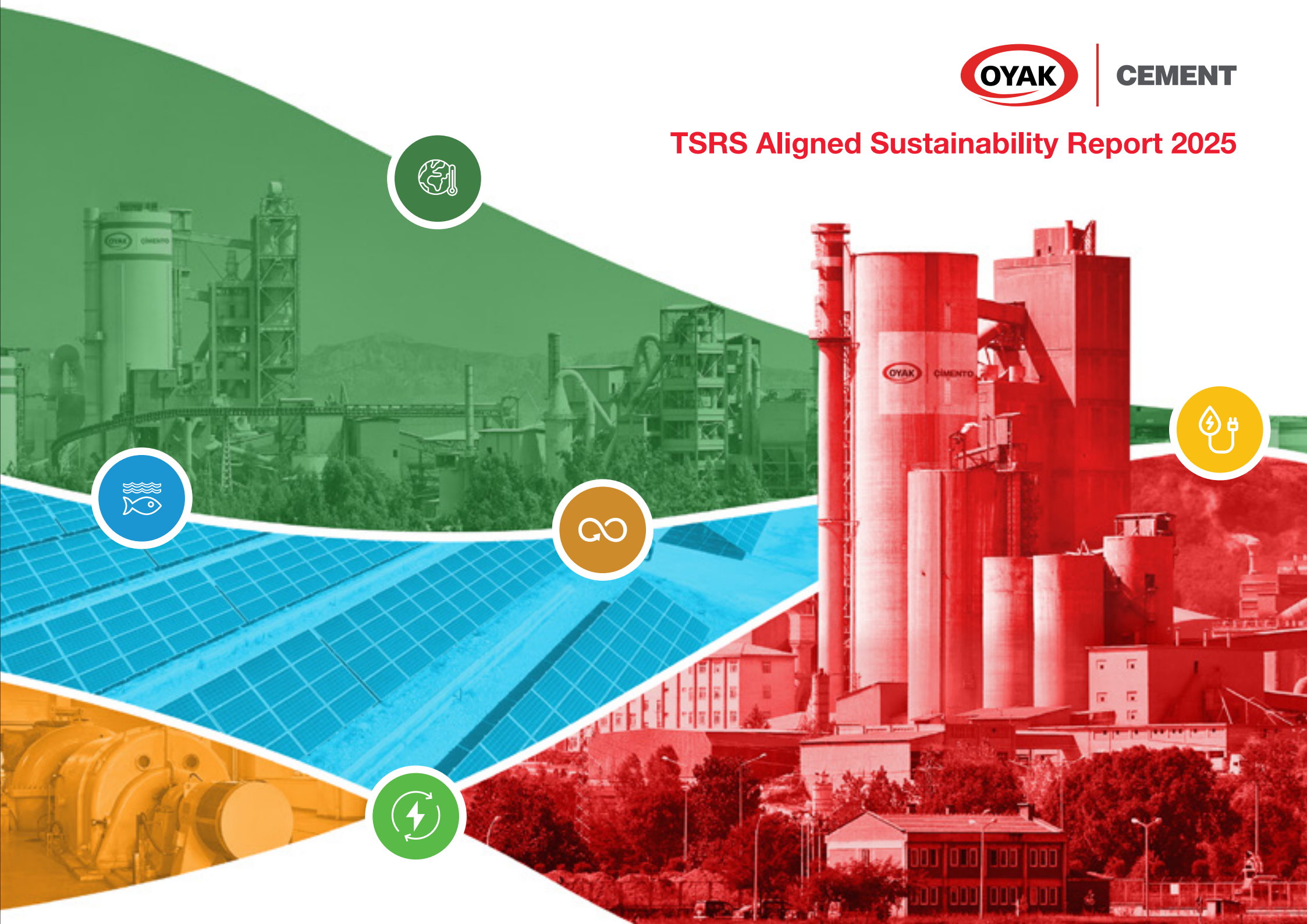
OYAK CEMENT

TSRS Aligned Sustainability Report 2025



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ABBREVIATIONS

A

APS: Announced Pledges Scenario

AR6: IPCC 2006 Sixth Assessment Report

B

BIST: Istanbul Stock Exchange

C

CAPEX: Capital Expenditure

CBAM: Carbon Border Adjustment Mechanism

CCUS: Carbon Capture, Utilization, and Storage

CGRM: Corporate Governance Risk Management

CO_2: Carbon Dioxide

COSO Framework: It is a model that aims to enhance the effectiveness of internal control, risk management, and corporate governance processes in organizations, providing a holistic framework for the identification, assessment, and management of risks.

CRMC: Corporate Risk Management Committee

CRMO: Corporate Risk Management Officer

D

DEFRA: UK Department for Environment, Food and Rural Affairs

E

EPD: Environmental Product Declaration

ERDC: Early Risk Detection Committee

ESG: Environmental, Social and Governance

ESRS: European Sustainability Reporting Standards

ETS: Emissions Trading System

G

GDS 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information

GDS 3410: Assurance Engagements on Greenhouse Gas Statements

GHG Protocol: Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard

I

IEA: International Energy Agency

IEA NZE: IEA Net Zero Emissions Scenario

IFRS: International Financial Reporting Standards

IPCC: Intergovernmental Panel on Climate Change

K

KGK: Public Oversight, Accounting and Auditing Standards Authority

N

NDC: Nationally Determined Contribution

NGFS: Network for Greening the Financial System

R

RCP: Representative Concentration Pathways

RO: Risk Officers

S

SBTi: Science-Based Targets initiative

SDG: Sustainable Development Goals

SNCR: Selective Non-Catalytic Reduction

SPP: Solar Power Plant

SWOT Analysis: Strategic tool for internal strengths/weaknesses and external opportunities/threats

T

TAS: Turkish Accounting Standards

TCFD: Task Force on Climate-related Financial Disclosures

TFRS: Türkiye Financial Reporting Standards

TSRS: Türkiye Sustainability Reporting Standards

U

UN: United Nations

W

WRI: World Resources Institute

INTRODUCTION

INTRODUCTION

TSRS Reporting Framework, Purpose and Scope

OYAK Çimento Fabrikaları A.Ş. (hereinafter referred to as “OYAK Çimento” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) have prepared this report in accordance with the Türkiye Sustainability Reporting Standards (“TSRS”). The report aims to present, in a transparent, consistent, and comparable manner, the impacts of climate-related risks and opportunities on the Company’s financial position, performance, and outlook.

The report provides decision-useful information for the primary users of general-purpose financial reports, in line with the principles of materiality, faithful representation, comparability, and understandability. The reporting approach is based on addressing sustainability matters by considering their interconnections with environmental impacts, financial outcomes, and strategic decision-making processes, while considering the entire value chain.

Within this framework, the report has been prepared in accordance with TSRS 1 – General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2 – Climate-related Disclosures. The report presents information on the management of climate-related matters across the Company under four main pillars defined by the standards set by the Public Oversight, Accounting and Auditing Standards Authority (“KGK”): “Governance”, “Strategy”, “Risk Management”, and “Metrics and Targets”.

In the preparation of the report, reference was made to the Guidance on the Sector-based Application of TSRS 2. In line with the Company’s principal activity of cement production, Volume 8 – Construction Materials was taken as the primary reference. In addition, the activities of Marmara Madencilik San. Tic. Ltd. Şti. have also been included in the report within the scope of Volume 8 – Construction Materials.

Information Linked to Financial Disclosures

The climate-related financial disclosures included in this report have been prepared to cover the Company and its subsidiaries. The disclosures are based on the 12-month consolidated financial statements for the period 1 January 2025 – 31 December 2025. To ensure alignment with financial reporting, the consolidation principles applied within the framework of the Türkiye Financial Reporting Standards (“TFRS”) have been taken into consideration. The impacts of climate-related risks and opportunities on financial performance have been assessed in a manner consistent and aligned with the period’s financial statements.

The data and assumptions presented in this report have been determined, to the extent possible, in a manner consistent with the data and assumptions used in the preparation of the financial statements. In accordance with Article 23 of TSRS 1, the data and assumptions used in the preparation of climate-related financial disclosures should be consistent with the corresponding data and assumptions used in financial reporting under the Türkiye Accounting Standards (“TAS”) or other generally accepted accounting principles. To ensure consistency with the financial statements published by OYAK Çimento, all sustainability- and climate-related financial information in this report is presented in Turkish lira (“TL”), unless otherwise stated.

Materiality Assessment

The climate-related risks and opportunities disclosed in the report have been identified through a materiality assessment conducted to determine information reasonably expected to have a significant impact on OYAK Çimento’s future financial position, performance, and cash flows. Matters classified as material have been addressed in a way that reflects climate-related risks and opportunities that could influence the decision-making processes of the Company’s current and potential investors, as well as other users of general-purpose financial statements. As part of the assessment, the potential impacts of climate-related risks and opportunities on the financial statements were analyzed, with the materiality threshold considering matters expected to have an effect equal to or exceeding 1% of total revenue/turnover for the relevant reporting period.

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Reporting Boundaries and Measurement Approach

The report includes the consolidated climate-related financial disclosures of OYAK Çimento and its subsidiaries for the year ended 31 December 2025. The names of the subsidiaries included in the consolidation, along with their place of incorporation and operations, areas of activity, and OYAK Çimento's shareholding percentages, are presented in the Subsidiaries table.

OYAK Çimento relies on internationally recognized methodologies for the calculation and reporting of greenhouse gas emissions. In this context, the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard is used as a guide for emission calculations. Measurement inputs, assumptions, and calculation approaches are regularly reviewed for each reporting period and updated when deemed necessary.

The Company adopts the operational control approach for emission reporting, and in line with this approach, the subsidiaries of OYAK Çimento included in the consolidation are also covered within the reporting scope.

Subsidiaries

Subsidiaries	Place of Incorporation and Operations	Field of Activity	Ownership Interest
Northern Cyprus Cimpor Sanayi Ltd.	Cyprus	Sale of cement, clinker, and ready-mix concrete	100%
Northern Cyprus Cimpor Free Port Trading Ltd.	Cyprus	Sale of cement, clinker, and ready-mix concrete	100%
Cimpor Romania Terminal S.R.L.	Romania	Sale of cement	100%
Marmara Madencilik San. Tic. Ltd. Şti.	Türkiye	Mining	98.90%
T1C3 Teknoloji ve Yazılım Geliştirme A.Ş.	Türkiye	Information Technology	100%
CIMPOR Yapı Malzemeleri A.Ş.	Türkiye	Production and sale of ready-mix concrete	100%

Transition Exemptions

On 25 December 2025, the Board Decision on Exemptions Applicable in 2025 for Companies Reporting Sustainability in accordance with TSRS for the 2024 Reporting Period extended the transition exemptions set out in paragraphs E5 and E6 (b) for the first reporting year of TSRS by one additional year. Accordingly, OYAK Çimento benefits from the relevant transition exemptions.

TSRS 1 E5: Within the scope of the OYAK Çimento TSRS Report, disclosures are made only regarding climate-related risks and opportunities.

TSRS 1 E6 (b): Within the scope of the OYAK Çimento TSRS Report, only comparative information on climate-related risks and opportunities is provided.

In addition, under Temporary Article 3 of the Board Decision on the Scope of TSRS Application, OYAK Çimento does not report Scope 3 greenhouse gas emissions during the reporting period in its second year of TSRS reporting.

Assurance

In line with the sustainability assurance requirements introduced by KGK, the sustainability and climate-related information presented by OYAK Çimento in the report has been subject to an independent assurance process. This assurance engagement was carried out by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (EY), based on the GDS 3000 standard (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) and GDS 3410 standard (Assurance Engagements on Greenhouse Gas Statements). The resulting limited independent assurance statement has been made available to the public under the "Appendices" section of the report.

INTRODUCTION

About OYAK Çimento

OYAK Çimento A.Ş. (“OYAK Çimento”) was established on 25 November 2015 as a subsidiary of Ordu Yardımlaşma Kurumu (“OYAK”). On 3 December 2015, OYAK Çimento acquired OYAK’s shares in Mardin Çimento Sanayi ve Ticaret A.Ş. (“Mardin Çimento”). OYAK is a private-law corporate entity serving as a “mutual assistance and pension fund” for Turkish Armed Forces personnel and holds a diversified portfolio of subsidiaries operating in the industrial, financial, and service sectors.

