



2022

SUSTAINABILITY

REPORT

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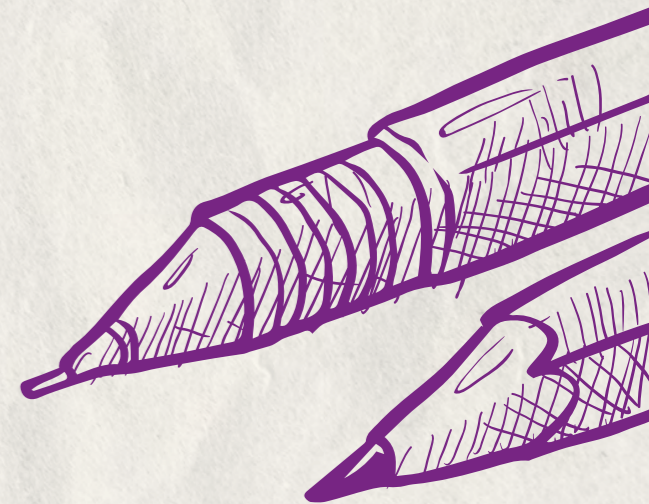
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About the Report

For Adel Kalemcilik Tic. ve San. A.Ş., sustainability is not only a goal but also a fundamental reflection of our business ethics and corporate identity.

Our report, which we are incredibly delighted to deliver to you as part of this understanding, covers Adel's activities from January 1, 2021, to December 31, 2022, and has been published for the first time by our company.

Prepared following the updated GRI Sustainability Reporting Standards, this report provides an inclusive account of our corporate governance, social, and environmental (ESG) approaches, as well as their corresponding contributions and impact on sustainability as outlined in the Sustainable Development Goals. In doing so, the production of wood-cased pencils, coloring pencils and stationery materials at the factory located in Çayirova-Kocaeli is also discussed in detail.

Adel Kalemcilik Tic. and San. For A.Ş., sustainability is not only a goal, but also a fundamental reflection of our business ethics and corporate identity.



Our company's sustainability reporting aims to create a comprehensive view of the sustainability of our operations and to establish a transparent dialogue with our stakeholders on this issue. Our report publication frequency has been set at once per year and following our first report, we aim to continue sharing our sustainability performance, progress, and targets with our stakeholders in the coming years.

The details and analysis presented in our report reflect our company's high commitment to sustainability. If you have any questions, comments, or suggestions, contact us at sustainability@adel.com.tr. In addition, for more information and updates on Adel Kalemcilik Tic. ve San. A.Ş.'s sustainability activities, you can check the sustainability section of our website.

Your comments and contributions will shape our future sustainability strategies and practices, thus contributing to building a more sustainable future together.

Message from the Management

Dear stakeholders,

With our core values of Quality, Innovation, Passion for Success, and Kindness, we contribute to the development of future generations. We prepared the 2021 - 2022 Adel Sustainability Report by focusing on our environmental, social, economic, and governance practices, symbolizing all our values and the basic sustainability principles.

We are a significant part of Anadolu Group Holding's global operations in beverages, retail, agrifood, automotive, stationery, fast-food restaurants, real estate, and energy. We are the leading manufacturer in the stationery sector in Türkiye and the nearby geography, with our export activities reaching more than 40 countries at Adel Kalemcilik. We continue to lead our sector with our quality and reliable products, experience of more than 50 years, and commitment to ethical values. We carry out our marketing and sales activities with nearly 3800 products in our range.

Our vision is to be in the lives of those who want to shape and color their dreams to leave a mark. Product safety and quality are our red line; we act with the principle of not offering products to the market that we would not let our own children use. We demonstrate the same socially responsible sensibility in education, health, sports, culture, and the arts that Anadolu Group supports. For a sustainable future, we will move forward with the awareness of our responsibilities by establishing global partnerships.

Within the framework of the Adel Kalemcilik Environment, Energy & Climate Policy, we focus on water use, protection of biodiversity, use of environmentally friendly materials, and energy efficiency. We implement our projects for environmental sustainability according to our policy. We plan integrated strategies to offset climate change. In the Adel Kalemcilik Goodness Trees Forest Project, we planted 105 thousand seed balls to protect the environment.

We use rainwater for garden irrigation at our Çayirova production facility. We ensure the recycling of all kinds of production and office waste generated in our factory through the circular economy. Matching with our business plans, we aim to prevent the depletion of resources, energy, and forests worldwide. To this end, we continuously conduct research on alternative resources. We produce our wood-based products only from FSC® Certified trees grown for industrial use. We take care to calculate our carbon footprint annually. We will continue to monitor our carbon emissions to achieve the United Nations Sustainable Development Goal of Climate Action and our net-zero targets.

Under the "Goodness Tree" initiative, nourished by the value of kindness at our core, we engage in corporate social responsibility projects focused on climate action and quality education. These projects align with the United Nations' Sustainable Development Goals for 2030 and aim to benefit society. We have been developing our projects to ensure that all children in our country, especially those in need and in deprived areas, have access to better quality education under equal conditions in the field of quality education since 2012. In this direction, we have implemented projects such as Creative Child Creative Brain training workshops, the İz Birakan Öğretmenler Platform, and 1500Kelime.com. We continue cooperating with various leading museums of our country, such as the primary sponsors of the Creative Children Festival, Koç Museum, Pera Museum, and Istanbul Toy Museum.

Under the auspices of our Goodness Tree initiative, we have once again fulfilled the educational and stationery needs of hundreds of thousands of children in need, underscoring our commitment to supporting youth education. In the wake of the tragic earthquake that struck our nation in February 2023, we have, through collaborations with NGOs and institutions, extended support to over 15,000 children in need.

Our efforts are a heartfelt response to this profound crisis. We launched the Anatolian Heritage Special Pencil Sets in partnership with Faber-Castell and Adel Kalemcilik to raise awareness of biodiversity among children. One of the exciting developments of this year was our selection as the approved global supplier of UNICEF, one of the most prestigious non-governmental organizations in the field of education. Being the supplier of educational kits distributed by UNICEF worldwide has demonstrated our commitment to social sustainability.

We have globally recognized certifications and accreditations to carry our governance practices to the international level. Supplier audits are performed following the BSCI (Business Social Compliance Initiative) for EU exports. We renewed our production facility with technological developments. Our efforts to improve our governance practices in our R&D centers have made us innovative in the stationery sector. We broke new ground in stationery technology with our power to design and develop patented machines that produce our products. As part of our commitment at the Ethics and Reputation Association, we have significantly enhanced the ergonomic conditions for our employees, ensuring a healthier and more productive work environment. We have strived to adhere to sustainable governance with energy, occupational health and safety studies, and business ethics policies. We are progressing in governance practices by certification, laws, and R&D studies.

At Adel Kalemcilik, we proudly present our environmental, social, and governance efforts through our sustainability report for 2021-2022.

I thank our employees, customers, teachers and students, stakeholders, and business partners who have always supported us.



Ahmet Oğuz UÇANLAR
General Manager



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Corporate Profile

Our Story That Left a Trace:
About Adel Kalemcilik

Our commitment to exceptional product quality has positioned us as a leading name in the Turkish stationery industry.



We started our story in 1969 in Kartal, Istanbul, as Adel Kalemcilik. We take pride in being among the foremost choices for consumers and playing a pivotal role in shaping the development of many generations. Since our foundation, we have been in collaboration with Faber-Castell, the oldest writing instrument company in the world, and we partnered with them in 1995. Today, this relationship helps us keep making investments that add value to Türkiye without interruption. Market research conducted with the participation of consumers and Ipsos Brand Health Tracking 2021 results show that our partner Faber-Castell is the leader in the sector with 100% awareness and 97% usage rate, followed by our brand Adel with 97% awareness and 74% usage rate.

Our company is presently under the management of AG Anadolu Group Holding, our principal stakeholder, and is situated in Ümraniye, Istanbul. Our production facility is Europe's newest stationery factory and has been operating on a 36 thousand square meter area in Kocaeli Çayyirova since 2015.

We produce and put into service nearly 1,000 different products, such as wood-cased pencils, coloring and copy pencils, ballpoint pens, liquid ink pens, markers, felt-tip pens, crayons, watercolors, erasers, sharpeners, finger paints, play dough and gouache paint. Excluding paper products, we are the largest stationery manufacturer in Türkiye and the neighboring geography in terms of production quantity and product diversity, and we export to over 40 countries.

With our deep-rooted history as Adel Kalemcilik, we carry our Faber-Castell, Graf von Faber-Castell, Adel, Panfix, Max, and Citizen brands of products, which are produced in and imported to Türkiye. We market nearly 3,800 different types of products across Türkiye through a robust sales network.



"We do not put any product on the market that we would not let our children use."

We place product safety and quality at the center of our business with the motto, "We do not put any product on the market that we would not let our children use." We conduct 30,000 product quality tests and 10,000 product safety tests every year, in keeping with our motto. We aim to ensure continuous improvement and development following our management policy by controlling the effects on quality, customer satisfaction, product safety, information security, social responsibility, environment, energy, and occupational health and safety" at all working and producing stages. We are committed to implementing and continuously improving the requirements of ISO 9001, ISO 45001, ISO 14001, ISO 50001, and ISO 27001 standards with the participation of all our employees by increasing awareness of our work.



Quality, Innovation, Kindness, and Passion for Success constitute our values.

In everything we do, we move forward by remembering tradition and upholding our modernity and innovative principles. In line with our vision and mission, we have been carrying out all our activities since we were founded by supporting sustainable projects to benefit our stakeholders and society. As the biggest supporter of education and creativity in education, we support numerous sponsorships and social responsibility projects.



Faber-Castell

%100 Awareness and **%97** Usage Rate

Adel Kalemcilik

%97 Awareness and **%74** Usage Rate

Corporate Profile

Our Story That Left a Trace: About Adel Kalemcilik

We are proud to be included in the 2022 Happy Place to Work -Türkiye's Happiest Workplaces list as the Happiest Workplace in our sector, with our goal of adding value to the sector beyond constantly pushing our way of doing business forward. In addition, we were awarded the BSCI (Business Social Compliance Initiative) certificate of conformity by BSCI which aims to improve working conditions in the supply chain worldwide by conducting internal and external audits to measure the effectiveness of the Social Responsibility Management System.



We have been a member of EPMA (European Pencil Manufacturer's Association) and EWIMA (The European Writing Instrument Manufacturer's Association) since 1999 to closely follow the industry dynamics and to be informed about significant developments.

We are the only company in Türkiye that is a member of these associations. In 2015, the **General Manager of Adel Kalemcilik, Evrim Hizaler, became the first Turkish executive selected to the EPMA Presidency**. Offered to the public in 1996, today 27.71% of our shares are traded on Borsa Istanbul. Since 2006, Adel Kalemcilik has been sharing our financial success with our investors and regularly distributing dividends to them.



Member Associations and Chambers

Association Name	Date of Membership	Association Vision/Mission/Purpose of Establishment
ANADOLU FOUNDATION Anadolu Education and Social Assistance Foundation	1979	To increase the capacity and resources, it will mobilize to create social benefit by working with all its stakeholders.
TÜKİD All Stationery Association		To be an exemplary and leading organization worldwide by working extensively and effectively in Türkiye and abroad to structure and grow the Turkish stationery sector on behalf of all stakeholders.
KALDER Turkish Quality Association	1996	To be an organization that contributes to the creation of competitive institutions and organizations that have internalized the culture of excellence in all regions of Türkiye to bring our country to a modern level of living within the framework of the sustainable development approach in the 100th anniversary of our Republic.
TEİD Turkish Ethics & Reputation Society		To ensure that the "Reputation" perception of our country is at the best level. This perception will be reflected in our country's ranking among the top 20 in the "Transparency International Corruption Perceptions Index" and similar surveys.
İTO The Istanbul Chamber of Commerce		While the vision of the Istanbul Chamber of Commerce focuses on the economic growth of the city, its mission is to support the success of its members and contribute to the business community. Its founding purpose is to regulate and develop trade and encourage member cooperation.
İSO The Istanbul Chamber of Industry		The vision of the ISO generally includes increasing the city's industrial leadership and competitiveness. Its mission is to support its members to succeed in the business world and contribute to the industry's sustainable development.
EWIMA The European Writing Instrument Manufacturer's Association	1999	The European Writing Instrument Manufacturers Association (EWIMA) is an association of 57 leading manufacturers and suppliers from 10 European countries.
EPMA European Pencil Manufacturer's Association	1999	Association of European Pencil Manufacturers

Association Name	Date of Membership	Association Vision/Mission/Purpose of Establishment
ICC International Chamber of Commerce	1979	International Chamber of Commerce; a kind of forum established to see, understand, and realize the importance of changes in the world economy
TÜHİD The Public Relations Society of Türkiye	2014	The Public Relations Society of Türkiye was established to provide solidarity within the profession by gathering public relations experts in Türkiye under one roof and to work towards the recognition, establishment, and development of the profession.
RVD Turkish Association of Advertising	2014	It is an association established to explain and increase the importance, effectiveness, efficiency, and awareness of advertising in Türkiye and to protect the rights of advertisers in all advertising-related processes.
OYDER Turkish Toymakers Association	2015	Founded in 1994, the Turkish Toymakers Association aims to gather all actors of the toy industry under its roof, including manufacturers, exporters, importers, wholesalers, and retailers.
KOCAELI CHAMBER OF INDUSTRY	2016	The vision of the Kocaeli Chamber of Industry (KSO) generally aims for industrial leadership and sustainable development in the Kocaeli region. Its mission is to increase the competitiveness of its members, help them become influential in the business world, and contribute to the region's economic growth.
GEBZE CHAMBER of COMMERCE	2016	The Gebze Chamber of Commerce (GTO) 's vision often generally focuses on trade development in the region. Its mission is to support its members to succeed in trade and contribute to the local economy.
CORPORATE GOVERNANCE ASSOCIATION of TÜRKİYE	2016	Acting with the mission of being a guiding light in all areas affected by the corporate governance approach built on the principles of fairness, transparency, accountability, and responsibility, TKYD aims to develop corporate governance practices by establishing a communication network between the private sector, public institutions, media, regulators, non-governmental organizations, and the academic world.

Products and Services



Our multifaceted organization provides a diverse array of products to customers representing various brands by producing wood-cased pencils, coloring pencils, stationery items, and toys. In addition, to realize the sale and export of the products manufactured in the facilities, importing, purchasing, and selling all kinds of raw, semi-finished, and finished goods related to this are among the other activities of our company.

In our Adel brand, our product portfolio consists of 5 sections.

School Section

- Acrylic paint
- Copying pencils
- Coloring pencils
- Painting aprons
- Filing products
- Background cardboard
- Sharpeners
- Fiber Tip Pens
- Red copying pencils
- Blacklead pencils
- Scissors
- Finger Paints
- Oil Pastels & Crayons
- Watercolors
- TRT Licensed products

Writing&Office Section

- Tape
- White Glue
- Bags
- Graphite Pencils
- Highlighters
- Fine-tipped Pens
- Pen Nibs
- Sharpeners
- Scissors
- Markers
- Mechanical Pencils
- Drawing books
- Roller pens
- Erasers
- Correction Tapes
- Board Markers
- Ballpoint Pens
- Glues

Blackline Section

- Blackline Pencils
- Coloring Pencils
- Sharpeners
- Red copying pencils
- Blacklead Pencils
- Mechanical Pencils
- Office eraser
- Erasers

Hobby Section

- Acrylic paints
- Graphite pencils
- Markers
- 4-pack prime ink multi-surface
- Prime ink series
- Artistic paint
- Artistic painting pencils

Toys Section

- Toys
- Play dough

Vision & Mission and Our Values

Our vision



To be in the life of everyone who wants to shape and color their dreams and leave their mark

Our values



Quality

- We are committed to competence, reliability, and behavioral quality.
- We conduct an average of 10,000 product safety tests and 30,000 product quality tests per year.
- We hold ISO 9001 Quality, ISO 14001 Environmental Management, ISO 45001 Occupational Safety Management, ISO 50001 Energy Management, ISO 27001 Information Management Certificates, Zero Waste Certificate and BSCI Certificate of Conformity.

Passion for Success

- We adopt a self-motivated, competitive, continuously development-oriented, initiative-taking, responsible and accountable approach.
- We set goals for ourselves and move towards our goals with teamwork and common sense.

Our mission



To be a company with international operations that delivers quality, innovative products to its customers, is responsible for society and the environment, and adheres to ethical values.

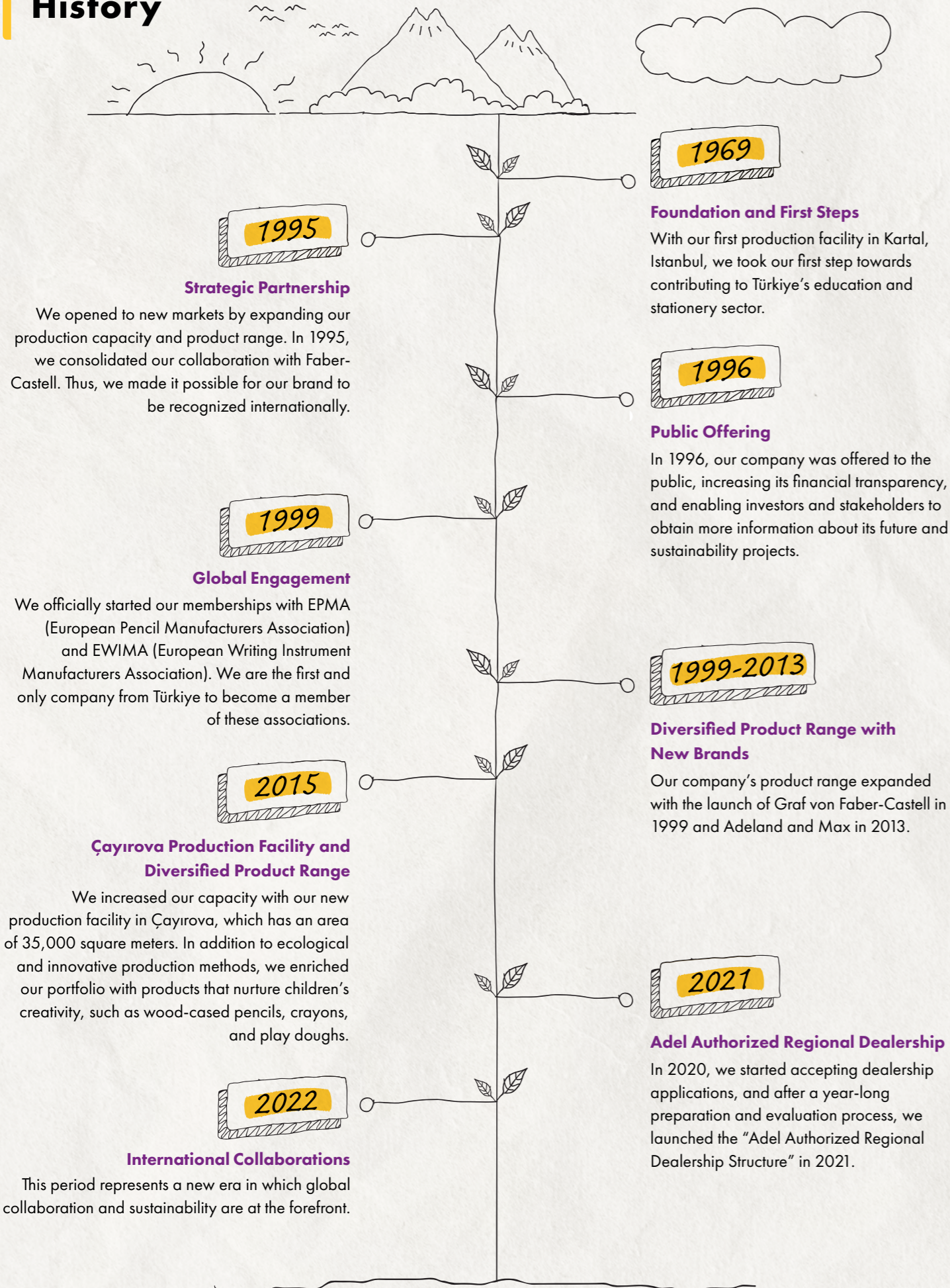
Innovation

- We adapt to the era, are open to change/development, are creative, pioneering, entrepreneurial, pragmatic, and inquisitive, and closely follow technological developments.
- We design and patent our own production machines and break new ground in the stationery sector.
- We are proud to have been selected for the "Company with the Most Applications" and "Most Innovative Employee" awards at Bi-Fikir, Anadolu Group's innovation platform, for 7 years in a row.

Kindness

- Following the United Nations Sustainable Development Goals, we identify Quality Education and Climate Action as our focus areas.
- We contribute to society with our social responsibility program called the Goodness Tree. We make education more accessible through workshops organized in partnership with ÖRAV and award-winning platforms such as 1500Kelime.com. In addition, we have been supporting equal opportunity in education by providing stationery aid to children in need since 2016.
- We address ecological sustainability with concrete actions: While protecting the forest ecosystem with our Goodness Tree Forest project, we minimize our environmental footprint with our investments in renewable energy sources in our production facilities and FSC® Certified products.

