Kordsa Teknik Tekstil A.Ş. Türkiye Sustainability Reporting Standards Compliant Sustainability Report 2024

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CONVENIENCE TRANSLATION INTO ENGLISH OF PRACTITIONER'S LIMITED ASSURANCE REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY INFORMATION PRESENTED BY KORDSA TEKNİK TEKSTİL A.Ş. AND IT'S SUBSIDIARIES IN ACCORDANCE WITH TURKISH SUSTAINABILITY REPORTING STANDARDS

To the General Assembly of Kordsa Teknik Tekstil A.Ş.,

We have undertaken a limited assurance engagement on Sustainability Information of Kordsa Teknik Tekstil A.Ş. and its subsidiaries ("the Group") for the year ended 31 December 2024 in accordance with Turkish Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkish Sustainability Reporting Standards 2 "Climate-Related Disclosures".

Our assurance engagement does not extend to information in respect of earlier periods or linked to the Sustainability Information including (any images, audio files, documents embedded in a website or embedded videos).

Limited Assurance Conclusion

Based on the procedures we have performed as described under the "Summary of the work we performed as the basis for our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information of the Group for the year ended 31 December 2024, is not prepared, in all material respects, in accordance with Turkish Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated 29 December 2023 and numbered 32414(M).

We do not express an assurance conclusion on information in respect of earlier periods or linked to from the Sustainability Information (including any images, audio files, documents embedded in a website or embedded videos).

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Inherent Limitations in Preparing the Sustainability Information

Sustainability Information is subject to inherent uncertainty due to incomplete scientific and economic knowledge. Greenhouse gas emission quantification is subject to inherent uncertainty due to incomplete scientific knowledge. Additionally, the Sustainability Information includes information based on climate-related scenarios that is subject to inherent uncertainty due to incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future physical and transitional climate-related impacts.

Responsibilities of Management and Those Charged with Governance for the Sustainability Information

The Group Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Turkish 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;
- In addition, the Group Management is responsible for the selection and implementation of appropriate sustainability reporting methods, as well as making reasonable assumptions and estimates that are appropriate in the circumstances.

Those charged with Governance are responsible for overseeing the Group's sustainability reporting process.

Practitioner’s Responsibilities for the Limited Assurance on Sustainability Information

We are responsible for:

- 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 informing the Group management of the conclusion we have reached.
- Performing risk assessment procedures to obtain an understanding of the Group's internal control structure and to identify and assess the risks of material misstatement of sustainability information, whether due to fraud or error, but not for the purpose of expressing an assurance conclusion on the effectiveness of the Group's internal control.
- Designing and implementing procedures to identify and address areas of the Sustainability Information that may contain material misstatements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements may arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users of Sustainability Information.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation 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 the Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements, issued by POA.

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Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors (including Independence Standards) (Code of Ethics) issued by the POA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management 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 experts. We used the work of experts to assess the reliability of the information and assumptions related to the Group's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

Summary of the Work We Performed as the Basis for Our Assurance Conclusion

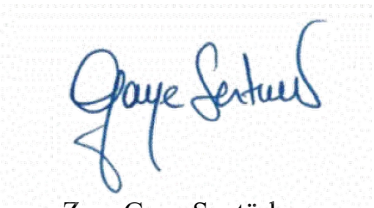
We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information, we:

- Conducted inquiries with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period;
- Used the Group's internal documentation to assess and review sustainability-related information;
- Evaluated the disclosure and presentation of sustainability-related information.
- Through inquiries, obtained an understanding of Group’s control environment, processes and information systems relevant to the preparation of the Sustainability Information. However, we did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether Group’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 Group’s estimates.
- Obtained understanding of process for identifying risks and opportunities that are financially significant, along with the Group’s sustainability reporting process.

The procedures 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 a reasonable assurance engagement been performed.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Zere Gaye Şentürk
Partner

İstanbul, 6 August 2025

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1. Introduction

1.1. Preparation of the Report

1.1.1. Compliance with the Türkiye Sustainability Reporting Standards (TSRS)

The Türkiye Sustainability Reporting Standards (TSRS), published in the Official Gazette No. 32414(M) dated 29 December 2023, entered into force to be applied for financial periods beginning on or after 1 January 2024. Kordsa Teknik Tekstil A.Ş. ("Kordsa" or the "Company") is subject to the obligation of reporting in accordance with the Türkiye Sustainability Reporting Standards (TSRS), as it falls under the regulation and supervision of the Capital Markets Board of Türkiye and meets the criterion of exceeding the threshold values of at least two of the specified metrics for two consecutive reporting periods.

This report has been prepared in compliance with the requirements set out in the Türkiye Sustainability Reporting Standards (TSRS 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and TSRS 2 "Climate-related Disclosures"). In addition, in the report, the Sustainability Accounting Standards Board (SASB) Standards of the International Sustainability Standards Board (ISSB) were also taken into consideration, and reference was made to the disclosure topics in these standards.

The applicability of the disclosure topics defined in "Volume 46 – Aerospace & Defense", "Volume 47 – Chemicals", and "Volume 62 – Auto Parts", which form part of the Guidance on Sector-Specific Application of TSRS 2 and outline possible ways of identifying, measuring, and disclosing information on climate-related risks and opportunities, has been assessed. These sector-specific volumes, serving as guidance, are derived from the SASB Standards maintained by the ISSB. In Section 6 Metrics and Targets of this Report, reference is made to the sector-specific disclosure topics and metrics contained in the relevant volume applicable to Kordsa's activities.

1.1.2. Alignment with Financial Disclosures

The sustainability and climate-related disclosures included in this Report have been prepared for Kordsa and should be read in conjunction with the Company's financial statements prepared in accordance with the Türkiye Financial Reporting Standards ("TFRS"). The Report covers a 12-month period ending on 31 December 2024, and is aligned with the reporting period of the consolidated financial statements. The presentation currency of the sustainability-related financial disclosures is the US Dollar, consistent with the presentation currency used in the consolidated financial statements. In line with the timelines used in its strategic decision-making processes, Kordsa defines the time horizons in which sustainability and climate-related risks and opportunities are reasonably expected to materialize as follows:

- Short term (0–1 year)

- Medium term (1–5 years)
- Long term (over 5 years)

1.1.3. Reporting Timeline

For the annual reporting period ended 31 December 2024, Kordsa is reporting for the first time in accordance with the Türkiye Sustainability Reporting Standards (TSRS) and, as of 1 January 2024, has applied TSRS 1 and TSRS 2 jointly for the annual reporting period.

