goals, we aim to support the personal and professional development of our employees, strengthen their career paths and increase their satisfaction.

Training and Development Expenses

	2021	2022	2023
Total expenditure on employee training (TRY)	358,088	632,590	1,798,869
Average annual training expenditure per employee (All employees) (TRY)	1,081	1,850	5,184
All expenses on employee development (TRY)	358,088	632,590	1,798,869
Total training hours provided to employees (OHS trainings excluded.)	4,970	3,922	5,268
Average annual training hours per employee (All employees)	15	11	15,18
Training hours to subcontractors' employees throughout the reporting period	240	270	250
Number of employees attending mentoring (1-1 coaching) sessions	0	0	16

At Adel Kalemcilik, we also offer comprehensive trainings to our subcontractors, aiming to provide high quality and safety standards in our business processes. These trainings include occupational safety, environmental awareness, BSCI (Business Social Compliance Initiative) and quality management system.

Occupational safety trainings ensure that our employees and subcontractors are protected from potential hazards in the workplace. Environmental trainings, on the other hand, raise awareness on environmental responsibility and encourage environmentally sensitive working methods. BSCI trainings support our subcontractors to adopt social compliance standards and ethical values, while quality management system trainings aim to continuously improve product and service quality.

Employee Rights and Remuneration

As Adel Kalemçilik, we attach utmost importance to employee rights. We have the BSCI (Business Social Compliance Initiative) certificate and we adopt the highest standards regarding the working conditions and rights of our employees. Corporate Social Responsibility Policy has been prepared to support these standards and is in line with Anadolu Group's work policy.

Our employee rights policy, approved by the senior management of our company, covers our entire value chain. In this context, we elaborate that our employees, as well as our suppliers, customers and business partners, comply with the requirements of this policy.

We follow a comprehensive and detailed policy regarding private health insurance and fringe benefits that we offer to our employees. Our private health insurance, covering our white-collar employees and their spouses, includes various treatment options. We further provide complementary health insurance to our blue-collar employees.

We offer various solutions to meet the transportation needs of our employees. We allocate our employees in Manager and Director roles a company vehicle, and we provide a pool car for our employees who need to be in the field on duty. We provide shuttle service for other personnel.

Our employees receive free consultancy within certain rights from sports trainers through our BeWell platform. We further have a gym in our company that is open to all our employees. Our employees can also benefit from dietician and psychologist for free within certain rights. Within the scope of the provisions of the Labor Law No. 4857, we offer services such as flexible working opportunities, short working hours, and childcare support for parents.

BeWell



BeWell is an employee well-being platform that we launched in 2023 and we are continuously developing thereon. This platform was developed to ensure the holistic well-being of our employees. By offering expert support, events, competitions and comprehensive content through this platform, we provide our employees an environment where they can both socialize with their colleagues and live a healthier and more balanced life. Our employees can participate in various events, clubs and challenges on the BeWell platform; they can consult with experts such as psychologists, dieticians and sports trainers and improve themselves with various programs.

BeWell's main goals include providing a better employee experience, supporting employees in social, physical, emotional and intellectual aspects, increasing internal communication and interaction, taking action by measuring experiences and spreading a culture of appreciation and gratitude. In line with these goals, we collaborate with our strategic partner "Wellbees".

Measurements on the impact of the platform revealed that the vast majority of our employees, with a 93% activity rate, use the platform regularly and benefit from the resources provided. The rate of applying to experts was measured as 12%. We further aim to make our well-being programs more effective by reporting how often our employees read content in which well-being category.



One of the most important steps of talent management is the performance assessment phase. Within the framework of the goal-based management principle, we determine individual goals based on improvement and development covering all employees throughout the company. In line with the objectives of this step where the company goals are determined, we first determine realistic, achievable and development-oriented business and individual development goals by taking the opinions of the employees. Thus, we aim our employees to leave a mark in both business and individual development areas. We apply the performance assessment system to all white-collar personnel once a year. In this process, we assess the performance of each employee in line with specific goals and competencies.

The board of directors and independent groups have a significant role in determining the remuneration policy. We determine the wages of our white-collar employees, according to their positions and within the framework of market research, using international remuneration systems. We make a comprehensive assessment based on market research while developing the remuneration policies.

We then submit the remuneration policy to the approval of the Holding Human Resources Department. At this stage, the Holding Human Resources Management makes the final decisions by obtaining the approval of the senior management. Thus, a fair and competitive remuneration policy is developed taking into consideration both market conditions and the company's strategic goals.

Our policies include fair compensation, appropriate working hours and safe working conditions for employees. In line with our policies, we implement continuous monitoring and evaluation processes to ensure our suppliers and business partners to adopt the same high standards.



Employee Satisfaction

We use a comprehensive suggestion, feedback and complaint management system to ensure and continuously improve employee satisfaction. We operate this system through Anadolu Group's "Bi-Fikir" platform.

Our employees can submit their ideas in the specified categories through the Bi-Fikir system. These ideas are then evaluated by experts in the relevant categories and finalized by company human resources officers. Accordingly we finalize the evaluation of the ideas by also taking the committee opinions.

We offer our employees various mechanisms and tools to convey their complaints about human resources issues. We keep our ethics lines open through the Company Ethics Line, Anadolu Group Ethics Line and an independent company. Our employees can further submit their complaints through complaint boxes in areas with no cameras, based on confidentiality principle.

The complaints submitted by our employees generally cover issues such as working conditions, wages and fringe benefits.