History



Adel Kalemcilik in Numbers

<p>54 YEARS</p> <p>Founded in 1969 celebrating its 54th anniversary</p>	<p>388 Employees</p>
<p>30% Women Employees</p>	<p>10 Brands</p>
<p>Export to +40 countries</p>	<p>50% Local Product</p>
<p>36,000 m² Production Facility</p>	

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Our Approach to Sustainability

As Adel Kalemcilik, we adopt our sustainability approach in all our activities.



The way we conduct our business is We reflected in our approach, which we address in three groups: Governance, Our Workplace, Environment and Climate, to the way we conduct our business. In the area of governance, we reflect our strong management culture shaped by modern corporate governance principles, transparency, accountability, and full compliance with applicable legal regulation. Furthermore, we follow a sustainability approach guided by the aim of eliminating social, environmental, economic and governance risks.

In our workplace, we place great importance on creating a safe and fair workplace where employees can develop their skills and feel proud to be a part of with a people-oriented approach.

In the fields of environment and climate, we develop policies, systems and processes that prioritize the protection of the environment and climate in recognition of the responsibility we bear. We set various targets to systematically manage environmental and climate-related issues, and to continuously improve on fundamental environmental and climate issues, from energy to greenhouse gas and air emissions, from water, wastewater and waste management to biodiversity and material use.

Highlights of Our Sustainability Journey

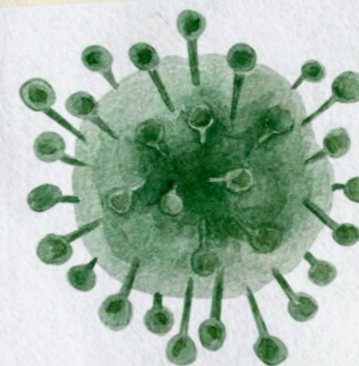
Sustainability and Social Responsibilities

- With our social responsibility program, “**Goodness Tree**” (İyilik Ağacı), we developed effective projects in the fields of education and environment. We launched activities and initiatives in line with the United Nations Sustainable Development Goals.
- We ensure the reliability of our products with an average of 10,000 product safety tests and 30,000 product quality tests every year.



Crisis Management and Adaptation

We prioritized the safety of our consumers and employees by quickly adapting our business processes to Covid-19 conditions. As a result of our efforts in this direction, we received the Covid-19 Safe Production Certificate from the Turkish Standards Institute.



Financial Sustainability and Investor Relations

The strategy of our company regarding sustainability and investor relations is based on a long history. Throughout the years, while meticulously managing our business and finances, we have maintained our responsibility to our investors at the highest level. To this end, the financial reporting we have been regularly providing since 2006 aims to increase our transparency and investor confidence.

As we continue to demonstrate our commitment to building a sustainable future to our investors and stakeholders, we also pursue our goal of increasing the growth potential and financial performance of our company. In this context, we have meticulously maintained our dividend distribution policy for many years. The dividends we have been distributing regularly since 2006 not only offer sustainable returns to our investors but also highlight the financial strength and stability of our company.



Our Approach to Sustainability

Sustainability is a fundamental part of Adel's management approach and is addressed at a strategic level by the company's board of directors and senior executives.

This approach includes a process that assesses risks and opportunities to prioritize and focus on sustainability issues. It also takes into account the expectations of stakeholders such as suppliers, government, non-governmental organizations, dealers and customers. These elements form the company's sustainability portfolio, which is implemented through the creation of action plans.

Sustainability management is a complex structure involving multiple corporate functions. Therefore, a Sustainability Working Group was established in 2015 with the participation of managers from various departments such as Finance, HR, Supply Chain, Procurement, Corporate Communications, Environment, and OHS. In 2022, this working group was further developed and organized under the umbrella of the **"Sustainability Management Committee"** reporting to the General Manager. The Sustainability Committee is at the center of the company's sustainability structure and leads various working groups. These working groups are composed of experts in different fields such as Environment and Energy, Social Impact and Communication, Economy/Finance, Quality and Innovation.



Adel Kalemcilik Sustainability Committee Sub Working Groups

Environment and Energy



- Quality Management Systems
- Auxiliary Facilities
- Production
- Procurement
- Planning
- Logistics/Warehouse
- Quality Control

Social Impact and Communication



- Quality Management Systems
- Human Resources
- Corporate Communication
- Sales
- Administrative Affairs
- Occupational Health and Safety

Economic/Financial



- Sales
- Accounting
- Finance
- Budget
- Legal
- Investor Relations

Quality and Innovation



- Quality Management Systems
- R&D
- Regulation
- Information Technology
- Marketing
- Quality Control

The Sustainability Policy helps the company adopt its commitment to sustainability as part of its corporate culture. The Sustainability Committee, which reports directly to the General Manager, ensures that Adel's sustainability approach becomes an integral part of the corporate culture by coordinating efforts on sustainability issues. Adel is determined to continually advance its sustainability journey and maintain its leadership in sustainability in the stationery sector in Türkiye. This reflects both the company's and society's commitment to contribute to a sustainable future.

Our Approach to Sustainability

Stakeholder Interaction

Sustainability is a central issue in the business world and is shaped not only by financial performance, but also by the expectations and demands of our stakeholders. For this reason, in our sustainability reporting, we gave considerable place to the views and needs of our stakeholders. At Adel Kalemçilik, we believe that our interaction with our stakeholders is a critical factor for our sustainability. We do not only produce stationery products but also take on a leading role in our industry, and we consider it important to manage this role in accordance with the expectations of our stakeholders.

We have various stakeholder groups that impact different aspects of our business and with whom we collaborate. Understanding the expectations and needs of each of them is important to strengthen our sustainability. As Adel Kalemçilik, we are pleased to contribute to a more fair, ethical, and environmentally friendly future in the business world by establishing close and sustainable relationships with our stakeholders.

You can find Adel Kalemçilik's stakeholder groups, stakeholder expectations, communication methods and frequency of communication in the Stakeholder Participation List below.

Stakeholder Groups	Expectations	Communication Methods	Level of Participation
Employees	Good working environment, Safe and healthy work environment, hybrid working, career path, strong internal communication, training, appreciation, performance management	Regular reporting, projects, E-mail, Face-to-face meetings, Online meetings, Performance evaluation activities, Periodic meetings, Events	Collaborative Communication
Union	Sustainable industrial relations, safe and healthy work environment, fair wage management, strong communication, right to speak on employee-related issues, compliance with the signed collective bargaining agreement, full and timely fulfillment of the rights of in-scope employees	Instant meetings, Collective Bargaining Agreement negotiations	Collaborative Communication
Senior Management	Providing the human resources necessary to achieve strategic goals, Board of Directors Support	Meetings	Communication for Empowerment
Board of Directors	Annual growth, Increase in profitability, Meeting of determined strategic targets, Healthy cash flow, and double-digit EBITDA	Meetings	Communication for Empowerment
Community	Safe products, Support for education, Affordable products	Information and public statements, Call center	Passive Communication
NGOs	Cooperation with NGOs, associations, and foundations, Providing more in-kind and cash assistance	Routine meetings, Supportive social activities	Observational Communication
Governmental Bodies and Regulatory Authorities	Conducting activities in compliance with the applicable legislation	Meetings	Two-way Communication
Media	Transparent information provided by the company upon request	Information and press releases	Supportive Communication

Stakeholder Groups	Expectations	Communication Methods	Level of Participation
Affiliated Companies and Subsidiaries	Increase in company profits	Routine meetings, General Assembly meetings of affiliated companies and subsidiaries, Periodic financial discussions	Two-way Communication
Dealers	Earning profits together by maintaining the dealer structure	Meetings, Routine meetings, Field visits, Fairs	Two-way Communication
Anadolu Group Holding	Acting in line with Anadolu Group values, Providing synergy among intra-group companies, Obtaining necessary approvals on group-related issues, Suggesting different project proposals, Participation in group projects and events (e.g., BiFikir)	Email, Meetings, Routine discussions, All written and verbal communication methods	Two-way Communication
Agencies	Receiving clear briefs, Collaborating on creative works	Meetings, Routine discussions	Two-way Communication
Retailers	Earning profits from product sales, receiving support in the field, receiving support in store merchandising	Field visits, Fairs	Two-way Communication
Licensors	Smooth operations in the regions of activity, Timely payments, Compliance with regulations, Compliance with determined rules especially GDP	Periodic audits, meetings	Two-way Communication
Brokerage Firms and Portfolio Managers	Timely and satisfactory information about company activities, Keeping communication channels open, Increasing profitability, Taking action on determined themes in investment strategies	Routine meetings, Public Disclosure Platform (KAP) announcements, Financial reports and activity reports	Informative Communication
Shareholders and Investors	Regular increase in company profitability, Development in the field of activity, Accurate, complete, timely, and transparent information about activities. Enabling small investors to exercise their rights, Considering their ideas	Routine meetings, Public Disclosure Platform (KAP) announcements, Financial reports and activity reports	Two-way Communication
Suppliers	In order to meet the needs of all end-to-end logistics processes making periodic tenders and submitting our demands in a complete and understandable manner, Evaluating the incoming offers, conducting market research and ensuring complete information flow in this process, Management of whether the service started to be received is met according to the contract and KPI standards.	E-mail, Online meetings, Working together, Face-to-face meetings, Phone	Collaborative Communication
Universities	Support/cooperation in adapting and commercializing products developed within academic projects to the industry, Providing opportunities for long/short-term internships in line with students' internship plans	Meetings, Training and internship programs	Negotiator Communication
Subcontractors	Meeting the necessary infrastructure/needs for the service provided by the company	Meetings, E-mail, Visits	Two-way Communication

Our Approach to Sustainability

Stakeholder Interaction

Our Material Topics and Related Goals

Sustainability has become an indispensable part of the business world, shaping companies' operations and influencing their decisions for the future. In this context, at Adel, we conducted a comprehensive materiality analysis to further strengthen our sustainability commitments and guide our actions in a focused manner. This analysis will not only clarify our internal goals, but also provide us with direction to respond to stakeholder expectations, strengthen our business strategy and guide us on our sustainability journey.

In the first step of the materiality analysis, we conducted a comprehensive assessment to determine the impacts specific to the sector and Adel (Environmental, Social and Economic Impacts). Then, we clearly defined the material topics and stakeholders together with Adel and our stakeholders. We conducted a detailed study to determine the boundaries and scope of the topic. Through stakeholder surveys and senior management interviews, we determined the material topics and their importance levels.

We found that our employees expect more sustainable and environmentally friendly production processes, a fair and equitable corporate culture, continuous employee development and innovative approaches, while our suppliers expect us to further strengthen our commitment to environmentally friendly products and production processes.

As a result of the materiality analysis that we conducted with our stakeholder groups, the opinions and importance ratings of a total of 290 stakeholder representatives were evaluated. As a result of this assessment, 6 very high priority topics, 6 high priority topics, and 5 priority topics were identified.

GRI 3-2

GRI 3-1, 3-2

Identifying our material topics is not only a reporting tool, but also the fundamental basis of our business strategy. Clarifying our commitments to sustainability is an important step we take to underline a more sustainable and ethical approach for the future of our business. This analysis not only demonstrates our responsibility and commitments to our stakeholders and our industry, but also emphasizes our determination to contribute to a more sustainable future.

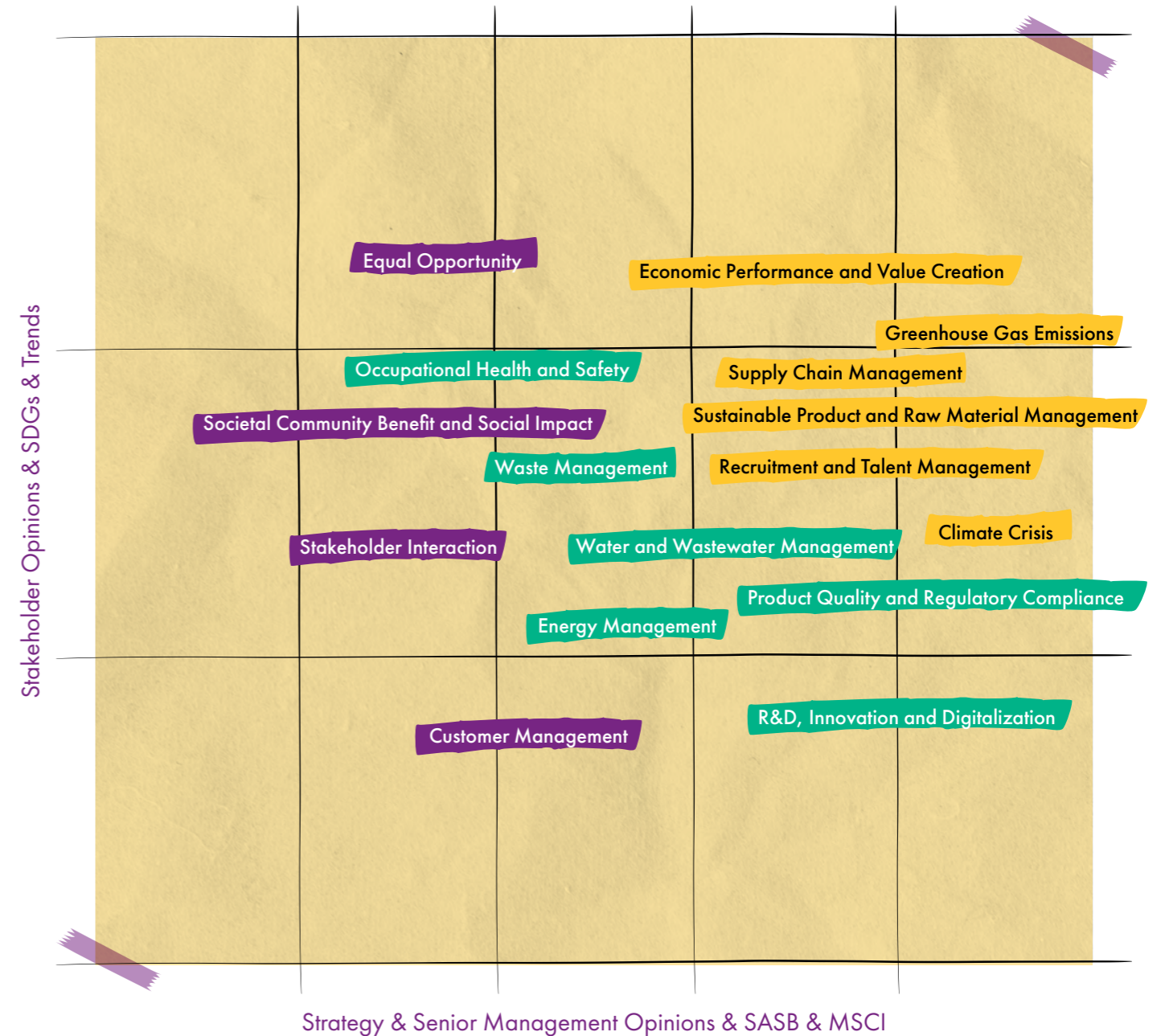
ADEL Kalemcilik Material Topic List

- Greenhouse Gas Emissions
- Economic Performance and Value Creation
- Sustainable Product and Raw Material Management
- Climate Crisis
- Supply Chain Management
- Recruitment and Talent Management

- Product Quality and Regulatory Compliance
- Water and Wastewater Management
- Energy Management
- Occupational Health and Safety
- Waste Management
- R&D, Innovation and Digitalization

- Equal Opportunity
- Customer Management
- Stakeholder Interaction
- Societal Community Benefit and Social Impact

ADEL Materiality Matrix



Our Approach to Sustainability

Our Goals

Material Topic	Short-Term Goals	Medium-Term Goals	Long-Term Goals
Recruitment and Talent Management	By 2025, equip 50% of existing employees with new skills through talent management programs and processes.	By 2030, ensure participation of all employees in talent management programs.	By 2050, equip sustainability-related competencies in all employees.
Community Benefit and Social Impact	By the end of 2025, allocate 1% of annual revenue to community-oriented projects and establish monitoring and evaluation mechanisms to measure their impact.	By the end of 2030, allocate 3% of annual revenue to community-oriented projects and strengthen monitoring mechanisms to track their sustainable impact.	By 2050, allocate 5% of annual revenue to community-oriented projects and ensure they provide sustainable social and economic transformation.
Greenhouse Gas Emissions	Develop carbon footprint reduction strategies, create a transition plan, and obtain I-REC (Renewable Energy Certificate).	By 2030, set emission reduction targets based on climate science through SBTi.	By 2050, achieve emission reduction targets.
Economic Performance and Value Creation	By the end of 2025, increase sales volume and net profitability by 25%.	By the end of 2030, increase sales of sustainable products and services by 50%.	By 2050, increase sales of sustainable products and services by 100%.
Sustainable Product and Raw Material Management		<ul style="list-style-type: none"> By 2030, compared to the 2021 baseline, integrate widespread use of recycled, bio-based, or biodegradable plastics instead of petrochemical-derived plastics and integrate technologies into products that reduce plastic amounts without altering quality. Increase reuse practices. Promote designs that increase consumer awareness of recyclable packaging in marketing. Increase recycled material content in packaging. 	<ul style="list-style-type: none"> By 2053, eliminate the use of 100% petroleum-derived plastics and achieve carbon neutrality. Make all packaging from recycled materials
Climate Crisis	By the end of 2025, identify and develop reduction strategies for the impact of business operations on the climate crisis.	By the end of 2030, reduce the impact of climate change by 25%.	By 2050, reduce the impact of business operations on climate change by 50%.

Material Topic	Short-Term Goals	Medium-Term Goals	Long-Term Goals
Supply Chain Management	By the end of 2025, define sustainability criteria for suppliers and ensure that 50% of suppliers by turnover are assessed for sustainability practices. Establish ISO 28001 Supply Chain Security Management System	By the end of 2030, create a routine monitoring, training, and performance system to ensure suppliers adopt sustainability practices. Ensure that 50% of suppliers by turnover meet Adel's criteria for sustainability practices.	By the end of 2050, ensure that 95% of suppliers by turnover meet Adel's criteria for sustainability practices.
Product Quality and Regulatory Compliance	Ensure compliance with regulations and quality continuity.		
Water and Wastewater Management	By the end of 2025, develop water footprint reduction strategies and create a transition plan.	By the end of 2026, calculate water footprint.	By 2050, decrease water usage and wastewater amount by 2050.
Energy Management	By the end of 2025, increase energy efficiency by 10%.	By the end of 2030, increase energy efficiency by 30% and raise the use of renewable energy resources to 30%.	By 2050, completely transition to renewable energy sources.
Occupational Health and Safety	By the end of 2025, reduce workplace accidents by 20%.	By the end of 2030, reduce workplace accidents by 50%.	By 2050, eliminate workplace accidents.
Waste Management	By the end of 2025, reduce waste amount 10% and achieve a 20% recycle rate.	By the end of 2030, reduce waste amount by 20% and achieve a 30% recycle rate.	By 2050, reduce waste amount by 50% and achieve a 50% recycle rate. Adopt a circular production process.
Equal Opportunity	By the end of 2025, increase ratio of female employees to 40% and ensure equal representation in all positions.	By the end of 2030, increase ratio of female employees to 50% and ensure 35% representation in all management positions.	By 2050, achieve full representation at all levels of Adel in terms of gender, race, age, and other diversity measures.

Our Approach to Sustainability

Sustainability Risks and Opportunities

Impact Area	Risk Description	Actions Taken (Current Work)
Raw Material Supply	Disruptions in raw material supply; supply risk due to rising raw material prices and raw material shortages	Procurement of products from Faber-Castell approved suppliers is an important issue due to the need to reduce our dependence on foreign suppliers. We continuously evaluate purchases from local suppliers and identify those that are suitable for inclusion in our approved supplier list.
Sustainable Raw Material	Risks that may arise as a result of the high demand for sustainable raw materials	We develop sustainable packaging projects with studies on bio-based plastics and recycling products.
Occupational Health and Safety	Work environment and activities that have the potential to harm human health and safety	Although Occupational Health and Safety (OHS) trainings are required every 2 years within the scope of the hazardous class, Adel provides regular OHS trainings to all our Blue-Collar employees every year. In addition, periodic field inspections are carried out regularly and the detected situations are reported and communicated to the relevant units. The first agenda item of the daily operation meetings is OHS topics and the actions of the important situations identified are prioritized. In addition to annual periodic controls and maintenance, autonomous maintenance is carried out by the auxiliary facilities (technical team) within Adel staff.
Changing consumer habits and expectations	Changing consumer attitudes and expectations, such as the shift towards more sustainable products due to the impact of the climate crisis, inflation and digitalization, the shift towards e-commerce and the preference for discounted products	The results of market research and consumer surveys are used to guide our consumer activities.
Brand Reputation	Risks posed by counterfeit/imitation products	The fight against counterfeit and imitation products continues in line with the cooperation with the Ministry of Trade, customs, and various public institutions.
Waste	Acting responsibly in the post-consumption processes of waste due to its impact on natural resources within the scope of environmental damage	Efforts are underway to transform waste sawdust used as heating energy into sustainable products.
Use of Chemicals	Use of chemicals harmful to human health and the environment	The use of chemicals permitted under the legal legislation continues.
Loss of Biodiversity	Loss of biodiversity as a result of ecosystem degradation due to the climate crisis and population growth	Environmental/sustainability topics are added in the crisis communication plan.
Accessibility	Changes in consumer purchasing power due to inflation	Positioning of accessible products in the product portfolio is strengthened.



