OYAK ÇİMENTO
TSRS - ALIGNED SUSTAINABILITY REPORT
2024

OYAK | CEMENT

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(Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish)

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION PRESENTED UNDER THE TÜRKİYE SUSTAINABILITY REPORTING STANDARDS OF OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

To the General Assembly of Oyak Çimento Fabrikaları Anonim Şirketi,

We have been assigned to perform limited assurance engagement on the information ("Sustainability Information") presented in accordance with the Türkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Türkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" of Oyak Çimento Fabrikaları Anonim Şirketi and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2024.

Our assurance engagement does not include the information related to prior periods and other information associated with Sustainability Information (including any images, audio files, website links or embedded videos) .

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, as summarized under the section "Summary of the Work we Performed as the Basis for our Assurance Conclusion", nothing has come to our attention that causes us to believe that Group's Sustainability Information for the year ending December 31, 2024, has not been prepared in accordance with the Türkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M). We do not provide any assurance conclusion regarding the information related to prior periods and any other information associated with the Sustainability Information (including any images, audio files, website links or embedded videos).

Inherent Limitations in the Preparation of Sustainability Information

The Sustainability Information is subject to inherent uncertainties due to lack of scientific and economic information. The inadequacy of scientific data leads to uncertainties in the calculation of greenhouse gas emissions. Additionally, due to the lack of data regarding the likelihood, frequency, and impacts of potential physical and transition climate risks, the Sustainability Information is subject to uncertainties related to climate-related scenarios.

Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information

The Group's Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Türkiye Sustainability Reporting Standards;

- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error;

- Additionally, the Group Management is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

Those Charged with Governance is responsible for overseeing the Group's sustainability reporting process

Responsibilities of the Independent Auditor Regarding the Limited Assurance of Sustainability Information

We are responsible for the following:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;

- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and

- Reporting our conclusion to the Group Management.

Since we are responsible for providing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation process of the Sustainability Information in order to ensure that our independence is not compromised.

Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements "3410 Assurance Engagements on Greenhouse Gas Statements", issued by POA.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors, issued by the POA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk management specialists. We have used the work of our expert team to assess the reliability of the information and assumptions related to the Group's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information,

- Face-to-face and online interviews were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Group's internal documentation was used to review and assess the sustainability related information.
- The disclosure and presentation of sustainability-related information have been evaluated.
- Through inquiries, we obtained an understanding of Group's control environment and information systems relevant to the preparation of the Sustainability Information. However, we did not evaluate the design of particular control activities, we did not obtain evidence about their implementation or we did not test their operating effectiveness.
- The appropriateness and consistency of the Group's estimation development methods were evaluated. However our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Group's estimates.

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The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM
Partner

07 August 2025
İstanbul, Türkiye

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1. INTRODUCTION

1.1. TSRS Reporting Framework and Scope

1.1.1. Purpose

OYAK Çimento Fabrikaları A.Ş. (hereinafter referred to as the "Company") has been subject to reporting requirements under the Türkiye Sustainability Reporting Standards (TSRS) starting from the financial year beginning on January 1, 2024. With this report, the Company applies for the first time TSRS 1 "General Requirements for the Disclosure of Sustainability-Related Financial Information" and the topic-specific TSRS 2 "Climate-Related Disclosures". This report covers only climate-related matters, and this specific limitation has been explicitly stated.

The TSRS, published in the Official Gazette No. 32413 dated December 29, 2023, entered into force for financial years beginning on or after January 1, 2024. As a Company subject to the regulation and supervision of the Capital Markets Board and having exceeded the relevant threshold values for two consecutive reporting periods, the Company is required to report under the TSRS. Accordingly, this report focuses on climate-related issues addressed in an integrated manner with the Company's strategy, business model, value chain, governance structure, and risk management processes.

In preparing this report, the sectoral application guidance of TSRS 2 has been utilized. Within the scope of the Company's main field of activity—cement production—the guidance in Volume 8 – Construction Materials and Volume 58 – Software and Information Technology Services was referenced, with meaningful climate-related metrics applied to a limited extent. In addition, the activities of Marmara Madencilik San. Tic. Ltd. Şti. were also evaluated within the scope of Volume 8 – Construction Materials.

1.1.2. Scope

This report has been prepared within the framework of the Türkiye Sustainability Reporting Standards (TSRS) and is applied in accordance with Articles 5–9 of TSRS 1 and Articles 3–4 of TSRS 2. The reporting is limited to climate-related risks and opportunities that can reasonably be expected to affect the Company's future financial position. Accordingly, the report includes disclosures on climate-related physical risks, transition risks, and opportunities that may arise in the short, medium, and long term.

Under the climate-related reporting framework, the Company's exposure to relevant risks and opportunities has been analyzed, and the disclosures have been presented in alignment with the Company's strategy, value chain, governance structure, and risk management processes. The reporting has been carried out based on the entity boundaries adopted in the preparation of the Company's general-purpose financial statements and has been prepared in full compliance with the application principles of the TSRS.

Conceptual Foundations

In accordance with Article 10 of TSRS 1, the information presented in this report has been prepared under the principles of relevance and faithful representation and is characterized as comparable, verifiable, timely, and understandable. The report thereby aims to provide a flow of quality information that can support users in their decision-making processes.

Faithful Representation

In line with Articles 11–16 of TSRS 1, all information disclosed in this report provides a complete, neutral, and accurate description of the climate-related risks and opportunities that can reasonably be expected to affect the Company's future financial viability. The information has been prepared in accordance with the principle of relevance and is presented with a transparent, understandable, and faithfully representative reporting approach aiming to support users' decision-making processes.

Materiality

In accordance with Articles 17–19 of TSRS 1, this report discloses only those climate-related risks and opportunities that can reasonably be expected to affect the Company's future financial viability. The disclosures have been prepared to support users' decision-making processes, and in assessing materiality, both the quality and magnitude of the relevant factors have been taken into account.

Reporting Entity

In accordance with Article 20 of TSRS 1, unless otherwise stated, the climate-related financial disclosures presented in this report cover the Company together with its subsidiaries subject to financial consolidation. For consistency with financial reporting, the disclosures have been prepared in line with the consolidation principles applied under the Türkiye Financial Reporting Standards (TFRS).

OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT AS OF DECEMBER 31, 2024

Connected Information

In accordance with Articles 21–24 of TSRS 1, the information presented in this report has been prepared to provide an integrated connection among disclosures on governance, strategy, risk management, metrics, and targets. The data and assumptions disclosed in this report have, to the extent possible, been determined in a manner consistent with those used in the preparation of the financial statements. In line with Article 23 of TSRS 1, the data and assumptions used in preparing climate-related financial disclosures are required to be consistent with the corresponding data and assumptions used in financial reporting prepared under Türkiye Accounting Standards (TAS) or generally accepted accounting principles.

Accordingly, the same accounting policies, estimation methods, and presentation currency (Turkish Lira – TRY) have been applied in the climate-related disclosures to ensure consistency with the financial information.

As part of the materiality assessment, the potential impacts of climate-related risks and opportunities on the financial statements have been analyzed. For this purpose, an impact equal to or exceeding 1% of the Company's earnings before interest, tax, depreciation, and amortization (EBITDA) for the relevant reporting period has been considered as the threshold.

Reporting Period

This report covers the Company's climate-related disclosures for the financial year from January 1 to December 31, 2024.

Transition

The Company is applying the TSRS for the first time in this reporting period. It has utilized the following transitional exemptions set out in Appendix E – Effective Date and Transition of TSRS 1 and Appendix C – Effective Date and Transition of TSRS 2:

- ***TSRS 1 E3:*** In the first year of application, there is no requirement to present TSRS 1 disclosures for prior years. Accordingly, no comparative data from previous periods has been provided.
- ***TSRS 1 E4:*** In the first reporting period, sustainability-related financial disclosures were prepared and published after the financial statements for the period January 1 – December 31, 2024 had been issued.
- ***TSRS 1 E5:*** In the first reporting period, only climate-related risks and opportunities (disclosures under TSRS 2) have been presented.
- ***TSRS 1 E6:*** Accordingly, no comparative information has been provided in the climate-related disclosures for 2024.
- ***TSRS 2 C3:*** In the first year of application, comparative information for prior years is not required for disclosures under TSRS 2. Accordingly, only disclosures for 2024 have been presented.
- ***TSRS 2 C4:*** In calculating Scope 1 and Scope 2 greenhouse gas emissions, measurements have been made in line with the methodology previously applied, based on the ISO 14064 standard. In accordance with Provisional Article 3 of the Board Decision on the Scope of Application of the Türkiye Sustainability Reporting Standards, companies are not required to disclose Scope 3 greenhouse gas emissions during their first two years of sustainability reporting. In this first reporting period, the Company has not disclosed Scope 3 emissions.
- ***TSRS 2 C5:*** It is acknowledged that the exemptions utilized under C4 will not be applicable in subsequent reporting periods in terms of presenting comparative information, and efforts are underway to develop the relevant data collection and reporting systems.

Assurance

Within the scope of the sustainability assurance obligation introduced under the Türkiye Sustainability Reporting Standards (TSRS), as published by the Public Oversight, Accounting and Auditing Standards Authority (KGK) in the Official Gazette No. 32414(M) dated December 29, 2023, the relevant assurance engagement was carried out by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. This service was performed to provide limited independent assurance in accordance with Assurance Engagement Standard (GDS) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and Assurance Engagement Standard (GDS) 3410 "Assurance Engagements on Greenhouse Gas Statements". The Limited Independent Assurance Statement has been presented at the beginning of this report for public disclosure.

1.2. About OYAK Çimento Fabrikaları A.Ş.

The Company's foundations date back to the establishment of Mardin Çimento Sanayii ve Ticaret A.Ş. on June 2, 1969. The plant commenced production in 1975. On December 3, 2015, under the umbrella of the OYAK Group, the Company became the main shareholder of Mardin Çimento by acquiring OYAK's shares in the company.

On November 26, 2018, OYAK transferred 40% of its shares in the Company to Taiwan-based TCC Group Holdings (TCC). TCC operates in cement, ready-mixed concrete, energy, energy storage, and high-efficiency battery production and is listed on the Taiwan Stock Exchange.

To ensure more efficient management and create operational synergies among the OYAK Group's cement companies, Aslan Çimento, Adana Çimento, Bolu Çimento, and Ünye Çimento were merged into Mardin Çimento in 2020, and the Company's trade name was changed to OYAK Çimento Fabrikaları A.Ş. as of May 21, 2020.

Its subsidiary, OYAK Concrete, was incorporated into the Company at the end of 2020 with all its assets and liabilities. In 2023, its parent company, OYAK Çimento A.Ş., changed its name to OYAK Denizli Çimento A.Ş., merged with its subsidiary Denizli Çimento, and was subsequently transferred to the Company with all assets and liabilities. The merger was registered on December 28, 2023.

As a result of this transaction, Cimpor Global Holdings B.V., the 100% shareholder of the former parent OYAK Denizli Çimento A.Ş., became the Company's majority shareholder with a 75.81% stake. Subsequently, these shares were transferred to TCC OYAK Amsterdam Holdings B.V. on March 6, 2024, making TCC the new majority shareholder of the Company.

Following the completion of the mandatory tender offer process between July 16–29, 2024, TCC OYAK Amsterdam Holdings B.V.'s shareholding increased to 80.05%.

One of the Group's subsidiaries previously included in consolidation, Cimpor Cameroon, was transferred to Cimpor Portugal in 2023. In addition, OYAK Çimento Enerji A.Ş. was renamed T1C3 Technology and Software Development A.Ş. and restructured to focus on R&D activities.

As of December 31, 2024, the Company and its subsidiaries employ a total of 3,083 people.

The Group's shares are traded on Borsa İstanbul (BIST).

The Company's registered address is Çukurambar Mahallesi, 1480. Sokak, No: 2 A/56, Çankaya, Ankara.

As of December 31, 2024 and December 31, 2023, the details of the Company's subsidiaries are as follows:

Subsidiaries	*Place of Incorporation and Operations*	*Field of Activity*	*Ownership Interest (%) as of December 31, 2024*
Adana Çimento San. ve Tic. Ltd.	Cyprus	Sale of cement, clinker, ready-mixed concrete	100,00
Adana Çimento Free Port Ltd.	Cyprus	Sale of cement, clinker, ready-mixed concrete	100,00
Cimpor Romania Terminal SRL	Romania	Sale of cement	100,00
Marmara Madencilik San. Tic. Ltd. Şti	Türkiye	Mining	98,90
T1C3 Teknoloji ve Yazılım Geliştirme A.Ş.	Türkiye	Information technologies	100,00

2. GOVERNANCE

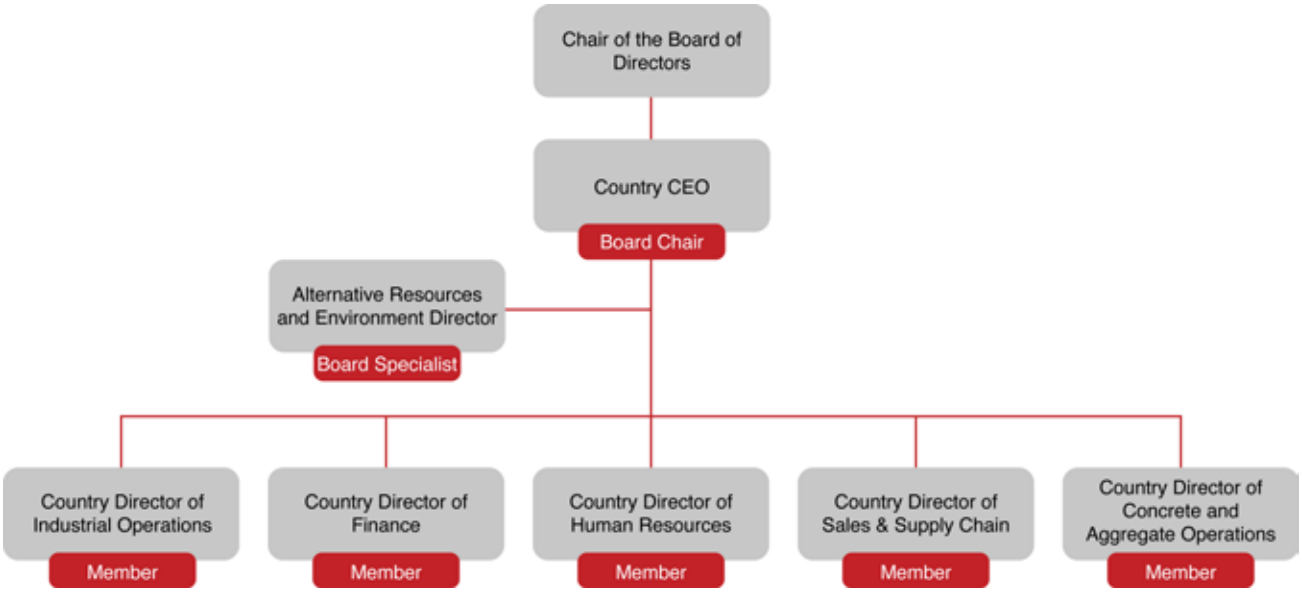
2.1. Governance Bodies and Individuals Responsible for the Oversight of Climate-Related Risks and Opportunities

Within the Company, the governance of climate-related risks and opportunities is structured on two levels—strategic and operational—ensuring integration into senior-level governance and decision-making processes.