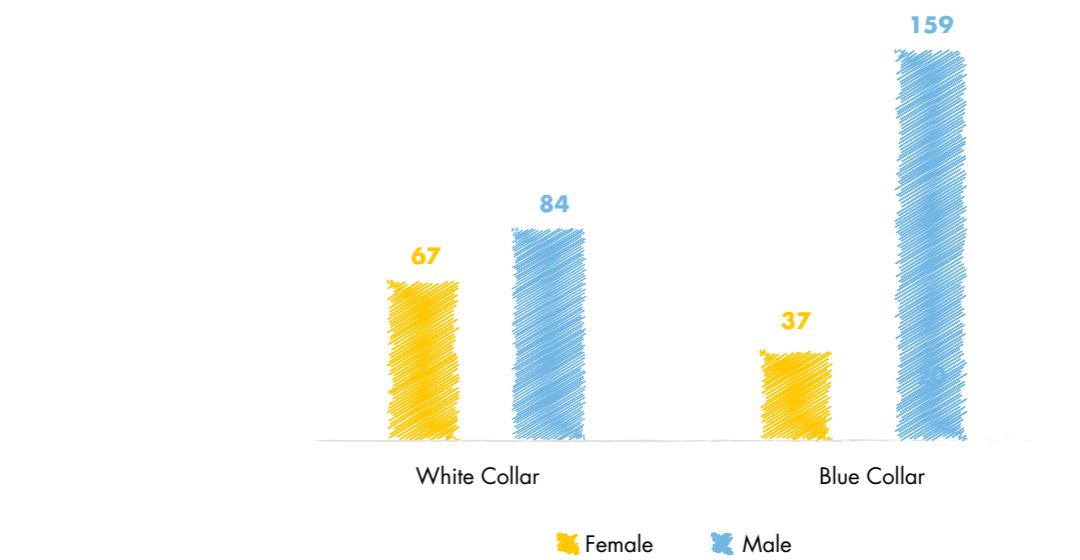
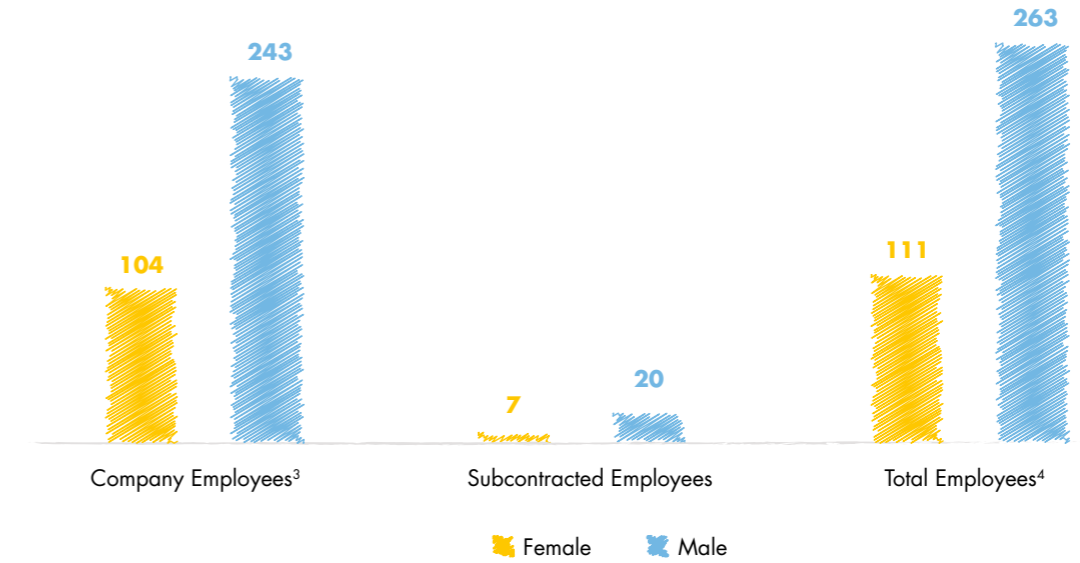
These complaints are evaluated in detail by our relevant business units and we take the necessary actions. Then, we duly inform our employees. Thus, we constantly monitor employee satisfaction and take the necessary measures to improve it. As an indicator of our approach that prioritizes the happiness and satisfaction of our employees, we are proud to announce to have been entitled for the "Happiest Workplace & Exceptional Employee Experience" Awards in 2023.

Suggestions and Complaints	2021	2022	2023
Number of suggestions realized	955	705	1.020
Number of suggestions evaluated before realization	684	476	555

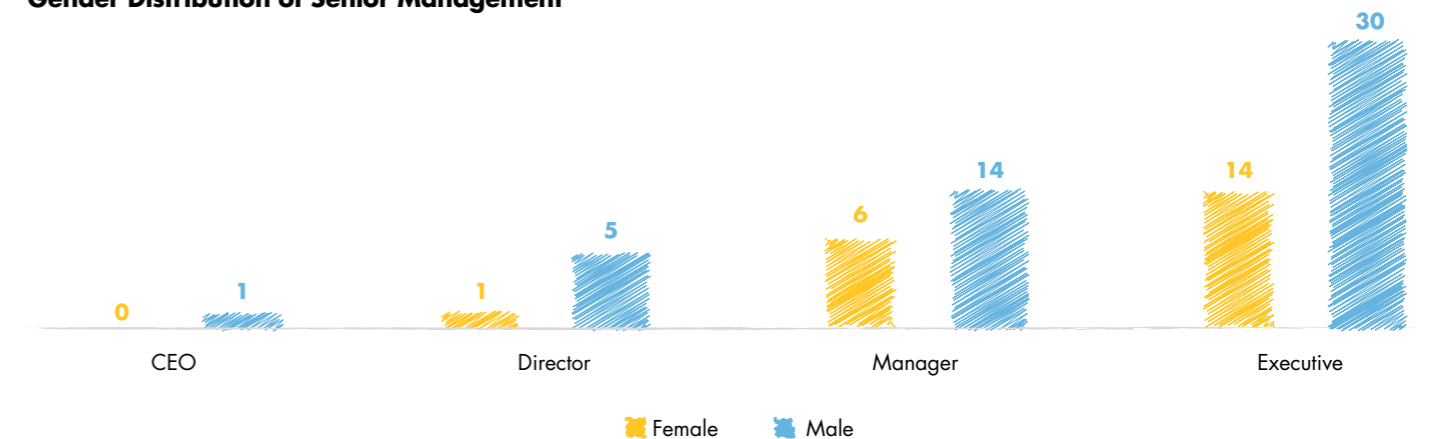
Employee Profile



Employee Demographics



Gender Distribution of Senior Management



³ White-collar and blue-collar employees are included.

⁴ Company employees and subcontracted employees are included.

Equality, Diversity and Inclusion

Within the scope of our [Equal Opportunity Policy](#), we develop various practices in order to create a fair and equal working environment for everyone by adopting the principles of equality, diversity and inclusiveness among our values. Accordingly, we encourage and support the engagement of employees with different cultural, ethnic and gender identities.

We observe significant principles such as equal opportunities, gender equality and fair labor in our recruitment processes. By supporting these approaches with our policies, we ensure every candidate to be evaluated under equal conditions in the recruitment process. We aim to create an egalitarian and inclusive work environment, and we implement fair and transparent recruitment practices that are necessary for all our employees to use their potential at the highest level.

In this context, we give a booklet titled 'Gender Equality Sensitive Language Guide' to our colleagues and newly recruited employees within the welcome kit, thereby encourage the use of a language supporting gender equality in internal communication.

