

SOCAR Türkiye 2022 Annual Report



Contents

PRESENTATION		
SOCAR Türkiye	4	The Goal of Decarbonization
Vision, Mission and Corporate Values	6	Environmental Indicators (Energy, Water, Waste, Emission)
Message from the CEO	8	Environmental Activities and Projects
Financial Indicators	12	Technology and Innovation
Milestones	14	R&D and Innovation Competency
About SOCAR Global	16	Digital Transformation and Information Technologies
SOCAR Türkiye at a Glance	18	Agile Business Model
Petkim	20	Value Creation Program
STAR Rafineri	22	
SOCAR Depolama	24	CORPORATE GOVERNANCE
SOCAR Ticaret	26	Board of Directors
Petkim WPP	28	Number of Meetings of the Board of Directors during the Year and the Participation of the Members of the Board of Directors in These Meetings
Bursagaz	30	
Kayserigaz	32	Committees of the Board of Directors
SOCAR Enerji Ticaret	34	Senior Management
Enervis	36	Organization, Capital and Shareholding Structure of the Company
SOCAR Fiber	38	Information on Privileged Shares
SOCAR Terminal	40	Information on Reciprocal Cross Holdings in which the Direct Participation Rate in the Capital Exceeds 5%
Millenicom	42	
The SOCAR Türkiye R&D and Innovation Center	44	Material Rights and Benefits Provided to Members of the Board of Directors and Senior Executives
SCR Müşavirlik ve İnşaat A.Ş. (SCR Müşavirlik)	46	Lawsuits Filed against the Company and Potential Consequences
TANAP	48	Administrative and Judicial Sanctions, If Any, Applied to the Company and the Members of the Board of Directors as a Result of Practices Contravening Provisions of the Legislation
IN 2022 ...		Corporate Governance practices – Statement of Compliance with Corporate Governance Principles
Highlights of 2022	50	
Awards	56	General Evaluation of the Board of Directors on the Company's Achievement of its Operational and Financial Performance Goals
Strategic Perspective, External Environment and its Effects on Strategies	58	Dividend Distribution Policy
Gains in 2022, Strategies and Goals	62	Developments Regarding Investments, Benefits from Incentives and Extent of Any Benefit
SUSTAINABILITY		Risk Management
People and Society	66	Internal Audit
Human Resources	66	Work on Business Ethics, Anti-Corruption and Compliance
Human Rights, Equality, Inclusion and Diversity	70	
Corporate Social Responsibility	72	Contact Information
A Safe and Inclusive Workplace		
Occupational Health, Safety and Environment (OHS-E) Management	80	
Supply Chain and Procurement	84	
Climate and the Environment		
The Climate Crisis and the conservation of Biodiversity and Natural Resources	90	

SOCAR Türkiye Company Information

Accounting period which the report pertains to	1 January – 31 December 2022
Company trade name	SOCAR Turkey Enerji Anonim Şirketi
Trade registry number	609880
Head Office contact information and website	Ayazağa Mah. Azerbaycan Cad. Vadistanbul SOCAR Plaza 1D Blok Apt. No: 3 E/1 Sarıyer/İSTANBUL T: +90 212 305 00 00 F: +90 212 305 01 00 W: www.socar.com.tr



Stronger Together





SOCAR Türkiye is a leading energy company which works with state-of-the-art technology to provide benefit in the social, economic and environmental fields with the aim of establishing sustainable living.

SOCAR Turkey Enerji A.Ş. (SOCAR Türkiye) is a subsidiary of Azerbaijan's state-owned oil and gas company, SOCAR. It is one of Türkiye's largest oil and gas companies. SOCAR Türkiye was established in 2008 following the acquisition of 51% of the shares in Petkim from the Privatization Administration following its privatization. It operates in the petrochemical, refining, natural gas trading, distribution and transmission sectors. The company applies the clustering model to create an integrated value chain extending all the way from crude oil to the final product. SOCAR Türkiye, which is the largest integrated industrial holding in Türkiye, became the first company in Türkiye to attach the title of "Special Industrial Zone" to its land in Aliağa, which is home to most of its investments. As a symbol of the developing economic partnership between Azerbaijan and Türkiye, SOCAR Türkiye's investments support the

country's goal of becoming a key player in the international energy arena.

SOCAR's total investments in Türkiye have approached USD 18 billion with SOCAR Türkiye's growth-oriented projects in the fields of natural gas, refining and petrochemicals. SOCAR's total investments are planned to increase further with SOCAR Türkiye's continued growth-focused projects in these fields.

Within the scope of its investment plan, SOCAR Türkiye continues to implement its strategies to maximize its competitive clout in the energy sector. Having completed the integration process in the refining, petrochemical, energy, logistics, distribution and storage sectors, the Group continues to successfully develop its activities as Türkiye's largest integrated industrial holding. The Group includes leading companies in a number of different sectors including Petkim, TANAP, STAR

Rafineri, SOCAR Terminal, Petkim WPP, Bursagaz, Kayserigaz, Enervis, SOCAR Enerji Ticaret, Millenicom, SOCAR Ticaret and SOCAR Depolama.

As the strongest representative of the economic cooperation between Azerbaijan and Türkiye, two countries linked in brotherhood, SOCAR Türkiye contributes to employment and production on the one hand, while on the other supporting the efforts to reduce Türkiye's current account deficit. With its belief in Türkiye's potential and future, SOCAR Türkiye is undertaking important roles in order for Türkiye to become an effective actor in the international energy arena.



Vision, Mission and Corporate Values

Vision

To be an integrated energy company that adds value to all our stakeholders by recognizing our economic and social responsibilities.

Mission

To operate and develop our entire value chain from the source to the end-user efficiently and sustainably with our experienced, knowledgeable, and committed human resources at every level.

Corporate Values

- Trust
- Agility
- Inclusiveness
- Passion
- Efficiency
- Accountability





Message from the CEO



The Refining and Petrochemical Business Unit and the Natural Gas Business Unit rounded off 2022 with a strong performance, with EBITDA being realized above the target. In addition to these strong results, SOCAR Türkiye also set itself apart with its value creation initiatives, digitalization initiatives and its achievements in the Environmental, Social and Governance areas in 2022.

Dear stakeholders,

The year 2021 was marked by supply chain problems and supply shortages. In the wake of 2021, the year 2022 brought geopolitical risks and an energy crisis, with global growth seriously undermined as a result of the interest rate hikes and the decisions taken by the central banks to tighten monetary policy in a bid to restrain the accelerating levels of inflation.

In this challenging conjuncture, we continued to create added value with our group companies, which are the leading players in their sectors in the fields of petrochemicals, refining, natural gas, trade, transmission and distribution, and which offer strong corporate and operational competencies. As Türkiye's largest integrated industrial holding, we have reinforced our achievements.

The Refinery and Petrochemical Business Unit and the Natural Gas Business Unit rounded off 2022 with a strong performance, posting EBITDA in excess of the target. In addition to these strong EBITDA results, SOCAR Türkiye also set itself apart with its value creation initiatives, digitalization initiatives and achievements in the Environmental, Social and Governance areas in 2022.

The integrated production capability which we gained as a result of the investments we have undertaken at our production complex in Aliağa, having the title of Türkiye's first private industrial zone, is a clear demonstration that we have progressed with the right strategy in this difficult process.

On the one hand, Petkim has ensured sustainability in production with its integrated production capability. On the other, Petkim took an important

step in supply security, protecting itself from high energy costs and increased its competitive position in production with the signing of the natural gas contract with the SOCAR Head Office in 2022.

Petkim met approximately 12% of Türkiye's domestic demand for petrochemical products in 2022. It achieved significant progress in meeting the needs of its customers with its products and the new product types which it has introduced in recent years, in addition to its increasing commercial activities.

Our STAR Rafineri company is the only refining company in Türkiye to offer integration between refining and petrochemical operations, and its capacity was increased to 12.1 million tons/year in 2022. It meets approximately 25% of Türkiye's need for processed petroleum products.

The success of our gas distribution operations grew through the gas trading activities of our Natural Gas Business Unit in 2022.

SOCAR Enerji Ticaret sells natural gas and electricity to natural gas and electricity distribution companies, organized industrial zones and free consumers. It recorded natural gas and electricity trading and sales volume of 17 TWh in 2022.

Sustainability and digitalization are the two factors driving the future

We take important steps to improve our group companies by constantly evaluating our current performance and position in the context of the Environmental, Social and Governance (ESG) performance score that we have achieved through our sustainability work.

The gains of digitalization represent a decisive driving force of our strength, both in the present and in terms of the legacy we will leave behind to future generations. We continue to press ahead with our investments in sustainability by adding to the power of our technology, digital transformation and R&D superiority in order to produce solutions which will provide added value in the transition to the green economy. In addition to the innovative practices which we integrate into our business processes, we are progressing towards our sustainability goals together with our international stakeholders with the support of the international protocols which we have signed and the global work in which we have participated.

In view of the sectors which we operate in, our production activities and the characteristics of our products, our actions to reduce greenhouse gas emissions that cause climate change are of critical importance. In tackling the climate crisis, we continue to increase the development of low greenhouse gas emissions and our initiatives in adaptation capacity by using renewable energy sources.

In this context, work continues on five projects being undertaken by the R&D and Innovation Center at SOCAR Türkiye; CO2Fokus, NEFERTITI, CARMOF, Circular TwAln and LOUISE, which are funded by the EU with EUR 1 million in the field of CO₂ capture and energy transition, renewable energy digital transformation and environmental solutions.

We closely monitor the work being carried out on national and international platforms to manage the climate crisis systematically.

Message from the CEO

We have determined our short and long-term strategic action plan accordingly.

As part of our decarbonization strategy, we are carrying out activities in the fields of energy efficiency, electrification and resource management to reduce carbon emissions by 1% every year. We are pressing ahead with the target of a 40% reduction in carbon emissions by 2035, to reach net zero by 2050.

In line with SOCAR Türkiye's environmental, social and governance goals, we implemented a number of actions and initiatives in 2022. These include sustainable products and services and opportunities for green energy (IREC, Solar Roof Top, Green Power Plant Management).

In order to reduce and neutralize the carbon footprints of end consumers, our subsidiary SOCAR Enerji Ticaret realized 13.5% of our current electricity end-consumer portfolio, amounting to 382 million kilowatt-hours, as "green energy" sales in 2022, as a result of the sale of green energy certified with the International Renewable Energy Certificate (I-REC).

SOCAR Türkiye's forward-looking strategy includes developing the circular economy by investing in recycling in the chemicals segment and following developments in the hydrogen field, which is seen as the energy of the future in the gas and energy sector.

Strengthening our sustainability steps by undertaking first applications

In 2022, we received the ISCC – International Sustainability Carbon Certification document for the first time, a certificate which

demonstrates the transparent traceability of sustainable raw materials and products manufactured from these raw materials throughout the supply chain, assuring our stakeholders that the products meet the sustainability requirements.

In December 2022, SOCAR Türkiye became the first company in the world to be awarded the ISO 56002 Innovation Management System Certificate in the field of R&D in the sector. This success represents a very important milestone in the field of innovation and quality management systems in our country. On behalf of both our company and Türkiye, we are proud of being a pioneer for the first certification to have been developed in Türkiye among international standards.

The ISO 55001 Asset Management System audit, which was a first of its kind in Türkiye in terms of scale and scope, was successfully completed at Petkim and STAR Rafineri, within the scope of the Refining and Petrochemical Business Unit. With this audit, Petkim and STAR Rafineri were certified with the ISO 55001 Asset Management System for the first time.

We aim to expand our social impact

In addition to the corporate responsibility projects, donations and sponsorships of all group companies, we implemented the SOCAR Türkiye Volunteers platform with the support of our colleagues at SOCAR Türkiye. This platform is a volunteering program initiated by the will of SOCAR Türkiye employees in 2021. In 2022, the SOCAR Türkiye Volunteers continued to carry out social responsibility projects in six teams by acting in line with the

UN's Sustainable Development Goals, including education, the environment, health, sports, animal protection and social issues.

We say "people first" in order to increase our ability to create value

At SOCAR Türkiye, we aim to offer our colleagues a work environment where they will feel happy and safe, which is open to development, is participatory and is respectful of human rights.

With the awareness that social development and progress in work life can only be achieved through the empowerment of women, we work to strengthen the role of women in working life beyond increasing women's employment. We are a signatory of the Women's Empowerment Principles (WEPs), a joint initiative carried out by UN Women and the UN Global Compact. We adopt the approach of diversity, equality and inclusion in every stage of our work processes with the initiative we started within the scope of gender equality and human rights by declaring "Our Energy is Diversity".

In order bring our business practices in line with the Agile Business Model, we are implementing a transformation that will encompass all functions at our company. We have implemented the Agile Business Model at all facilities and units involved in the production at SOCAR the Türkiye Refinery and the Petrochemicals Business Unit. With the aim of quickly adapting to new changing conditions and rendering operational efficiency sustainable, we have rolled out the Agile Business Model to all functions of our group companies to ensure that the Model is adopted by our employees

throughout our organization. As the first and only refinery and petrochemical complex to implement the Agile Business Model on a large scale, we have achieved great success in our sector.

We put the Value Creation Program into practice believing that people are at the heart of development and transformation. The program continues to produce projects which generate value in many areas as one of the best examples of employee participation.

We continued to implement a wide array of projects which support sustainability, increase production and maximize capacity utilization within the scope of the Value Creation Program in 2022.

The improvements achieved in the processes of the companies through the Value Creation practice brought about gains in value which exceeded the target, significantly contributing to the financial performance of both business units and paving the way for EBITDA to exceed the targets in 2022.

In addition;

- Production volumes at Petkim have grown through the optimization activities carried out under the Value Creation Program, despite no capacity increase investments taking place since 2017.
 - The capacity utilization rate at the STAR Rafineri, which stood at 100.8% in 2021, increased to 113.1% in 2022, thanks to the Value Creation Program.
- In the Natural Gas Business Unit, the value created by the program also contributed to the operational performance, tariff management and digitalization.

Moreover, we saved 29,000 MW of electricity, 17,000 tons of natural gas, 16,000 tons of fuel gas and 108,000 tons of water in 2022 through the 56 projects we have carried out which have contributed to our environmental performance.

Further recognition for our achievements in 2022.

Maintaining its strong position in exports, Petkim ranked in first place in 2022 on the "Stars of Export" list, where all sectors are evaluated on the basis of data compiled by the Aegean Exporters' Association data.

In the Türkiye Innovation Week organized by the Turkish Exporters Assembly with the contributions of the Ministry of Commerce, Petkim was awarded the "Strategic Partnership Award" in recognition of its successful work in the field of technology and innovation.

The Petrochemical-Refinery-Energy Integration Project was carried out within the scope of the cogeneration facility located in the Petkim Energy Production complex working in a structure integrated with the STAR Rafineri. The Petrochemical-Refinery-Energy Integration Project was deemed worthy of the "Cogeneration Facility Special Award" in the 9th ICCI Energy Awards.

Striving for a better future...

With our goal of sustainable growth in technology, innovation and people, we work as a regional powerhouse with the hope of better tomorrows while carrying our presence to the future.

As Türkiye's largest foreign direct investor, we determine our strategies with a focus on building on our total investment, which has reached approximately USD 18 billion during the 15-year period we have been operating in Türkiye.

We will continue to bring innovation to our sector, create sustainable value for our stakeholder ecosystem and take ownership of our future through our products and services.

We will continue to strengthen our synergy based on the relationship of brotherhood between Türkiye and Azerbaijan, take strong steps to support the economy and the prosperity of our countries, and redouble our support and efforts to make better use of Türkiye's potential.

I would like to take this opportunity to express my sincere gratitude to all our stakeholders, who have placed their belief and trust in us, and especially my colleagues, who are our greatest source of strength, for their contribution to our successful results.

Respectfully,

**Elchin Ibadov
CEO (Deputy)**

Financial Indicators

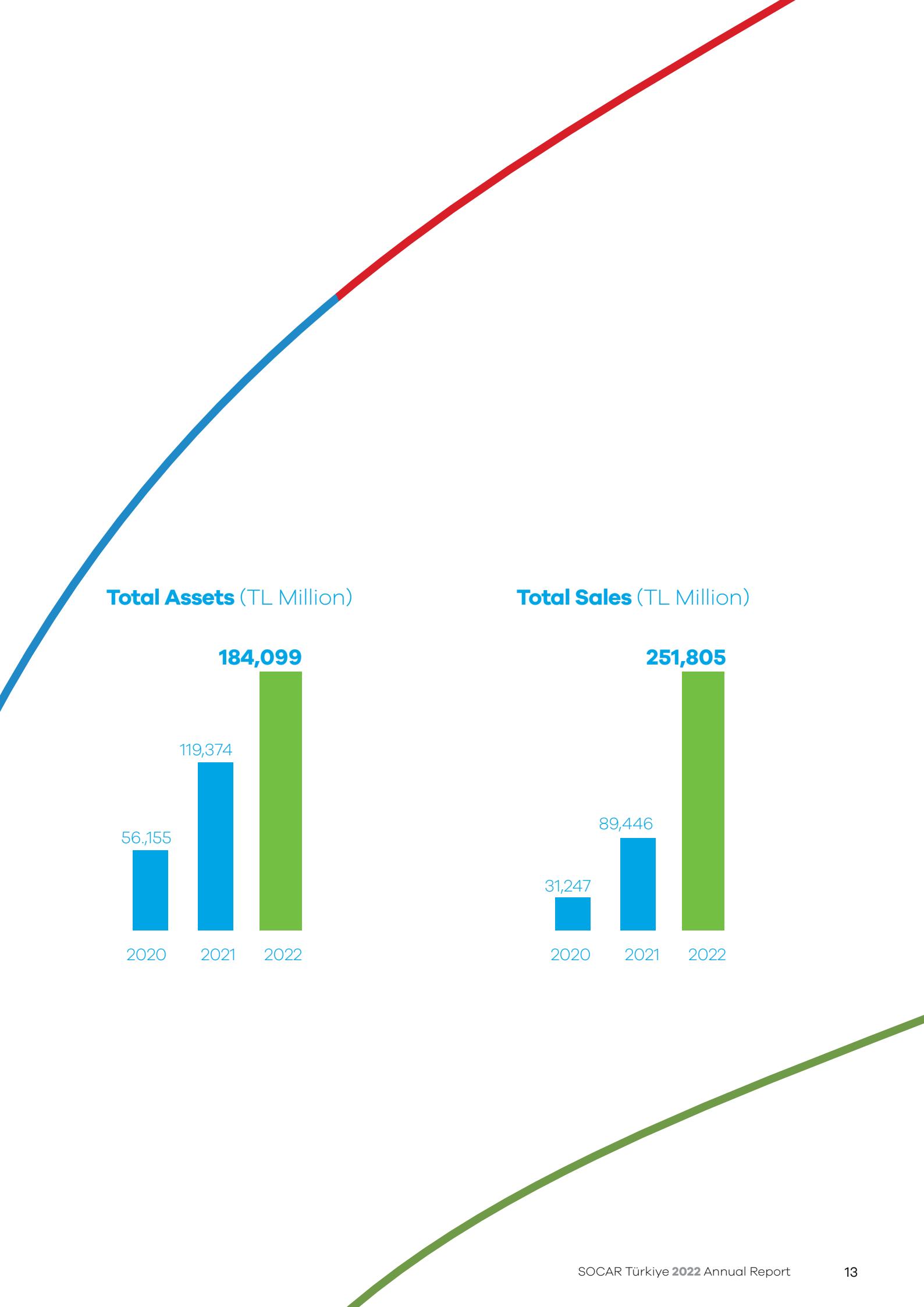
SOCAR Türkiye's total assets had reached TL 184,099 million as of the end of 2022.

TL Million	2020	2021	2022
Total Assets	56,155	119,374	184,099
Total Sales	31,247	89,446	251,805

Economic Value Created at SOCAR Türkiye in 2022

Economic and Administrative performance (TL)

	2020	2021	2022
Revenues	31,247,111,000	89,445,890,000	251,804,966,669
Revenue Obtained from Sustainable Product Categories such as Renewable Energy	0	1,137,677	4,501,036
Distributed Economic Value	-32,956,563,000	-89,407,824,000	-238,512,801,325
Retained Economic Value	-1,709,452,000	38,066,000	13,292,165,344



Milestones

2008	<ul style="list-style-type: none">• SOCAR acquires Petkim and starts its activities in Türkiye with the aim of securing Petkim's place as one of the largest production centers in Europe.
2011	<ul style="list-style-type: none">• The foundation stone of the STAR Rafineri is laid.
2012	<ul style="list-style-type: none">• The Trans-Anatolian Natural Gas Pipeline Project (TANAP) contract is signed in İstanbul on June 23rd by the President of Azerbaijan, İlham Aliyev, and the Prime Minister of the Republic of Türkiye, Recep Tayyip Erdoğan.
2014	<p>The foundation of the TANAP construction is laid.</p>
2015	<ul style="list-style-type: none">• 13% of SOCAR Türkiye's total capital is acquired by Goldman Sachs under a share purchase agreement with a sale option.• The foundation of the Trans-Anatolian Natural Gas Pipeline Project (TANAP) is laid with the participation of the Presidents of Türkiye, Azerbaijan and Georgia.• STAR Rafineri is awarded the "Best Refinery Financing Deal of the Year" award by Project Finance International and Infrastructure Journal.• STAR Rafineri is chosen as the best refinery worldwide in 2015 in a vote by readers of the Hydrocarbon Processing magazine.
2016	<p>The first phase of SOCAR Terminal is completed and enters operation.</p>
2018	<ul style="list-style-type: none">• The section of TANAP, starting from the border between Türkiye and Georgia and extending to Eskişehir, is opened in a grand ceremony in Eskişehir hosted by the President of the Republic of Türkiye, Recep Tayyip Erdoğan, with the participation of the President of Azerbaijan, İlham Aliyev.• SOCAR Türkiye's land in Aliağa is declared a Special Industrial Zone.• STAR Rafineri is opened in an international ceremony and enters operation in the last quarter of 2018.• The first naphtha produced by the STAR Rafineri is delivered to Petkim.• The second phase of the SOCAR Terminal is completed and enters operation.
2019	<ul style="list-style-type: none">• The TANAP line is completed in July 2019, and is able to transport gas to Europe.• Bursagaz, Kayserigaz, Enervis and Millenicom companies are acquired.• Integration between refining and petrochemical operations is completed.• STAR Rafineri starts production at full capacity.• SOCAR Türkiye R&D and Innovation Center is established.
2020	<ul style="list-style-type: none">• Petkim is the only company to be selected from Türkiye for the World Economic Forum (WEF) "Global Lighthouse Network" in 2020, which include facilities which best use Industry 4.0 technologies in production.

-
- 2021**
- The integration of the Natural Gas Business Unit is completed.
 - The STAR Rafineri is the only company to be selected from Türkiye for the World Economic Forum (WEF) "Global Lighthouse Network", where the facilities which best use Industry 4.0 technologies in production, are accepted. STAR Rafineri is also the only refinery in the world to succeed in being in this league.
 - The STAR Rafineri operates at a 100.8% capacity utilization rate in 2021.
 - Petkim records TL 6,241,644,000 in EBITDA, breaking a new record.
 - Thanks to the work carried out in line with the sustainability goals, Petkim is ranked 8th among 206 companies in the "ESG Rating". In this rating, the world's leading institutions are evaluated under the headings of "Environment, Social and Governance" by an independent auditor.
-
- 2022**
- SOCAR Sigorta ve Reasürans Brokerliği Anonim Şirketi (Insurance and Reinsurance Brokerage Joint Stock Company) is established.
 - The International Sustainability Carbon Certification (ISCC) is a certificate which demonstrates the transparent traceability of sustainable raw materials and products manufactured with these raw materials throughout the supply chain, assuring our stakeholders that the products meet the sustainability requirements. SOCAR Türkiye obtains this certification for the first time in 2022.
 - SOCAR Denizcilik's (maritime) operations are carried out under SOCAR Petrol Ticaret. The company becomes one of the largest and most important players in the international marine fuels industry with a sales volume of 700,000 tons in 2022. SOCAR Denizcilik supplies more than a quarter of international marine fuels with a market share of 28%.
 - A total of 19.59 billion m³ of commercial gas is transported through TANAP to Türkiye and 19.49 billion m³ is transported to Europe.
 - The STAR Rafineri operates at an average capacity utilization rate of 113.1% in 2022.
 - Petkim maintains its sales and profitability performance in 2022, with sales of TL 48.9 billion and breaking a new record with a net profit of TL 6.5 billion.
-

About SOCAR Global

SOCAR is an energy company that provides integrated solutions to create economic, social and environmental benefits at the global level. It continues to develop its international operations

with strategic partnerships. It carries out activities related to the exploration, production and processing of oil and natural gas resources, distribution of oil, natural gas and natural

gas condensates, national and international marketing of crude oil and petrochemical products and natural gas supply.

Operations in Azerbaijan

Founded in Azerbaijan in 1992, SOCAR uses the resources of the country, which is home to some of the richest reserves of oil and natural gas in the world, for international development and benefit. Continuing its international activities in this direction, SOCAR established

representative offices in 13 countries and international trade companies in Singapore, Vietnam, Nigeria and Switzerland, and acquired assets in Türkiye, Georgia, Ukraine, Romania, Switzerland and Greece. The most important of SOCAR's strategic projects which it has carried out around the world have been

implemented in Türkiye. SOCAR has created an integrated value chain in the energy sector with approximately USD 18 billion of investment in Türkiye, where the strength of friendship between the two nations plays an important role in the future of the two countries within the framework of cooperation and trust.

Areas of operation of SOCAR Global



Exploration



Production



Refining and Processing of Natural Gas



Petrochemicals



Transmission (Transport)



Services



SOCAR Türkiye at a Glance

Having completed the integration process with the steps it took in 2020 after the strategic investments it carried out, SOCAR Türkiye continues its activities as Türkiye's largest industrial holding.

SOCAR TÜRKİYE CORPORATE CENTER

SOCAR TÜRKİYE

The hub of petrochemical, refining and natural gas operations

THE SOCAR R&D AND INNOVATION CENTER

Innovative, sustainable, environmentally friendly and market-oriented products and technologies

SCR MÜŞAVİRLİK

Real estate construction and consultancy

REFINERY AND PETROCHEMICAL BUSINESS UNIT

PETKİM

Türkiye's first and only integrated petrochemical producer

STAR RAFİNERİ

Diesel, jet fuel, LPG, reformate and naphtha producer

SOCAR DEPOLAMA

Storage and operation

SOCAR TİCARET

Wholesale and retail sale of fuel, aviation and marine fuels

PETKİM WPP

Wind power plant

NATURAL GAS BUSINESS UNIT

BURSAGAZ

Natural gas distribution company

KAYSERİGAZ

Natural gas distribution company

SOCAR ENERJİ TİCARET

Natural gas and electricity, trade and sales activities

ENERVİS

Energy industry service provider

PORTFOLIO MANAGEMENT BUSINESS UNIT

SOCAR FİBER

Fiber optic line investment for electronic communication

SOCAR TERMINAL

Aegean Region's largest container terminal

MİLLENİCOM

Telecommunications service supplier

TANAP

The largest link of the Southern Gas Corridor, which carries Azeri natural gas through Türkiye to Europe



Petkim

Petkim meets approximately 12% of Türkiye's petrochemical raw material needs with a gross production capacity of 3.6 million tons and approximately 60 types of petrochemical products.

Türkiye's petrochemical technologies base

Petkim is a giant production powerhouse of strategic importance for the Turkish economy and industry. With its annual average gross production capacity of 3.6 million tons in its 15 main production facilities and six auxiliary facilities, and with its nearly 60 types of petrochemical products, Petkim meets approximately 12% of Türkiye's needs for petrochemical raw materials.

Petkim produces a wide range of high value-added raw materials including ethylene, benzene, orthoxylene, paraxylene, polyvinyl chloride (PVC), plastic surgery products (PSP), polypropylene (PP) and plastic colorants (masterbatch). With these high

value-added raw materials, Petkim provides inputs for a wide range of sectors including plastics, chemicals, packaging, piping, paint, construction, agriculture, automotive, electricity, electronics, textiles, detergents and cosmetics. It also accordingly supplies sub-industries.

With its strategic location and production capability, Petkim exports to nearly 78 countries and has been the Aegean Region's largest exporter for many years.

Petkim is one of Türkiye's largest industrial establishments. It has further built on its competitive advantage in production, which it achieved by ensuring supply security and cost optimization through its integration with the STAR Rafineri, by hedging against high energy costs thanks to the

natural gas contract signed with SOCAR Azerbaijan in 2022.

In line with its vision of sustainable development and a low carbon economy, Petkim is constantly expanding its infrastructure and capacity in order to respond to the developing needs of value-added petrochemical products requiring high technology in the hydrocarbon sector. It supports its sustainability goals with its competence in digital transformation. In 2022, Petkim was awarded the ISCC Plus (International Sustainability Carbon Certification) for the first time, which guarantees the transparent traceability of sustainable raw materials and the products produced with these raw materials throughout the supply chain.