To strengthen OYAK Group’s structure in the cement sector, Aslan Çimento A.Ş. (“Aslan Çimento”), Adana Çimento Sanayi Türk A.Ş. (“Adana Çimento”), Bolu Çimento Sanayi A.Ş. (“Bolu Çimento”), and Ünye Çimento Sanayi ve Ticaret A.Ş. (“Ünye Çimento”) were merged into Mardin Çimento through acquisitions, a process completed in 2020. Following the merger, the company name of Mardin Çimento was updated to OYAK Çimento Fabrikaları A.Ş. (“the Company”).

In subsequent years, various mergers, acquisitions, and restructurings were carried out within the Company and its subsidiaries (“the Group”). On 31 December 2020, OYAK Beton San. ve Tic. A.Ş. (“OYAK Beton”), a subsidiary of the Company, merged into the Company with all its assets and liabilities. On 13 June 2023, the Company’s main shareholder, OYAK Çimento, changed its name to OYAK Denizli Çimento Anonim Şirketi. On 19 June 2023, OYAK Denizli Çimento A.Ş. merged with its subsidiary, Denizli Çimento Sanayii Türk A.Ş., under the “simplified merger” method, which was officially registered. On 28 December 2023, the merger of OYAK Denizli Çimento A.Ş. with the Company, including all its assets and liabilities, was also registered. As a result of the merger, Cimpor Global Holdings B.V. (“CGH”), the 100% shareholder of OYAK Denizli Çimento A.Ş., became the Company’s main shareholder with a 75.81% stake.

Prior to the merger on 28 December 2023, on 27 November 2023, a preliminary agreement was signed between OYAK and TCC Group Holdings (“TCC”) to initiate negotiations regarding the transfer of 20% of OYAK Denizli Çimento A.Ş.’s shares. Binding agreements were signed on 10 December 2023, and the process to obtain the necessary approvals from official authorities was initiated. Founded in 1946, TCC operates in cement and ready-mix concrete production, renewable energy, energy storage, high-efficiency battery, and carbon black production, and has been listed on the Taiwan Stock Exchange since February 1962.

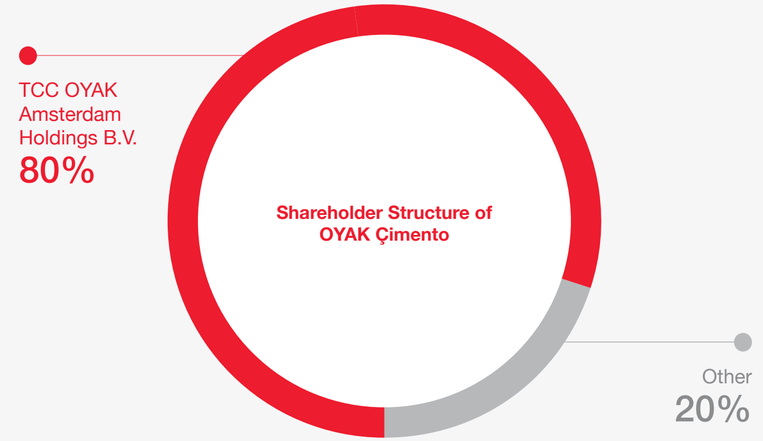
Following the share transfer transactions, CGH’s 75.81% stake was transferred to TCC OYAK Amsterdam Holdings B.V., and with the mandatory tender offer process announced on 6 March 2024, this share increased to 80.05%. Considering the ownership structure of TCC OYAK Amsterdam Holdings B.V. (60% TCC, 40% OYAK), the Company’s ultimate main shareholder is TCC with a 48.03% stake, and the other shareholder is OYAK with a 32.02% stake.

During the following period, there were changes in the names and lines of business of the Company’s subsidiaries. On 24 October 2024, OYAK Çimento Enerji A.Ş. changed its name to “T1C3 Teknoloji ve Yazılım Geliştirme A.Ş.” and was reclassified as an R&D company. On 18 July 2025, Adana Çimento Sanayi ve Ticaret Ltd changed its name to “Northern Cyprus Cimpor Sanayi Ltd,” and on 21 July 2025, Adana Çimento Free Port Ltd changed its name to “Northern Cyprus Cimpor Free Port Trading Ltd.”

On 23 December 2025, a new company named “CIMPOR Yapı Malzemeleri A.Ş.” was established as a wholly owned subsidiary of the Company to restructure the production and sale of building materials within the Company. This restructuring aims to strengthen group synergy, ensure market-oriented flexibility, enhance operational efficiency and commercial agility, and support sustainable growth.

During the period, the average number of personnel employed within the Group was 3,243, comprising 914 white-collar and 2,329 blue-collar employees.

The Group’s shares are traded on Borsa İstanbul (BIST). As of 31 December 2025, 19.95% of the Company’s shares were publicly held.



INTRODUCTION

Business Model and Value Chain

When preparing its sustainability and climate-related financial disclosures, OYAK Çimento takes the entire value chain into account, covering both its own operations and those of its subsidiaries. Within this scope, the direct operations of OYAK Çimento and its subsidiaries, as well as the upstream and downstream segments of the value chain, are included within the reporting boundaries.

Value Chain

	Category	Element	
Upstream Value Chain	Raw Material and Auxiliary Material Supply	– Limestone, Clay, Gypsum, and Additive Suppliers – Local and Foreign Raw Material Suppliers	– Alternative Raw Material Suppliers – Refractories, Labor, Subcontractors, and IT Services
	Service Providers	– Quarries and Rehabilitation Service Providers	– Industrial By-product and Waste Suppliers
	Energy Supply and Infrastructure	– Grid Electricity – Use of Fossil Fuels – Use of Alternative Fuels and Raw Materials	– Renewable Energy Sources – Transmission and Distribution Channels
	Logistics Activities	– Road Transportation and Shipping Companies – Sea Transportation Companies – Port and Customs Service Providers	– Storage and Tank Terminal Service Providers – Insurance Service Providers
	Public Institutions and Regulators	– Regulatory, Supervisory, and Administrative Authorities	– Ministries
	Financial Management and Financing Sources	– Banks and Financial Institutions – Independent Audit Firms	– Investors – Insurance Companies
	Collaborations	– Universities	
Direct Operations	Production and Process Management	– Clinker Production – Lime Production – Cement Production – Concrete Production	– Energy Production – Use of Alternative Fuels and Raw Materials – Process Control and Automation Systems
	Quality Control	– Input Analyses	– Final Product Testing
	Sales and Marketing	– Sales Representatives	– Customer Relations
	Logistics Activities	– Port Operations – Storage and Transportation Processes	– Logistics Planning and Shipment Preparation
Downstream Value Chain	Customers and Sectors	– Construction and Infrastructure Sector	
	Distribution Channels	– Dealers	– Distributors
	Logistics	– Freight and Transport Companies – Maritime Bulk Carriers	– Fleet
	Storage and Transfer	– Ports	– Intermediate Transfer Points

GOVERNANCE

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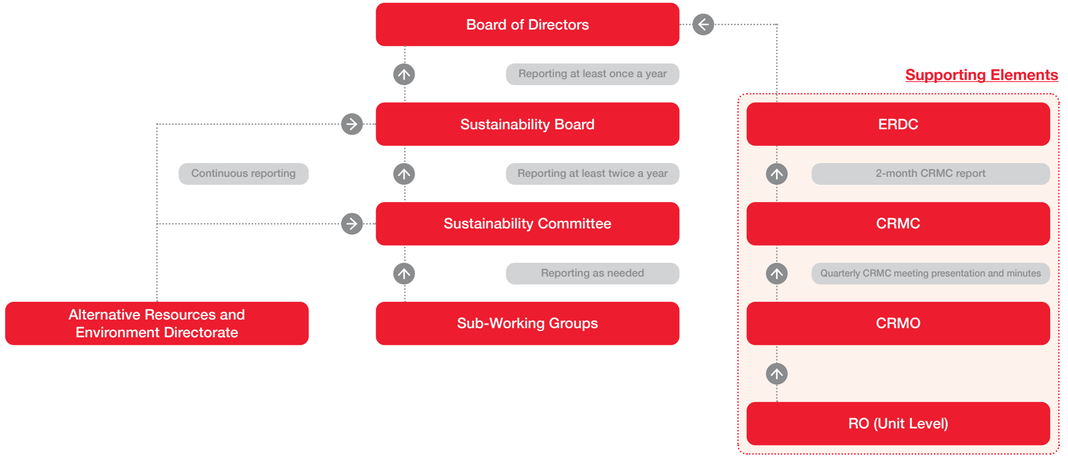
Sustainability Governance Structure

At OYAK Çimento, the ultimate responsibility for sustainability-related matters at the governance level rests with the Board of Directors. Sustainability management is strategically planned and integrated into business processes; developments related to sustainability and climate performance are regularly reported to the Board, and the approval of the Chairman of the Board is obtained for critical decisions and strategic guidance.

The management of the Company's climate-related risks and opportunities is structured in a two-tier system. In this framework, relevant processes are carried out at the executive level by the Sustainability Board and at the operational level by the Sustainability Committee. Climate-related risks and opportunities are addressed under the supervision and oversight of the Company's governance bodies in accordance with the Corporate Risk Management framework and are fully integrated into the overall risk management system.

The impacts of these risks and opportunities are evaluated over the short, medium, and long term, and relevant trade-offs are considered in decision-making processes that include the Company's strategic plans, investment decisions, production planning, and financial projections.

Sustainability Governance Organizational Structure



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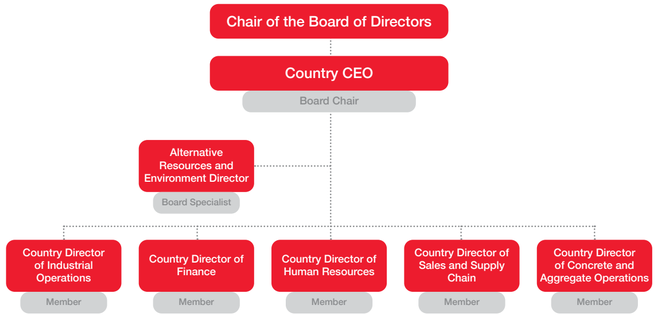
Sustainability Board

The Sustainability Board operates directly under the Chairman of the Board, with the Country CEO serving as its Chair. The Board is composed of the Alternative Resources and Environment Director (Board Specialist), Country Director of Industrial Operations, Country Director of Finance, Country Director of Human Resources, Country Director of Sales and Supply Chain, and Country Director of Concrete and Aggregate Operations. The Alternative Resources and Environment Director acts as the Board Specialist, ensuring integration between the Sustainability Board and relevant units.

Sustainability Board meetings are held at least once a year. The meeting agenda is proposed by the Board Specialist, approved by the Board Chair, and communicated to the relevant stakeholders. The Board defines the Company's sustainability vision and policy framework, including climate change considerations, and manages strategic decision-making and performance evaluation processes accordingly. The Board coordinates internal and external stakeholder communication in sustainability matters and, when necessary, incorporates stakeholder feedback. Climate-related risks and opportunities are addressed at the corporate level by the Board and systematically integrated into the Company's strategic decision-making mechanisms.

Sustainability Board Chart



In 2025, the Board held two meetings. Topics discussed included assessments under the Climate Law and Emissions Trading System (ETS), impacts of the Carbon Border Adjustment Mechanism (CBAM), updates on TSRS reporting, participation in the BIST Sustainability Index, Environmental Product Declarations (EPD) for brands and products, processes under ISO 14064, compliance with the Industrial Emissions Control Regulation, and the Water Management Project for high-risk water areas.

The roles and responsibilities within the Sustainability Board are defined in the internally published Sustainability Board and Committee Roles and Operating Principles Procedure. Information on the duties and areas of expertise of the Board members is provided in the Sustainability Board Roles and Competencies table.

Sustainability Board Roles and Competencies

Sustainability Board		
Function/Role	**Role**	**Competency Area**
Chairman of the Board	Oversight	Final approval and oversight of the corporate climate strategy, review of TSRS-compliant reporting results
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 analyses; measurement and reduction of greenhouse gas emissions, resource efficiency, environmental regulation tracking, support for TSRS reporting
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 financial impacts of climate change, sustainable finance practices, support for financial reporting under TSRS
Country Director of Human Resources	Member	Raising employee awareness on climate change, integration into corporate culture
Country Director of Sales and Supply Chain	Member	Climate risk management in the supply chain, sustainable procurement policies, carbon footprint reduction
Country Director of Concrete and Aggregate Operations	Member	Operational greenhouse gas reduction activities, resource efficiency

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Sustainability Committee

The Sustainability Committee operates at the operational level under the Sustainability Board and consists of director- and manager-level executives representing different units of the Company. The Committee prepares the annual sustainability roadmap in line with the strategic priorities set by the Sustainability Board and coordinates its implementation.