1.1.4. Transition

The transitional exemptions applied by Kordsa under Articles E3 and E5 of TSRS 1 and Article C3 of TSRS 2 are presented below,

- An entity is not required to provide the disclosures set out in TSRS 1 and TSRS 2 or to present comparative information for any period prior to the date of initial application. In line with this transitional exemption, this Report does not include sustainability- and climate-related financial disclosures for prior years, and only metrics pertaining to the year 2024 are presented.
- In its first annual reporting period, the entity is permitted to disclose only information on climate-related risks and opportunities (in accordance with TSRS 2) and, accordingly, to apply the requirements of TSRS 1 only to the extent that they relate to the disclosure of information on climate-related risks and opportunities.
- In its first annual reporting period under the TSRS, an entity is permitted to publish its sustainability-related financial disclosures after the issuance of its relevant financial statements. Kordsa publishes this Report concurrently with its financial statements in August 2025.

This Report provides a comprehensive overview of Kordsa's sustainability and climate-related governance structure, strategy, processes for identifying and managing risks and opportunities, performance metrics, and targets.

1.2. Reporting Scope and Measurement Approach

Kordsa has adopted the operational control approach in defining its organizational boundaries for the reporting of greenhouse gas (GHG) emissions. Under this approach, Kordsa includes Scope 1, Scope 2, and Scope 3 reporting all GHG emissions arising from operations over which it has full authority and control.

Kordsa has applied the same approach used for greenhouse gas (GHG) emissions to the consolidation of water, waste, and energy consumption data. Accordingly, the Company has employed the consolidation method applied in its financial statements also in the reporting of its environmental data, including GHG emissions as well as water and energy consumption.

2. About Kordsa

2.1. Organizational Structure and Value Chain of Kordsa

2.1.1. Organization and Scope of Operations of Kordsa

Founded in 1973 as a subsidiary of Hacı Ömer Sabancı Holding, Kordsa is a leading advanced materials company operating in the fields of tire and construction reinforcement, composite technologies, and compounding. Kordsa operates across four continents and seven countries, including Türkiye, Brazil, Germany, Indonesia, Thailand, Italy, and the United States, with more than 4,500 employees. Through its vision of "Reinforcing Life," Kordsa aims to create sustainable value for its customers, employees, stakeholders, and communities by delivering high value-added, innovative reinforcement solutions.

R&D and innovation are integral parts of Kordsa's corporate culture. Kordsa's first R&D Center was established in İzmit in 2007, serving as an innovation hub for tire and construction reinforcement technologies for both global and Türkiye markets. The Company's second R&D Center, the Composite Technologies Center of Excellence (CTCE), established in 2016 in collaboration with Sabancı University and located in Pendik Technopark, İstanbul, brings together R&D, innovation, and production under one roof.

Kordsa operates across 12 production facilities. In 2024, the Company launched 17 new R&D projects. These projects focus on sustainable product and process technologies, reduction of rolling resistance, eco-design, bio-based materials, chemical recycling, product lightweighting, and the reduction of water pollution and greenhouse gas emissions.

2.1.2. Business Model and Value Chain of Kordsa

Kordsa's value chain depends on a wide range of resources, including suppliers of raw materials required for production, employees, service providers, logistics companies cooperating in the transportation/distribution of products, and customers purchasing the products. In other words, numerous activities and stakeholders are involved in both the upstream and downstream parts of the value chain. Accordingly, the Company's business model relies on continuous interaction with multiple organizations and stakeholders. Kordsa's upstream and downstream value chain relationships are illustrated below:

Table 1: Mapping of Kordsa's Value Chain

Value Chain Stage	**Stakeholder Definition**	**Segment**	**Product Type**
Upstream Value Chain	Suppliers	Procurement	Raw materials, Chemicals, Logistics, Packaging Products
Value Chain Stage	**Stakeholder Definition**	**Segment**	**Units**
Direct Operations	Employees	Central Units	R&D, HR, Production, Corporate Governance, etc.
Value Chain Stage	**Stakeholder Definition**	**Related Industries**	**Product Type**
Downstream Value Chain	Customers	Automotive	Single cord, polyester and nylon 66 yarn, polyester and nylon 66 cord fabric, hybrid cord fabric, fabric and prepregs*
		Aerospace	Sandwich panels, fabric and prepregs*
		Marine	Fabric and prepregs*
		Sports	
		Medical	
		Construction	Synthetic fiber reinforcements Structural reinforcement products