Proportion of Türkiye's need for Petrochemical Products met	12%
Annual Gross Production Capacity	3.6 million tons
Total Production	2.2 million tons
Capacity utilization rate	63.9%
Ethylene-Propylene Efficiency	46.1%
PX, OX and Benzene Efficiency	36.6%
Total Assets (2022)	TL 54.7 billion
Total Number of Employees (2022)	2,335



STAR Rafineri

As the only refiner in Türkiye to be integrated with petrochemical operations, the STAR Rafineri is also the first company in Türkiye to hold a Strategic Investment Incentive Certificate.

Türkiye's refinery-petrochemical integration

As the only refiner in Türkiye to be integrated with its petrochemical operations, the STAR Rafineri is also the first company in Türkiye to hold a Strategic Investment Incentive Certificate. Single-handedly meeting 25% of Türkiye's need for processed crude oil products, the STAR Rafineri also contributes to reducing Türkiye's imports of petroleum products.

As one of the world's most digitalized refiners, the STAR Rafineri came into being by adopting state-of-the-art technologies available starting from the engineering design phase, in order to ensure environmental sustainability as a whole. A USD 7 billion investment, STAR Rafineri is one of the largest energy investments ever undertaken in Türkiye. It plays an important role in the country's

energy supply security with its high complexity and conversion capability, its technology which enables the refinery to process different types of crude oil, and its annual storage capacity of 1.9 million m³.

Proportion of Türkiye's processed crude oil needs met	25%
Annual Crude Oil Processing Capacity	12.1 million tons
Total Production	11.9 million tons
Capacity utilization rate	113.1%
Nelson Refinery Complex	9.2
White Product Yield	88%
Medium Distillate and Reformate Yield	74.3%
Total Assets 2022	TL 181.41 billion
Number of Employees 2022	1,129



The SOCAR Depolama terminal in Aliağa, İzmir is the largest terminal in the Aegean Region with the capacity to store 530,000 m³ of fuel products and 45,000 m³ of LPG.

The inseparable link in the energy chain

In line with the demands of SOCAR Türkiye group companies and its business partners, SOCAR Depolama carries out tasks including the storage of petroleum products and natural gas in tanks, filling operations for land and seagoing tankers and discharge

operations from seagoing tankers to tanks, in accordance with national and international conditions and the OHS-E policy. The SOCAR Depolama terminal in Aliağa, İzmir is the largest terminal in the Aegean Region with the capacity to store 530,000 m³ of fuel products and 45,000 m³ of LPG. It is also one of the

five largest storage terminals in Türkiye. The SOCAR Depolama facility was integrated with pipelines to the STAR Rafineri, which entered operation in 2018. The SOCAR Depolama facility provides the refinery with operational flexibility thanks to its high capacity.

Fuel Product Storage	530,000 m³
LPG Storage Capacity	45,000 m³
Total Number of Employees 2022	83



SOCAR Ticaret

SOCAR Ticaret was established to carry out the activities of SOCAR Turkey Enerji A.Ş. in the energy distribution sector.

Targeting a high market share in energy distribution

SOCAR Trade was established to carry out SOCAR Türkiye's activities in the energy distribution sector. SOCAR Ticaret operates in the fields of wholesale and retail fuel, aviation and marine fuel sales. It operates under the brands of SOCAR in the fuel distribution sector, SOCAR Denizcilik in the marine fuels market and SOCAR Havacılık in the aviation fuels market.

SOCAR Havacılık's Operations

Entering the aviation industry in 2013, SOCAR Havacılık signed a significant contract with Pegasus Airlines at İstanbul Sabiha Gökçen Airport, where it first started to supply aircraft, while on the other hand continued to grow to supply some of the sector's leading global airlines. In 2016, SOCAR Havacılık started to meet some of the fuel needs of Turkish Airlines at the now closed Atatürk Airport. It also started to provide refueling services at İzmir Adnan Menderes and Bodrum Airports. In 2019, half of Turkish Airlines' consumption at Sabiha Gökçen Airport and the fuel at the İzmir, Bodrum, Antalya and Dalaman Airports were met by SOCAR Havacılık.

Operations of SOCAR Petrol Ticaret

SOCAR Petrol Ticaret is a company that carries out

wholesale and retail fuel sales from all major production and storage points in Türkiye. With sales of 450,000 tons of jet fuel, 680,000 tons of marine fuel and 573,000 tons of fuel oil in 2021, SOCAR Petrol Ticaret's total sales exceeded 1,703,000 tons. The company expanded its dealer network with 110 dealers in Türkiye.

In order to enhance the STAR Rafineri's sales strength in the Aegean Region, SOCAR Petrol Ticaret completed its contracts in order to supply fuel to the fuel dealers from all corners of Türkiye, especially in the Aegean Region, within the scope of its wholesale fuel sales activity. With the supply contracts entered into with Türkiye's largest distribution companies, the company started to supply fuel to the Derince, Aliağa, Kırıkkale, Mersin, Antalya, Marmara Ereğlisi, Trabzon, Samsun and Dörtyol warehouses.

In its retail fuel sales activities, SOCAR Petrol Ticaret won the tender for nine fuel stations located in İstanbul Airport, the first phase of which was opened on 29 October 2018, in line with its strategy to participate in Türkiye's giant projects. New fuel stations, which are located at the airport site and on the apron, entered operation to meet the fuel needs of consumers, car rental companies, taxis and airport vehicles.

Thus, SOCAR Petrol Ticaret has reached the position of directly serving consumers over a total of an area of 16,280 m² at the world's largest airport which has a capacity to handle 200 million passengers per year. Within the scope of the same strategy, SOCAR Petrol Ticaret initiated the fuel station projects of the Northern Marmara Highway (NMH) and the Menemen-Aliağa Çandarlı Highway (MAH). Two SOCAR fuel stations, which are located at the strategic point of the Northern Marmara Highway on the southbound carriageway on the İzmir Highway, became operational in February 2020. In addition, two SOCAR fuel stations located opposite each other at the Aliağa exit of the Menemen-Çandarlı Highway started operations in July 2020. Work on the SOCAR station, which will sell fuel to Goods Vehicles carrying export products at the Yalova Port, one of Türkiye border ports opening to the country to the outside world, was completed.

The Yalova RO-RO station operates as one of the five key ports in Türkiye's international maritime trade, which opens the country up to the world.

SOCAR Denizcilik

SOCAR Denizcilik started its activities in 2013 under SOCAR Ticaret. SOCAR Denizcilik contributes to the development of

the maritime industry with a wide customer portfolio which ranges from international maritime companies to domestic ship-owners, extensive experience, seafaring personnel, an organizational structure that responds quickly to needs and a superior product and service understanding. Its activities also pave the way for a significant inflow of foreign currency to the economy.

SOCAR Denizcilik completed the requisite preparation for different specifications of marine fuels to be supplied in the İskenderun and Mersin regions for the first time, leading the way to bring the region to the international marine fuel market. With a total storage capacity of 113,000 m³, including 87,000 m³ in the Gulf of İzmit, 21,000 m³ in the Gulf of İskenderun and 5,000 m³ in the Aliağa region, and with 14 seagoing tankers, SOCAR Denizcilik has created the strongest supply network, leaving its competitors behind. With marine fuel sales of 700,000 tons/year, SOCAR Denizcilik is one of the strongest competitors in the Turkish market.

Maintaining its rapid growth, SOCAR Denizcilik started the sale of marine fuel from the SOCAR Depolama terminal for the first time in 2019 within the scope of transit and export activities. The company took the first steps to

elevate the İzmir region into a strong position in the international marine fuel market.

In addition to its physical supplies, SOCAR Denizcilik elevates the power of the SOCAR brand in the international arena with marine fuel supplies at all international ports from points as far afield as Gibraltar, Singapore, Rotterdam and South Africa within the scope of the international marine fuel trade.

SOCAR Denizcilik has stood out with its operational efficiency, experience in the sector and its customer-centric approach since it started operating in 2013, with the primary goal of maintaining its strong position. SOCAR Denizcilik serves its customers from all over the world.

SOCAR Denizcilik started domestic taxed marine fuel sales as planned in 2021, within

the scope of STAR Rafineri integration. It continues to grow by demonstrating its measurable success achieved in transit marine fuel sales in the domestic market. SOCAR Denizcilik's achievements were crowned with the award of being the most successful company in the "Logistics and Ship Refueling Category" at the 12th International Golden Anchor Maritime Achievement Awards, in recognition of its superior performance in both sales and operations.

Petkim WPP

A wind farm with a total of 17 turbines, Petkim WPP is SOCAR Türkiye's most important investment in the field of renewable energy.

Investing in renewable energy

A wind farm with a total of 17 turbines, Petkim WPP is SOCAR Türkiye's most important investment in the field of renewable energy. The wind farm, which has an installed capacity of 51 MW, was realized with a total investment of EUR 55 million. It represents an important step in meeting the energy needs

of SOCAR Türkiye's facilities in Aliağa, especially in increasing Petkim's energy supply security and reducing its production costs and environmental impacts.

In order to expand the installed capacity of the wind farm, Energy Market Supervisory Board (EMRA) approval was obtained for an additional turbine investment of 3.8 MW/h in 2021, and

assessment work continues. Work continues on alternative areas for the installation of a Floating Solar Power Plant. In addition, preparations are also continuing with the aim of installing a Hybrid Solar Power Plant. Alternative studies have been carried out for increasing of current operational capacity.

Total Installed Power	51 MW
Total Number of Turbines	17
Total Investment	EUR 55 million



Bursagaz

The company's network, which expands its service area every year and which serves 11 districts of Bursa, extended over a length of 7,356 kilometers at the end of 2022.

Head Office Building holds LEED Platinum Certificate

Bursagaz was founded by BOTAS in 1992 to engage in the sale of natural gas. Bursagaz was continuing its activities under the umbrella of SOCAR Türkiye in 2019. It implements exemplary practices in Türkiye with more than 1 million subscribers and a technology-oriented management approach.

Serving 11 districts of Bursa, the company, which expands its service area every year, commanded a network length of 7,356 kilometers at the end of 2022. Bursagaz was awarded the LEED Platinum Certificate, which is the highest certification level, in recognition of its environmentally friendly head office building. It continues to execute its company

strategies in line with the international standards set out in the current management systems.

Bursagaz holds an investment incentive certificate worth TL 420 million, to be used within the scope of new investments.

Number of Subscribers (Number of Independent Units)	1,154,938
Number of Gas Users (Number of Independent Units)	1,070,059
Total Number of Employees 2022	244
Natural Gas Supply 2022	2.34 billion Sm³
Network Size	7,356 km



Kayserigaz's network extended over a length of 6,179 kilometers as of the end of 2022. Kayserigaz has one of the most modern natural gas distribution networks in Türkiye.

The first natural gas distribution tender held by the Energy Market Regulatory Authority (EMRA)

The tender of Kayserigaz was the first natural gas distribution tender to be held by the Energy Market Regulatory Authority (EMRA) in 2003. One of the most important players in the Turkish energy sector, Kayserigaz carries

out natural gas distribution in Kayseri.

Kayserigaz plays a major role in ensuring that the people of Kayseri are able to benefit from a safe and uninterrupted supply of energy. Kayserigaz supplied a total of 772 million m³ of natural gas to its subscribers in 2022, with a network extending over a length

of 6,179 kilometers. Kayserigaz has one of the most modern natural gas distribution networks in Türkiye.

Kayserigaz has an investment incentive certificate of TL 1,440 million to be used within the scope of new investments.

Number of Subscribers (Number of Independent Units)	630,038
Number of Gas Users (Number of Independent Units)	613,286
Total Number of Employees 2022	153
Natural Gas Supply 2022	772.2 million Sm³
Network Size	6,179 km



SOCAR Enerji Ticaret

SOCAR Enerji Ticaret's natural gas and electricity trading and sales volume reached 17 TWh in 2022, recording a total turnover of TL 20 billion.

Türkiye's largest private sector natural gas wholesale portfolio

SOCAR Enerji Ticaret carries out SOCAR Türkiye's natural gas and electricity trading and sales activities. The company single-handedly provides natural gas and electricity supply services to its customers backed by its customer-oriented service approach, experience and professionalism in portfolio management. The company offers customized solutions in the field of energy.

Providing security of supply to its customers in different segments, SOCAR Enerji Ticaret closely monitors developments

in Türkiye, Azerbaijan and the surrounding regions. It evaluates potential supply opportunities and constantly diversifies its portfolio.

SOCAR Enerji Ticaret sells natural gas and electricity to natural gas and electricity distribution companies, organized industrial zones and free consumers. The company is one of the major players in the private sector market for natural gas wholesale, in which it has been active since 2009. One of the leading companies in electricity trading and sales, SOCAR Enerji Ticaret's natural gas and electricity trading and sales volume amounted to 17 TWh in 2022, with a total turnover of TL 20 billion.

SOCAR Enerji Ticaret continues to contribute to the development of the natural gas and electricity markets with its experienced team. It aims to continue to seize opportunities that will add additional value to the Azeri and Turkish economies, and to increase its supply opportunities by drawing on its growing market share.

Trade and Sales Volume	17 TWh
Total turnover	TL 20 billion
Shareholder structure	100% SOCAR Türkiye Doğal Gaz Yatırım A.Ş.



Enervis

Enervis specializes in project design, engineering, material supply and manufacturing services.

Energy sector service provider

Since 2012, Enervis has been offering reliable and accurate solutions to its customers in areas such as natural gas distribution service, inspection, project design, consultancy, investment and maintenance service, and meter calibration.

Operating under as a wholly owned subsidiary under SOCAR Türkiye Doğal Gaz Yatırımları A.Ş., the company specializes in project design, engineering, material supply and manufacturing services.

Total Number of Employees 2022

343



SOCAR Fiber

Starting from the border with Georgia in the north east of Türkiye and ending on the Greek border in the country's north west, the SOCAR Fiber network passes through 20 provinces and 67 districts in Türkiye.

A strategic infrastructure investment

SOCAR Türkiye established SOCAR Türkiye Fiber Optik A.Ş. on 8 May 2013 in order to meet the need for fiber optic communication infrastructure to handle the continuous increase in IP traffic and the increasing importance being placed on speed in communication.

SOCAR Fiber received the Infrastructure Operator Service license from the Information Technologies and Communications Authority on 22 July 2014, adding a new link to the SOCAR value chain as a fiber-optic infrastructure investment. SOCAR Fiber was established to evaluate the global potential in

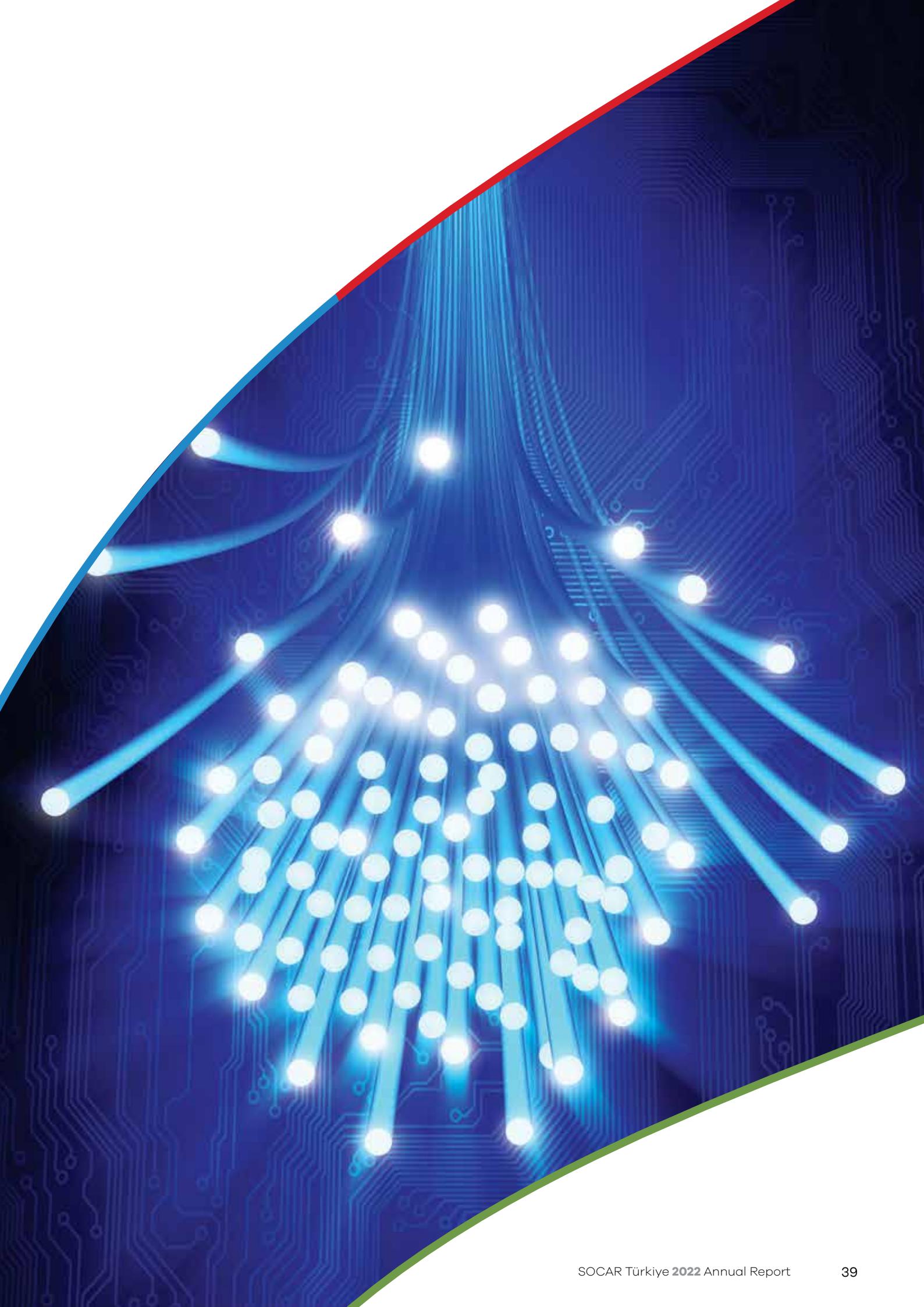
the telecommunication sector and provide backbone network services to operators for all kinds of electronic communication and high-speed internet access. This project is planned as a fiber-optic line with a length of approximately 1,850 km that will traverse Türkiye from east to west. Under this project, SOCAR Fiber aims to contribute to the services of operators operating in the region and the wider as well as other telecommunication companies in areas such as providing additional capacity and line backup.

Starting from the border with Georgia in the north east of Türkiye and ending on the Greek border in the country's north west, the SOCAR Fiber network

passes through 20 provinces and 67 districts in Türkiye. The security of the line, which has Network Operation Centers located in Ankara and Eskişehir, is provided by two separate fiber-optic cables in two separate channel systems along the fiber-optic route.

A backup fiber-optic line service is provided to TANAP over the SOCAR Fiber line, which traverses Türkiye on an east-west axis. Moreover, business development negotiations continue in order to contribute to the services of operators operating in Türkiye and the region, as well as other telecommunication companies, in areas such as providing additional capacity and line backup.

Line Length (Approx)	1,850 km
Route Taken	20 provinces and 67 districts
Investment Cost	EUR 80 million
Shareholder structure	100% SOCAR Turkey Enerji A.Ş.



SOCAR Terminal

SOCAR Terminal is the largest integrated terminal in the Aegean Region with a container handling capacity of 1.5 million TEU.

The Aegean's Gateway to the World

SOCAR Türkiye took over a 100% share in the terminal, which had been operated by APM Terminalleri Liman İşletmeciliği A.Ş., on 27 December 2018. The SOCAR Terminal was realized by Petkim to complete the logistics integration step. The port investment, including the

financing cost, totaled USD 400 million.

With the exception of special materials, all materials used in the construction of SOCAR Terminal, which was built by the Turkish contractors, were supplied from Türkiye. When operating at full capacity, SOCAR Terminal employees up to 600 people.

SOCAR Terminal is the largest integrated terminal in the Aegean Region with a container handling capacity of 1.5 million TEU. With its 700-meter-long one-piece dock structure, it was the first port in the Aegean Region to allow ships with a capacity of 18,000 TEU to effectively dock. The terminal also includes a 42-hectare back service area used for container storage at the port, which has a water depth of 16 meters.

Saha

Handling Capacity (TEU/Year)	1,500,000 TEU
Field Stacking Capacity	25,000 TEU
Refrigerated Container	850 (380V)
Total Area	420,000 m²

Equipment Park/Capacity

STS	3 units/65 tons
RTG/Capacity	10 units/41 tons
Full Container Stacking Equipment (RS)	3 units/45 tons
Empty Container Stacking Equipment (EH)	3 units/9 tons
Tow Truck	26 units/65 tons
Forklift (FL)/ Capacity	8 units/3 tons
Forklift (FL)/ Capacity	4 units/5 tons
Forklift (FL)/ Capacity	1 unit/16 tons
Forklift (FL)/ Capacity	1 unit/28 tons
Forklift (FL)/ Capacity	1 unit/33 tons



Millenicom

Millenicom is a pioneer in Türkiye's alternative telecommunications sector. It offers various telecommunication and communication services to more than 260,000 customers.

The pioneer of the alternative telecommunications sector in Türkiye

Millenicom was founded in 2004 with the aim of becoming the leading alternative operator in the liberalized Turkish telecommunication market. It started to serve under the umbrella of SOCAR Türkiye in June 2019. Millenicom is a pioneer in Türkiye's alternative telecommunication sector and offers a range of telecommunication and communication services to more than 260,000 customers. It connects its users to the world with affordable, advantageous, flawless and high-quality internet services.

Millenicom offers its individual customers a comprehensive range of fixed internet and fixed phone services with ADSL, VDSL and fiber optic options. It also provides advantages including attractive pricing, real unlimited and quota-free internet without any commitment and 24/7 call center support.

Millenicom aims to maintain the highest levels of customer satisfaction by best responding to the needs of its existing customers.

In addition to fixed internet and telephone services, Millenicom offers affordable cloud solutions, which increase work quality and bring ease to the lives of its

users, and IP-based quality voice communication which enhance business quality for its corporate customers. The company expands its products and services in line with the needs of its customers through new product development activities and collaborations.

The company was selected as the "Alternative Operator Service Category Winner of the Year" in the Informatics 500 survey in 2017 and as the winner of the third prize in the Communication Services Sector in the "Türkiye's Top 500 Service Exporters" survey in 2018 and 2019, reflecting Millenicom's achievement of significant success in a short space of time.

Total Number of Employees 2022

83

Shareholder Structure

100% SOCAR Türkiye Doğal Gaz Yatırım A.Ş.



The SOCAR Türkiye R&D and Innovation Centre

The SOCAR Türkiye R&D and Innovation Centre became the first in its sector in Türkiye to obtain the ISO EN 56002 Innovation Management System Standard Certificate.

R&D and Innovation investments

The Petkim R&D Centre was established at the Petkim Yarımca facilities in 1969 and continued its activities after the facility was moved to Aliağa. SOCAR Türkiye Araştırma Geliştirme ve İnovasyon A.Ş. (SOCAR Ar-Ge) was established in December 2019 in order to transfer the Petkim R&D Centre's 54-year experience in the field of petrochemicals to all of SOCAR Türkiye's group companies. The SOCAR Türkiye R&D and Innovation Centre was granted the R&D Centre certificate by the Ministry of Industry and Technology in June 2020. SOCAR Türkiye Araştırma Geliştirme ve İnovasyon A.Ş. develops innovative, sustainable, environmentally friendly and market-oriented products, catalysts and digital technologies for all of its stakeholders in the value chain. It continuously works to improve existing production processes. Its fields of activity include catalyst research, green chemistry, sustainable, clean and efficient energy, value-added products, the development of new application areas, product improvement and new product development, digital transformation and environmental solutions.

Located within the Refining and Petrochemical Business Unit campus in Aliağa, SOCAR Türkiye R&D and Innovation Centre consists of six laboratories (Rheology, Catalyst, Polymer

Characterization, Environment and Biotechnology, Chemical Analysis and Chromatography) built on an area of 1,200 m². The Centre also includes a 400 m² pilot facility which carries out polymer processing, polymerization, chemical process activities and catalyst testing systems, as well as offices. Within the scope of developing cooperation between industry and academia, SOCAR Türkiye R&D and Innovation Centre provides university students with the opportunity to apply for research grants and work in projects through open innovation work carried out with a number of national and international universities.

The SOCAR Türkiye R&D and Innovation Centre became the first company in the sector to obtain the ISO EN 56002 Innovation Management System Standard Certificate.

The SOCAR Türkiye R&D and Innovation Centre has five EU-funded projects (CO2Fokus, NEFERTITI, CARMOF, Circular TwAln and LOUISE) in the field of carbon capture and the energy transition, renewable energy, the digital transformation and environmental solutions. A total of EUR 1 million in grants have been allocated to these projects, while EUR 800,000 in grants have been allocated to the three projects in the fields of additive manufacturing technologies, green hydrogen technology and

the development of sustainable new products, which are eligible for funding from national resources.

The CO2Focus Project, funded by the European Union Horizon 2020 Grant Program, is aimed at using innovative catalysts to convert carbon dioxide gas into dimethyl ether, which offers very high added value. The SOCAR Türkiye R&D and Innovation Centre entered cooperation with 14 international partners from Spain, Greece, Italy, China and France.

The NEFERTITI project aims to use solar energy to produce chemicals such as ethanol and isopropanol from carbon dioxide. Ten international partners from Spain, China, the USA, Ireland the Netherlands and Southern Cyprus are involved in the project.

The CARMOF project aims to achieve the much more efficient capture of the carbon dioxide used in production through the use of innovative materials and methods.

The Circular TwAln project is the first digital project to be funded by Horizon Europe under the European Union. The project aims to maximize energy efficiency in production with artificial intelligence. The outputs of the project will mark an important step in the field of R&D towards the goal of reducing the carbon footprint.

The LOUISE project aims to develop an innovative concept for the plants operating with waste energy by naturally capturing CO₂ through the chemical and cyclic combustion of solid waste. The LOUISE project is another project funded by the European Commission Horizon 2020 Grant Program. The work under the project involves a pre-commercial phase demonstration of an innovative process for the conversion of solid waste-derived fuels by providing a concentrated stream of CO₂, which is ready for transport and storage or use.

The SOCAR Türkiye R&D and Innovation Centre carries out three national projects which are eligible for funding through the TÜBİTAK-SAYEM (Industry Innovation Network Mechanism) and the TÜBİTAK 1509-International Industry R&D Projects Support Program.

The Centre cooperates with leading universities in Türkiye in the projects carried out on the headings of "Development of Domestic and Original Design, Materials, Production and Bench Technologies for 3D-Additive Manufacturing", "Development of a Fully Circular Process for the Production of Bio-Based, Biodegradable Plastic Containers", "Green Hydrogen Technology for Energy Conversion and Zero Carbon Emissions" and "Green

Ammonia Production as a Potential Hydrogen Carrier and Ship Fuel".

The SOCAR Türkiye R&D and Innovation Centre will also have the opportunity to develop its own unique method and technology for the chemical recycling of plastic wastes, in cooperation with METU (the Middle East Technical University).

Total Area	1,200 m²
Number of Researcher	24
Patents	19 (8 registered patents)
Shareholder Structure	100% SOCAR Turkey Enerji A.Ş.

SCR Müşavirlik ve İnşaat A.Ş. (SCR Müşavirlik)

For the first time in Türkiye,
integration into the Web Title Deed
Registry System of the Title Deed
Registry Office was provided.

Real Estate Investments

SCR Müşavirlik ve İnşaat A.Ş. (SCR Müşavirlik) is responsible for carrying out the design, comprehensive renovation and construction and checks of construction processes of buildings which come under the administrative structure class on behalf of all SOCAR Türkiye group companies, and the management processes of all properties. SCR Müşavirlik is also responsible for executing the license and permit processes of all construction work of both administrative and industrial buildings carried out in the 1,453-hectare SOCAR Türkiye Special Industrial Zone located in the Aliağa district of İzmir, which was announced as the first Special Industrial Zone in Türkiye, with the President's Decision No. 190 dated 19 October 2018.

The new dining hall building was designed to serve 1,016 people to modern standards at the same time, and was opened to for site

workers. The construction of the new cafeteria building started in July 2021 and the dining hall was opened in July 2022.

Technical studies of the Integrated Zoning Plan, which was carried out with the Public Relations Department, in the SOCAR Türkiye Aliağa Special Industrial Zone were completed in 2022 and approximately 80,000 m² of land was acquired. The SOCAR Special Industrial Zone Application Zoning Plan is planned to be completed by the end of 2023.

The technical document preparations for the Digital Real Estate Management System project, in which the SOCAR Türkiye immovables can be managed on the Geographic Information System (GIS) and all data regarding immovables can be stored in digital media, were completed. SCR Müşavirlik ve İnşaat A.Ş. is carrying out the procurement process.