Within this scope, the Committee defines sustainability and climate-related performance indicators, regularly monitors and evaluates their progress, and manages the activities of sub-working groups to ensure coherence across different units. Under the expertise of the Director of Alternative Resources and Environment, each member supports the processes of identifying, analyzing, and updating climate-related risks and opportunities. Findings and performance results from the Committee's meetings, held at least twice a year, are reported annually to the Sustainability Board.

Management-level oversight of climate-related matters and the coordination of Sustainability Committee activities are the responsibility of the Director of Alternative Resources and Environment. The Director ensures coordination of the Committee's work, consolidates outputs from sub-working groups into a holistic framework, and presents them to the Sustainability Committee. These outputs are reported to the Sustainability Board at least once a year. The Director also monitors performance against sustainability and climate targets, communicates these targets to relevant business units, and ensures integration across departments such as HR, finance, strategy, and production.

Sub-working groups under the Sustainability Committee contribute to the management of capital-related climate matters and carry out their work in alignment with relevant functions. These groups support the integration of sustainability and climate strategy into business processes and provide technical and operational contributions to the identification and evaluation of climate-related risks and opportunities.

Information on the roles and areas of expertise of the Sustainability Committee members is provided on the Sustainability Committee Roles and Competencies table.

Sustainability Committee Responsibilities and Competencies

Sustainability Committee		
Function/Position	**Role**	**Competency Area**
Alternative Resources and Environment Director	Expertise / Leadership	Management of climate risks and environmental impacts, emission reduction, waste management, and TSRS reporting support
Environment and Sustainability Manager	Expertise	Coordination of TSRS-compliant reporting, support for climate risk and sustainability strategy
Performance and Process Director	Member	Resource and energy efficiency in production processes, operational greenhouse gas reduction
Procurement Director	Member	Climate risk management in the supply chain, sustainable supply chain policies, reduction of carbon footprint
Sales Director	Member	Low-carbon product strategies, management of climate-sensitive market demands
Logistics and Terminals Director	Member	Reduction of logistics-related carbon emissions and climate-focused logistics planning
Information Systems Director	Member	Digital monitoring and reporting of climate-related data
Financial Planning and Analysis Manager	Member	Analysis of financial impacts of climate change, sustainable finance practices, TSRS financial reporting support
Investment, Maintenance and Technology Manager	Member	Integration of climate-related investments, selection of energy-efficient technologies
Raw Material Operations Manager	Member	Sustainable sourcing of raw materials, circular economy business models
Licensing and Real Estate Manager	Member	Sustainable raw material resource management, circular economy business models
Human Resources and Business Partnership Manager	Member	Employee awareness, expansion of climate and sustainability training
Quality, IMS and R&D Manager	Member	Environmental quality management, compliance with sustainability standards
Occupational Health and Safety Manager	Member	Management of occupational health and safety risks related to climate change

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Roles of Internal System Functions

Early Risk Detection Committee (ERDC):

The Early Risk Detection Committee (ERDC), which operates under the Board of Directors, is composed of independent Board members and is chaired by an independent member. The ERDC was established to ensure the timely identification, assessment, and effective management of risks related to OYAK Çimento's operations.

Meeting every two months, the ERDC evaluates proposed changes to risk policies, strategies, and frameworks submitted by the Corporate Risk Management Officer (CRMO). The Committee reviews the Company's current risk profile and forward-looking risk strategies and provides opinions and recommendations to the Board of Directors. Climate-related risks are also addressed within this scope, and their potential impacts, along with relevant control measures and action plans, are evaluated.

The Committee regularly monitors the functioning of the risk management infrastructure and internal control mechanisms and assesses risk management practices based on findings obtained from internal and independent audit activities. In addition, it monitors the implementation of actions defined for identified risks and ensures that necessary control measures are taken for newly emerging critical risks, along with the integration of these actions into planning and budgeting processes.

Corporate Risk Management Committee (CRMC):

The Corporate Risk Management Committee consists of the Country CEO, Country Directors, the Group CFO, the Risk, Compliance, Internal Audit and Investment Projects Control Director, the Internal Audit Manager, the Cost Accounting Manager, the Credit Risk Manager, and the Treasury Manager. The Committee meets quarterly and regularly evaluates the Company's current risk profile based on reports presented by the Corporate Risk Management Officer (CRMO). Within this framework, the Committee prioritizes risks and, when deemed necessary, requests the preparation of action plans from relevant departments.

Corporate Risk Management Officer (CRMO):

Operating under the Corporate Risk Management Committee, the CRMO is responsible for structuring the Company-wide risk management approach, enhancing the maturity of risk management processes, and implementing them across the entire organization. In this context, the CRMO collaborates with relevant departments to identify, analyze, and prioritize risks, and monitors the planning and implementation of preventive measures and action plans related to identified risks. Additionally, climate-related risks and the opportunities arising from them are also evaluated.

The Corporate Risk Management Officer is responsible for increasing risk owners' awareness of risk management processes, identifying training needs when necessary, and coordinating the sharing of best practices among teams.

Risk Officers (RO):

Risk Officers are managerial-level employees assigned across different units of the Company and are responsible for implementing risk management practices within their respective areas of activity. Within this scope, the adequacy and effectiveness of existing control mechanisms are evaluated in coordination with the Corporate Risk Management Officer (CRMO), and review, planning, and reporting processes are conducted jointly.

Risk Officers coordinate activities related to the identification, analysis, and prioritization of risks within their areas of responsibility. The identification of climate-related risks, the development of action plans to address these risks, and the monitoring of their implementation are also managed within the same risk management framework.

Internal Audit Unit:

The Internal Audit Unit provides assurance to senior management by evaluating the compliance of the Company's operations with applicable laws, internal policies and procedures, and corporate strategies. All departments, facilities, and subsidiaries of the Company are subject to periodic, risk-based audits.

Audits assess the effectiveness of the internal control environment, the adequacy of risk management practices, efficiency of resource utilization, and the reliability of financial and operational information from a holistic perspective. During the audit process, control weaknesses, process errors, regulatory non-compliance, and potential fraud risks are identified, and findings are documented and shared with the relevant units.

Internal audit plans are developed based on current risk assessments, and the implementation of corrective and preventive actions arising from audit results is systematically monitored. The identification of climate-related risks, the adequacy of management practices addressing these risks, and the functioning of related internal control mechanisms are included within the audit scope and are regularly reviewed and reported to senior management during monthly management meetings.

Roles and Competencies of Structures Supporting Sustainability and Climate

Structures Supporting Sustainability and Climate		
Committee / Structure	**Role**	**Competency Area**
ERDC (Early Risk Detection Committee)	Supportive	Early identification of climate-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 climate-related risks
RO (Risk Officer – Unit Level)	Implementer	Tracking climate risks at the unit level and executing risk mitigation activities within relevant processes

GOVERNANCE

Development of Corporate Sustainability Competencies

Within the Company, the roles and competency areas of employees forming the Sustainability Board and Sustainability Committee have been defined to oversee and monitor strategies designed to address climate-related risks and opportunities. Additionally, the responsibilities and competencies of structures supporting sustainability and climate governance under OYAK Çimento, ERDC, CRMC, RO, and CRMO, have been clearly established.

To ensure that the Board of Directors and senior management maintain up-to-date knowledge on sustainability and climate-related topics, a variety of training programs are offered covering areas such as sustainability and green transformation, environmental and energy management systems, zero-waste practices, climate awareness, and individual sustainability. These trainings are delivered through a digital academy platform accessible to all OYAK Çimento employees. In addition, targeted training programs are conducted at managerial levels to ensure the effective implementation of the corporate risk management approach. These initiatives aim to systematically integrate risk considerations into decision-making processes and strengthen a shared understanding of risk awareness across the organization.

Setting Climate Targets, Performance Management, and Compensation Processes

Climate-related targets at OYAK Çimento are incorporated into the Company's performance evaluation mechanisms and tracked as part of individual employee objective sets. These indicators, determined in alignment with the corporate strategy, cascade from senior management to the entire organization, being considered in performance measurement processes and directly influencing compensation and incentive practices.

Individual performance targets are defined in a way that aligns with the organization's strategic direction and departmental goals, considering the employee's job description, authority, and responsibilities. These targets cover expected output during the performance period and are structured in a clear and measurable manner with qualitative and quantitative criteria.

Strategic priorities set at the corporate level are translated into departmental objectives through business plans by senior management and then further detailed by department managers into individual employee targets. In this way, a measurable and consistent link is established between organizational objectives and individual contributions.

The performance management approach is based on the top-down dissemination of targets and systematic evaluation. Through this structure, Company strategies are directly reflected in performance objectives across all levels, from senior management to all employees.

Climate-related indicators are included in the total performance criteria with a weight of 12% for all employees and 10.48% for managerial level and above. The defined indicators are integrated into target cards and compensation policies, and progress is monitored during annual performance review discussions.

STRATEGY

STRATEGY

OYAK Çimento positions sustainability as an integral element of its business model and corporate strategy, addressing global environmental and socio-economic developments, particularly climate change, from a long-term value creation perspective. Within the framework of responsible governance, the Company aims to generate sustainable value in the short, medium, and long term across environmental, social, and governance (ESG) dimensions, considering this approach as a key factor in corporate resilience and competitive strength. Accordingly, it implements sustainability strategies with all stakeholders in a transparent, accountable, and long-term collaborative manner, adopting stakeholder engagement and open communication as an essential part of its corporate governance approach.

The Company categorizes its stakeholders into seven groups and proactively integrates them into its strategies to create shared value.

The Company's sustainability strategies are addressed, determined, and implemented by the Sustainability Board and the Sustainability Committee. The Sustainability Board is responsible for defining sustainability strategies in the environmental, social, and governance areas, including the establishment of policies and targets, as well as the execution, monitoring, auditing, review, and continuous improvement of related practices.

Stakeholders

The Sustainability Committee ensures the operational implementation of the defined strategies and targets and oversees the effective execution of the related processes. In this context, an informational workshop on "Sustainability Management and Sustainability Strategies" was conducted in the 2024 reporting period with the Sustainability Board and Sustainability Committee.

Sectoral and cross-sectoral benchmarking conducted during the workshop addressed developments within industry. Following this governance and strategy framework, a comprehensive analysis process was carried out to establish the sustainability approach on a concrete and measurable basis. In determining strategic priorities, not only corporate objectives but also stakeholder expectations, industry dynamics, and macro-level developments were evaluated together.

During the preparation phase, the previously conducted "Stakeholder Analysis and Prioritization" exercise was revisited with the participation of internal stakeholders and reviewed and updated in light of changing internal and external conditions. The study, initially conducted in 2020, was renewed in 2024 to align with current economic, environmental, and social requirements. In this context, employees, suppliers, customers, shareholders, public institutions and local authorities, sectoral organizations, non-governmental organizations, universities, and society were evaluated as key stakeholder groups; the level of their influence on the Company and their exposure to the Company's activities were analyzed. The findings obtained were used as a key input for defining sustainability priorities and for identifying focus areas aligned with the United Nations Sustainable Development Goals (UN SDGs).

In the 2024 reporting period, a comprehensive situation analysis was conducted simultaneously with the stakeholder analysis to serve as a foundation for sustainability strategies. This analysis was structured using a methodology that integrates internal and external environment assessments. The internal environment assessment was conducted through a SWOT analysis, systematically highlighting the Company's strengths and areas for improvement. Within this scope, corporate competencies, operational capacity, technological infrastructure, human resources, and governance mechanisms were evaluated.

The external environment analysis was conducted based on the distinction between the near and distant environment. In the distant environment assessment, macro-level factors beyond the Company's direct control but potentially having significant impacts on its operations were examined. Key topics analyzed included global climate change, the accelerating technological transformation of the sector, cybersecurity threats, international regulatory changes, tariffs and trade tensions, talent management, and catastrophic events. These topics were analyzed in terms of development, change, and trends to identify their potential effects on the Company's strategic positioning.

The near environment analysis was conducted from a value chain perspective, evaluating suppliers, customers, competitors, and the dynamics of the markets/sectors in which the Company operates through economic, environmental, and social indicators. Potential impacts for each element were analyzed individually, and these impacts were linked to sustainability strategies to define strategic priority areas.

In the 2024 reporting period, the SWOT analysis conducted compared the strengths and areas for improvement identified in the internal environment with the opportunities and threats identified in the external environment. This holistic approach served as a key tool in forming the roadmap for sustainability strategy. Based on the analysis structured under economic, environmental, and social sustainability dimensions, the objectives included leveraging strengths as strategic advantages, defining systematic actions for improvement areas, and enhancing adaptability to external environmental conditions.