These levels are:

- Senior Management Level (Level 1 – Sustainability Board)
- Operational Level (Level 2 – Sustainability Committee)

The Sustainability Board is positioned at the senior management level as the main body that defines the fundamental aspects of the Company's sustainability approach, makes strategic decisions in this regard, and oversees related activities.



The Board is chaired by the Country CEO and reports directly to the Chair of the Board of Directors. It convenes at least once a year. The meeting agenda is proposed by the Board Specialist, approved by the Board Chair, and then communicated. The Board Specialist also records meeting resolutions and shares them with relevant internal stakeholders. This structure ensures that sustainability issues, including climate change, remain a priority item on the highest-level management agenda. Furthermore, the Board Specialist plays an active role in climate-related decision-making. As a result, climate-related matters are incorporated into all processes, decision, and approval mechanisms through a two-way integration approach.

Within its defined responsibilities and authority, the Board is accountable for setting the sustainability vision and strategic policy framework, including approaches to climate change, approving long-term climate targets, monitoring environmental, social, and governance (ESG) developments, evaluating performance, and guiding communication processes.

Board members carry sustainability responsibilities—including climate change—within their individual role descriptions. When required, external expert opinions and consultancy support are utilized to strengthen technical competence.

The Sustainability Committee, operating under the authority of the Board, is the operational-level body. It is composed of directors and managers from various departments.

Climate-related risks and opportunities are defined at the corporate level in the Company's current Sustainability Strategies document. This strategic framework provides guidance to all management systems and operational practices. The document addresses climate-related risks and opportunities comprehensively—from energy efficiency to environmental impacts, occupational health and safety to stakeholder engagement—while also setting out governance approaches and performance targets for each area.

Corporate policies and procedures developed in line with this strategy describe how sustainability responsibilities are distributed across the Company and integrated into management systems. The Sustainability Board and Committee play a central role in implementing the strategy, ensuring the dissemination of the policy framework across all units and monitoring the achievement of targets. Following a risk-based approach, climate-related issues are measured using defined indicators and integrated into the performance evaluation system.

The competence of governance bodies and relevant employees to oversee and monitor strategies developed in response to climate-related risks and opportunities is tracked and assessed through a structured competency matrix.

Sustainability Board		
Function / Position	*Role*	*Area of Competence*
Chair of the Board of Directors	Oversight	Final approval and oversight of the corporate climate strategy; monitoring of TSRS-compliant reporting outcomes
Country CEO (Board Chair)	Leadership	Implementation of the sustainability strategy and climate action plans; monitoring financial and operational impacts
Director of Alternative Resources and Environment (Board Specialist)	Expertise	Climate risk and opportunity analysis; measurement and reduction of greenhouse gas emissions; resource efficiency; monitoring environmental legislation; TSRS reporting support
Country Director of Industrial Operations	Member	Climate-resilient production processes; energy and water efficiency; operational emissions management and data sharing
Country Director of Finance	Member	Analysis of the financial impacts of climate change; sustainable finance practices; financial reporting support under TSRS
Country Director of Human Resources	Member	Raising employee awareness on climate change; integration into corporate culture
Country Director of Sales & Supply Chain	Member	Climate risk management in the supply chain; sustainable supply chain policies; reduction of carbon footprint
Country Director of Concrete and Aggregate Operations	Member	Operational greenhouse gas reduction initiatives; resource efficiency practices; contribution to improved environmental performance

Sustainability Committee		
Position /Function	*Role*	*Area of Competence*
Alternative Resources and Environment Director	Expertise / Leadership	Management of climate risks and environmental impacts; emission reduction; waste management; TSRS reporting support
Director of Performance and Processes	Member	Resource and energy efficiency in production processes; operational greenhouse gas reduction
Director of Procurement	Member	Sustainable procurement processes; monitoring of supply chain emissions
Director of Sales and Marketing	Member	Low-carbon product strategies; management of climate-sensitive market demands
Director of Logistics	Member	Reduction of logistics-related carbon emissions; climate-focused logistics planning
Director of IT	Member	Digital monitoring and reporting of climate-related data
Director of Finance	Member	Assessment of the financial impacts of climate change; sustainable finance practices
Manager of Investment, Maintenance and Technology	Member	Integration of climate-related investments; selection of energy-efficient technologies
Manager of Raw Materials and Aggregates	Member	Sustainable sourcing of raw materials; circular economy business models
Manager of Human Resources	Member	Employee awareness; dissemination of climate and sustainability training
Manager of Quality Control and IMS	Member	Environmental quality management; compliance with sustainability standards
Manager of Occupational Health and Safety (OHS)	Member	Management of occupational health and safety risks related to climate change
Manager of Environment and Sustainability	Expertise	Expertise Coordination of TSRS-compliant reporting; support for climate risk and sustainability strategy

Structures Supporting Sustainability and Climate		
Committee / Structure	*Role*	*Area of Competence*
ERDC (Early Risk Detection Committee)	Supportive	Early identification of climate change-related risks and reporting to the Board of Directors
CRMC (Corporate Risk Management Committee)	Supportive	Integration of climate risks into the corporate risk management process
CRMO (Corporate Risk Management Officer)	Responsible	Monitoring and reporting of corporate risks related to climate change
RS (Risk Officer – at Unit Level)	Implementer	Monitoring climate risks at the unit level and carrying out risk mitigation activities within relevant processes

To ensure that the knowledge of individuals involved in decision-making processes remains up to date, climate-themed training programs are delivered through a digital academy platform. These trainings are accessible to all employees, including senior management. Training topics cover key areas such as sustainability and green transition, environmental and energy management systems, zero-waste practices, climate awareness, and individual sustainability. In addition, to strengthen governance-level expertise, participation in sectoral conferences and symposiums with the involvement of senior executives is supported. To enhance corporate risk management practices, regular training programs are conducted for managers responsible for implementing these processes. These trainings aim to foster risk-focused perspectives and to establish an effective risk management culture across the organization.

The Sustainability Committee convenes at least twice a year and reports periodically to the Board. Its main responsibilities, in line with the strategic priorities set by the Board, include preparing the annual sustainability roadmap (covering climate change issues), defining performance indicators, monitoring these indicators, coordinating the activities of sub-working groups, and presenting the relevant data to the Board.

Structure	*Position / Affiliation*	*Frequency*	*Duties and Responsibilities*	*Members / Participants*
Sustainability Board	Senior management level, reporting to the Board of Directors	At least once a year	- Define the sustainability vision and policy framework, including climate-related matters - Make strategic decisions- Evaluate performance - Manage communication processes - Consult external experts when necessary - Address climate-related risks and opportunities at the corporate level and integrate them into strategic decision-making processes	Board Chair (Country CEO), Board Specialist, Senior Management
Sustainability Committee	Operational level, reporting to the Board	At least twice a year	- Prepare the annual roadmap in line with Board decisions - Define and monitor performance indicators - Coordinate sub-working groups - Report periodically to the Board - Support the identification, analysis, and review of climate-related risks and opportunities	Department directors and managers
Sub-Working Groups	Reporting to the Committee	As needed	- Manage capital-based climate issues - Work in coordination with functions - Ensure integration of strategy - Support activities for the identification of climate-related risks and opportunities	Representatives of natural, human, intellectual, manufacturing financial, and social-relational capitals
Directorate of Alternative Resources and Environment	Holds managerial responsibility (linked to the Board and Committee)	Continuous	- Coordinate the Sustainability Committee - Consolidate outputs from the sub-working groups and report to the Board - Monitor performance - Cascade climate targets to business units - Ensure cross-functional integration (HR, finance, strategy, production, etc.) - Define and monitor climate-related metrics - Track, evaluate, and report on climate-related risks and opportunities	Director of Alternative Resources and Environment and team, in coordination with relevant business units

The sub-working groups are organized on a capital-based structure: natural capital, human capital, intellectual capital, manufacturing capital, financial capital, and social-relational capital. These groups work in coordination with the relevant functions, ensuring that the sustainability strategy is disseminated across all company functions and implemented with this integrated approach.

The Committee systematically monitors climate-related developments and informs the Board. National and international regulations (e.g., CMB Sustainability Principles, EU regulations, TSRS, EU Emissions Trading System [EU ETS], and the Carbon Border Adjustment Mechanism [CBAM]) are tracked, and policies and strategies are reviewed accordingly. The Board takes climate risks into account in the Company's overall business strategy, risk management practices, and investment decisions, with trade-off assessments incorporated into decision-making processes. Progress toward climate targets is also monitored and evaluated at the Board level.

The Company has integrated climate-related targets into its corporate performance management system. These indicators are included in employees' individual performance scorecards and directly affect the bonus system. Targets are cascaded to employees' scorecards, including senior management, in alignment with corporate strategy, thereby creating measurable impacts within the performance-based remuneration framework. In addition, a performance management system aligned with the vision and strategic objectives has been implemented. Defined under the Performance Management System Procedure, this system provides a methodological framework for the setting, evaluation, and reporting of annual individual targets.

Individual targets are determined in line with the employee's job description and responsibilities, designed to support the Company's strategic priorities and unit-level objectives. Targets cover the expected outputs of the performance period and are defined using both qualitative and quantitative indicators.

Strategic priorities are set by senior management and translated into unit-level objectives through related business plans. These objectives are then cascaded by unit managers into individual targets, enabling measurable contributions to organizational goals.

The performance management process is based on the systematic top-down cascading of objectives and their structured evaluation. This structure, which extends from senior management to all employees, ensures a direct link between corporate strategies and employee performance.

As of 2024, climate-related indicators accounted for 10.6% of total performance indicators for all employees, and 11.6% for positions at manager level and above. The integrated key performance indicators include the use of alternative fuels, energy consumption, renewable energy ratio, clinker-to-cement ratio, water consumption reduction, waste management, and the use of alternative raw materials. By embedding climate targets into individual performance indicators, this structure fosters strong ownership across the organization and contributes to the development of a sustainability culture that incorporates climate-related issues.

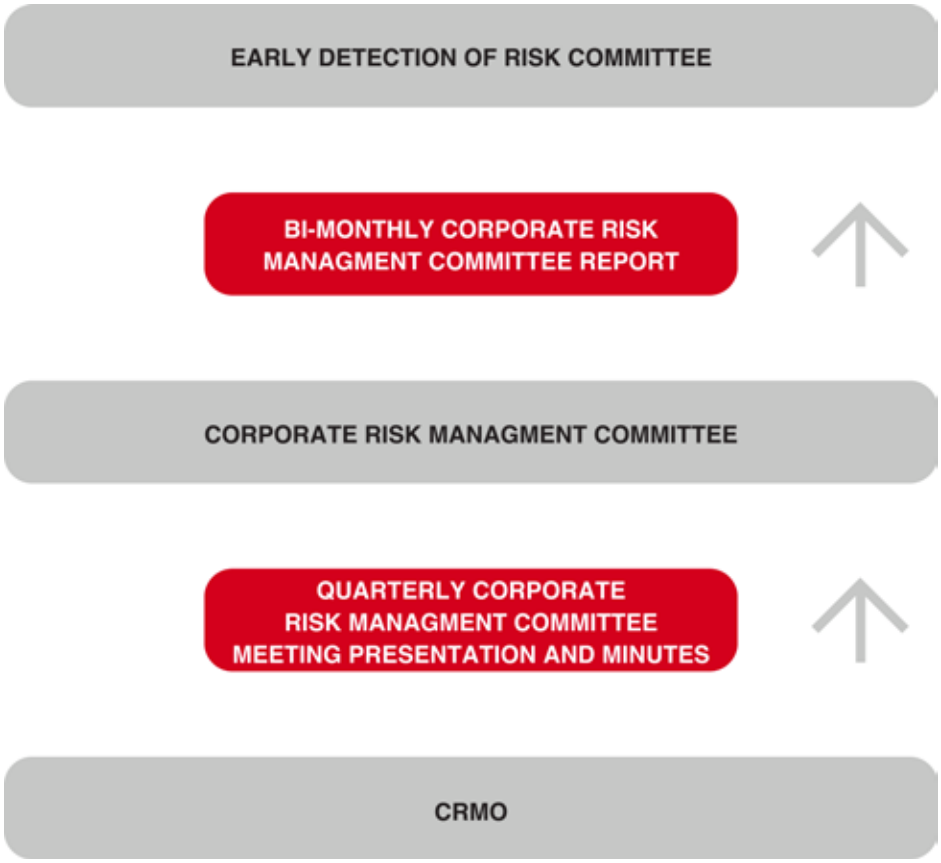
The defined indicators are integrated into both performance scorecards and remuneration policies. Target monitoring is carried out through annual performance review meetings, where progress is assessed.