SCR Müşavirlik ensured SOCAR Türkiye's integration into the Web Title Deed Registry system of the Title Deed Registry Office for the first time in Türkiye. During 2022, the company provided technical support for the GSM License, firefighting permits, shore operation permits and warehouse permit processes for Petkim, Petkim WPP, SOCAR Depolama and STAR Rafineri within the borders of the Aliağa Special Industrial Zone. A total of 17 building permits and 12 occupancy documents were issued within the scope of the Aliağa Special Industrial Zone in 2022, while work continues to complete the construction of the additional building in the Petkim LDPE (Low-density polyethylene) plant by the end of the third quarter of 2023, the project drawings of which were completed at the end of 2022 with the construction of a temporary lorry park expected to be completed by the end of 2023.



TANAP

TANAP was built on a route extending from an altitude of 2,760 meters on land to a depth of 67.5 meters below sea level underwater. It follows a route of 1,811 kilometers.

The most important link of the Southern Gas Corridor

The Trans-Anatolian Natural Gas Pipeline (TANAP) forms the most important link of the 3,500-kilometer long Southern Gas Corridor stretching from Azerbaijan to Europe. It is the signature of two brother countries, Türkiye and Azerbaijan, in Anatolia.

The first foundations of TANAP were laid on 17 March 2015, with the legal infrastructure having been established on 26 June 2012, and the "Environmental and Social Impact Assessment (ESIA)

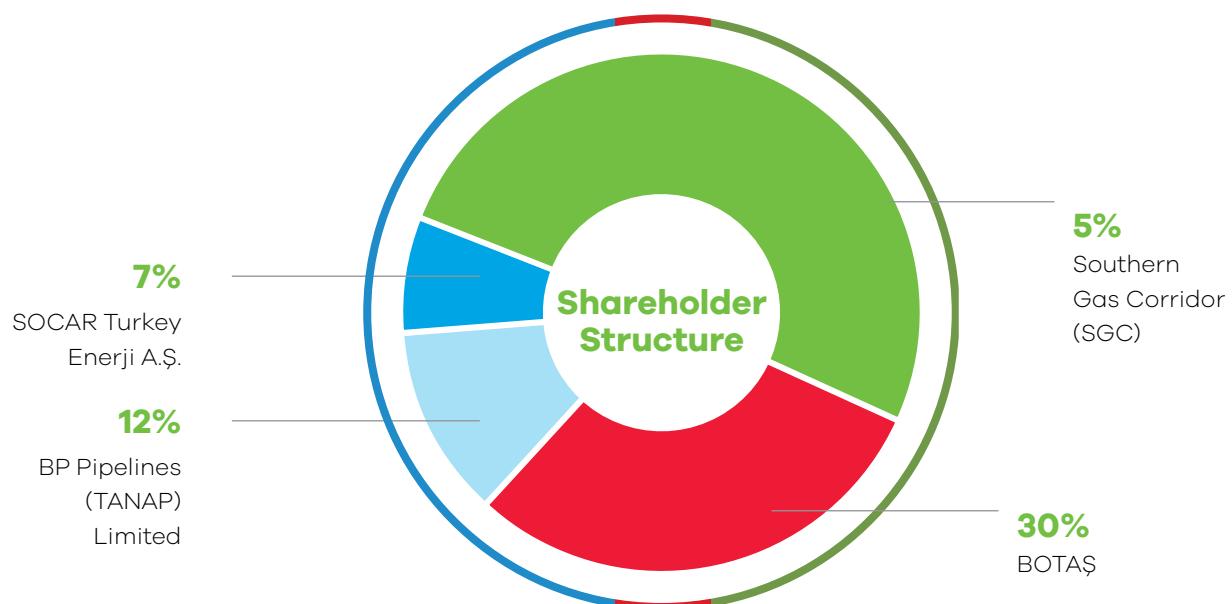
Positive Certificate" received on 24 July 2014. The TANAP Project has been carrying natural gas to Türkiye since June 2018. TANAP mediates in the transport of the natural gas extracted from Azerbaijan's Sahdeniz-2 Gas Field in the Caspian Sea and other fields in the south of the Caspian Sea to Europe through its connection to the Trans Adriatic Pipeline (TAP).

TANAP was built on a route extending from an altitude of 2,760 meters above sea level on land to a depth of 67.5 meters underwater at sea. It traverses a

route of 1,811 km. In its first phase, TANAP transports 16 billion m³ of natural gas annually, of which 6 billion m³ is used in Türkiye and 10 billion m³ is transferred to Europe. The pipeline's capacity will be increased to 24 billion m³ first and then to 31 billion m³ with additional investments.

The first phase of TANAP was opened in a ceremony held on 12 June 2018. The first transport of commercial natural gas was carried out on 30 June 2018. The opening ceremony of the TANAP European connection was held on 30 November 2019.

Main Line Length	1,811 km
Çanakkale Strait Crossing	17.5x2 (Twin Pipeline)
Highest point on land where the pipeline passes (altitude)	2,760 m
Deepest point where the pipeline passes (under the sea)	-67.5 m
Number of People Provided with Direct and Indirect Employment during the Project Phase	13,000
Number of Cities located on the TANAP Route	20
Approximate Investment Cost	USD 6.5 billion



IN 2022 ...

Highlights of 2022

SOCAR Türkiye integrated the SAP solutions, which address different processes, into the SAP S/4HANA system with the Project Earth project, and started to manage the processes from a single hub.



SOCAR Ar-Ge becomes eligible for funding from Horizon Europe Program

The Circular TwAln project is the first digital project developed by the SOCAR Türkiye R&D and Innovation Centre. It is implemented in partnership with the AI Platform for Integrated Sustainable and Circular Manufacturing. The project was deemed eligible for funding from the European Commission Horizon Europe Program (HEUROPE). Aimed at maximizing sustainability and energy efficiency with artificial intelligence and digital solutions, the project became the fourth SOCAR Türkiye R&D and Innovation Centre project to be funded by the EU.

International cooperation established for the education of children with autism in Azerbaijan

SOCAR Türkiye, the Tohum Autism Foundation and Birge and Sağlam İctimai Birliyi joined forces to support the education of children with autism. In cooperation with Birge and Sağlam İctimai Birliyi, which provides services

for individuals with autism in Azerbaijan, the Tohum Autism Foundation supported the training program by transferring its scientific know-how with the support of SOCAR Türkiye.

SOCAR Energy School certificate program carried out

SOCAR Türkiye and Sabancı University entered collaboration to encourage the training of qualified manpower for the EDU energy sector. The SOCAR Energy School certificate program was implemented as part of the agreement. For more information:

www.socarenergyschool.com

SOCAR Türkiye realizes one of the biggest SAP projects of the sector

SOCAR Türkiye realized one of the biggest SAP projects not only of its kind in Türkiye but also in the region and the energy sector, by integrating SAP solutions, which addresses different processes, into the SAP S/4HANA system under the Project Earth project. It started to manage processes from a single hub.

SOCAR Denizcilik starts sales in domestic marine fuel market

SOCAR Denizcilik added the domestic marine fuel market to its fields of activity and initiated sales in the Marmara, Aegean and Mediterranean Seas within this scope. Pressing ahead unabatedly with its activities since 2013 and reaching an annual sales volume of 700,000 tons, SOCAR Denizcilik rapidly responds to the needs of wide range of customers from domestic passenger and cargo ships to tourism vessels, fishing boats and public institutions.



Highlights of 2022

SOCAR Wennovation, the Open Innovation Platform by SOCAR Türkiye

SOCAR Türkiye launched the SOCAR Wennovation open innovation platform, inviting companies, ventures and academic institutions which offer solutions with a focus on digital transformation to become participants. SOCAR Türkiye aimed to meet the digital needs within the organization by collaborating with potential stakeholders in the ecosystem.

Four SOCAR Türkiye companies awarded "Nutrition Friendly Workplace" certificate

SOCAR Türkiye's subsidiaries, Petkim, STAR Rafineri, SOCAR Depolama and Kayserigaz, were awarded the Nutrition Friendly Workplace Supporting Physical Activity Certificate. Kayserigaz became the first company in Kayseri to receive the "Nutrition Friendly Workplace Supporting Physical Activity" certificate from the Ministry of Health.

Bursagaz and Kayserigaz organized training on safe and efficient use of natural gas

Working jointly with the SOCAR Türkiye Volunteers, Bursagaz provided "Safe and Efficient Use of Natural Gas" training to 18,684 students in 11 districts in Bursa. Kayserigaz provided "Safe and Efficient Use of Natural Gas" training to approximately 2,000 students at 11 schools in three districts in Kayseri.

Bursagaz starts to bring natural gas to the Dırazalı district of İznik

Bursagaz completed its investment work in the Dırazalı District of İznik and brought natural gas to the people of the region. Bursagaz serves more than 11 million subscribers in 11 districts of Bursa. Bursagaz laid more than 3 km of pipelines within the scope of the investment which it undertook in the Dırazalı District.

SOCAR Türkiye participates in International Caspian Oil and Gas Exhibition

SOCAR Türkiye discussed digitalization at the International Caspian Oil & Gas Exhibition (COG). The Project Earth project was implemented during the pandemic so the applications, in which the corporate processes of all group companies are managed, were able to keep up with the digital transformation and ensure process-based and organizational integration. SOCAR Türkiye provided information about the details and achievements of the Project Earth project.

SOCAR Türkiye Araştırma Geliştirme ve İnovasyon A.Ş. using Artificial Intelligence to inspect process equipment

SOCAR Türkiye Araştırma Geliştirme ve İnovasyon A.Ş. started its industrial UAV (Unmanned Aerial Vehicle) supported operations with the cooperation of the Berlin Technical University and Gebze Technical University. SOCAR Ar-Ge identifies

degrees of corrosion occurring in process equipment using the Artificial Intelligence-based algorithms it has developed, thereby helping to minimize wear rates.

Bursagaz starts receiving subscriptions in Orhaniye district of İznik

Bursagaz, which delivers natural gas to the Orhaniye district in İznik, completed the installation of service boxes in 268 buildings. While the subscription processes completed in 69% of the buildings, the number of flat-based subscriptions reached 237.

Kayserigaz meets authorized interior installation companies

Kayserigaz met the representatives of 91 authorized interior installation companies. At the meeting, the Kayserigaz interior installation managers explained the issues to be considered regarding the internal installation fitting, which intensified during the summer months, and information was provided on the efficient and safe use of natural gas.

Bursagaz gains ISO 31000 Risk Management Certificate

With its activities and practices in the field of risk management, Bursagaz successfully completed the International Standards Organization (ISO) audits and obtained the ISO 31000 Risk Management Certificate, which is based on an international risk management standard.

İzmir is the third stop for the Blue Climate Ambassadors

The Blue Climate Ambassadors Project was implemented by TURMEPA, TÜRKLİM and WISTA Türkiye in a bid to draw attention to climate change and develop sustainable solutions for environmental issues. İzmir was the third stop for the Blue Climate Ambassadors Project. Aiming to encourage women seafarers to lead the sector in the fight against climate change, project representatives met port workers in İzmir with the support of SOCAR Terminal. TURMEPA provided "Zero Waste Blue" training to port workers within the scope of the project realized with the support of SOCAR Terminal.

Delegation from Uzbekistan visits SOCAR Türkiye

As part of the cooperation established between Azerbaijan and Uzbekistan, a delegation of specialists in the field of Downstream operations from Uzbekneftegaz, Uzbekistan's state gas company visited SOCAR Türkiye. Mutual experiences were shared during the 3-day visit. A delegation from Uzbekneftegaz visited SOCAR Türkiye's refinery-petrochemical facilities in Aliağa. In the meetings held, mutual evaluations were carried out on asset management, occupational health and safety, technical services, digitalization, value creation and the agile transformation.

Bursagaz starts to accept subscriptions from regions with no zoning permit

Bursagaz started to accept subscriptions in the Samanlı neighborhood of the Yıldırım district, where it delivers natural gas. Having completed the infrastructure work in the Samanlı neighborhood of the Yıldırım district, Bursagaz started to receive subscription applications.

SOCAR Türkiye sponsors Bike Race in İzmir

The race was held under the main sponsorship of SOCAR Türkiye. The İzmir stage of the Turkcell GranFondo Series started under the banner of "For a Sustainable World", with 2,000 amateur and professional cyclists from over 30 countries participating in the race.

Employees of infrastructure companies receive natural gas training from Kayserigaz

Kayserigaz provided technical Safety and Basic Natural Gas training to employees of infrastructure companies. In the training program given by the Kayserigaz Emergency Response and Interior Installation teams, information was provided about the causes of natural gas line damage and what to do in the event of an uncontrolled gas leak resulting from line damage.

Bursagaz Search and Rescue Team conducts earthquake drill with students

The Bursagaz Search and Rescue team conducted an earthquake drill with students from Nilüfer Tofaş Science High School. Other search and rescue teams in Bursa also participated in the drill, which was carried out jointly with AFAD. The Bursagaz Search and Rescue (BURAK) team participated in the drill within the scope of Earthquake Week, which is held every year between March 1st and 7th, in order to raise earthquake awareness and increase earthquake preparation.

Highlights of 2022

Renewal of SOCAR Türkiye's website

SOCAR Türkiye renewed its website with a user-friendly, modern face which draws its strength from its simplicity. The company brought its new visual aspect, which it has created with dynamic, simple and effective touches which convey the Company's energy to its website. For more information

www.socar.com.tr

Petkim records a record net profit of TL 6.5 billion in 2022

Petkim achieved sales of TL 48.9 billion in 2022, breaking a new record with a net profit of TL 6.5 billion. Despite global geopolitical risks, the erosion in profit margins and increase in raw material prices, as well as this year's planned maintenance turnaround, Petkim maintained its strong cash position through the financing methods used and increased its profitability on the back of its productivity-enhancing efforts, the uninterrupted raw material supply from the STAR Rafineri, its agile management approach and effective planning with a holistic perspective.

SOCAR Türkiye and Turkcell strike a first in the energy sector

SOCAR Türkiye and Turkcell realized an important collaboration in what was the first of its kind in the energy sector. Within the scope of the project developed for the Aliağa Peninsula, work was taken by Turkcell to create a mobile communication network which would be exclusive to SOCAR Türkiye.

The "Epic of Brotherhood" dance shown to audiences in İzmir, Bursa and Kayseri

The "Epic of Brotherhood" theatrical dance show tells the history of Türkiye and Azerbaijan from past to present, along with the heroes, poets and cultural richness of the two countries. The show was viewed by approximately 3,000 people in Kayseri, Bursa and Aliağa, Izmir. The performance of the expansive cast of 70 artists attracted wide acclaim from representatives of local administrations, managers of public institutions and organizations and members of the press as well as SOCAR Türkiye employees and their families.

Kayserigaz brings natural gas to the Kızılören, Yeni Süksün, Güllüce and Çatakdere neighborhoods

Kayserigaz completed its investment work in the Kızılören neighborhood of the İncesu District, Yeni Süksün and Güllüce neighborhoods of the Bünyan District and the Çatakdere neighborhood of the Talas District, bringing natural gas to the people of these districts.



Awards

SOCAR Türkiye and its group companies continued to crown their achievements with awards

Petkim receives award from KalDer

Petkim won the Silver award at the "Successful Team of the Year" awards, hosted annually by the Izmir branch of KalDer. The award was handed to Petkim in recognition of its "Project to Increase Capacity and Reduce the Carbon Footprint with the 5S Application in Product Packaging and Storage Areas".

SOCAR Türkiye wins "Strategic Partnership"

SOCAR Türkiye received the "Strategic Partnership" award as part of the Türkiye Innovation Week. SOCAR Türkiye was one of the companies to be awarded within the scope of the Türkiye Innovation Week, being recognized for its successful work in the field of technology and innovation and its support within the scope of the Türkiye Innovation Week.

Millenicom wins "Best Indoor Wi-Fi Internet" Award

Millenicom was awarded the "Best Indoor Wireless Internet" award at the WBA 2022 Industry Awards. The evaluation, carried out by the Wireless Broadband Alliance (WBA), found that Millenicom's Ambeent patented spectrum optimization and remote access point configuration technologies brought an 87% improvement in basic wi-fi performance.

Group companies on prestigious lists such as the Fortune 500 and Capital 500

Petkim, STAR Rafineri, SOCAR Petrol Ticaret, Bursagaz and

Kayserigaz were included in prestigious lists such as the Fortune 500 and the Capital 500.

Award for internal communication work from Stevie Awards and IPRA

Awards were received from the International Stevie Awards for Great Employers in the "Achievement in Internal Communications" category; from the MENA Stevie Awards in the "Award for Innovation in the Use of Events" category and from the Stevie International Business in the "Internal Communication" category. An award was received from the International Public Relations Association (IPRA) in the category of "Internal Communication Inhouse" at the IPRA Golden World Awards 2022, which is held annually.

Two International Awards for the SOCAR Türkiye Volunteers

In addition to the awards which the SOCAR Türkiye Volunteers won in recognition for their corporate social responsibility efforts, the SOCAR Türkiye Volunteers also won an award in the Communitas Awards in 2022, after winning an award in the Global Business Excellence Awards.

Awards for Strategic Competency Development Programs in Brandon Hall and Stevie Awards

The Strategic Competency Building programs, which are implemented under the leadership of the Human Resources department, were awarded in the Brandon Hall and the Stevie

Awards International Business Awards.

Social Media Award from Brandverse Awards

At the Brandverse Awards, which hosts the most prestigious awards for social media, the Company won the Gold Award for the sixth time in a row in the "Energy Companies" category.

"Project Earth" wins SAP Transformation Award

SOCAR Türkiye implemented the "Project Earth" work in order to adapt the applications, in which the corporate processes of all group companies are managed, to the digital transformation and ensure process-based and organizational integration. "Project Earth" is a business transformation project which forms the new backbone of all of SOCAR Türkiye's workflows. "Project Earth" was awarded at the year's SAP Transformation Awards.

Cogeneration Facility Special Award

The Petrochemical Refinery Energy Integration Project was carried out for the cogeneration facility located in the Petkim Energy Production complex, to enable the facility to work in a manner integrated with the STAR Rafineri. The project received the "Cogeneration Facility Special Award" in the 9th ICCI Energy Awards.



Yılın SAP Dijital Dönüşüm Ödülü

SOCAR TÜRKİYE



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Strategic Perspective, External Environment and its Effects on Strategies

Influenced by global and national developments, SOCAR Türkiye's strategic perspective is focused on expanding its presence in Türkiye and increasing its production capacity.

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The global energy transition, combined with the COVID-19 pandemic, shaped the external environment in 2022. Increasing demand for renewable energy has spurred the sector to switch to clean energy sources and reduce its carbon footprint. Moreover, the impact of the pandemic on supply chains, demand and market dynamics has continued to affect the oil and natural gas sector in Türkiye.

In recent years, the oil and gas sector has faced significant challenges amid changing market conditions, fierce competition, climate change and growing concerns over sustainability. One of the most significant challenges facing the sector has been the volatility in oil prices. Global demand for oil and gas is driven by factors such as economic growth, geopolitical tensions and natural disasters. In recent years, the COVID-19 pandemic

has had a significant impact on the sector as reduced demand and excess supply precipitated a sharp fall in oil prices. In response to these challenges, many oil and gas companies have focused on diversifying their operations, exploring new technologies and processes to increase efficiency and reduce costs. Companies are turning to sustainable products and services in a bid to optimize their operations and generate new revenue streams.

As a result, the global strategic landscape in the fossil fuel sector is complex and rapidly evolving as companies face a multitude of challenges and opportunities. Provided companies adapt to changing market conditions, adopt new technologies and respond to the increasing demand for sustainable energy sources, the sector is expected to continue to evolve.

The energy sector in Türkiye has undergone significant growth in recent years with the growth expected to continue as the country continues to develop

economically. The oil and gas sector forms a vital pillar of this growth and Türkiye is strategically positioned as a key transit country for trade to Europe. Türkiye has taken various measures to attract investors to the sector, including offering incentives, establishing regulatory frameworks and supporting infrastructure development.

The war between Russia and Ukraine significantly affected the refining, petrochemical and natural gas industries in Türkiye. Natural gas supply to Türkiye, which is heavily dependent on imports for its energy needs, has been disrupted due to the conflict between Russia and Ukraine. Global developments have caused disruptions in natural gas supply and volatility in global oil markets, prompting Türkiye to explore new energy partnerships, including with Azerbaijan, to diversify its energy resources.

Despite the challenges facing the fossil fuel industry globally, the strategic outlook in Türkiye remains positive for SOCAR



Strategic Perspective, External Environment and its Effects on Strategies

Türkiye thanks to the continued commitment to energy security, increasing demand for energy and petrochemicals, and the country's strategic location, being situated between Europe and Asia. In order to maintain its competitive advantage, SOCAR Türkiye is constantly updating itself on the axis of efficiency and optimization, effective cost management, the adoption of innovation and technology and sustainable development practices in the sectors in which it operates.

Influenced by global and national developments, SOCAR Türkiye's strategic perspective is focused on expanding its presence in Türkiye and increasing its production capacity. Operating in various fields of the energy sector, including refining, petrochemicals and oil and natural gas distribution, SOCAR Türkiye is focused on four main strategic pillars as it seeks to maintain its leading position in the petrochemical industry in Türkiye:

1. Efficiency and Optimization:

We focus on operational optimization in the short term to increase efficiency. We aim for sustainable growth and maintain our competitive advantage with our three main initiatives: our value creation program in our petrochemical and refinery

business unit, capturing value from gas distribution and cost management across the group.

2. Seizing Cash Opportunities:

We have adopted a strategic program to develop the existing asset portfolio, increase the value of assets and optimize them in order to seize monetization opportunities and improve our performance.

3. Selective Growth: In order to achieve long-term growth and maintain our leading position in the petrochemical sector, we aim to grow selectively in line with the growing demand for petrochemicals while taking the opportunities and risks into account. By establishing local and international collaborations, we shape the future of our existing facilities and develop alternative paths. In this process, we keep up with global developments by focusing on sustainability and the energy transition.

4. Sustainability and Energy Transition:

With the global energy transition, we strive to reduce our carbon footprint and achieve a more sustainable future. As part of the decarbonization roadmap, we primarily focus on reducing emissions from our refinery

and petrochemical operations. Energy efficiency measures are crucial in reducing emissions. We implement these initiatives as part of operational carbon reduction. In addition to the risks, we are also investigating alternatives for new technologies and processes in order to create new income sources in line with the opportunities arising from the energy transformation.

These strategic pillars will enable SOCAR Türkiye to maintain its leading position, while providing its customers with the opportunity to offer sustainable, competitive and innovative products. Regardless of the conditions at the global and local level, SOCAR Türkiye will continue to meet customer needs with the most appropriate products and services, and to be a pioneer in the energy transition process with the support of operational, commercial and financial excellence programs.



 **SOCAR**
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Gains in 2022, Strategies and Goals

SOCAR Türkiye has rounded off another year of outstanding achievements in almost all critical performance indicators, which are determined by taking global benchmarking studies into account.

An overview of 2022 from a financial, operational and organizational perspective

The main priorities for 2022 were determined in line with SOCAR Türkiye's strategy and business plans and were transformed into goals. The strategies and critical performance indicators of the business units were determined in line with the company's strategy and 2022 goals. Realizations were monitored throughout the year and reported, with corrective actions taken when necessary. SOCAR Türkiye has rounded off another year marked by outstanding achievements in almost all critical performance indicators, which are determined by taking into account the global benchmarking studies.

Overview of the Refinery and Petrochemical Business Unit

The EBITDA target was revised upwards following the superior performance in the Refinery and Petrochemical Business Unit in the second quarter of 2022. As well as the EBITDA results exceeding the target, SOCAR Türkiye also stood out with its value creation initiatives, digitalization initiatives and achievements in the environmental, social

and governance performance in 2022. Moreover, the projects contributing to sustainability reduced CO₂ emissions by 182,000 tons and the amount of water used by 76,000 tons at STAR Rafineri, while reducing CO₂ emissions by 48,000 tons and water usage by 32,000 tons at Petkim.

Despite having a design capacity of 10 million tons per year, as a result of technical examinations and evaluations including test-runs, it has been determined that the STAR Rafineri can safely operate at a refining capacity of 12.1 million tons/year. In 2022, the refining capacity was therefore registered with this figure (12.1 million tons). This technical evaluation and review were realized in-house as part of operational excellence initiatives without the need for additional CAPEX. The STAR Rafineri Capacity Utilization rate, which had stood at 100.8% in 2021, increased to 113.1% in 2022 thanks to the "I am the Value" program. The STAR Rafineri achieved a record EBITDA of USD 2,471 million in 2022. The significant jump in EBITDA has ensured sustainable profitability.

Petkim's planned maintenance turnaround for 2022 was successfully completed. Petkim met 12% of Türkiye's need for petrochemical products in 2022, while production volumes were increased with the optimization work carried out through the Value Creation Program, despite there being no capacity increase investments since 2017. As demonstrated by the significant surge in EBITDA and production, the period between 2016-2022, when sustainable levels of profitability were achieved, has been the most successful period in Petkim's history.

Achievements which stood out in 2022

Petkim ranked first on the "Stars of Export" list, which evaluates all sectors on the basis of data released by the Aegean Exporters Association in 2022. Maintaining its strong position in exports, as well as meeting the demands of the domestic market in 2022, as in the previous year, Petkim became the Aegean Region's largest exporter by realizing USD 913 million in exports.

Petkim was awarded the "Strategic Partnership Award" in recognition of its successful work in the field of



Gains in 2022, Strategies and Goals

innovation and technology at the ceremony held during the Türkiye Innovation Week, which has been hosted by the Turkish Exporters Assembly since 2012 with the contributions of the Ministry of Trade.

The Petrochemical Refinery Energy Integration project was carried out to ensure that the cogeneration facility, located in the Petkim Energy Production complex, would work in an integrated manner with the STAR Rafineri. The project's work gained recognition with the "Cogeneration Facility Special Award" at the 9th ICCI Energy Awards.

The ISO 55001 Asset Management System audit was carried out for the first time at the Petkim and STAR Rafineri companies within the scope of the Refinery and Petrochemical Business Unit, in a first in Türkiye in terms of scale and scope. The audit was successfully completed. The decision was taken for Petkim and the STAR Rafineri to be certified to the ISO 55001 Asset Management System for the first time.

The "Inventory Optimization" and "Logistics Optimization" projects received awards during the Türkiye's Most Influential Supply Chain Professionals award ceremony, held for the eighth time this year.

Overview of the Natural Gas distribution market

Total natural gas consumption declined from 58.8 billion m³ in 2021 to 53.3 billion m³ in 2022. The length of the distribution network increased by 7% to 180,000 km and the number of natural gas subscribers increased by 6% to 19.7 million subscribers.

The success of gas distribution operations grew on the back of gas trading activities during 2022. The Natural Gas Business Unit achieved outstanding success in meeting its EBITDA target. Thanks to the "I am the Value" program, the company realized an EBITDA performance in excess of the target thanks to the improvements achieved in the company processes. The gains provided a positive contribution to operational performance, tariff management and digitalization, as well as impacting the financial performance.

In line with SOCAR Türkiye's environmental, social and governance goals, various actions and initiatives were taken in 2022. These included sustainable products and services

and green energy (IREC, Solar Roof Top, Green Power Plant Management) opportunities. The effects of GHG and Non-GHG emissions, renewable energy applications, energy efficiency, waste and recycling, technological developments and digitalization all played a significant role in determining the initiatives, which were closely followed and evaluated throughout the year.

SOCAR Enerji Ticaret sells natural gas and electricity to natural gas and electricity distribution companies, organized industrial zones and free consumers. The company realized natural gas and electricity trading and sales volume of 17 TWh in 2022.

SOCAR Türkiye's strategy is focused on optimization of operations in the short term and selective growth in the long term, in line with the aim of maintaining its leading position in Türkiye's petrochemical industry.

In this vein, SOCAR Türkiye has configured its strategy on four main pillars.



Short Term (2021 - 2025)	Medium and Long Term
1. Efficiency and Optimization	
<ul style="list-style-type: none">To achieve improvements and create additional value for all existing assets through excellence programsTo exploit more potential with digital and analytical solutions	<ul style="list-style-type: none">To advance by adopting the culture of continuous value creation in all business units, as a way of doing businessTo monitor expansion opportunities in business units by analyzing past performances
2. Seizing Cash Opportunities	
<ul style="list-style-type: none">To determine the portfolio management framework and implement it	<ul style="list-style-type: none">Value-enhancing portfolio optimizationTo take investment decisions in private ventures
3. Selective Growth	
<ul style="list-style-type: none">To enter the advanced petrochemical distribution business in Türkiye in order to take advantage of the potential value pool	<ul style="list-style-type: none">To evaluate investment options selectively in order to grow in the Turkish petrochemical industry
4. Sustainability and the Energy Transition	
<ul style="list-style-type: none">To develop a long-term sustainability and decarbonization strategyTo implement first initiatives in order to reduce CO₂ emissions by an average of 1% per year	<ul style="list-style-type: none">To develop relationships and potential partnerships with the players related to recyclingTo gain knowledge on alternative forms of energy for future investmentsTo achieve the target of reducing CO₂ emissions by 40% by 2035 and achieving net zero by 2050

SUSTAINABILITY

People and Society

SOCAR Türkiye builds its human resources with the principle of the right candidate for the right position in line with its corporate values. At the same time, it offers competitive opportunities for the development and motivation of its human resources.