STRATEGY

Identification of Climate-Related Risks and Opportunities

The Company identified its climate-related risks and opportunities during the 2024 reporting period and, in the 2025 reporting period, reviewed, updated, and confirmed their validity within the TSRS framework. The identified climate risks and opportunities are addressed based on evaluations and materiality analysis and continue to be integrated into sustainability strategies for effective management.

As in the 2024 reporting period, the Company takes actions in line with the requirements of the cement sector, which is an energy-intensive industry. Due to the sector's carbon intensity, compliance with regulations and the reduction of greenhouse gas emissions have become a critical element of the Company's business model. In this changing environment, the impacts of climate change on the business model and value chain are systematically monitored, and strategies are tracked in accordance with TSRS 1 and TSRS 2 requirements.

The Company aims to provide long-term contributions to its stakeholders and the national economy through a climate-resilient, low-emission, and resource-efficient production approach. In this context, efforts are carried out both to mitigate the adverse effects of climate change and to capitalize on climate-related opportunities.

OYAK Çimento supports a science-based net-zero target aligned with the Science Based Target initiative (SBTi), focusing on 1.5°C scenarios, and plans a transition process compliant with national and international regulations. Emission reduction, circular economy practices, and low-carbon production opportunities are among its strategic priorities.

Climate-related risks are categorized into two main types based on their nature and manifestation: physical risks and transition risks. Physical risks arise from direct impacts of changes in the climate system, including acute weather events and long-term (chronic) structural changes. Transition risks result from regulatory frameworks, market dynamics, technological transformations, and changing stakeholder expectations in the shift to a low-carbon economy, including legal, financial, and reputational effects.

Findings from stakeholder analysis, SWOT assessment, and near- and far-environment analyses have been integrated to clarify the Company's areas of impact and strategic priorities. Accordingly, the Company's physical and transition risks are identified based on climate risk and opportunity inventory. The inventory reflects a low-emission scenario with high transition risks and limited physical risks, and a high-emission scenario with current policies maintained, where physical risks are more widespread and their effects clearly visible. Based on these scenarios, prioritized risks and opportunities were determined and quantitatively and qualitatively assessed using financial modeling, as reported.

In evaluating the financial impacts of climate risks, thresholds are defined based on the total revenue reported in publicly disclosed financial statements, and the Company's risk level is determined according to these thresholds.

Strategic Time Horizons

Based on the assessments and the timing of potential impacts, climate-related risks and opportunities across the Company are structured within short, medium, and long-term time horizons. Within this context, the short-term horizon is defined as 0–5 years, the medium-term horizon as 5–10 years, and the long-term horizon as 10 years and beyond. Potential impacts for each time horizon are analyzed separately; risks and opportunities are consolidated and evaluated according to these horizons, and strategic actions specific to each period are determined. These horizon definitions serve as a key reference in strategic processes such as investment decisions, transformation of production technologies, and diversification of the energy portfolio, ensuring the integration of climate-related considerations into corporate planning processes.

OYAK Çimento Strategic Horizons

Strategic Terms	
Short Term	0–5 Years
Medium Term	5–10 Years
Long Term	10+ Years

Short-term period (0–5 years) refers to the time frame in which strategic decisions are shaped and implemented based on current operational activities, regulatory compliance, and market conditions. During this period, climate-related transition risks such as carbon pricing mechanisms, the ETS transition process, regulatory obligations, and energy efficiency practices are prioritized. Short-term targets for monitoring, measuring, and improving climate performance are established and implemented within this period. The period is defined as short-term (0–5 years) considering the rapid implementability of decision-making mechanisms, the immediate impact of legal regulations and market dynamics, and the shaping of annual budgeting and operational planning cycles. This time frame is considered a critical period for planning, executing, and monitoring climate-related actions.

The medium-term period (5–10 years) represents the strategic transformation phase in which the transition to low-carbon technologies, the expansion of circular economy practices, and investments in alternative raw materials and fuels are planned and executed. During this period, the development of climate adaptation policies, enhancement of supply chain resilience, and long-term preparation for environmental regulations are prioritized. It also represents a critical structuring phase where sustainability strategies are integrated with corporate objectives and operational and financial planning.

Considering the preparation time required for capital-intensive investments, the need for technological transformation, and strategic repositioning requirements, the 5–10 year period is defined as medium-term. This period represents a key transition phase for aligning corporate strategies with tangible targets and implementing initiatives to transform operational capacity.

The long-term period (10 years and above) refers to the strategic timeframe in which corporate resilience against climate change scenarios is strengthened, structural measures are implemented to reduce physical risks (such as drought, water stress, floods, and extreme weather events), and comprehensive transformation toward net-zero emission targets is carried out. During this period, priorities include diversifying the energy portfolio with renewable energy sources and alternative fuels, expanding low- and zero-emission production technologies, and integrating ESG criteria across all components of the business model. Addressing climate-related issues not only from a risk management perspective but also from a long-term value creation and competitive advantage perspective defines the essence of this period. Considering net-zero commitments, structural transformation requirements, and national and international climate goals, the period of 10 years and above is defined as long-term, reflecting the transformation horizon necessary for the sustained and holistic implementation of strategic objectives.

STRATEGY

Identification of Physical Risks, Impact Analysis, and Risk Rating

The Company evaluates climate-related physical risks under acute and chronic effects, analyzing each risk category in terms of operational continuity, financial impact, and potential effects on existing control mechanisms, the business model, and the value chain. Assessments are conducted based on short-term impacts within the risk rating methodology. Additionally, the potential medium- and long-term effects of these risks on the resilience of the business model are considered on a scenario basis.

Acute physical risks include high temperatures, heatwaves, fire, and extreme weather events, which may cause energy infrastructure interruptions and reductions in production capacity. High temperatures and heatwaves can affect the natural characteristics of the cement sector, exert pressure on production efficiency, impact equipment performance, and require additional health and safety measures. The Company's integrated production facilities, spread across multiple regions in Türkiye, increase the criticality of measures to be taken against these risks.

The fire risk has been assessed in relation to the expected high temperatures in the regions where the Company operates. In this context, the potential fire risk could critically affect business continuity while also causing damage to the Company's assets and facilities. The impacts of extreme weather events may result in damage to facility infrastructure, disruptions in logistics processes, and temporary production stoppages. The Company is aware that, due to the nature of acute physical risks, their effects may increase over the long term. To address this, production continuity is continuously monitored through enhanced energy management plans, emergency control mechanisms, and resilient infrastructure systems. Supplier- and personnel-related external risks across the value chain are also expected to cause short-term disruptions.

Under chronic physical risks, water stress has been evaluated. In the cement sector, water usage is critical in both process-related and non-process-related operations. Cooling and waste heat recovery systems increase water demand, thereby raising process vulnerability. This vulnerability may reduce the Company's production capacity and cause disruptions in inventory management and delivery processes. To manage this, the Company invests in water efficiency practices, recovery systems, and alternative water source planning.

Based on the analyses conducted, these physical risks are under control within existing technical, operational, and organizational measures, and the likelihood of them significantly affecting the Company's financial performance is assessed as low. Accordingly, these risks are classified at a low level.

Identification, Impact Analysis, and Risk Assessment of Transition Risks

In the 2025 reporting period, the Company evaluated transition risks including raw material supply, CBAM compliance costs, the obligation to transition to low-carbon production technologies and products, changing customer behaviors, and reporting obligations.

When analyzing the impact of all these risks on the business model, high-emission clinker production processes were identified as critical processes that could be exposed to the stress of carbon pricing mechanisms in the medium and long term. This situation may create additional costs on financial profitability and negatively affect the Company's cash flow.

Within the value chain, the integration process of low-carbon production technologies may negatively impact the Company's capital flow. At the same time, restrictions and sanctions on high-carbon-content raw material supply could limit production capacity and cause disruptions in the supply chain.

If the Company cannot integrate into the low-carbon economy transition process in a timely manner, it may be affected by changes in customer behavior toward a green economy. In line with the trend of transitioning to a low-carbon economy, OYAK Çimento's high-carbon-emission products may not be preferred in the market.

Reporting obligations, due to the expansion of the EU Green Deal, CBAM, EU ETS, ESRS/CSRD, and T-ETS/TSRS regulations in Türkiye, may create additional operational burdens for OYAK Çimento in terms of facility-level emission measurement, product-based carbon footprint, supply chain traceability, sustainable finance reporting, and EPD/product declaration systems. At the same time, reporting that is not carried out in compliance with regulations could expose the Company to both enforcement and reputational risks.

Additionally, the obligation to transition to low-carbon production technologies and products may create unexpected burdens on the Company's capital and cash flow. If the process is not properly structured, the Company may miss green financing opportunities and be exposed to environmental sanctions.

Scenarios and Assumptions Used in the Analysis of Climate-Related Risks and Opportunities

The Company has repeated the scenario analysis conducted in previous reporting periods in the 2025 reporting period by utilizing climate scenarios, aiming 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 evaluates in detail the potential effects of rising temperatures, water stress, extreme weather events, and regulatory transitions on the business model.

For the analysis of physical risks, scenarios include detailed and spatially based assessments of water stress by integrating the WRI (World Resources Institute) Aqueduct Global Water Tool into the analysis process. This tool identifies chronic physical water stress, drought trends, and water access constraints based on geographic distribution, increasing the regional sensitivity of scenario analyses. The Aqueduct model, based on IPCC (Intergovernmental Panel on Climate Change) projections such as RCP 2.6 and RCP 8.5, calculates future water risk levels under different climate scenarios and enables the spatial interpretation of potential climate change impacts on water resources. Obtained outputs are used as complementary inputs in assessing physical risks, particularly regarding water stress levels, access challenges, and long-term infrastructure planning requirements.

For the analysis of transition risks, strategic planning studies have been designed in alignment with the Corporate Net Zero Standard published by SBTi. Accordingly, short-, medium-, and long-term transition pathways required to achieve the net-zero emissions target have been defined using a science-based approach and integrated into corporate planning processes. The development of a net-zero-aligned roadmap prioritizes the reduction of carbon-intensive processes, deployment of alternative and low-carbon technologies, decarbonization of production processes, and enhancement of climate resilience.

Scenario analyses have been conducted under various global and national climate scenarios, evaluating the potential impacts of policy, market, and technology changes on the Company. The IEA Net Zero Emissions 2050, IPCC 1.5°C, and NGFS (Network for Greening the Financial System) scenarios were selected based on consistency with SBTi's 1.5°C target pathway. These scenarios were evaluated considering Türkiye's 2023 Nationally Determined Contribution (NDC). Through these scenarios, the potential impacts of transition risks on financial performance, asset structure, and operational processes have been analyzed systematically and using a data-driven approach.

STRATEGY

Inputs and Parameters Used in Scenario Analyses

Term	Climate Scenario	Description and Definition of the Climate Scenario	Reason, Timing, and Scope for Selection of the Climate Scenario
Short (0–5 years)	EU ETS Phase IV & CBAM	CBAM and EU ETS regulations are being implemented; initial effects appear as cost pressures in the short term.	Official EU policies with direct impact to ensure compliance with the current regulatory framework.
Medium (5–10 years)	IEA Net Zero 2050 and Türkiye NDC 2023 NGFS – Network for Greening the Financial System SBTi 1.5°C Corporate Net-Zero Standard	Türkiye NDC and IEA NZE 2030 projections indicate increasing carbon price pressures and deepening transition risks in the medium term. NGFS scenarios define the risk of economic shocks and sudden carbon price jumps in markets if transition is irregular by 2030.	Medium-term carbon price projections align with Türkiye's commitments under these scenarios.
Medium (5–10 years) and Long (10+ years)	WRI Aqueduct Water Risk Atlas, NGFS Phase 5 Scenarios, IPCC; RCP2.6 (Low Emission) and RCP8.5 (High Emission) Scenarios	A scenario that shows water stress levels in Türkiye in 2030 and 2050, helping to measure stress levels. Within this scenario, additional water costs and revenue loss due to operational interruptions were evaluated for 2030, 2035, and 2050.	Widely used in official analyses in Türkiye. RCP2.6 provides a low-emission projection, RCP8.5 a high-emission projection. Applied to the Company's existing cement plants for climate scenario assessment.
Long (10+ years)	IEA NZE 2050 & IPCC 1.5°C Pathway	Türkiye NDC and IEA NZE 2030 projections indicate increasing carbon price pressures and deepening transition risks in the medium term. NGFS scenarios define the risk of economic shocks and sudden carbon price jumps in markets if transition is irregular by 2030.	Defines long-term requirements and strategic directions for low-carbon/zero-carbon production.