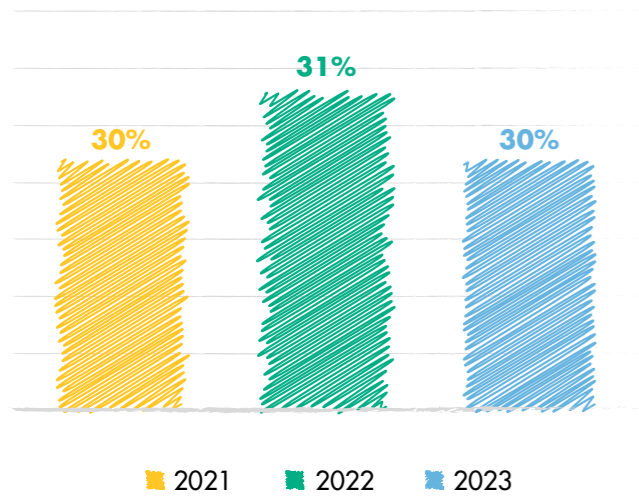
We meticulously manage our internal promotion system. Within our organizational hierarchy, we create progression plans for our employees in accordance with their seniority or roles and offer them promotion opportunities in line with these plans. We support the career development of our employees by supporting internal promotion and encourage the promotion of our current employees instead of external recruitment.

We are committed to promoting equality, diversity and inclusiveness in the workplace and making tangible progress in these areas. 28% of our current employees and employees in managerial positions are women. In order to increase these rates and ensure a more balanced gender representation in our workplace, we have set concrete goals to increase the female labor force participation rate to 35% by the end of 2025 and to increase the female labor force participation rate to 45% and to have 35% of managerial positions comprised of women employees by the end of 2030.

In line with these goals, we aim to publish a gender equality policy to inform and raise awareness of all our employees and stakeholders. Being a signatory to the United Nations Women's Empowerment Principles (WEPs) by 2030, we will reinforce our commitment to gender equality on a global scale.

Wage and compensation ratio between women and men in each employee category, by specific location of operations (%)	2021	2022	2023
Senior	89	106	102
MidLevel	112	121	112
Administrative	111	110	114
Blue Collar	99	98	98

Percentage of Female Managers⁵



⁵ CEO, deputy general manager and manager levels are included.



Occupational Health and Safety

As Adel Kalemçilik, we consider improving our business processes by controlling our impacts on occupational health and safety as one of our basic principles. Thus we are committed to fully comply with ISO 45001 standards and to ensure continuous improvement.

As we proceed in line with our occupational safety procedure, we further audit the process with our Occupational Health and Safety Board, which meets at least every two months. We carry out risk assessment processes in collaboration with OHS professionals, department heads and employees. We use the Fine-Kinney method in the risk assessment process and score risks according to probability, severity and frequency scores. These assessments guide our occupational health and safety practices and help to determine the necessary actions.

Thanks to **“Near-Miss Incident and Hazard Notification”** application, our employees have the opportunity to report any near-miss incidents along with dangerous situations and behavior detected at the work site. These notifications are evaluated in detail by our occupational safety experts and recorded in the OHS Risk Assessment Table, and the necessary actions are meticulously followed.

As Adel Kalemçilik, we prioritize the occupational health and safety of our employees and attach utmost importance to strengthening the occupational health services provided in our workplace. For this purpose, we employ a full-time workplace physician and two full-time workplace nurses who work on shifts. We further offer our employees Private Health Insurance and Supplementary Health Insurance to meet their non-occupational medical and health needs.

While private insurance opportunities help our employees meet their health needs, our policies such as the Occupational Health and Safety (OHS) Procedure and Health Surveillance Procedure contribute to our goal of protecting the occupational health and safety of our employees.

In line with our vision of achieving zero occupational accidents and diseases, we consider it our top priority to provide the safest working environment for our employees, contractors and visitors. While our Board of Directors determines strategic decisions on occupational health and safety issues, our CEO and senior management undertake the task of implementing and executing these strategies. Occupational Health and Safety business unit further coordinates these practices under the umbrella of the Human Resources Directorate.

The Sustainability Committee, constituted in 2015, plays a critical role in addressing occupational health and safety issues from an interdisciplinary perspective. Targets and performance indicators are determined within this committee and reported to the senior management through internal audit mechanisms.

As Adel Kalemçilik, we are well aware of our corporate responsibility regarding occupational health and safety (OHS) and we have adopted the mission of making continuous improvements in this area. In our Occupational Health and Safety Board, we hold meetings with broad participation including 11 permanent members, 4 of whom are employee representatives, and representatives from each department. In line with our transparency principle, we disclose the board's decisions to our employees and business partners.

We aim to create a safer and healthier working environment with the 4,613 person*hour OHS trainings provided to our employees in 2023. In addition to trainings, our risk assessment, continuous monitoring and internal-external audit activities also contribute to the continuous improvement of our OHS performance.

We immediately intervene in undesired accidents and conduct comprehensive assessments to prevent the recurrence of similar situations and share the results with our employees and organize additional trainings on the relevant risks. In order to prevent possible accidents that may occur during the use of construction equipment, we use various technical applications (machine guards, two-hand controls, light barriers, warning-alert markers etc.) in addition to trainings. We implement solutions such as carrying and lifting equipment, crane systems, ergonomic office materials and local suction systems to minimize ergonomic problems and occupational disease risks. We analyze possible exposures with workplace hygiene measurements and continuously improve working environments.

Being aware of the importance of emergency management, we have placed eye and body showers in our production areas and first aid kits in strategic locations. We have taken precautions such as extra grounding procedures to combat static electricity along with fire detectors and automatic fire extinguishing systems to combat fire risk. In line with our short-term goals, we aim to reduce occupational accident rates by 20% until 2025, by 50% in the medium term until 2030, and to decrease to zero by 2050 in the long term.

OHS Performance Indicators	2021	2022	2023
Number of Workplace Accidents	14	17	50
Number of Workplace Accidents with Man-Days Lost	4	11	13
Man-Days Lost	18	30	50
Total Working Hours	1,183,920	923,299	856,087
Fatal Workplace Accidents	0	0	0

Workplace Accident Statistics	2021	2022	2023
Severity Rate of Workplace Accidents with Man-Days Lost (How many man-days are lost due to work accidents in 1,000,000 hours worked)	0.02	0.03	0.06
Severity Rate of Workplace Accidents with Man-Hours Lost (How many man-hours are lost due to work accidents in 100 hours worked) Lost Time Injury Frequency Rate= (Number of lost time injuries/ Total hours worked) * 1,000,000	3.38	11.91	15.19
Work Accident Frequency Rate (including those without man-days lost) (Total number of accidents/Total working hours) * 1,000,000	11.83	18.41	33.87

* Accidents outside work hours (football tournament injuries etc.) are not included in our work accident statistics.



Social Benefit and Social Responsibility

As Adel Kalemcilik, we have focused not only on economic performance but also on social and environmental benefits since the date of our incorporation. We have adopted the mission of contributing to our stakeholders and to the broader sense of the society with sustainable projects. In line with the “goodness” value that is at the core of our corporate philosophy, we prioritize the areas of Climate Action and Quality Education in line with the United Nations’ 2030 goals. In this context, we meet the educational needs of young people and children and encourage environmental sustainability with our “Goodness Tree” Corporate Social Responsibility Framework.