Human Resources

SOCAR Türkiye regards human resources as its most important asset and as the architects of a sustainable future. It believes that its innovative practices in this field create added value for the SOCAR brand.

The basis of SOCAR Türkiye's human resources policy is to provide a working environment which is safe, fair and healthy with strong ethical values. The policy includes offering practices which maintain a high level of motivation, not only to ensure a qualified workforce while maintaining corporate development but also to be the first choice for employees and to support their sustainable development. At the same time, SOCAR Türkiye seeks to create the more efficient human resources of the future. SOCAR Türkiye believes that each of its employees has the effect and importance that will carry the company into the future and support its growth. SOCAR Türkiye operates with an awareness that success is directly related to the performance of its employees.

The company builds its human resources on the principle of the right candidate for the right position in line with its corporate

values. At the same time, it offers competitive opportunities for the development and motivation of its human resources.

Highlights of the demographic structure of SOCAR Türkiye as of the end of 2022:

- SOCAR Türkiye and its group companies employ a total of 5,297 personnel, with 129 personnel employed at its Corporate Headquarters.
- The average age of the employees at SOCAR Türkiye and its group companies stood at 37, with each employee having completed an average of eight years of service.
- Women account for 30% of the white-collar employees.
- In 2022, SOCAR Türkiye provided jobs to a total of 660 personnel, including 336 new jobs and 323 internal transfers.

Helping to meet the personal and professional goals of all employees at SOCAR Türkiye with training and development activities

Enabling employees to gain different perspectives and expanding their visions are among

the most important elements in SOCAR Türkiye's development plans.

Training and Development

In addition to the legally mandated training at SOCAR Türkiye, academics and professionals who are experts in their fields provide the professional and personal development training which employees may need.

Within the scope of the blended learning approach, developmental plans for employees are diversified with mentoring, training videos, webinars and simulative games specially developed for SOCAR Türkiye, and online training is offered through digital platforms, in addition to the face-to-face learning method. In addition to the external training activities, internal teachers are trained and included in the training processes in order to maintain and widen the level of knowledge inside the Company.

SOCAR Türkiye offers a digital platform where its employees are able to access more than 100 training courses that will broaden their horizons with valuable content. On the platform, called "Development Journeys",



employees may gain information concerning a wide variety of different fields and contribute to their personal development. They may also gain new skills that will help them take their development one step further in their professional lives and develop their competencies in topics such as Leadership, Management, Relational Skills and Personal Skills.

The orientation program is designed to accelerate the adaptation of new employees to the company, their adaptation to the corporate culture and their adaptation processes. It is carried out with the joint participation of employees who will start working at all locations and companies. The program is offered on an online basis so employees working in different locations may participate simultaneously.

At SOCAR Türkiye, all of the educational investments are recorded after the online processes run through the SOCAR Learning Center and are reported centrally. Moreover, all employees are provided with the opportunity to record and monitor their own development goals and plans through this platform.

Leadership Programs

The "Leadership Factory" leadership development program is the most comprehensive program of its kind ever undertaken in Türkiye. It covers a large section of the executive staff working in SOCAR Türkiye and its group companies. The

program develops the leadership skills of executives through training companies and trainers with different fields of expertise, preparing them for new leadership roles in the future.

As an executive leader development program, the "Pathfinder's Journey" is prepared to support the understanding of sustainability, which is one of the company's key strategies. It aims to help participatory leaders gain and develop a sustainability perspective.

Employee Experience

The Human Resources platform offers a single employee experience for SOCAR Türkiye employees. Best practices in the world were taken into account in its implementation. With this application, all SOCAR Türkiye employees may access basic functions such as personnel, recruitment, work preparation, performance management, training management and career management on the same platform. It is also a platform where success built on corporate values is appreciated and rewarded, with diversified fun-packed forms of rewarding including educational competitions. All of these activities are carried out over the common intra-group communication intranet with the aim of increasing employee loyalty.

Next Generation Performance System

With the performance management system designed in line with the changing working conditions and needs, employees keep track of the targets they set throughout the year. With the Continuous Performance and Continuous Feedback modules, all actions taken can be easily monitored by employees and their managers. In this way, the performance system remains in place as a more flexible and transparent process where feedback can be received and provided regardless of the level of the position. In addition, the Stakeholder Evaluation process, which is within the scope of the year-end evaluation process, offers the employees the opportunity to evaluate each other on a 360° basis within the framework of SOCAR Türkiye's values.

Digital HR

The robotic process automations realized at SOCAR Türkiye in 2022 brought gains amounting to 4,392 hours within the scope of the Citizen Developer.

All paperwork in digital archive processes is managed by robots and the SSI (Social Security Institution) work entry procedures are also carried out automatically by robots. Notifications of recruited personnel are entered into the identity notification system. Moreover, the entries of all training which are carried out by the departments within the scope

of training and development, and which are recorded with the traditional method of a wet signature, are recorded in the system both through the signature lists reaching the SOCAR Service Centre and by the robot.

Thanks to robotic process automation, SOCAR Türkiye significantly increases the efficiency and speed of business processes. Employee satisfaction is constantly increasing as employee needs are met quickly and accurately. The robotic processes also free employees from repetitive and low value-added work, allowing them to focus on more strategic, creative projects. SOCAR Türkiye aims to increase its competitiveness by supporting the company's digital transformation and innovation practices and to further increase the sustainability of the processes in 2023.

New Working Model

One area which came to the forefront during the pandemic was "new working models". Like many companies, SOCAR Türkiye switched to the remote working model during the pandemic. Thanks to its strong technical infrastructure and digitalized processes, SOCAR Türkiye completed this transition smoothly

without any resulting negative impact on business continuity. In the 'pulse' surveys conducted since the model was put into practice, approximately 90% of employees stated that they were satisfied with the practice.

This satisfaction was observed to have had a positive effect on employee commitment to SOCAR. Likewise, nearly 95% of employees stated that they were able to work productively while working remotely.

The benefits enriched by remote working also contributed to the needs of employees. In 2023, new practices which will support remote working habits will continue to be implemented.

Human Rights, Equality, Inclusion and Diversity

As a signatory of the Women's Empowerment Principles, a joint initiative carried out by UN Women and the UN Global Compact, care is meticulously taken to support an approach which encapsulates diversity, equality and inclusion in business processes.

Human Rights

SOCAR Türkiye and its group companies support their employees' implementation of internationally accepted human rights practices, especially those specified in the United Nations Universal Declaration of Human Rights and ILO Conventions, in line with the business code of ethics established as a responsible employer and the Human Resources Policy. SOCAR establishes the environment and conditions necessary in this aspect. With the Human Rights Policy and Guiding Principles which it has adopted, SOCAR Türkiye aims to spread an inclusive and fair approach which protects and improves human rights within the organization, in production processes, supply chains and among all other stakeholders.

One of the prerequisites of creative and productive human resources is to enable employees to reach their potential and to ensure diversity of ideas. For this reason, it is important to ensure equality of opportunity in the entire human resources process, starting from the recruitment stage, and to prevent any forms of discrimination which may pose a risk to the assurance of diversity. In this context, SOCAR Türkiye

does not treat anyone differently on the basis of language, religion, race, ethnic origin, sexual orientation or any innate quality. SOCAR Türkiye does not excuse any behavior which could be construed as discrimination and will not ignore any incidences of pressure, intimidation or similar mobbing of employees under any circumstances. It takes the necessary measures to prevent these behaviors.

Social Gender Equality

With the awareness that social development and progress in work life can only be achieved through the empowerment of women, SOCAR Türkiye works to strengthen the role of women in work life beyond the goal of increasing women's employment. In this context, as a signatory of the Women's Empowerment Principles, which is an initiative jointly carried out by UN Women and the UN Global Compact, diversity, equality and inclusion approach is given meticulous attention in business processes. SOCAR Türkiye aims to provide its employees with a work environment where they can feel happy and safe, which is open to development, participatory and respectful of human rights.



Creating a fair, inclusive and diverse working life and building a business culture with an equality perspective is seen as a goal of the brand.

After the needs analyses conducted within the scope of the "Our Energy is Diversity" initiative, a "Diversity and Inclusivity Roadmap" was prepared. This Roadmap sets out the new steps that SOCAR Türkiye can take to become a more inclusive and diversity accepting institution. A path to be pursued in the short, medium and long term to achieve tangible targets and new practices to be implemented was set out in accordance with the new policies and practices determined within the scope of the project. A wide array of social rights have been put into practice within the scope of the following commitments.

Commitments:

- Equal Participation in Work Life
- Prevention of Discrimination, Harassment and Violence
- Establishing a Responsible Relationship with Society and Stakeholders
- Diversity and Equal Opportunity
- Supporting the Development of Women in Work Life
- Open and Transparent Communication



Corporate Social Responsibility

Group companies within SOCAR Türkiye carry out corporate responsibility projects which support social and economic development with a multifaceted approach and that creates added value for society.

In addition to the employment and economic value it creates thanks through its production activities and products, SOCAR Türkiye also supports social development both in the regions where it operates and on a national scale through corporate social responsibility projects, donations and sponsorships.

In 2022, in line with the United Nations Sustainable Development Goals (SDGs), significant resources were transferred to corporate social responsibility activities through environmental and social investments.

Corporate responsibility projects support social, environmental and economic development with a multi-faceted approach and

create added value for society. SOCAR Türkiye divides corporate responsibility projects into three categories: education, the environment and social issues. It measures the social impact of the projects and reports their contribution to social development through the projects in accordance with international standards.

Training

The Project of Türkiye's Engineer Girls

SOCAR Türkiye was a stakeholder in the Türkiye's Women Engineers project in 2021. The project contributes to the personal and professional development of the women engineers of the future who are studying in engineering faculties. SOCAR Türkiye's support to the Türkiye's Women Engineers project continued in 2022 with ten chemical engineering students provided with scholarships, English language education, mentoring and internship opportunities. In addition, the students were hosted at the production facilities in Aliağa in 2022. Having the opportunity to closely examine the production processes, the students also met their mentors, consisting of the SOCAR Türkiye Volunteers. This project is important for women's participation in working life and in terms of their equal representation in the sector. The project has been carried out by the foundation, which has launched the project since 2015, in partnership with the Ministry of Family and Social Services, the Ministry of National Education and the United Nations Development Program.

Business Simulation Project with State Universities

The "Business Simulation Project", which is the project of bringing business simulation together with state universities, was implemented in 2021, in order to reinforce the theoretical knowledge taught at the university in a practical way. In 2022, the right to use two business simulations in the fields of "Global Competition" and "Marketing" from an international software company for 60 students, who are studying at the Department of Business Administration at the Ege University, was provided to the university. In 2022, the scope of the project was expanded and in cooperation with the Dokuz Eylül University, an additional 35 students and a total of 95 students throughout the year were supported to develop their theoretical knowledge and decision-making skills.

- **Türkiye's first science and fairy tale festival: The "Science Wonderland" Project**

Realized in cooperation with the Science Virus Social Initiative, Türkiye's first science and fairy tale festival the Science Wonderland Project was held in İzmir (Aliağa and Karşıyaka), Bursa and Kayseri, where the SOCAR Türkiye group companies are located. The event hosted nearly 150 children between the ages of 12-14 and took them on a trip to the magical world of science and fairy tales. At the same time, chemistry, energy workshops and many other workshops, which were supported by our volunteers with their presentations, were brought to children to help them develop their scientific thinking and imagination.

- **The "You go for it, SOCAR!" Donation Campaign**

With the "You go for it, SOCAR!" competition organized under the motto of "Live Well, Feel Good", every 1 million steps taken by SOCAR Türkiye employees were matched and the steps taken were converted into donations in the field of education.

- **Cooperation with the Birge and Sağlam Social Union and Tohum Autism Foundation (TAF)**

The Tohum Autism Foundation (TAF) and the Birge and Sağlam Social Union, which provides services for children with autism in Azerbaijan, reached an important agreement of cooperation in 2022 with the support of SOCAR Türkiye, where the TAF would share its experience with the Birge and Sağlam Social Union by providing supervision so children with autism in Azerbaijan would be able to receive science-based education.

- **SOCAR Energy School (SES)**

With the cooperation of SOCAR Türkiye and Sabancı University, a leading certified training program providing specialization in the sector was realized. Within the scope of the program, the energy policies of the Caspian Basin, Türkiye and Azerbaijan were examined in depth, while the global and regional energy issues were discussed. Relevant public and private sector managers, academics, international policy makers and energy experts who want to and specialize in these issues were brought together. In the continuation of the program, it is also aimed to implement an effective platform where participants who want to specialize in related fields meet.

In the 6-week program held between 12 November 2022 and 17 December 2022, the program for 65 people, with the participation of officials selected from over 650 applications, was realized with the support of SOCAR Türkiye.



Social

- **The Turkish Physically Handicapped Federation - Boccia National Team Main Sponsorship**

Petkim, a SOCAR Türkiye group company, has been the main sponsor of the Boccia National Team since 2018. This support also continued in 2022. During the year, the Boccia National Team successfully represented our country at the Veldoven 2022 World Boccia Tournament, the Poznan 2022 World Boccia Tournament and at the Rome 2022 World Boccia Tournament. These tournaments were included in the competition calendar of the Turkish Physically Handicapped Federation, with Boccia sport being the only sport that the most severely disabled individuals can play. SOCAR Türkiye considers Boccia sport to be an extremely important field in terms of the participation of disabled individuals and their families in social life, and in contributing to the goal of an inclusive society.

- **Sports Fields Renovation of the Ege University Aliağa Vocational Training School**

The Ege University Aliağa Vocational Training School trains qualified technical staff for the sector and is included in SOCAR Türkiye's social impact area. To offer young people better conditions to practice their sports, renovation and expansion work was carried out on the sports fields at the Ege University Aliağa Vocational Training School in 2022. Thus, the company contributed significantly to the sport infrastructure in Aliağa.

- **Foundation to Strengthen the Turkish Police Force – support for the Vehicle Aid Campaign for İzmir Provincial Police Department**

The company donated to the Foundation to Strengthen the Turkish Police Force in order to support the vehicle aid campaign initiated by the İzmir Provincial Police Department, which plays a key role in ensuring the continuous security of the region.



The Environment

SOCAR Terminal and TURMEPA; «Blue Climate Ambassadors» Project

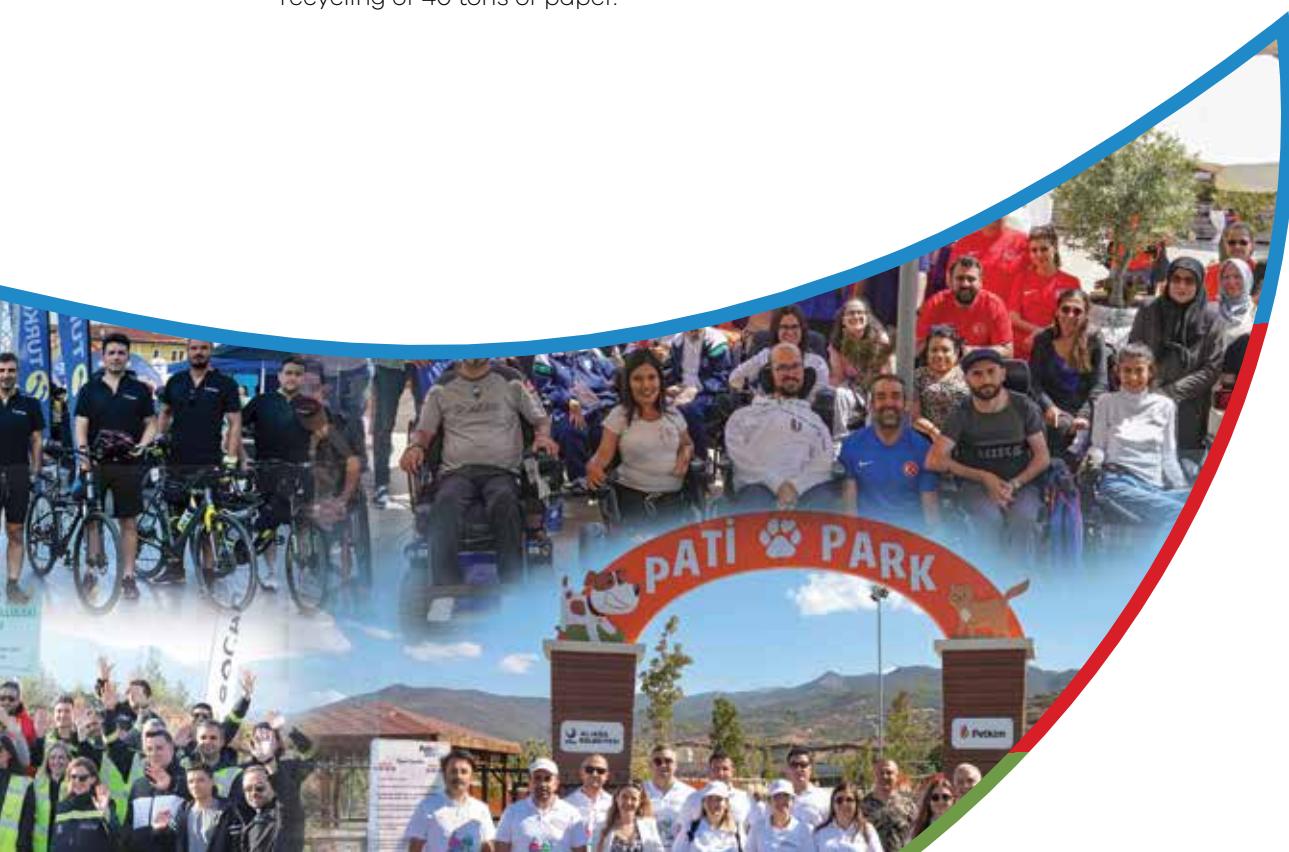
The Blue Climate Ambassadors project was carried out jointly with TURMEPA, TÜRKLIM and WISTA Türkiye. The purpose of the project is to increase the number of women working at the ports, to implement the zero-waste blue transformation and offer solutions on other issues related to climate change. Within the scope of the project, Zero Waste training was given to port workers with the support of SOCAR Terminal, a SOCAR Türkiye group company. In addition, within the scope of the Blue Climate Ambassadors Project, which aims to work on Zero Waste and combating Climate Change, coastal cleaning work was carried out at the Aliağa Public Beach and on the Karşıyaka Deniz Kabuğu Island.

“Lifelong Sustainability Transformation Workshops for the Future of the World” in cooperation with the Aegean Contemporary Education Foundation (EÇEV)

Based on the importance of conveying an awareness of sustainability to children at the fundamental stages of their education, the “Lifelong Sustainability Transformation Workshops for the Future of the World” were implemented in cooperation with the Aegean Contemporary Education Foundation (EÇEV). With this project, the importance of sustainability was discussed in detail with the participation of a total of 187 pupils and 60 parents in the workshops, which lasted for 2 days. The aim of this project is to bring the issue of sustainability to homes, for sustainability to be widely adopted as a concept and for children to learn with their families.

Recycling Project for a Sustainable Future

As a result of archiving work carried out for SOCAR Türkiye and its group companies, a recycling project was initiated for the disposal of materials whose storage period had expired, with the aim of reviving nature for a sustainable future. The “SOCAR Türkiye Volunteers Memorial Forest” was established by donating saplings to the Aegean Forest Foundation with the income obtained from the recycling of 40 tons of paper.





SOCAR TÜRKİYE Gönüllüler

SOCAR TÜRKİYE VOLUNTEERS

In addition to the corporate responsibility projects, donations and sponsorships of all group companies, in 2021 SOCAR Türkiye launched the SOCAR Türkiye Volunteers platform, which is a volunteering program initiated by SOCAR Türkiye employees. SOCAR Türkiye Volunteers was designed as a volunteer movement in which the employees working in all group companies could advance their own suggestions and ideas. This movement contributes to the development of social responsibility awareness among employees and for them to internalize the concept of volunteering by actively participating in activities. A social responsibility community founded by approximately 500 employees, SOCAR Türkiye Volunteers acts in line with the UN's Sustainable Development Goals (SDGs), implementing social responsibility projects in six teams, including education, environment, health, sports, animal protection and social issues.

The main focus of the SOCAR Türkiye Volunteers in the field of education is to contribute to the development of children and young people, and to organize activities aimed at raising awareness on issues such as the environment and saving energy.

The SOCAR Türkiye Volunteers distributed coloring books and toys to disadvantaged children in Izmir, Bursa and Kayseri in 2022 to support them in their education.

As part of environmental protection efforts, the SOCAR Türkiye Volunteers cleaned up five tons of solid waste in the Aegean Sea and planted nearly 280,000 trees.

The SOCAR Türkiye Volunteers helps stray animals in need of care within the scope of HAYTAP's aid campaign for animals. It periodically visits animal shelters and provides food donations. The volunteers, who build animal kennels from waste materials, carry out activities to

raise awareness of the "do not buy a pet, own a pet" culture. Established in Aliağa with the support of the SOCAR Türkiye Volunteers, PatiPark also includes Türkiye's largest park for dogs.

SOCAR Türkiye employees develop solutions for the needs of the society they live in. SOCAR Türkiye Volunteers won international awards in the "Community Service and Leadership in Corporate Social Responsibility" category at the Communitas Awards and also received an award in the "Superior Society Initiative" category at the Global Business Excellence Awards, once again demonstrating the value they create for society with their projects.



Gününne özel olarak gelecek nesillerin bize emaneti
için SOCAR Gönüllüleri'nin destek verdiği
2964 fidanla katkılarından dolayı



SOCAR Türkiye Volunteers projects in 2022

Projects for Underprivileged Groups

- The SOCAR Türkiye Volunteers and the Aegean Contemporary Education Foundation "Make a Wish" Campaign in 2022

The SOCAR Türkiye Volunteers helped make the dreams of 605 children come true with the project implemented in cooperation with the Aegean Contemporary Education Foundation (EÇEV) to realize the New Year's wishes of underprivileged children. During the visit to the Yamanlar Education Centre with the SOCAR Türkiye Volunteers, the gifts from the volunteers were delivered to the children in need.

- The "Turning bottle tops of all colors into hope" campaign with the Spinal Cord Paralysis Foundation

The SOCAR Türkiye Volunteers collaborated with the Turkish Spinal Cord Paralysis Association (TSCP) by declaring "Our single Hope is One Happiness". In order to support the supply of wheelchairs for those suffering from spinal cord paralysis, a total of 647.1 kg of plastic bottle tops were collected with the "Turning bottle tops of all colors into hope" boxes. The boxes were placed in the offices in Kayseri, Bursa and İstanbul as well as the offices and sites in Aliağa, İzmir.

Training Projects

- The SOCAR Türkiye Volunteers Training Activities

The "Safe and Efficient Natural Gas Usage Training" program was planned jointly with the Bursa Provincial Directorate of National Education. With the participation of pupils and teachers from 374 schools in Bursa, the SOCAR Türkiye Volunteers successfully carried out the training sessions in the second semester of the 2021-2022 academic year and the first semester of the 2022-2023 academic year. A total of 53,487 pupils and teachers attended the presentation, which was held with the connection of 1,790 classes over an online platform.

- The Aliağa Petrochemical Secondary School Library, the Book Collection Campaign

The SOCAR Türkiye Volunteers contributed to the newly opened library at the Aliağa Petrochemical Secondary School by organizing a book collection campaign. The 365 books collected with the help of the volunteers were delivered to the relevant officials.

Environmental Projects

- OGEM-VAK Foundation Sapling Donation Campaign to mark National Afforestation Day on November 11th

As part of the November 11th National Afforestation Day, donations equal to value of 964 saplings were collected in the campaign supported by the SOCAR Türkiye Volunteers. The donation was made to the Forest Fire Fighting Services Support Foundation (OGEM-VAK). SOCAR Türkiye donated additionally to OGEM-VAK, matching the donations made by its employees.

- SOCAR Türkiye Volunteers and the Aegean Forest Foundation Tree Planting Event at the SOCAR Türkiye Volunteers Memorial Forest

SOCAR Türkiye and its group companies recycled 62 tons of paper after its storage period had expired, thus preventing the felling of 1,056 trees. With the income obtained, 10,000 saplings were donated to the Aegean Forest Foundation. These trees became the SOCAR Türkiye Volunteers Memorial Forest in Menemen, İzmir. A tree planting event was held with the participation of the SOCAR Türkiye Volunteers, who work, produce and think for our future.

• **Animal Protection Projects**

- **Animal Feeding Event by the SOCAR Türkiye Volunteers**

The SOCAR Türkiye Volunteers visited 11 kennels located in Bursa and Kayseri and the areas far from the city and donated 500 kg of pet food to our stray four-legged friends on the street. The stray animals were fed and the volunteers were able to spend some enjoyable time with the stray animals.

- **Aliağa PatiPark Visit by the SOCAR Türkiye Volunteers**

The SOCAR Türkiye Volunteers visited stray animals at the Aliağa Municipality's PatiPark Temporary Animal Care Centre. The volunteers, who delivered pet food which they had bought for their four-legged friends, enjoyed a pleasant day taking care of the animals. Established with the support of Petkim, PatiPark also includes Türkiye's largest dog park.

• **Sports Projects**

- **The SOCAR Türkiye Volunteers, İzmir Marathon Run with the TEV (Turkish Education Foundation) Foundation**

The SOCAR Türkiye Volunteers supported the "Turkish Education Foundation" in the 2022 Marathon in Izmir. The collected donations were used to support equal opportunity in the educational journeys of 38 successful young people through TEV's "Don't Drop It in Halfway" project.

- **World Run for Life by the SOCAR Türkiye Volunteers with the Spinal Cord Paralysis Foundation**

In the 2022 Wings for Life World Run İzmir, the SOCAR Türkiye Volunteers ran with 85 individuals for those who cannot run. They donated all proceeds to spinal cord paralysis treatment research.

- **Campaign by the Community Volunteers Foundation in the 44th İstanbul Marathon**

SOCAR Türkiye Volunteers ran for the Community Volunteers Foundation (TOG) in the 44th İstanbul Marathon, collecting donations used to support the accommodation, food and cultural activities for 76 young people.

- **The International İzmir Cycling Competition, Turkcell Granfondo**

36 volunteers participated in Turkcell Granfondo, which was held under the main sponsorship of SOCAR Türkiye.

A Safe and Inclusive Workplace

Occupational Health, Safety and Environment (OHS-E) Management

SOCAR Türkiye operates with a culture that prioritizes the health and safety of all its employees, contractors and stakeholders.

The Occupational Health, Safety and Environment (OHS-E) Management

One of the most important criteria for creating a competitive value chain in the energy sector, especially in the refining and petrochemicals sector which SOCAR Türkiye operates in, is human resources with extensive professional knowledge and experience. As a responsible employer and in line with its corporate values and ethical principles, SOCAR Türkiye offers its employees a safe and healthy workplace, a work life that provides justice and equality of opportunity, and one that helps individuals realize their personal potential.

The Occupational Health, Safety and Environment Targets

The occupational health, safety and environmental processes are seen as areas of continuous improvement at SOCAR Türkiye in line with its working culture. Each goal realized constitutes a starting point for the next. With this understanding, work continues in areas such as developing the SAFE OHS-E management system, designing business processes according to the strategic structure, standardizing the work authorization and process safety systems in all operations.

SOCAR Türkiye operates with a culture that prioritizes the health and safety of all of its employees, contractors and stakeholders. SOCAR Türkiye's OHS-E practices

are shaped by the know-how gained from SOCAR Global, which is backed by 200 years of experience in high-risk industrial activities, working methods which meet international standards and a management approach in which best industry practices are implemented as standard procedure.

The SOCAR Türkiye Aliağa Special Industrial Zone is Türkiye's largest physical foreign investment to be undertaken at a single location. The Aliağa Special Industrial Zone was realized by prioritizing occupational health, safety and the environment, starting from the engineering design process. It continues its activities with a risk-based management approach during the operation process.

In all SOCAR activities, the potential hazards which people, the environment and the company assets may be exposed to are determined. Risks are assessed in line with the corporate risk acceptance criteria and the SOCAR Türkiye OHS-E Risk Matrix.