The assumptions used in the Company's climate change risk and opportunity scenario analysis are as follows:

Climate Policies in Operating Countries

The Company plans the transition to low-carbon production systems based on Türkiye's ETS and scenarios aligned with Türkiye's 2023 NDC in accordance with the climate law. Simultaneously, it develops the sector roadmap considering obligations from the EU CBAM and EU ETS systems in the European region.

Macroeconomic Trends

Economic fluctuations driven by climate policies, carbon pricing mechanisms, changes in energy costs, and commodity/raw material prices directly affect cement production processes. Relevant trends are considered in scenarios such as IPCC and NGFS.

National or Regional Variables

OYAK Çimento considers the regional variability of physical climate risks in its scenario analyses. Regional variability metrics from WRI Aqueduct and IPCC scenarios are integrated into calculations.

Energy Use and Diversity

The Company is increasing its share of renewable energy sources and exploring alternative energy sources. It also plans process investments to improve energy efficiency.

Technological Developments

Technologies being integrated, such as calcined clay, digital process monitoring, data-driven maintenance planning, and energy optimization systems, are strategically critical for the Company's climate adaptation and low-carbon production planning.

STRATEGY

Climate Resilience: Scenario Analysis and Future Outlook

As a result of the prioritization study conducted by OYAK Çimento, compared to the previous year, only water stress has been assessed under physical risks, while CBAM compliance costs and the requirement to transition to low-carbon production technologies and products have been evaluated under transition risks. Water stress is a risk that could endanger business continuity and process efficiency in the cement sector, which is OYAK Çimento's main field of activity, particularly in high water-consuming processes such as the raw meal mill, in the face of future water scarcity.

Among transition risks, the "CBAM Compliance Cost" risk represents the cost pressure that carbon-intensive sectors in Türkiye may face abroad due to CBAM. In addition, these two carbon-pricing-based risks expose OYAK Çimento to the "Low-Carbon Production Technologies and Product Transition Obligation" risk. If the company cannot manage the transition to low-carbon production technologies effectively, it may face high costs in the coming periods.

The expected financial impacts of all these prioritized risks in the short, medium, and long term have been calculated based on the scenario analyses conducted. However, since the results remained below the financial threshold set by the company, no quantitative explanation has been provided for any individual risk; instead, the percentage relative to total revenue has been shared.

Risk Type: Climate Risk – Chronic Physical Risk	**Risk Probability:** Medium – High	**Country / Region:** Türkiye
Risk Description: Water Stress	**Risk Severity:** Medium	**Affected Value Chain:** Upstream and Direct Operations
Risk Horizon: Short, Medium, Long	**Effect Type:** Expected	**Anticipated Financial Impact:** Reduced Production Capacity, Process Stability, Environmental Compliance and Costs

Risk Definition	In high-emission scenarios, rising temperatures and irregular precipitation patterns increase the frequency of prolonged droughts and low-flow periods. Persistent declines in groundwater and surface water levels create chronic water scarcity in some basins. Water stress becomes a continuous structural physical risk.
Impact on Cash Flow, Access to Finance, and Capital Costs	Among OYAK Çimento's integrated clinker and cement production facilities, Adana Çimento, Ankara Çimento, Mardin Çimento, and Denizli Çimento plants are in very high-water risk areas, while Aslan Çimento is situated in a high-water risk area. From the cement and grinding facilities, İskenderun 1 and İskenderun 2 plants are in regions with high water stress. Flow reductions caused by water stress may lead to insufficient supply for non-process but critical uses of water, potentially decreasing production capacity. In operational processes, water shortages or interruptions could result in inadequate cooling tower supply, causing capacity reductions in Rotary Kiln Units, especially during cooling tower operation. Additionally, interruptions in cooling water used in the Waste Heat Recovery (WHR) facilities—an important part of OYAK Çimento's sustainability and climate strategy—could negatively affect WHR performance, increasing energy demand. If this increased energy demand requires shifting to high-carbon-intensity alternatives, it could trigger higher operational carbon and energy costs. Based on the assessments conducted, the impact of this risk on total revenue has been calculated to be between 0.13% and 0.35%.
Actions Taken by OYAK Çimento	During the current reporting period, OYAK Çimento measured stakeholders' perspectives on water stress through a survey. Based on the survey results, the company developed its action plans. Through integrated monitoring, measurement, and early warning mechanisms, flow controls are performed, and water loss is minimized. At the same time, unnecessary uses are identified to prevent wastage. Water recovery systems have been integrated into production plants, allowing nearly 100% of process water to circulate through closed-loop systems. This reduces water loss due to evaporation and decreases water withdrawal by reusing cooled water. Efforts continue to increase the amount of usable water on-site and enhance the water recovery rate through rainwater collection and recovery systems. To improve process efficiency, the company conducts process optimization activities. In its Waste Heat Recovery (WHR) facilities, OYAK Çimento aims to reduce dependency on water by implementing air-cooled designs. Alternative water sources are being evaluated, and regional greywater sources are designated as "backup" options. Communication channels with local authorities are kept open to ensure preparation for planned or unplanned interruptions. Finally, within the scope of emergency and business continuity planning, a critical systems prioritization approach has been adopted.
Effect on Strategy and Decision-Making	Flow reductions in water-stressed areas may decrease production capacity, compromise process stability, and increase environmental compliance costs, creating financial and regulatory risks. Therefore, water stress is a key issue requiring continuous monitoring and control at facility level. Technical, operational, infrastructural, and managerial controls are continuously applied.

STRATEGY

Risk Type: Climate Risk – Transition Risk	**Risk Probability:** High	**Country / Region:** Türkiye and Europe
Risk Description: CBAM Compliance Cost	**Risk Severity:** Medium	**Affected Value Chain:** Upstream, Direct Operations, and Downstream
Risk Horizon: Short, Medium, Long	**Effect Type:** Expected	**Anticipated Financial Impact:** Financial and Reputational Risk

Risk Definition	Under the RCP2.6 scenario, it is projected that climate policies will tighten globally and carbon pricing will become widespread. In this scenario, the European Union's CBAM mechanism being fully implemented and effective means that embedded emissions in carbon-intensive products like cement will translate into a financial cost. At the same time, allowance prices in the EU-ETS are expected to be around USD 140 in 2030 and USD 250 in 2050 according to the IEA NZE scenario.
Impact on Cash Flow, Access to Finance, and Capital Costs	The Company has analyzed the potential carbon costs arising from CBAM across various emissions. Based on these assessments, the impact of the risk on total revenue has been calculated to range between 0.098% and 0.682%. Since these results fall below the Company's defined financial materiality threshold, they do not have a significant effect on the Company's cash flow, access to finance, or cost of capital. However, in the coming years, changes in CBAM implementation and intercountry policies may occur, leading to fluctuations in obligations.
Actions Taken by OYAK Çimento	OYAK Çimento is implementing projects to reduce greenhouse gas emissions within the framework of transition risks. The Company, which has an SBTi-approved commitment, aims to achieve net-zero emissions by 2050 and plans to reduce Scope 1 and Scope 2 emissions by 22.8% by 2030. In this context, biomass-based alternative fuels, applications to improve thermal and electric energy efficiency, and renewable energy investments are planned. To reduce Scope 2 emissions, waste heat-to-energy generation and solar PV investments are being implemented. With its high clinker production capacity and utilization in Türkiye, the Company is taking significant steps toward the transition to a low-carbon economy.
Effect on Strategy and Decision-Making	The Company, aware of the local and global scale of its operations, manages the transition to a low-carbon economy across its value chain, from top management to operational activities. It has made operating in full compliance with local and global regulations and environmental standards a strategic priority.

In addition to risks, OYAK Çimento also focuses on opportunities, recognizing that if it positions itself correctly regarding Low-Carbon Production Technologies, it can turn this issue from a risk into an opportunity. The Company will gain a competitive advantage if it reduces carbon intensity in cement production processes while maintaining product performance. Particularly, an increased focus on alternative raw materials and alternative fuels will position them ahead of other companies in the long term, both financially and reputationally. Moreover, the targets set and achievements realized in this scope will pave the way for future investments. By viewing "Enhancing Resilience to the Impacts of Climate Change" as an opportunity, the Company can achieve sectoral competitive advantage through early actions if it structures the right strategic framework across the local and global value chain.

With the conclusion of the pilot phase of Türkiye's ETS, established under the Climate Law, OYAK Çimento continues its preparations for potential supply-demand imbalances in the sector.

Climate Strategy and Forward-Looking Action Plan

OYAK Çimento aims to integrate emission reduction projects across its entire value chain to adapt to current and anticipated climate change impacts. The actions described in the "Climate Resilience: Scenario Analysis and Forward-Looking Perspective" section are being implemented to enhance resilience against the prioritized risks. Progress on these actions in the 2025 reporting year, compared to the 2024 reporting year, is detailed in the Emission Targets (SBTi-Aligned) table. The 2030 and 2050 Targets of OYAK Çimento table provides a detailed explanation of the measures taken against these risks. In addition to these projects, the Company seeks to maximize efficiency in its operations through the digital solutions it has developed.

Climate Change Adaptation, Resilience Capacity, and Transition Plan

The Company has a strong cash flow and solid financial infrastructure to manage climate-related risks and opportunities and to implement its planned activities. Through its financial structure and strategic investment prioritization mechanism, it enhances its adaptation capacity and flexibility against the high costs that climate risks may cause in the short, medium, and long term.

The Company shapes its future investments by utilizing the output of the scenario analyses it has conducted. With its strong financial resources that can be directed toward areas such as emission reduction, alternative fuels, energy efficiency, CCUS, circular economy-based resource efficiency, and water management, it takes proactive measures while laying the foundations for strategic transformation in the long term.

On the other hand, by repositioning its existing assets against different scenarios, the Company has the capacity to protect itself against the impacts of climate change and to utilize its assets for different purposes. In the prioritization studies conducted this year, the Company has plans to transform its assets particularly in relation to the water stress risk that has been identified.

STRATEGY

The Company continuously monitors the adequacy of its technical infrastructure, compliance with legal regulations, access to financial resources, supply chain collaborations, and workforce transformation capacity to ensure the effective implementation of its transition plan. Within this scope, it regularly conducts cost estimations and analyzes the impacts on competitiveness and employment structure, making revisions based on the available data.

Disclosure of Performance and Investments Related to Climate-Related Transition Risks, Physical Risks, and Opportunities

The Company has analyzed the physical and transition risks it has prioritized, evaluating vulnerable assets and its operational performance in relation to these risks. Considering the results of these assessments and climate scenarios, the Company structures its capital expenditure, financing decisions, and investment plans regarding these risks accordingly. In terms of greenhouse gas emissions, the Company demonstrates its concrete approach by targeting a reduction in gross Scope 1 and Scope 2 greenhouse gas emissions per ton of cementitious product by 22.8% in the short term and 95.8% in the long term. By setting targets such as reducing fossil fuel use, implementing projects aimed at reducing carbon emissions related to electricity consumption, and increasing water recycling, the Company collaborates with all stakeholders in its business model and value chain to achieve these goals.

The Company's production activities within its value chain are distributed across various locations in Türkiye. Within the scope of priority risks identified by the Company, water stress has been determined as a potential risk affecting 4 of the 7 integrated facilities located in Adana, Ankara, Mardin, and Denizli. In addition, water stress risk has also been identified at the İskenderun 1 and İskenderun 2 grinding facilities.

Within the scope of transition risk, the Emissions Trading System (ETS) planned to be implemented in Türkiye is expected to affect OYAK Çimento's operations, while the CBAM risk will have an impact on the Company's export capacity to the European region.

As part of its efforts to combat climate change, the Company plans its capital expenditures in alignment with the transition to a low-carbon economy. Projects that increase energy efficiency, the use of alternative fuels, renewable energy investments, and environmental compliance are prioritized, and strategic planning is shaped in line with capital allocation to these areas.

OYAK Çimento made environment-focused investments totaling TRY 622 million in the 2024 reporting year, and TRY 3.49 billion in the 2025 reporting period. These investments have been planned as part of the Company's strategy to manage transition and physical risks related to climate change, particularly aiming to reduce exposure to carbon costs, strengthen energy supply security, and enhance operational resilience. The areas where these investments are focused are as follows:

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

Investments are integrated into the Company's annual budget and medium-term capital planning processes and are financed through equity, operational cash flows, and, when necessary, external financing sources. Thanks to the Company's strong cash generation capacity and access to financing, the financial resources required for the planned environmental and climate-focused investments are considered sufficient. In addition, during the investment prioritization process, carbon reduction potential, cost-saving impact, and regulatory compliance requirements are considered; thus, capital allocation decisions are directly linked to the management of climate risks.