The results of performance evaluations serve as a primary input for reward mechanisms—most notably annual bonus practices—ensuring that individual contributions are assessed fairly, transparently, and objectively.

2.2. Management's Roles and Responsibilities Regarding Climate-Related Risks and Opportunities

Climate-related risks and opportunities are addressed within the Company's Corporate Risk Management (CRM) Framework and integrated into the overall risk management system. These risks are taken into account during all strategic decision-making processes, including annual business planning, investment evaluation, production planning, and financial projections.

Risk management is carried out under the leadership of the Corporate Risk Management Committee, which works in collaboration with designated "risk owners" across the Company. Climate-related risks are defined as separate categories within this system, recorded in the risk registers, analyzed and prioritized through the corporate risk assessment matrix.



At the management level, the Directorate of Alternative Resources and Environment is responsible for ensuring that the climate agenda is effectively managed across the organization. The Directorate also coordinates the Sustainability Committee, consolidates the outputs of the sub-working groups, reports to the Board, monitors performance, and ensures the dissemination of climate targets across business units.

This structure encompasses strategic governance, internal controls, and execution processes. Furthermore, it ensures the integration of climate-related practices into business processes by working in collaboration with functions such as human resources, finance, strategy, environment, and production. Climate-related metrics are defined, monitored, and evaluated jointly with these business units.

Committees Supporting Sustainability and Climate

Abbreviations Used:
ERDC: Early Risk Detection Committee
CRMC: Corporate Risk Management Committee
CRMO: Corporate Risk Management Officer
RS: Risk Officer (at unit level)

The Early Risk Detection Committee (ERDC) was established by the Company's Board of Directors to ensure the timely identification, assessment, and effective management of risks related to the Company's operations. The Committee is composed of independent members of the Board of Directors, and its chairmanship is also carried out by an independent member.

Meeting every two months, the Committee evaluates proposed changes to risk policies, strategies, and frameworks submitted by the Corporate Risk Management Officer (CRMO), reviews the Company's current risk profile and future risk strategies, and provides recommendations to the Board of Directors. Climate-related risks are also included on the agenda, and the Committee evaluates control and action plans regarding their potential impacts. At the same time, it monitors the effectiveness of the risk management structure and control systems, analyzes whether risks are being managed appropriately by considering assessments from internal and independent audit units. It evaluates actions taken on reported risks, ensures that necessary controls are in place for newly identified critical risks, and oversees the implementation of appropriate planning and budgeting processes. In this way, the Committee contributes to proactive and holistic risk management across the Company.

The Corporate Risk Management Committee (CRMC) operates within the Company to ensure that risk management processes are carried out effectively at the corporate level. Permanent members of the Committee include the Country CEO, Country Directors, Group CFO, Compliance Director, Treasury and Risk Manager, and Finance Manager, while directors, managers, and expert advisors may participate in meetings as needed. Meeting quarterly, the Committee evaluates the current risk profile based on reports presented by the Corporate Risk Management Officer (CRMO), prioritizes risks, and requests the preparation of action plans from relevant departments when necessary. It analyzes the proposed action alternatives, ensures that relevant units provide input on matters requiring expertise, and decides on which plans will be implemented. In this process, it provides CRMO with the necessary managerial support in terms of budget and resources. It also advises the Corporate Risk Management Team on the identification and prioritization of risks to be referred to ERDC, and supports CRMO in ensuring the effective implementation of risk management policies and processes, developing reporting structures, and applying the system across the organization.

It evaluates proposed changes to the risk management policy, framework, and strategies submitted by CRMO. It provides guidance to all employees throughout the Company on the proper identification and management of risks.

The Corporate Risk Management Officer (CRMO) is responsible for establishing the risk management framework within the Company, developing processes, and ensuring their application across the organization. CRMO works in coordination with business units to ensure the correct identification, assessment, and prioritization of risks, and follows up on the preparation and implementation of action plans. The analysis of climate-related risks and the evaluation of opportunities are also carried out within this structure. CRMO ensures communication between ERDC and CRMC, prepares risk-related reports, and presents them to senior management.

CRMO is also responsible for raising awareness among risk owners, identifying training needs, and coordinating the sharing of best practices. CRMO oversees the alignment of risk management processes with quality and management systems.

Risk Officers (RS) are managers designated at the unit level and are responsible for carrying out risk management activities in their respective areas. They also plan and report review activities on the effectiveness of existing controls together with CRMO. Risk Officers coordinate the processes of identifying, assessing, and prioritizing risks within their areas of responsibility, including the identification of climate-related risks, preparation of action plans, and monitoring their implementation.

The Internal Audit Unit is responsible for providing senior management with assurance that the Company's activities are carried out in compliance with legal regulations, internal rules, and corporate strategies. Within this scope, it performs periodic, risk-based audits covering all departments, facilities, and subsidiaries. During audits, it identifies control deficiencies, errors, fraud, and regulatory non-compliance, and evaluates the effective use of resources and reliability of information. It tests the adequacy of internal control and risk management systems. The internal audit plan is prepared based on risk assessments, audit results are reported, and corrective measures are monitored. Assessments regarding the identification and management of climate-related risks and the functioning of related internal control mechanisms are also part of internal audit activities. The audit plan is shaped by risk assessments, findings are reported, and the implementation of corrective measures is monitored.

All employees are required to comply with the risk management rules set by the Company and applicable legislation. They are expected to continuously monitor risks within their areas of responsibility, identify new risks, and report them to their managers and relevant risk officers. In cases where risk controls are inadequate or in the event of incidents, errors, or negligence that could jeopardize Company objectives or result in losses, employees are required to promptly inform management and the relevant risk officers.

Risk governance is a model integrated into decision-making processes. Senior Management is responsible for establishing specific policies to be communicated within Company operations, ensuring that necessary activities are carried out for effective risk management, and monitoring the effectiveness of risks and the risk management process. It also serves as the ultimate body in capturing opportunities identified during risk oversight. Furthermore, risk management has been defined as one of the key components of all employees' roles and responsibilities, as well as of planning and performance management processes.

The implementation, development, and monitoring of control mechanisms for managing climate-related risks are primarily guided by the work and reports of the Corporate Risk Management Committee. While carrying out its responsibilities within the scope of risk management, the Committee coordinates processes by taking into account the analyses, evaluations, and information provided by the Corporate Risk Management Team/Officer and the Risk Officers.

3. STRATEGY

The Company places climate change at the core of all its activities. It also aims to create value in the environmental, social, and governance areas in the short, medium, and long term. It acts with awareness of global risks, particularly climate change. With a responsible governance approach, it has systematically identified its climate-related risks and opportunities for the first time. The Company will continue to review the climate-related risks and opportunities it has identified, manage them within the materiality framework, and integrate them into its sustainability strategies.

The Company's sustainability strategy involves creating a responsible, transparent, and long-term environment for social dialogue with all stakeholders. In line with its corporate strategies, it strengthens its economic performance while also enhancing its resilience.

As part of its sustainability strategies, two separate workshops were organized with the Sustainability Board and the Sustainability Committee to provide information on "Sustainability Management and Sustainability Strategies." Sectoral and cross-sectoral benchmarking was used to evaluate industry developments. In the preparation process, the previous "Stakeholder Analysis and Materiality" conducted with internal stakeholders was reviewed. In addition, as part of the SWOT study, a situational analysis was carried out to form the basis of the sustainability strategies. The situational analysis addressed stakeholders and prioritization issues, as well as the Company's near- and long-term external environment, strengths, and weaknesses. These analyses provide an important reference point for grounding sustainability strategies and managing climate-related risks and opportunities more effectively.

Through the SWOT analysis, opportunities and threats in the external environment were compared with the strengths and areas for improvement in the internal environment. The SWOT analysis was used in creating the roadmap for the sustainability strategy. The Company's strengths and weaknesses, along with emerging opportunities and threats in its near and distant environment, were defined. In preparing the sustainability strategies, the near- and long-term environment analyses, together with strengths and weaknesses, were examined under the headings of economic, environmental, and social sustainability.

By identifying these elements, the Company aims to emphasize its strengths, capitalize on opportunities, and develop strategies to counter threats. The SWOT analysis focused on the climate opportunities that could be generated by the Company's strengths and weaknesses. The Company's sphere of influence was mapped through its priorities. In this way, short-, medium-, and long-term plans were created for the 2025–2030 period.

The distant environment analysis focuses on external factors beyond the Company's control but with the potential to affect its operations. In this context, global industry risks were assessed across development, change, and trend axes. The global industry risks considered include climate change, rapid industrial transformation, cyber threats, international regulatory changes, tariffs and trade tensions, talent retention and recruitment, and catastrophic events.

The near environment analysis focuses on the actors and market conditions with which the Company interacts directly. This analysis included evaluations of suppliers, customers, competitors, and the market/industry in which it operates.

In sustainable management, stakeholder engagement holds an important place, as stakeholders may directly or indirectly affect the Company's future risks and opportunities. The "Stakeholder Analysis and Materiality" study, originally conducted in 2020 with the participation of process owners, was reviewed and updated in 2024.

The Company's stakeholders:

Sustainability Focus Strategies

Our corporate climate commitments are evaluated under four main headings:

- Climate Finance
- Climate Change and Disaster Management
- Greenhouse Gas Emissions and
- Carbon Pricing

The focus areas are also linked with targets. The relevant targets are presented **under the section Metrics and Targets.**

3.1. Climate-Related Risks and Opportunities

Climate change affects the Turkish economy, together with global economies, and particularly impacts the cement sector, which is one of the energy-intensive industries. The Company is directly exposed to climate risks by the nature of its operations. Extreme weather events, rising temperatures, pressures on water resources, water stress and drought, and damage to infrastructure create impacts in terms of physical risks. In addition, the transition to a low-carbon economy—through carbon pricing mechanisms, environmental regulations, and arrangements such as CBAM—creates impacts in terms of transition risks.

Due to the carbon intensity of our sector, compliance with regulations and the reduction of greenhouse gas emissions have become critical elements of our business model. In this changing environment, the Company systematically monitors the impacts of climate change on its business model and value chain and tracks its strategies in line with the TSRS.

While regularly assessing physical and transition risks, it also focuses on opportunity areas such as low-carbon solutions, circular economy practices, and the use of renewable energy sources. In addition, through the technology-focused company established in 2024, it aims to increase its level of digital maturity. By improving internal processes, including data management practices, it also seeks to achieve progress in climate-related matters.

The Company's aim is to continue contributing to its stakeholders and the national economy in the long term through a production approach that is climate-resilient, low-emission, and based on resource efficiency. In this context, it carries out efforts both to reduce the adverse effects of climate change and to capture climate-related opportunities.

The Company conducts analyses based on different climate scenarios to better understand the long-term impacts of climate change on its business model and value chain and to build a more resilient structure against these risks. Due to the energy- and resource-intensive nature of its production processes, it assesses in detail the potential impacts of rising temperatures, water stress, extreme weather events, and regulatory transformations on its business model.

In particular, the Company focuses on 1.5°C scenarios aligned with science-based net-zero targets supported by the Science Based Targets initiative (SBTi), and plans a transition process in compliance with national and international regulations, regarding emission reduction, circular economy practices, and low-carbon production opportunities as strategic priorities.

In accordance with TSRS 1 and TSRS 2 standards, it structures climate risks and opportunities based on short-term (0–5 years), medium-term (5–10 years), and long-term (10 years and beyond) periods, and determines strategic actions specific to each period. These timeframes serve as a key reference in strategic processes such as investment decisions, transformation of production technologies, and diversification of the energy resources portfolio.

Time Horizon	*Definition of Horizon*	*Description of Horizon*	*Rationale for Selection*
Short Term	0 – 5 years	The short-term period is defined as the time frame in which strategic, action-oriented decisions are shaped within the scope of current operational activities, regulatory compliance, and market conditions. During this period, climate-related transition risks such as carbon pricing, transition to the Emissions Trading System, regulatory obligations, and energy efficiency come to the forefront. Short-term targets for monitoring and improving climate performance are also set and implemented within this horizon.	This period is defined as "short term" because decision-making processes rely on rapid implementability and regulatory and market conditions create immediate impacts. Annual budgeting cycles, operational planning processes, and the necessity to adapt quickly to regulatory changes were considered, and the 0–5 year period was therefore defined as short term. This timeframe provides a realistic and measurable management horizon for the planning and execution of action-oriented measures.
Medium Term	5 – 10 years	The medium-term period is a strategic transformation phase in which investments are planned for the adoption of low-carbon technologies, circular economy practices, and the use of alternative raw materials and fuels. This period is characterized by the development of climate adaptation policies, strengthening the resilience of the supply chain, and long-term preparation for environmental regulations. It also represents a critical structuring stage where sustainability strategies are integrated and aligned with corporate objectives.	Considering the preparation time required for capital-intensive investments, technological transformation, and strategic restructuring, this period has been defined as "medium term." The 5–10 year horizon reflects the necessary timeframe for integrating corporate strategies with targets and for restructuring operational capacity.
Long Term	10 years and beyond	The long-term period is a structural transformation phase in which corporate strategies are reshaped to build resilience against climate change scenarios, reduce physical risks (drought, water stress, floods, extreme weather events, etc.), and achieve carbon net-zero targets. In this period, priority is given to diversifying the energy portfolio with renewable energy sources and alternative fuels, implementing long-term plans toward zero-emission goals, and integrating environmental, social, and governance (ESG) criteria into the entire business model. The management of climate-related issues in this horizon becomes a source of strategic competitive advantage.	This period has been defined as "long term" since strategic goals such as achieving net-zero emissions, structural transformation, and resilience against climate scenarios can only be realized over this horizon. In line with national and international climate commitments and scenario analyses, where long-term targets are typically based on a perspective of 10 years or more, this timeframe has been established.