16 Basic Principles of the SAFE Management System:

1. Regulatory Compliance
2. Leadership and Responsibility of Management
3. Risk Assessment and Management
4. Operational Responsibility
5. Contractor and Supplier Management

6. Competence, Training and Behaviors

7. Change Management

8. Facility Design and Construction

9. Environmental Assessment and Management

10. Protection of Human Health

11. Information and Documentation

12. Social Responsibility

13. Customers and Products

14. Performance Monitoring and Improvement

15. Analysis and Prevention of Incidents

16. Emergency Preparedness and Crisis Management

Measures to reduce the determined risks to an acceptable level are identified and implemented and potential opportunities for improvement are evaluated. OHS-E risks and opportunities are reviewed on a quarterly basis and monitored through a common inventory for all group companies. The top ten risks arising from SOCAR Türkiye's activities are assessed at the Risk Committee meetings over the SOCAR Türkiye OHS-E Risk Map. All investment decisions, the changes to be made in existing activities and new projects at SOCAR Türkiye are managed through a systematic risk assessment process.

The occupational health, safety and environmental management principles in practice throughout



A Safe and Inclusive Workplace

the SOCAR Türkiye's operations are determined in the OHS-E Policy.

SAFE (the Occupational Health, Safety and Environment -OHS-E - Policy) aims to set out a clear framework on the understanding and monitoring of occupational health, safety and environmental practices and requirements, targets and actions. By synchronizing SOCAR's work with the plant, products and designs, annual target setting, business practices and employee development and performance programs, the SAFE system integrates the occupational health, safety and environmental issues into the company's sustainable development.

In addition to the SAFE Management System, the business units comply with various international management systems standards in the management of occupational health and safety processes. The facilities hold the ISO 45001 Occupational Health and Safety Management System and ISO 14001 Environmental Management System Certificates. Compliance with management systems is verified by independent audits carried out every year and the management systems are certified accordingly.

Training activities are carried out throughout SOCAR Türkiye in order to enhance the occupational health, safety and environmental culture and constantly maintain a high level of awareness. These training activities, which are carried out in all business units, start with the orientation training provided at the start of recruitment and continue throughout the employment period.

Management Systems

Business excellence is of tremendous importance for SOCAR Türkiye, which operates in a business area consisting of complex and high-risk work processes in terms of occupational health, safety and environment in a wide value chain from supply to customer processes.

SOCAR Türkiye ensures the continuity of management systems standards, specifically the ISO 9001, ISO 14001, ISO 45001, ISO 27001, ISO 10002, ISO 22301, ISO 50001, ISO 31000, ISO 17025, ISO 55001, ISO 14064-1 and ISO 56002 Management Systems standards and other documents such as the ISCC International Sustainability Carbon Certificate and the TSE Covid-19 Safe Service Certificate in accordance with the requirements of these international standards. The Company implements its goals and targets as a sustainable process within the framework of continuous improvement in order to meet the requirements set out in these standards. As a result, all activities are carried out in compliance with the international standards applicable to the relevant process.

The ISCC (International Sustainability Carbon Certification) is a certificate that demonstrates the transparent traceability of sustainable raw materials and the products produced with these raw materials throughout the supply chain. It serves as a guarantee to our stakeholders that the products meet the sustainability requirements. The ISCC was obtained for the first time in 2022.

Management system standards are taken into consideration in work process applications and used as a guide. SOCAR Türkiye emphasizes the importance it attaches to its customers and service quality through

the implementation the ISO 9001 Quality Management System, its sensitivity to the environment and its employees through the implementation of the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety standard, its assurance to its customers that their information is protected through the implementation of the ISO 27001 Information Security Management standard and its customer-oriented approach through the implementation of the ISO 10002 Customer Satisfaction Management System standard, while demonstrating that it ensures the continuity of critical processes through the implementation of the ISO 22301 Security and Resilience - Business Continuity Management System, that it manages risks effectively through the implementation of the ISO 31000 Enterprise Risk Management system and that it saves energy effectively through the implementation of the ISO 50001 Energy Management System.

SOCAR Türkiye handles the management disciplines in a holistic manner through its Integrated Management system. Periodic independent external audits are carried out for all of the international management system standards implemented in order to ensure compliance with the standards.

The ISO 55001 Asset Management System certification work was carried out for the first time at Petkim and STAR Rafineri within the scope of Refinery and Petrochemical Business Unit. This is a first in Türkiye in terms of scale and scope, and the certification work was carried out with internal resources. External audits regarding certification were completed successfully.

The Management of Occupational Health, Safety and Environment (OHS-E)

MANAGEMENT SYSTEMS

	Petkim	STAR Rafineri	SOCAR Depolama	SOCAR Terminal	BURSAGAZ	KAYSERİGAZ	ENERVİS	SOCAR Ar-Ge ve İnovasyon
ISO 50001 (Energy Management System)	🔥	🔥			🔥	🔥		
ISO 14001 (Environment Management System)	🔥	🔥	🔥	🔥	🔥	🔥		
ISO 45001 (Occupational Health and Safety Management System)	🔥	🔥	🔥	🔥	🔥	🔥		
ISO 9001 (Quality Management System)	🔥	🔥	🔥	🔥	🔥	🔥		
ISO 27001 (Information Security Management System)	🔥	🔥			🔥	🔥		
ISO 17025 (Laboratory Quality Management System)	🔥	🔥						🔥
ISO 22301 (Security and Resilience-Business Continuity Management System)	🔥	🔥	🔥		🔥	🔥		
TS ISO 10002 (Customer Satisfaction Management System)	🔥			🔥	🔥	🔥		
TS ISO 31000 (Risk Management System)	🔥				🔥	🔥		
ISO 55001 (Asset Management System)	🔥	🔥						
ISCC (International Sustainability Carbon Certification)	🔥							
TSE Covid-19 (Safe Service Certificate)					🔥	🔥		
ISO 14064-1 (Corporate Carbon Footprint Calculation)					🔥			
ISO 56002 (Innovation Management System)								🔥

Supply Chain and Procurement

The Smart supplier portal is part of the Smart Materials project and works in integration with the SAP MDG program. The portal was expanded in a way to include compliance processes.

SUPPLY CHAIN ACTIVITIES

In 2022, 1,501 import declarations were opened specifically for Petkim, with imports amounting to USD 755,192,383.38 (CIF). A total of 997 import declarations were opened specifically for STAR Rafineri, with imports amounting to USD 7,606,868,054.05 (CIF) realized. Two import declarations were opened specifically for SOCAR Petrol Ticaret, with imports amounting to USD 6,149,753.87 (CIF). Two import declarations were opened specifically for SOCAR Depolama, with imports amounting to USD 144,594.13 (CIF) realized. One import declaration was opened specifically for SOCAR Enerji Ticaret, with an import of USD 42,288,032.72 (CIF).

In 2022, 3,833 export declarations were opened for Petkim, exports amounting to USD 898,578,990.61 (FOB). A total of 32 export declarations were opened for STAR Rafineri, with exports amounting to USD 642,777,840.82 (FOB) and 2,140 export declarations were filed for SOCAR Petrol Ticaret, with exports amounting to USD 4,012,039,340.11 (FOB). One export declaration was opened for SOCAR Depolama, with an export of USD 1,034,468.15 (FOB).

A total of 352,356 tons were transported domestically and 147,057 tons were transported to 38 different countries within the scope of exports. Within the scope of transportation of imports, a total of 3,545 tons were transported from 18 countries for STAR Rafineri and 4,787 tons were transported from 27 countries for Petkim.

The "direct representation" activities in customs transactions in 2022 provided a total benefit of TL 7,907,810 at the Petkim and STAR Rafineri companies, an increase of 40% compared to the previous year.

As a result of the reduction in the relative fee payments made to the Exporters' Associations in 2022, TL 7,897,755 in savings were achieved at the Petkim, STAR Rafineri and SOCAR Petrol Ticaret companies.

Petkim was subjected to an on-site audit by the Ministry of Commerce inspectors in 2022 within the scope of the post-control audit, which is carried out every 3 years in accordance with the Customs Legislation. In this context, retrospective 3-year import files and, accordingly, customs, purchasing, accounting, finance and stock records were examined. As a result of the audit,

an irregularity penalty was applied for some transactions, although no significant penalty was applied regarding tax loss.

A pilot study was carried out in the Petkim product warehouses area by establishing an occupational health and safety platform through video analytic methods supported by artificial intelligence. More than 40 scenarios were designed and monitored in the study. This new generation technology paved the way for a 44% improvement in the number of violations per operation in the relevant teams as well as the implementation of corrective actions. Work on the rollout of the technology is continuing.

Organized every year by the Izmir Branch of the Turkish Quality Association (KalDer), the "Successful Team of the Year Awards" were announced on 6 October 2022 at the 22nd "In Search of Excellence" Symposium. The 5S methodology was comprehensively integrated in sustainability work in the Product Packaging and Storage Areas for the first time in Türkiye. Petkim was awarded the silver award in recognition of its Capacity Increase and Carbon Foot Print Reduction Project through the 5S Application Project in the Product Packaging and Storage Areas.



A Safe and Inclusive Workplace

Through digitalization projects, it was possible to track and control the return balances of plastic pallets with deposits through the CIS (Customer Information System). Thanks to the rollout of the plastic pallet with deposits, 4,938,928 kg of plastic pallets were returned by customers and recovered in 2022. This helped reduce the carbon footprint, contributing to SOCAR Türkiye's sustainability strategy.

The practice of allowing customers to claim back deposits on plastic pallets continued in what was shown to be an example of the zero-waste activities carried out by the Ministry of Environment and Urbanization. Under the newly implemented GEKAP*, the pallet deposit system was meticulously implemented, avoiding an additional (legal) liability of TL 2,223,761 in 2022.

An average of 57,775 tons of solid product packaging was carried out on a monthly basis, including 693,303 tons of solid product packaging within the scope of packaging activities of the PVC, LDPE, HDPE, PP, PA, LDPE-T and PTA products.

A total of 845,483 tons of solid product loading from the product warehouses in Petkim's facilities and 20 different contracted external warehouses was carried out, with a monthly average of 70,457 tons of solid product loading.

Site performance tests were conducted for the use of electric forklifts instead of diesel forklifts, which are used in Product Packaging and Storage areas, determining their contribution to sustainability and the value they create. A project was developed to be implemented in 2023.

With the "Verified Gross Weight (VGW)" authorization certificate, 4,862 VGW certificates were created at the sales weighbridges. This resulted in savings of TL 549,400 in export costs.

Projects were launched at the Petkim contracted external warehouses to open "free warehouses and bonded-warehouses" in regions of high potential in order to meet the increasing commercial capacity for imports.

During Petkim's planned maintenance turnaround, state-of-the-art stacking machines were added to the LDPE-2 and PP packaging lines. This improved product packaging quality and reduced energy consumption by 80%. The automatic weighbridge and metal detector devices on the LDPE-1, LDPE-2, LDPE-T and PP packaging lines were updated, thus improving weighing sensitivity to +/-50 grams.

Product traceability was ensured to the end user on a bag basis by switching to the use of new generation inkjet printers on solid product packaging lines. This paved the way for a 60% reduction in ink consumption.

* GEKAP (Recycling Participation Share Declaration)" published by the Revenue Administration in the Official Gazette dated 4 April 2019.

In addition to Chemical Materials Planning, in which Robotic Process Automation (RPA) applications are used, RPA technology was extended to three different processes of Materials Planning. The follow-up of the procurement processes of materials under the Petkim planned maintenance turnaround, which lasted for 68 days, was carried out with the RPA.

During the Petkim planned maintenance turnaround, approximately 165,000 materials were flawlessly delivered to the site by providing a 24/7 uninterrupted service from the material warehouses.

The project to ensure the use of unused materials continued by performing the aged stock report in the software for the materials registered in the inventory.

PROCUREMENT ACTIVITIES

The Corporate Centre and the Refinery and Petrochemical Business Unit (RPBU) Procurement teams were integrated with the aim of rolling out process optimization, one-stop purchasing and post award practices. Supplier performance stood at 82% for Refinery and Petrochemical Business Unit's suppliers in 2022.

Applications in e-tender and e-auction solutions for purchasing tenders continued with their usage areas expanded. Robotic process automation continued to be used in invoice pre-registrations. Integration workshops were completed for the Smart Materials software to be commissioned for the digitalization of purchasing processes.

In 2021, the SAP Central Procurement Module and the SAP S/4HANA project, which will increase the efficiency of integrated processes, were brought into use. Work on the Earth Phase-2 project, in which Petkim's SAP version will be upgraded, has got underway.

The Smart supplier portal is part of the Smart Materials project and works in integration with the SAP MDG program. The portal was expanded in a way to include compliance processes.

During the pandemic, the local supplier pool was further expanded and the process of supporting the domestic market

was advanced. The supplier stock-managed contracts for purchasing tube, piping and valves secured companies' 3-year needs for tubing and valves and their needs for piping and fittings for a year and a half, with supply assurance achieved for the aforementioned materials, which had faced serious supply issues on a global scale. Moreover, the company saved around EUR 5 million by avoiding the impact of increasing raw material prices.

As of the end of 2022, the materials' catalogue content in the fast-moving consumption group and which can be mostly

A Safe and Inclusive Workplace

considered as hardware was expanded further. Framework agreement processes were initiated with the majority of the product groups such as hardware, laboratory materials, HSE materials, stationery, food, simple consumption products, kitchen and household appliances.

Work was carried out to ensure that the market place formation of the third-party companies, whose roadmap had been also specified in the 2022 strategy plan, would be provided in May 2023. With the commissioning of this web-based site, their needs will be largely automated. Omnichannel distribution will be established with the BPM app by the first quarter of 2024, thus enabling the entire supply chain to be viewed starting from the request all the way to the warehouse.

Approximately 100 selected contracts were analyzed for trends within the scope of post-contract management (Post Award). Accordingly, prices and scopes were reviewed, bringing approximately USD 3 million in additional benefits. In order to increase the benefit provided, a team was formed to focus on post-contract management work. The merger between the management of Corporate Procurement processes and the RPBU purchasing team in 2023 and the fact that the post award process will be newly constructed here increases the potential benefit that the relevant team will be able to bring in the coming period.

The Engineering Framework Contracts, the Electro-Mechanical Construction Works Contract with ENKA and the Electrical-Instrument Construction Works contract with Siemens were signed within the framework of the vision of more agile procurement and smart contract management in project works. This was used efficiently, resulting in a discount with the effect of the consolidation. Moreover, the efficient use of human resources of all stakeholders paved the way for the creation of added value.

More than 80 service scopes were completed on time within the scope of Petkim's planned maintenance turnaround by remaining within the budget defined by the agreements entered into with key contractors, most of which have already been serving Petkim.

The procurement activities of the EPC (Engineering, Procurement and Construction) and PC (Procurement and Construction) processes followed up by the Projects Directorate were taken over by the SOCAR Procurement teams, paving the way for significant improvements, especially in the Post Order processes. In addition, additional financial benefits were obtained in material purchasing processes.

Within the scope of work distribution, robotic processes were put into use, and an annual improvement of approximately 100 person hours was achieved. Work on development areas was accelerated.

Core teams were established for work within the scope of the planned maintenance turnaround. A 100% success rate was achieved in the process, contributing to the completion of the downtime on schedule.

Cooperation with new suppliers was developed in order to eliminate supply issues due to the increase in prices of energy and raw materials in the global market and the rise in demand after the pandemic.

The switch to the Agile Business Model allowed bottlenecks in the processes to be detected more rapidly and improvements made by working on areas in the processes needing improvement.

Planning and coordination activities for the STAR Rafineri 2024 scheduled stoppage service procurements are continuing.

Catalogue and maintenance service contracts, which are currently actively used by the Refinery and Petrochemical Business Unit, were expanded for other group companies. Work was initiated to provide operational benefits and financial value.

Post Award Contract Processes have been initiated for service contracts of all group companies in an attempt to draw on the value of these contracts.



Climate and the Environment

The Climate Crisis and the Conservation of Biodiversity and Natural Resources

SOCAR Türkiye places priority on managing the environmental impacts of its operations in its main business lines, and tackling climate change, which is the common result of many of these impacts.

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SOCAR Türkiye prioritizes managing the environmental impacts of its operations from its main business lines, and combating climate change, which is the common result of many of these impacts. It works to conserve biodiversity and natural resources by reducing its environmental impacts. It invests in promising areas of research and development such as carbon capture technologies and contributes to a sustainable future by generating added value.

SOCAR Türkiye takes part in the Blue Climate Ambassadors Project, which aims to support

the leadership of women in the maritime sector, raise awareness regarding efforts to tackle climate change and to protect the seas and biodiversity. Believing in the importance of sustainability and the need for individuals and organizations to play an active role in tackling environmental problems, SOCAR Türkiye carries out activities aimed at raising awareness by providing training to all its employees thus reaping gains such as developing the spirit of unity through volunteering activities and shaping the process with the opinions and suggestions of all employees. During the year, 277 employees were reached through 20 sessions. Meanwhile, approximately 1.1 tons of waste was collected through the coastal cleaning activities. Actions were

taken to reduce waste in the work areas with the feedback of the employees. With the motivation derived from the activities carried out and the support of employees, work will continue in the upcoming period on issues such as reducing waste, reducing the consumption of resources and conserving biodiversity.



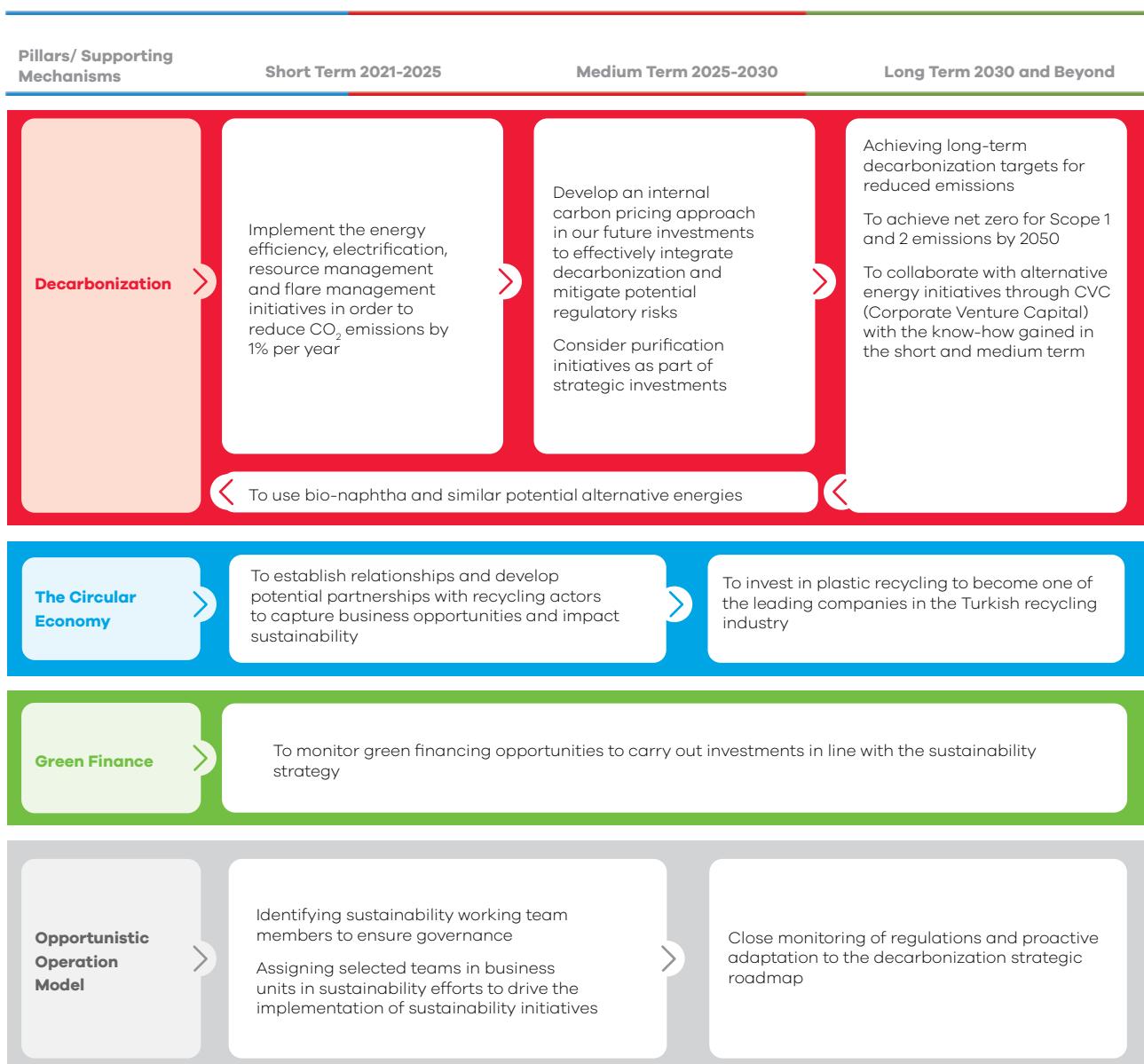
Climate and the Environment

The Goal of Decarbonization

SOCAR Türkiye's strategy is based on optimization of operations in the short term and selective growth in the long term in order to achieve and maintain a leading position in Türkiye's petrochemical industry.

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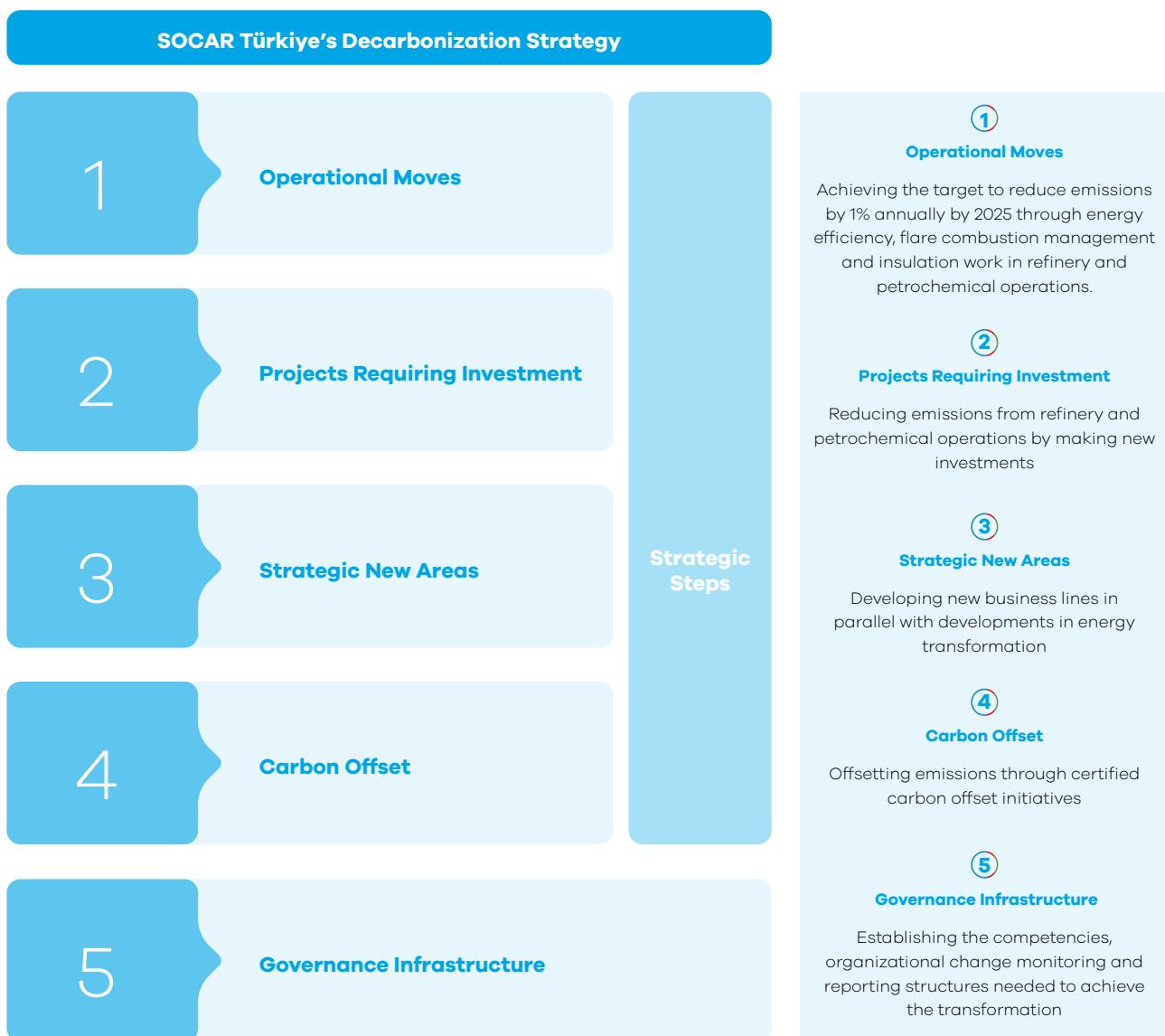
SOCAR Türkiye's Sustainability Strategy rests on three pillars and one supporting mechanism.





Climate and the Environment

SOCAR Türkiye has determined its sustainability targets as a 40% reduction in CO₂ emissions by 2035 and NET ZERO emissions by 2050.



Environmental Indicators (Energy, Water, Waste, Emission)

SOCAR Türkiye bases its energy activities on respect for people and the environment by focusing on protecting the natural environment, reducing greenhouse gas emissions and minimizing its environmental impact.

SOCAR Türkiye bases its energy activities on respect for people and the environment by focusing on protecting the natural environment and reducing greenhouse gas emissions with a minimum environmental impact. In this context, waste is reduced and the recycling rate is increased. While the use of natural resources is reduced, proactive management is adopted at every point. With a sustainable development and growth policy, priority is given to domestic and renewable resources. The company creates an energy supply-demand balance with an energy strategy that optimizes technological, economic, social and environmental factors. Raw materials, products and services are procured and used effectively with energy efficiency in mind. Energy performance is taken into account in the design of facilities, systems and processes.

In 2022, external audits within the scope of ISO 50001:2018 Energy Management System certificate renewals were successfully completed separately for Petkim and STAR Rafineri on 12-16 December 2022, with the decision taken to extend the certification.

In 2022, the Ministry of Energy and Natural Resources provided a cash grant of approximately TL 900,000 to Petkim for four Efficiency Enhancing Projects implemented within the scope of energy efficiency and saving efforts at Petkim. Again in 2022, applications were made to the

Ministry of Energy and Natural Resources on 31 March 2022 for four new Efficiency Enhancing Projects within Petkim and STAR Rafineri. A total of TL 2.8 million in cash grant support is expected to be received with the realization of the relevant projects.

Mandatory energy inspections were carried out by the energy efficiency consultancy (EVD) company at the Steam Production, Demineralized Water Unit Production, Cooling Water, PP, ACN and HDPE plants at Petkim during 2022. The projects revealed as a result of the inspections were reported to the MENR (Ministry of Energy and Natural Resources) and engineering requests were created for the implementation of the relevant projects in the field.

Bursagaz has held the ISO 50001 Energy Management System certificate since 2012, with energy management certification extended following a successful external audit carried out on 27-28 September 2022. Within the scope of Green Building management, the Bursagaz Head Office building continued to operate systems which are able to meet some of the building's own energy with the LEED certificate it received in 2017. Solar systems installed on the terrace floor and side facade of the Head Office building met 7.94% of the building's electricity needs, rising to 13.77% with the Trigeneration system in 2022.

The ISO 50001 Energy Management system external

audit was successfully completed at Kayserigaz on 28-29 December 2022 and the company was duly awarded the certificate.

Energy improvement actions were determined through meetings held periodically and site visits with the Bursagaz and Kayserigaz Energy Management Team. Work was carried out to implement the applications for the requirements of the ISO 50001 Energy Management System standard. In addition, online awareness training is provided to employees in the Natural Gas Business Unit, while awareness raising was achieved by sending information mails to employees regarding the efficient use of petrol and electricity in the building and offices.

At SOCAR Terminal, corporate carbon footprint calculation studies for 2021 were completed within the scope of the ISO 14064-1:2019 standard and the verification was carried out on 14 March 2023. Work continues on the Green Port Certification. During the work carried out in this context, it was noted that electricity provided 53.28% of the energy required for the equipment in the terminal. Monthly consumption of electricity, fuel and water is monitored. Fluctuations between the months are analyzed to identify any existing malfunctions or problems, and action is taken to resolve it accordingly.

Environmental Activities and Projects

Environmental Management expectations are included under the SAFE OHS-E Management System Principle 9 - "Environmental Evaluation and Management" at SOCAR Türkiye group companies.

Environmental Management expectations are included under the SAFE OHS-E Management System Principle 9 - "Environmental Evaluation and Management" at SOCAR Türkiye group companies. SOCAR Türkiye focuses on preventing environmental pollution, reducing waste and emissions, minimizing consumption of resources and minimizing its impacts on biodiversity in its operations. Therefore, the management at all levels takes the measures necessary to limit and control environmental impacts.