RISK MANAGEMENT

RISK MANAGEMENT

Risk management at OYAK Çimento is designed as a management approach integrated with corporate decision-making processes, in which risks and opportunities that may affect the Company's ability to achieve its strategic and operational objectives are systematically addressed. Within the scope of risk management, while aiming to reduce potential adverse impacts, the identification and evaluation of opportunities that may support the Company's long-term value creation capacity are also ensured. How climate-related risks and opportunities provide input to strategic decision-making mechanisms and how they are associated with the overall risk management approach are evaluated within a holistic framework. In this respect, risk management is positioned as one of the key mechanisms that provide decision support to senior management and the Board of Directors.

The Company manages all risks, including climate-related risks and opportunities, through an integrated approach within the scope of the Enterprise Risk Management Framework and Risk Management Policy, which include the steps of identification, assessment, prioritization, monitoring, and action planning. The Enterprise Risk Management Framework has been structured by considering ISO 31000 Risk Management requirements, the COSO approach, internationally recognized risk management standards and best practices, relevant regulations, and the dynamics of the sector in which the Company operates. At OYAK Çimento, risk management is considered an integral part of strategic planning, investment decisions, and operational processes.

The enterprise risk management process is carried out within a structure integrated with the Company's strategic direction and based on continuity, and the process is built on three main steps. In the first stage, the Company strategy, strategic decision-making mechanisms, and business objectives are reviewed annually; where deemed necessary based on risk assessments, updates are made to strategies and objectives. Within this scope, all strategic and operational risks related to the defined strategies and business objectives are systematically identified and updated.

In the second stage, the continuity of governance structures in which ownership and responsibilities are clearly defined is ensured to carry out risk management activities effectively and sustainably. In the third stage, the business processes and process controls that enable the implementation of strategies are evaluated; the connection points between risk management activities and process management are identified, and these two structures are positioned to complement each other.

The Company's risk management approach reflects the enterprise risk management culture through the infrastructure, resources, and practices in place, and risk management activities are carried out in mutual interaction with business activities, objectives, and strategic goals.

The continuity and effectiveness of these activities are supported through the coordinated implementation of change management, continuous improvement, communication, incentive, and training practices.

The Enterprise Risk Management Framework aims to provide reasonable assurance for the achievement of strategic, operational, reporting, and regulatory compliance objectives, while enabling climate-related risks and opportunities to be systematically addressed within this structure. The framework seeks to establish a risk management system that supports growth strategies and business objectives, considers stakeholder expectations, and is based on the principle of regulatory compliance. All employees are expected to recognize, understand, and manage the risks and opportunities related to their respective areas of activity, including climate-related matters; therefore, risk management is considered an integral component of strategic and operational planning processes.

The Enterprise Risk Management Framework is reviewed at least once a year, and necessary updates are implemented with the approval of the Corporate Risk Management Committee in line with changes in the risk environment and developments in practices. The preparation, updating, and distribution of the framework are carried out under the responsibility of the Compliance and Corporate Risk Manager, while its implementation is overseen by the Group Internal Audit, Risk and Compliance Directorate.

In 2025, the expansion of the Corporate Governance Risk Management (CGRM) system has been planned to increase the effectiveness of risk management processes and strengthen corporate resilience. It is envisaged that the system will continue to be used globally in the coming periods with an even more expanded version.

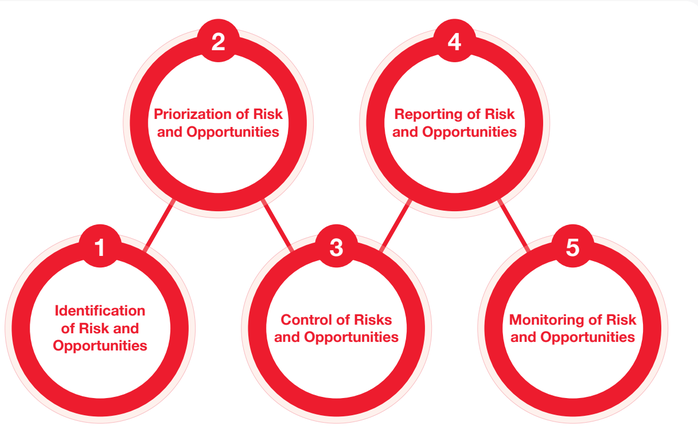
Through CGRM, which is positioned as an integrated management platform, risks and opportunities across the Company are identified and evaluated using a systematic methodology. The system enhances the visibility of risks while enabling the assignment of relevant actions, the designation of responsible parties, and the regular monitoring of progress.

Through this structure, monitoring, evaluation, and reporting mechanisms for strategic, financial, operational, and compliance risks, particularly climate-related risks, have been further strengthened and decision-making processes have become more data driven. The global use of CGRM also supports standardization across operations in different geographies, contributing to the dissemination of risk culture, the enhancement of early warning capabilities, and the adoption of a proactive risk management approach aligned with sustainable growth objectives.

Identification of Risks and Opportunities

The steps outlined in the company's risk management roadmap form the core elements of its strategy and are presented in a sequential order.

The risk and opportunity management process begins with the identification of risks, followed by prioritization, control, and reporting, and continues with the monitoring phase, which is regularly evaluated.



RISK MANAGEMENT

At OYAK Çimento, the process of identifying risks and opportunities is considered the first process-focused component of the Corporate Risk Management Framework. Risks are viewed from a broad perspective, encompassing the likelihood of harm, the probability of adverse outcomes from potential losses, the failure to meet positive expectations for objectives, and events arising from decisions or activities that could impact on the company's goals. Opportunities are defined as developments and conditions that carry value-creation potential, whether utilized or not, in achieving the company's strategic and operational objectives.

Risks are expressed based on event-cause-effect relationships, and root causes that could lead to their occurrence, along with existing control mechanisms, are systematically analyzed. This approach allows not only for the assessment of potential negative impacts but also for the opportunities that may emerge from the same risks.

In identifying risks, both external factors—such as legislation, environmental and social impacts, climate change, market conditions, technological developments, stakeholder expectations, and macroeconomic factors—and internal factors—such as organizational structure, processes, human resources, infrastructure, information systems, and corporate policies—are considered.

These factors are monitored holistically in terms of their potential impact on the company's strategic and operational objectives. Methods such as workshops and unit-level evaluations are used in the process of determining risks and opportunities, and stakeholder expectations and needs are incorporated into the analysis process.

Assessment of Materiality of Risks and Opportunities

OYAK Çimento evaluates its climate-related risks and opportunities by considering their potential impacts on the Company's business model, operations, and value chain. In this context, the process of prioritizing climate-related risks and opportunities is structured to align with the corporate risk management approach.

OYAK Çimento leverages scenario analyses to assess climate-related risks and opportunities. These analyses incorporate IPCC RCP (Representative Concentration Pathways) scenarios, NGFS scenarios, WRI Aqueduct data, national climate projections from the Turkish Meteorological Service, EU ETS and CBAM regulations, IEA NZE scenario, and SBTi 1.5°C-aligned scenarios. Using these inputs, the short-, medium-, and long-term impacts of climate change-related risks are analyzed more comprehensively, supporting the Company's strategic resilience and continuity in decision-making processes.

Climate-related risks and opportunities are considered separately as physical and transition risks in alignment with the TCFD (Task Force on Climate-Related Financial Disclosures) framework. Assessments are conducted based on IPCC RCP2.6 and RCP8.5 scenarios. Risks and opportunities are analyzed over short (0–5 years), medium (5–10 years), and long-term (10 years and above) horizons, and the potential impacts under different emission scenarios are evaluated comparatively.

In OYAK Çimento, the assessment of risks and opportunities is conducted using a standardized risk scale defined within the Corporate Risk Management Framework. Climate-related risks and opportunities, defined by considering sector-specific dynamics and Company operations, are rated on two main parameters: likelihood and impact, on a scale from 1 (very low) to 5 (very high).

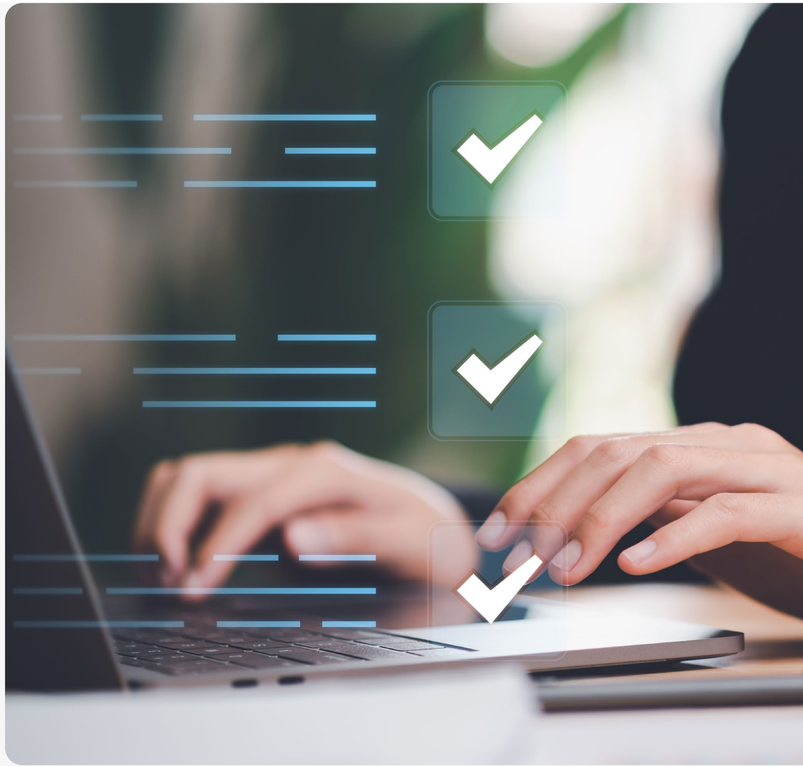
In the likelihood assessment, the historical occurrence of the risk, sectoral observations, and the anticipated time horizon are considered. For impact assessment, the potential residual effects on the Company's financial performance, operational continuity, environmental outcomes, regulatory compliance, and reputation are evaluated if the risk materializes. For opportunities, possible positive effects on revenues, costs, and market share are considered.

Based on the determined likelihood and impact scores, risks and opportunities are positioned on a 5x5 risk matrix. Risks scoring 15 or higher in the OYAK Çimento Risk Scoring Matrix are classified as high materiality risks. These are then quantified in terms of financial impact within a revenue/sales-based threshold, prioritized, and the scope of actions to be taken is determined.

Within the risk inventory created for the reporting period, a total of 12 climate risks were assessed, including 5 acute physical risks, 1 chronic physical risk, 2 market-driven transition risks, and 4 legal/regulatory transition risks.

The risks assessed as highly significant, scoring 15 points or above according to the OYAK Çimento Risk Scoring Matrix, are:
- Low-Carbon Production Technologies and Product Transition Obligation
- Carbon Border Adjustment Mechanism (CBAM) Compliance Cost
- Carbon Pricing Policies
- Water Stress

These stand out as the most significant. The financial assessment of these risks is explained under the "Strategy" section of the report.



RISK MANAGEMENT

Risk Scoring Factors

Risk

Scoring Factor	Factor Description	Scale	Definition
Probability	The likelihood of an event occurring that could negatively impact OYAK Çimento's financial performance and/or position.	5	The event has occurred many times in the past and/or its occurrence within a specific time horizon is almost certain.
		4	The event has occurred many times in the past and/or its occurrence within a specific time horizon is reasonably expected.
		3	The event has a limited history of occurrence and/or has been observed in peers.
		2	The event has little or no history of occurrence and/or has been observed only in limited cases among peers.
		1	The event has no history of occurrence and has been observed only in exceptional cases among peers.
Magnitude	The potential residual impact of a risk on OYAK Çimento's financial performance and/or position after controls, in the event that an adverse event occurs.	5	The overall risk magnitude across risk categories is likely to be very high.
		4	The risk magnitude may be high across risk categories and very high within a specific risk category.
		3	The risk magnitude is expected to be moderate across risk categories and/or high within a specific risk category.
		2	The risk magnitude is likely low across risk categories and/or moderate within a specific risk category.
		1	The risk magnitude may be low or very low across risk categories, and low or very low within a specific risk category.