We Leave a Mark with Our Passion for Success:

Governance and Economic Performance

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We Leave a Mark with Our Passion for Success: Governance and Economic Performance

Economic Performance and Value Creation

Adel was established in 1969 in Istanbul-Kartal and became one of the leading companies in Türkiye's stationery sector.



Stakeholder Name / Title	Owned Share	Percentage %
AG Anadolu Grubu Holding A.Ş.	13,439,211	56,89
Faber-Castell Aktiengesellschaft	3,637,941	15,4
Public Shares Offered	6,547,848	27,71

In 1995, Adel established a partnership with Faber-Castell, strengthening its collaboration and making investments that add value to Türkiye. In 2015, the Company expanded its product range with its new production facility in Çayırova and became the largest stationery manufacturer in Türkiye.

As of December 31, 2022, the company's capital is 23,625,000 TL. Of this capital, 15.45% is owned by ordinary shareholders in accordance with foreign capital legislation, and 84.55% consists of bearer shares. The names and shareholdings of partners owning more than 10% of the company are given in the table below.



Türkiye's young population and education system support a steady consumption of stationery products. Thanks to its local production facilities and high production capacity, Adel Kalemcilik is the leading stationery manufacturer in Türkiye and in the surrounding region. It also exports products manufactured under the Faber-Castell brand worldwide.

Looking at imports over the last three years, the products sourced especially from countries like China, Indonesia, Germany, Japan, South Korea, and Thailand constitute 90% of our total imports. Our strong partnerships and supply chains with these countries are equally reflected in our product diversity and quality.

We Leave a Mark with Our Passion for Success: Governance and Economic Performance

Economic Performance and Value Creation

In terms of our exports over the last three years, we see significant export volumes to countries such as **Egypt, Germany, Greece, the UAE, Bulgaria, Kosovo, Israel, Cyprus, Palestine, and Serbia**. Our trade with these countries is a part of our strategy of opening to international markets and reflects our understanding of fair competitiveness in the global scale.

With nearly **3,800 product varieties**, Adel markets and sells stationery brands such as Faber-Castell, Graf von Faber-Castell, Adel, Adeland, Atlas, Max, Panfix and Citizen as well as toy products of the world's leading licensed brands. Market research shows that the Faber-Castell brand has 100% recognition and a 97% usage rate and is the leading brand in the sector. The Adel brand is the second leading brand in the sector with 97% recognition and 74% usage rate.

With its longstanding history and experience, Adel Kalemcilik holds a pioneering position in the stationery sector and the principle of sustainability is the basis of our way of doing business. Reflecting our commitment to our sustainability strategies in our financial achievements is an indispensable part of our business.



Adel Kalemcilik: Economic Success

As Adel Kalemcilik, with over fifty years of experience, we closely monitor economic developments in Türkiye and around the world, aiming for operational profitability and strong cash flow while developing our long-term strategies. We aim to grow our business by considering not only economic variables but also consumer needs and changes in purchasing power.

As Adel Kalemcilik, with over fifty years of experience, we closely monitor economic developments in Türkiye and around the world, aiming for operational profitability and strong cash flow while developing our long-term strategies. We aim to grow our business by considering not only economic variables but also consumer needs and changes in purchasing power.

Looking at our financial data at the end of 2022, we see that our business has improved significantly. Our net sales reached **895.3 million TL**, and our gross profit was recorded at **360.5 million TL**. Our gross profit margin increased by **8 points to 40% compared** to the previous year, and our EBITDA margin increased by **9 points to 21%**. Moreover, our EBITDA value has more than tripled compared to the previous year, reaching **192.3 million TL**. As a result of these positive developments, our net profit has turned positive, reaching **37.5 million TL**.

Furthermore, our Net Debt/EBITDA ratio, which reflects our achievements in financial management, decreased from 2.8 to 1.09 as of the end of 2021. Our company has been regularly distributing dividends for years and we aim to continue our dividend policy in the coming years as in 2022. Aware of the economic challenges and the volatility of the market, we are developing our competitive pricing policy and various sales channels, updating our product portfolio, and shaping our commercial strategies with a sustainable growth vision. As Adel Kalemcilik, we are determined to support our future plans with our financial achievements and build a sustainable future.

Financial Performance Table

TL	2021	2022	%
Net Sales	486.155	895.273	%84
Gross Profit	153.865	360.453	%134
EBITDA	59.659	192.283	%222
Net Profit/ (Loss)	-12.698	37.492	N/A
Net Working Capital	200.121	246.164	%23
Net Financial Debt	170.129	239.980	%25
Free Cash Flow	-16.696	15.219	N/A
Gross Profit Margin	%32	%40	-
EBITDA Margin	%12	%21	-

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

As Adel, we continue to leave a mark with the value we add to the industry and place great importance on sustainability and social responsibility. In this context, our company has achieved various successes and continues to pursue its mission of benefiting society and the environment by adopting behaviors in line with international standards.

Management Structure and Practices

Adel Kalemcilik shapes the management of the company with an understanding that gives emphasis to corporate governance principles.

This management approach is in full compliance with legal regulations and the Corporate Governance Principles regulated by the CMB. The Company develops its management structure by aiming to protect and serve the interests of its shareholders and all related groups at the highest level.

The Board of Directors consists of a minimum of 7 and a maximum of 13 members, as required by the company's articles of association. The current structure consists of a Chairman, a Vice Chairman and eleven members, totaling thirteen members. The resumes of the members of the Board of Directors, including their duties outside the company, are publicly available on the official website of the company.



The positions of Chairman of the Board of Directors and General Manager are different positions held by different individuals who are authorized to represent the Company. To increase the effectiveness of the Board of Directors, Sub-Committees of the Board of Directors were established under the names of Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee.



Members of the Board of Directors are subject to certain rules regarding undertaking tasks outside the Company, and these rules are applied in accordance with the regulations set forth in the Corporate Governance Principles. In line with the company's Articles of Association, the Board of Directors elects a Chairman and a Vice Chairman every year.

The Chairman of the Board of Directors is responsible for the management of the meetings, the organization of regular discussions and the recording of the matters discussed at the meetings.

The authorities of the Chairman and members of the Board of Directors and the Managers are defined by the Company's Articles of Association. No one within the Company is equipped with the authority to make unlimited decisions independently. This management structure aims to balance the operations of the company and to manage decision-making processes in a transparent and fair manner. In this way, the Company maintains an effective management approach and gains the trust of its stakeholders.



Management Structure and Practices

Committees operating within the Board of Directors:



Audit Committee:

This committee consists of 2 independent, non-executive members. The Committee is responsible for auditing the reliability of the accounting systems and the financial disclosures regularly announced to the public. The Committee also monitors internal audit and independent audit systems, procedures, and practices to ensure their effectiveness. The Committee periodically reports its findings to the Board of Directors.



Corporate Governance Committee:

This committee comprises a total of five members: an independent non-executive member, another independent member and a Finance Director who is not a member of the Board of Directors. The Committee's task is to oversee the compliance of the Company's corporate governance principles and structure with the CMB Corporate Governance Principles. The Committee periodically submits its reports to the Board of Directors and fulfils the duties of the remuneration and appointment committees.



Early Detection of Risk Committee:

This committee consists of an independent non-executive Committee Chairman and two non-executive members. The main task of the Committee is to identify risks to the Company's existence, sustainability, and reputation in advance, to monitor these risks and to check the soundness of the management systems.

Board of Directors

Chair
Vice Chair
Member
Member
Member
Member
Member
Member
Member
Member
Member
Independent Member
Independent Member

Organizational Structure

General Manager
Financial Affairs Director
Sales Director
Marketing Director
Human Resources and Quality Director
Director of Operations
Director of Procurement
Director of Information Technologies and Services
Director of Business Development and Innovation



Business Ethics

Business ethics and anti-corruption directly and indirectly affect a company's sustainability performance.



An integrated approach with environment, society, and governance (ESG) factors enables the company to manage non-financial risks and create competitive advantage. In this context, Adel's commitment to ethical

standards and anti-corruption can be considered as an integral part of its overall sustainability strategy.

As Adel, our commitment to business ethics is an indispensable part of the company's core mission. Therefore, we apply a **zero tolerance** policy to establish a business environment with high ethical standards and to combat corruption. Our fundamental business principles are based on the ethical standards of Anadolu Group and are clearly presented to all our employees, suppliers, dealers, distributors, and business partners through our website. We would like to point out that all our employees are informed about ethical standards during their recruitment and regular reminders and information are provided during this period.



We are committed to full compliance with laws and regulations, and we do not allow any of our employees to act contrary to these principles. In order to prevent ethical problems, our employees are required to immediately report their managers of potential conflicts of interest, such as family members or relatives entering into a commercial relationship with Adel.

In addition, they are strictly prohibited from engaging in any act linked to bribery or corruption or from accepting or offering gifts with significant economic value. Furthermore, we would like to emphasize that Adel has no financial or in-kind commitment to support any political view, party, or politician. We also fully respect human and labour rights in accordance with the UN Universal Declaration of Human Rights and the ILO Directives.

Business ethics and high moral standards are among Adel's most fundamental commitments. The Board of Directors and senior management ensure that the code of ethics is binding for all operations and employees. In this way, the prevention of unethical behavior is a responsibility shared by all our employees.



We have established an Ethics Committee to monitor ethical behaviors and investigate any unethical incidents. This committee consists of an ethics monitoring and investigation mechanism that covers behaviors against human rights such as mobbing, discrimination, child labor and forced labor. To increase transparency and report unethical behaviors, we also have an ethics line, and reports of misconduct are collected via the email address etik@adel.com.tr

Bribery and corruption risks are also assessed within the framework of the corporate risk management system. Potential risk points are continuously reviewed in internal audit processes and any unethical behaviour detected is carefully evaluated by the Ethics Committee and the Audit Committee. The relevant committees regularly report to the Board of Directors on the cases identified and the preventive measures taken. Employees are provided with anti-corruption and anti-bribery training by the legal affairs manager.

Our non-retaliation policy guarantees that our employees will not suffer any harm if they report an unethical situation. We support our employees' free exercise of the right to organize and collectively bargain and provide all necessary means to make these rights fully enforceable in our workplace. All blue-collar employees are covered by collective bargaining. White-collar employees are required to sign an individual labor contract as they are out of scope. The collective bargaining agreement covering 52% of our employees was signed with the Turkish Wood and Paper Industry Employers' Union in 2014.



Customer Management



As Adel, we consider customer satisfaction and sustainability as the cornerstones of our business model by addressing them in an integrated manner.



We aim to increase customer satisfaction with our after-sales services and respond promptly to all questions and complaints of our B2C customers through our call center. These relationships enable us to be a solution partner rather than just a manufacturer in the pen industry.

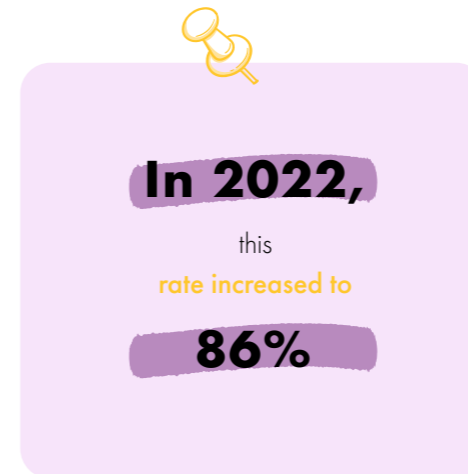
We also directly affect customer satisfaction with our product quality. In fact, we do not release any product to the market that we would not let our own children use. This is not just a motto, but the basis of our way of doing business.

It is of great importance for us to resolve customer complaints and feedback quickly and effectively. We aim to reduce the proportion of complaints that cannot be resolved within the 15-day period we set. The improvement of this process is an indicator of our sustainability, as satisfied customers are critical not only for the continuity of our business, but also for our environmental and social impacts.

The dealers, retailers, and end consumers in our customer portfolio each have different needs and expectations. We organize product presentations and trainings in consideration of these differences. Especially for our commercial customers, these trainings are extremely important for the correct and effective use of our products.

We aim to consolidate our position in the market and create value with a sustainable business model and a customer satisfaction-oriented approach. Customer satisfaction is indispensable for sustainability and every improvement we make in this area will positively affect our business continuity.

According to the results of the customer satisfaction survey we conducted to evaluate the customer satisfaction of our dealers providing retail services:



In 2023, the customer satisfaction rate was 89%. This data indicates that the service provided by our dealers is increasingly appreciated by retailers and customer satisfaction is increasing.

Customer Complaint Management

As Adel Kalemcilik, we take customer satisfaction as essential and find our customer relations invaluable at this point.

We keep all communication channels open to carry the responsibility of being one of the leading stationery manufacturers in Türkiye. In line with our goal of creating a sustainable future, resolving customer complaints quickly and effectively is an integral part of our company's quality and sustainability policy.



Customer Complaint Management

Complaints from our customers are evaluated within the framework of a detailed procedure we have established.



Complaints from our customers are evaluated within the framework of a detailed procedure we have established. This procedure is applicable to Adel as well as our contract manufacturers and imported products. Our call center serves as the first point when receiving complaints. Incoming complaints are forwarded to the Quality Control unit via e-mail and automatically recorded in our Adeliz system. Complaints received outside our communication channels reach our quality control team via e-mail or direct product shipment.

Immediately after this process, all relevant customer and product information is entered on our Adeliz screen by our quality control team. Once this information is recorded, a confirmation message is sent to the customer and our call center. In this way, our customers are informed that the process has been begun.

Complaints are examined carefully, meticulously and in detail by designated responsible persons.

The entire process up to the resolution stage of the complaint is closely monitored, and our company processes are regularly reviewed and improved to prevent recurrence of complaints.



Our commitment to sustainability is not limited to the environmental dimension. It also encompasses to customer satisfaction. Taking customer complaints seriously and resolving them is critical to ensure the credibility and sustainability of our brand in the long term.



We Leave a Mark With Our Quality:

Product Management and Quality

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We Leave a Mark With Our Quality: Product Management and Quality

Product Quality and Regulatory Compliance

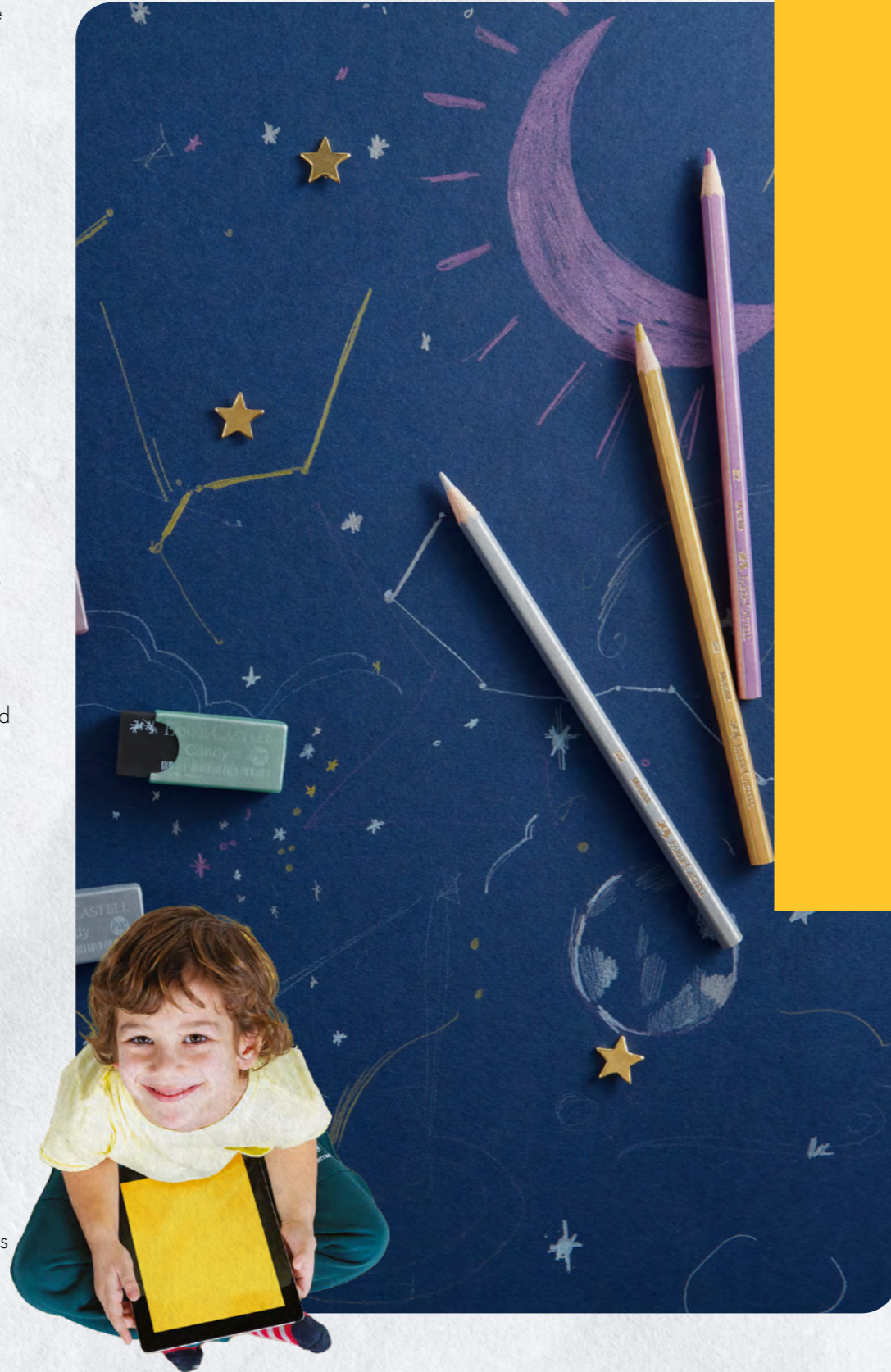
When considered within the framework of sustainability, the issue of Product Quality and Compliance with Regulations is not only limited to environmental dimensions, but it also includes matters such as product quality and customer safety. As Adel, supporting creativity and inspiration with our range of nearly 3,800 products is not only a mission but also a responsibility that we hold. This responsibility continues from the design to production and supply of the products to the moment they reach the consumer.

Since our products are used especially by children, safety and quality are our top priority.

Product quality and safety is not only a legal requirement but also part of our sustainable production approach. Since our products are used especially by children, every step is meticulously handled.

As a result of our research in the market, we emphasize that unbranded products of unknown origin and undefined raw materials should never be used. Therefore, all our products comply with legal regulations and are labeled to provide consumers with information about the content, quality, environmental characteristics, and conditions of use. Product labels and information are designed to enable consumers to make informed choices. To achieve the goal of sustainable production and consumption, consumers are provided with clear and understandable information about the content, quality, and environmental characteristics of the products.

Collaborating with approved suppliers is a fundamental approach to ensuring product safety. Accordingly, we are a member of the European Pencil Manufacturer's Association (EPMA) and the European Writing Instrument Manufacturer's Association (EWIMA). These memberships position us as a leader in Türkiye in complying with new standards and regulations concurrently with Europe.



Our Quality Management System certificate shows that all processes from the design, production and distribution of our products comply with the standards. The Turkish Standards Institution Conformity Certificates for Adel ACK Pencils and Faber Castel ACK Pencils prove that our products also meet local quality and safety standards. At the same time, we produce products that comply with the standards under the European Union Toy Safety Directive. Under the European Union Toy Safety Directive, we perform a series of important tests to ensure the safety and suitability of our products. These tests include EN 71-1 Mechanical and Physical Properties Standard, EN 71-2 Flammability Standard, EN 71-3 Heavy Metal Standard, EN 71-7 Finger Paint Standard and EN 71-9 Organic Chemical Compounds Standard. We label our products included in the toy category with the CE marking, which indicates that they comply with the safety and consumer protection requirements set by European Union Directives. At the same time, we test these products and all other products that do not fall into the toy category for chemicals that are harmful to human health, such as phthalates, lead, cadmium, polyaromatic hydrocarbons and azo dyes. This demonstrates our commitment to providing our customers with high-quality and safe products.

We allocate approximately 1 million TL annually in our budget for product safety and quality tests. This is an investment that ensures the sustainability of our total operations at Adel. At the same time, thanks to these investments, our dealers, retailers, and investors are able to maintain their trust in our brand.



We Leave a Mark With Our Quality: Product Management and Quality

Information Security

Today, rapid advancement of digitalization and technology has made the need for information security even more crucial. The protection of our data, safeguarding against cyber-attacks and information leaks is of critical importance for both individuals and organizations. Therefore, companies must rigorously implement and update information security measures for customer trust and reputation. They must also continuously strengthen their defense capabilities against new threats.

In accordance with the Law on the Protection of Personal Data (KVKK), we have taken significant actions to ensure compliance by reviewing our processes and policies as a company. The Symantec DLP system was installed especially for the protection of personal and sensitive data. This system is designed to prevent unauthorized access and control the outflow of data outside the company. Monthly, data flows and system security are revised, and updates are made as needed.