Based on the reality that climate change may emerge with varying levels of intensity and uncertainty across different time horizons, the Company addresses physical risks (extreme weather events, water stress, etc.) and transition risks (regulations, carbon pricing mechanisms, etc.) through a holistic approach and aims to strengthen business continuity.

By integrating climate risk and opportunity management into governance processes, it builds a sustainable and resilient business model aligned with stakeholder expectations and regulatory requirements.

The Company has comprehensively identified, analyzed, and prioritized climate-related risks and opportunities that could reasonably affect its activities in the short, medium, and long term. These analyses are addressed with an integrated approach across the Company and are expressed to cover all subsidiaries.

In the process of assessing the financial impacts of climate risks, thresholds are defined based on EBITDA reported in publicly disclosed financial statements, and the Company's risk level is determined in line with these thresholds. This level is used as a key criterion in measuring the potential impact of each risk and in the materiality analysis process. Details regarding the materiality analysis are explicitly presented in the Risk Management section.

3.1.1. Identification, Impact Analysis, and Risk Rating of Physical Risks

This section addresses the identification, impact analysis, and risk rating processes related to the Company's short-term acute and chronic physical risks arising from climate change.

Flood risk, which is considered among acute physical risks, poses a low-level physical risk for the Company's production facilities. Within the framework of current geographic analyses, it is assessed that heavy rainfall may cause temporary disruptions in infrastructure systems, localized equipment damage, and short-term operational interruptions. In this context, scenarios such as temporary power outages, deterioration of transportation infrastructure, disruptions in personnel access, and overflow in drainage systems are taken into consideration. To minimize such impacts, equipment ensuring energy continuity is kept ready, water drainage infrastructure is regularly reviewed, and special training and drills for flood scenarios are conducted with emergency teams and employees. In addition, communication infrastructure has been strengthened, and the placement of critical materials and equipment has been planned in line with flood risks. Thanks to these measures, it has been determined that the current impacts of acute physical risks remain limited.

On the other hand, chronic physical risks such as water stress and extreme heat conditions are also among the factors that may create potential impacts at certain production facilities. According to WRI Aqueduct analyses, four facilities operate in regions with high water stress. However, through water efficiency practices, the use of alternative water resources, automation-based monitoring systems, and recovery solutions, the impact of these risks is kept under control. In particular, situations of water scarcity that may affect the continuity of WHR (waste heat recovery) systems are managed by choosing air-cooled systems in new investments, while production losses caused by high temperatures are limited through site-appropriate planning and equipment protection measures. At present, the WHR system is operational in only one facility, contributing 6.5% to total electricity generation; therefore, the potential impact of disruptions caused by water scarcity is at a limited level.

As a result of detailed analyses carried out, the impact of acute and chronic physical risks on operational activities and financial performance has been assessed as low. Accordingly, the related risks are classified under the insignificant risk category, do not require any additional intervention, and are monitored only within the scope of existing technical and operational control measures.

3.1.1.1. Scenarios Used in the Analysis of Physical Risks

Climate Scenario	*Description and Definition of the Climate Scenario*	*Rationale, Timing, and Scope of Scenario Selection*	*Links to Climate Scenarios*
Representative Concentration Pathway (RCP) 4.5 of the Intergovernmental Panel on Climate Change (IPCC), Turkish State Meteorological Service (MGM) Projections, SSP3-7.0 (IPCC AR6)	According to MGM projections, temperature and precipitation anomalies become evident by 2025, with short-term operational disruptions anticipated. By 2025, temperatures in Türkiye are projected to rise by +1.5–2.6°C, which may cause concentration of risks in regions already prone to disasters. IPCC and SSP3 scenarios project an increase in the frequency of extreme events by 2030, which raises the risk of physical damage in the medium term. Under weak climate policies, the risk of experiencing more than three severe extreme events (floods, storms, heavy rainfall) per year increases.	These scenarios are widely used in official analyses in Türkiye. RCP 4.5 provides an average and realistic projection. IPCC AR6 has been preferred for medium-term risk forecasting. Climate scenarios have been applied for the reporting period. They have been assessed across short, medium, and long-term horizons. The scenarios cover the Company and its subsidiaries.	https://www.mgm.gov.tr/files/iklim/iklim_degisikligi_projeksiyonlari.pdf https://www.ipcc-data.org/ssps/ https://www.ipcc.ch/report/ar6/wg1/

To conduct climate-related water risk analyses in a more holistic and geography-based manner, the WRI Aqueduct Global Water Tool was used in addition to climate scenarios. This tool provides the ability to visualize the geographic distribution of physical (chronic) water stress, drought trends, and water access risks, and to perform comparative analyses.

The Aqueduct tool, based on IPCC scenario projections (e.g., RCP 4.5 and RCP 8.5), models future water risk levels in specific regions and facilitates the spatial interpretation of impacts derived from climate scenarios. Therefore, Aqueduct outputs were used as a supportive and complementary data source in assessing water stress, water access challenges, and long-term infrastructure investment needs.

3.1.1.2. Assessment of the Potential Financial Impacts of Physical Risks in the Short, Medium, and Long Term

Although no production loss has occurred in the past due to extreme weather events or changes in water supply, the potential future impacts of acute and chronic physical risks related to climate change are under assessment. In particular, the expected increase in heavy rainfall in the Black Sea region could cause temporary interruptions in the energy supply infrastructure, which may in turn affect operational processes and indirectly financial performance. Similarly, the rising water consumption observed in water-dependent equipment such as raw mills may pose risks to production continuity and process efficiency in the event of future water shortages.

However, the short-, medium-, and long-term financial impacts of these risks cannot yet be quantitatively calculated due to current data limitations, high levels of uncertainty, and the low reliability of numerical forecasts. From a business continuity perspective, a reduction in water supply has the potential to affect process optimization, production continuity, and equipment performance. However, the uncertainty regarding the scale of water supply reduction, along with the lack of completed technical and economic assessments on the applicability of alternative technologies, currently makes it impossible to quantify the financial impact of the risk. At present, while the timing of raw mill shutdowns during the year can be anticipated, there are no concrete data on the scale and frequency of potential water shortages that may occur during these processes. Therefore, it is not possible to conduct a numerical analysis of the direct financial impacts of potential water shortages.

For this reason, both types of risks are regularly monitored, and efforts are underway to improve data quality and to deepen scenario analyses. Under current conditions, these risks are addressed within the scope of qualitative analysis, and their potential implications on business continuity and financial performance are followed through monitoring and evaluation processes.

In the short term, operational disruptions caused by extreme weather events and temporary water supply interruptions are expected to have limited and manageable effects on the Company’s financial position. Short-term fluctuations in cash flows are manageable due to the Company’s current liquidity position and operational flexibility.

In the medium term, as the impacts on energy supply infrastructure and water management increase due to extreme weather events, efficiency losses in production processes and rising operational costs may occur. This situation may place downward pressure on the Company’s profitability. At the same time, in capital markets that are increasingly sensitive to environmental vulnerabilities, companies that fail to meet climate-related criteria may face higher financing costs. While the risk in the medium term remains manageable, the need to strengthen corporate capacity and consider investment in alternative resources becomes more prominent.

In the long term, the structural impacts of climate change may create strategic risks for the Company’s financial sustainability. Chronic pressures on water stress and energy supply infrastructure may lead to efficiency losses in production capacity and interruptions in the continuity of certain facilities. This may result in upward revisions in capital planning due to increased investment expenditures, more frequent maintenance activities, and the need for system improvements.
In particular, the persistence of chronic physical risks creates uncertainty in long-term cash flow projections, which can weaken the accuracy of financial planning and the rationality of investment decisions. Such systemic pressures may have a direct impact on investor confidence. In the long term, these effects form a risk profile that could have significant consequences on the Company’s balance sheet structure, financing costs, and market competitiveness. Therefore, physical climate risks are addressed within the scope of strategic financial management and the corporate risk portfolio. To strengthen resilience against these risks, infrastructure investments are planned in alignment with climate risk scenarios, and long-term capital allocations are evaluated from this perspective.

3.1.1.3. Impacts of Physical Risks on the Business Model and Value Chain

The increasing physical risks arising from climate change in the Company's operating areas have the potential to create both temporary and structural impacts on the business model and value chain. In this context, short-term power outages caused by heavy rainfall as an acute risk, and water stress and rising temperatures as chronic risks, require the Company to assess its operations through scenario-based approaches and to monitor related risks.

Heavy rainfall may lead to temporary disruptions in production processes and the need to reschedule logistics activities. However, thanks to the Company's existing energy management plans, emergency controls, and resilient infrastructure systems, the impacts on production continuity remain limited, and short-term interruptions can be managed with operational flexibility. From a value chain perspective, such weather events are expected to cause short-term disruptions in material flows, personnel access, and outsourced services.

On the other hand, activities such as cooling systems and waste heat recovery (WHR) operations become more vulnerable in the face of increasing water stress. Restrictions in water supply may negatively affect process continuity, while allocation limits potentially imposed under regulatory frameworks may require the restructuring of production planning, inventory management, and delivery processes. In addition, rising temperatures increase stress on field equipment and bring the risk of reduced labor productivity.

The Company's geographical spread across Türkiye results in these risks being experienced with varying intensities at the regional level. Although most facilities are not located in areas with high flood risk, integrated cement plants in regions with low aquifer levels and outdoor equipment are identified as relatively more vulnerable assets to water stress and heat waves.

The high degree of uncertainty regarding the impacts of these risks highlights the importance of proactive scenario analyses and regularly updated risk maps. Unpredictable deviations in the geographic distribution of sudden climate events necessitate rapid decision-making and response capacity, while flexible planning structures based on regional climate scenarios enhance the effectiveness of investment and adaptation strategies.

The Company continuously develops its institutional capacity to monitor and manage both acute and chronic physical risks, ensuring its short-, medium-, and long-term resilience through technological transformation investments, alternative systems that reduce water dependency, and practices that enhance operational adaptability.

In addition, performance on physical climate risks and related evaluations are detailed under the **Metrics and Targets** section.

3.1.1.4. Assessment of Climate Resilience and Vulnerability to Physical Risks

The Company systematically assesses its level of vulnerability and climate resilience against physical climate risks. In this process, the organization's preparedness for short-term and sudden weather events, the sensitivity of geographic locations, the resilience of existing infrastructure and support systems, and the technical measures in place are considered.

As part of the vulnerability analysis, the flood risk in the regions where the plants are located, the exposure of infrastructure to external shocks, and the sensitivity of support systems are taken into account. The findings indicate that some systems are moderately exposed to impacts, but the overall level of vulnerability is low.
These analyses are conducted by taking into account current climate projections such as those of the Turkish State Meteorological Service, IPCC AR6 SSP3-7.0, and RCP 4.5, which project increases in floods, storms, hail, and heavy rainfall events during the 2025–2040 period. These scenarios are used in developing regional risk maps and in prioritizing short-term intervention plans geographically.

The climate resilience assessment is carried out based on the functionality of plans, structural solutions, and organizational mechanisms that ensure operational continuity. Existing systems are shown to be responsive to climate-related pressures in areas such as emergency management, infrastructure maintenance, employee training, and coordination capacity. In this context, the monitoring, maintenance, and adaptation-based approach is assessed as strengthening preparedness for acute events related to climate change.

Long-term effects of climate change, such as water stress and rising temperatures, create both vulnerabilities and resilience opportunities for production processes and supply structures. In particular, water-dependent processes such as cooling systems, dust suppression, laboratory use, and WHR systems are among the areas most likely to be affected by these impacts. Rising temperatures, on the other hand, increase stress on field equipment and create additional risks to labor productivity, occupational health, and safety for employees working outdoors. These assessments reference IPCC AR6 SSP3-7.0, RCP 4.5, and climate projections from the Turkish State Meteorological Service. It is projected that temperature increases and anomalies in the water cycle will become more pronounced during the 2025–2050 period; in this context, short-, medium-, and long-term impacts are analyzed separately, and vulnerability areas are evaluated on a scenario basis.

Thanks to existing infrastructure capabilities, integrated water management practices, and a multi-location structure, the operational impacts of such chronic risks are limited, and the Company's climate adaptation capacity is enhanced. To further strengthen resilience, measures such as adopting air-cooled WHR systems, closed-loop water use, rainwater harvesting, reuse of treated wastewater, and process-based water optimization are being implemented. In addition, water consumption and temperature impacts are monitored through digital monitoring systems, thereby enabling early warning and data-driven decision-making. Based on temperature-related impacts, shift arrangements, climate-sensitive working conditions, and practices aimed at protecting employee health are being reassessed.