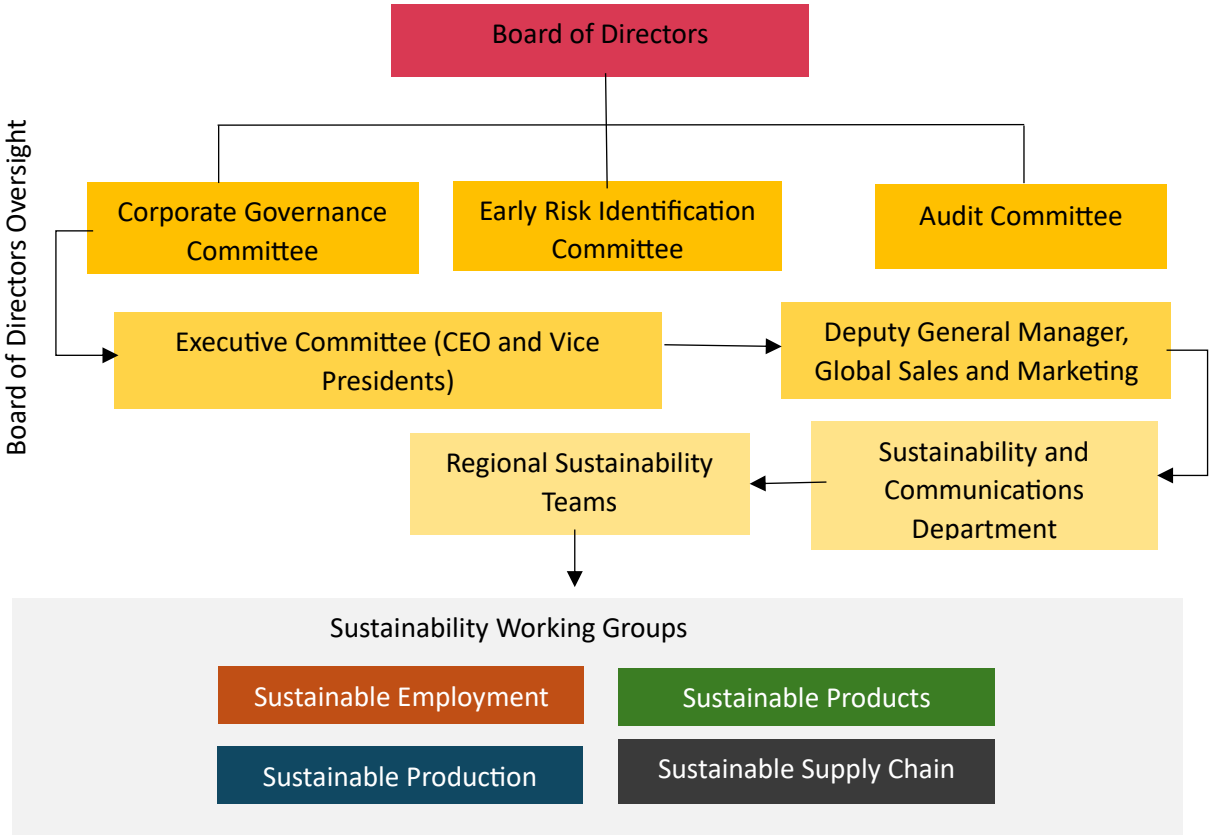
* *Resin-impregnated fabric*

3. Governance

3.1. Governance Structure for Sustainability and Climate Change at Kordsa

The governance of Kordsa's priority sustainability and climate change issues, including the allocation of responsibilities and performance monitoring, is overseen by the Board of Directors, the Company's highest governing body. The targets for priority sustainability issues, which are identified through biennial review meetings, are set and, when necessary, revised by the Kordsa Executive Committee, composed of the CEO and Vice Presidents. The Executive Committee defines the Company's environmental, social, and governance (ESG) priorities, risks, and opportunities, and formulates corresponding ESG policies. These ESG policies are addressed at the Board level through the Executive Committee and the committees reporting to the Board of Directors.

A general overview of the Company's sustainability governance structure is provided below:



The governance of sustainability and climate change matters under the responsibility of Kordsa's Board of Directors is carried out through the Corporate Governance Committee reporting to the Board. The chain between the highest governing body for sustainability matters, the Board of Directors, and the lowest body, the Sustainability Working Groups, begins with the Executive Committee, which includes the CEO, and continues with the

Executive Vice President of Global Sales and Marketing, the Sustainability and Communications Directorate, and the Regional Sustainability Teams. Reporting to the Executive Vice President of Global Sales and Marketing, the Sustainability and Communications Directorate works in alignment with the Sustainability Working Groups and the Regional Sustainability Teams operating in different countries, ensuring coordination between departments and senior management to achieve the set targets. This coordination enables the Company-wide implementation of sustainability-related strategies.

The Regional Sustainability Teams monitor the performance indicators established to achieve the sustainability targets set out within the Company's strategic plans and ensure the implementation of the planned projects by following them up with the relevant regional departments.

As one of Kordsa's strategic initiatives, sustainability performance is monitored through defined performance indicators. Sustainability targets have been cascaded from the CEO level down to the individual objectives of all governance bodies. Within the scope of Kordsa's Performance-Based Variable Bonus System, individual targets have been established, thereby integrating sustainability performance into the remuneration framework. The achievement of short, medium, and long-term targets within the Company has been incorporated into the performance indicators of senior management, and positive contributions towards the completion of these indicators have been tied to monetary incentives such as bonuses or salary increases.
The responsibilities and activities of the Board of Directors and its committees are presented below.

3.2. Board of Directors

At Kordsa, performance regarding sustainability priorities is owned at the Board of Directors level. Reporting to the Board, the Chair of the Executive Committee (CEO), in collaboration with the Executive Committee, ensures that the Board defines the corporate governance strategy by considering the environmental, social, and economic impacts of the Company's activities as well as the related principles.

The responsibilities of the Board of Directors include establishing sustainability and climate policies aligned with the Company's short, medium, and long-term business objectives, and approving the related strategies and targets. In addition, ensuring the integration of the sustainability strategy with the business model and supporting long-term objectives that reinforce the sustainability strategy are also among the Board's responsibilities.

The Board of Directors is informed by the Corporate Governance Committee, which convenes four times a year to evaluate sustainability and climate matters. In addition, the Early Risk Identification Committee, which reports to the Board and manages sustainability- and climate-related risks, meets at least six times a year and prepares detailed action plans addressing risks and opportunities. During these meetings, matters such as business strategy, performance targets, and risk management processes—overseen by the relevant units within

the Company's governance mechanism—are evaluated in the context of sustainability- and climate- related topics, with a focus on ensuring alignment with the Company's long-term objectives.

The Board of Directors possesses the necessary skills and competencies to effectively oversee sustainability- and climate-related risks and opportunities. In evaluating candidates during the Board nomination process, Kordsa considers their proficiency in industry and ESG matters, their general management skills—with particular emphasis on crisis management—as well as their global business experience, alongside a broad range of qualifications, knowledge, and expertise. Detailed biographies of the Board members can be accessed via this link.