Activities Undertaken within “Goodness Tree” Corporate Social Responsibility Framework:



Creative Brain Workshop

We continued in 2023 the Creative Children’s Creative Brain Workshops, which we initiated in 2012 in collaboration with ÖRAV, in pursuit of our objective of becoming a “Consulted Company in Education.” Through the workshops organized, we trained approximately 9 thousand teachers by the end of 2023 and contributed to the creative development of thousands of children. As Adel Kalemcilik, we will keep reaching out to more teachers and students in Türkiye by focusing on innovative education services in the future.



1500Kelime.com

Since 2020, we have been focusing on preschool education, which is the most critical and formative period of child development; in 2021, we launched our multidisciplinary education platform called 1500Kelime.com. Our platform has been awarded 11 times by national and international prestigious industrial organizations.

Considering Türkiye’s lower PISA scores compared to the OECD average, deficiencies in schooling rates between the ages of 3-5, and the 25 percent decrease in the number of preschool students, this project focuses on developing pedagogical instruments that will make it easier for parents to spend quality time with their children. This project, prepared based on the Ministry of National Education’s “Concepts in Preschool Education”, aims to contribute to children’s education by using storytelling and gamification techniques.



Education Support for the Community

Under the auspices of Goodness Tree Corporate Social Responsibility, we provided stationery products and toys to nearly 50 thousand children living in village schools, tent cities and neighborhoods in 20 provinces, including the provinces affected by the earthquake, during the 2022-2023 school year, in collaboration with Gıda Kurtarma Derneği (Food Recovery Association). Through the AKUT Search and Rescue Association, we provided nearly 20 thousand stationery products and toys for children living in the earthquake zone.

In light of such projects, we aim to allocate 1% of our annual income to social projects by the end of 2025 and to establish mechanisms to further monitor and evaluate the impacts of these projects. In the medium term, we plan to strengthen these mechanisms by increasing the allocated income to 3% by 2030. In the long term, we aim to allocate 5% of our annual income to social projects by 2050 to ensure that these projects provide social and economic sustainability.

As Adel Kalemcilik, we consider creating value for society and the industry as one of our fundamental responsibilities. For this reason, in line with our value of “goodness”, we conduct all our business activities with a sense of social responsibility. By adopting this understanding at every level of our company, we emphasize the importance of corporate social responsibility in a wider value chain from our employees to customers and suppliers.

In this context, we have completed our preparations for the **Amfori BSCI (Business Social Compliance Initiative)** audit in 2021 in order to ensure sustainable and high working conditions based on local laws, ILO labor standards and important international regulations such as the United Nations Convention on Human Rights and to promote the supply chain. As of 2022, we have duly complied with the rules of conduct required by BSCI and we were awarded the **“BSCI Compliance Certificate”**.

Throughout this process, we received an A grade in the categories of Engagement and Protection of Employees, Right to Union and Collective Bargaining, Prohibition of Discrimination, Fair Remuneration, Considerate Working Hours, Occupational Health and Safety, Prohibition of Child Labor, Special Protection for Young Workers, Prohibition of Temporary Employment, Prohibition of Bonded Labor, Protection of the Environment and Ethical Business Conduct. We aim to take the necessary actions by making the necessary plans to improve the C grade we received in the Social Management System category.





7. Annexes

ANNEXES



Performance Indicators

Economic and Operational Indicators

Economic and Administrative Performance (million TRY) ⁶	2022	2023
Net Sales	1,675	2,262
Gross Profit	422	1,056
EBITDA	127	508
Net Income/(Loss)	-19	436
Net Working Capital	503	534
Net Financial Liabilities	395	187
Free Cash Flow	-112	107
Gross Profit Margin	25%	47%
EBITDA Margin	8%	22%
Net Profit Margin	-1%	19%

⁶ Financial Figures of years 2022 and 2023, subjected to Inflation Accounting. The Capital Markets Board has decided to apply inflation accounting, via the provisions of TMS 29, starting from the annual financial reports of the fiscal periods ending on or after 31.12.2023. For this reason, economic financial indicators for 2021 have not been included. All figures and tables in this report reflect the impact of IFRS 16.

Value Chain	2021	2022	2023
Total number of Suppliers	840	931	1,017
Total Domestic Suppliers	761	850	925
Domestic suppliers' percentage (%)	91	91	91
Total Payments to Suppliers (TRY) ⁷	346,282,323	767,087,166	1,133,697,924
Total Payments to Domestic Suppliers (TRY)	219,291,711	510,058,497	737,309,505
Percentage of payments made to domestic suppliers among total suppliers (%)	63	66	65
Number of suppliers audited under environmental and social criteria	0	14	0
Total number of customers	-	-	394

Anti-Corruption	2022	2023
Number of employees trained on anti-corruption and bribery	385	327
Total training hours provided on anti-corruption and bribery	770	981
Number of managers trained on anti-corruption and bribery	91	25
Number of suppliers trained on anti-corruption and bribery	111	-
Total training hours provided to suppliers on anti-corruption and bribery	22	-

Non-compliance	2023
Number of fines imposed for non-compliance with laws and regulations in the reporting period	53
Total amount of fines imposed for non-compliance with laws and regulations in the reporting period (TRY)	6,732,636

⁷ Payments to all SA groups are taken into account. (Raw Material & Packaging & Commercial Product & Indirect). Indirect is included.

Social Indicators

Employee Demographics	2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of white-collar employees	65	93	158	70	97	167	67	84	151
Number of blue-collar employees	27	146	173	30	159	189	37	159	196
Number of total employees ⁸	92	239	331	100	256	356	104	243	347
Subcontracted employees by gender	13	24	37	8	19	27	7	20	27

Employee Demographics	2021	2022	2023
Full time white collar employee	158	167	151
Part time white collar employee	0	10	0
Full time blue collar employee	173	189	196
Part time blue collar employee	0	13	0
Number of unionized employees	173	189	196
Percentage of unionized employees	52%	50%	56%
Number of employees covered by the Collective Bargaining Agreement	173	189	196
Number of employees who served in labor unions during the reporting period	3	3	3
Number of employees who served in employer unions during the reporting period	0	0	0

Disabled Employees by Gender	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Disabled employees by gender	6	4	6	4	5	5
Minimum number of disabled employees that should be employed as per the law	10	10	10	10	5	5
Percentage of disabled employees(%)	3		3		3	

⁸ White-collar and blue-collar employees are included.