3.1.2. Identification, Impact Analysis, and Risk Rating of Transition Risks

	Short Term	*Medium Term*	*Long Term*
Risk Definition	Compliance costs arising from the Carbon Border Adjustment Mechanism (CBAM)	Carbon pricing obligations resulting from alignment with the EU Emissions Trading System (EU ETS)	The obligation to transition to low-carbon production technologies and to develop sustainable products, and the potential threat to the logistical and legal sustainability of terminal operations due to the expansion of the EU Green Deal and the CBAM system
Impact	1	1	3
Likelihood	2	2	2
Risk Score	2	2	6
Risk Level	Low	Low	Medium
Risk Description	A financial burden may arise from CBAM on products exported to the EU.	Currently, there is no emissions trading system. However, in the medium term, the risk potential exists.	The sector requires investments for decarbonization. In this context, alongside conventional methodologies, the transition to next-generation technologies such as carbon capture, storage, and utilization is considered inevitable.
Risk Mitigation	As part of transition risk management, various projects are being carried out within the Company to reduce greenhouse gas emissions. In this respect, a net-zero emission target for 2050 has been set, and by 2030, Scope 1 and Scope 2 emissions are planned to be reduced by 22.8%. Within the scope of ongoing reduction plans, biomass-based alternative fuel use, thermal and electrical energy efficiency practices, and renewable energy investments are foreseen. To reduce energy-related emissions, waste heat recovery and solar power plant (SPP) investments are being implemented. In addition, efforts are underway to reduce the clinker ratio, and a related target has been established. The Company's high slag production capacity and utilization potential across Türkiye support the development of low-carbon production practices. These practices represent preventive steps aimed at mitigating the financial burdens that may arise from the European Green Deal, CBAM, and similar regulations, while protecting long-term competitiveness.		
Impacts on Financial Position, Financial Performance, and Cash Flows	The Company analyzes potential carbon costs under CBAM across different scenarios. Based on the assessments, these costs could represent between 0.21% and 0.96% of total revenue under minimum and maximum risk scenarios. These ratios remain below the Company's financial materiality threshold, and currently, CBAM-related carbon costs are not considered to have a significant impact on its financial position, performance, or cash flows. However, considering that CBAM's scope may expand over time, reporting obligations may increase, and carbon prices may fluctuate upward, the need to periodically review and evaluate these impacts persists.		
Judgments and Uncertainties Regarding Financial Impacts	The financial impact analyses conducted under CBAM are based on existing regulations, limited publicly available data sets, and assumption-based scenarios. The judgments made in preparing these analyses involve various uncertainties and variables. Therefore, the calculated financial impacts may need to be reassessed over time. Judgments and uncertainties related to CBAM: • For the 2026–2030 period, carbon costs were modeled under minimum and maximum risk scenarios, which projected potential costs in the range of 0.21% to 0.96% of total revenue. • However, the EU's potential expansion of CBAM's scope, the application of product-based methodologies, and the details of reporting obligations for importers are not yet clear. This results in the analyses being of a provisional nature. • In addition, EU CBAM projections indicate that carbon prices may increase in the medium and long term. Türkiye's national legislative alignment process in this regard is ongoing. • Mitigation policies targeting exporting sectors have not yet been finalized. Therefore, the medium- and long-term financial impacts under CBAM remain uncertain.		

3.1.2.1. Scenarios Used in the Analysis of Transition Risks

Horizon	*Climate Scenario*	*Scenario Source*	*Rationale for Selection*	*Links*
Short (0–5 years)	CBAM and EU ETS regulations come into force; the first impacts emerge in the short term as cost pressures.	EU ETS Phase IV & CBAM	These are official EU policies with direct impact for compliance with the current regulatory framework.	https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets_en
Medium (5–10 years)	Türkiye's NDC and IEA NZE 2030 projections show increasing carbon price pressures and the deepening of transition risks in the medium term. NGFS scenarios indicate that, if the transition remains disorderly by 2030, markets may face economic shocks and sudden carbon price spikes.	IEA Net Zero 2050 & Türkiye NDC 2023 NGFS – Network for Greening the Financial System SBTi 1.5°C Corporate Net-Zero Standard.	Medium-term carbon price projections and Türkiye's commitments are aligned with these scenarios.	https://www.iea.org/reports/net-zero-by-2050 https://www.ngfs.net/ngfs-scenarios-portal/
Long (10 years and beyond	IEA and IPCC 1.5°C pathways indicate that after 2040, low-carbon production will become mandatory; strategic transformation impacts are reflected in the long term.	IEA NZE 2050 & IPCC 1.5°C Pathway	They define the requirements and strategic orientations for low-/zero-carbon production in the long term.	https://www.ipcc.ch/sr15/ https://www.iea.org/reports/net-zero-by-2050

The Company's climate scenario analysis, transition risks, and strategic planning have been carried out in alignment with the "1.5°C Corporate Net-Zero Standard" developed by the SBTi. Within this framework, science-based pathways for the short-, medium-, and long-term transformations required to achieve carbon net-zero targets have been defined.

In developing its net-zero aligned roadmap supporting these targets, the Company has conducted scenario-based analyses focusing on the reduction of carbon-intensive activities, the transition to alternative technologies, low-carbon production strategies, and climate resilience practices.

Accordingly, the scenarios used (IEA NZE 2050, IPCC 1.5°C, Türkiye's NDC 2023, and NGFS scenarios) have been selected in consistency with the SBTi 1.5°C target, and the financial as well as operational impacts of transition risks have been assessed on scientific grounds.

3.1.2.2. Assessment of the Potential Financial Impacts of Transition Risks in the Short, Medium, and Long Term

In the short term, the financial burden that may arise under CBAM is projected, based on the analyses conducted, to remain below the financial materiality threshold. Therefore, it is not expected to cause a material deterioration in the Company's current financial position, performance, or cash flows. However, in the medium and long term, the financial impacts stemming from CBAM are anticipated to display a more volatile outlook. CBAM projections published by the European Union indicate that carbon prices may rise, the scope may expand both sectorally and product-wise, and reporting obligations may become more complex over time. Considering Türkiye's draft regulations currently under preparation, financial impacts are assessed to potentially vary over time. Accordingly, regulatory developments and market conditions are closely monitored by the Company.

At present, there is no Emissions Trading System (ETS) in force in Türkiye; only a draft regulation on the subject has been published. In the medium and long term, regulatory uncertainties surrounding the planned implementation of the ETS in Türkiye make it impossible at this stage to quantitatively calculate potential transition risks. The absence of a defined free allocation methodology, the lack of clarity regarding the market system to be used for carbon pricing, and the uncertainty of sectoral coverage make technical and financial projections difficult. Similarly, the continuation of flexibilities in the EU transition process and the absence of sector-specific benchmark values limit the ability to develop foresight for Türkiye's alignment process. In addition, the lack of reference investment cost data for low-carbon technologies in the sector results in an insufficient data infrastructure to support analyses for modeling long-term investment impacts. Türkiye's Climate Law has also been taken into account in the assessments. Due to this environment of multiple uncertainties, quantitative calculations of the potential financial impacts of transition risks cannot be made. In this context, the financial impacts of transition risks have been incorporated into the continuous monitoring process and assessed on a qualitative basis. Furthermore, all transition risks arising from the Company's main shareholder and subsidiaries have been evaluated, and no risks other than those disclosed in this report have been identified.

When assessed qualitatively, short-term transition risk-related costs are expected to remain limited, and these impacts are not anticipated to create significant pressure on the Company's short-term profitability or liquidity indicators. The current operational efficiency and margin structure are at a level that can tolerate potential cost increases. This analysis has been made based on the quantitative assessments carried out for the short term.

In the medium term, with the commencement of ETS implementation, carbon costs are expected to exert limited pressure on operating expenses and unit production costs. With the impact of ongoing emission reduction projects and alternative fuel strategies, these costs are expected to remain at a manageable level. Therefore, carbon costs are not anticipated to cause significant deviations in the Company's gross profitability or operating margins.

In the long term, however, the magnitude of the investments required for the transition to low-carbon production and the financing conditions of these investments may affect the Company's capital structure. Especially under high-emission scenarios, financial burdens may arise, while under low-emission scenarios, potential financial gains may occur, though these projections carry high uncertainty due to the immaturity of the regulatory framework. In addition, conditions for accessing sustainable finance, carbon prices, and volatility in investment costs may place pressure on cash flows. However, these investments also carry the potential to reduce energy costs, improve resource efficiency, and provide a competitive advantage through a low-carbon product portfolio.

The Company implements a multidimensional emission reduction strategy to adapt to transition risks and achieve its long-term net-zero emission targets. Within this strategy, initiatives are holistically pursued, including the use of alternative raw materials and fuels, the expansion of low-clinker cement production, improvements in thermal and electrical energy efficiency, renewable energy investments, low-carbon fuel conversions, and the transition to advanced technologies such as carbon capture, utilization, and storage (CCUS). The Company evaluates the climate risks and opportunities that may arise in this transformation process, integrating their financial impacts and potential trade-offs into decision-making processes. The potential trade-off mechanism encompasses the reciprocal effects of emission reduction practices on operational efficiency, product performance, investment payback periods, and market competitiveness.

3.1.2.3. Impacts of Transition Risks on the Business Model and Value Chain

The Company's business model and value chain are sensitive to climate-related regulatory developments such as carbon regulations, emissions pricing, and the transition to low-carbon production technologies. In this context, the CBAM implemented by the European Union, Türkiye's preparations for a national emissions trading system, and the market dynamics shaped by the SBTi 1.5°C target highlight the need for structural transformation in the business model.

From a business model perspective, clinker production processes with high emissions intensity stand out as critical activity areas that may be exposed to carbon prices in the medium and long term. This situation may create pressure on product profitability due to cost increases arising from carbon-intensive production. The tightening of emission performance evaluation criteria by financial institutions may make it more difficult for companies that do not meet environmental standards to access green loans or sustainable financing sources on favorable terms. This may have an indirect impact on the Company's financial position, performance, and cash flows.

Uncertainties related to the transition process complicate the assessment of risks and financial materiality.

From a value chain perspective, the transition to low-carbon production processes may necessitate a restructuring of the supply chain. In particular, strategies for the supply of alternative fuels and raw materials are closely linked to new supplier analyses, investment plans, and logistics infrastructure transformations. Furthermore, restrictions on the use of inputs with a high carbon footprint may bring about the need for revisions in production planning and reallocation of resources.

In line with these assessments, regions where emission-intensive plants operate are among the geographically prioritized areas in terms of regulatory transition risks. Clinker production lines, kiln systems, and fossil fuel-powered energy systems are identified as the most vulnerable asset types to these risks.

In addition, ongoing uncertainties regarding the applicability, investment costs, and technical feasibility of low-carbon production technologies make it difficult at this stage to fully quantify the impacts of transition risks.

Within this scope, the Company is developing scenario-based strategies to build resilience against climate-related transition risks, including low-carbon technologies, alternative binder solutions, and digitalization-focused transformation practices. At the same time, long-term transition risks that may affect the Company's financial position, performance, and cash flows are addressed within continuous monitoring and evaluation processes.

3.1.2.4. Assessment of Climate Resilience and Vulnerability in Relation to Transition Risks

Factors such as the tightening of climate policies, the potential rise in carbon prices, and the increasing obligation for low-carbon production create long-term transition risks for the Company's current business model and production structure. These risks define the Company's areas of operational vulnerability while also presenting opportunities for climate resilience in terms of technology transformation and infrastructure investments.

In assessments, scenarios and guidance documents such as the IEA Net Zero 2050, NGFS scenarios, Türkiye's Nationally Determined Contribution (NDC 2023), and the SBTi 1.5°C Net-Zero Standard are taken as references. These scenarios particularly indicate that after 2030, carbon regulations will deepen and traditional clinker-based production systems will come under cost pressure. Therefore, short-, medium-, and long-term transition risks are analyzed on a scenario basis, with production lines, fuel use, and carbon-intensive inputs identified as key points of vulnerability.

However, the Company's current technical capacity and strategic infrastructure have the potential to build institutional resilience against transition risks. In particular, its multi-location production structure, alternative binder material development projects, digitalized emissions monitoring, and energy efficiency investments reduce the impact of transition-related vulnerabilities and strengthen resilience capacity.

Transition risks can also directly affect human resources, the supply chain, and market strategies. The increase in carbon costs may create competitive pressure in product pricing while also requiring workforce skills to adapt to new technologies. In this context, employee skill development, awareness raising on carbon regulations, and organizational change management are addressed within the scope of climate resilience.

Activities carried out to enhance resilience include increasing the use of biomass and alternative fuels, installing digital control systems that reduce the carbon footprint, cutting emissions, and planning low-carbon production processes. In addition, practices such as integrating SBTi-aligned greenhouse gas reduction targets and investor engagement based on climate performance structurally embed long-term resilience at the corporate level.

3.2. Assumptions Regarding Climate-Related Physical and Transition Risks

Key Assumption Title	*Company Explanation*
Climate policies in countries of operation	The Company shapes its low-carbon transition strategies in line with Türkiye's national climate policies and the 2053 net-zero target. Climate-related risks and opportunities are evaluated in accordance with sectoral roadmaps and regulatory frameworks.
Macroeconomic trends	Global and local economic fluctuations, carbon prices, energy costs, and commodity prices directly affect cement production processes. In this context, cost projections are prepared and flexible procurement strategies are developed.
National or regional-level variables (e.g., local weather events, demographics, land use, infrastructure, and availability of natural resources)	Rising temperatures, water stress, and extreme weather events in operating regions are among the key inputs considered in operational efficiency and workforce planning. In addition, access to natural resources and the adequacy of local infrastructure are factors influencing strategic decisions.
Energy use and diversity	The Company is increasing the share of renewable energy sources and prioritizing equipment modernization that provides energy efficiency. The integration of diverse energy sources supports energy supply security.
Technological developments	Calcined clay technology, digital process monitoring, data-driven maintenance planning, and energy optimization systems carry strategic importance in the Company's climate adaptation and low-carbon production journey.
Commitment to SBTi 1.5° C-aligned targets	The Company has set a net-zero target aligned with the SBTi 1.5°C scenario. In this context, emission reduction, the use of alternative fuels, a low-carbon product portfolio, and renewable energy investments are prioritized.