The Kordsa Board of Directors is supported by the Corporate Governance Committee, the Early Risk Identification Committee, and the Audit Committee. The Board consists of six members, including two independent directors. One independent director serves as the Chair of the Early Risk Identification Committee and the Audit Committee, and as a member of the Corporate Governance Committee. The second independent director serves as the Chair of the Corporate Governance Committee and as a member of both the Early Risk Identification Committee and the Audit Committee.

3.3. Early Risk Identification Committee

At Kordsa, the Early Risk Identification Committee, reporting to the Board of Directors, is positioned at the highest level of the risk management organization. This Committee advises and makes recommendations to the Board on the early identification of risks that may jeopardize the Company's existence, operations, or continuity, and on the measures to be taken to mitigate the impact and likelihood of identified risks. The Early Risk Identification Committee reviews the risk management systems at least once a year, oversees the implementation of risk management practices in line with Committee Decisions, and draws upon independent expert opinions and consultancy services when deemed necessary.

The Early Risk Identification Committee identifies all financial and non-financial risks (operational, reputational, legal, environmental) of the Company across all countries and facilities in which it operates and prioritizes them in accordance with the CFN. PO15 Risk Management Standard. In this context, action plans have been developed for the management of risks with high and medium risk scores. Key Risk Indicator (KRI) reports have been established to enable the early identification of significant risk signals and to ensure that necessary measures and actions are taken. Based on its risk assessment activities, the Committee communicates its decisions, evaluations, and recommendations to the Board of Directors in writing through reports prepared following at least six meetings per year. The Committee's decisions are advisory in nature, with the Board of Directors serving as the ultimate decision-making authority on the relevant matters.

The Board of Directors regularly reviews sustainability- and climate-related risks and opportunities, integrating them into strategic decision-making processes. It also defines

strategic steps toward carbon emissions and water targets and ensures effective management through action plans. For example, to assess potential risks arising from regulatory frameworks such as the Emissions Trading System (ETS), Kordsa has employed mathematical modeling to establish an internal carbon price under three different scenarios and incorporated the results into its decision-making processes. In anticipation of possible regulatory impacts in the event that an ETS framework is implemented, the Company has allocated both workforce resources and financial costs to its internal carbon pricing initiative. While this does not affect the Company's short-term financials, Kordsa seeks to balance short- and medium-term investments with its long-term sustainability objectives.

The Global Risk Department, led by the Deputy General Manager of Finance, is tasked with identifying risks within the risk management framework in collaboration with corporate risk officers assigned to various business units. Risks identified by the Global Risk Department are presented to the Early Risk Identification Committee. All risk registers are reviewed periodically, updated as necessary, and shared with risk owners and the Early Risk Identification Committee at defined intervals.

The committee is composed of four members of the Board of Directors, and meets six times annually on a regular basis to evaluate risks and opportunities across strategic (economic, political, reputational, climate change, and sustainability, etc.), financial, operational, and compliance categories, and provides regular updates to the Board. In 2024, the Committee convened on 5 March, 17 April, 6 June, 4 September, 18 October, and 3 December. During these meetings, in addition to sustainability and climate-related risks and opportunities, potential risks arising from regulatory requirements were assessed and the findings were reported to the Board of Directors.

To support the management of sustainability and climate-related risks and opportunities, specific controls and procedures are applied. The Corporate Risk Management Procedure is utilized to ensure the effectiveness of these processes and to align them with the Company's overall strategic and risk management frameworks. Risk management practices are continuously reviewed, integrated with other internal functions, and improvement recommendations are submitted to the Board.

During the reporting period, the Corporate Risk Management Committee held regular meetings with independent sustainability advisors and received strategic guidance on the identification and reporting of sustainability and climate-related risks and opportunities.

3.4. Corporate Governance Committee

The Corporate Governance Committee, reporting to the Board of Directors, is responsible for overseeing and approving the Company's sustainability strategy, objectives, and policies.

The Committee monitors the implementation of the Corporate Governance Principles within the Company, identifies any instances of non-compliance along with the underlying reasons,

and detects potential conflicts of interest arising from such non-compliance. It provides recommendations to the Board aimed at improving corporate governance practices.

In 2024, the Corporate Governance Committee convened five times, on 5 March, 14 March, 6 June, 4 September and 3 December.

3.5. Audit Committee

The Audit Committee reports to the Board of Directors and fulfills its oversight role by providing information on the Company's accounting system, financial reporting, publicly disclosed financial statements, the activities of the internal audit function, and the operation and effectiveness of the independent audit and internal control systems. It also supports the Company's efforts to ensure compliance with applicable laws and regulations— primarily the Capital Markets Board legislation—along with the Corporate Governance Principles and the Company's Code of Ethics. Committee members possess adequate knowledge and experience in financial matters and serve as independent members of the Board of Directors.

In 2024, the Audit Committee convened four times, on 5 March, 6 June, 4 September and 3 December.

3.6. Employees

Recognizing its human capital as its most valuable asset, Kordsa prioritizes protecting the health and safety of its employees from recruitment through retirement, supporting their personal and professional development, and ensuring a safe and respectful working environment where labor and human rights are upheld. In this context, the Company regularly reviews its Sustainable Employment Policy, taking into account globally recognized human and labor rights frameworks, and aligning it with its global human resources commitments.

All Kordsa employees are subject to performance and career development evaluations, with reward plans linked to the Company's performance. Since 2022, the Company has implemented the Objectives and Key Results (OKR) framework as part of its performance management system, derived from its strategic plans. Through the OKR system, Kordsa promotes transparency and accountability while aligning individual objectives with the Company's overall goals. To foster employee voice, strengthen transparency and engagement, and ensure awareness of internal development and opportunities, a global Regular Employee Engagement and follow-up meetings are conducted every two years.

In order to standardize training and development activities across all Company facilities, address local requirements and needs, and support employees in achieving their career goals, various initiatives are implemented in collaboration with training and development teams.

4. Strategy

As climate change continues to shape global markets, Kordsa recognizes the critical importance of addressing the risks and opportunities associated with the transition to a low-carbon economy. Through a robust risk management framework, the Company actively identifies and mitigates the impacts of climate-related issues on its business strategy.