Age Groups of New Recruited Personnel	2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
< 30 years	4	4	8	9	20	29	7	44	51
30 to 50 years (including those aged 30 and 50)	5	9	14	10	22	32	10	30	40
> 50 years	0	0	0	0	0	0	0	0	0

Newly Recruited Female labor force	2021	2022	2023
Newly Recruited Female labor force	9	19	17
Percentage of Newly Recruited Female labor (%)	69	45	23

Recruitment	2021	2022	2023
All Posts	34	52	39
Number of female employees at entry/beginner level (1 st level)	5	8	8
Number of male employees at entry/beginner level (1 st level)	6	12	18
Number of open positions filled by women	11	23	11
Number of open positions filled by men	13	29	21
Number of open positions filled by women employees within the company	2	0	4
Number of open positions filled by male employees within the company	0	0	1

Working Hours	2021	2022	2023
Total working hours in the reporting year according to the scorecard calculation	837,990	1,034,865	786,996
Total working days in the reporting year according to the scorecard calculation	98,604	137,982	87,444
Total working hours of the subcontracted employees in the reporting year according to the scorecard calculation	81,912	72,090	60,750
Total working days of the subcontracted employees in the reporting year according to the scorecard calculation	10,212	9,612	8,100

Total number of employees Quitting Jobs and Quitting Rate	2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
< 30 years	1	1	2	6	9	15	6	22	28
30 to 50 years (including those aged 30 and 50)	10	16	26	11	20	31	20	79	99
> 50 years	1	2	3	0	3	3	2	6	8

Employees by Employment Duration	2023		
	Female	Male	Total
Working for 0-5 years	59	126	185
Working for 5-10 years	31	56	87
Working for 10 years and more	8	67	75
Average length of service of employees (years)	5.61	5.2	4.8

Level	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Manager	14	26	20	37	14	30
Director	5	16	5	18	6	14
Executive Director	1	6	2	6	1	5
General Manager	1	-	1	-	-	1

Number of Board Members	2023	
	Female	Male
Number of Board Members	1	12
Number of Audit Committee Members	0	2
Number of Executive Committee Members	0	0

Compensation of Board Members	2023
Total compensation paid to all senior executives	103,367,874
Total compensation of non-executive board members	2,350,190

Remuneration	2021	2022	2023
The ratio of the salary of the highest-paid person to the salary paid to the average employee excluding him/her (%)	17.78	18.09	14.37
Percentage increase in the annual total compensation of the highest-paid employee of the organization and the average wage increase rate applied to all employees except him/her	The highest-paid employee's wage increase rate is 16%, the other employees' wage increase rate is 17.5%	The highest-paid employee's wage increase rate is 78%, the other employees' wage increase rate is 76%	The highest-paid employee's wage increase rate is 95%, the other employees' wage increase rate is 115%
CEO's total compensation (or highest paid employee) to company average wage ratio	17.78	18.09	14.37
CEO's total compensation (or highest paid employee) to fringe benefits ratio	2.01	2.47	2.76
What is the average ratio of women's base salary to men's during the reporting period? (%)	97	115	102

Entry Level Compensation	2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Ratio of entry-level standard wages to local minimum wage with gender breakdown	123%	123%	123%	110%	110%	110%	134%	134%	134%

Wage and compensation ratio between women and men in each employee category, by specific location of operations (%)	2021	2022	2023
Senior	89	106	102
Mid-Level	112	121	112
Administrative	111	110	114
Blue Collar	99	98	98

Other Gender Equality Indicators	2023	
	Female	Male
First level managerial positions	14	30
Senior managerial positions	0	2
Level C (Executive) managers	0	0
No managerial roles (You can calculate it by subtracting all female employees and male employees with managerial titles)	77	199
Number of employees in revenue-generating functions	23	49
Number of employees in STEM and related positions	13	17

Maternity/Parental Leave	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of employees taking maternity/parental leave	3	18	4	10	0	7
Number of female employees returning job after the maternity/parental leave ends	3	0	4	0	2	0
Number of employees returning job after the maternity/parental leave and continue to work at least for 12 months	3	18	4	10	2	7
Number of employees receiving nursery services or financial support	0	0	0	0	0	0

Employee Assessment	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of employees systematically measured for their progress in achieving the goals by their senior managers ⁹	62	86	70	98	58	82
Percentage of employees systematically measured for their progress in achieving the goals by their senior managers (%)	100	100	100	100	100	88
Number of employees promoted	5	6	13	12	5	3

⁹ The performance evaluation system is implemented exclusively for white-collar employees.

Employee Satisfaction	2021	2022	2023
Number of employees participated in the employee satisfaction survey	-	301	-
Employee satisfaction score	-	57.7	-
Employee motivation score	-	75.9	76.9
Number of employees participated in the employee engagement survey	-	301	280
Percentage of employees participated in the employee engagement survey (%)	-	93	83
Employee engagement score (%)	-	67	67.8
Employee turnover (%) - Blue-collar	1	1	1
Employee turnover (%) - White-collar	10	13	9
Job leaver turnover (%) - Females	1.2	2.1	1
Employee turnover (%) - Male	3.8	3.9	2.9

Training and Development Performance Indicators	2021	2022	2023
Total expenditure on employee training (TRY)	358,088	632,590	1,798,869
Annual average training expenditure per employee (All employees) (TRY)	1,081	1,850	5,184
Total expenses for employee development (TRY)	358,088	632,590	1,798,869
Total training hours provided to employees (Excludes OHS training)	4,970	3,922	5,268
Annual average training hours per employee (All employees)	15	11	15,18
Training hours provided to subcontracted employees during the reporting period	240	270	250
Number of Employees Receiving Mentoring (One-on-One Coaching Sessions)	0	0	16

OHS Data	2021	2022	2023
Number of Workplace Accidents	14	17	50
Number of Workplace Accidents with Man-Days Lost	4	11	13
Man-Days Lost	18	30	50
Total Working Hours	1,183,920	923,299	856,087
Fatal Workplace Accidents	0	0	0

Workplace Accident Statistics	2021	2022	2023
Severity Rate of Workplace Accidents with Man-Days Lost (How many man-days are lost due to work accidents in 1,000,000 hours worked)	0.02	0.03	0.06
Severity Rate of Workplace Accidents with Man-Hours Lost (How many man-hours are lost due to work accidents in 100 hours worked)	3.38	11.91	15.19
Lost Time Injury Frequency Rate= (Number of lost time injuries/ Total hours worked) * 1,000,000			
Work Accident Frequency Rate (including those without man-days lost) (Total number of accidents/Total working hours) * 1,000,000	11.83	18.41	33.87

* Accidents outside work hours (football tournament injuries etc.) are not included in our work accident statistics.