3.3. Analysis of Opportunities Related to Risks

3.3.1. Opportunities Linked to Physical Risks

To enhance the resilience of production processes against the impacts of climate change, climate control, energy efficiency, and digital adaptation solutions present significant opportunities. In this context, the in-house software solutions developed or to be developed by the Company's technology subsidiary strengthen operational flexibility through digital monitoring and decision-support mechanisms aimed at improving both occupational health and safety and process efficiency.

Meanwhile, in regions with high water stress, investments in water recovery and closed-loop systems make it possible to reduce long-term water supply costs. Data-driven monitoring and optimization systems implemented in this area not only increase the resource efficiency of production facilities but also reinforce the climate-focused innovation capacity of the Company's technology subsidiary.

3.3.2. Opportunities Linked to Transition Risks

The Company's in-house technology and software subsidiary has the potential to contribute to corporate carbon reduction targets through digital solutions.

In line with its SBTi commitment covering all operations, the Company views the transition to a low-carbon economy as an integrated set of strategic opportunities. The Company's key practices implemented in this context are summarized below:

Use of Biomass-Based Alternative Fuels: Within the alternative fuel strategy designed to reduce fossil fuel consumption, the use of biomass-containing waste is steadily increasing. A biomass share of 24.5% is targeted, which contributes directly to reducing greenhouse gas emissions while providing flexibility and cost advantages in energy supply.

High Slag Utilization Rate: The use of industrial by-products, particularly slag, as secondary raw materials reduces the use of natural resources and lowers the product-level carbon footprint. This approach aligns with circular economy principles and creates advantages within the scope of green product certifications.

In addition, the Company is implementing a variety of projects and practices that support its transition risk opportunities. Through its digitalization projects, the Company enhances traceability in production processes, reduces energy consumption, and improves resource efficiency. With a product portfolio featuring lower clinker ratios and higher additive content, product-level carbon emissions are reduced, thereby helping customers lower their own carbon footprints. These products provide low-impact solutions that respond to the growing demand for sustainable products. Renewable energy investments reduce emissions from electricity consumption while ensuring predictability and cost control in energy supply. These efforts also support the resilience of operational processes from both environmental and economic perspectives.

The Company's multi-faceted strategic approach strengthens both compliance with climate commitments and long-term competitiveness in its low-carbon transition journey.

3.4. Strategy and Decision-Making Processes

The Company structures its strategy and decision-making mechanisms by considering the impacts of climate-related risks and opportunities on its business model and value chain, and in this context directs resource allocation, process management, and technology investments. The Company has set its climate-related targets in line with the SBTi-approved 1.5°C pathway and committed to concrete reduction targets by 2030. These targets have been approved by SBTi.

To respond to climate-related risks and opportunities, the following strategic practices are implemented:

Within the Company, transitioning to low-carbon production models has been made a strategic priority in order to reduce transition risks stemming from carbon-intensive production. Accordingly, concrete transformation plans have been launched, such as increasing the share of alternative fuels in grey cement production to 58%, reducing carbon emissions from electricity consumption by 70%, and expanding the use of low-clinker products to reduce the carbon footprint. At the same time, investments are being made in innovative technologies such as calcined clay to diversify the low-carbon product portfolio. These strategic transformations directly influence resource allocation and capital expenditure decisions.

The Company integrates mitigation and adaptation solutions to align with current and expected climate conditions. In particular, measures such as closed-loop water use, air-cooled WHR systems, digital process monitoring technologies, and climate-sensitive working arrangements stand out under chronic physical risks. In this context, both technical transformation in production equipment and organizational flexibility are targeted.

The aim is also to ensure climate risk adaptation across the value chain together with customers and suppliers. The targeted 22.9% reduction in emissions from purchased clinker and cement, and the 51.6% reduction in fuel- and energy-related emissions, demonstrate this approach. Collaborations with suppliers promote the transition to lower-carbon alternatives.

The key assumptions underlying the emission reduction targets in the climate transition plan are: Türkiye's green transition process, CBAM scope, continuity in alternative raw material and fuel supply, energy market price fluctuations, and regional water stress risks. Within this framework, production processes are being gradually transformed and necessary technology investments are planned.

The direct and indirect 2030 targets for reducing greenhouse gas emissions are defined as follows:

- A 22.8% reduction in Scope 1 and Scope 2 emissions compared to the 2021 baseline.
- An increase of the alternative fuel ratio to 58%.
- A 70% reduction in emissions from electricity consumption.
- A 22.9% to 51.6% reduction in Scope 3 emissions (from clinker, cement, fuel, and energy sources).
- The greenhouse gas emission targets have been approved by SBTi and are implemented under the 1.5°C-aligned transition pathway.

To ensure the implementation of the above-mentioned activities, the Company develops digital solutions and applies them within its operations. In this context, digitalization activities are carried out by the Company's internal digitalization unit, while system-based processes such as ERP are managed through its technology subsidiary. In addition, investments in alternative raw materials and fuels based on circular economy principles provide diversity in resource use, while access to additional resources through EU projects and sustainable finance instruments remains among the strategic priorities.

Since this reporting period is the Company's first TSRS reporting period, there are no comparative progress data available for plans disclosed in previous reporting periods. In future periods, performance measurements and target achievements will be publicly reported.

3.5. Disclosure of Performance and Investments Regarding Climate-Related Transition Risks, Physical Risks, and Opportunities

The Company has analyzed transition risks arising from regulatory changes such as ETS and CBAM, as well as physical risks related to extreme weather events, water stress, and rising temperatures, identifying vulnerable assets and operational areas. In addition, climate-related opportunities such as energy efficiency, digitalization, water recovery, and low-carbon technologies have been evaluated, and their transformation potential has been highlighted. The Company shapes its capital expenditures, financing decisions, and investment plans in line with climate scenarios to manage these risks and opportunities. Within the scope of managing climate-related transition and physical risks, the value and percentage (100%) of sensitive assets and activities are regularly monitored, and risk-mitigation actions and investments are planned. Furthermore, when current climate-related risks and opportunities are assessed within the framework of monitored scenarios, no significant impact is anticipated that would require a material adjustment to the book value of assets and liabilities disclosed in the financial statements in the next reporting period.

The Company's production activities are spread across different climate zones and geographical regions of Türkiye. This geographical diversity differentiates the level of exposure of each production facility to climate-related physical and transition risks. Accordingly, the value chain elements and geographical regions where risks are concentrated have been analyzed in detail.

From a physical risk perspective, acute risks such as floods and inundations stand out particularly in high-rainfall regions such as the Black Sea, where production facilities are more vulnerable to operational disruptions and infrastructure risks caused by sudden weather events. Chronic risks such as rising temperatures, drought, and water stress are more prominent in the Central Anatolia, Mediterranean, Aegean, and Eastern Anatolia regions, where facilities face long-term and structural risks regarding water supply, process efficiency, and climate adaptation.

From a transition risk perspective, the planned introduction of a national ETS in Türkiye constitutes a significant regulatory risk factor for production facilities operating across all regions. With the implementation of the ETS, facilities operating in certain sectors with high greenhouse gas emissions will be required to purchase carbon units according to quotas set for their emissions.

This may lead to increased unit costs depending on the carbon intensity, production scale, and energy efficiency levels of facilities, posing a direct competitiveness challenge, particularly for companies in energy- and emission-intensive sectors. In addition, CBAM, introduced by the European Union, directly affects sectors and facilities exporting to the EU. Facilities located in the Black Sea, Mediterranean, and Marmara regions are particularly exposed, as foreign trade activities and logistics infrastructures are concentrated in these regions.

Based on detailed facility-level assessments of risk-intensive areas, acute physical risks such as floods, inundations, and extreme heat have been identified particularly in the Adana, Ankara, Bolu, Mardin, Ünye, İskenderun, and Ereğli plants. Chronic physical risks such as water stress are particularly pronounced in the Adana, Aslan, and Ankara cement plants. In terms of transition risks, the planned implementation of a national ETS in Türkiye carries financial and operational impact potential for all facilities operating in emission-intensive sectors. Furthermore, CBAM represents a major regulatory risk area that may increase carbon costs for facilities exporting to the EU and those located closer to this market.

In line with its institutional sensitivity to climate-related risks and opportunities, the Company plans and executes its capital expenditures in an integrated manner with its low-carbon transition targets. In this context, investments related to energy efficiency, alternative fuel use, renewable energy, and environmental protection projects are prioritized, and strategic resource allocation is shaped accordingly.

The effectiveness of climate-focused investment decisions is systematically monitored on the basis of related capital expenditures, financing utilization, and investment amounts; in this way, the performance of practices supporting the transition to a low-carbon economy and their contribution to sustainability are regularly evaluated and improved. This approach enhances operational efficiency in the short term and provides a strategic contribution in the long term by protecting vulnerable assets with high climate exposure, strengthening climate resilience, and sustaining competitive advantage.

As of 2024, approximately TRY 622 million of the Company's total investment expenditures have been allocated directly to climate-related projects. These investments are grouped under the following headings:

- Renewable energy investments
- Alternative fuel investments
- Environmental protection investments
- Energy efficiency investments.

Regarding carbon pricing, the Company is assessing internal carbon pricing mechanisms for the costing of greenhouse gas emissions and will comply with relevant requirements once regulations enter into force. In addition, opportunities related to the use of market mechanisms such as carbon credits are being monitored, with methodologies, pricing approaches, and scenario analyses being tracked and evaluated in this context. No use of carbon credits was made during the reporting period; however, the Company will continue to monitor developments in carbon markets and may consider using carbon credit mechanisms in appropriate circumstances.

The Company integrates climate-related metrics into its senior executive remuneration system to ensure company-wide ownership of climate targets. These indicators are taken into account in performance evaluation processes, supporting a corporate governance approach aligned with sustainability strategies. Detailed information on this matter can be found in the Governance section.

3.6. Climate Change Adaptation, Adaptive Capacity, and Transition Plan

The Company has a strong liquidity management framework and a robust financial planning infrastructure to address climate-related risks and opportunities. Through its current capital structure and strategic investment prioritization practices, it has the capacity to respond effectively and adapt to high-cost climate risks in the short, medium, and long term. This approach strengthens the Company's financial resilience while also enhancing its flexibility against climate change. Details of the financial impacts related to these assessments can be found in the Strategy section.

The Company manages its adaptation and capacity to benefit from climate-related opportunities within the following framework:

Resource Allocation and Investment Planning in Relation to Climate: The Company's investments in mitigation, adaptation, and climate resilience serve not only environmental goals but also the objectives of operational continuity and cost efficiency. Investments aligned with the SBTi-approved 2030 targets include alternative fuel use, products with reduced clinker ratios, WHR systems, and energy efficiency practices. These investments directly reduce emissions while also mitigating operational risk and enhancing resilience.

Based on assessments of the financial impacts of climate-related risks, it has been determined that, as of the 2024 reporting period, identified risks remain below the financial materiality threshold under current conditions. Accordingly, in the short and medium term, these risks are not expected to create a burden that would require a priority resource allocation or revision of financing models in capital budgets.

However, considering changes in climate policies, fluctuations in carbon prices, and uncertainties in market conditions, risks arising from regulatory mechanisms such as CBAM and the Turkish ETS are monitored regularly, with updated scenario analyses and monitoring mechanisms in place to address their potential to exceed the financial materiality threshold in the future. If such risks are found to have the potential to surpass the financial materiality threshold, necessary evaluations will be conducted on resource allocation, investment plans, and cash flow projections, and preventive measures will be implemented.

In line with low-carbon growth strategies and a sustainable finance approach, the Company's financial planning processes are maintained as flexible, data-driven, and aligned with forward-looking scenarios. Within this framework, capital allocation decisions are managed based on the principle of financial materiality and with a focus on ensuring resilience against climate risks.

Availability and Flexibility of Financial Resources: The Company plans its investments and expenditures in response to climate-related risks and opportunities based on the outputs of scenario analyses. It has flexible financial resources that can be directed toward areas such as emission reduction, alternative fuels, energy efficiency, and water management. The availability of these resources enables short-term interventions while also supporting long-term transformation strategies.

Asset Transformation Capability: The Company has the potential to reposition its existing assets under different scenarios, restructure them to adapt to climate impacts, or repurpose them for alternative uses. In particular, transformation plans for assets that are highly vulnerable to water stress and rising temperatures are on the agenda, and the adaptability of the current production infrastructure is regularly reviewed.

Transition Plan and Key Assumptions: The Company considers the transition to a low-carbon economy as a strategic transformation area and supports this process with SBTi-aligned targets. The transition plan has a multidimensional structure, including product-based emission reduction, the development of low-clinker products, increased use of alternative fuels (especially waste-based), energy efficiency investments, and the adoption of environmental compliance criteria in the supply chain.

In this context, the Company aims to reduce greenhouse gas emissions by 22.8% compared to the 2021 baseline by 2030 and to gradually improve energy efficiency. In addition, sustainable supply chain practices have been implemented, such as applying environmental compliance criteria for new suppliers, analyzing and improving the negative environmental impacts of existing suppliers, increasing the share of local suppliers, and joining EcoVadis.

The feasibility of the transition process is directly linked to the adequacy of technical infrastructure, compliance with legal regulations, access to financial resources, supply chain collaborations, and the capacity for workforce transformation. In this context, social and operational impacts—such as increasing the proportion of female employees in the field by 15% and reviewing site-level risk reduction measures for disaster/emergency scenarios—are also considered part of the transition plan. The Company regularly analyzes the transition process, monitoring its impacts on cost projections, competitiveness, and employment structure, and revises its plans in line with updated data.