The environmental impacts arising from the activities of SOCAR Türkiye and its group companies are seen as an integral part of risk management. Environmental management processes are evaluated with various tools developed within the scope of risk management. Necessary actions are determined to minimize these impacts. These actions are implemented by the relevant units. In this context, environmental management was restructured in the SOCAR Türkiye Aliağa Special Industrial Zone in line with the

integration process, which was initiated at the end of 2019 and carried out in 2020. Environmental processes have started to be managed by the Environment Directorate under the OHS-E Vice Presidency.

In order to reduce the volume of waste and increase the rate of recycling, a zero-waste management system was established at the SOCAR Türkiye Refinery and Petrochemical Business Unit to separate waste at the source. Through this system, wastes other than process wastes are separated at their source in seven main groups and managed on the basis of their type and thus helping the company contribute to the economy.

For sources which are subject to continuous monitoring obligations in the production units operating in the SOCAR Türkiye Refinery and Petrochemical site, emissions arising from the flues are monitored by continuous emission measurement systems. Wastewater which is treated and discharged is monitored by continuous wastewater monitoring

systems. The recorded data are instantly sent to the R.T. Ministry of Environment, Urbanization and Climate Change via online platforms.

The Scope 1 and Scope 2 greenhouse gas emissions created by the activities of the production units under the SOCAR Türkiye Refinery and Petrochemical Business Unit are monitored and reported. Calculations performed within the scope of the legislation are checked by verifying bodies and reported to the relevant authorities. In addition, in line with the decarbonization target, trends of change in source flows and the amount of greenhouse gas emissions per unit product are monitored on a monthly basis.

Land spill response and marine pollution response drills are held at regular intervals as part of efforts to improve emergency preparedness and response capability. Prior to the loading and unloading activities on ships docking at the STAR Rafineri piers, the ships are surrounded by barriers and undergo pre-booming, thus keeping any

environmental impacts caused by possible spillages from ships under control.

SOCAR Türkiye views the consumption of water during the course of its operations as one of the most important environmental impacts. In order to conserve water, which is a limited resource on our planet, measures are taken to reduce the consumption of clean water with high efficiency production, reuse and wastewater recovery. Aware of the importance of optimization of water use in its current operations, the Company monitors and records the volume of water consumption and carries out improvement efforts.

The "Biological Diversity Assessment Report" was prepared in response to studies carried out within the scope of the determination and evaluation of the biological diversity in the land and marine environment at the SOCAR Türkiye Refinery and Petrochemicals Business Unit site. The "Biological Diversity Action Plan" was subsequently prepared, in which the actions were determined to protect the biological diversity as determined by the report.

In addition to these activities, SOCAR Türkiye also contributes to the development of national

legislation. The Ministry of Environment, Urbanization and Climate Change continues to work on bringing the EU Integrated Pollution Prevention and Control (IPPC) Directive into national legislation. In this context, Petkim participated in the "Determining Türkiye's Industrial Emission Strategy within the Scope of the IPPC Project" as a project partner for the chemical industry. The project was carried out in order to establish the IPPC system infrastructure, perform sectorial compliance analyses and determine compliance requirements. Throughout the year, desk-based and field studies were carried out with the working group consisting of Ministry experts, university representatives and a combination of domestic and foreign sector experts from project partners. In the work, the compliance status and investment needs of the sector were evaluated through the EU Best Available Techniques (BAT) Checklists.

Within the scope of the Natural Gas Business Unit's environmental activities, Zero Waste Certificates were obtained for the Bursagaz and Kayserigaz buildings in 2022. While the requirements continue in this direction, training was provided to minimize waste generation and ensure that the correct classification of waste is carried out.

Technology and Innovation

R&D and Innovation Competency

The SOCAR Türkiye R&D and Innovation Centre develops innovative, sustainable, environmentally friendly and market-oriented products, catalysts and digital technologies for all of its stakeholders in the value chain.

The SOCAR Türkiye R&D and Innovation Centre was awarded the R&D Centre certificate by the Ministry of Industry and Technology in June 2020. The center develops innovative, sustainable, environmentally friendly and market-oriented products, catalysts and digital technologies for all of its stakeholders in the value chain. It works continuously to improve existing production processes. The fields of activity of the center include catalyst research, green chemicals, sustainable, clean and efficient energy, value-added products, the development of new application areas, product improvement and new product development, digital transformation and environmental solutions.

The SOCAR Türkiye R&D and Innovation Center is located on the Refinery and Petrochemical Business Unit campus in Aliağa. It consists of six laboratories (rheology, catalysts, polymer characterization, the environment and biotechnology, chemical

analysis and chromatography) installed over an area of 1,200 m², a 400 m² pilot facility which includes polymer processing, polymerization, chemical process processes and catalyst testing systems, and offices. The SOCAR Türkiye R&D and Innovation Center, working within the scope of the development of cooperation between industry and academia, provides university students with the opportunity to carry out research and work on projects through open innovation activities carried out with a range of national and international universities.

The SOCAR Türkiye R&D and Innovation Centre was the first company in the industry to obtain the ISO EN 56002 Innovation Management System Standard Certificate.

The SOCAR Türkiye R&D and Innovation Center is involved in five EU funded projects (CO2Fokus, NEFERTITI, CARMOF, Circular TwAln and LOUISE) in the field of carbon capture and the energy transition, renewable

energy, the digital transformation and environmental solutions, with a total of EUR 1 million in grants provided. A total of EUR 800,000 in grants have been allocated to three projects in the fields of additive manufacturing technologies, green hydrogen technology and the development of sustainable new products, which are eligible for funding by national resources.

The CO2Focus Project funded by the European Union Horizon 2020 Grant Program aims to convert carbon dioxide gas into dimethyl ether, which has a very high added value, through the use of innovative catalysts. The CO2Fokus Project involves cooperation with 14 international partners from Spain, Greece, Italy, China and France.

Aiming to produce chemicals such as ethanol and isopropanol from carbon dioxide using solar energy, the NEFERTITI project includes 10 international partners from Spain, China, the USA, Ireland, the Netherlands and South Cyprus.



SOCAR
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Technology and Innovation

Within the scope of the CARMOF project, it is aimed to capture the carbon dioxide used in production much more efficiently than currently by using innovative materials and methods.

The Circular TwAlIn project is the first digital project to be funded by Horizon Europe under the European Union. The project aims to maximize energy efficiency in production with artificial intelligence. The outputs of the project will mark an important step in the field of R&D towards the goal of reducing the carbon footprint.

The LOUISE project aims to develop an innovative concept for waste energy plants by the natural capture of CO₂ based on chemical, cyclical combustion of solid waste. The LOUISE project is another project funded by the European Commission Horizon 2020 Grant Program. The work under the project involves a pre-commercial phase demonstration

of an innovative process for the conversion of solid waste-derived fuels by providing a concentrated stream of CO₂, which is ready for transport and storage or use.

The SOCAR Türkiye R&D and Innovation Centre carries out three national projects which are eligible for funding by the TÜBİTAK-SAYEM (Industry Innovation Network Mechanism) and the TÜBİTAK 1509-International Industry R&D Projects Support Program. The Centre cooperates with leading universities in Türkiye in the projects carried out on the headings of "Development of Domestic and Original Design, Materials, Production and Bench Technologies for 3D-Additive Manufacturing", "Development of a Fully Circular Process for the Production of Bio-Based, Biodegradable Plastic Containers" and "Green Hydrogen Technology for Energy Conversion and Zero Carbon Emissions". We cooperate

with some of our country's leading universities in the projects carried out in the areas of "Green Ammonia Production as a Potential Hydrogen Carrier and Ship Fuel".

The SOCAR Türkiye R&D and Innovation Center will also have the opportunity to develop its own unique method and technology for the chemical recycling of plastic waste, thanks to the collaboration it has entered into with METU (the Middle East Technical University).



Digital Transformation and Information Technologies

A perspective that focuses on business transformation with digital power is taken into account at every point of corporate and production processes. Efforts to bring new technologies to the portfolio have gained momentum.

DIGITAL TRANSFORMATION

The digital transformation is one of the three main strategic factors determined by SOCAR Türkiye to realize its vision. Digital transformation is also one of the critical success factors for SOCAR Türkiye in all functions of its organization. Due to its impact on efficiency and optimization and its contribution to sustainability goals, work in the field of digital transformation continued unabated in 2022.

SOCAR Türkiye presses forth in its digital transformation journey under the leadership of the Transformation Group Directorate team. SOCAR Türkiye has formed the team in order to meet its needs in every field from idea generation, project design and digital architecture to digital portfolio management, corporate process digital transformation and organizational adaptation. SOCAR Türkiye continued to implement projects which increase production and energy efficiency in many functions, particularly production, occupational health and safety and corporate processes, as well as projects which support zero-accident targets, improve processes, increase customer satisfaction and create data-based decision-making mechanisms.

A perspective that focuses on business transformation with digital power is taken into account at every point of corporate and production processes. Efforts to bring new technologies to the portfolio have gained momentum. Among these technologies, project studies were carried out on Video/Image/Audio Processing, Process Mining, Chatbot, IoT (Internet of Things), GIS (Geographical Information System), Self-Service Analytics and Drones (Unmanned Aerial Vehicles).

SOCAR TÜRKİYE CONTINUES TO IMPLEMENT NEW TECHNOLOGIES AT EVERY POINT OF VALUE CHAIN THROUGH ITS PROJECTS CARRIED OUT IN THE FIELDS OF OCCUPATIONAL HEALTH AND SAFETY, PRODUCTION AND SUSTAINABILITY.

Predictive Maintenance Engine Fault Discovery

The uninterrupted continuation of production processes and the creation of predictive maintenance plans based on data are critical for the optimization of field activities. Periodic vibration analysis, performed manually only for accessible motors, results in failures being detected upfront, resulting in production and cost losses due to these

delays. The online monitoring system was put into use with the Predictive Maintenance Engine Fault Discovery project, which was set out to perform periodic vibration analyses and enable early detection and intervention of machine failures. In addition, early detection of possible malfunctions allowed predictive maintenance, prevention of unplanned downtime and extended the useful life of equipment. With the implementation of the project, online tracking devices installed on selected rotating equipment at Petkim instantly detect malfunctions and evaluate the severity and type of the situation. In addition, the devices constantly take measurements and compare them with reference readings, instantly informing personnel who follow the process. The commissioning of the project led to an increase in the reliability metrics of the relevant units.

OHS-E Application with Artificial Intelligence

The Video Analytics for the HSE project uses video analysis technology which combines image processing, machine learning and artificial intelligence solutions. The project was put into operation in 2022 in order to achieve the target of zero-accidents in the



field of Occupational Health and Safety, a vital requirement in all field operations, and to ensure the safety of employees with more effective methods. With Video analysis technology, images coming from multiple cameras are simultaneously processed with a signal processing system that digitally analyses video images to detect and identify threats, suspicious events or real-time behavior. Moreover, purpose-oriented alarms are defined through artificial intelligence software running in the background, and when a violation occurs, reporting processes are carried out in the determined methods. The platform commissioned, allows simultaneous numerical and visual analyses to be carried out on more than 40 scenarios. The purpose of the platform is to achieve the objectives of better fulfilling SOCAR Türkiye's responsibility to protect its most valuable asset, its human resources, providing a safe working environment for its employees and realizing proactive risk management at the highest level. Corrective actions were determined with the commissioning of the system which defined personal protective equipment checks, restricted area entrances and area-based checks, mobile equipment and vehicle controls, vehicle driving safety and speed limit scenarios. Awareness and communication activities were carried out within the scope of occupational health and safety procedures. A 44% reduction in violations was recorded in areas where the application was deployed. Work will continue on the rolling out of video analysis technology across the field in 2023.

INVESTMENT IN THE AUTOMATION OF CORPORATE PROCESSES, EMPLOYEES' DIGITAL COMPETENCIES AND THE DEVELOPMENT OF THE ECOSYSTEM WERE RAMPED UP IN 2022, WITH STEPS TAKEN TO ENSURE THAT EMPLOYEE SATISFACTION INCREASED WHILE TRANSFORMING THE PROCESSES.

Citizen Developer Program

The Citizen Developer Pilot program started in October 2021 in order to increase the roll out of Robotic Process Automation technology and equipped the employees with the required competency in this field. The project continued successfully throughout 2022.

The employees were selected from different business units, who had no software/automation experience before. They received 15-20 hours of training. The program was put into practice, after the employees automated their processes by using a specially licensed low-code platform using the robotic process automation method. Afterwards, it is aimed that the users with this license would continue to fulfill different automation needs of themselves and of their business units. The RPA CoE (Robotic Process Automation Center of Excellence) team is under Digital Transformation. The RPA CoE team fulfilled the tasks of selecting and prioritizing the processes that will be the subject of automation, performing trainings, providing technical support during the use of the tools, calculating benefits and value, and monitoring the action of users, who have completed the learning process. Thus, the team provided end-to-end support to the participants.

Based on the potential demonstrated by the pilot project

and the intense interest of the employees, 2 more phases were carried out in 2022. Thus, the total number of active Citizen Developers amounted to 38. Within the scope of the program, 63 different business processes were transformed with the power of automation, resulting in time savings of more than 8,500 man/hours. The program continues in 2023 with the intense interest, motivation and automation opportunities coming from different units.

Generation D (GEN-D)

With the Generation D program, SOCAR Türkiye set out with the aim of creating the new digital generation. A learning journey was designed for 40 participants selected from different departments to develop their digital competencies. The employees, who digitalize themselves, their environment and their work, attended training in a range of areas including the digital transformation, machine learning and artificial intelligence, hyperautomation, data visualization and decision making with data and design-oriented thinking, with a focus on energy and petrochemicals. Project ideas were developed for evaluation in the digital roadmap.

The Power of the Ecosystem in Digital Transformation

The Wennovation platform is an online open innovation platform created for the ecosystem players such as start-ups, academia, individual participants, which are at the center of Digital Transformation in the petrochemical, refinery and natural gas industries, to reach the SOCAR Türkiye teams and become a part of the ecosystem network. On the platform, the

project ideas that focus on energy and digital transformation ideas will be evaluated. Applications can be made to the platform 365 days a year. Thanks to the platform, in order to develop the ecosystem in terms of Digital Transformation in the oil and gas industry, the companies that focus on digital transformation reach SOCAR Türkiye in an easy and transparent way. Start-ups, entrepreneurs, academics, the companies with digital transformation ideas share their projects on the www.wenovation.socar.com.tr platform. They find the opportunity to become SOCAR Türkiye's business partner. Meetings were held with 215 suppliers, which have the potential to add value to the digital transformation roadmap, among the suppliers, whose applications were received. Afterwards, demo/pilot/PoC/project studies were carried out with 19 suppliers.

INFORMATION TECHNOLOGIES

In line with SOCAR Türkiye's strategic goals, many IT projects were carried out in order to achieve the targets on an annual basis and to shine a guiding light on the digital transformation journey in 2022. In addition, a number of projects added to the IT roadmap were successfully completed.

The standing rate of systems stood at 99.84%, well above the industry average of 95%. Thanks

to the devoted work of the SOCAR Türkiye IT team, all requests and problems were resolved at the determined service levels. A satisfaction rate of 95% was achieved in the satisfaction surveys conducted.

The first phase of "Project Earth" was completed with the intensive support of SOCAR Türkiye's senior management and work units. Aiming to completely update the systems that form the backbone of corporate applications using the best examples in the world, a total of 11 integration projects of different sizes, including the "Project Earth", were completed and delivered on time, within the scope and within budget. Revisions were conducted regarding the projects that had been postponed and cancelled due to changing requirements.

Increasing Functionality of IT Projects

The scope of Project Earth was determined with the aim of preparing the necessary infrastructure to bring the

operations of the structures, whose processes have become harmonized with integration but which are run in different systems and in different ways, under a single system with the ability of running common processes. With Project Earth, the processes managed in distributed systems were redesigned in the central SAP S/4HANA system. They were then blended with the "Best Practices" and brought into use. At all stages of the process, Project Earth was accepted as one of the exemplary projects in Türkiye and in the world with its governance and internal and external-participants. It was selected as "Türkiye's Biggest Digital Transformation Project" at the "SAP Transformation Awards 2022" event.

IT Continuity

Work on removing the machinery parks of both technologies on which the work units depend, as well as the infrastructures and systems which are transparent to the work units but which IT teams are required to operate

and maintain, establishment predecessor-successor relations with each other and determining the continuity needs had started in 2021, and the work was completed in 2022. This paved the way for a comprehensive hardware/application inventory regarding the background dependencies of all services and services provided by the IT department, their owners and their connections with each other. By re-examining all updated and ongoing IT processes, the criticality and dependencies of each process were highlighted and the IT Business Impact Analysis was completed. Business impact analyses, which were updated by all work units for the Refinery and Petrochemical Business Unit and the Natural Gas Business Unit were reviewed and reinforced.

Consensus meetings were held with the work units responsible for their own processes regarding recovery times of the relevant critical systems within the disaster recovery scenarios. Expectations regarding the RTO (Recovery Time Objective) / the RPO (Recovery Point Objective) periods were reviewed and a consensus was reached. Risks which threatened interruption to the IT services were investigated. Additional actions were reviewed if deemed necessary after having taken existing measures. The process-based risk assessment approach applied in previous years continued.

In order to ensure that the data of critical systems included the IT infrastructure is recoverable in the event of a possible disaster, the accepted downtime and acceptable data losses were minimized. Accordingly, the IT infrastructure was made ready

within the scope of the business continuity program.

Procurement and Supply Chain Applications

The Central Procurement application, which is a part of the Project Earth program launched in 2022, handles the procurement processes of the Refinery and Petrochemical Business Unit and Corporate Centre companies. The management of the process from purchase request to invoice registration was transferred to a single platform, thus eliminating any confusion and duplicate workloads arising from operations carried out in distributed systems. In addition, purchase approvals, which had been carried out in distributed systems on different platforms in the past, were singularized and centralized and moved to a single platform. As a result, user satisfaction improved thanks to the user-friendly approval flow system.

The MasterDataGovernance (MDG) system was brought into use under Project Earth. The MDG system entered operation order to establish a single master data structure at SOCAR Türkiye, to create a single right source and common master data dictionary for the Material, Customer and Vendor codes. With the MDG system, Petkim and other SOCAR Türkiye group companies were able to speak the same language and comply with corporate data standards. The system allowed stock information to be tracked and reported on a single platform.

Thanks to the developed Bonded Goods Tracking System (BGTS), it was possible for those requiring materials to track their purchase requests instantly through the system and track which stage they were in the procurement

process. In this way, it is possible to follow up the location of the materials and what stage they are in, along with all process dates and comments on a single screen without needing to ask the relevant functional departments on the supply chain.

With the chemical tracking cockpit developed in the Petkim system for the planning of plant chemicals, the chemical planning team was able to follow up and plan product information such as SAT, SAS number and the consumption amount. In addition, it became possible for the tracking of the current status of the orders and planning of orders to take place in a digital environment over the same system. The cockpit also allowed the simultaneous viewing of order status and product information by stakeholders including those working in the purchasing, production and logistics units. This simultaneous viewing paved the way for increased efficiency while minimizing the need for communication by e-mail and telephone.

With the integration between the ASNAK platform, which is used for logistics transportation, and the relevant ERP system for import shipments, logistics work orders from the Sales are automatically flowed from this system to the ASNAK system, thus eliminating the risk from human error factor and potential delays in communication and coordination with the courier.

Data Management and Reporting

SOCAR Türkiye's Data Management and Reporting processes were restructured with a holistic perspective. Data governance, data ownership, KPI (key performance indicator)

management and data visualizations were reviewed in the work carried out with all functional departments.

By measuring the maturity levels of data architecture, steps were taken towards becoming a data-oriented company with the projects carried out at the data source, integration, modeling and data visualization layers.

A data transformation platform was designed to improve all ways of collecting, storing, managing, sharing and using data according to desired business results and transforming the data into value. With accurate data, these dashboards enable better decision making with accurate data, at anytime and anywhere, reducing data management/storage costs and increasing the value of available data.

In addition, the Single Source of Truth approach and integration with the third-party service provider applications used by work units ensures automatic access to up-to-date and approved data, preventing potential time and data loss.

Trade, Production and Asset Management

As stipulated by decision No 32 issued by the Central Bank of the Republic of Türkiye within the scope of the Law on the Protection of the Value of Turkish Currency, in order to collect the foreign currency from future sales in TL, debit records sent to the Direct Debit System (DDS) in foreign currency could be converted to TL one day before the due date with the funds reloaded to the DDS in TL. This transaction can now be performed automatically by the system.

The necessary infrastructure was established to systematically track and ship products which are packaged in the FFS (form-fill-seal) bags produced with recycled raw materials to certain customers.

Preparatory work for the Petkim ERP transformation project, which was due to begin in the first quarter of 2023, was completed. Technical support activities continued to ensure that Petkim's production and maintenance activities were able to continue without interruption. Work continues on the Export Cockpit project, which is required by the Trade team for use in export operations. With this project, the application, which will automate the sending of offers to customers, including the features of the products and basic information such as pricing, will be put into use in the product groups determined within the scope of sales activities.

Finance

The Fixed Asset Revaluation structure is planned to be realized within the scope of Law No. 7326 on Restructuring of Certain Receivables. This structure was established in the Petkim SAP system, and revaluation records were created at desired periods.

The daily bank balance report used in the Project Earth system was moved to the Petkim system. It was thus possible to monitor the daily bank balances.

With the amendment to the Export Circular, export fees tied to the Export Value Acceptance Certificate (EVAC) are sold to the Central Bank at the foreign exchange purchase rate announced by the CBRT and which is valid at the time of the transaction. Reporting of the

EVACs was made possible in the Petkim system.

Work was completed so that records can be kept with the desired exchange rates in the Petkim IFRS (International Financial Reporting Standards) valuation records in the TRM (Treasury and Risk Management) system. Accordingly, the IFRS records coming through the TRM were created according to reporting needs and the IFRS reporting processes were improved upon.

A number of actions were taken to improve consistency in the Cash Flow reports; relevant work units are informed in the event of any error received in the system, notification e-mails are sent to work units for the assignment of LP items when a new account is opened, and work units are informed in the event of there being any unassigned item in the LP, preventing any disruption that may occur in the reports.

The GRC Platform: Governance, Risk and Compliance

THE ORBIT-GRC ACCESS CONTROL PROJECT: This project aims to carry out authorization requests through the GRC system

Technology and Innovation

for the Central SAP S/4HANA and Central Hub T4 processes. In this project, employees' authorization requests were created through the system with the guidance of the Internal Control and Enterprise Applications team. Requests were sent to the relevant managers for approval. It is also possible to view the compliance of the authorization requested from the risk report with SOD or critical access rules.

MIDDLE OFFICE PROJECT:

Analysis based on statistical models can be carried out in this project, where the frequency of calculations and checks will increase with some being automated, so the Middle Office can perform its basic tasks more efficiently. Additional control practices may be implemented in areas such as Trader Performance, Derivatives Reconciliations, Credit Risk Analysis and Operational Risk Analysis. Risk management practices will be implemented to international standards, including Basel III-IV. Work carried out under the financial and commodity risk controls will be centralized, with reductions in the risk of error and savings in terms of man power. Institutional authorization limit approvals and Senior Management Dashboard Reporting will be digitally executed through the program.

RISK MANAGEMENT AND PUBLIC RELATIONS LEGISLATION MANAGEMENT PROJECT:

A single common platform will be brought into use in order to fulfill the obligations required by the legislation which SOCAR Türkiye and Group companies are subject to, and to prevent the risk of exposures to possible sanctions and financial losses.

Infrastructure and Operations

CENTRAL IDENTITY MANAGEMENT (IDM):

The second phase of the project was completed with the integration of 23 different applications. With this comprehensive integration, 4.5 million transactions were realized in the IDM system in 2022, benefiting 850 people per day.

5G INFRASTRUCTURE SPECIFIC TO ALİAĞA PENINSULA:

Within the scope of the strategy of providing the most accurate infrastructure for increasing connection diversity, line capacity needs and developing digitalization projects, the mobile network (MPN-Mobile Private Network) project specific to the Aliağa Peninsula was launched. With the project, the entire peninsula will be covered with a 4.5G network, and access to business applications from mobile devices will be rendered more secure and uninterrupted. In addition, ready infrastructure will be established for digitalization projects. The infrastructure will be implemented as 5G ready. The infrastructure will work to 5G following the 5G frequency allocations in the coming years.

PROCESS CAMERA

INFRASTRUCTURE BACK-UP: The Data redundancy and business continuity project carried out in the Petkim and STAR Rafineri Process camera infrastructure has been completed. Within the scope of the project, the physical camera recording server infrastructure was moved to the redundant server virtualization environment and upgraded to the current software versions. With this virtualization process, location redundancy was also provided in the data centers located in the Aliağa Administration Building and STAR Rafineri Main Control Center.

The project brings advantages such as ease of management, reductions in maintenance costs, simplification of license control and business continuity by using central infrastructure. In addition, call management operations were carried out more efficiently, thus reducing the operational load.

SOCAR INFRASTRUCTURE

OPERATION CENTER (SIOC): The SIOC project was implemented with the aim of operating critical infrastructure and ensuring operational continuity. The project ensured that information technology infrastructure was monitored 24 hours a day, 7 days a week by professional teams, alarms were monitored and communicated to the relevant teams, necessary actions were taken, operational processes were improved and business losses were reduced.

PHYSICAL SECURITY PROJECT:

Within the scope of this project, which consists of many sub-projects, Phase 1 of the Anti-Drone Project was carried out to protect the Aliağa peninsula from drone threats. This project has dramatically increased the safety of the Aliağa peninsula. The project will continue with other sub-projects in 2023 with its second phase. In this context, the License Plate Recognition System Project, which has become a legal obligation, was also completed. The project was implemented in order to monitor vehicles entering the Aliağa facilities. The established system was integrated with the General Directorate of Security to detect suspicious vehicles with the aim of increasing the security of the facilities by ensuring that all vehicles entering the Aliağa facilities are safe. In addition, in case of any incident, it became possible to track vehicle

movements before and after the incident.

Information Security

The ISO/IEC 27001 documents of Petkim Petrokimya Holding A.Ş., STAR Rafineri and SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. within the scope of the ISO 27001 Information Security Management System, were renewed following external audits carried out on 27-30 June 2022 in an integrated format. SIBC*, the Refinery and Petrochemical Business Unit Information Security Management System (ISMS) Board and Management Review (YGG) meetings were held and information security activities carried out in the last one year were reported on.

SIBC: SIBC Sigorta Aracılık Hizmetleri A.Ş.

The Petkim and STAR Rafineri compliance work was completed within the scope of the "Information and Communication Security Guide" published by the Presidency's Digital Transformation Office on 27 July 2020, with the implementation of the measures determined in line with the guideline implementation roadmap. Afterwards, Information and Communication Security Guide Compliance audits were carried out by independent bodies in November.

Regarding the network security of SOCAR Türkiye and Group companies, the network traffic

monitoring detection and response system was put into use in order to increase the capability of detecting and responding to cyber-attacks at all locations. This aims to increase network situational awareness and detect cyber-attacks in real time.

Efforts to develop the information security culture continued with various activities to raise information security awareness.

Agile Business Model

SOCAR Türkiye achieved impressive success in its sector as the first and only Refinery and Petrochemical complex to implement the Agile Business Model on a large scale, thanks to its pioneering approach.

The Petkim, STAR Rafineri and SOCAR Depolama companies under the SOCAR Türkiye Refinery and Petrochemical Business Unit transitioned to the Agile Business Model in all facilities and units located on the operation sites.

The First and Only Company to implement the Agile Business Model on this scale in the Petrochemical Industry

The Agile Business Model is a way of working where teams consisting of inter-unit functions come together around a common goal, prioritize together and work on their processes together at all stages from start to the end of the process. With the agile approach, end-to-end responsibility, rapid decision-making, cooperation and authorized employees are reflected in the transparent way of working and in all business processes.

Petkim has achieved tremendous successes in the Agile Business Model journey, which started as a pilot study at the PTA facility in 2019. The successes brought

about by this model include the improvement in the factory's uptime factor, completion of the OHS-E notifications in a shorter time and an increase in employee motivation. As a result of the success observed in the pilot study, the study was expanded in 2020 and the decision was taken to implement the Agile Business Model at three more facilities. At the end of the one-year period, the achievements of the pilot teams proved the benefits of the Agile Business Model at Petkim. Within the scope of the SOCAR Türkiye Refinery and Petrochemical Business Unit, the Petkim, STAR Rafineri and SOCAR Depolama companies transitioned to the Agile Business Model during 2021 in all facilities and units located on the operation sites.

The way of doing business in the Refinery and Petrochemical Business Unit

The transition to the Agile Business Model in the SOCAR Türkiye Refinery and Petrochemical Business Unit,

which aims to quickly adapt to changing new conditions and ensure that operational efficiency is sustainable, was first carried out in all facilities and units involved in production. After the positive results obtained in production, the Agile Business Model was rolled out to all functions of the related group companies, including administrative departments such as Finance, Purchasing, Trade and Human Resources in 2022 in order to achieve the same culture in the organization. Thus, SOCAR Türkiye achieved impressive success in its sector as the first and only Refinery and Petrochemical complex to have implemented the Agile Business Model on a large scale, thanks to its pioneering approach.