At Kordsa, risks are assessed based on impact simulation calculations using the Monte Carlo Analysis Method. The risk identification process begins with a materiality matrix survey related to Kordsa's X+5 plans and strategic initiatives. To identify and prioritize Kordsa's most significant risks, input is collected from various stakeholder groups, and a risk materiality matrix is developed. This prioritization exercise ensures that resources and efforts are directed toward the most relevant and material areas. The Risk Materiality Matrix survey is conducted once a year.

For each risk calculation, separate probability and impact values are assigned. Probability is calculated based on the likelihood of such an event occurring within a year. Depending on frequency of occurrence, probability is rated on a five-point scale: from 1 (very rare – may occur only under exceptional circumstances and/or only a few highly uncommon cases have been recorded in similar companies) to 5 (very likely – numerous actual cases have been recorded, and the occurrence of such an event within a few months is plausible).

In addition, an impact magnitude score ranging from 1 (very low) to 5 (very high) is applied based on various factors. At Kordsa, scenario modeling is used to calculate impact levels. In determining scenario models, both quantitative perspectives (financial, operational) and/or qualitative perspectives (reputation, investor relations, human resources, legal, business continuity, and health, safety & environment) are taken into consideration. For each risk, three scenarios (minimum, most likely, maximum) are assigned, each with its own financial impact calculation. The Global Risk Management Department prepares a risk register file to document assumptions and probabilities for each identified risk scenario based on all inputs. Once the register list is completed, financial impact assumptions and probability figures for all risk scenarios are recorded separately in the GRC (Governance, Risk & Compliance) tool.

Kordsa defines a material financial or strategic impact when the risk impact simulation exceeds 1% of consolidated budgeted EBITDA or at least USD 1 million. When a risk with material financial or strategic impact is identified, it is automatically deemed to have exceeded the risk appetite or threshold. Risk owners are required to develop an action plan and assign implementation owners. Risks are recalculated after the completion of each action. If the impact simulation of a risk still exceeds the threshold, risk owners must implement additional actions until the impact simulation falls below the threshold. In cases where financial impact cannot be calculated, alternative indicators—such as reputational, human resources, legal, or environmental impacts—are assessed.

Kordsa defines short, medium, and long term as follows;

- Short Term (0 – 1 year);

This timeframe aligns with Kordsa's annual target-setting process. Focusing on the short-term enhances Kordsa's ability to respond and adapt to rapidly changing risk environments, increases awareness during the stages of risk identification and action planning across the global organization, and enables risk owners to collaborate with action owners in managing impacts.

- Medium Term (1 – 5 years);

This timeframe is aligned with the Corporate X+5 target-setting framework. A medium-term focus strengthens Kordsa's ability to take action and ensures that the X+5 plan remains up to date.

- Long Term (5 years and beyond)

This timeframe is consistent with Kordsa's commitment to achieving net-zero emissions by 2050. A long-term focus enables Kordsa to initiate R&D activities today and build the knowledge base required to achieve its 2050 objectives.

Kordsa has identified priority climate-related risks and opportunities that could reasonably affect its operations, supply chain, and market position over the short, medium, and long term. The defined physical and transition risks and opportunities related to climate change are outlined below.

In determining climate-related risks and opportunities that could reasonably affect its financial adequacy, Kordsa considers past events, current conditions, and future forecasts, relying on reasonable and supportable information. This assessment is reviewed annually without incurring undue cost or effort. Risks and opportunities that could reasonably impact the Company's financial adequacy have been evaluated in accordance with the Türkiye Sustainability Reporting Standards (TSRS), specifically TSRS 1, General Requirement 54, and with due consideration of the relevant sector-specific disclosure topics.

4.1. Climate-Related Risks and Opportunities

Table 2: Climate-Related Acute Physical Risk: Flood

Risk Title	Flood	
Risk Type	Acute Physical Risk	
Risk Description	Indonesia, Thailand, and Chattanooga (USA) facilities, which cumulatively account for 28.9% of Kordsa's consolidated revenue, are located in geographies that may be exposed to intensified rainfall patterns and sudden inland flooding events driven by climate change. Therefore, the Company has classified flooding as an acute physical climate risk for these locations. Through consolidation in the risk assessment, the flood risk at these facilities has been evaluated under a common heading, considering both short and long-term impacts.	
Position in the Business Model and Value Chain	Flood risk has been assessed as a potential threat to Kordsa's operations as well as to downstream supply chain elements linked to these activities. The facility in Indonesia, due to its location adjacent to the Cikeas River and its tropical climate characterized by heavy rainfall throughout the year, is assessed as the highest flood risk location. Production areas, auxiliary systems, and storage areas of the facility are identified as potentially exposed to flood risk, while it is also recognized that this risk may affect the performance of the downstream supply chain.	
Time Horizon of Impact	**Short-Term**	**Long-Term**
Term (Years)	0-1	5 and above
Potential Impacts of the Risk	In the event of flooding, potential impacts of the risk are assessed to include operational disruptions, damage to inventories, and logistical delays.	
Potential Financial Impact	In the current reporting year, flood risk has not had any immediate financial impact on the Company, and financial performance and cash flows have not been affected by this risk. The most significant direct impact on the Company's operations could materialize if the effects of climate change intensify and the frequency of extreme weather events increases. To assess the potential financial impact of this risk, Kordsa applies scenario analyses covering minimum, most likely, and maximum cases. Accordingly: • Short term: In the event of a flood, insurance deductibles are taken as the highest financial impact scenario. Physical damage and business interruption values were compared with current-year revenue figures, and simulated profit losses correspond to 0.6% of consolidated revenue in the most likely scenario and 3.1% in the worst-case scenario. • Medium term: Due to the implementation of effective flood prevention measures at the facility level - such as elevation, flood barriers, and drainage systems - no financial impact is foreseen under either the most likely or worst - case scenarios. Similarly, under the best - case scenario, no material financial impact is anticipated across the short, medium, or long - term horizons. • Long term: Insurance deductibles are again taken as the highest financial impact scenario. With the projected increase in the frequency and severity of climatic events, it is assumed that insurance deductibles could double. As a result, physical damage and business interruption values were compared with current-year consolidated revenue figures, and simulated profit losses correspond to 0.6% of consolidated revenue in the most likely scenario and 8.5% in the worst - case scenario.	