4. RISK MANAGEMENT

The Company conducts the processes of identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities in an integrated manner with its overall risk management processes. It also explains how these processes are linked to the overall risk management approach and how they provide input to decision-making mechanisms.

The Company sets out in detail its approach and assessments regarding the overall risk profile and the management of climate risks in this report. Thus, it aims to enable financial report users to understand the Company's climate-related risk management approaches and how these processes are integrated into the overall risk management system.

The Company manages its risk management activities through the "Corporate Risk Management Framework" document. This document has been structured based on internationally recognized risk management practices and standards, relevant guidelines, the experiences of the Company and other companies operating in the sector, and applicable regulations. The framework document is reviewed at least once a year. Necessary updates to the document, arising from changes in the risk environment and innovations in risk management practices, are made with the approval of the Corporate Risk Management Committee. In addition, this framework document has been prepared to provide a detailed overview of responsibilities, processes, reports, procedures, and risk management terminology, along with the key components of risk management. The Compliance and Corporate Risk Manager is responsible for preparing, distributing, and updating this document. The Group Internal Audit, Risk and Compliance Department is responsible for the execution of this framework document.

Corporate Risk Management is the set of culture, capabilities, and practices that the Company integrates with its strategy-setting process and applies in the execution of that strategy. Corporate Risk Management deals not only with the negative aspects of risk but also with the opportunities it may present. For example, the measures taken against risk may reduce the level of risk while also creating results that provide the Company with competitive advantage. Therefore, when evaluating risk response options, consideration is also given to potential solutions that can deliver additional value to the Company, such as operational efficiency, competitive advantage, and the introduction of new products and services.

The Corporate Risk Management process requires three key steps:

• The annual review of the Company's strategy, strategic decision-making processes, and business objectives; revision of the strategy and business objectives if deemed necessary in light of risk assessments; and the detailed identification and/or updating of risks associated with all strategic and operational processes.

• Ensuring the continuity of structures that establish ownership and responsibility for monitoring and updating the risk management process and activities.

• Identifying the connection points between risk management activities and business processes that ensure the implementation of strategies, including the assessment of process controls, and positioning process management and corporate risk management in a complementary way.

The Company's risk management process, its infrastructure, and resources related to risk management are a reflection of the corporate risk management culture of the Company. Risk management activities are carried out in mutual interaction with business activities, objectives, associated strategies, and strategic goals.

The continuity and effectiveness of risk management activities are supported through the coordination of change management, continuous improvement, communication, incentives, and training practices.

The Company's Corporate Risk Management Framework aims to provide reasonable assurance in achieving the institution's strategic, operational, reporting, and compliance objectives, while also ensuring that climate-related risks and opportunities are systematically addressed within this structure. This framework aims to establish a system that supports growth strategies and business objectives, meets stakeholder expectations, and ensures regulatory compliance.

The framework covers the steps followed to provide reasonable assurance that employees at all levels recognize, understand, and manage the risks related to their areas of responsibility. All employees are responsible for identifying, reporting, and managing relevant risks and opportunities, including those related to climate. Therefore, risk management is considered an integral part of strategic and operational planning processes.

The Corporate Risk Management Committee has established the Risk Management Policy, Risk Appetite, Risk Management Objectives, and the Risk Management Objectives associated with Strategies. Information on the structure, duties, and responsibilities of the Corporate Risk Management Committee is provided in the Governance section. In addition, the Company's Senior Management is responsible for developing specific policies to ensure communication within company operations, for ensuring that necessary activities are carried out for effective risk management, and for overseeing the effectiveness of risks and the risk management process.

4.1. Identification of Risks and Opportunities at OYAK Çimento

For the Company, risk management is the process of not only preventing or mitigating losses but also identifying and evaluating opportunities. Risk is defined across a wide spectrum of factors that may affect the achievement of the Company's strategic and operational objectives. In this context, risk is considered as the probability of incurring a loss, the likelihood of adverse outcomes arising from such losses, the risk of not meeting positive expectations toward objectives, the unexpected consequences of decisions taken or activities implemented, the probability of events occurring that may affect Company objectives, and the situation where an event either hinders the achievement of objectives or creates an opportunity.

The Company addresses risks in both threat and opportunity dimensions and integrates climate-related risks and opportunities into this approach. In this way, risk management is used as an effective decision-support mechanism in the process of achieving Company objectives.

Creating a risk inventory is one of the fundamental stages of the risk management process. While creating the risk inventory, internal and external factors are taken into account. These factors include the macroeconomic environment, competition, legislation, technological developments, geographical conditions, trends, the public and local communities, public institutions and organizations, media, customers, suppliers, stakeholder communication, and the changes and developments that affect the Company's strategic and operational objectives. Risks are identified through ISO 31000 Risk Management requirements, the COSO approach, and existing best practices, and are prioritized according to materiality assessments.

Climate-related risks and opportunities are assessed with a proactive approach. Climate-related risks are analyzed either quantitatively or qualitatively in line with the Corporate Risk Management framework. The Company also views these elements as having the potential to enhance operational resilience and competitiveness. Climate risks and opportunities that may arise across the entire value chain and affect or have the potential to affect the business model are addressed. In this context, new technologies, the use of renewable energy, and circular economy practices are defined as areas of opportunity, and these are integrated into business strategies with a focus on long-term value creation.

Once risks are initially identified, they are reviewed annually and evaluated during CRMC and ERDC meetings throughout the year. In this way, the monitoring and follow-up of risks and opportunities are ensured.

4.2. Materiality Assessment of Risks and Opportunities at OYAK Çimento

Risks defined within the Company are prioritized according to their significance. In this way, time and resources are allocated to issues that are critical for operations.

All risks are evaluated based on impact and likelihood criteria. The level of impact is determined according to both financial and non-financial assessment criteria. When identifying which areas (e.g., finance, reputation, people, environment, legal) the impact of a risk will be evaluated for, and when creating qualitative and quantitative indicators for risk assessment criteria, the Company's activities are considered from both external and internal perspectives; the expectations and needs of external and internal stakeholders are also taken into account when shaping the risk assessment framework.

At the Company, prioritization and assessment of risks are carried out using a scoring scale ranging from 1 to 5, with both likelihood and impact dimensions systematically defined from very low to very high levels. In assessing risk likelihood, the frequency of occurrence and the probability of occurrence in the upcoming period are considered to determine the risk rating. Through this structure, the probability of occurrence and the potential impact of risks are evaluated together, enhancing the effectiveness of the corporate risk management process and ensuring risks are managed with a holistic approach.

In terms of climate-related risks and opportunities, scenario analyses are utilized to conduct a more comprehensive assessment. Within this framework, RCP scenarios, the Turkish State Meteorological Service's national climate projections, the International Energy Agency's (IEA) Net Zero approaches, and the SBTi 1.5°C-aligned roadmap and net zero guidance are taken into account, and the short-, medium- and long-term impacts of different climate scenarios are analyzed.

Thus, the Company can better anticipate the likelihood and impacts of climate change-related risks, increasing the effectiveness of the corporate risk management process and the quality of climate-focused decision-making processes. It also evaluates the probability of opportunities that should be pursued. The Company's targets are shaped in parallel with the SBTi's 1.5°C scenario and a Net Zero-aligned roadmap.

Scenario Source	*General Description*	*Reason for Selection*
IPCC – RCP Scenarios	Provides projections of global temperature increases and climate impacts under different greenhouse gas emission pathways.	Selected to anticipate physical risks on a global scale using internationally recognized methodology.
Turkish State Meteorological Service - National Climate Projections	Includes Türkiye-specific climate change forecasts and local climate risk analyses.	Selected to assess the regional and local impacts of climate change in the Turkish context.
EU ETS and CBAM	Defines the short-term impacts on carbon costs within the framework of the European Union's carbon pricing and trading regulations.	Assessed to accurately project short-term regulatory transition risks and export-driven financial impacts.
International Energy Agency (IEA) – Net Zero Emissions by 2050 Roadmap	Provides a roadmap for the transformation of the global energy system towards net zero emissions by 2050.	Assessed to evaluate long-term transition risks and opportunities linked to energy transformation.
SBTi – 1.5°C and Net Zero Scenarios	Covers science-based emission reduction and net zero pathways aligned with the 1.5°C target.	Monitored to align Company targets with SBTi approval and to support net zero transition strategies.

In this context, a financial materiality analysis is conducted specifically for climate-related risks and opportunities, and this analysis is carried out within the framework of a five-level scale defined based on EBITDA. In addition, the financial threshold value has also been defined on the basis of EBITDA.

The potential impacts of each risk and opportunity on the Company's financial position, financial performance, and cash flows are assessed in detail. Thus, by taking financial materiality criteria into account, the Company is able to make strategic prioritizations and ensure that risk management processes operate more effectively both in the financial and climate dimensions.

4.3. Monitoring and Tracking of Risks and Opportunities at OYAK Çimento

The Company ensures that all risks and opportunities are regularly monitored, improvement actions are implemented, and the effectiveness of these processes is evaluated as part of corporate risk management. Risk owners monitor the identified risks and opportunities, assess whether new risks and opportunities have emerged, coordinate the implementation of improvement plans, and measure the impact levels of these plans. Climate risks and opportunities are also integrated into this monitoring and tracking process. Through a continuously updated risk inventory and regular performance reporting, risks and opportunities are managed proactively and considered as a key input for corporate decision-making processes.

Compared with the previous reporting period, there have been no structural changes in the risk management process.

4.4. Control and Action Planning of Risks and Opportunities at OYAK Çimento

- Preventive Controls: Controls applied to prevent the occurrence of risks.
- Detective Controls: Controls applied to identify the occurrence of events or incidents that may cause impacts.
- Corrective Controls: Controls applied to reduce the impact in case the risk occurs.

Following the assessment of existing controls and the selection of a risk strategy (transfer, mitigation, avoidance), the step of action planning comes into focus. This stage aims to progress toward the most appropriate risk strategy, taking into account the current risk situation for a specific risk.

4.5. Reporting of Risks and Opportunities at OYAK Çimento

Report / Process	*Content*	*From*	*To*	*When?*
Corporate Risk Management Committee Report (ERDC Level)	Presentation and minutes approved by CRMC for the risks in the Strategic Risk Inventory are submitted to ERDC.	CRMO (Compliance and Corporate Risk Management Officer)	ERDC	Every two months / 6 times a year
Corporate Risk Management Committee Meeting Presentation and Minutes (Senior Management / CRMC)	Risk information consolidated from units, plants, and functions is presented to CRMC.	CRMO (Compliance and Corporate Risk Management Officer)	CRMC	Every three months / 4 times a year
Annual OYAK Çimento Risk Management Report (Strategic and Process Risk Inventory)	The report prepared and approved by CRMC is submitted to ERDC and approved by ERDC.	CRMO (Compliance and Corporate Risk Management Officer)	ERDC	Once a year
Annual OYAK Çimento Risk Management Report	The report prepared by the Risk Management Team is approved by CRMC.	CRMO (Compliance and Corporate Risk Management Officer)	CRMC	Once a year
Annual Report	A summary of the Risk Management structure and activities is provided for inclusion in the Annual Report.	Directorate of Country Finance	Executive Committee	Once a year
Sustainability Report	A summary of the Risk Management structure and activities is provided for inclusion in the Sustainability Report.	Directorate of Alternative Resources and Environment	Executive Committee	Once a year

5. METRICS AND TARGETS

Explanations regarding metrics and targets aim to help financial report users better understand the Company's progress toward its self-defined and regulatory targets, as well as its performance in managing climate-related risks and opportunities.

Within the framework of its sustainability strategy, the Company applies specific metrics to monitor climate risks and opportunities associated with its activities. The Company tracks and reports indicators that allow the measurement of climate-related risks and opportunities, as well as progress toward both self-defined and regulatory targets. During the reporting period, the Company has explained in detail its performance against climate-related metrics and targets. In addition, it has also disclosed performance results for metrics that are mandated under the relevant standard.

5.1. Climate-Related Metrics and Targets

When reporting its performance indicators and targets in the fight against climate change, the Company aims to provide financial report users with comprehensive and consistent information. In this context, indicators linked to climate-related risks, opportunities, and mitigation strategies provide transparent insight into the Company's short-, medium-, and long-term performance and objectives. The Company monitors its climate-related metrics in a way that supports stakeholders' decision-making processes and evaluates their impacts on financial outcomes in a traceable manner. Furthermore, the Company tracks targets linked to these metrics and monitors progress toward them.

5.1.1. Climate-Related Metrics

Given the cement sector in which it operates, the Company's production structure is characterized by energy-intensive processes and high levels of greenhouse gas emissions. Therefore, in order to comply with national and international regulations on climate change, reduce its carbon footprint, and contribute to the transition to a low-carbon economy, the Company regularly monitors its climate-related metrics.

In this regard, to track and report progress in the fight against climate change, greenhouse gas emissions and climate-related metrics have been defined and implemented. These metrics are used and disclosed primarily in monitoring climate-focused targets such as the reduction of greenhouse gas emissions, energy efficiency, water management, and alternative fuel use.

Throughout the reporting period, absolute greenhouse gas emissions calculated in tons of CO_2e cover only Scope 1 and Scope 2 emissions. These emissions include consolidated emissions of the parent company and its subsidiaries. Scope 1 emissions represent emissions from operations directly controlled by the Company, while Scope 2 emissions represent indirect emissions from purchased electricity and heat consumption. No companies have been excluded from consolidation in reporting.

Emission calculations are based on the GHG Protocol and the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard methodologies, with measurement inputs and assumptions reviewed and updated annually. Calculations are conducted on the basis of the operational control approach, covering consolidated subsidiaries.