Distribution of Work Accidents in 2021 by Employee Status

Distribution of Work Accidents	Temporary	Permanent	Subcontracted	Intern	Total
Major	0	2	1	0	3
Minor	0	9	2	0	11
Non-Work Accidents	0	0	0	0	0

Distribution of Work Accidents in 2022 by Employee Status

Distribution of Work Accidents	Temporary	Permanent	Subcontracted	Intern	Total
Major	0	2	0	0	2
Minor	3	11	0	0	14
Non-Work Accidents	0	1	0	0	1

Distribution of Work Accidents in 2023 by Employee Status

Distribution of Work Accidents	Temporary	Permanent	Subcontracted	Intern	Total
Major		6	1		7
Minor	2	16	3	1	22
Non-Work Accidents	2	19			21

Environmental Indicators

Energy Consumption Figures (GJ)	2021	2022	2023
Total Energy Consumption	46,107	46,736	52,360
Non-Renewable Energy Consumption	35,449	36,473	38,405
Renewable Energy Consumption	11,768	10,873	15,199
Natural gas	17,974	16,030	17,691
Power	17,474	20,443	20,714
Energy Intensity (GJ/Total Number of Employees)	139.3	131.3	150.9

Emissions (tCO ₂ e)	2021	2022	2023
Scope 1	2,694	-	1,563
Scope 2	2,270	-	2,741
Scope 3	15,432	-	20,625

Air Emissions (kg/year)	2021	2022	2023
NO _x	21,268	20,281	22,560
SO _x	1,108	1,057	1,176
Volatile Organic Compounds (VOC)	44,812	42,731	47,533
Particulate matter (PM)	71,985	4,572	5,068

Hazardous Wastes Disposed (tons)	2021	2022	2023
Amount burned (not for energy generation)	0.008	0.009	0.004
Amount recovered for energy generation	250.481	303.34	282
Amount of hazardous waste disposed off-campus	250.481	303.34	282
Amount of hazardous waste recycled off-campus	12.66	0.648	13.2

Non-Hazardous Wastes Disposed (tons)	2021	2022	2023
Amount recovered for energy generation (non-hazardous)	28.73	29.293	30.55

Non-Hazardous Wastes Recycled (tons)	2021	2022	2023
Recycled Non-Hazardous Wastes	251	197.3	307.15

Recycled Non-Hazardous Waste Rate (%)	2021	2022	2023
Recycled Non-Hazardous Wastes	48	32	53

Year	2021	2022	2023
Water Consumption (m ³)	20,394	26,603	26,341

Management Systems and Environmental Training	2021	2022	2023
Number of facilities certified with ISO 14001	1	1	1
Number of employees in offices/facilities certified with ISO 14001	350	422	378
Number of employees covered by ISO 14001 certification	100	100	100

Environmental Training	2021	2022	2023
Number of Employees	217	178	540
Training hours per employee	279	972	810
Number of Subcontracted Employees	-	4	-
Training hours for Subcontracted Employees	-	8	-

Environmental Investments and Expenditures (TRY)	2021	2022	2023
Total Environmental Investments and Expenditures	1,814,872	2,422,227	13,190,781
Measurement and analysis costs	5,400	86,845	8,357,169
Disposal costs	207,976	318,465	989,971
Chemical material expenses	31,000	73,111	78,524
Staff expenses	949,669	1,549,206	1,233,710
Certification and permission expenses	14,895	8,000	63,642
Consultancy and training expenses	16,340	21,600	682,585
Cost of energy efficiency investments	306,000	-	-
Maintenance and repair expenses	250,000	-	244,680
Amount of financial savings achieved through environmental investments and expenditures	33,592	-	-
Others ¹⁰	-	365,000	1,540,500

Energy Costs (TRY)	2021	2022	2023
Total costs due to energy consumption	4,065,843	24,975,912	40,933,985

Environmental Products and Services	2021	2022	2023
Percentage of wood or forest products labeled (FSC® (C130058) Certified, %) out of total wood or forestry products	100	100	100

¹⁰ The Wet Chimney Filter System and the Continuous Wastewater Monitoring System (SAIS) applications are included under the "Other Expenses" category.

SDG Index

Contributed SDG	Related Projects/Actions	Material Issue	Related Issue Title
	<p>Our approach to clean business ethics and combating corruption contributes to the fair distribution of resources.</p> <p>Within the scope of our "İyilik Ağacı" project, in collaboration with Fazla ve Gıda Kurtarma Association during the 2022-2023 academic year, we provided stationery supplies and toys to approximately 50,000 children living in rural schools, tent cities, and neighborhoods across 20 provinces, including those affected by the earthquake. Additionally, through the Search and Rescue Association (AKUT), we are contributing to the fight against poverty by supplying nearly 20,000 stationery items and toys to children in earthquake-affected areas.</p>	<ul style="list-style-type: none"> Human Rights Societal Community Benefit and Social Impact Equal Opportunity 	<p>Business Ethics and Human Rights</p> <p>Social Benefit and Social Responsibility</p>
	<p>Product safety and quality control are fundamental elements for protecting our customers' health. Each product is tested to ensure compliance with legal regulations and safety for children's use.</p> <p>To protect health and well-being in the workplace, we contribute to this goal through the 'Near Miss Incident and Hazard Reporting' system, implemented to identify hazards in advance and prevent potential accidents or health issues.</p>	<ul style="list-style-type: none"> Occupational Health and Safety Product Quality and Regulatory Compliance 	<p>Product Quality and Regulatory Compliance</p> <p>Occupational Health and Safety</p>
	<p>Under the scope of "İyilik Ağacı", our 'Creative Mind Training Workshop' allows us to take a significant step in quality education. By training nearly 9,000 teachers, we contribute to thousands of children developing their creativity.</p> <p>Through our multidisciplinary educational platform 1500kelime.com, we emphasize the critical importance of early childhood education and support children's learning.</p>	<ul style="list-style-type: none"> Societal Community Benefit and Social Impact Equal Opportunity 	<p>Social Benefit and Social Responsibility</p>
	<p>We are working to increase the ratio of women employees and ensure female representation in senior management to achieve a more balanced gender representation.</p> <p>Under our priority topic of Equal Opportunity, we have set goals to promote Gender Equality.</p> <p>As of 2024, the appointment of the first female member to our Board of Directors strengthens our commitment to equal opportunity.</p>	<ul style="list-style-type: none"> Equal Opportunity 	<p>Equality, Diversity and Inclusion</p>