Response to the Risk	Kordsa is taking strategic steps aligned with a 1.5°C world to mitigate the impacts of the projected short- and/or long-term flood risks at its facilities in Indonesia, Thailand, and Chattanooga. While the Company focuses on reducing greenhouse gas emissions in the medium and long term, it also implements physical measures in the short term to strengthen its facilities against the physical impacts of flood risk. In addition, to minimize risks, the Company maintains property damage and business interruption insurance and renews this coverage annually.

Table 3: Climate-Related Acute Physical Risk: Wildfires

Risk Title	Wildfires
Risk Type	Acute Physical Risk
Risk Description	Kordsa's Chattanooga facility in the United States is located in a region classified as high risk for wildfires due to rising temperatures, low humidity levels, and prolonged periods of drought. As stated in the 2024 Annual Report (p.84), under the "Risk Management" section of Corporate Governance, fire risk is addressed as a strategically managed issue under facility security for all sites. Fire risk is regularly assessed through annual risk engineering audits conducted by independent insurance companies, and improvement actions are implemented accordingly.
Position in the Business Model and Value Chain	In the event of wildfires, there is potential to create physical impacts on production facilities, which could lead to operational disruptions. Indirect effects include the possibility of increased insurance costs. The risk may also affect both the upstream and downstream flows of the value chain.
Time Horizon of Impact	**Long-Term**
Term (Years)	5 and above
Potential Impacts of the Risk	Wildfires have the potential to impact operational activities. In the short term, these impacts may manifest as emergency response and interruption management, while in the medium and long term they may emerge as reconstruction investments and increases in insurance premiums.
Potential Financial Impact	In the current reporting year, wildfire risk has not had any immediate financial impact on the Company, and financial performance and cash flows have not been affected by this risk. To assess the potential financial impact of wildfire risk in the medium and/or long term, Kordsa applies scenario analyses. Accordingly: • Worst-case scenario: Due to the facility's location, existing physical measures, and business continuity management, no financial impact is expected in the short or medium term. However, in the long term, with the projected increase in the frequency and severity of climate events, insurance deductibles are expected to double, and a simulated profit loss equivalent to 3.5% of consolidated revenue is projected. • Most-likely scenario: Owing to the facility's location and business continuity management, no financial impact from wildfire events is anticipated in the short, medium, or long term. • Best-case scenario: Assumes the occurrence of small-scale or no wildfire events that would not disrupt operations. As operations are expected to continue without interruption in the short, medium, and long term, no financial impact is foreseen
Response to the Risk	To minimize the impacts of wildfire risk arising from global warming, Kordsa not only implements physical measures but also maintains property damage and business interruption insurance, which is renewed annually.

Table 4: Climate-Related Acute Physical Risk: Cyclones (Tropical Storms)

Risk Title	Cyclones (Tropical Storms)
Risk Type	Acute Physical Risk
Risk Description	Kordsa's Laurel Hill facility in the United States is in a region classified as high risk for cyclones by open-source platforms such as Think Hazard. However, in the Company's periodic risk engineering assessments, this risk has been evaluated as "low likelihood – low impact." Therefore, the risk is kept at a monitoring level, and no separate scenario analysis or quantitative modeling study has been conducted.
Position in the Business Model and Value Chain	Cyclones may theoretically cause physical impacts on facilities; however, in Kordsa's operational history, no disruptions to activities have occurred due to this risk.
Time Horizon of Impact	**Long-Term**
Term (Years)	5 and above
Potential Impacts of the Risk	This risk has the potential to cause operational disruptions due to severe winds and rainfall. However, no operational or financial impact has occurred to date. Therefore, the risk is currently maintained at a monitoring level, with plans to reprioritize if necessary.
Potential Financial Impact	In the current reporting year, no financial impact has arisen from cyclone risk. According to the Company's internal assessment, the risk has been classified as low likelihood and low impact. To assess the potential financial impact of cyclone risk, Kordsa applies scenario analyses. Accordingly: • Worst-case scenario: It is assumed that physical measures to be implemented in the short and medium term will ensure business continuity at the facilities, and no impact from cyclones will be experienced. However, in the long-term scenario, with the projected increase in the frequency and severity of climate events, insurance deductibles are assumed to double. Accordingly, physical damage and business interruption values were compared with current-year revenue figures, and a simulated profit loss equivalent to 1.5% of consolidated revenue was calculated. • Most-likely scenario: The projections are aligned with the minimum scenario. As business continuity is expected to be maintained in the short, medium, and long term, no financial impact is anticipated. • Best-case scenario: Assumes the occurrence of minor or near-miss extreme weather events in the short and medium term that do not cause physical damage. In both timeframes, operations continue without interruption and no financial impact arises. In the long term, it is assumed that the Company will achieve successful climate adaptation, implement preventive investments, and that insurance coverage will help avoid losses; therefore, no financial impact is foreseen.
Response to the Risk	To minimize the impacts of cyclone risk arising from global warming, Kordsa maintains property damage and business interruption insurance, which is renewed annually.

Table 5: Climate-Related Transition Risk: Emissions Trading System – Carbon Pricing Mechanism