The transition to the Agile Business Model was supported with more than 300 hours of training in preparation for this transformation process involving over 1,000 employees. The training provided consists of comprehensive training in areas such as the Basic Agile Working

Model, Advanced Level Product Owner Training, Discipline Leaders Training and JIRA Training to be used in business management and follow-up.

The Agile Transformation is a journey in which the way of working, organizational structure, governance, practices, behaviors, mindset and ultimately culture are reshaped. With this awareness, the transformation process is handled and supported with a Change Management perspective in order to render the Agile Business Model sustainable. The purpose of each team is clearly defined on a basis specific to the team. It is integrated with the relevant mechanisms of the Company to support the sustainability of this mentality. In this context, the transition from the KPIs (Key Performance Indicators) to the OKRs (Objectives and Key Results) has been completed. The OKRs are a framework in which measurable objectives are assigned to teams and used to align with the strategy. Setting objectives and key results (OKRs) is a simple and transparent method to cascade down the goals from leadership directions to teams. The company strategy is broken down by work lists and followed up by the OKRs.

Agility is an organization's capability to adapt to new conditions and change direction to create new opportunities. In order to dynamically manage the work list of 101 agile teams and to take team specific approaches, digital tools were deployed to support the Agile Transformation. Work lists started to be managed from JIRA, which is widely used around the world. Since its launch, JIRA has evolved into an active platform in which more than 1,000 of our colleagues in the Agile Business Model within the Refinery and Petrochemical Business Unit may monitor their work. JIRA records every task carried out over the platform and facilitates the follow-up of the work. JIRA includes a wide range

of useful functions and features which support the Agile Business Model. At the same time, corporate memory is created by following up user stories through JIRA. The communication channels used within the company will ensure the continued sharing of posts within the organization which support the Agile Culture.

As the pioneer in the sector, Petkim started this process many years ago, now paving the way for the creation of a more goal-oriented, efficient and productive work environment where cooperation is at the forefront and competencies are increased.

Value Creation Program

Value Creation (Değer Benim) Program maintained its success in 2022 with major projects implemented in the Lean Six Sigma, Agile Transformation and Digitalization categories.

Value Creation Program completes its sixth year

Value Creation Transformation Program was implemented six years ago to increase efficiency and performance. Within the scope of the program, tremendous added value was created at both STAR Rafineri and Petkim in 2022 with the project suggestions submitted by our colleagues.

Value Creation Program maintained its success in 2022 with a number of significant projects implemented in the Lean Six Sigma, Agile Transformation and Digitalization categories. These projects yielded substantial positive contributions to the financial results of STAR Rafineri and Petkim.

A total of six workshops were held at STAR Rafineri throughout 2022 and 67 of more than 70 project ideas were realized. Value Creation Program brought positive contributions to STAR Rafineri's financial results in 2022 through the participation of more than 200 employees.

More than 45 initiatives were designed in detail at Petkim out of approximately 156 project proposals tabled by our colleagues throughout the year. Nine different workshops were held in 2022 with over 60 participants at Petkim, and over 35 new project ideas were generated.

Optimization studies are carried out in operational, commercial and supply chain areas within the scope of the Value Creation Program. Work continues on energy and efficiency projects in the field of operations. Work continues on the projects, which are aimed at optimizing the domestic and international sales of refinery and petrochemical products and increasing profitability, in the commercial field. Within the scope of the supply chain, the focus is on capturing synergies in the areas of logistics optimization and inventory optimization.

In the Lean Six Sigma activities carried out under the Value Creation Program, the third wave Green Belt Program was completed in 2022 and the 4th wave was launched. Within the scope of the training, 11 of our colleagues in the 3rd wave completed their Green Belt training and successfully progressed with their projects. In addition, the Lean Six Sigma program reached a wider audience with the Basic Statistics Introductory training provided for the first time in 2022.

Some of the projects implemented in 2022 and which contribute to sustainability within the scope of the Value Creation Program are listed below:

Optimizing the AVF fuel gas pressure control valve set in the Refinery TGTU (The Tail Gas Treatment Unit): Fuel gas is used to create positive pressure in the acid flier lines. In order to optimize the consumption of the fuel gas used, the optimal consumption amount was determined by adjusting the fuel gas pressure control valve set values. The project saved approximately 650 tons of fuel gas in 2022 and prevented approximately 2 tons in CO₂ emissions.

Reducing the methane slip value in the reformer furnace of the Hydrogen Production Unit: Hydrogen is produced from natural gas in the reformer furnace located in the hydrogen production unit. The conversion of methane to hydrogen is crucial in maintaining efficiency. By optimizing the reformer furnace temperature, a greater volume of methane can be converted to hydrogen, thus reducing the volume of natural gas needed to produce the same amount of hydrogen. In 2022, approximately 3,000 tons of natural gas was saved accordingly, preventing 9,000 tons of CO₂ emissions.

We also continued to implement digitalization projects within the scope of the Value Creation Program in 2022. The following projects can be held as an example in this context:

Delayed Coking Unit (DCU) Coke Production Optimization

The modeling of DCU operations provides real-time recommendations for key operational parameters with the aim of profit maximization. Big data coming from more than 500 different sensors over a period of three years was analyzed to model key DCU processes. This historical data was used to train an optimizer through the use of 17 state-of-the-art machine learning models. Finally, a user dashboard was created with control pages for model usage, restriction settings and simulation pages for possible operating alternatives. The dashboard also includes Monitoring and Trend Analysis pages for model performance in comparison with actual observations. This project maximized the production of white products and reduced the coke production rate.

Aliağa Energy Optimization (AEO)

Located on the SOCAR Türkiye Aliağa Peninsula, the Refinery and Petrochemical Business Unit includes STAR Rafineri, Petkim, energy generation and conversion units, steam collectors at different pressure levels belonging to these facilities and wind farms (Petkim WPP). The Aliağa Energy Optimization is a SOCAR Türkiye project that provides energy optimization by managing the balance in this peninsula between consumers and all energy sources, including electricity and steam.

The AEO has paved the way for the optimization of steam transfers from Petkim to STAR Rafineri, the external electricity exchange of the facilities including Petkim WPP, increasing or decreasing internal electricity generation, the level of steam which will be produced at which level of pressure, or from which channel and how much and how the steam between different pressure levels will be converted.

Fikrimce (My Idea) Suggestion System

Fikrimce Suggestion System at Petkim started to be implemented in the Refinery and Petrochemical Business Unit in the Aliağa Peninsula with the integration that took place in 2019. A high level of participation was achieved in Fikrimce, which is an employee suggestion system, within the scope of Refinery & Petrochemicals in 2022, and approximately 965 suggestions submitted to the system were examined in detail by the Idea Evaluation Board. Nearly 200 ideas were deemed to have "the quality of being a suggestion".

Fikrimce Suggestion System had started to be implemented at Bursagaz, Kayserigaz and Enervis within the framework of the Natural Gas Business Unit activities in 2021. Bursagaz, Kayserigaz and Enervis employees contributed to the Fikrimce Suggestion System with 818 suggestions in 2022. Based on the reviews carried out by the Idea Evaluation Board and the relevant managers, 140 ideas were found to have the "quality of being a suggestion".

Benchmarking Studies

In order to evaluate the current operational and financial performance of the STAR and Petkim companies and identify areas open to improvement, extensive international comparative performance analysis activities are conducted annually with Solomon Associates, the world leader in benchmarking in the oil and gas industry. The purpose of these studies is to determine areas open to improvement for the short, medium and long term in the main areas that offer potential such as energy efficiency, capacity utilization of the facilities, process efficiency and operating expenses, and to submit the preliminary studies of required resources to the attention of the senior management.

In 2022, the performance evaluation work of the Petkim Ethylene plant was carried out with data from 2021. Developing areas and areas open to improvement were determined based on the results of the work carried out in the previous years. Data for 2022 was shared in 2023 for the evaluation of STAR Rafineri and the Petkim Aromatics factory, and the results of the studies will be announced later in 2023.

CORPORATE GOVERNANCE

Board of Directors

BOARD OF DIRECTORS OF SOCAR TURKEY ENERJİ A.Ş.

SOCAR TURKEY ENERJİ ANONİM ŞİRKETİ

Duty	Board of Directors	Board of Directors		Representative		Board of Directors End Date of Duty
		Appointment Date	Representative	Appointment Date	Representative	
Chairman	State Oil Company of the Azerbaijan Republic	30.06.2021	Rövshan NAJAF	13.04.2022	-	30.06.2024
Member	Kanan NAJAFOV	20.08.2021	-	-	-	30.06.2024
Member	Zaur GURBANOV	20.08.2021	-	-	-	30.06.2024
Member	Farruh GASİMOV	30.06.2021	-	-	-	30.06.2024
Member	Elshad NASIROV	30.06.2021	-	-	-	30.06.2024
Member	Süleyman GASİMOV	30.06.2021	-	-	-	30.06.2024
Member	Anvar GASİMOV	14.09.2021	-	-	-	30.06.2024

SIGNATURE AUTHORITIES OF SOCAR TURKEY ENERJİ A.Ş.

Form of Authority	Signature Circular No.14		Representative
	Signature Authorities		
1 st Degree	State Oil Company of the Azerbaijan Republic		Rövshan NAJAF
1 st Degree	Süleyman GASİMOV		-
1 st Degree	Farruh GASİMOV		-
1 st Degree	Elchin İBADOV		-
1 st Degree	Teymur ABASGULIYEV		-
1 st Degree	Emil EMİNOV		-
1 st Degree	Mehmet Celal SAVAŞ		-



Rövshan Najaf
**Chairman of the Board of
Directors**

Mr. Rövshan Najaf graduated as an undergraduate from the Department of International Economic Relations at the Azerbaijan State University of Economics in 2001 and went on to complete a postgraduate degree with honors in 2003. He successfully completed a master's degree in Economic Policy Management and International Energy Management and Policy at Columbia University in the USA between 2007 and 2008, as part of SOCAR's overseas scholarship program. Mr. Rövshan Najaf also holds a PhD in the field of economics.

Mr. Najaf worked as a consultant and chief advisor at the Investment Policy Office of the Ministry of Economic Development, the Investments and International Economic Cooperation Department of the Republic of Azerbaijan between 2003 and 2007. He served as the Head of Investment Contracts Department in the SOCAR Investments Department between 2008 and 2009. Between 2009 and 2010, he served as the Head of the Department of Foreign Economic Relations and as an Assistant to the Minister at the Ministry of Economic Development. Between 2010 and 2018, he worked as the Assistant General Manager and General Manager at the Azerbaijan Investment Company. By a decree issued by the President of the Republic of Azerbaijan dated 11 May 2018, Mr. İlham Aliyev was appointed as the Head of the Department of Innovative Development and Electronic State Affairs of the Presidential Administration of the Republic of Azerbaijan. He was subsequently appointed as the Chairman of the Board of the Financial Monitoring Service of the Republic of Azerbaijan by decree on 28 August 2019 and later appointed as the Deputy of the Minister of Economy of the Republic of Azerbaijan by decree on 11 February 2020. Mr. Najaf was appointed as the 1st Deputy of the Minister of Economy of the Republic of Azerbaijan by decree on 24 December 2021 and then appointed as the First Deputy Chairman and as the Chairman as a proxy of the State Oil Company of the Azerbaijan Republic, and as Chairman of SOCAR by decree of the President of the Republic of Azerbaijan, Mr. İlham Aliyev dated 10 February 2022. Mr. Najaf was appointed as the Chairman of the State Oil Company of the Republic of Azerbaijan by decree on 21 July 2022.



Süleyman Gasimov
Board Member

Born in 1961, Mr. Süleyman Gasimov graduated from the Azerbaijan National Economy Institute (now the Azerbaijan State Economic University) in 1982. He graduated from the Academy of Public Administration in 2003, which is under the President of the Republic of Azerbaijan.

Between 1982 and 1991, Süleyman Gasimov worked in various positions in the oil and gas industry, including as an accountant, an economist, a deputy chief accountant and as chief accountant. He continued his career as a chief accountant in the Khazardenizneftgas (Caspian Sea Oil and Gas) Section in the Production Unit, the Offshore Oil and Gas Production Unit of Azerneft (Azeri Petroleum) between 1991 and 2003. Mr. Gasimov worked as the Manager of the Economics and Accounting department at SOCAR's and as the deputy departmental manager and departmental manager between 2004 and 2006. He has been the Vice President in charge of Economic Affairs since 2006. Mr. Gasimov received the "Tarakki (Progress) Medal" of the Republic of Azerbaijan in 2006, the "Shohrat (Honor) Medal" and the "Second Degree Medal of Labor" in 2011. He holds the title of a professor and doctor in Economics and has written more than 40 scientific articles. He has been a member of the Board of Directors of SOCAR Turkey Enerji A.Ş. since 2011, a member of the Board of Directors of Petkim Petrokimya Holding A.Ş. since 2012 and a member of the Board of Directors of STAR Rafineri A.Ş. since 2014. Mr. Süleyman Gasimov is also the Chairman of the Audit Committee under the Board of Directors of SOCAR Turkey Enerji A.Ş.



Elshad Nasirov
Board Member

Mr. Elshad Nasirov graduated from the Moscow State Institute of International Relations before continuing his studies at the Moscow Academy Institute of Oriental Studies.

After starting his career at the Ministry of Foreign Affairs of the Soviet Union in 1987, Mr. Elshad Nasirov worked at the Embassy of Kabul and the Embassy in New Delhi. After Azerbaijan gained its independence, he became a member of the United Nations Azerbaijan Diplomatic Delegation in 1992.

Mr. Nasirov joined SOCAR in 1997 and served as the General Manager of Marketing and Operations. He was appointed as the Vice President of Investment and Marketing at SOCAR in 2005 and is responsible for SOCAR's investments in the oil and gas sector in Georgia, Türkiye, Ukraine, Switzerland and Malta as well as in many other countries. He also led the Southern Gas Corridor and other investment projects in this role.

Elshad Nasirov has been a Board Member of SOCAR Turkey Enerji A.Ş. since 2020 and has also been the Vice President of the Azerbaijan Football Federations Association (AFFA) since 2004.

Board of Directors



Kanan Najafov

Board Member

Born in 1975, Kanan Najafov graduated from the Department of International Law and International Relations at Baku State University in 1997 before going on to graduate with a degree in International Business Law from the College of Law in the University of Washington in 1999 and then graduating from the Department of Business Administration at the Wharton School in Pennsylvania in 2003. He started his career as an operations specialist in the Azerbaijan Office of the World Bank in 1996. He worked in the Washington and Baku offices of the global law firm, Baker Botts, in 1999 before being responsible for commercial analysis and business development at BP Plc's London and Aberdeen offices between 2003 and 2008. He worked as an investment analyst at Exane BNP Paribas and Citigroup and also as the Vice President at Citigroup between 2008 and 2012. He worked as the Senior Executive Officer in charge of Strategy and the Deputy CEO at NOBEL OIL between 2012 and 2015. Kanan Najafov was involved in private business over the next five years, before serving as the Chairman of the Board of the Ministry of Economy's Business Development Fund in 2020. He was appointed as the Deputy Chairman of SOCAR by the decree of the President of the Republic of Azerbaijan on 11 August 2021.



Zaur Gurbanov

Board Member

Born in 1982 in Mingachevir, Zaur Gurbanov served in the Azerbaijan Armed Forces and in peacekeeping operations between 2000 and 2005. He graduated from the Business Organization and Administration Department at the Odlar Yurdu University in 2010 and completed a master's degree in Finance from the Azerbaijan University of Economics in 2012. After serving in various domestic and foreign companies between 2005 and 2010, he went on to hold the positions of senior employee, senior consultant, manager, senior manager and director at the international audit and consultancy firm Ernst & Young between 2010 and 2020. He has been working as the Deputy CEO of Azerbaijan Investment Holding since 2020. He was appointed as the Deputy Chairman of SOCAR On 11 August 2021, by the decree of the President of the Republic of Azerbaijan, and serves as a member of the Audit Board at Azerbaijan Caspian Sea Shipping, Azerbaijan Airlines and Baku Metropolitan, also by decree of the President of the Republic of Azerbaijan.



Farruh Gasimov

Board Member

Farruh Gasimov graduated from the Faculty of Law at Baku State University, and completed his doctorate at the Moscow Public and Law Institute.

Between 1985 and 1991, he worked as a lecturer and an assistant professor at the Baku University of Public Administration and Political Sciences. Since 2006, Mr. Gasimov has been serving as the Vice President of the SOCAR Law Department and as a board member of SOCAR Turkey Enerji A.Ş. He served as a Board Member of Petkim Petrokimya Holding A.Ş. between 2009 and 2020, and as a Board Member of STAR Rafineri A.Ş. between 2012 and 2020. Mr. Gasimov's responsibilities include chairing the Early Detection of Risks Committee and serving as a Member of the Corporate Governance and Sustainability Committee, which operate under the Board of Directors of SOCAR Turkey Enerji A.Ş.



Anvar Gasimov

Board Member

Born in 1978 in Baku, Azerbaijan, Anvar Gasimov read Accounting and Auditing at the Azerbaijan University of Economics between 1994 and 1998. He completed his master's degree in Accounting and Auditing at the same university in 2001 and completed his education with a degree in Economics of the Energy Sector from University of Reading in the UK in 2007. He has been continuing his doctorate education since 2020.

Mr. Gasimov started his career as an accountant at SOCAR in 1996. He worked as an accountant and senior accountant in the SOCAR Overseas Investments department between 1999 and 2003, as an accountant at the SOCAR head office between 2003 and 2009 and as the Head of the Joint Projects department between 2009 and 2012. He continued his duty as the Vice President of the SOCAR Economy and Accounting Department from 2012. Appointed as an Advisor to SOCAR President in 2021, Mr. Gasimov speaks English, Russian and Turkish to an advanced level, and Italian to an intermediate level.

Anvar Gasimov is also a member of the CGMA (Chartered Global Management Accountant) of CIMA (The Chartered Institute of Management Accountants). He holds the Honorary Edict and Progress Medal awarded by the President of Azerbaijan.

Number of Meetings of the Board of Directors during the Year and the Participation of the Members of the Board of Directors in These Meetings

The Board of Directors is organized to provide the highest level of impact and effectiveness. In this regard, utmost care is taken to comply with the law and other legislation. The Board of Directors, the highest management body within SOCAR Türkiye, consists of seven members, including the chairman and six members. Board meetings are held four times a year. The duties of the Chairman of the Board of Directors and the CEO are carried out by different individuals. The CEO is not a member of the Board of Directors. The meetings of the Board of Directors are held at the company headquarters or at a suitable location with the physical participation of the individuals concerned. In 2022, the rate of participation in the meetings stood at 100%. The Board of Directors takes its decisions with the affirmative votes of at least four members. Committees were established at various levels in order to effectively carry out the activities of the Board of Directors and executive activities with a common view. In this context, the Corporate Governance and Sustainability Committee, the Audit Committee, the Early Detection of Risk Committee, the Remuneration Committee continue their activities under the Board of Directors.

Committees of the Board of Directors

Committee Organization and Committees

The Board of Directors, the highest management body within SOCAR Turkey Enerji A.Ş., consists of a total of seven members, including the chairman and six members. The CEO (General Manager) is not a member of the Board of Directors. A number of committees are formed at various levels to ensure effective coordination between the Board of Directors and the Company's executive functions. These committees consist of the Audit Committee, the Early Detection of Risk Committee, the Corporate Governance and Sustainability Committee, and the Remuneration Committee, which report directly to the Board of Directors.

The integration process of the refining, petrochemical, energy, logistics distribution functions and the management operations of the group companies are consolidated under SOCAR Türkiye, hence creating synergies which provide strategic investment opportunities in critical and strategic areas such as risk

management, talent management and portfolio management.

Petkim is a petrochemical company with its headquarters in Türkiye and in which a majority of the shares are held by SOCAR Türkiye. It operates in various sectors of the chemicals industry, including the production of plastics, resins and other chemical products. The shares in Petkim, which is SOCAR Türkiye's only publicly traded subsidiary, are traded on the Borsa İstanbul stock exchange.

Launched by Borsa İstanbul in 2014, the BIST Sustainability Index evaluates companies every year on the basis of their sustainability management practices.

Petkim has consistently been included in this index, standing as testament to its strong commitment to sustainability and social responsibility.

SOCAR Türkiye determines the remuneration policy for its senior management in accordance with the SOCAR Türkiye total profit procedure. The company uses global assessment methods to

determine the pay of its senior management based on the size of the businesses in question, which are calculated using market data published by global data providers as a benchmark.

This approach ensures that the company's remuneration policy is in line with industry standards and that it reflects the market value of its managers.

In addition to the base pay, an annual performance bonus is paid upon the approval of the Board of Directors. The amount to be distributed is determined by considering the company's performance and the budget approved by the Board of Directors. This approach ensures that the bonus is linked to performance and aligned with the company's overall financial goals.

Overall, SOCAR Türkiye's approach to managing its subsidiary, Petkim, and determining the remuneration for its senior management reflects its strong commitment to sustainability, social responsibility and good governance.

Audit Committee

The Audit Committee is responsible for overseeing the efficiency and adequacy of SOCAR Türkiye's internal control systems, the functioning of the accounting and reporting systems and the integrity of the information generated by these systems. It also audits the effectiveness and compliance of independent audit processes and internal audit mechanisms, and provides advice and recommendations when necessary. The Audit Committee consists of at least two non-executive members elected by the Board of Directors from among its own members. It convenes at least four times per year or once every three months. Decisions taken by the Audit Committee are presented to the Board of Directors for information or approval, depending on their nature.

Corporate Governance and Sustainability Committee

On behalf of the Board of Directors, the Corporate Governance and Sustainability Committee issues recommendations and suggestions for initiatives which will ensure SOCAR Türkiye's commitment to the highest standards of corporate governance and which will contribute to the development of corporate governance. The committee focuses on sustainable practices. It aims to increase the company's sustainability performance by overseeing the implementation of sustainable

policies and practices. The Committee aims to strengthen SOCAR Türkiye's market position and promote long-term success by promoting good corporate governance and sustainable development.

The Corporate Governance Committee is responsible for evaluating and reporting compliance with SOCAR Türkiye's corporate governance principles. In this context, it reviews the corporate governance practices of all committees and offers suggestions and recommendations to the Board of Directors. It also evaluates the effectiveness and adequacy of the independent audit process and internal control mechanisms.

The Committee offers suggestions and recommendations in order to nominate members of all committees that report to the Board of Directors, to develop corporate governance practices regarding the remuneration of Board members and senior executives and to ensure that these practices are applied fairly to all employees. It also monitors sustainability related issues at the board level and ensures appropriate governance.

The Committee also provides advice and guidance on sustainability strategy.

Remuneration Committee

The Remuneration Committee is responsible for providing suggestions and recommendations to the Board of Directors on issues related to the determination of the members of the Board of Directors and senior management candidates, and the development of corporate governance practices regarding the remuneration of executives.

The committee aims to ensure that the company's remuneration policies and practices comply with industry standards and support the long-term success of the organization.

The Remuneration Committee operates in accordance with the best practices in corporate governance. It consists of independent members of the board of directors and experts in the field of executive remuneration.

The Committee convenes periodically throughout the year to review and evaluate remuneration policies and practices and to issue recommendations to the Board of Directors.

Executive Committee

The Executive Committee is responsible for evaluating suggestions set forth by all committees which support corporate governance activities and report to the CEO, and submitting the suggestions to the Board of Directors.

The committee meets on a monthly basis under the chairmanship of the CEO.

Committees of the Board of Directors

Early Detection of Risk Committee

On behalf of the Board of Directors, the Early Detection of Risk Committee issues suggestions and recommendations on the identification and definition of strategic, financial, operational and other risks and opportunities which may affect SOCAR Türkiye's activities, calculating their impact and probability and prioritizing them, while

monitoring and reviewing the risks identified. The Committee also issues suggestions and recommendations on the management of these risks and any opportunities which should be taken into account in decision mechanisms in accordance with the Company's risk profile, as well as carrying out their reporting.

Other Committees

In addition to the committees reporting to the Board of Directors,

the Group Risk Committee, the Ethics and Corporate Social Responsibility Committee, the Sustainability Committee, the Investment Sub-committee, the Strategic Development Sub-committee, the HR and Performance Management Sub-committee and the Crisis Management Sub-committee also support corporate governance activities and report directly to the CEO.

The Board of Directors of SOCAR Türkiye

- Corporate Governance and Sustainability Committee
- Early Detection of Risk Committee
- Audit Committee
- Remuneration Committee

Executive Committee

- Group Risk Management Committee
- Group Crisis Management Committee
- Group Ethics and Corporate Social Responsibility Committee
- Group Talent Committee
- Group Sustainability Committee

Business Unit Committees

- Refinery and Petrochemical Business Unit Daily Management Committees
 - “I am the Value” Decision Committee
 - Risk Management Committee
 - Strategic Planning and Investment Committee
 - Supply Management Committee
 - Security Committee
 - Operation and Maintenance Committee
 - Trade Committee
- Natural Gas Business Unit Committees
 - “I am the Value” Committee
 - Risk, Assurance and Finance Committee
 - Security Committee
 - Contracts Committee
 - Technical Committee

Senior Management



Elchin İbadov

CEO (by Proxy)

After graduating from the University of Illinois in Chicago, Elchin İbadov started working as a Research Specialist at the World Trade Centre in Chicago in 2002. Starting from 2003, he held various positions at PwC over a period of 11 years, serving as the Finance Director and the CFO at STAR Rafineri between 2014 and 2019. He was appointed as the CFO of Petkim in November 2019. At the same time, he served as the Financial Affairs Assistant of the Head of the Refining and Petrochemical Business Unit, which covers companies which are of importance to the Turkish economy such as STAR Rafineri, Petkim, SOCAR Akaryakıt Depolama and SOCAR Petrol Ticaret. Attaching importance to continuous education and development, Mr. İbadov has authored and translated a number of textbooks on economics, accounting, finance, International Financial Reporting Standards and financial auditing. This is in addition to the professional training and certificate programs which he completed at the Harvard Business School. Mr. İbadov is also a permanent member of international financial and auditing organizations such as ACCA, ACFE and the IIA.



Teymur Abasguliyev

Head of Financial Affairs

Teymur Abasguliyev graduated from the Departments of International Relations and Law at Baku State University with bachelor's and master's degrees. He started his professional career in 1994 at the Centre for Strategic and International Studies. As a senior manager and partner at PricewaterhouseCoopers, he managed a number of projects for various multinationals and local market leaders in the central and Eastern Europe region between 1996 and 2003. Mr. Abasguliyev has been working as the Head of Financial Affairs of group companies at SOCAR Turkey Enerji A.Ş. since 2013. He has been a member of the UK's Association of Certified Public Accountants (FCCA-Fellow Chartered and Certified Accountant) since 2002.



Sibel Uğur

Head of Human Resources and Corporate Services

Starting her career as a psychological counselor, Ms. Uğur switched to the Human Resources (HR) field after three years, receiving her HR Management Certificate from the Continuing Education Centre at Istanbul Technical University (ITU) in 1999. She worked as the HR Manager of Dişbank between 2000 and 2005, the HR Director at Fortis Bank between 2005 and 2011 and as the Remuneration and Benefits Director at TEB between 2011 and 2015. She managed a number of important projects in the fields of human resources, especially in organizational development, performance management, remuneration and benefits, and mergers and acquisitions. She continued her career at SOCAR Turkey Enerji A.Ş. in 2015 as the Remuneration and Benefits Coordinator and then as the Remuneration and Benefits Director. Ms. Uğur was appointed as the Head of Human Resources at SOCAR Turkey Enerji A.Ş. in 2019. Sibel Uğur has been serving as the Head of Human Resources and Corporate Services since October 2020. She is sits on the Boards of Directors at KİPLAS, SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş., Millenicom Telekomünikasyon Hizmetleri A.Ş. and the YASED Employment and Qualified Workforce Council.



Anar Mammadov

Head of Refinery and Petrochemical Business Unit

Born in 1971 in Baku, Anar Mammadov graduated from Azerbaijan Medical University with a degree in medicine and received his degree in law from Baku State University. He received his Ph.D. in oil supply, logistics, and trading from the College of Petroleum Studies in England. He received his MBA from TRIUM Global Executive. Between 1995 and 1998, he managed Avista Company of which he was the founder. Between 1998 and 2007, he worked at Milio International as Regional Director. He served as CEO of Arxiel Carbonexis (2007-2009), of SOCAR Georgia (2009-2014) and of SOCAR Greece (2014-2016). After taking over the position of General Manager at Petkim in 2016, he was also appointed as Head of SOCAR Türkiye Refinery and Petrochemical Business Unit as of November 2019. Anar Mammadov has more than 15 years of experience in the oil and energy industry. In September 2018, he was granted the Taraggi (Advancement) Medal given by the President of the Republic of Azerbaijan. Fluent in English, Russian and Turkish, Anar Mammadov is married and has 3 children.