Contributed SDG	Related Projects/Actions	Material Issue	Related Issue Title
	<p>We provide all our employees with reliable and accessible clean water sources. Additionally, we regularly monitor the quality and quantity of wastewater.</p> <p>In our facility, customized treatment methods are applied for different types of wastewater.</p> <p>Rainwater is collected separately within the facility and used for garden irrigation and fire lines.</p> <p>We contribute to water efficiency by using sensor-activated faucets.</p>	<ul style="list-style-type: none"> Water and Wastewater Management Climate Crisis 	<p>Water and Wastewater Management</p>
	<p>We comply with ISO 50001 Energy Management System standards.</p> <p>Through Energy Efficiency Projects, we achieve significant savings, including:</p> <ul style="list-style-type: none"> * LED transformation and sensor application in raw material storage areas, * Optimization of the chip boiler chimney, * Freecooling chiller application for injection cooling water, * Softstarter application for chip fans. 	<ul style="list-style-type: none"> Energy Management Climate Crisis 	<p>Energy Management</p>
	<p>Our principles of business ethics and anti-corruption efforts reflect our commitment to respecting human rights and ensuring fair working conditions.</p> <p>When selecting suppliers, we prioritize sustainability principles, promote fair labor practices, and aim to contribute to local economies.</p> <p>Our national and international collaborations within the scope of R&D and innovation contribute to economic growth and focus on strengthening the local economy by utilizing local resources.</p> <p>Compliance with ISO 45001 standards, occupational health and safety procedures, and regular meetings of the Occupational Health and Safety Committee directly support our goals in this area.</p>	<ul style="list-style-type: none"> Economic Performance and Creating Value Supply Chain Management Occupational Health and Safety 	<p>Business Ethics and Human Rights</p> <p>Supply Chain Management</p> <p>R&D, Innovation and Digitalization</p> <p>Occupational Health and Safety</p>

Contributed SDG	Related Projects/Actions	Material Issue	Related Issue Title
	<p>We continue our efforts in continuous improvement and innovation to ensure product quality and customer satisfaction. Technological advancements and infrastructure investments enhance the quality of our products while making our customer service more effective. Each year, we allocate approximately 1 million TRY in our budget for product safety and quality testing.</p> <p>From 2020 to 2023, we made significant investments in our technological infrastructure.</p> <p>Our R&D Center has been operational since 2019. Since its establishment, we have been awarded 10 national and 6 international patents as part of our efforts to develop innovative products and methods.</p>	<ul style="list-style-type: none"> Product Quality and Regulatory Compliance R&D, Innovation and Digitalization 	<p>Customer Management</p> <p>Information Security</p> <p>R&D, Innovation and Digitalization</p>
	<p>Our platform, 1500Kelime.com, aligns with the goal of creating equal opportunities in early childhood education.</p> <p>Our quality management system aims to ensure that our products are manufactured to the highest standards and guarantee customer safety. Our products are certified with Turkish Standards Compliance Certificates and European Union Toy Directive certifications.</p> <p>Our customer portfolio caters to diverse groups. By offering customized products and training sessions tailored to customer needs, we contribute to reducing social inequalities.</p>	<ul style="list-style-type: none"> Equal Opportunity Product Quality and Compliance with Applicable Legislation Customer Management 	<p>Social Benefit and Social Responsibility</p> <p>Product Quality and Regulatory Compliance</p> <p>Customer Management</p>
	<p>We minimize the use of natural resources by using FSC® (C130058) Certified wood.</p> <p>In all stages from the design and production of our products to their delivery to consumers, we adhere to sustainability standards, including sensitivity to environmental impacts.</p>	<ul style="list-style-type: none"> Sustainable Product and Raw Material Management Product Quality and Regulatory Compliance 	<p>Sustainable Product and Raw Material Management</p> <p>Product Quality and Regulatory Compliance</p>
	<p>We comply with ISO 14001 Environmental Management System and ISO 50001 Energy Management System standards.</p> <p>We also monitor our carbon footprint measurements</p>	<ul style="list-style-type: none"> Climate Crisis Greenhouse Gas Emissions 	<p>For a Greener Future: Our Environmental Impact and Environmental Management</p> <p>Climate Crisis and Greenhouse Gas Emission Management</p>
	<p>With the "Anadolu Mirası" Pencil series, we draw attention to endangered species and raise biodiversity awareness among school-aged children.</p>	<ul style="list-style-type: none"> Climate Crisis Biodiversity 	<p>Biodiversity</p>

Contributed SDG	Related Projects/Actions	Material Issue	Related Issue Title
	<p>We reduce the risk of harming seas and oceans by limiting the use of harmful chemicals in the production and packaging of our products. We strive to promote the selection of eco-friendly products.</p> <p>With the "Anadolu Mirası" Pencil series, we highlight endangered species and enhance biodiversity awareness among school-aged children.</p> <p>We minimize the use of natural resources by using FSC® (C130058) Certified wood.</p> <p>In product manufacturing, we use eco-friendly materials, limit harmful chemicals, and embrace sustainability principles.</p> <p>Our core principles include avoiding the construction of facilities in areas of high biodiversity value and protecting forests.</p>	<ul style="list-style-type: none"> Climate Crisis Biodiversity Product Quality and Regulatory Compliance Sustainable Product and Raw Material Management 	<p>Product Quality and Regulatory Compliance</p> <p>Biodiversity</p> <p>Sustainable Product and Raw Material Management</p>
	<p>With the Adel Kalemçilik Ethical Principles, Ethics Committee, and Ethics Hotline, we contribute to business ethics, anti-corruption, the creation of strong institutions, and the upholding of the rule of law.</p> <p>We fully comply with international human rights standards, such as the UN Universal Declaration of Human Rights and ILO Directives.</p> <p>We guarantee that employees who report ethical violations will not face retaliation and actively support their rights to organize and engage in collective bargaining.</p> <p>Our ISO 27001 Information Security Management System Certification reflects our commitment to information security and data protection.</p> <p>Through ethical supplier selection and employee satisfaction, we strengthen our institution and promote the development of peaceful and inclusive societies.</p> <p>With the Social Compliance Initiative, we aim to improve business processes by ensuring compliance with laws and ethical standards.</p>	<ul style="list-style-type: none"> Supply Chain Management Equal Opportunity Stakeholder Interactions Societal Community Benefit and Social Impact 	<p>Business Ethics and Human Rights</p> <p>Information Security</p> <p>Supply Chain Management</p> <p>Social Benefit and Social Responsibility</p>
	<p>In line with our customer satisfaction and sustainability goals, we develop collaborations and partnerships with our customers, distributors, and retailers.</p> <p>Our memberships in the European Pencil Manufacturers Association (EPMA) and the European Writing Instrument Manufacturers Association (EWIMA) reflect our commitment to promoting sustainability through international collaboration. We lead our sector in compliance with standards and regulations.</p> <p>Through active partnerships with our stakeholders, we develop social responsibility projects that add value to society.</p>	<ul style="list-style-type: none"> Customer Management Stakeholder Interactions Societal Community Benefit and Social Impact 	<p>Product Quality and Regulatory Compliance</p> <p>Equality, Diversity and Inclusion</p>

GRI Content Index

As part of the Content Index – Essentials Service, GRI Services reviewed the GRI content index to confirm that it was presented in accordance with the reporting requirements of the GRI Standards and that the information in the index was clearly disclosed and accessible to stakeholders. The service was provided based on the Turkish version of the report.