To ensure accurate and complete reporting of greenhouse gas emissions, the Company operates a comprehensive data management system for energy consumption and emission sources. Regular data tracking is carried out for all inputs causing emissions, such as direct and indirect energy consumption, raw material use, fuel types, and refrigerant gas consumption; these data are systematically recorded through consumption tracking tables and supporting documents. Through this system, the traceability and accuracy of both Scope 1 and Scope 2 emissions are assured, and all datasets are organized in compliance with reporting standards. Emission factors used in calculations are carefully selected to ensure methodological consistency and alignment with updated international standards. Accordingly, for Scope 2 emissions, the "Türkiye Electricity Generation and Consumption Point Emission Factors Information Sheet" published in 2024 is applied, while Scope 1 emissions rely on updated emission factors published by DEFRA 2024 (UK Department for Environment, Food & Rural Affairs), the IPCC, and the EPA (U.S. Environmental Protection Agency).

In the reporting period, Scope 2 greenhouse gas emissions have been presented only on a location-based method. Location-based emissions are equivalent to market-based emissions.

The gas and dust emissions arising from the Company's production processes are monitored by the Ministry of Environment, Urbanization, and Climate Change of the Republic of Türkiye through continuous emission measurement systems. The Company has implemented comprehensive emission reduction measures across all facilities to minimize environmental impacts. Modern dust collection systems are used to control dust emissions, and advanced abatement technologies are employed to reduce ambient emissions.

In managing NOx emissions, kiln flue gases at all plants are effectively controlled through SNCR systems. In addition, under its Industry 4.0 digital transformation project "IndustrAI," infrastructure has been developed for the predictive monitoring of flue gas emissions, which are continuously monitored with a proactive approach.

5.2. Performance Tables on Climate-Related Metrics

Emissions (ton CO_2e)	**2024**
Scope 1	8.734.404
Scope 2 (Location-Based Emissions)	542.221
Total	9.276.625
Energy Consumption (GJ)	**2024**
Direct Energy Consumption	36.843.541
Indirect Energy Consumption	4.416.280
Total Energy Consumption	41.259.820

5.3. Uncertainties and Assumptions Regarding Climate-Related Metrics

The data reported for climate-related metrics are based on direct measurement methods and records (e.g., meter readings, invoice data, and consumption records). Accordingly, there is no significant measurement uncertainty in the reported figures. The stated metrics have not been calculated using any estimates, assumptions, or external judgment methods; all are based on quantitative and retrospectively verifiable data. Therefore, there is no reliability risk arising from potential sources of measurement uncertainty or measurement quality. In addition, since the methods used in the calculations are not based on estimation, there was no need for sensitivity analysis.

In line with the limits defined under Article 21 of the Verification Communiqué, an uncertainty level of 2% has been adopted as applicable for all facilities. The measurement uncertainty remains below this threshold, confirming that the reported figures fall within a reasonable range of accuracy.

Since there were no assumptions, estimation-based adjustments, or situations requiring changes to prior disclosures during the reporting process, no revisions have been made to previous assumptions.

5.4. Metrics Mandated Under Relevant TSRS Standards

ŞiWithin the scope of the Company's core activities, the "Volume 8 – Construction Materials" and "Volume 58 – Software and Information Technology Services" guides have been referenced, and climate-related material metrics have been applied to a limited extent. In determining sector-specific metrics, the Sustainability Accounting Standards Board (SASB) standards—internationally recognized and forming the sector-based structure of IFRS S2 on which TSRS 2 is built—have been taken as a reference.

Volume 8 – Construction Materials
Table 1. Sustainability Disclosure Topics and Metrics

Topics	*Metric*	*Category*	*Unit of Measurement*	*Code*	*2024*	*Explanation*
Greenhouse gas emissions	Gross total Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	Metric tons (t) CO_2-e, Percentage (%)	EM-CM-110a.1	Scope 1: 8,734,486 tons CO_2 Scope 2: 542,434 tons CO_2	Scope 1 and Scope 2 emissions include direct emissions and indirect emissions from purchased energy, respectively.
Greenhouse gas emissions	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions and analysis of performance against these targets	Discussion & Analysis	None	EM-CM-110a.2	-	Relevant assessments have been carried out, and targets for greenhouse gas emissions have been set.
Air quality	Air emissions of the following pollutants: (1) NOx (excluding N_2O), (2) SOx, (3) particulate matter (PM10), (4) dioxins/furans, (5) volatile organic compounds (VOCs), (6) polycyclic aromatic hydrocarbons (PAHs), and (7) heavy metals	Quantitative	Metric tons (t)	EM-CM-120a.1	NOX: 11,901 SO2: 90 PM 10: 222 TOC: 668	Air quality measurements are carried out as required by legal obligations.
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage alternative energy, and (4) percentage renewable energy	Quantitative	Gigajoules (GJ) Percentage (%)	EM-CM-130a.1	Total Energy Consumption: 4,418,435 GJ Renewable Energy Consumption: 260,785 GJ Alternative & Renewable Energy Share: 5.9% Alternative Energy Share within Cement Plants: 6.5%	Energy consumption and source distribution are summarized. In addition, alternative fuel use rate is 24.5%, while alternative raw material (ARM) use rate is 1.89%.
Water Management	(1) Total water withdrawn, (2) total water consumed, (3) percentage in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m^3), Percentage (%)	EM-F-140a.1	Total Water Withdrawn: 23,102,364 m^3 Water Consumed: 3,041,576 m^3 Water Stress %: 6.205	The Company regularly monitors water withdrawals and consumption and prioritizes water efficiency measures especially in operations located in high water-stress regions.
Waste Management	Amount of waste generated, percentage hazardous, and percentage recycled	Quantitative	Metric tons (t), Percentage (%)	EM-CM-150a.1	Total Waste: 30,644 tons Hazardous waste share: 4.80% Recycled/Recovered: 99.47%	The Company manages waste in full compliance with environmental regulations and prioritizes recovery and recycling practices.
Product Innovation	Total addressable market and market share of products that reduce energy, water, or material impacts during use or production	Quantitative	Reporting currency, Percentage (%)	EM-CM-410a.2	%24,7	The total addressable market size for products that improve energy, water, or material efficiency and the Company's market share are regularly analyzed and integrated into strategies for developing a sustainable product portfolio.

Table 2. Activity Metrics

Activity Metric	*Category*	*Unit of Measurement*	*Code*	*2024*	*Explanation*
Production by main product group	Quantitative	Metric tons (t)	EM-CM-000.A	Clinker: 9,765,036 tons Cement: 12,327,006 tons	This data shows the Company's production activity during the reporting period.

The metrics under Volume 58 – Software and Information Technology (IT) Services will be provided in the next reporting period, as the relevant activities will be largely carried out in 2025.

5.5. Climate-Related Targets

The Company monitors international developments across a wide range of areas, including the implementation of the EU Green Deal's CBAM requirements and UN Climate Conferences, such as the gradual phase-out of fossil fuels, climate finance, loss and damage, and carbon trading.

In line with its 2050 roadmap and transition plan, which take into account climate-related risks, the Company continues its efforts with determination and shapes its sustainability strategy to contribute to Türkiye's 2053 net zero goal. The Company's 'Net-Zero' commitment has been approved and certified by the SBTi, which is based on science-based criteria aiming to limit global warming to 1.5 °C. As the first Turkish company in its sector to make this commitment, the Company has accelerated its investments to reduce carbon emissions since 2020 and has taken significant steps in sustainability in recent years.

The Company monitors and reports its performance on climate-related risks and opportunities, providing stakeholders with a transparent view and disclosing progress. The base year, target year, scope, and monitoring metrics required by reporting standards have been clearly defined.

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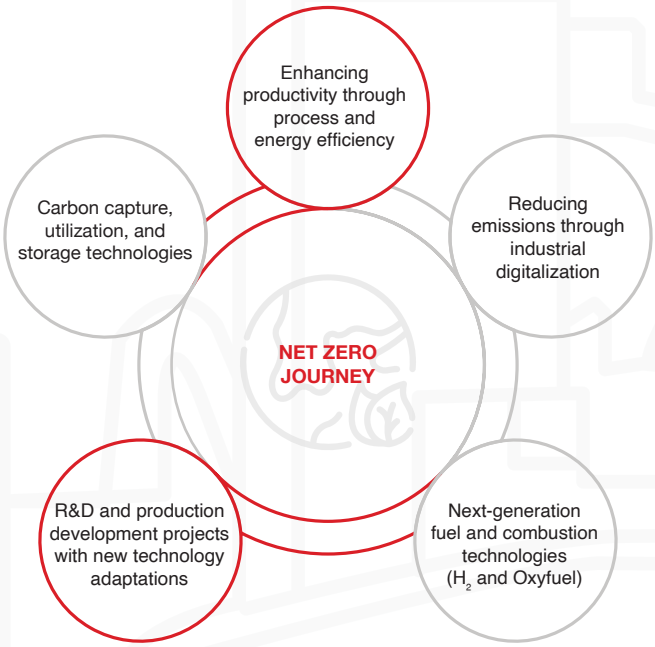
Carbon Reduction Actions on the Net Zero Journey



Key Actions Undertaken by the Company under the Net-Zero Commitments:

• **Increasing the use of alternative fuels and biomass:** Projects are being implemented to raise the share of alternative fuels and biomass in order to reduce fossil fuel consumption.

• **Renewable energy investments:** Investments are being planned and commissioned to meet electricity needs from sustainable sources.

• **Reducing the clinker ratio:** To lower product-level carbon intensity, efforts are focused on reducing clinker use and producing low-clinker cement.

• **Eco-friendly products in the low-carbon category:** Products with a lower carbon footprint and reduced environmental impact are being developed and introduced to the market.

• **Enhancing process and energy efficiency and productivity:** Modernization projects are being carried out to improve energy efficiency in production processes and ensure operational excellence.

• **R&D and new technology adaptations:** Innovative solutions with emission reduction potential are being developed through R&D projects and the adaptation of new technologies.

• **Emission reduction through industrial digitalization:** Digitalization initiatives enable closer monitoring and control of processes, improving both energy and emission efficiency.

• **Next-generation fuel and combustion technologies:** Opportunities for implementing new-generation fuel and combustion technologies are being explored.

• **Carbon capture, utilization, and storage (CCUS):** Technology development and investment opportunities are being pursued to capture, store, or reuse carbon emissions directly.

During this process, regular progress monitoring and verification mechanisms have been established, ensuring alignment with sustainable development policies. Together with the defined targets, the Company aims to contribute to sectoral decarbonization roadmaps and to establish a responsible transformation model in response to the climate crisis.

The Company considers energy efficiency and awareness initiatives as priority areas to make energy use more efficient and sustainable. In this context, various brochures and informational materials have been prepared and shared with employees to improve energy use habits, thereby encouraging energy savings and sustainable practices at both the individual and corporate levels. Efforts to reduce clinker use aim to lower the product-level carbon footprint, while waste heat recovery projects enable both energy recovery and emissions reduction.

In addition, projects for thermal and electricity savings, along with efficiency-enhancing practices, are being implemented to optimize energy consumption and strengthen sustainable production performance. Meanwhile, across all business processes, a value model based on circular economy principles increases resource efficiency, while material recycling and energy recovery practices contribute to reducing waste generation and conserving natural resources. Moreover, various practices are being implemented to enable the reuse of water consumed in the Company's production cycles.

In line with the effective management of climate-related risks and the transition to a low-carbon economy, the Company foresees an absolute reduction of 22.8% in Scope 1 and Scope 2 greenhouse gas emissions compared to the 2021 base year.

Emission performance is monitored and reported on a regular annual basis. In this monitoring process, indicators such as total greenhouse gas emissions (tons CO_2e), emissions intensity per unit of production, and emissions from direct and indirect energy consumption are taken as the basis. In the coming periods, interim targets and milestones aligned with the main goal will also be disclosed. There has been no change to the defined target during the reporting period.

In addition, projects for thermal and electricity savings, along with efficiency-enhancing practices, are being implemented to optimize energy consumption and strengthen sustainable production performance. Meanwhile, across all business processes, a value model based on circular economy principles increases resource efficiency, while material recycling and energy recovery practices contribute to reducing waste generation and conserving natural resources. Moreover, various practices are being implemented to enable the reuse of water consumed in the Company's production cycles.

In line with these comprehensive targets, the Company regularly monitors and reports its performance on the management of climate-related risks and their impact on financial results, in compliance with TSRS.

Target Title	*Target Description*	*Target Year*
Reduction of Greenhouse Gas Emissions	Reduction of Scope 1 and Scope 2 greenhouse gas emissions by 22.8% compared to 2021 levels	2030
Reduction of Fossil Fuels	Reduction of fossil fuel use by 58% through the use of alternative sources (grey cement)	2030
Carbon Reduction from Electricity Consumption	Reduction of carbon emissions from electricity consumption by 70%	2030
Use of Alternative Raw Materials	Use of carbon-free alternative raw materials at a rate of 5%	2030
Production of Low-Clinker Products	Increase in the production of low-clinker products	2030
Thermal Energy Efficiency	Improvement of thermal energy efficiency	2030
Energy Efficiency Improvement	Gradual improvement of energy efficiency at defined levels	2030
Use of Alternative Fuels	Increase of the alternative fuel usage rate to 58%	2030
Water Recycling in Consumption	Supply of 30% of the water used in ready-mix concrete production from recycled water	2030
Reduction of Clinker and Cement Emissions in Value Chain	Reduction of emissions from purchased clinker and cement by 22.9%	2030
Reduction of Fuel and Energy Emissions in Value Chain	Reduction of emissions from fuel and energy procurement by 51.6%	2030