Opportunity

Scoring Factor	Factor Description	Scale	Definition
Probability	The likelihood of an event occurring and/or being realized that could positively impact OYAK Çimento's financial performance and/or position.	5	The opportunity has been previously realized and/or can definitely be achieved within a specific time frame.
		4	The opportunity has been previously realized with limited success or attempted and/or can likely be achieved within a specific time frame.
		3	The opportunity has been previously considered and/or attempted unsuccessfully and/or can reasonably be achieved within a specific time frame.
		2	The opportunity has not been previously identified and/or considered and/or can be achieved with low likelihood within a specific time frame.
		1	The opportunity has not been previously identified and/or considered and can be achieved with very low likelihood within a specific time frame.
Magnitude	The potential financial impact if an event occurs and/or is realized that could positively affect OYAK Çimento's financial performance and/or position.	5	The potential (upward or downward) impact of the opportunity on revenues, expenses, and/or market share is very high.
		4	The potential (upward or downward) impact of the opportunity on revenues, expenses, and/or market share is high.
		3	The potential (upward or downward) impact of the opportunity on revenues, expenses, and/or market share is moderate.
		2	The potential (upward or downward) impact of the opportunity on revenues, expenses, and/or market share is low.
		1	The potential (upward or downward) impact of the opportunity on revenues, expenses, and/or market share is very low.

RISK MANAGEMENT

OYAK Çimento Risk Scoring Matrix

Probability / Impact	1. Very Low	2. Low	3. Medium	4. High	5. Very High
5. Very High Probability	Medium (5)	Medium (10)	High (15)	High (20)	High (25)
4. High Probability	Low (4)	Medium (8)	Medium (12)	High (16)	High (20)
3. Medium Probability	Low (3)	Medium (6)	Medium (9)	Medium (12)	High (15)
2. Low Probability	Low (2)	Low (4)	Medium (6)	Medium (8)	Medium (10)
1. Very Low Probability	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

The risk matrix is a fundamental risk management tool that enables OYAK Çimento to systematically assess the risks it may face and visually highlights the significance of each risk. The matrix evaluates risks along two axes: likelihood of occurrence and potential impact, allowing clear identification of which risks could have the most critical effects on the company's operations, financial structure, and operational continuity. During the assessment process, risks are first identified, analyzed using a standardized scoring methodology, and then positioned on the matrix according to the determined levels. This structure allows for the early detection of high-priority risks, review of the adequacy of existing control mechanisms, and planning of necessary actions. Regular review and reporting of the risk matrix demonstrate that the company manages its risks proactively while providing a transparent and comparable evaluation framework that supports executive decision-making processes.

The prepared risk matrix and financial impact outputs are reviewed by senior management and relevant committees, providing input for investment prioritization, strategic planning, and resource allocation processes. In this way, climate-related risks and opportunities are integrated into decision-making processes, considering their impact on the company's financial resilience and long-term strategic objectives.

Monitoring and Tracking of Risks and Opportunities

At OYAK Çimento, the monitoring and tracking of risks and opportunities are conducted through defined responsibilities and regular reporting mechanisms in line with the Corporate Risk Management Framework. The occurrence of risks, their impact levels, and the effectiveness of controls are periodically reviewed and updated across different management levels. Monitoring activities for operational and process-related risks are carried out by the relevant business units and facilities, with the findings feeding into corporate risk management processes. Strategic and high-priority risks are addressed at the Corporate Risk Management Committee (CRMC) level, with changes in the risk profile regularly reported to senior management.

Risk monitoring processes are structured within the Three Lines of Defense model. The first line, operational units, is responsible for the day-to-day monitoring of risks. The second line, risk and compliance functions, oversee consistency, control adequacy, and methodological compliance. The third line, Group Internal Audit, Risk and Compliance Directorate, provides independent assurance on the effectiveness of risk management processes. Roles and responsibilities across the Three Lines of Defense are clearly defined throughout the organization. Operational teams in the first line identify, assess, control, and monitor risks arising from their activities daily. The second line establishes risk management policies and methodologies, ensures implementation aligns with corporate standards, monitors control effectiveness, and provides senior management with a comprehensive risk overview. The third line, Internal Audit, independently and objectively evaluates the effectiveness of risk management and internal control systems, providing assurance to management. This structure supports effective risk management while strengthening corporate governance and decision-making processes.

RISK MANAGEMENT

Control of Risks and Opportunities and Action Planning

At OYAK Çimento, control mechanisms and action plans for identified risks and opportunities are established and implemented in alignment with the Corporate Risk Management Framework and Risk Management Policy. For risks prioritized through the risk assessment process, existing controls are reviewed, and additional preventive and corrective actions are defined in areas where control effectiveness is deemed insufficient.

Action plans for risks are structured to include responsible units, target dates, the scope of the action, and expected impact, and are monitored through the CRMC system. Progress on actions is periodically tracked, and any delays or deviations are escalated to senior management.

Action plans related to climate risks and opportunities cover areas such as emission reduction, energy efficiency, alternative fuel and raw material use, water and resource efficiency, regulatory compliance, and supply chain resilience. These actions are implemented in connection with the Company's investment plans, operational improvement programs, and strategic roadmaps.

Reporting of Risks and Opportunities

At OYAK Çimento, the reporting processes for risks and opportunities are carried out at different management levels in a regular and structured flow, in line with the Corporate Risk Management Framework. This structure ensures that information regarding risks and opportunities is communicated to senior management and decision-making bodies in a timely and consistent manner.

Presentations and meeting minutes related to risks included in the strategic risk inventory are prepared by the Corporate Risk Management Officer and submitted to the Early Risk Detection Committee. The reporting process is conducted six times a year, once every two months.

The effectiveness of controls and action plans related to risks and opportunities is regularly evaluated by the Committee; when necessary, actions are updated or additional measures are implemented. The Committee convenes quarterly to assess the status of the risks the company is exposed to, monitor changes in risk levels, and review necessary actions.

Risk information received from business units, plants, and functions is consolidated by the Corporate Risk Management Officer; the prepared presentations and meeting minutes are then submitted to the Committee. Through this quarterly reporting process, the risk landscape is handled dynamically, critical risk developments are closely monitored, and timely and systematic reporting to senior management is ensured.

Summary information on the company's risk management structure, approach, and activities is disclosed to the public through both the Annual Report and the Sustainability Report. Content for the Annual Report is prepared by the Finance Country Directorate and submitted to the Executive Board, while disclosures in the Sustainability Report are prepared by the Alternative Resources and Environment Directorate and likewise submitted for Executive Board approval.

Compared to the previous reporting period, there have been no structural changes in the company's risk management approach, governance structure, or reporting processes that would materially affect the practices disclosed under TSRS.

METRICS AND TARGETS

METRICS AND TARGETS

Explanations regarding metrics and targets are intended to help users of financial reports understand the Company's performance in managing climate-related risks and opportunities, as well as its progress toward the established targets. Within the scope of its sustainability strategy, the Company uses metrics to monitor climate-related risks and opportunities and regularly tracks and reports progress toward its targets through these metrics.

Climate-Related Metrics

The company operates in the cement sector, which is inherently energy-intensive and associated with high levels of greenhouse gas emissions, making it essential to systematically monitor climate-related risks and opportunities. In this context, the company regularly tracks its climate-related metrics to comply with national and international regulations on climate action, reduce its carbon footprint, and support the transition to a low-carbon economy.

Greenhouse Gas Emissions

The company calculates its greenhouse gas emissions for the 2025 reporting period based on the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004). Measurement inputs and the assumptions used are reviewed and updated annually.

During the reporting period, gross greenhouse gas (GHG) emissions calculated in tons of CO_2e include only Scope 1 and Scope 2 emissions, covering emissions from the consolidated operations of OYAK Çimento and its subsidiaries. Emission calculations are conducted using an operational control approach to include consolidated subsidiaries.

To ensure accurate and complete reporting of GHG emissions, the company implements a comprehensive data management system for energy consumption and emission sources. Regular tracking is carried out for all emission-causing inputs, including direct and indirect energy consumption, raw material usage, fuel types, and refrigerant gas usage. This data is systematically recorded in consumption tracking tables and supporting documents, ensuring both traceability and accuracy of Scope 1 and Scope 2 emissions while complying with reporting standards.

Verification of GHG emissions in accordance with the TS EN ISO 14064-1:2018 standard was completed for Aslan Çimento and Ankara Çimento branches for the 2024 reporting period. Verification for emissions from other branches was completed during the 2025 reporting period.

Emission factors used in calculations are carefully selected to ensure methodological consistency and compliance with current international standards. For Scope 1 emissions, updated emission factors from internationally recognized sources such as DEFRA 2025 (UK Department for Environment, Food & Rural Affairs) and the IPCC 2006 Sixth Assessment Report (AR6) are applied. For Scope 2 emissions, the 2025 "Türkiye Electricity Generation and Consumption Point Emission Factors Information Form" published by the Ministry of Energy and Natural Resources of Türkiye is used. Scope 2 emissions during the reporting period are calculated and reported using both location-based and market-based methods.

During the reporting period, Scope 1 emissions increased by 1.5% compared to the previous reporting period. Location-based Scope 2 emissions increased by 6.5%, while market-based Scope 2 emissions increased by 5.4%. Consequently, total Scope 1 and Scope 2 (location-based) emissions rose by 1.8% compared to the previous reporting period.

Greenhouse Gas Emissions Performance Table

Greenhouse Gas Emissions (ton CO_2e)	2024	2025
Scope 1	8,734,404	8,865,709
Scope 2 (Location-Based Emissions)	542,221	579,936
Scope 2 (Market-Based Emissions)	542,221	572,997
Total (Scope 1 + Location-Based Scope 2)	**9,276,625**	**9,445,645**

Energy Consumption Performance

Energy Consumption (GJ)	2024	2025
Direct Energy Consumption	36,843,541	38,488,270
Indirect Energy Consumption	4,416,280	4,634,501
Total Energy Consumption	**41,259,820**	**43,122,771**

Energy efficiency is addressed as an integral part of the environmental strategy within the scope of combating climate change. Accordingly, to ensure continuous improvement, the ISO 50001 Energy Management System is implemented across all facilities, and energy management activities are carried out in a planned and systematic manner.

In 2025, increases were observed in both direct and indirect energy consumption compared to 2024. Direct energy consumption increased by 4.3%, while indirect energy consumption grew by 4.7% compared to the previous reporting period.

In 2025, total energy consumption increased by 4.3% compared to 2024. The primary driver of this growth was the increase in clinker and cement production. Emissions of gases and dust resulting from the Company's production activities are continuously monitored through emission measurement systems in accordance with the regulations of the Republic of Türkiye Ministry of Environment, Urbanization, and Climate Change. Additionally, as part of the Company's digital transformation initiatives, the IndustrAI project has developed a digital infrastructure to forecast stack gas emissions, enabling continuous and proactive monitoring and management of emissions.

The Company has implemented comprehensive emission control and reduction measures across all facilities to mitigate environmental impacts. Modern dust collection systems are used to manage dust emissions, while advanced abatement technologies are employed to reduce ambient emissions. In all facilities, furnace stack gases are effectively controlled through Selective Non-Catalytic Reduction (SNCR) systems to manage NOx emissions. To understand the impact of climate change on its operations and financial structure, the Company evaluates climate-related transition and physical risks. This includes analyzing risks arising from regulatory changes as well as physical risks such as extreme weather events, water stress, and rising temperatures, assessing vulnerable assets and operational areas against climate risks.

METRICS AND TARGETS

Based on these analyses, assets and activities exposed to climate-related transition and physical risks are tracked using metrics, with their total value and proportion monitored regularly. As of the reporting period, the proportion of assets and activities sensitive to these risks is 100% and is continuously monitored. Prioritized climate-related opportunities are tracked in the same way. Evaluations conducted under monitored climate scenarios indicate that current climate-related risks and opportunities are not expected to have a material impact on the book values of assets and liabilities in the financial statements that would require significant adjustments in the next reporting period.

Internal Carbon Pricing

The company evaluates internal carbon pricing mechanisms to assign financial value to its greenhouse gas emissions. In this context, approaches are followed that enable the integration of emission-related financial impacts into decision-making processes. Rather than using a fixed price, the internal carbon pricing studies refer to the carbon price scenarios published by the IEA, including the Net Zero Emissions (NZE) and Announced Pledges Scenario (APS).

In the internal carbon analysis process, the company considers its defined medium- and long-term periods, the gradual increase trend in carbon prices, and developments under the Türkiye ETS and EU ETS. These metrics are used to assess the applicability of internal carbon pricing.