In 2020, 2021 and 2022, we made significant investments in our technological infrastructure. We purchased laptops for our employees and tablets for our field sales and trade fair teams. After IBM ceased operations in Türkiye, we restructured our entire operation. We started working with partners specialized in database and server management, field support services and cyber security. We moved our physical servers to virtual servers in the data

center. Moreover, we strengthened our system by making additional investments in our security cameras.

Our ISO 27001 Information Security Management Systems Certification covers a wide range of our activities, from the design to the sale, from import and export to logistics and financial transactions of stationery and toy products. This certification guarantees that not only our products but also the information assets of our customers and business partners are secure.

These efforts are important to fulfill our responsibility to our stakeholders as part of our sustainability vision. Information security is not only a technological need, but also critical for our company to be a sustainable and reliable business partner. As the Information Systems Directorate, the targets, projects, and improvement work that we have realized in 2020, 2021, 2022 are as follows.



Years	Developments in IT
2020	Moving Adel Warehouse management to Axata system and making it SAP integrated
2020	Organizing all authorizations and approvals with SAP Authorization project
2020	DLP Project, tracking, approval structure and logging of critical data within the scope of information security
2020	Controlling and authorizing the management of Material master data with the master data project
2020	OPEX program with Operational Excellence Assessment, improving process improvement and roadmap
2020	OPEX program with Operational Excellence Assessment, improving process improvement and roadmap
2021	Cyber Security projects (Version update, security patches and Disk encryption project)
2021	Automating of project management process and new product process with Bitrix solution
2021	Transitioning to exclusive regional dealership structure with the Route to market project and systematic solution
2021	Digital tracking of Regional violation tracking with the traceability project, Product-based Individual QR coding
2021	Adel dealer integration
2021	Online Fair (By making a virtual fair during the pandemic process) system project where we can receive online orders
2022	Digital content management and renewal of faber-castel.com.tr website
2022	International sales and order management with Adel International Portal (Export)
2022	Adel dealer automation (A system opened for use by all dealers on a single system)



We Leave a Mark With Our Quality: Product Management and Quality

Supply Chain Management

Creating sustainable value for our stakeholders is one of the most fundamental elements of our business.

Creating sustainable value for our stakeholders is one of the most fundamental elements of our business. We consider the process from raw material procurement to product consumption holistically and aim to provide a better experience for all our stakeholders in this value chain.

Our supply chain management not only improves operational efficiency and quality, but also takes into account social and environmental responsibilities. This provides us, as Adel, the opportunity to create sustainable value.

Our supply chain is divided into two main categories and each organized according to its area of specialization. The first category is the provision of inputs required for production, which includes key supply elements such as wood planks, pen enamel, various color pigments, pen components and plastic materials. Due to the specific production requirements, this category includes mostly specialized suppliers and both large-scale manufacturers and SMEs.

Our second procurement category covers the direct purchase of commercial products. Faber-Castell branded products are the first in this group; these products are sourced from Faber-Castell's global production network and third-party suppliers that produce in accordance with its standards. Finished Adel and Adeland branded products are purchased from suppliers that comply with established quality and safety norms and follow local and international standards. There are also suppliers in this group for our special production requests.

The dealer network constitutes a significant part of our supply chain. With the contribution of our dealers, we are able to deliver our products to a wide range of consumers. Therefore, it is critical for us to be a reliable business partner to them and to offer a sustainable value creation model. We assist in enhancing the business value of our dealers with our high-quality products that consumers find appealing and support them in increasing their knowledge and experience.



In this context, the continuous support provided by our sales and marketing teams to our dealers and the annual dealer meetings and events we organize have an important place. At these events, we exchange information and opinions with our dealers about the sector and the future of the company and have the opportunity to formulate our common goals and strategies. In addition, the workshops we organize at these meetings enable our dealers to get to know our products more closely and to improve their own skills with the information they will receive from our expert staff.

45 ARE IMPORTED 122 ARE LOCAL

TOTAL NUMBER OF SUPPLIERS IS

167

As of 2022, our total number of suppliers is 167, of which 45 are imported and 122 are local. Supplier selection is based not only on cost and quality, but also on sustainability criteria. Through locally sourced raw materials such as talc, calcite, and stearate, we not only strengthen the local economy, but also focus on minimizing our carbon footprint. For the resources we obtain from abroad, such as wood, we collaborate with FSC-certified suppliers and sustainable forest management practices. Therefore, we consider all our production processes from raw material procurement to the final product with ethical and sustainable criteria.

When selecting suppliers, not only basic criteria such as price, quality, and delivery time, but also business ethics and sustainability principles are important to us. We do not partner with companies that do not comply with national and international standards regarding product safety, consumer health, environmental protection, and ethical norms. Supplier evaluation is carried out through the coordination of various departments and conformity tests, and partnerships are formed only with companies that are deemed suitable. As of 2022, 25 percent of our total procurement was sourced locally and 75 percent from abroad. Beyond doing business with local suppliers, this also shows that our operations have a positive impact on the local economy and employment.

Furthermore, with the Türkiye's Happiest Workplace award we received in 2022, we have demonstrated how crucial the satisfaction of our employees is in our value chain. With the BSCI conformity certificate, we recognize the importance of ethical and sustainable practices in supply management in the international arena. This certification also shows that sustainability and ethical values are prioritized in our relations with our suppliers and other business partners.



We Leave Our Mark with Our Innovation: R&D, Innovation and Digitalization

We Leave Our Mark with Our Innovation:
R&D, Innovation and Digitalization

60



We Leave a Mark with Our Innovation: R&D, Innovation, and Digitalization

As Adel Kalemcilik, based on the principle of continuous innovation and development, we carry out our R&D activities at the R&D Center, which was established in 2019 and operates with our research team of 20 people in a 320 m² office and laboratory area. With our effective innovation approach, we carry out both our internal production activities and the design and development of the products supplied in our R&D center.

To meet the special demands of our global and local customers, we take steps to ensure sustainability by developing new products and related content in our R&D Center.

Our Economic, Environmental and Social R&D Activities

In the 2022 activity year, our ongoing projects include

- Development of Pencil Slat from Waste Biomass
- Non-toxic Crayon
- Applications of Recycled Plastic Materials for Stationery Products
- Antibacterial Pencil
- Development of Bio-Based Polymers and Composites and their Application for Stationery Products
- Optimized Ballpoint Pen
- Antibacterial Eraser in the Stationery Sector
- Building Toy Made of Universally Compatible Plastic
- Adel Roller Ballpoint Pen
- Reducing the Amount of Plastic by Using Foaming Technology

To contribute to a sustainable future, we allocate 48% of our total R&D budget to these environmental projects.

Our Product/Service Development Process



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

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

These patented products and methods are used by us, as Adel, and no commercial income is generated from the use of the patent. In addition, our scientific research and development activities increase our maturity in the field of R&D and innovation and make us stand out from our competitors.

As a result of the studies carried out by our research team in our R&D center on various subjects, the following articles have been published in peer-reviewed journals such as **TURKCHEM** and the **Journal of Thermal Analysis and Calorimetry**. With the articles we have published, we share our knowledge in our field and announce our innovative and sustainable solutions in the sector to the whole world.

Antibacterial Pencil

Investigation and Spectroscopic Analysis of the Effectiveness of Biocidal Product Added Erasers Against Escherichia Coli and Staphylococcus Aureus Bacteria

The Effect of Opacifier Properties on Thermal Conductivity of Vacuum Insulation Panel with Fumed Silica

With Starch Containing Bio-based Polypropylene and Production of More Environmental Felt Tip Pens and It's Effect on the Carbon Release

As Adel Kalemcilik, with a vision that prioritizes sustainable development and creativity, we shape our R&D activities with an innovative perspective, thereby adding value to both our country and the world.

For a Greener Future: Our Environmental Impact and Management

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For a Greener Future: Our Environmental Impact and Management

We know that sustainability is the only way forward for our future, and we make it one of our main goals to contribute to a greener future.

Given the perilous nature of the climate crisis to the entire ecosystem, we take precautions to safeguard our organization, the environment, and society from any potential economic and social repercussions that may ensue within our sphere of influence and the domains in which we have the capacity to make a positive contribution. To this end, we attach strategic importance to and prioritize environmental sustainability, including the responsible use of natural resources such as water and forest products, energy efficiency, waste management, prevention of emissions, and protection of biodiversity. We strive to reduce any risks that may occur in the environment in which we operate, to prevent negative impacts, and to reduce the environmental impacts that may arise from our products.



Within the scope of the Environmental dimension of ESG (Environment, Social, and Governance), we realize our environmental management by determining policies for performance monitoring of energy, emissions, waste, water, and wastewater. Our Environment, Energy, and Climate policy represents our corporate stance on environmental and climate protection and constitutes one of the main elements of our mission. Therefore, it dictates our principles of environmental responsibility and is obligatory for all our endeavors. It is anticipated that all entities comprising our value chain—including personnel, suppliers, business partners, and subsidiaries—will conscientiously execute our corporate policies that prioritize sustainability and establish our benchmarks of conduct concerning environmental and ethical concerns.

We follow a separate corporate policy for the environment, which is one of our sustainability focuses. With our Environmental Policy, we carry out our activities with the awareness of our responsibilities towards society and the environment by complying with national and international legal legislation and regulations. We carry out all our activities within the scope of our environmental management system that complies with **ISO 14001** standards to protect the environment and natural resources.



At Adel Kalemcilik, our environmental policy aims to regulate our activities in a way that does not cause any negative environmental impact and to minimize the environmental impact of our activities.

By covering everything from waste management to energy management, our policy encompasses a broad perspective that includes adopting environmentally friendly technologies, improving the environmental impact of our products, taking a proactive approach, doing our part in carbon emission and climate change issues, and sharing best practices by providing training on these issues with a sense of social responsibility.



For a Greener Future: Our Environmental Impact and Management

"Policy Aligned Targets Table"

The necessary information is documented to record, periodically measure, and evaluate our activities and operations that significantly impact the environment. Regularly recorded data are evaluated in the periods determined by the Quality, Environment, and OHS Plans. We continuously monitor how our environmental performance aligns with our corporate policies and targets through the "Policy Aligned Targets Table," which includes performance indicators.

These goals cover various topics, such as creating zero environmental accidents, reducing waste, and saving natural resources by investing in alternative energy sources. This approach is critical to embodying our sustainability commitments and implementing effective environmental management.



“Our production plant has certified its compliance with the ISO 14001 Environmental Management System and ISO 50001 Energy Management System standards.”



A special budget is designated for various expenditures related to environmental management, including but not limited to waste management, chemical costs, personnel expenses, certification and permit fees, consultancy and training, investments in energy efficiency, and maintenance and repair expenses. Conducting an analysis of these expenditures is of utmost importance to assess our environmental performance and guarantee cost-effectiveness. Additionally, our environmental investments result in cost reductions. For instance, investments in energy efficiency result in long-term cost reductions for energy usage.

In the table below, information is given on the environmental training we provided in 2021 and 2022 so that our employees can better adopt our environmental management and reflect this in their work.

Environment Training		
	2021	2022
Hours	279	972
Number of Employees	217	178

We ensure that all our stakeholders are well-informed regarding our environmental policy, strategies, objectives, accomplishments, and associated activities in accordance with our principle of transparency. Additionally, we disclose every aspect of our ESG management in adherence to the Sustainability Reporting Standards (GRI).

Every action concerning environmental management is executed in adherence to relevant regulations and legislation. Since 2019, our compliance with environmental regulations has been substantiated by the absence of any environmental sanctions or complaints about our operations.

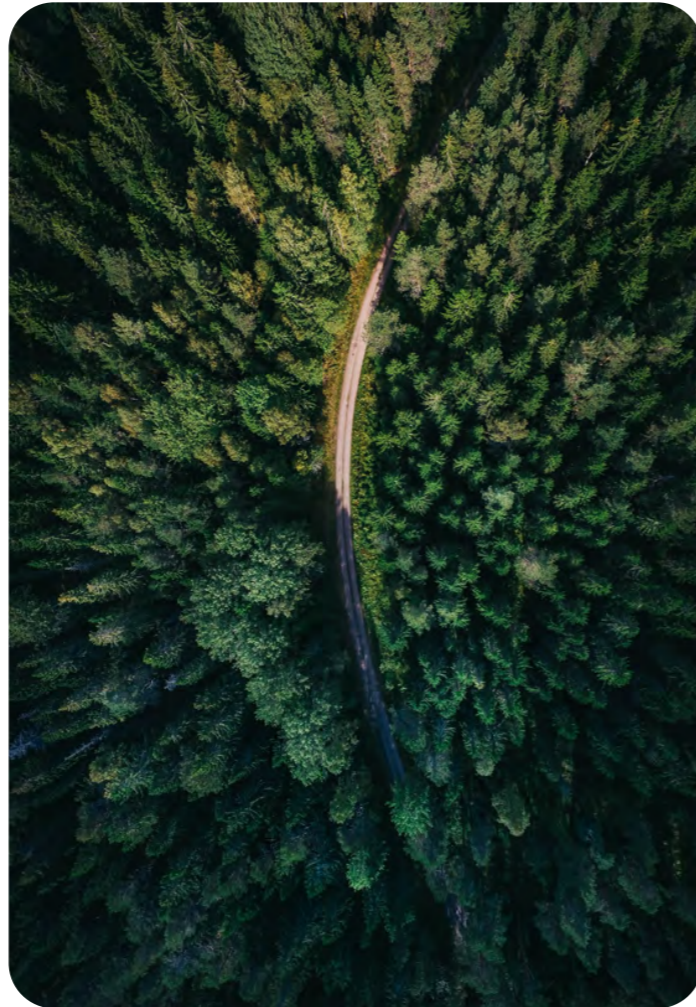


The Geçici Faaliyet Belgesi (GFB - The Temporary Activity Certificate) for our organization is E.1370, issued on July 14, 2016. This document serves as the initial permit acquired by the organization before obtaining an environmental permit and license following environmental legislation. Our production plant also has possessed a legitimate environmental permit for a period of five years.

For a Greener Future: Our Environmental Impact and Management

Our organization's sustainability initiatives extend beyond internal stakeholders.

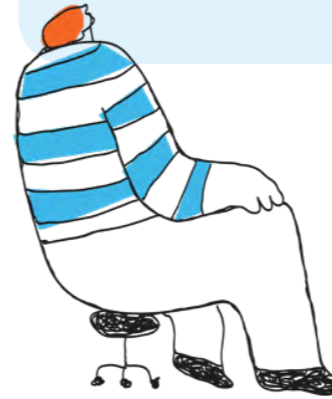
We recognize that our challenges are universal, and to enhance our environmental performance, we collaborate with our stakeholders to identify shared solutions.



For instance, 15,000 seeds were sown on June 5th Environment Day within the scope of the "İyilik Ağacı Ormanı" (Goodness Tree Forest) project in order to contribute to our country's natural environment, which we accomplished with the company E-cording in 2021. Also, a donation of 20,000 TL was made to the TEMA Foundation to heal the wounds of society and our forests during the wildfires in 2021. While we are always open to forging closer ties with local communities, we also collaborate with international initiatives, organizations, and public authorities; we aim to make influential contributions to the environmental sustainability agenda on a broader level.

Energy Management

Another crucial dimension of the climate crisis is energy. The United Nations has designated accessible and clean energy as the subject of the 7th Sustainable Development Goal, recognizing the critical nature of the matter.



We aim to use our energy resources efficiently, understanding that energy is a basic need for our company and adds value to its sustainability. We intend to transition to renewable energy sources by 2050. We regularly check our energy performance across all our activities, from our logistics operations to production, from our headquarters to our field activities. Our investments in energy efficiency initiatives are one of the steps we take to reduce our energy use.

Among the measures we implement to decrease energy consumption are investments in initiatives that improve energy efficiency. As a result, our greenhouse gas and other air emissions, including NOx and SOx, are diminished. Our primary objective is to enhance the efficiency of our operations and energy consumption, with a particular focus on logistics. This is achieved through consistent monitoring, improved route planning and material delivery, judicious vehicle selection, and intelligent storage methods.

Energy Use Areas

All energy usage data within our organization is documented and monitored. All energy consumption calculations adhere to the standards set by the **ISO 50001 Energy Management System**, with due consideration given to the thermal conversion reference tables. Our administrative building and manufacturing plant both utilize nonrenewable and renewable energy sources. Our consumption of renewable and nonrenewable energy, as well as the distribution of these energy categories, is detailed in the table below:

	Amount of Energy Consumed	Energy Consumption Percentage
Renewable Energy	4418.8 MWh	0.256
Non-Renewable Energy	12827.61 MWh	0.743

For a Greener Future: Our Environmental Impact and Management

Our Energy Usage Areas:

The table below shows the types, amounts, and purposes of energy we use for various purposes:

Energy Consumption Amounts			
	Annual Expenditure (KWH)	Purpose of Use	Source of Energy Consumption in Production
Natural Gas	4,243,366 KWH	Heating, steam lines, hot water production	> 1 natural gas-fired 3.5 MW thermal power boiler > 1 natural gas-fired boiler with 3.05 MW thermal power
Electric	5,678,795 KWH	Heating, cooling, compressors, production machinery, ventilation, pump systems	> Forklift
Sawdust Incineration	3,798,547 KWH	Heating, steam lines, hot water production	> 2.7 MW thermally robust sawdust boiler

We have calculated our energy intensity rate as 0.011 KWH/piece using the production quantities and our energy consumption as inputs.



Other energy consumption items of our company are as follows:

- Diesel fuel consumption of company vehicles
- Gasoline fuel consumption of company vehicles
- LNG consumption
- Fuel Oil No:4 / No:5 / No:6 consumption
- Diesel consumption
- Refrigerant gas - R134A / -R404A/ -R410A
- Generator (diesel)
- Employee shuttles
- Flights for business purposes
- Taxi usage
- Logistics fuel consumption

Energy Efficiency

The importance of low-carbon energy production and consumption in mitigating the climate crisis is well-known. We recognize that energy efficiency is a crucial instrument in reaching this objective. Aligned with our commitment to sustainability and considering this awareness, we aim to incorporate a solar power plant and dry cooler into our facility. Simultaneously, we continue to enhance our company's energy efficiency initiatives on an ongoing basis.



Here are our achievements in this regard in 2022 alone:

Implementation	Saving Amounts
LED conversion and sensor application in raw material warehouses	109,000 KWH electricity savings
Wood chip boiler chimney optimization	10% savings in combustion efficiency
Injection cooling water free-cooling chiller implementation	150,000 KWH electricity savings
Wood chip fans softstarter app	6,805 KWH electricity / 14,000 TL savings



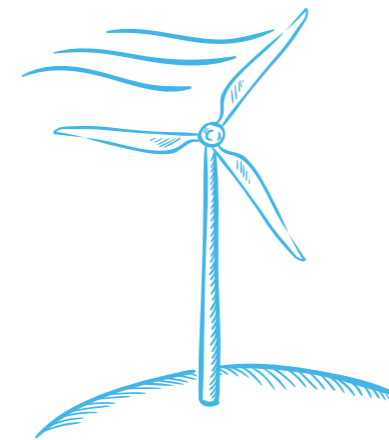
Climate Crises and Greenhouse Gas Emission Management

It is an undeniable fact that one of the most crucial building blocks of sustainability is to reduce or stop carbon emissions.

It is well known that greenhouse gas emissions are the main cause of the climate crisis. According to the Paris Agreement signed in 2015 and entered into force in 2016, nearly all of the world's states are trying to limit the increase in global temperature to **2 °C (3.6 °F)** compared to pre-industrial revolution levels and even to keep it at **1.5 °C**. While this situation reveals the seriousness of the climate crisis, it also indicates the environmental, social, and economic risks it may pose. At Adel we are aware of our responsibility in this regard. By integrating sustainability into our company, we are preparing our company against the risks that may arise due to climate change and taking strategic steps for a sustainable future.

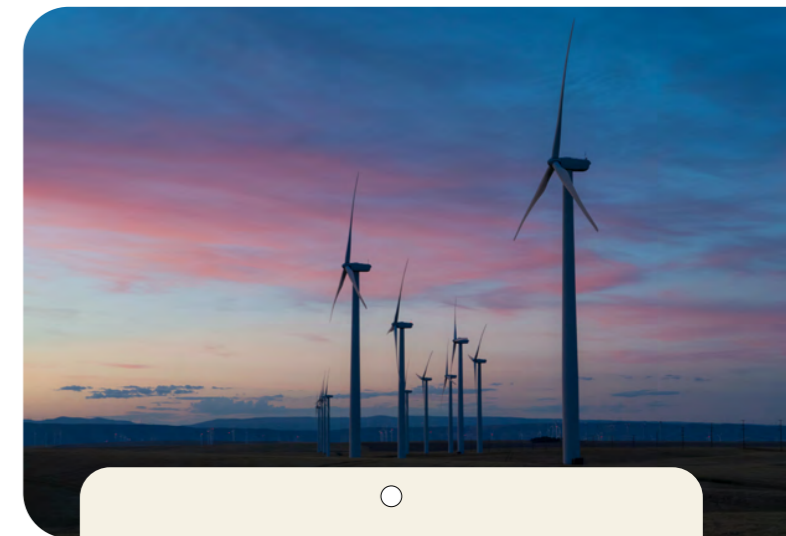


Without jeopardizing product quality or operational functionality, our objective is to minimize our carbon footprint by 2050 and reduce the climate change impact of all business operations by 50%.