Risk Title	Emissions Trading System (ETS) – Carbon Pricing Mechanism
Risk Type	Transition Risk – Policy
Risk Description	Kordsa's İzmit facility in Türkiye falls under the scope of the "Türkiye Monitoring, Reporting and Verification (MRV)" regulation. This regulation adopts the European Union (EU) MRV framework for greenhouse gas emissions, which forms the basis of the EU Emissions Trading System (EU ETS).
Position in the Business Model and Value Chain	The implementation of an emissions trading system may directly affect Kordsa's own operations, potentially resulting in financial liabilities for the Company. Only the İzmit facility in Türkiye would be exposed to this risk. In addition, increases in unit carbon prices may indirectly affect competitiveness, thereby creating an impact on the downstream value chain as well.
Time Horizon of Impact	**Long-Term**
Term (Years)	5 and above
Potential Impacts of the Risk	The inclusion of facilities under the Emissions Trading System means that, if annual emission allowances for direct emissions are insufficient, additional carbon costs are expected to arise. In the medium and long term, if these costs cannot be mitigated, a transition to low-carbon technologies is expected to be required.
Potential Financial Impact	In the current reporting year, the emissions trading system risk has not had any immediate financial impact on the Company, and financial performance and cash flow have not been affected by this risk. However, in the medium and long term, factors such as greater integration into carbon markets and rising carbon prices may increase Kordsa's operating costs. According to scenarios based on the projected carbon unit price under the emissions trading system, this risk remains below the financial materiality threshold. Nevertheless, as the probability assessment of the risk is considered to be quite high, it is classified among the Company's significant risks. Within this scope, according to the scenarios conducted by Kordsa to determine the future financial impact of its ETS risk; • Worst-case scenario: As the ETS system in Türkiye is still at an early stage of implementation, no financial impact is expected in the short term. Similarly, in the medium term, no financial impact is foreseen in the worst-case scenario, based on the assumptions that the facility will maintain its emission levels consistent with past performance and that regulatory frameworks will continue to allow for phased compliance and partial free allocation. However, in the long term, a financial impact is expected. This has been calculated under the scenario in which the budgeted carbon unit price of USD 8.6 doubles and materializes at a minimum of USD 17.2. Accordingly, the potential financial impact on the Company, due to a possible increase in the carbon unit price, has been simulated as a profit loss amounting to 0.02% of annual consolidated revenue. • Most-likely scenario: The potential long-term financial impact of ETS risk is based on the assumption that the budgeted carbon unit price of USD 8.6 increases by 50% above expectations, materializing at a minimum of USD 12.9. In this scenario, the potential financial impact on the Company due to the unexpected increase in the carbon unit price is simulated as a profit loss equivalent to 0.01% of annual consolidated revenue. No financial impact is anticipated in the short or medium term under this scenario. • Best-case scenario: Based on the assumption that the budgeted carbon unit price materializes as expected at USD 8.6, no material impact on the Company's financials is anticipated in the short, medium, or long term.

Response to the Risk	Kordsa is taking strategic steps aligned with a 1.5°C world to mitigate the impacts of ETS risk, implementing energy efficiency and sustainability projects. In addition, the Company has set a Science-Based Target toward its Net Zero ambition and is carrying out processes to achieve these targets.

Table 6: Climate-Related Opportunity: Development of New Products and Services – 1

Opportunity Title	Development of new products or services through R&D and innovation
Opportunity Type	Products and Services
Opportunity Description	One of Kordsa's business units, the tire reinforcement business, accounted for a significant share of consolidated revenue in 2024. With production facilities in Thailand, Indonesia, Türkiye, Brazil, and the United States, Kordsa serves global tire manufacturers. In recent years, developments in the tire industry have driven increased demand for sustainability-focused products. Leading companies in the sector have begun to prioritize the procurement of recycled-content products in line with their 2030 and 2050 targets. Furthermore, the widespread adoption of electric vehicles (EVs) in the US and EU markets has created new requirements such as enhanced tire durability and greater resistance to wear due to increased battery weight. As a result of these trends, tire manufacturers are moving toward greater use of recycled and bio-based materials and incorporating more environmentally friendly chemicals into product formulations. This shift presents a strategic opportunity for Kordsa in its polyester and nylon product groups. By expanding its portfolio of recycled-content products and introducing formulations with greener chemicals, Kordsa aims to increase its market share. The recycled-content products developed through R&D and innovation initiatives contribute both to Kordsa's own environmental sustainability goals and to proactively addressing evolving market demands. The introduction of recycled polyester and recycled nylon products, along with the use of eco-friendly chemicals in tire cord fabric production technologies, positions Kordsa as a supplier of choice for customers seeking to reduce their environmental footprint.
Position in the Business Model and Value Chain	Kordsa allocates significant resources to the development of new products and the continuous improvement of existing ones. Customer-oriented product development activities, which currently contribute to maintaining and strengthening Kordsa's market position, are also expected to help preserve the Company's competitive advantage in the future. Newly developed products have the potential to impact on the Company's downstream value chain. The introduction of eco-friendly products to the market reduces carbon emissions across the value chain, thereby contributing to Kordsa's customers' sustainability targets and enabling the Company to strengthen long-term business relationships.
Time Horizon of Impact	**Long-Term**
Term (Years)	5 and above
Potential Impacts of the Opportunity	The growing global demand for sustainable products and technologies creates both a revenue-enhancing effect and a strategic opportunity for Kordsa. Diversification of product groups with lower environmental impact and carbon footprint contributes to expanding sales volumes and the customer base in international markets. This opportunity strengthens Kordsa's global competitiveness, supports the expansion of its market share, and enables the Company to achieve a strong market position with its sustainable product portfolio. In the tire reinforcement business, the technologies offered by Kordsa that allow for the use of eco-friendly chemicals generate positive impacts both environmentally and in terms of health. At the same time, having acquired the capability to produce recycled-content

	products to meet rising demand is expected to drive sustainable growth in Kordsa's product sales. Increased sales have the potential to enhance the Company's cash flow, thereby strengthening financial stability and market position over the long term.
Potential Financial Impact	In the current reporting year, new products and services developed through R&D have not had a material financial impact on the Company's financial position. The recycled-content product groups developed by Kordsa are expected to provide a competitive advantage by meeting the expectations of customers who prefer sustainable materials. If these potential financial impacts materialize, an improvement in the Company's cash flow is expected. According to projections, the contribution of these technologies to total sales is anticipated to grow steadily, with long-term annual profit projected at 0.1%–0.4% of consolidated revenue.
Response to the Opportunity	While initiatives related to recycled polyester products do not require any investment cost, the production of recycled nylon products necessitates an investment of approximately USD 2 million for the procurement of machinery/equipment and line modifications. In line with strategic decisions regarding investment planning, no such investment was undertaken in 2024.