STATEMENT OF USE	Adel Kalemcilik Tic. Ve San. A.Ş. has reported the information cited in this GRI content index for the period January 1 - December 31, 2023 with reference to the GRI Standards.
GRI 1 USED	GRI 1: Foundation 2021
GRI SECTOR STANDARDS	-

GRI STANDARD	DISCLOSURE	PAGE NUMBER, SOURCE, AND/OR DIRECT RESPONSES
GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021	2-1 Organizational details	Corporate Profile
	2-2 Entities included in the organization's sustainability reporting	About the Report
	2-3 Reporting period, frequency and contact point	About the Report
	2-4 Restatements of information	About the Report
	2-5 External assurance	No external audit was conducted within the scope of the report.
	2-6 Activities, value chain and other business relationships	About Adel Kalemcilik
	2-7 Employees	Social Indicators
	2-8 Workers who are not employees	Social Indicators
	2-9 Governance structure and composition	Corporate Governance
	2-10 Nomination and selection of the highest governance body	Corporate Governance Structure
	2-11 Chair of the highest governance body	Corporate Governance Structure
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Structure Sustainability Governance
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Structure Sustainability Governance
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance
	2-15 Conflicts of interest	Business Ethics and Human Rights

GRI STANDARD	DISCLOSURE	PAGE NUMBER, SOURCE, AND/OR DIRECT RESPONSES
GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Sustainability Governance
	2-17 Collective knowledge of the highest governance body	CEO Message Sustainability Governance
	2-18 Evaluation of the performance of the highest governance body	Employment and Talent Management
	2-19 Remuneration policies	Employment and Talent Management
	2-20 Process to determine remuneration	Employment and Talent Management
	2-21 Annual total compensation ratio	Social Indicators
	2-22 Statement on sustainable development strategy	CEO Message Our Strategy, Material Issues and Related Goals
	2-23 Policy commitments	Business Ethics and Human Rights Sustainability Governance Information Security Customer Management For a Greener Future: Our Environmental Impact and Environmental Management Employment and Talent Management Equality, Diversity and Inclusion Occupational Health and Safety
	2-24 Embedding policy commitments	Business Ethics and Human Rights Sustainability Governance Information Security Customer Management For a Greener Future: Our Environmental Impact and Environmental Management Employment and Talent Management Equality, Diversity and Inclusion Occupational Health and Safety
	2-25 Processes to remediate negative impacts	Business Ethics and Human Rights
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics and Human Rights
	2-27 Compliance with laws and regulations	Business Ethics and Human Rights
	2-28 Membership associations	Sustainability Governance
	2-29 Approach to stakeholder engagement	Sustainability Governance
	2-30 Collective bargaining agreements	Business Ethics and Human Rights Social Indicators

Material Topics		
GRI STANDARD	DISCLOSURE	PAGE NUMBER, SOURCE, AND/OR DIRECT RESPONSES
GRI 3: Material Topics 2021		
MATERIAL TOPICS		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our Strategy, Material Issues and Related Goals
	3-2 List of material topics	Material Issues List
Greenhouse Gas Emissions		
GRI 305: Emissions 2016	3-3 Management of material topics	Climate Crisis and Greenhouse Gas Emission Management
	305-1 Direct (Scope 1) GHG emissions	Climate Crisis and Greenhouse Gas Emission Management
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Crisis and Greenhouse Gas Emission Management
	305-3 Other indirect (Scope 3) GHG emissions	Climate Crisis and Greenhouse Gas Emission Management
	305-5 Reduction of GHG emissions	Climate Crisis and Greenhouse Gas Emission Management
Economic Performance and Creating Value		
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic Performance and Creating Value
GRI 201: Ekonomik Performans 2016	201-1 Direct economic value generated and distributed	Economic Performance and Creating Value
	201-2 Financial implications and other risks and opportunities due to climate change	Our Sustainability Risks and Opportunities
Sustainable Product and Raw Material Management, Climate Crisis		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Product and Raw Material Management
GRI 301: Malzemeler 2016	301-1 Materials used by weight or volume	Sustainable Product and Raw Material Management
	301-2 Recycled input materials used	Environmental Indicators
	301-3 Reclaimed products and their packaging materials	Sustainable Product and Raw Material Management R&D, Innovation and Digitalization

GRI STANDARD	DISCLOSURE	PAGE NUMBER, SOURCE, AND/OR DIRECT RESPONSES
Supply Chain Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Supply Chain Management
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Economic and Operational Indicators
Employment and Talent Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Employment and Talent Management
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Indicators
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment and Talent Management
	401-3 Parental leave	Social Indicators
Product Quality and Regulatory Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Quality and Regulatory Compliance
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Economic and Operational Indicators
Water and Wastewater Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water and Wastewater Management
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water and Wastewater Management
	303-2 Management of water discharge-related impacts	Water and Wastewater Management
	303-5 Water consumption	Water and Wastewater Management
Energy Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy Management
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Indicators
	302-2 Energy consumption outside of the organization	Environmental Indicators
	302-3 Energy intensity	Environmental Indicators
	302-4 Reduction of energy consumption	Energy Management
	302-5 Reductions in energy requirements of products and services	Energy Management

GRI STANDARD	DISCLOSURE	PAGE NUMBER, SOURCE, AND/OR DIRECT RESPONSES
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Social Indicators
	403-3 Occupational health services	Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Social Indicators
	403-10 Work-related ill health	Social Indicators
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste Management
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management
	306-2 Management of significant waste-related impacts	Waste Management
	306-3 Waste generated	Waste Management
	306-4 Waste diverted from disposal	Waste Management
	306-5 Waste directed to disposal	Waste Management
R&D, Innovation and Digitalization		
GRI 3: Material Topics 2021	3-3 Management of material topics	R&D, Innovation and Digitalization
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	R&D, Innovation and Digitalization
	203-2 Significant indirect economic impacts	R&D, Innovation and Digitalization

GRI STANDARD	DISCLOSURE	PAGE NUMBER, SOURCE, AND/OR DIRECT RESPONSES
Equal Opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Equality, Diversity and Inclusion
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Social Indicators
	405-2 Ratio of basic salary and remuneration of women to men	Social Indicators
Customer Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Management Complaints Management
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	R&D, Innovation and Digitalization
Stakeholder Interactions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Governance
Societal Community Benefit and Social Impact		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Benefit and Social Responsibility

İletişim

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