Our dedication to this objective is exhibited through regular assessments of our carbon footprint and by undertaking social responsibility initiatives that positively contribute to the environment. We reduce emissions by investing in energy efficiency improvement initiatives and other tangible measures. The emission measurement report for our manufacturing plant is conducted biennially. Following our measurements taken in 2020, we conducted new measurements on May 13, 2022, and we plan to measure again on May 13, 2024. The carbon footprint calculation for our organization was completed in 2021, and an annual reporting frequency was established.

Our 2021 report on the greenhouse gas inventory incorporated all company activities. This reporting is based on **BS EN ISO 14064-1:2018: Greenhouse Gases: Greenhouse Gas Emissions: Guidelines and specifications for the calculation and reporting of greenhouse gas emissions and removals at the organization level, with the methodology based on the requirements of the GHG Reporting section of the ISO 14064-1:2018** standard. The report includes all the locations of our company.



- The following are included in the report's scope:
- 1 Direct greenhouse gas (GHG) emissions,
 - 2 Indirect GHG emissions from purchased energy,
 - 3 Indirect GHG emissions from transport and transportation,
 - 4 Indirect GHG emissions from raw materials and material use,
 - 5 Indirect GHG during the use phase and end-of-life of products,
 - 6 Other indirect GHG emissions

Climate Crises and Greenhouse Gas Emission Management



According to the report, including one year of data entry, 250 working days, and the activities of 370 employees, our carbon footprint information is as follows:

2021 Carbon Footprint Results

Calculation Year - Base Year Emissions*

Category 1: Direct greenhouse gas emission	1334.11- metric tons CO ₂ e
Category 1: Biomass GHG emissions	1383.07- metric tons CO ₂ e
Category 2: Energy indirect GHG emissions	2270.74- metric tons CO ₂ e
Category 3: Transport indirect GHG emissions	2337.44- metric tons CO ₂ e
Category 4: Feedstock indirect GHG emissions	6288.83- metric tons CO ₂ e
Category 5: Use phase and end-of-life indirect GHG emissions of products	5666.14- metric tons CO ₂ e
Category 6: Other indirect GHG emissions	1140.07- metric tons CO ₂ e
Total emissions:	20420.37- metric tons CO ₂ e
Carbon Footprint Intensity - Turnover:	0.04200383 Kg CO ₂ e/ TL

*Since our company's carbon footprint was calculated for the first time, the calculation year and base year were taken as 2021.

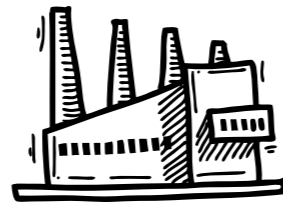
Another emission measurement we took intending to reduce our greenhouse gas emissions was carried out at our production plant in 2022. This emission measurement report was accredited according to **TS EN ISO/IEC 17025** standard with **AB-0087-T**.

On-site emission sources and parameters measured at these sources in 2022:

Emission Source	Parameter					
	CO	NOx	SOx	Toz	VOC	Sootiness
Auxiliary Facilities (Mechanical workshop, lathe, welding shop chimney)	X	X	X	X		
Laboratory flue				X	X	
Gouache play dough flue				X	X	
Paint manufacturing flue				X	X	
Enamel flue				X	X	
Gouache play dough flue- 2				X	X	
Enamel kneading flue				X	X	
Pastel flue				X	X	
Enamel automatic fan drying flue - 1				X	X	
Enamel automatic fan drying flue- 2				X	X	
Enamel automatic fan drying flue - 3				X	X	
Enamel sizing pastel watercolor scales and platform flue				X	X	
Eraser prescription preparation flue				X	X	
Eraser stamp (eraser stamp - plastic refill) flue				X	X	
Packaging flue				X	X	
Paint shop flue- 1				X	X	
Paint shop flue- 2				X	X	
Paint shop flue- 3				X	X	
Paint shop dipping flue				X	X	
Natural gas boiler 1 flue-1	X	X	X	X		
Natural gas boiler 2 flue -2	X	X	X	X		
Wood chip boiler	X	X	X	X		X
Paint shop ambient solvent suction 1 flue- 1				X	X	
Paint shop ambient solvent suction 2 flues- 2				X	X	
Paint shop manufactured ambient solvent suction flues- 3				X	X	

Climate Crises and Greenhouse Gas Emission Management

Two natural gas-fired thermal power boilers and one thermal power wood chip boiler used in the production process at the facility are included in this list. In addition, the flues included in the list ensure that the emissions occurring during the production process are discharged from the emission source.



There are a total of 26 flues in our plant. The flues measured in the plant have a filter system, dust filter system, or activated carbon filter system, according to

the need. All filters are cleaned periodically. With these systems, the emission values of the flues are reduced and confirmed by measurements taken by organizations authorized by the Republic of Türkiye Ministry of Environment, Urbanization, and Climate Change. In addition, there is no leakage inside our plant during the production process. The masonry materials to be used in production are stored in closed areas. The internal roads of the plant are completely asphalt and are cleaned once a week, and there are electric-powered forklifts in our production plant.

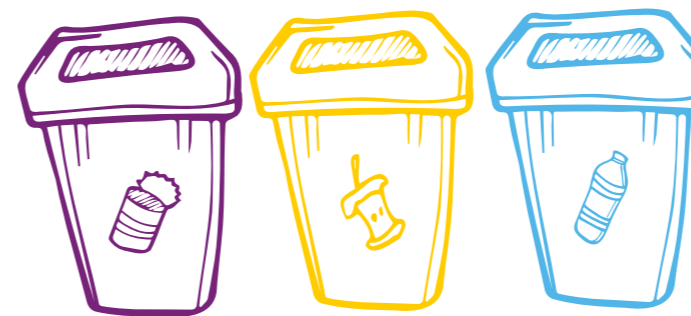
The measurement results assessment also provides evidence that

- 🔗 As a result of the soot measurement in our facility, the regulatory requirements are met,
- 🔗 All dust measurements are within the limit values specified in the regulation,
- 🔗 Substances that may cause particulate matter emissions are kept in appropriate storage,
- 🔗 Internal roads comply with regulatory requirements,
- 🔗 Chimney filter systems have adequate filtration systems

Waste Management

Our waste management strategy encompasses more extensive sustainability and environmental objectives, such as preventing soil, water, and air pollution.

In this context, we adopt an approach consistent with universal objectives, such as the Sustainable Development Goals (SDGs) of the United Nations. Specifically, our waste management is guided by the Sustainable Development Goals (SDGs), including Goal 3: Health and Quality of Life, Goal 6: Clean Water and Sanitation, Goal 13: Climate Action, Goal 14: Life in Water, and Goal 15: Life on Land. Aligned with these objectives, our strategy is to minimize and regulate waste production through the most optimal and efficient utilization of resources.



With a focus on effective waste management, we separate solid waste at its source; we strive to maximize reuse, recycling, and recovery rates while limiting the amount of waste sent to landfills.

Recognizing the importance of adopting a circular production process for sustainability, we aim to reduce our waste by 50% and achieve a 50% recycling rate by 2050.



One of the steps we have taken towards this goal is the Zero Waste Certificate we were entitled to receive with our Zero Waste Management System, which we established within the scope of the Zero Waste Regulation of the Republic of Türkiye Ministry of Environment, Urbanization, and Climate Change.

Waste Management

Hazardous and non-hazardous waste is generated in our plant due to production processes. Separate inventory records for this waste were kept as of the beginning of 2022. Since our facility must store over 1000 kg of waste per month, a Temporary Storage Permit Application was made to the Kocaeli Provincial Directorate of Environment and Urbanization, and a temporary storage permit was obtained.



Hazardous waste stored in the facility are temporarily stored in lockable containers with closed and passive ventilation in the sealed floor storage area.



The environmental management protocols implemented at our facility are aimed at preventing soil pollution. Accordingly, the floors of both our operation area and hazardous waste temporary storage area are covered with concrete. In this way, waste or any of our activities do not cause soil pollution. In addition, we have an infirmary within our facility, and all medical waste and potential hazards that may occur here are regularly monitored and managed.

Our waste management strategy has received approval from the Kocaeli Metropolitan Municipality and will remain in effect until 2025. This endorsement serves as a measure of our organization's environmental stewardship and sustainability obligations. Furthermore, we have further guaranteed your protection with our Hazardous Substance Hazardous Waste Financial Liability insurance, which remains in effect until June 11, 2024.

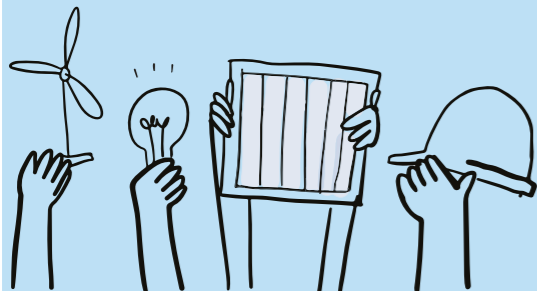
The types and quantities of waste generated at our facility are listed in detail below:

2022 Waste Amounts		
Waste Type	Waste	Amount (kg)
Non-dangerous	Paper and cardboard packaging	148,610
Non-dangerous	Waste plastic	22,540
Non-dangerous	Bottom ash, slag, and boiler dust (except boiler dust under 10 01 04)	29,293
Non-dangerous	Plastics	15,540
Dangerous	Sawdust, wood chips, splinters, wood, plywood, and veneers containing hazardous substances	56,017
Dangerous	Waste paints and varnishes containing organic solvents or other hazardous substances	109,015
Dangerous	Paint or varnish remover waste	6,122
Dangerous	Waste adhesives and sealants containing organic solvents or other hazardous substances	6,980
Dangerous	Ink waste	18,919
Dangerous	Used (wax) paraffin (wax) and oils	23,200
Dangerous	Hydraulic oil waste	648
Dangerous	Contaminated packaging	6,647
Dangerous	Contaminated materials, clothes, clothing, filters	67,740
Dangerous	Treatment sludge	8,212
Dangerous	Medical waste	9
Non-dangerous	Fluorescent lamps and other mercury-containing waste	487
Non-dangerous	Metals	10,610
Non-dangerous	Waste plastic	705

Waste Management

Biomass analysis was carried out by the Istanbul University's Faculty of Forestry for the pencil shavings and the wood chips generated as a result of the process. Based on this biomass report, the ministry was asked for additional scope opinion, and the necessary environmental permit was obtained for the addition of Appendix-2 1.2.3 of the Environmental Permit and License Regulation.

Mixed wastes generated within the plant are regularly collected by Gebze Municipality. For the management of packaging wastes generated from manufacturing in our plant, services are received from licensed recovery/TAT companies in return for delivery notes. SOA, the catering service provider of our plant, works with DEHA, a licensed waste vegetable oil recovery company, for the wastes generated due to food production activities.



Waste Disposal

Waste disposal ensures that hazardous wastes are separated from harmful substances and treated. These processes are elimination, destruction, and recycling. In the plant, waste disposal starts with separating hazardous and non-hazardous wastes and focuses on recycling the maximum amount possible. Approximately 99.7% of our hazardous and other non-hazardous wastes from manufacturing are sent to recovery or Waste Derived Fuel (WDF) facilities for energy recovery.

The table below shows further details of these transactions, including quantities:

Hazardous Wastes Disposed	2022	Unit
Amount burned (not for energy production)	0.009	Metric Ton
Amount recovered for energy production	303.04	Metric Ton
Amount of hazardous waste disposed of outside the campus facility	303.04	Metric Ton
Amount of hazardous waste recycled outside the campus facility	0.648	Metric Ton
Non-Hazardous Disposed Waste		
Amount recovered for energy production	29.293	Metric Ton
Recycled Non-Hazardous Waste		
Recycled/recovered amount	197.300	Metric Ton

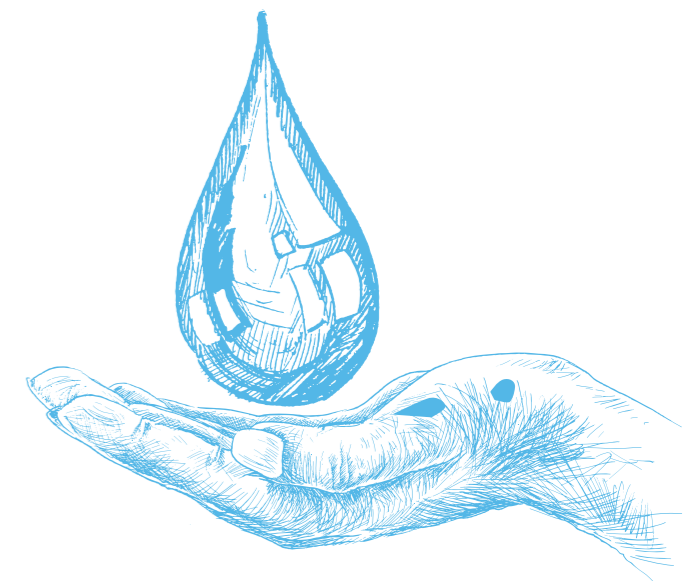
Water and Wastewater Management

Water is a basic need in every field for the continuation of life.

Natural water resources are decreasing over time due to the climate crisis and the need for water will increase in the future due to the growing population. The United Nations has set Goal 6: Clean Water and Sanitation to address this need. At Adel Kalemçilik, we apply this knowledge to our management of the water required for production. We track our water consumption regularly to assess our performance. Our water management system is engineered to minimize water consumption, promote water recycling, and guarantee water efficiency. Our water

management does not end with these processes; it also encompasses the treatment of effluent produced and utilized. Indeed, our strategic decisions are influenced by the understanding that conscientious effluent management mitigates resource overconsumption and impacts biodiversity. We employ cutting-edge technology in wastewater treatment, routinely monitor the quality and quantity of wastewater, and document our entire performance in wastewater management to reach these objectives.

By ensuring that effluent quality parameters remain within the prescribed range as stipulated in regulations and legal discharge permits, we subsequently release it into receiving environments that adhere to the same limits set by the law.



Water and Wastewater Management

The source of water used for personnel needs, kitchen, and sinks in the facility is groundwater.

This water is supplied from two wells within the facility. Groundwater utilization permits for the wells have been obtained, which are available in our archives. The groundwater drawn from the source is used after the treatment. Drinking water is supplied from outside with a carboy water supply. The average daily water consumption of our 372 employees in the cafeteria and lavatory is 65-75 m³.

Annual Water Consumption

Year	2020	2021	2022
Amount	22,574 m ³	20,394 m ³	26,603 m ³

For various forms of wastewater, our company employs unique technologies.



Domestic wastewater is generated from the dining hall and sinks in the plant. The wastewater generated due to dining hall activities is passed through a 2 m³ capacity grease trap unit, the wastewater pollution load is reduced, and odor is prevented with bioremediation technology. On the other hand, industrial wastewater is wastewater from manufacturing. The wastewater generated from the laboratory, eraser, and enamel production sections of the facility is passed through an oil trap unit with a capacity of 2 m³ and taken to biological treatment.

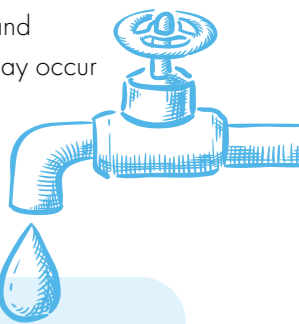
Our treatment plant comprises of chemical and biological treatment processes, which are subject to a rigorous inspection and measurement program. On 25.11.2015, our treatment plant was approved, and on 15.01.2021, the "Deşarj Kalite Kontrol Lisansı" (DKKR, or Discharge Quality Control License) certification was completed. This document is valid until 15.01.2026. Our plant has a daily flow capacity of 10 m³ for chemical treatment and 35 m³ for biological treatment; chemicals such as Ca(OH)₂, Fe₃Cl, and PE are used. COD, AKM, and OIL-GREASE measurements are carried out regularly to check the efficiency and compliance of the treatment processes.

The DKKR certificate for industrial wastewater and softening water was modified and extended until 2026. Backwash wastewater is also processed at the facility, and all treated water is released from the exact location. A renewal application will be sent two months before the expiration of the validity term.

Based on this certificate, boiler washing and blowdown water are treated after chemical and biological treatment processes.



To reflect the value given to water and wastewater management in our business, we have agreed with the relevant company for the Continuous Wastewater Monitoring System (SAİS) to be installed in the organized area of Kocaeli Metropolitan Municipality Water and Sewerage Administration (ISU), and we have carried out the manufacturing and installation of the system. At the same time, motion-activated faucets are used in the company to ensure water efficiency, prevent water leaks, and ensure that the points where leakage may occur are replaced in advance.



Cafeteria-based wastewater is treated after the separator system and biological treatment processes, and domestic wastewater is only biologically treated. 100% of industrial and domestic wastewater is treated at the Wastewater Treatment Plant and discharged to the Kocaeli Metropolitan Municipality Water and Wastewater Administration (ISU) canal line after being reduced to a pollution load well below legal limits. Boiler blowdown water is not sent to the treatment system as it is recirculated. Rainwater is collected separately within the facility and discharged to the rain drain. This collected rainwater is then used for garden irrigation and fire lines. A water softening system is used in our plant due to groundwater treatment, and this system causes backwash wastewater. The ISU channel connection permit is required for backwashing wastewater from the water softening system.

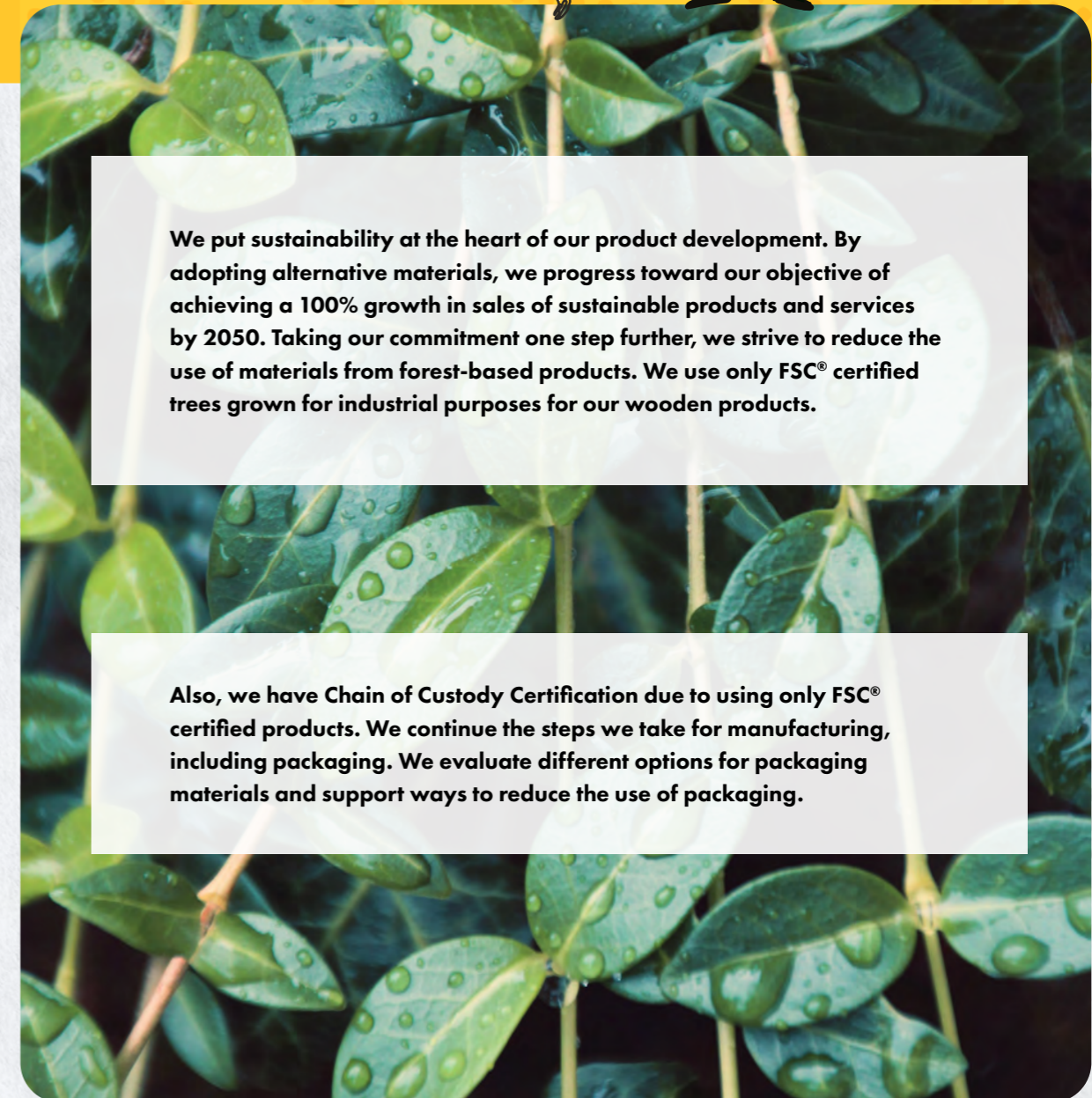
Environmental management strategies play a significant role in the sustainability reporting and performance evaluation of the organization. Implementing these management techniques aligns with the Sustainable Development Goals, especially with Goal 6: Clean Water and Sanitation. We openly communicate these internal procedures to our clients and stakeholders.