In line with potential regulations that may come into effect in the relevant area, necessary compliance measures are planned, and the fulfillment of applicable requirements is anticipated. The system is intended to be used for sensitivity analyses in CAPEX evaluations of new investment projects, comparative assessments of energy efficiency and low-carbon technology investments, and stress testing of transition risks over the medium to long term.

The company considers market mechanisms such as carbon credit as an opportunity and conducts feasibility studies in this regard. Although no carbon credit was utilized during the reporting period, plans are being developed for their use in future periods.

Uncertainties and Assumptions Related to Climate-Related Metrics

The data disclosed under climate-related metrics is based on direct measurement sources, such as meter readings, invoice records, and consumption information. These metrics have been calculated without using any estimates, assumptions, or external judgment, relying entirely on quantitative and historically verifiable data. Accordingly, there is no significant measurement uncertainty or reliability risk regarding the measurement quality; sensitivity analysis has not been performed due to the non-estimative nature of the methods used.

For the evaluation of measurement uncertainty, the thresholds specified in Table 4 of the Verification and Accreditation Communiqué – Verification Guide (2016) issued by the Republic of Türkiye Ministry of Environment, Urbanization, and Climate Change, pursuant to Article 21 of the Communiqué, were applied according to facility category. In this table, a materiality level of 5% is defined for Category A and B facilities, and 2% for Category C facilities. Based on this, an uncertainty level of 2% has been adopted for all facilities. The actual measurement uncertainty remains below this threshold, confirming that the reported amounts fall within a reasonable range of outcomes.

During the reporting process, since there were no assumption-based applications, forecast adjustments, or any matters requiring modifications to previously disclosed figures, no revisions were made to assumptions from prior periods.

Sectoral Metrics

Considering the Company's main business activities and subsidiaries, sectoral assessments were based on the "Volume 8 – Construction Materials" guidelines; within this framework, climate-related and industry-specific metrics were applied in a limited scope. In determining these sectoral metrics, the internationally recognized Sustainability Accounting Standards Board (SASB) standards, which form the sector-specific structure of IFRS S2 underlying TSRS 2, were used as a reference.

Sustainability Disclosure Topics and Metrics – Volume 8 – Construction Materials

Topic	Metric	Category	Unit	Code	2024	2025
Greenhouse Gas Emissions	Gross total Scope 1 emissions, percentage under emission-limiting regulations	Quantitative	Metric ton (t) CO_2e, Percentage (%)	EMCM110a.1	Scope 1: 8,734,486 Scope 2: 542,434	Scope 1: 8,865,709 Scope 2 (Location-Based): 579,936 Scope 2 (Market-Based): 572,997
	Management of Scope 1 emissions through negotiation and analysis of long- and short-term strategies/plans, and performance evaluation against emission reduction targets	Discussion & Analysis	N/A	EMCM110a.2	Relevant assessments have been completed 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), (7) heavy metals	Quantitative	Metric ton (t)	EMCM120a.1	NO_X: 11,901 SO_2: 90 PM_{10}: 222 TOC: 668	NO_X: 10,367 SO_2: 424 PM_{10}:289 TOC: 552
Energy Management	(1) Total energy consumed, (2) Percentage of grid electricity, (3) Percentage of alternative energy, (4) Percentage of renewable energy	Quantitative	Gigajoule (GJ), Percentage (%)	EMCM130a.1 TC-SI-130a.1	Total Energy Consumption: 41,259,820 GJ Renewable Electricity Consumption: 260,785 GJ Renewable Energy Share: 5.9% Alternative Energy Share: 6.5%	Total Energy Consumption: 43,122,771 GJ Renewable Electricity Consumption: 341,662 GJ Renewable Electricity Usage Rate: 7.4% Renewable Electricity Usage Rate (Gray Cement): 7.2% Alternative Fuel Substitution Rate: 27.95%

Considering the scope of activities of T1C3 Technology and Software Development Inc., it has been assessed that the metrics in Volume 58 – Software and Information Technology Services do not directly align with the Company's current operational structure. All activities carried out by T1C3 are focused on developing technologies for OYAK Çimento's factory processes. The company does not provide any services or work to third parties in 2025.

METRICS AND TARGETS

Sustainability Disclosure Topics and Metrics – Volume 8 – Construction Materials						
Topic	**Metric**	**Category**	**Unit**	**Code**	**2024**	**2025**
Water Management	(1) Total water withdrawn, (2) Total water consumed, (3) Percentage in high or extremely high water-stressed regions	Quantitative	Thousand cubic meters (m³), Percentage (%)	EMF140a.1 TC-SI-130a.2	Total Water Withdrawn: 23,102,364 m³ Total Water Consumed: 3,041,576 m³ Water Stress: 6.205%	Total Water Withdrawn: **18,391,666 m³** Withdrawn in High Water Stress Areas: **85%** Withdrawn in Extremely High Water Stress Areas: **8.7%** Total Water Consumed: **3,082,349 m³** Consumed in High Water Stress Areas: **15%** Consumed in Extremely High Water Stress Areas: **49%**
Waste Management	Total waste generated, percentage hazardous, percentage recycled	Quantitative	Metric ton (t), Percentage (%)	EMCM150a.1	Total Waste: 30,644 ton Hazardous Waste: 4.8% Recycled/Recovered: 99.47%	Total Waste: **93,081 ton** Hazardous Waste: **3%** Recycled/Recovered: **98.78%**
Product Innovation	Total accessible market and market share for products reducing energy, water, or material impact during use or production	Quantitative	Presentation currency, Percentage (%)	EMCM410a.2	24.7%	**34.8%**

Activity Metrics – Volume 8 – Construction Materials				
Activity Metrics	**Category**	**Unit**	**Code**	**2024**	**2025**
By main product group	Quantitative	Metric ton (t)	EMCM000.A	Clinker: 9,765,036 Cement: 12,327,006	Clinker: **10,193,201** Cement: **12,725,880**

Considering the scope of activities of T1C3 Technology and Software Development Inc., it has been assessed that the metrics in Volume 58 – Software and Information Technology Services do not directly align with the Company's current operational structure. All activities carried out by T1C3 are focused on developing technologies for OYAK Çimento's factory processes. The company does not provide any services or work to third parties in 2025.

Climate-Related Targets

Emission Reduction Targets

The Company systematically monitors regional and global developments related to climate change. In this context, regulations for implementing the European Union Green Deal, CBAM, United Nations Climate Conferences, the phased reduction of fossil fuel use, climate finance, loss and damage mechanisms, and international developments regarding carbon trading are closely followed and included in strategic evaluations. OYAK Çimento monitors legislative developments in Türkiye, such as the Climate Law, the Draft ETS Regulation, and the Draft Carbon Credit and Offset Regulation that came into effect in 2025, the updated Türkiye 2nd NDC, and all other relevant developments, continuously updating its sustainability strategy accordingly.

In line with these developments, the Company and its subsidiaries have set short-, medium-, and long-term targets to combat climate change, support the transition to a low-carbon economy, and reduce environmental impacts from operational activities.

The medium-term targets for the 2025–2030 period focus on priority areas including the reduction of greenhouse gas emissions, improving energy and thermal efficiency, increasing renewable energy and alternative fuel use, lowering water footprint, and reducing value chain emissions. These targets are aligned with the Paris Agreement and SBTi criteria and are regularly reviewed.

Compared to the 2024 TSRS report, there are updates to the targets for the 2025 reporting period. OYAK Çimento is committed to achieving net-zero greenhouse gas emissions across its value chain by 2050, in line with science-based emission reduction targets approved by SBTi.

For short-term targets, the Company aims to reduce gross Scope 1 and Scope 2 greenhouse gas emissions per ton of cement by a total of 22.8% by 2030, relative to the 2021 baseline. Within this framework, a 20.5% reduction in gross Scope 1 emissions and a 70% reduction in gross Scope 2 emissions per ton of cement are targeted for the same period.

For long-term targets, the Company continues its efforts in line with the 2050 roadmap and transition plan, considering climate-related risks, following a sustainability strategy aligned with Türkiye's 2053 net-zero target. By 2050, the Company aims to reduce gross Scope 1 and Scope 2 greenhouse gas emissions per ton of cementitious product by 95.8% relative to the 2021 baseline.

The Company's Net-Zero commitment has been approved and certified by SBTi, based on science-based criteria aiming to limit global temperature rise to 1.5°C. With this commitment, the Company is among the pioneering Turkish companies in its sector and continues its R&D and innovation-focused initiatives to achieve the established reduction targets.

METRICS AND TARGETS

Emission Targets (SBTi-Aligned)

Target Description	Unit	2024	2025	Target Year	Progress Towards Target (vs. Base Year)
Reduce gross Scope 1 and Scope 2 emissions per ton of cement by 22.8% by 2030 (vs. 2021)	(tCO_2e/ton cementitious) Emission Intensity Target	713.27	682.22	2030	-13.64%
Reduce gross Scope 1 emissions per ton of cement by 20.5% by 2030 (vs. 2021)	(tCO_2e/ton cementitious) Emission Intensity Target	671.57	640.34	2030	-13.58%
Reduce gross Scope 2 emissions per ton of cement by 56.3% by 2030 (vs. 2021)	(tCO_2e/ton cementitious) Emission Intensity Target	41.71	41.89	2030	-14.52%
Reduce gross Scope 1 and Scope 2 emissions per ton of cement by 95.8% by 2050 (vs. 2021)	(tCO_2e/ton cementitious) Emission Intensity Target	713.27	682.22	2050	-13.64%

The Company has achieved a current energy intensity of 3.07 GJ per ton of cementitious product as part of the 22.8% reduction target for gross Scope 1 and 2 greenhouse gas emissions per ton of cementitious product.

OYAK Çimento's 2030 and 2050 Targets

Target Title	Target Description	Unit	Target Year
Greenhouse Gas Emission Reduction	Reduce gross Scope 1 and 2 GHG emissions per ton of cementitious product by 22.8% (compared to 2021 baseline)	Reduce gross Scope 1 and 2 GHG emissions per ton of cementitious product by 22.8% (compared to 2021 baseline)	2030
	Reduce gross Scope 1 and 2 GHG emissions per ton of cementitious product by 95.8% (compared to 2021 baseline)	Reduce gross Scope 1 and 2 GHG emissions per ton of cementitious product by 95.8% (compared to 2021 baseline)	2050
Fossil Fuel Reduction	Reduce fossil fuel usage by 58% through alternative fuel use (grey cement)	Alternative fuel usage (%)	2030
Carbon Reduction from Electricity Use	Reduce carbon emissions from electricity consumption by 70%	Electricity usage (%)	2030
Water Recycling in Consumption	Ensure 30% of water used in ready-mix concrete production comes from recycled water	Recycled water usage in concrete production (%)	2030
Use of Alternative Raw Materials	Use 5% carbon-free alternative raw materials	Alternative raw material usage (%)	2030
Production of Low-Clinker Products	Increase production of low-clinker content products	Sales share of low-clinker products (%)	2030
Thermal Energy Efficiency	Improve thermal energy efficiency	Thermal energy efficiency (%)	2030
Energy Efficiency Improvement	Gradually increase energy efficiency according to the defined targets	Energy efficiency (%)	2030

APPENDICES

APPENDICES

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Shape the future with confidence

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

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION OF OYAK ÇİMENTO FABRİKALARI ANONİM ŞİRKETİ PRESENTED IN ACCORDANCE WITH THE TURKIYE SUSTAINABILITY REPORTING STANDARDS

To the Shareholders 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 Turkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" of Oyak Çimento Fabrikaları Anonim Şirketi ("Company") for the year ended December 31, 2025.

Our assurance engagement does not include 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 Company's Sustainability Information for the year ending December 31, 2025, has not been prepared in accordance with the Turkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Turkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M). We do not provide any assurance conclusion regarding 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.

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Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information

The Company's Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Turkiye 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 Company 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 Company'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 Company 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 which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, issued by the POA. 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 Company's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

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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 interviews were conducted with the Company's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Company's internal documentation was used to assess and review sustainability-related information.
- The disclosure and presentation of sustainability-related information was evaluated.
- Through inquiries, an understanding of Company's control environment, processes and information systems relevant to the preparation of the Sustainability Information was obtained. However, the design of particular control activities was not evaluated and evidence about their implementation was not obtained, or their operating effectiveness was not tested.
- It was evaluated whether Company's methods for developing estimates are appropriate and had been consistently applied. 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 Company's estimates.

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 Oktoyan Özdemir, SMMM
Partner

February 27, 2026
İstanbul, Türkiye

Corporate Information

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