Senior Management



Mehmet Celal Savaş

Head of Law

Mehmet Celal Savaş graduated from the Faculty of Law at İstanbul University. He worked as an assistant researcher at the same faculty between 1989 and 1994 and as a freelance lawyer until 2000. Between 2000 and 2006, he worked as a Legal Counsel at BP Türkiye. At the same time, he represented BP Türkiye at the BP Europe Downstream Activities Council as a Member of the Board of Directors. In 2006, he was appointed as the Chief Legal Counsel at Siemens Türkiye, and then a member of the Management and Executive Board. In 2016, he became a member of the Gebze Organized Industrial Zone Board of Directors on behalf of Siemens Türkiye. Working as the Legal Head of SOCAR Turkey Enerji A.Ş. since 2018, Savaş also continues his duties as a member of the Board of Directors at some SOCAR Türkiye group companies.



Fuad İbrahimov

Head of Gas Business Unit

Fuad İbrahimov graduated from the Department of International Relations, Faculty of Political Sciences at İstanbul University and graduated from the Energy Management program at France's ESCP Business School with a master's degree. He then successfully completed the IESE Business School Leadership program in Spain. İbrahimov, who started his career in Türkiye in 2003, continued his professional development in a number of commercial, strategic, business development and investment areas.

After working in various fields for over 10 years in Türkiye, Azerbaijan and the United Arab Emirates, Mr. İbrahimov joined the SOCAR Türkiye family as the Director of the Petrochemical Trade Group in 2017. He then took part in various managerial duties in the petrochemical, refinery and holding headquarters. He started his duty in the Natural Gas Business Unit in October 2021.



Hakan Irgit

Head of Digital Transformation & Information Technologies

Working in the Technology Strategies and Global Business Practices Groups of Andersen Consulting in North America between 1996 and 2000, Mr. Irgit went on to manage transformation projects in Budapest, London and the Hague between 2001 and 2003 based at energy companies within the Accenture Energy Group. He managed the Accenture Business Intelligence Group in North America between 2004 and 2008, serving energy, pharmaceutical, insurance and media companies. He founded the Accenture Türkiye Oil, Gas, Infrastructure Services, Petrochemical and Natural Resources Industry Group in 2008 and served as Country Executive Director until 2018.

Mr. Irgit joined SOCAR Turkey Enerji A.Ş. in November 2018 as the Head of Integration. He was responsible for the integration of the functions and operations of the Refinery and Petrochemical Business Unit and the Gas Business Unit. He has been working as the Head of Digital Transformation at SOCAR Turkey Enerji A.Ş. since 2020.



Mikayil Yusifov
**Head of Communications and
Public Relations**

Mikayil Yusifov graduated from the Department of International Relations at Bilkent University. After completing a master's degree in International Relations and Economics at the Corvinus University in Hungary, he completed a second master's degree in the field of European and International Relations at the Vienna Diplomatic Academy in Austria.

He started his professional career in 2008 as the director of the Azerbaijan-NATO school under the Ministry of Foreign Affairs of the Republic of Azerbaijan. Until 2013, he worked as the Protocol Branch Manager at the Central Bank of Azerbaijan. At the same time, he worked as a lecturer in the fields of International Relations, Security and Political Science at the Hazar University between 2009 and 2013.

Continuing his career as a Protocol Manager, Private Secretary and then as a Management Office Director at SOCAR Turkey Enerji A.Ş. since 2013, Yusifov was appointed as the Head of Corporate Services at SOCAR Turkey Enerji A.Ş. in 2018. Since October 2020, he has been serving as the Head of Communications and Public Relations.



Emil Eminov
**Head of Portfolio Management
Business Unit**

Emil Eminov graduated from the Department of Economics at Dokuz Eylül University. He then completed a master's degree in the field of Finance and Strategy at the Wharton School in the University of Pennsylvania.

Mr. Eminov, who started his career at PwC in 2000, worked as a management consultant, investment consultant, partner and founding partner in various organizations between 2004 and 2012. He was appointed as a Deputy General Manager and Project Sponsor at the SOCAR Polymer factory in 2013.

Continuing his career as the Head of Investments and Projects at SOCAR Turkey Enerji A.Ş. since 2016, Mr. Eminov has been serving as the Head of Portfolio Management Business Unit since October 2020.



Kanan Mirzayev
Head of Strategy

After completing his education at the Department of Finance at the Azerbaijan State University of Economics, Kanan Mirzayev completed a master's degree at the Department of Industrial Enterprises Management at Aston University in the UK. Continuing his education in the UK, Mr. Mirzayev was awarded a Senior Executive Diploma in the field of Business Administration from the Chartered Management Institute (CMI). He completed the Leadership Development program at the Harvard Business School between 2019 and 2020.

Mr. Mirzayev worked in various international projects and SOCAR companies between 2004 and 2011. He took on various duties in areas such as business administration, occupational health and safety and quality. Starting in 2011, he took on a number of positions, being appointed as the Occupational Health, Safety and Environment Manager in the Baku Wind Energy Project, then as a Business Analyst in the SOCAR Investment Department, a Senior Business Analyst and Deputy CEO at SOCAR Energy Greece, Deputy General Manager of Strategy and Business Development and then as the Vice President of Business Excellence in the Refinery and Petrochemical Business at Petkim.

Mr. Mirzayev has been serving as the Head of SOCAR Türkiye Strategy since October 2020.

Organization, Capital and Shareholding Structure of the Company

THE CAPITAL AND SHAREHOLDING STRUCTURE OF SOCAR TURKEY ENERJİ A.Ş.

TITLE AND ADDRESS OF THE SHAREHOLDER	CAPITAL	NUMBER OF SHARES
State Oil Company of the Republic of Azerbaijan (Azerbaycan Respublikasının Dövlət Neft Şirkəti) (SOCAR)	TL 7,750,915,000	7,750,915,000
Sermaye Investments Limited	TL 890,574,713	890,574,713
TOTAL	TL 8,641,489,713	8,641,489,713

Information on Privileged Shares

The company holds no privileged shares.

Information on Reciprocal Cross Holdings in which the Direct Participation Rate in the Capital Exceeds 5%

Information on reciprocal cross holdings in which the direct participation rate in the capital exceeds 5%

Title of the Company	Direct Participation Rate (%)
RAFINERİ HOLDİNG A.Ş.	100
SOCAR TURKEY ELEKTRİK YATIRIMLARI HOLDİNG A.Ş.	75
SOCAR TURKEY PETROKİMYA A.Ş.	99.99
SOCAR PETROKİMYA YATIRIMLARI A.Ş.	100
SOCAR TURKEY FİBER OPTİK A.Ş.	100
SCR MÜŞAVİRLİK VE İNŞAAT A.Ş.	100
SOCAR ALİAĞA LİMAN İŞLETMECİLİĞİ A.Ş.	100
SOCAR TURKEY AKARYAKIT DEPOLAMA A.Ş.	100
SOCAR TURKEY PETROL TİCARET A.Ş.	100
SOCAR TURKEY HAVACILIK A.Ş.	49
SOCAR TURKEY ORTAK YÖNETİM HİZMETLERİ A.Ş.	100
SOCAR TURKEY DOĞAL GAZ YATIRIM A.Ş.	100
SOCAR TURKEY ARAŞTIRMA GELİŞTİRME VE İNOVASYON A.Ş.	100
TANAP DOĞAL GAZ İLETİM A.Ş.	7
BOS ENERJİ YATIRIM VE TİCARET A.Ş.	50

Material Rights and Benefits Provided to Members of the Board of Directors and Senior Executives

The financial rights and benefits provided to senior executives consisting of the members of the Board of Directors, the CEO and presidents are summarized below. Details of the procedures and principles regarding total rewarding practices are included in the relevant procedures of SOCAR Türkiye.

Members of the Board of Directors

Members of the Board of Directors may also consist of executives from SOCAR Azerbaijan, independent members and senior managers of the SOCAR Türkiye group companies. The financial benefits provided to the members of the Board of Directors are determined in accordance with the decisions taken by the General Assembly within the framework of current legislation.

Apart from exceptional companies, no fixed fee is paid for membership to Members of the Board of Directors who hold senior management positions at any SOCAR Türkiye group company. Along with all employees, managers (whether or not they are members of the Board of Directors) may be paid performance bonuses within the scope of their duties within the financial year by taking into account the targets

and criteria determined at the beginning of the year. To qualify for the specified payment, the key performance indicators (KPIs) of the companies must meet the performance targets. Criteria and weights may vary from one year to another to reflect business priorities and may include a balance of key operational and financial measures. These may include strategic, environmental, social or governance factors or factors related to customer satisfaction, employee loyalty or other sustainability-related criteria.

Senior Executives

SOCAR Türkiye adopts a balanced remuneration policy within the company and a competitive remuneration policy abroad. This remuneration policy is based on market data. In order to maintain a competitive position in attracting talent, developments in global and local markets are monitored and positions taken in terms of pay and rewards. Rewarding senior executives consists of two main components: "A Fixed (Base) Salary" and "Variable Pay". Fixed salaries for senior executives are determined in accordance with international standards and legal obligations, taking into account the pay policies prevailing in the market, the size of

the Company, its long-term goals and the position of the individuals concerned.

In addition to the fixed pay offered, an annual "Performance Bonus" is provided. The performance bonus budget is decided by the Board of Directors and the distribution of the bonus is decided by the Remuneration Committee, which is a sub-committee of the Board of Directors, by taking into account the company's performance. The amount to be distributed as a bonus is also decided on by the Remuneration Committee taking into account the company's performance and the budget. In calculating of the individual bonuses of senior executives, various weightings are attached to the corporate performance evaluation, business unit performance evaluation and individual performance evaluation during the relevant working year, with the weighted total determining the bonus. This approach ensures that the bonus is linked to performance and is aligned with the overall financial goals of the company. Decisions on the individual remuneration (fixed and variable wages) of senior executives is also approved by the Remuneration Committee.

Lawsuits Filed against the Company and Potential Consequences

As of 31 December 2022, no lawsuits had been filed against the Company which could affect the Company's financial status and activities.

Administrative and Judicial Sanctions, If Any, Applied to the Company and the Members of the Board of Directors as a Result of Practices Contravening Provisions of the Legislation

No significant penalties or sanctions were applied to members of the governing body as a result of practices contravening the provisions of the legislation in 2022.

Corporate Governance Practices – Statement of Compliance with Corporate Governance Principles

Since the company is not open to the public, no compliance statement has been issued in this context. However, a Corporate Governance Principles Compliance Report was prepared upon the request of the banks.

General Evaluation of the Board of Directors on the Company's Achievement of its Operational and Financial Performance Goals

a) Our company demonstrated a successful operational and financial performance in 2022 and, as a result, its EBITDA increased from TL 8,634 million in 2021 to TL 22,464 million in 2022. The company demonstrated that it was able to maintain maximum levels of profitability under the current conditions by making the most of the market conditions in the sector.

The company's turnover increased from TL 89,446 million in 2021 to TL 251,805 million in 2022. Its gross profit margin decreased from 8% in 2021 to 3% in 2022, while its Debt/Equity ratio decreased from 1.11 in 2021 to 1.10 in 2022.

b) KEY FINANCIAL INDICATORS

	2022	2021	2020
Turnover (TL million)	251,805	89,446	31,247
Gross Profit Margin	3%	8%	7%
EBITDA (TL million)	22,464	8,634	1,468
Debt/Equity	1.10	1.11	0.95

c) There were no cases of unrequited capital of the Company during the accounting period. Our company's financial position is strong on the back the profitability it derives from its main activities. As a result, there was no requirement to improve the financial situation of the Company. The company demonstrated its ability to maintain maximum levels of profitability under the current conditions by making the most of the market conditions in the sector.

Dividend Distribution Policy

Our company's articles of association are based on the regulations in the Turkish Commercial Code for dividend distribution.

Developments Regarding Investments, Benefits from Incentives and Extent of Any Benefit

SOCAR Turkey Enerji A.Ş. did not hold any incentive certificates for its investments as of 31 December 2022, while the SOCAR Türkiye group companies (Petkim, STAR Rafineri, SOCAR Depolama, SOCAR Fiber, SOCAR Terminal, Bursagaz and Kayserigaz) benefit from the incentives stipulated by the legislation.

Risk Management

Corporate Risk Management Applications

The Company carries out its activities in a transparent, accountable, fair and responsible manner. The Board of Directors creates internal control systems, including risk management, information systems and processes, which can minimize the effects of risks that may affect the Company's stakeholders, especially the shareholders, by taking into account the opinions of the relevant Board of Directors committees.

The Early Detection of Risk Committee advises and issues recommendations to the Board of Directors regarding early detection and evaluation of all kinds of risks which may affect the Company, calculates their effects and any possibilities arising from them, manages and reports these risks in accordance with the Company's corporate risk profile, takes necessary actions regarding the identified risks, ensures that they are taken into account in decision making mechanisms and establishes effective internal control systems. Six reports were prepared by the Early Detection of Risk Committee and submitted to the Board of Directors in 2022.

As a result of the analyses and evaluations conducted during the risk management process, where the attitude towards risk is determined, a decision is made on the basis of four different approaches; accepting risk, reducing risk, transferring risk and avoiding risk. In order to systematically manage corporate risk management activities, the Company has grouped risks under

six main categories based on the 'SOCAR Türkiye Risk Appetite Statement' document. These categories are the OHS-E risks, compliance risks, reputation risks, operational risks, financial risks and strategic risks.

The OHS-E Risks

Risks specific to OHS-E are also prioritized by the Board of Directors. Risks in this category primarily refer to human life and health, but also cover a range of issues related to the environment, biodiversity, society, operational safety and other similar issues. In this context, a specific risk management process has been developed to respond in a timely and effective manner to the risks stemming from climate change, which may be triggered by global trends and sectorial needs.

Compliance Risks

The Board of Directors has no risk appetite for any actions which do not comply with local legislation, regulations or other regulatory stipulations, and accordingly initiatives have been taken regarding the establishment of many governance structures within the Company.

In order to ensure compliance with the Competition Law, the Board of Directors took the decision to approve the SOCAR Türkiye Competition Compliance Policy in the last meeting of the risk committee in 2021. As a continuation of the process, practices are planned for annual compliance programs where different competency, analysis and awareness activities will be carried out.

Another important issue is the assurance of compliance with internal regulations, policies and procedures. In order to establish this assurance, steps were taken to ensure that different governance mechanisms, control environments and organizational structures were developed with the aim of developing the established approaches by deepening and expanding them over time.

Reputational Risks

Reputational risks are included in the main risk categories in accordance with their nature. In respect to the management of reputational risks, the Board of Directors has clearly stated at the highest level that there is no risk appetite for any decision, activity or actions which could harm the brand value of the Company. Brand value is always considered as a priority issue in the implementation of any process within the company.

In addition, the necessary governance mechanisms have been established in order to prevent bribery, abuse, exploitation and human rights violations which could negatively affect the reputation of the Company as a result of the Company's activities.

Finally, the Company has identified reputational risks as one of the most important issues when it comes to consistently prioritizing the protection of the rights of both large and small investors, and not allowing any unjust treatment.



Risk Management

Operational Risks

Within the scope of operational risks, work is carried out on the management of human resources, IT and security risks. Operational risk activities are broadly aimed at managing operations safely while also aiming to comply with laws and regulations and to protect physical assets.

During the course of its operations, the Company places absolute attention on risks that will endanger the environment and occupational health. Laws and regulations are constantly monitored and relevant training is provided to the personnel. In addition, emergency response plans are drafted and drills are carried out in order to ensure the most effective and rapid response in the event of emergency situations. Sample analyses are carried out in order to monitor the compliance of the waste generated as a result of production with the laws and regulations. Waste is monitored instantly on a daily basis.

Periodical audits are carried out throughout the year to determine any incidences of environmental, occupational health and safety risks arising due to human, process or system factors using the incident detection process, and notification forms are created on the system and necessary corrective actions are taken, thus ensuring safer operations.

Risks in the field of human resources are also monitored in

order to realize the company's goals and strategies, maintain the highest level of employee satisfaction and increase corporate loyalty. Work in this field is carried out with the principle of being focused on employees, which is also one of the Company's key values. Employee motivation is supported with training provided to employees in various fields as well as professional information, and through the activities organized for the employees.

The Company continuously invests in the field of IT. It strives to manage any risks which may arise in this field, both with the support of its personnel working in its organization and also through the procurement of consulting services when necessary. Work is carried out by acquiring consulting during program changes and revisions, and suggestions coming from consultants are implemented as soon as possible. Periodically backups are made and measures are taken to prevent loss of corporate information.

The Security Department operates to ensure security throughout the company. It carries out deterring and preventive actions with the measures it has taken and the practices it has implemented in accordance with the Security Management Standard and relevant laws and regulations. Moreover, technology is deployed effectively with sufficient tools and equipment available for

use. Utmost importance is attached to the training and drills of security personnel, and work in this area are carried out periodically and inspected. In addition to the security measures taken, comprehensive insurance policies are in place to assure the Company assets.

Financial Risks

The Company manages interest, currency, credit and liquidity risks within the scope of financial risks. National and international economic developments are constantly monitored and necessary measures are taken by taking the impact of developments in the economy on the assets and liabilities into account. In addition, specific metrics and policies have been developed to ensure financial sustainability in the face of the economic fallout of the COVID-19 pandemic.

In order to manage interest rate risk, the amount, maturity and interest rates of interest-sensitive assets and liabilities are carefully monitored and offset in favor of the Company.

The Company carries out high-volume foreign currency transactions both in the purchase and sale of goods. Accordingly, foreign exchange transactions are strictly monitored within the relevant directorate. The Company seeks to ensure that foreign exchange risks are mainly managed through the transactions which are in balance sheet.

The approach to managing credit risk ensures that no unmanageable transactions are performed. No risk is taken in this regard and full assurance is provided.

Attaching importance to the asset-liability balance in the management of liquidity risks, the Company monitors liquidity on a daily basis in order to avoid maturity mismatches and payment problems. Credit risk management policies and systems which facilitate the collection of receivables are actively used, thereby increasing the liquidity of receivables and guaranteeing them at the same time.

Strategic Risks

Strategic risks consist of risks in different categories which may hinder the Company's short, medium and long term strategies.

The risk management process has been developed specifically for the process of strategic risk management. The process is largely based on the analytical model which enables the calculation and forecasting of the collective impact of strategic risks on the relevant goals. The aim of strategic risk management is to ensure the success of the strategy and data-based decision making.

The aforementioned approach supports the management of a strategy to develop plans and tactics appropriate for the corporate governance structure and business processes, and to implement them successfully by using the Company's resources effectively and efficiently.

Moreover, in the event of specific demands on investment decisions, the Company aims to align these decisions with existing strategic priorities and improve the value chain by adding a risk management perspective.

Internal Audit

At SOCAR Türkiye, in line with the Internal Audit Regulation approved by the Board of Directors of SOCAR Turkey Enerji A.Ş. ("SOCAR Türkiye" or "the Company" or "the Group"), the Internal Audit Department, which is under the Audit, Risk and Compliance Group Directorate, performs assurance and consultancy activities based on the authority given to it by SOCAR Türkiye's Board of Directors and the Audit Committee.

Internal audit work provides independent, objective assurance and consultancy to the activities of group companies. The Internal Audit Department is responsible for the planning, execution and reporting of internal audit activities in accordance with the generally accepted International Internal Auditing Standards published by the "The Institute of Internal Auditors -IIA" and relevant local legislation.

The duties and responsibilities of the Internal Audit Department include: elimination of control deficiencies revealed as a result of the relevant audit work, ensuring that the senior management takes the necessary measures to strengthen the control environment, monitoring the actions taken, examining and reporting the cases of suspicion of abuse, negligence, and so on.

In 2022, internal audit activities were carried out with a team of 13 people in İstanbul, İzmir, Bursa and Kayseri.

The Activities in 2022

- In line with the audit plan created for 2022, 31 process audits were carried out. In addition to the audit activities, 14 inspections and projects were carried out, and consultancy activities were also carried out in line with the demands of the senior management.
- Periodic audits were carried out for each quarter in line with the determined scope and controls, and reports were made regarding the effectiveness of the relevant controls.
- Work was carried out in order to follow up and complete the actions that emerged after the internal audit activities. After the quarterly controls, function-based reports were prepared for the senior management regarding the status of the actions.
- After the SAP S/4HANA transition was completed, the SAP Post-Integration audit work was carried out for 17 SAP modules. After system installation, system and process controls, IT controls, access and the applications of segregation

of duties and audit work were completed within the scope of ensuring that the system can be monitored and audited.

- In an environment where control designs were developed on SAP in 2022, the activities of users between system controls were examined in detail. Scenarios were produced and big data analyses were made and notable transactions were submitted to the attention of the managers.



Work on Business Ethics, Anti-Corruption and Compliance

SOCAR Türkiye and its affiliated group companies uncompromisingly prioritize compliance with internationally accepted high level business codes of ethics while carrying out their activities. These codes of ethics are regulated in the "SOCAR Türkiye Code of Ethics" and related internal policies and procedures. The "SOCAR Türkiye Code of Ethics" is published on the company's website, providing easy access to those concerned.

The SOCAR Türkiye Code of Ethics, Anti-Bribery and Anti-Corruption Policy and other relevant internal policies and procedures are binding for the Board of Directors, all managers and employees employed under the roof of SOCAR Türkiye, the business partners of SOCAR Türkiye and its group companies and the employees of its subsidiaries.

The SOCAR Türkiye Ethics & Corporate Social Responsibility (CSR) Committee was established in order to ensure that the work carried out throughout SOCAR Türkiye and its group companies is carried out in accordance with the codes of ethics and compliance rules. The Committee convenes regularly in meetings chaired by the CEO of SOCAR Türkiye. An internal procedure was established in order to carry out the work of the Ethics

& CSR Committee efficiently and systematically. The internal procedure is also dynamically updated in accordance with changing needs.

The SOCAR Türkiye Ethics & Corporate Social Responsibility (CSR) Committee also engages in governance activities to ensure that corporate social responsibility activities carried out within the company are carried out in accordance with the Code of Ethics and the SOCAR Türkiye Values.

In accordance with the CSR Principles Policy published for this purpose, the Communications Department prepares a CSR Plan for the following calendar year at the end of each calendar year, and submits the Plan to the Committee for approval. The Plan approved by the Committee is then submitted to the Board of Directors for approval.

The SOCAR Türkiye Code of Ethics

COMPLIANCE WITH LAWS AND CODES

The absolute method of doing business for SOCAR Türkiye is to work with integrity and in line with high business ethical standards while acting in accordance with the relevant laws.

At SOCAR Türkiye, we create and implement all necessary policies, procedures and plans in order to comply with laws and codes and to carry out our activities in accordance with internationally generally accepted business ethical standards.

ETHICS AND INTEGRITY

SOCAR Türkiye has a policy of zero tolerance towards all forms of corruption, including bribery, money laundering and financing of terrorism. In order to ensure that the ethical business standards are met by the commercial parties we do business with, we conduct ethics due diligence evaluation for these parties and conduct checks to ensure they comply with our values determined within the scope of the Code of Ethics.

As gifts, meals or entertainment offered to public officials or other third parties involve risks related to corruption, we pay special attention to this issue. We take care to comply with the principles in the Representation and Hospitality Procedure.

We do not use company resources for any purpose other than for their intended use. In this context, we diligently manage the budget, expenditures and other funds and are attentive to security processes, running necessary control processes for situations

that may lead to loss, theft or misuse of company resources. The use of company resources by any unauthorized persons, including our relatives, is not permitted.

Whenever we act on behalf of SOCAR Türkiye, we protect the interests of our Company and ensure that our individual interests do not compromise our Company's interests.

OUR RESPONSIBILITY TOWARDS OUR STAKEHOLDERS AND INVESTORS

We act with an awareness of our responsibilities to our stakeholders and investors in all of our activities.

Various rules and restrictions in the form of import and export control rules, economic sanction regulations and embargoes are applied by various states, international organizations and financial institutions around the world regarding the fight against corruption.

At SOCAR Türkiye, we have an effective financial control environment and system for the correct direction, allocation and use of our financial resources in terms of integrity, commitment to codes of ethics and accountability principles. We always comply with all rules set in order to ensure that the system works effectively and correctly.

Information Security is of vital importance for the protection of our Company's resources. At SOCAR Türkiye, we deploy state-of-the-art technologies that enable us to design, operate, monitor, evaluate, maintain and improve information security, which is certified on the basis of international standards, and we manage our processes with these systems.

Protecting personal data and respecting the privacy of each individual's personal data are fundamental human rights in accordance with the Constitution of the Republic of Türkiye.

OUR RESPONSIBILITY TOWARDS THE ENVIRONMENT AND SOCIETY

At SOCAR Türkiye, while we maintain our important activities which contribute to the Turkish economy, we strive to set ourselves apart at every point of our

activities, to add value to society and to benefit our environment and humanity.

At SOCAR Türkiye, we carry out our activities as stipulated in the main conventions of the United Nations Universal Declaration of Human Rights and the International Labor Organization, in particular the Constitution of the Republic of Türkiye.

In order to achieve excellence in the field of Occupational Health, Safety and Environment ("OHS-E"), we adopt the creation of a culture that embraces the world-renowned best OHS-E practices specific to the industry as the OHS-E vision of SOCAR Türkiye. We place occupational health, safety and environmental awareness at the heart of our business strategy and aim to ensure that our work is always safe and efficient in every field we operate in.

Work on Business Ethics, Anti-Corruption and Compliance

The Constitution of the Republic of Türkiye allows all individuals to participate in democratic political activities. SOCAR Türkiye employees strictly avoid any reference to SOCAR Türkiye while exercising this right.

Compliance with the Code of Ethics and the SOCAR Türkiye internal policies and procedures is the responsibility of all employees and all third parties acting on behalf of SOCAR Türkiye. Anyone who believes or suspects that these rules are being violated, or has any questions, is encouraged to speak out.

In this context, those seeking to report any violations are encouraged to notify the SOCAR Türkiye Ethics Hotline. These notifications may be submitted anonymously if desired, while SOCAR Türkiye does not tolerate any acts of retaliation or discrimination against anyone who reports such incidences in good faith. Those attempting to retaliate or discriminate shall be subject to disciplinary action. The same sanctions also apply to those who deliberately issue false or misleading statements.

The Ethics Hotline was designed to be open to anonymous notifications by SOCAR Türkiye employees and/or third parties via e-mail, telephone and letter. It is used to report

ethical concerns, violations and suspicions of bribery and corruption. Notifications through the Ethics Hotline may only be viewed by the Compliance Group Coordinator and the Audit, Risk and Compliance Group Director.

Under this structure, the management of the Ethics Hotline was left as a function reporting to the Board of Directors, not to the executive functions, thus ensuring the necessary independence. The Ethics & CSR Committee and the Audit Board are informed of the number, type and resolution of the Ethics Hotline notifications at regular meetings.

During the reporting period, all notifications which reached the Ethics Hotline were meticulously examined and necessary internal examinations were carried out. Related notifications were shared with the responsible departments and subsequently followed up.

As with all other constitutional rights, SOCAR Türkiye supports its employees' right to engage in democratic political activity, which is provided to them by the Constitution of the Republic of Türkiye. However, SOCAR Türkiye may not be a party to any political thought, ideology, or political organization. It may not directly or indirectly support the activities or campaigns of political parties,

organizations, politicians and candidates. The company may not allow its resources to be used in such activities.

Therefore, the SOCAR Türkiye employees, while exercising their democratic political rights must, without exception, refrain from behaviors which may cause their activities to be associated with SOCAR Türkiye or its group companies. In line with the approach of the business codes of ethics, the protection of human rights and the prevention of violations is also addressed seriously.

The activities carried out by SOCAR Türkiye and its group companies are carried out in accordance with the United Nations Universal Declaration on Human Rights and the articles of association of the International Labor Organization. Observance of norms is also expected from suppliers, customers and business partners in order to ensure that human rights are valued and respected in all operational decisions and processes. Within the framework of respect for human rights, the freedom of association, unionization and collective bargaining of employees

is respected. Forced labor, misuse of labor force and child labor are prevented, and no form of discrimination is tolerated.

With its ethical and honest approach, SOCAR Türkiye and its group companies carry out all their processes and activities in accordance with the laws and regulations in force. In this context, the Competition Law Policy has been prepared. SOCAR Türkiye's Competition Law Policy aims to set forth the principles in order to fully comply with competition law regulations and to protect healthy competition in the markets, in which SOCAR Türkiye operates, together with all its employees.

The policy was designed to provide guidance on competition law and to convey the obligations which SOCAR Türkiye employees should comply with to the employees. In this context, activities to raise awareness are carried out, including training provided to the SOCAR Türkiye employees.

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