Sustainable Product and Raw Material Management



We pay special attention to preventing any negative impact that may harm biodiversity in every country in which we operate. Protecting biodiversity and the environment is an integral component of everything we do. We aim to contribute to sustainability by realizing smarter product designs with our existing awareness. To achieve this goal, our objective is to achieve a 100% growth in the revenues of our sustainability products and services by 2050.

Sustainable Products



We put sustainability at the heart of our product development. By adopting alternative materials, we progress toward our objective of achieving a 100% growth in sales of sustainable products and services by 2050. Taking our commitment one step further, we strive to reduce the use of materials from forest-based products. We use only FSC® certified trees grown for industrial purposes for our wooden products.

Also, we have Chain of Custody Certification due to using only FSC® certified products. We continue the steps we take for manufacturing, including packaging. We evaluate different options for packaging materials and support ways to reduce the use of packaging.

Sustainable Product and Raw Material Management

Sustainable Products

We adopt an environmentally friendly approach by using recycled paper in our products, and we evaluate innovation and customer expectations while developing our products.

Development of Pencil Slats from Waste Biomass

Application of Recycled Plastic Materials to Stationery Products

Development of Bio-Based Polymers and Composites and Their Application to Stationery Products

are the three sustainable product initiatives that we intend to introduce in a single financial year simultaneously.

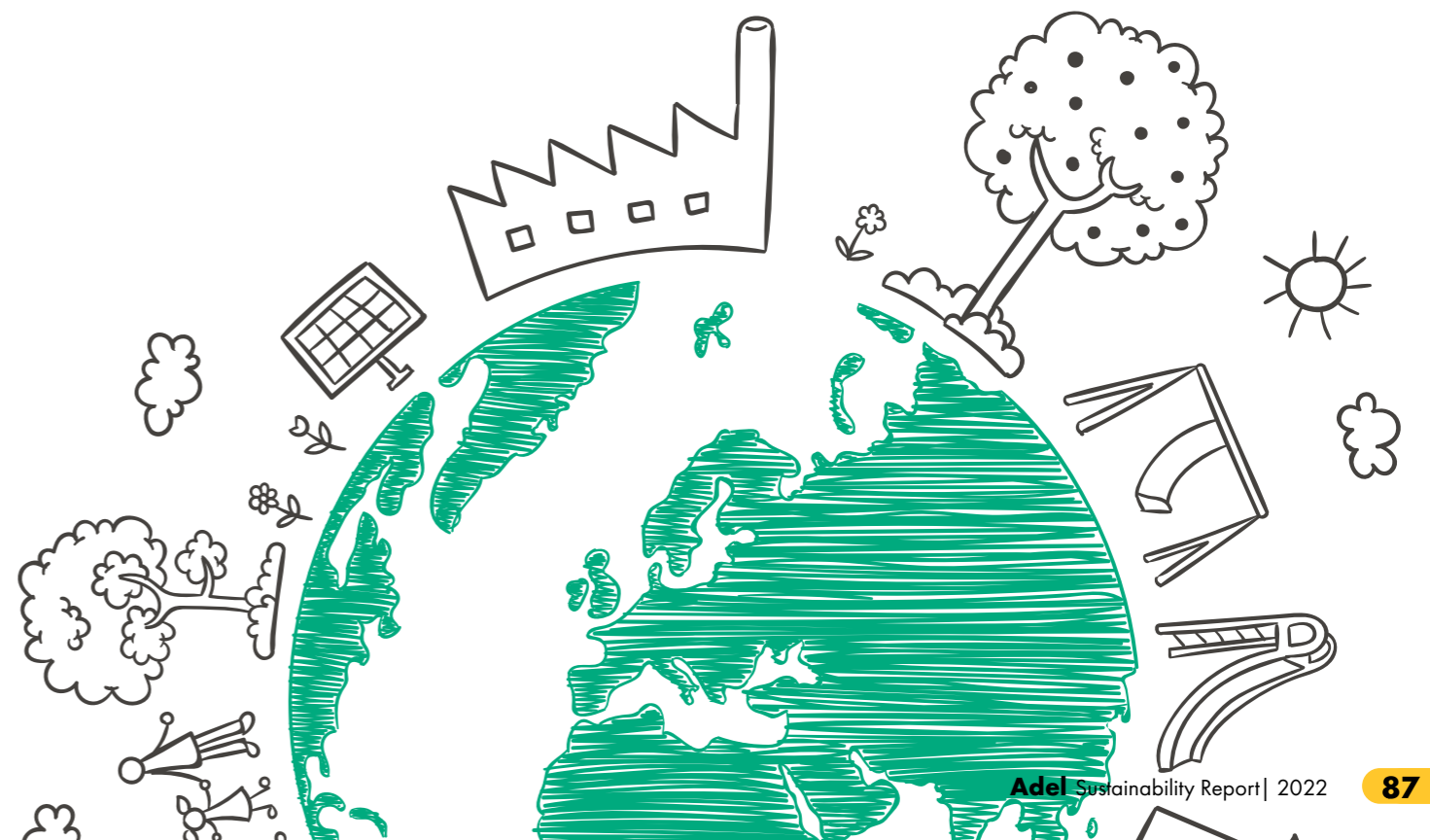
In 2021 alone, we recycled and reused 90 tons of plastic collected in the plastics unit. Additionally, by using 120 tons of recycled plastic, we reduced our plastic raw material consumption and contributed to protecting natural resources.

We pay attention to the materials we choose for our current products in terms of quality and sustainability. We use wood, plastics, chemicals (glue, foil, pigment), calcite fillers, stearates, and waxes for packaging and primary materials. We provide the ZTic group, which consists of bags and toys, with the following imported goods: **paper, solvent, water-based adhesives, metal (for shaving razors), cardboard, fabric, and rubber.** Packaging residues made of paper, cardboard, and plastic are collected at the point of origin and subsequently transported for recycling.

The amounts of intermediate goods and raw materials we supply in a year are as follows:

Goods and Raw Material	Annual Supply Amounts
Tree	50x40 m ³
Pigment	80 Metric Tons (non-division)
Talc Calcite	200 Metric Tons
Stearates	50 Metric Tons
Glue	80 Metric Tons
Folio	200 rolls
Plastic	400 Metric Tons (non-division)

For instance, in line with our value of innovation, we contributed to the issue of hygiene, which society has prioritized more with COVID-19, by developing the antibacterial product family. The special paint on the antibacterial pencils prevents 99.9% of bacteria from adhering to the pencil's surface. At the same time, with Faber-Castell Comfort Markers, which have an environmentally friendly bioplastic-based body, we both reduce the use of plastic and contribute to the protection of nature. In 2023, we planned to allocate 48% of the R&D budget to developing sustainable products.



Sustainable Product and Raw Material Management

Sustainable Products

Product groups are procured locally or imported, considering conditions such as cost, accessibility, and quality. The product groups supplied locally are play dough, toys, bags, coloring aprons, erasers, and pencils. The product groups which are imported are



Talc, calcite, and stearate are purchased locally, while wood is purchased abroad due to price advantages.

The breakdown of all purchases is

75% imported

and

25% local

Sustainability Evaluation of Suppliers

At Adel Kalemcilik, we wish to be on the same page as our suppliers regarding environmental sensitivity and a focus on sustainability, an essential component of our corporate approach. In this sense, we have mechanisms to evaluate our suppliers in many areas. For instance, we perform a preliminary analysis to identify suppliers who satisfy the Business Social Compliance Initiative (BSCI) standards. Our goal is to contribute to long-term working conditions by consistently improving our social performance in the supply chain following the BSCI principles.

Currently, our supplier evaluation processes are based on a scoring system with the information received from the other party on many different issues.

An assessment is conducted based on the supplier's information pertaining to various aspects, including the environment, social responsibility system, and periodic maintenance and control. A determination is reached regarding the conformity of the final score with Adel standards. We conduct a holistic assessment by gathering data on a variety of topics, including environmental permits, the supplier's current status, emissions, waste management, water, and wastewater. We do not work with suppliers that fall below a certain level of competence.

We also conduct sample studies for both local and foreign suppliers. We also examine the samples we receive from our suppliers in detail and take this examination into consideration when deciding whether or not they should be our stakeholders.

Number of Evaluated Suppliers in 2021

Total Suppliers in Raw Material and Packaging	167
Imported Product Area	45
Local Products Area	122



Sustainable Product and Raw Material Management

Biodiversity

Consistent with our comprehensive strategy towards sustainability, we refrain from constructing infrastructure in regions designated as protected areas or those of significant biodiversity.



In this manner, we avoid harmful impacts and damage that may arise regarding water resources, air quality, land use, or species diversity. We work ardently to protect our forests, which play an important role in our carbon reduction target with their natural carbon storage properties against the climate crisis.



In addition to being one of our most important allies in the climate fight, forests provide raw materials for many of the things we make, including wood, paper, and cardboard. All these reasons make combating climate change by preventing deforestation and protecting biodiversity and the environment one of our most important and strategic goals. We strive to reflect our approach while developing our products and adding value to society.

Anatolian Heritage Pencil Series

With our Anatolian Heritage Pencil Series, we draw attention to endangered species such as the Jungle Cat, Crane, Sea Turtle, and Anatolian Squirrel, and thus aim to raise biodiversity awareness among school-age children.





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We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Employment and Talent Management

We aspire to build a high-performance-oriented corporate culture through our investments in professional and personal growth as a firm that aims to create a parallelism between our employees' career ambitions and our company's vision.

While developing this culture, we adhere to the Human Resources Policies of the Capital Markets Board Corporate Governance Principles.

When determining workforce needs, we consider internal resources, then group companies, and finally, external resources. We believe this methodology empowers us to establish a cohesive and fruitful professional milieu populated by personnel with skills that align with the organization's overarching objectives, mission, and strategic business strategies. Our recruitment processes are designed in a structure that emphasizes the principles of equality and fairness, aiming to provide equal opportunities for all candidates while also considering the candidate's cultural compatibility with the company's long-term strategies. To this end, we clearly state the criteria for recruitment in writing and select candidates by adhering to these criteria throughout the process.

Our company considers supporting the personal and professional success of its employees as a primary objective, and in this context, it has created an integrated training and talent development platform called "Adel Campus". This multi-layered platform includes a series of modules, such as the **Development Program and DOST-Employee Behavior Model**, which aim to provide competencies in different disciplines. Additionally, with our **Newbees MT Program (Newbees MT Program)**, we aim to offer university students a working life where they can discover their talents while training employees and employing existing or potentially open positions.



In this context, 12 Newbees interns were recruited in 2022, and 3 were employed within our company. We offer each new employee a comprehensive orientation program covering our corporate organizational structure, basic working principles, detailed company policies, and occupational health and safety issues. By selecting a training theme every year following the training requirements found due to performance evaluation procedures, we also offer targeted training modules that will enhance the professional abilities of our staff. Our employees are provided with various training opportunities under sustainability and social responsibility principles. These opportunities range from energy efficiency to raising environmental awareness, from corporate governance systems to occupational health and safety practices. These trainings aim to support our employees' professional and personal growth, making them more capable and aware individuals inside and outside the company. In 2022, within the framework of the "İşğini Yansıt" (Reflect Your Light) theme, our employees were provided with training to develop their competencies such as Analytical Thinking, Building Collaborative Relationships, Disciplined Work, Being Responsive, Demonstrating Leadership, People and Customers, Being Proactive and Result-Oriented.

Apart from the training we provide, Anadolu Group employees develop themselves in the academic field with the discounts offered for master's and doctoral programs thanks to our cooperation with Koç, Sabancı, Bilgi, Özyeğin, Bahçeşehir, and Okan universities. In this regard, our short-term goals are to offer new skills to 50% of our current workforce through talent management programs by 2025; our medium-term goals are to ensure that all employees participate in talent management programs by 2030; and our long-term goal is to equip all employees with sustainability-related competencies by 2050.

From backups to career planning, we meticulously revised our talent management processes, ranging from recruitment to performance evaluation, in our last reporting period. We manage our human resources practices with the awareness of the necessity of making the right career plans at the right time for our talents and having an agile organization. We make every effort to ensure that our staff members contribute to the team as well-rounded individuals with the following qualities: global thinking, openness to collaboration and communication, value personal growth, analytical skills, initiative, and decision-making abilities, and a commitment to business and customer-oriented work.

We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Employment and Talent Management

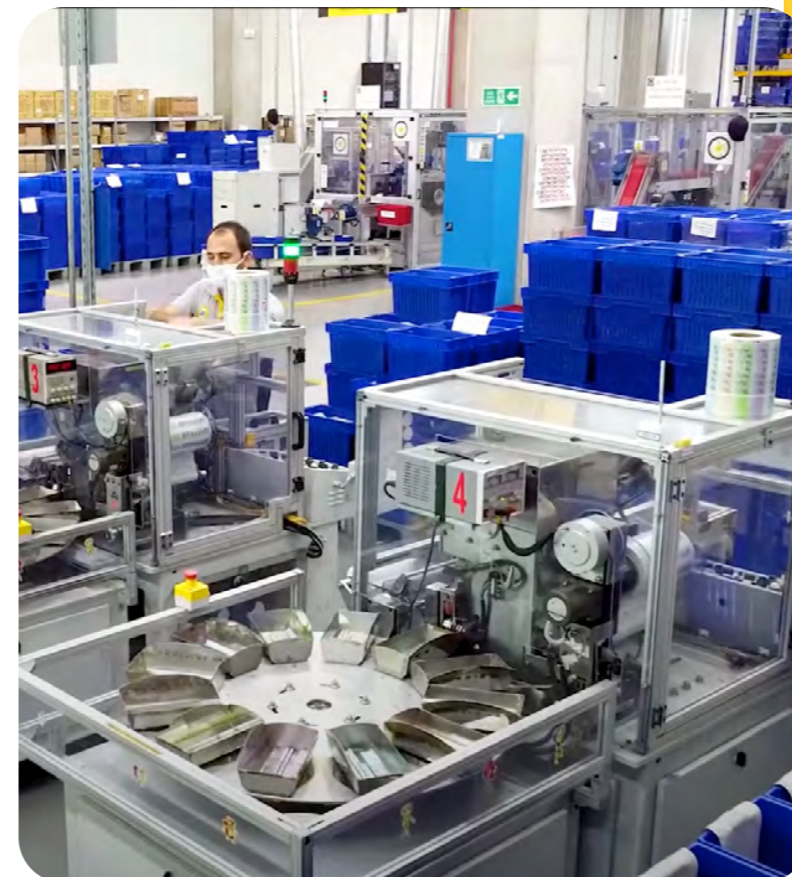
Thus, it is of great importance for the development of both us and our employees that the career maps of our employees at all levels are correctly determined and planned for them to be more successful in positions requiring seniority, experience, and leadership in the coming years. Through the **Organizational Development Meetings (OGT)** process that we systematically conduct within Anadolu Group, we review our employees' career planning and succession at all levels before the company, sector, and group management. We also identify critical roles and high-potential employees.



We have determined our remuneration policies to be a fixed wage and bonus system, which also applies to the members of our highest governance body and senior executives. We also have a job evaluation structure within our company, and we use the methodologies of professional companies with international experience and reliability in the design and execution of this system. We conduct a fair, transparent, and systematic remuneration practice under our belief that the performance of the company and the individual reflect each other.

We develop a competitive pay paradigm consistent with internationally recognized norms and ethical principles, considering factors such as job needs, levels of responsibility, risk management, and our long-term goals. Our performance review is handled using an online system with complete openness, and the evaluation and rewarding criteria, as well as employee expectations, are made available to employees at the start of the year. Therefore, language, race, color, gender, political opinion, belief, religion, sect, age, and physical disability do not have any impact on our remuneration criteria; on the contrary, we try to ensure that all employees are evaluated with the remuneration they deserve in accordance with their skills and performance by taking care not to include such discriminatory factors in our evaluation system.

Through the annual performance feedback that we provide to our white-collar employees, we closely monitor the professional development of our employees. By using **Anadolu Grubu Bir-Fikir Ödüllendirme Sistemi** and **Adel Takdir ve Ödüllendirme Sistemi (Anadolu Group's Bi-Fikir Reward System and Adel Appreciation and Reward System)** in an integrated manner, we reward creative and innovative ideas at the company and group level and aim to encourage our employees in this direction. In this context, we have implemented 71 of the 603 suggestions submitted by our employees. In addition, as a company, we have provided a complaint box without a camera for our employees to submit their complaints and suggestions anonymously. Our Corporate Social Responsibility team evaluates the requests and complaints collected in this box, and when an ethical or disciplinary issue is raised, this situation is transferred to the relevant departments.



The social and economic conditions of subcontracted employees are a part of our sustainable business practices that we evaluate as another crucial topic. For the last three years, we have been partnering with subcontractors for cleaning and security services, and as of 2022, we employ 14 cleaning and 13 security personnel as subcontractors. These personnel's social and economic conditions are reviewed monthly, and the labor relationship with the relevant subcontractor is terminated when situations such as low wages or rights violations are raised. In addition, all security personnel (12 men and 1 woman) received 3 hours of training on human rights in 2021 and 2022.

Adel Kalemcilik provides extensive social and fringe benefits alongside competitive salaries and incentives. We prioritize our employees' personal well-being alongside their professional achievements. To help them overcome economic difficulties, we regularly provide financial support to all our employees every month under the Fixed Social Assistance Package, and we support this support with the Money Club gift vouchers we offer in March and December and the personal shopping gift vouchers we offer once a year. In addition, additional annual leave rights are granted to our employees in proportion to their work experience, and financial support and leave opportunities are offered during essential periods in private life (marriage, birth, circumcision, etc.). We aim to improve the quality of life for our employees and their family members through private health insurance for our employees and their spouses and tuition assistance for children.

We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Employment and Talent Management



Adel Kalemcilik has implemented several rules and practices to protect our employees' rights and enhance employee happiness. With these policies and procedures, we hope to improve not only our workers' work performance but also their devotion to their positions. We defend our employees' trade union rights through collective labor agreements and allow them to exercise these rights freely. The 2022 collective labor agreement signed with the Türkiye Ağaç ve Kağıt Sanayii İşçileri Sendikası (Turkish Wood and Paper Industry Workers' Union) is a concrete expression of our commitment to providing a fair and safe working environment for our employees. This collective bargaining agreement protects workers' wages, provides job security, and regulates working conditions. It also gives workers the freedom to exercise their trade union rights and guarantees reinstatement freely. Relations with blue-collar employees in our company are regulated in accordance with the provisions of the Collective Labor Agreement, and within the scope of this agreement, 1 Chief Representative and 2 Union Representatives work in our factory. These representatives are responsible for conveying the demands, complaints, and problems of blue-collar employees to the employer within the framework of the Collective Labor Agreement and the relevant legal regulations, following the results, representing the employees in practices such as the Occupational Safety Board and the Disciplinary Board and protecting the legal rights of the employees. In the Occupational Health and Safety Board, there are six representatives voluntarily elected by the employees to represent the employees, three of whom serve as full members, and the other three are appointed as substitute members. All employees have the right to communicate directly with management in accordance with the Employee Request and Complaint Procedure. Contracts clarifying workers' rights regarding labor procedures and the existence of worker representatives guarantee a working environment that respects human rights.

We develop our Human Resources strategies focusing on organization & culture, leadership, growth opportunities, and employee satisfaction and base all our activities on these values. By reaping the harvest of these efforts, **we are thrilled to be selected as Türkiye's happiest workplace in the office suppliers' sector with the Outstanding Employee Experience certificate in the "Happy Place to Work" survey in 2022.** With the belief that employee satisfaction should be sustainable, we plan to continue participating in the evaluations every year, and we take steps to contribute to our development with the results of the evaluation process. In this context, we aim to increase our employee retention rate by 10% by 2026 compared to 2021.



Finally, we continuously carry out "kaizen" (continuous improvement) activities, which we started to implement in 2013 within the framework of our High-Performance Culture (YPK) system; with this system, we support employees' ideas and ensure their participation in management. Organized by KalDer's Ankara Branch on October 26, **Adel Kalemcilik İz Bırak Project Team was deemed worthy of the "Kaizen Award" for the year 2022 with the presentation of the project "Design Your Own Facility for Capacity Increase and Sustainability" among the 10 finalist projects in the Kaizen Award Category in the 25th Quality Circles Sharing Conference,** which is a concrete indicator of our culture of continuous improvement and participation and makes a significant contribution to the success of our company.



We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Employee Profile

The company's employee portfolio consists of 385 employees. In addition to the 28.8% of our employees consisting of women, 33% of our management team is women. This is a concrete indication that we also support gender equality in leadership positions. Recognizing the need to increase the representation of women in management positions, we aim to improve ourselves in this context. White-collar employees constitute 47% of the total number of employees in our company. The rate of young talents under 30 in the white-collar employee group is approximately 20%, indicating our organization's emphasis on young talents and its strategic expenditures in talent acquisition. Our Board of Directors, on the other hand, is made up of only 13 male members, all of whom are over the age of 50. We are conscious that a lack of representation of young talents and women in the management team may hamper our company's decision-making processes and strategies. We believe that by combining experience and diversity, we can close these demographic differences.

Employee Demographics	2020	2021	2022
Total Workforce (Number)	344	331	356
Women	97	92	100
Men	247	239	256



Employees by Age Group	2020	2021	2022
Under 30-years-old	46	37	48
Women	22	19	18
White Collar	17	15	15
Blue Collar	5	4	3
Men	24	18	30
White Collar	11	8	11
Blue Collar	13	10	19
30-50 years-old	295	288	300
Women	74	72	80
White Collar	48	49	53
Blue Collar	26	23	27
Men	221	216	220
White Collar	86	81	83
Blue Collar	135	135	137
Over 50-years-old	6	10	14
Women	1	2	5
White Collar	1	2	3
Blue Collar	0	0	2
Men	5	8	9
White Collar	4	4	4
Blue Collar	1	4	5

Board of Directors	2020	2021	2022
Women	0	0	0
Under 30-years-old			0
30-50 years-old			0
Over 50-years-old			0
Men	13	13	13
Under 30-years-old			0
30-50 years-old			0
Over 50-years-old			13

Gender Distribution of Senior Management	2020	2021	2022
CEO	1	1	1
Women	1	1	1
Men	0	0	0
High-Level Managers	7	7	8
Women	1	1	2
Men	6	6	6
Mid-Level Managers	21	21	23
Women	4	5	5
Men	17	16	18
First-Level Managers	39	41	58
Women	16	14	20
Men	23	27	38

We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Equal Opportunity

At Adel Kalemcilik, we adopt and implement equal opportunity as a critical component of our business model because we believe that the principle of equal opportunity guarantees social development and sustainable competitive advantage.



In this context, from recruitment to promotions, from remuneration to training opportunities, we make every effort to base our organizational processes on objective and transparent criteria regardless of age, gender, race, religion, language, ethnic origin, sexual orientation, and other socioeconomic factors. We create a harmonious and accessible environment for our disabled employees. We offer our employees flexible working hours and opportunities, especially during periods such as before and after childbirth, allowing them to harmonize their professional careers with their personal needs.

We adopt gender equality, recognized by the United Nations as a strategic priority among the Sustainable Development Goals, as a fundamental principle and strive to emphasize it in all our operational processes. According to the latest data from the Turkish Statistical Institute, we increased the rate of our female employees to 28.8% in 2022, exceeding the Turkish average of 25.40% in the industrial sector. In addition, our compliance with the standards set by Koç University's Gender and Women's Studies Research and Application Center (KOÇ-KAM) enabled Adel Kalemcilik to be included in İş Portföy's "Women-Friendly Companies Stock Index." Within the Women's Day events framework, we shared with the public the career achievements of our female employees who have made significant contributions to our company and left their mark on the future with a video series. In line with our vision of '**Women Friendly Company,**' we cooperate with non-governmental organizations, especially with organizations such as Engelsiz Amazonlar and Kadın Emeği Dernekleri, and support women by purchasing products produced by women through our social responsibility projects. In addition, we share careful and inclusive content in line with expert recommendations on gender equality on our platforms for children, such as İz Birakan Öğretmenler Öğretmenler and 1500Kelime.com.



Our company's equal opportunity policy is an operational standard and an essential component of our corporate culture. We constantly encourage our employees to treat colleagues, customers, suppliers, and the community with sensitivity and respect, regardless of age, gender, race, language, religion, ethnic origin, sexual orientation, belief systems, disability status, political views, and cultural and social differences. In this context, our Ethics Committee oversees ensuring that these principles and pledges are followed, and the committee has established a practical framework for workers to report and investigate any transgressions. As a result of our policy, no complaints of discrimination against our employees have been recorded yet.



All these processes and practices are periodically evaluated in line with our vision of equal opportunity, and improvement steps are taken when necessary. In line with these improvements, we aim to increase the ratio of female employees to 40% by the end of 2025 in the short term, to increase this ratio to 50% by 2030 in the medium term, and to guarantee 35% female representation in all management positions, and finally, in the long term, to have a fully represented employee structure in Adel Kalemcilik in terms of diversity criteria such as gender, race, and age by 2050.

We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Occupational Health and Safety

At Adel Kalemçilik, we accept improving and developing our business processes by controlling our impacts on occupational health and safety as a fundamental principle of our management systems policy. We are dedicated to completely adhering to the ISO 45001 standards within this framework, involving every employee, and ensuring ongoing progress. While fulfilling our commitment, we proceed in line with our occupational safety procedure and audit the process with our Occupational Health and Safety Board, which meets at least every two months. For the implementation dimension of the procedure, the responsibility for identifying hazards and conducting risk assessments in each unit has been assigned to department heads. Experts such as Occupational Safety Specialist and Occupational Physician support employees during this work. Risk assessment is carried out using the Fine-Kinney method. The risk scores of each hazard are calculated using probability, severity, and frequency scores. This risk assessment aids in the direction of occupational health and safety practices, and the measures to be performed in line with the risk control hierarchy are decided, and a corrective action record is opened and forwarded to the relevant unit responsible. Action processes are carried out within the parameters of the risk score-determined deadline. Risk assessments are reviewed at regular intervals, and required adjustments are made when it is determined that the risk structure has changed. Furthermore, through our **"I Protect My Friend"** application, our employees can report inappropriate workplace conduct to the right individuals. These notifications are thoroughly reviewed by occupational safety experts and entered in the OHS Risk Assessment Table, where the measures to be performed are properly tracked.



We value strengthening health services in our workplace because we promote employee health and safety. We employ expert health personnel, such as a full-time occupational physician and two full-time shift-working workplace nurses. We also provide Private Health Insurance and Complementary Health Insurance to our employees to allow access to non-occupational medical and health needs. While these insurance alternatives assist our employees in meeting their health needs, our policies, such as the Occupational Health and Safety (OHS) Procedure and Health Surveillance Procedure, help us achieve our goal of protecting our employees' health and safety.

At ADEL Kalemçilik, our top priority is to provide the safest working environment for our employees, contractors, and visitors in line with our vision of zero accidents and zero occupational diseases. While the Board of Directors, the highest decision-making authority of our company, makes strategic decisions on occupational health and safety issues, our General Manager and senior management team undertake the task of implementing and realizing these strategies, and the Occupational Health and Safety business unit coordinates these practices under the roof of the Technical Directorate. Launched in 2015, our Sustainability Working Group is critical in addressing occupational health and safety issues from an interdisciplinary perspective; targets and performance indicators are set within this group and reported to senior management through internal audit mechanisms.

We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Occupational Health and Safety

As Adel Kalemçilik, we are aware of our corporate responsibility in occupational health and safety (OHS), and we have adopted the mission of continuous improvements in this area. In this context, our employees are directly represented in our Occupational Health and Safety Board, which consists of 11 full members, 4 of which are employee representatives, and with the participation of production engineers, managers, maintenance experts, and subcontractor representatives in the meetings, our team of approximately 25 people is included in the decision-making processes. The decisions of the Occupational Health and Safety Board, which we share transparently with our employees and business partners, are also discussed during union negotiations and included in collective bargaining agreements. In this context, issues such as working hours, rest intervals, work clothes, and protective equipment are examined in detail in accordance with OHS norms.

Training and awareness raising are critical for spreading the OHS culture we adopt as Adel Kalemçilik. In 2022, we managed to provide 1,654 person*hours of OHS training to our employees; thus, we aim to create a safer and healthier work culture in the workplace environment by increasing our employees' awareness of OHS issues. In addition to training, our risk assessment, continuous monitoring, and internal and external audit activities play a key role in the continuous improvement of our occupational health and safety performance. In addition, we ensure the continuous improvement of the working environment through our comprehensive audits and monitoring, such as equipment, vehicle, fire systems,

emission, personal exposure, noise, and thermal controls, which we carry out periodically. We ensure that all our business processes have a comprehensive OHS management with our audit practices covering contractor employees.

While our company meticulously implements the measures taken in occupational health and safety, it also aims to continuously improve the working environment through various activities in this field. In addition, we immediately intervene in unwanted accidents and make comprehensive evaluations to prevent similar situations from happening again. We share the results with our employees and plan additional training and informative bulletins. In addition to our training activities, we use various technical applications (machine guards, two-hand controls, switch changes, light barriers, and warning signs) to prevent hand and arm injuries during machine use. In addition, to minimize the risks of ergonomics and occupational diseases in office and production areas, we implement a range of applications such as handling and lifting equipment, crane systems, ergonomic office materials, and local suction systems.



We recognize as a company that emergency management, a fundamental component of occupational health and safety (OHS) policies, is critical to the safety of our employees and the continuation of our business processes. Eye and neck showers have been put at crucial spots in our production areas to manage emergencies swiftly and effectively, and strategic sites that our personnel can access immediately are supplied with first aid kits. We seek to secure both the safety of our personnel and the stability of our manufacturing processes in the fight against static electricity by installing supplementary grounding procedures, equipotential tongs, and employee grounding plates. Finally, we have installed fire detectors in all our office areas, automatic extinguishing systems in departments with high fire risk, and enlarged our inventory of fire extinguishers, fire trucks, and fire cabinets to improve our fire-fighting capabilities. Thanks to our comprehensive occupational health and safety measures and proactive improvement strategies, we have succeeded in reducing the frequency rate of work-related accidents by almost half over the last three years, from 3.76% to 1.81%. Going forward, we aim to reduce work-related injury rates by 20% compared to 2021 levels by 2025 in the short term, by 50% by 2030 in the medium term, and ultimately eliminate work-related injuries by 2050 in the long term.



We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Occupational Health and Safety

HRSH and HRAH Data		2020	2021	2022
HRSH* (The number of accidents per 1,000,000 working hours worked in a calendar year (Work-Related))	AFR: $AFR/(PTEGS*8)*1000000$	3.76	2.53	1.81
HRSH (The number of accidents per 1,000,000 working hours worked in a calendar year (All Occupational Accidents))	AFR: $AFR/(PTEGS*8)*1000000$	13.15	11.83	15.36
HRAH (For every 100 hours worked, how many hours lost)	ASR: $TND/(PTEGS*8)*1000000$	97.69	15.20	37.49

OHS Data	2020	2021	2022
Number of Work Accidents	14	14	17
Number of Major Work Accidents with Lost Working Days-Total	4	3	2
Number of Accidents with Lost Working Days	9	4	11
Days Lost in Work Accidents-Total	104	18	41.5
Number of Premium Days Committed - Total	133070	147990	138372
Number of Days Added in Case of Fatal Work Accident	0	0	0

Accident Comparison Table by Year				
	Major	Minor	Non-work	Total
2020	4	9	3	16
2021	3	11	0	14
2022	2	15	0	17

2020 Work Accidents Employee Status Breakdown

	Temporary	Permanent	Subcontractor	Intern	Total
Major	0	3	1	0	4
Minor	3	2	4	0	9
Non-work	0	1	2	0	3

2021 Work Accidents Employee Status Breakdown

	Temporary	Permanent	Subcontractor	Intern	Total
Major	0	2	1	0	3
Minor	0	9	2	0	11
Non-work	0	0	0	0	0

2022 Work Accidents Employee Status Breakdown

	Temporary	Permanent	Subcontractor	Intern	Total
Major	0	2	0	0	2
Minor	3	11	0	0	14
Non-work	0	1	0	0	1

We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Social Benefit and Social Responsibility

Since our inception, Adel Kalemçilik has endeavored to achieve social and environmental benefits and economic success in all our endeavors. With this in mind, we have assumed the mission of utilizing sustainable projects to benefit our stakeholders and the greater community. We contribute in a variety of ways to meet the educational needs of children and young people and to promote environmental sustainability in accordance with the 2030 United Nations Sustainable Development Goals. In this regard, we have implemented the “Goodness Tree” Corporate Social Responsibility Framework, which places emphasis on climate action and quality education in alignment with our fundamental corporate philosophy of “goodness.”



Activities we carried out under the roof of the Goodness Tree between 2021-2022:

We continued in 2021 the Creative Children’s Creative Brain Workshops and Teachers Leave A Mark initiatives, which we initiated in 2012 in collaboration with ÖRAV, in pursuit of our objective of becoming a “Consulted Company in Education.”



We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Social Benefit and Social Responsibility

Creative Child Creative Brain Workshops (Yaratıcı Çocuk Yaratıcı Beyin Atölyeleri):

Our training aims to impart to educators the profound significance of creativity and assist them in molding the intellectual horizons of children. Through the seminars that we have facilitated since 2012, we have facilitated the creative development of tens of thousands of children and instructed nearly ten thousand educators through this context by the conclusion of 2022. Adel Kalemcilik will prioritize training programs and pioneering educational services to expand its influence among educators and students throughout Türkiye.

Teachers Who Leave A Mark Platform İz Bırakan Öğretmenler Platformu:

Our online platform, www.izbirakanogretmenler.com, aims to give teachers an innovative perspective by revising classical educational processes and introducing more interactive methodologies. With the new methods provided by our platform, teachers can create a creative learning environment for students using simple materials such as water, drawing cardboard, crayons, and markers.

What's Hanging

Askıda Ne Var

Since 2016, under the corporate social responsibility umbrella of İyilik Ağacı, we have been collaborating with several non-profit partner organizations, local governments, and public institutions to provide educational and stationery aid to children and young people in need. In this context, during the back-to-school period in 2022, we collaborated with the Askıda Ne Var social initiative and left stationery kits on hangers for 100 university students.

1500Kelime.com:

In 2021, we launched our multidisciplinary education platform, 1500Kelime.com, by shifting our focus to the preschool phase, considered the most critical and shaping period of child development since 2020. Our platform has received 11 awards from reputable national and international sectoral organizations.

Our project focuses on developing pedagogical tools that will make it easier for parents to spend quality time with their children, considering Türkiye's low PISA scores compared to the OECD average, the lack of schooling between the ages of 3-5, and the 25% drop in the number of preschool students. In this project, which we prepared based on the Ministry of National Education's "Concepts in Preschool Education" list, we aim to contribute to children's education using storytelling and gamification techniques.



Awards received by our platform:

2021

Anadolu Group Bi-Fikir Innovation Competition - First prize in the Explorers category

2022

Altın Pusula Türkiye Public Relations Awards - "Golden Compass" award in the "Digital Communication - Corporate Responsibility" category

2022

PRIDA Communications Awards - Prida Award in the category of "UNICEF - Campaigns that Bring Hope to Children"

2022

PRIDA Communications Awards - "Success" award in the "Corporate Publications and Reports" Category

2022

2022 Stevie MENA International Business Awards - Gold Stevie award in the category "Innovation in Education and Education Mobile Apps"

2022

Kalder 25th Quality Circles Sharing Conference - KALDER Kaizen Award for "Design Your Own Facility for Capacity Increase and Sustainability" project.

2021

Anadolu Group Bi-Fikir Innovation Competition - "Special Value for Humanity Award"

2022

Brandverse Awards - "Bronze" award in the "Quality Education" category

2022

PRIDA Communications Awards - "Achievement" award in the "Corporate Social Responsibility Communication" category

2022

2022 Stevie MENA International Business Awards - Golden Stevie award in the "Innovation in Education and Educational Websites" category

2022

2022 Stevie MENA International Business Awards - Bronze Stevie award in the category "Communication or Public Relations Campaign of the Year - Corporate Responsibility"



We Leave Our Mark with Our Kindness: Employee Rights and Social Impact

Social Benefit and Social Responsibility

Education Support for the Community

Under the auspices of İyilik Ağacı Corporate Social Responsibility, we provided stationery and educational materials to about 10,000 underprivileged children who were having trouble accessing an education during the 2021–2022 school year, in collaboration with several non-governmental organizations and corporate partners.

In light of all these projects, in the short term, we aim to allocate 1% of our annual income to social projects by the end of 2025 and create mechanisms to monitor and evaluate the impact of these projects; in the medium term, we aim to strengthen these mechanisms by increasing the allocated income to 3% by 2030; and in the long term, we aim to allocate 5% of our annual income to social projects by 2050 and ensure that these projects provide social and economic sustainable transformation.

Our company recognizes creating value for society and the industry as one of our fundamental responsibilities. For this reason, in line with our “goodness” value, we are conscious of social responsibility in all our business activities. By adopting this understanding at every level of our company, we emphasize the necessity of corporate social responsibility in a wide value chain, from our employees to customers and suppliers.



In this context, we completed the preparatory work for the **Amfori BSCI (Business Social Compliance Initiative)** audit in 2021, which aims to ensure high-quality working conditions in a sustainable manner and to promote the supply chain based on local laws as well as important international regulations such as ILO labor standards and the United Nations Convention on Human Rights, and we complied with the BSCI’s code of conduct and **obtained the BSCI certification**. We received an A rating in the categories of Employee Participation and Protection, Union and Collective Bargaining Rights, Non-Discrimination, Fair Remuneration, Considerate Working Hours, Occupational Health and Safety, Prohibition of Child Labor, Special Protection for Young Workers, Prohibition of Temporary Employment, Prohibition of Bonded Labor, Environmental Protection, and Ethical Business Conduct during this process, and we intend to make the necessary plans and take the necessary actions.



Appendices

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3 GOOD HEALTH AND WELL-BEING



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



17 PARTNERSHIPS FOR THE GOALS



Appendices

Performance Indicators

Economic and Operational Indicators

TL	2021	2022	%
Net Sales	486,155	895,273	84%
Gross Profit	153,865	360,453	134%
EBITDA	59,659	192,283	222%
Net Profit/(Loss)	-12,698	37,492	N/A
Net Working Capital	200,121	246,164	23%
Net Financial Debt	170,129	239,980	25%
Free Cash Flow	-16,696	15,219	N/A
Gross Profit Margin	32%	40%	-
EBITDA Margin	12%	21%	-

All figures and tables in this report include the impact of IFRS16.

Anti-Corruption

	2022
Number of employees trained in combating corruption and bribery	385
Total hours of training on combating corruption and bribery	770
Number of managers trained in combating corruption and bribery	91
Number of suppliers trained on anti-corruption and anti-bribery	11
Total hours of training provided to suppliers on anti-corruption and anti-bribery	22

Our company has not faced any penalties and litigation procedures in the environmental, social, and corporate governance areas

Social Indicators

Employee Demographics

	2020	2021	2022
Total Labor Force (Number)	344	331	356
Women	97	92	100
Men	247	239	256

Total Number of Employees by Category

Blue-Collar	180	173	189
Women	31	27	30
Men	149	146	159
White-Collar	164	158	167
Women	66	65	70
Men	98	93	97

Total Number of Employees by Employment Type

Full-time	344	331	356
Blue-Collar	180	173	189
Women	31	27	30
Men	149	146	159
White-Collar	164	158	167
Women	66	65	70
Men	98	93	97

Appendices

Social Indicators

Employee Demographics

	2020	2021	2022
Part-time	0	158	23
Blue-Collar	0	65	13
Women	0	93	4
Men	0	0	9
White-Collar	0	0	10
Women	0	0	6
Men	0	0	4
Non-Employee People (Subcontractors)			
Number of Full-Time Subcontracted Employees	29	37	27
Women	10	13	8
Men	19	24	19
Number of Part-Time Subcontracted Employees	0	0	0
Women	0	0	0
Men	0	0	0
Number of Employees Covered by Collective Bargaining Agreements	179	173	189
Women	31	27	30
Men	148	146	159

Employee Demographics

	2020	2021	2022
Number of Unionized Employees	179	173	189
Women	31	27	30
Men	148	146	159
Number of Employees who took part in Labor Unions during the Reporting Period	3	3	3
Women	0	0	0
Men	3	3	3
Number of Employees who took office in Employer Unions during the Reporting Period	3	3	3
Women	0	0	0
Men	3	3	3
Employees by Education Level			
Primary Education	29	26	24
High School	150	146	163
University and Above	165	159	169

Appendices

Social Indicators

Employee Demographics

2020 2021 2022

Employees by Age Group

Under 30 years old	46	47	48
Women	22	21	18
White-Collar	17	17	15
Blue-Collar	5	4	3
Men	24	26	30
White-Collar	11	12	11
Blue-Collar	13	14	19
30-50 years old	295	288	300
Women	74	72	80
White-Collar	48	49	53
Blue-Collar	26	23	27
Men	221	216	220
White-Collar	86	81	83
Blue-Collar	135	135	137
Women	6	4	14
Men	1	1	5

Employee Demographics

2020 2021 2022

Employees by Age Group

Over 50 Years Old	6	4	14
Women	1	1	5
White-Collar	1	1	3
Blue-Collar	0	0	2
Men	5	2	9
White-Collar	4	1	4
Blue-Collar	1	1	5

Employees by Duration of Employment

Employed for 0-5 years	105	92	117
Women	48	46	51
Men	57	45	66
Employed for 5-10 years	119	110	116
Women	28	32	37
Men	91	78	79
Employed for 10 years or more	120	130	123
Women	21	15	12
Men	99	115	111

Appendices

Social Indicators

Employee Demographics

	2020	2021	2022
Number of Employees with Disabilities	10	10	10
Women	4	6	6
Men	6	4	4
Minimum Number of Disabled Persons Required to be Employed by Legal Obligation	10	10	10
Women	6	6	6
Men	4	4	4
Number of Foreign National Employees	1	0	0
Number of Managers	68	69	89
Women	22	21	28
Under 30 years old	1	1	0
30-50 years old	20	19	26
Over 50 years old	1	2	3
Men	46	48	61
Under 30 years old	1	1	1
30-50 years old	44	43	57
Over 50 years old	1	4	4

Employee Demographics

	2020	2021	2022
Gender Distribution of Senior Management			
CEO	1	1	1
Women	1	1	1
Men	0	0	0
Senior Manager	7	7	8
Women	1	1	2
Men	6	6	6
Mid-Level Manager	21	21	23
Women	4	5	5
Men	17	16	18
First Level Manager	39	41	58
Women	16	14	20
Men	23	27	38

Appendices

Social Indicators

Employee Demographics

	2020	2021	2022
Board of Directors	13	13	13
Women	0	0	0
Under 30 years old			
30-50 years old			
Over 50 years old			
Men	13	13	13
Under 30 years old			
30-50 years old			13
Over 50 years old			
Recruitment and Promotions			
Number of All Opened Positions	29	34	52
Number of Newly Recruited Employees	29	22	61
Women	14	9	19
Under 30 years old	3	4	9
30-50 years old	11	5	10
Over 50 years old	0	0	0

Employee Demographics

	2020	2021	2022
Recruitment and Promotions			
Men	15	13	42
Under 30 years old	5	4	20
30-50 years old	10	9	22
Over 50 years old	0	0	0
Number of Women Employees Recruited at Entry/Starting Level	1	5	8
Number of Men Recruited at Entry/Starting Level	5	6	12
Number of Positions Closed with Women Employees	14	11	23
Number of Positions Closed with Men Employees	15	13	29
Number of Positions Filled with Women Internal Candidates	2	2	0
Number of Positions Filled with Men Internal Candidates	8	0	0
Number of Newly Hired Women Employees During the Year	14	9	19
Number of Newly Hired Men Employees During the Year	15	13	42
Number of Employees on Parental Leave			
Number of Employees Benefiting from Parental Leave	18	21	14
Women	2	3	4
Men	16	18	10
Number of People Who Returned to Work After Benefiting from Parental Leave	18	21	14
Women	2	3	4
Men	16	18	10

Appendices

Social Indicators

Training Data

	2020	2021	2022
Employee Training Total Hours (person x hour)	4262	4970	3922
Average Annual Training Hours per Employee	12	15	11
Total Expenditure on Employee Training (TL)	408,320.72	358,088.38	609,830.94
Average Annual Training Expenditure per Employee	1186	1081.8	1713
Leadership Focused Total Training Hours	800	2880	96
Number of Employees Receiving Leadership Training	50	24	12
Average Annual Leadership Training per Employee	2.5	8.6	0,26
Total Training Hours on Sustainability and Environmental Issues	322	279	972
Hours of Training Provided to Subcontracted Employees	230	240	270
All Expenses Spent for Employee Development			189869683

OHS Data

	2020	2021	2022
Number of Work Accidents	16	14	17
Major	4	3	2
Temporary	0	0	0
Permanent	3	2	2
Subcontractor	1	1	0
Intern	0	0	0

OHS Data

	2020	2021	2022
Minor	9	11	14
Temporary	3	0	3
Permanent	2	9	11
Subcontractor	4	2	0
Intern	0	0	0
Out of Business	3	0	1
Temporary	0	0	0
Permanent	1	0	1
Subcontractor	2	0	0
Intern	0	0	0
Number of Major Work Accidents with Lost Working Days-Total	4	3	2
Number of Accidents with Lost Working Days	9	4	11
Days Lost in Work Accidents-Total	104	18	41.5
Number of Premium Days Committed - Total	133070	147990	138372
Number of Days Added in Case of Fatal Work Accident	0	0	0
HRSH* (Indicates the number of accidents per 1,000,000 working hours worked in a calendar year (WORK-RELATED))	3.76	2.53	1.81
HRSR (Indicates how many accidents occur for every 1,000,000 working hours worked in a calendar year (ALL WORK ACCIDENTS))	13.15	11.83	15.36
HRAH (Indicates how many hours are lost for every 100 hours worked)	97.69	15.20	37.49

Appendices

Social Indicators

Other Social Indicators

2020 2021 2022

Working Hours

Total Working Hours of Employees	998,047.5	947,917.5	1,034,865
Total Working Days of Employees	133,073	126,389	137,982
Total Working Hours of Subcontracted Company Employees	70,875	71,685	72,090
Total Working Days of Subcontracted Company Employees	9,450	9,558	9,612

Fringe Benefits and Remuneration

Employee Wages	33.510.987,59	38.880.826,97	70.516.964,06
Total Payment Made for Employee Benefits	58.512.916,74	73.435.632,39	132.341.613,62
Ratio of Highest Salary to Average Salaries	17,76%	17,78%	18,09%
Ratio of Annual Total Compensation of the Highest Paid Person to the Average Annual Total Compensation of All Employees (excluding the Highest Paid Person)	22,47%	22,47%	23,30%
Ratio of Highest Salary to Fringe Benefits	1,91%	2,01%	2,47%
Average Ratio of Women's Basic Salary to Men's	2,47%	2,69%	2,20%

Ratio of Standard Entry Level Wages to Local Minimum Wage

Women	1,18%	1,15%	1,13%
Men	1,21%	1,25%	1,11%
Total	1,39%	1,40%	1,24%

Other Social Indicators

2020 2021 2022

Ratio of the Percentage Increase in Annual Total Compensation of the Highest Paid Person to the Median Percentage Increase in Annual Total Compensation of All Employees (excluding the highest paid person)	1.10%	0.78%	0.88
Ratio of Women's Primary and Middle Level Managers' Salaries to Men's Primary and Middle Level Managers' Salaries (basic salary only) %	0.87%	0.64%	0.73%
Ratio of Salaries of Women First and Middle Level Managers to Salaries of Men First and Middle Level Managers (sum of basic salary and other bonus payments) %	0.92%	0.49%	0,60%
Ratio of salaries of women employees without managerial title to salaries of men employees without managerial title (basic salary only) %	0.44%	0.40%	0.51%
Average Ratio of Basic Salary of Women Employees to Men Employees (%)	1.01%	0.88%	1.10%

Gender Distribution of Employees in the Top 10% Wage Bracket

Women	30%	25%	35%
Men	70%	75%	65%

Employee Satisfaction

Number of Employees Participating in Employee Satisfaction Survey	0	150	301
Women			88
Men			213
Employee Satisfaction Score	X	85	
Women			59
Men			57
Number of Employees Participating in Employee Engagement Survey	0	150	301
Women			88
Men			213
Percentage of Employees Participating in Employee Engagement Survey	0	%45	
Women			79%
Men			78%

Appendices

Social Indicators

Other Social Indicators

2020 2021 2022

Employee Engagement Score

Women 65

Men 67

Employee Turnover Rate (Turnover) 11% 9% 14%

Employees Quitting (Number) 38 31 49

Under 30 years old 12 12 17

30-50 years old 2 1 6

Over 50 years old 10 10 11

Over 50 years old 0 1 0

Men 26 19 32

Under 30 years old 2 1 9

30-50 years old 22 16 20

Over 50 years old 2 2 3

Total Number of Employees Who Quit Their Jobs on Their Own Behalf (Voluntary) and Quit Ratio 21 24 29

Women 6 8 13

Under 30 years old 1 0 4

30-50 years old 5 7 9

Other Social Indicators

2020 2021 2022

Over 50 years old 0 1 0

Men 15 16 17

Under 30 years old 2 1 9

30-50 years old 13 15 8

Over 50 years old 0 0 0

Ratio of Total Number of Layoffs to Total Number of Employees 8% 1% 3%

Women 9% 1.09% 3%

Men 7% 0.84% 4%

Employee Turnover Rate of employees who separate (voluntarily) from their jobs (resignation, etc.) 6% 7% 8%

Women 6% 9% 2,28%

Men 4% 6% 4,44%

Employee Suggestion System

Years 2020 2021 2022

Number of Suggestions Submitted via Employee Suggestion System 945 955 705

Number of Suggestions Implemented 524 684 476

Appendices

Environmental Performance Indicators

Environmental Data

	2020	2021	2022
Energy			
Total Energy Consumption (KWH)	11,330.558	14,052.737	13,720.708
Natural Gas (KWH)	3,478.624	4,779.849	4,243.366
Electricity (KWH)	5,007.140	4,854.089	5,678.795
Energy Consumption per Product (KWH/piece)	0.01027	0.01341	0.01047
Energy Recovery (savings /electricity) (KWH)	109000	6805	150000
Emissions			
Total annual emissions (kg)	3211.20	4795.39	4572.75
Specific NOx Emission (Annual) (kg)	14242.50	21268.80	20281.32
Specific SOx Emission (Annual) (kg)	724.50	1108.80	1057.32
Volatile organic compounds (VOC) emissions (Annual) (kg)	30008.25	44812.32	42731.75
Particulate matter (PM) (Annual) (kg)	3211.20	4796.39	4572.75
Total hazardous particulate matter (Annual) (kg)	48204.45	71985.31	68643.14
Water			
Total Water Consumption (m³)	22.574	20.394	26.603
Well Water (m³)	22.574	20.394	24.916

Environmental Performance Indicators

Environmental Data

	2020	2021	2022
Waste			
Total amount of hazardous waste (kg)	420.44	250481	303996
Total amount of non-hazardous waste (kg)	234.59	368010	226593
Waste recovery (waste/kg)	202.84	216000	197300
Other Environmental Issues			
Total Environmental Management Expenditure (TL)	322,336	1,781,279	2,057,228.07
Savings Achieved through Environmental Investments and Expenditures (TL)	0	33,592	
Fines for Non-Compliance with Environmental Laws (Qty-TL)	0	0	0
Environmental Impact Complaints Submitted through Formal Mechanisms (Number)	0	0	0
Environmental Education (Hours)		279	972
Environmental Training (Number of Employees)		217	178

SDG Index

Sustainable Development Goals Index

SDGs	Projects/Activities	Topic Title	Page Number
1	No Poverty	Our clean business ethics and anti-corruption approach contribute to the fair distribution of resources.	Business Ethics 44,45
		With the Askıda Ne Var Project, providing stationery aid to students in need is important in terms of combating poverty by contributing to the education of these students.	Community Benefit and Social Responsibility 112
3	Good Health and Well-Being	Product safety and quality control are fundamental to protecting the health of our customers. Every product is tested to ensure that it complies with legal regulations and is safe for use by children.	Product Quality and Regulatory Compliance 52,53
		Applications such as "Arkadaşımı Koruyorum" also contribute to this goal by protecting health and well-being at work and preventing potential accidents or health problems by identifying hazards in advance.	Occupational Health and Safety 104
4	Quality Education	The "Creative Children's Creative Brain Workshops" and "Teachers Who Leave A Mark" projects, which we carry out under the umbrella of the Goodness Tree, make significant progress in quality education. Training 9 thousand teachers and helping thousands of children develop their creativity is directly in harmony with this goal.	Community Benefit and Social Responsibility 110,115
		The 1500Kelime.com project emphasizes the critical importance of preschool education.	Community Benefit and Social Responsibility 121
5	Gender Equality	We work to increase the ratio of women employees, to ensure the representation of women in senior management and to be included in the list of Türkiye's 50 Most Powerful Women CEOs.	Equal Opportunity 101-03
		We aim for compliance with the standards set by Koç University's Center for Gender Studies at Koç University (KOÇ-KAM).	Equal Opportunity 102
		We work with organizations such as Engelsiz Amazonlar and Women's Labor Associations. We support women by purchasing products produced by women through our social responsibility projects.	Equal Opportunity 101-102
6	Clean Water and Sanitation	Clean water sources accessible to all employees are provided. In addition, wastewater quality and quantity are regularly monitored.	Water and Wastewater Management 82,83
		In our facility, customized treatment methods are applied for different types of wastewaters.	Water and Wastewater Management 82,83
		Rainwater is collected separately within the facility and used for garden irrigation and fire lines.	Water and Wastewater Management 82,83
		We have the ownership of a Wastewater Discharge Permit (WWDP)	Water and Wastewater Management 82,83
		Water efficiency is being enhanced using motion-activated faucets	Water and Wastewater Management 82,83

Sustainable Development Goals Index

SDGs	Projects/Activities	Topic Title	Page Number
7	Affordable and Clean Energy	Compliance with ISO 50001 Energy Management System standards	Energy Management 617
		* LED conversion and sensor application in raw material warehouses, * Wood chip boiler chimney optimization, * Free cooling chiller application for injection of cooling water, * Significant savings have been achieved with Energy Efficiency Projects like the application of soft starters for wood chip fans	Energy Management 71
		We plan to reach our energy efficiency targets with projects such as the installation of a solar power plant and drycoolers.	Energy Management 71
8	Decent Work and Economic Growth	Our work in business ethics and anti-corruption (business ethics principles, ethics hotline) reflects our commitment to human rights and our efforts to provide fair working conditions for people.	Business Ethics 44,45
		Considering sustainability principles in our supplier selection, promoting fair business practices, and contributing to local economies align with our business and economic growth goals.	Supply Chain Management 60
		R&D contributes to economic growth and the use of local resources aims to strengthen the local economy.	Making Our Mark with Innovation: R&D, Innovation, and Digitalization 56,57
9	Industry, Innovation, and Infrastructure	Activities such as compliance with ISO 45001 standards, procedures on occupational health and safety, and regular meetings of the Occupational Health and Safety Committee directly support this objective.	Occupational Health and Safety 104
		Our continuous improvement and innovation efforts continue for product quality and customer satisfaction. Technological innovations and infrastructure investments both increase the quality of our products and make your customer service more effective.	Customer Satisfaction 46-49
		In 2020, 2021 and 2022, we made significant investments in our technological infrastructure.	Information Security 55
10	Reduced Inequalities	Our R&D Center has been operating since 2019. With 10 national and 6 international patents, we develop original and innovative products and methods.	Making Our Mark with Innovation: R&D, Innovation, and Digitalization 60,61
		With 10 national and 6 international patents, we develop original and innovative products and methods.	Making Our Mark with Innovation: R&D, Innovation, and Digitalization 60,61
		The 1500Kelime.com Project is aligned with the goal of creating equal opportunities in preschool education.	Community Benefit and Social Responsibility 112
10	Reduced Inequalities	Our quality management system is focused on ensuring the highest quality production of our products and customer safety. Our products are documented with Turkish Standards Compliance Certificates and European Union Toy Directive compliance certificates.	Product Quality and Regulatory Compliance 53
		We contribute to reducing social inequality by addressing different segments in our customer portfolio and organizing product presentations and training tailored to specific customer needs.	Customer Satisfaction 46-49

SDG Index

Sustainable Development Goals Index

SDGs	Projects/Activities	Topic Title	Page Number
12	Responsible Consumption and Production	Minimizing the use of natural resources by using FSC Certified wood.	Sustainable Product and Raw Material Management 57
		All processes, from the design to the production and delivery to the consumer of our products, are shaped with sensitivity to sustainability standards and environmental impacts.	Product Quality and Regulatory Compliance 57
13	Climate Action	Compliance with ISO 14001 Environmental Management System and ISO 50001 Energy Management System standards	For a Greener Future: Our Environmental Impact and Management 67
		Carbon Footprint Measurements	Climate Crisis and Greenhouse Gas Emissions Management 72-75
		Measurement of on-site emission sources	Climate Crisis and Greenhouse Gas Emissions Management 72-75
		Within the context of the Goodness Tree Forest Project, 15,000 seeds were planted.	Climate Crisis and Greenhouse Gas Emissions Management 68
14	Life Below Water	The Anatolian Heritage Pencil series draws attention to endangered species.	Biodiversity 90
15	Life on Land	By limiting the use of harmful chemicals in the production and packaging of our products, we reduce the risk of harm to seas and oceans. We strive to ensure that environmentally friendly products are preferred.	Product Quality and Regulatory Compliance 53
		The Anatolian Heritage Pencil series draws attention to endangered species.	Biodiversity 90
		Minimizing the use of natural resources by using FSC Certified wood.	Sustainable Product and Raw Material Management 57
		Environmentally friendly materials are used in the manufacturing of products, harmful chemicals are limited, and sustainability standards are adopted.	Sustainable Product and Raw Material Management 56,57
		Avoiding construction of facilities in areas of high biodiversity value and preserving forests.	Biodiversity 90

Sustainable Development Goals Index

SDGs	Projects/Activities	Topic Title	Page Number
16	Peace, Justice, and Strong Institutions	With the Adel Code of Ethics, Ethics Committee, and Ethics Hotline, we contribute to business ethics and anti-corruption, building strong institutions and maintaining the rule of law.	Business Ethics 44,45
		Full compliance with international human rights standards, such as the UN Universal Declaration of Human Rights and ILO Directives.	Business Ethics 44,45
		Ensure that employees who report ethics violations will not face retaliation and support the right to organize and collectively bargain.	Business Ethics 44,45
		ISO 27001 Information Security Management System Certification reflects an information security and data protection commitment.	Information Security 54
		Installation of cyber security systems such as Symantec DLP system	Information Security 54
		Our ethical supplier selection and employee satisfaction strengthen our organization by promoting the building of peaceful and inclusive societies.	Supply Chain Management 56,57
17	Partnerships for the Goals	With the Social Compliance Initiative, we aim to improve business processes by ensuring compliance with laws and ethical rules.	Social Benefit and Social Responsibility 110-115
		We develop collaborations and partnerships with our customers, dealers, and retailers in line with customer satisfaction and sustainability goals. We offer unique campaigns and advantages for our commercial customers through Adel Club.	Customer Satisfaction 46-49
		Our membership of the European Pen Manufacturers Association (EPMA) and the European Writing Instrument Manufacturers Association (EWIMA) demonstrates our commitment to promoting sustainability through international collaboration. We are leading the way in compliance with standards and regulations.	Product Quality and Regulatory Compliance 52
		Our cooperation with non-governmental organizations in line with the Women Friendly Company vision	Equal Opportunity 102, 103
		Developing Social Responsibility Projects through Collaborations	Social Benefit and Social Responsibility 110-115

GRI Content Index

Within the scope of the Content Index - Essentials Service, GRI Services has examined whether the GRI content index is presented clearly and complies with the Standards. References to statements 2-1 to 2-5, 3-1 and 3-2 have been aligned with the appropriate sections in the body of the report. Adel Kalemcilik Tic. and San. A.Ş. reported its sustainability reporting in accordance with GRI Standards requirements for the period of January 1, 2022 - December 31, 2022. The service is provided through the Turkish version of the report.



Used GRI 1 GRI 1: Baseline 2021

GRI STANDARD	Explanation	Related Section	Page Number
GRI 2: General Disclosures 2021	2 -1 Organizational details	About the Report	4,5
	2 -2 Organizations involved in the organization's sustainability reporting	About the Report	4,5
	2 -3 Reporting duration, frequency and point of contact	About the Report	4,5
	2 -4 Restatement of information	About the Report	4,5
	2 -5 External assurance	No external assurance was received specifically for this report.	
	2 -6 Activities, value chain and other business relationships	Company Profile	10-13
	2 -7 Employees	Corporate Profile, Adel Kalemcilik in Numbers, Employee Profile, Social Indicators	10-13, 19, 100, 101, 119-133 13, 19, 100, 101, 119-133
	2 -8 Non-employee workers	Employee Profile, Social Indicators	100, 101, 119-133
	2 -9 Governance structure and composition	Governance and Economic Performance	40-43
	2 -10 Nomination and election of the highest governance body	Management Structure and Applications	40-43
	2 -11 President of the highest governing body	Management Structure and Applications	40-43
	2 -12 The role of the highest governance body in overseeing the management of impacts	Management Structure and Applications	40-43
	2 -13 Delegation of responsibility for managing impacts	Management Structure and Applications	40-43
	-14 The role of the highest governance body in sustainability reporting	Management Structure and Practices, Our Approach Towards Sustainability	22-25, 40-43
	2 -15 Conflicts of interest	Business Ethics	44,45
	2 -16 Communication of critical concerns	Business Ethics, Customer Management	44-49
	2 -17 Collective knowledge of the highest governance body	Message from Management, Our Approach Towards Sustainability, Economic Performance and Value Creation	6,7,22-25,36-43
	2 -18 Evaluation of the performance of the highest governance body	Message from Management, Our Approach Towards Sustainability, Economic Performance and Value Creation	94-99
	2 -19 Pricing policies	Employment and Talent Management, Social Indicators	94-99, 119-133
	2 -20 Wage determination process	Employment and Talent Management	94-99
	2 -21 Total annual wage rate	Social Indicators	119-133
	2 -22 Sustainable development strategy statement	Social Indicators	22-25
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