Table 7: Climate-Related Opportunity: Development of New Products and Services – 2

Opportunity Title	Development of new products or services through R&D and innovation
Opportunity Type	Products and Services
Opportunity Description	The growing trend toward sustainable products presents a significant growth and innovation opportunity for Kordsa. Since 2008, the Company has been conducting R&D activities aimed at developing eco-friendly technologies and increasing its market share through the introduction of new products and services for its customers. Kordsa's plastic waste recycling project offers significant opportunities by enabling the reuse of these materials. The key differentiator of Kordsa's project lies in its ability to transform plastic waste into higher-quality materials that closely resemble virgin raw materials. Moreover, even multi-layer plastics that cannot be processed through conventional mechanical recycling methods can be recycled indefinitely of high quality. This improves the quality of materials that can be reused in industry. In addition, the method allows for lower energy consumption during the reprocessing of plastic waste. Recycling polyolefin-based plastic waste for reuse provides a valuable opportunity to implement circular economy practices, reduce the carbon footprint, and develop more sustainable products.
Position in the Business Model and Value Chain	These products not only provide customers with lower-carbon-footprint solutions that reduce the indirect carbon footprint generated during the use phase but also offer the opportunity to reduce Kordsa's own environmental impact in its production processes. The potential impact of this opportunity, once realized, is expected to be concentrated in Kordsa's downstream operations.
Time Horizon of Impact	**Long-Term**
Term (Years)	5 and above
Potential Impacts of the Opportunity	Kordsa's plastic waste recycling approach enables polyolefin-based plastic waste to be reintroduced into the economy at high quality and added value.

	Accordingly, the potential impacts of this opportunity include increasing demand for these products developed by Kordsa and the resulting sales growth, which would allow the Company to both increase its revenues and strengthen its position by capturing new business opportunities in international markets.
Potential Financial Impact	In the current reporting year, new products and services developed through R&D have not had a material financial impact on the Company's financial position. Considering the growing customer demand for sustainable products and the pressure of regulatory compliance, investments in this area are expected to generate long-term revenue growth and enhance brand value. This opportunity will also create new sustainability-oriented partnerships and access to new customer segments by providing customers with products that are 100% recycled and have a lower carbon footprint. According to projections, the contribution of this technology to total sales is expected to increase steadily and become a significant source of revenue in the medium term. In the long term, annual profit is projected at 0.9% of consolidated revenue.
Response to the Opportunity	As this opportunity is based on an emerging technology and market structure, its realization cost is expected to be shaped by factors such as access to machinery/equipment, availability of raw materials, and the evolution of the regulatory framework. Accordingly, uncertainties remain regarding the level of investment required to integrate this technology into the business model, both globally and nationally.

4.2. Strategy and Decision-Making Mechanism on Risks and Opportunities of Kordsa

Kordsa identifies, evaluates, and manages climate-related risks and opportunities in accordance with the Corporate Risk Management Procedure, based on their level of financial materiality. The measures and actions taken against climate-related physical and transition risks assessed as financially material, as well as the plans to capture related opportunities, are presented below.

Kordsa applies a multi-layered strategy to build resilience into its business model against flood risk—identified as a significant physical risk with the potential to reasonably affect the Company's financial materiality in both the short and long term. Flooding poses risks to Kordsa's direct production activities as well as downstream supply chain elements connected to those activities. Due to their locations and climate conditions, the Company's production facilities in Indonesia, Thailand, and Chattanooga—accounting for 13.1%, 7.4%, and 8.3% of consolidated revenues, respectively—are considered to be exposed to flood risk. In particular, the Indonesia facility, located adjacent to the Cikeas River and subject to year-round tropical rainfall, has been assessed as carrying the highest flood risk. Significant physical and emergency planning measures have been implemented at the production facilities to reduce the likelihood and/or impact of flood risk. In Indonesia, identified as the facility most reasonably exposed to flooding, extensive structural investments have been made, including a 5-meter-high protective concrete wall along the Cikeas River, five manually operated floodgates installed at different points, pump-assisted drainage wells, backflow prevention valve systems, and water-level monitoring infrastructure. The Thailand facility is protected by levees and flood control infrastructure within its industrial zone. Similarly, the Chattanooga facility has implemented physical measures to mitigate riverine flood exposure. In addition to

these measures, emergency response plans are regularly updated, and drills are conducted at all facilities.

Kordsa aims to enhance its resilience against fire risk, identified as another physical risk with the potential to reasonably affect financial materiality in the long term. Accordingly, business continuity plans have been updated across its production facilities, with a particular focus on the Chattanooga facility, which is considered to carry higher risk. In regions with elevated fire risk, measures include fire response and evacuation scenarios and drills, annual fire inspections, and the deployment of technical equipment capable of detecting fires (e.g., heat sensors, sprinkler systems). In addition, special safety and evacuation protocols—such as coordination procedures with local fire departments and disaster response authorities—have been developed for assets located in these areas. Beyond these measures, each facility undergoes at least one independent risk engineering audit annually, through which potential fire-related vulnerabilities are identified, and necessary investments are made. The results of these audits are shared across all locations through a mutual learning approach, and best practices are disseminated globally. Furthermore, at facilities exposed to fire risk, business continuity plans have been revised, while evacuation protocols and local firefighting equipment are systematically updated.

Although no specific restructuring has been undertaken for cyclone (tropical storm) risk, identified as another long-term physical climate-related risk, the Company's existing measures, such as business continuity plans, risk engineering audits, and local emergency procedures implemented under its disaster resilience framework, provide general resilience against such acute events. Cyclone risk has been classified as a low-priority monitoring risk. Within Kordsa's broader disaster preparedness approach, the risk engineering audits, emergency response procedures, and business continuity plans already in place are considered to be comprehensive in addressing this risk.

In addition, the Company financially transfers climate-related physical risks through extended insurance policies covering extreme weather events, including floods, fires, and cyclones and engages independent risk engineering consultants annually to update action and investment plans in line with critical findings.

Kordsa identifies the Emissions Trading System (ETS) as a transition risk with the potential to reasonably affect its financial materiality over the long term. To mitigate potential fluctuations in unit carbon prices, the Company uses scenario analysis to prioritize emission reduction projects and aims to strengthen its financial resilience against potential carbon cost pressures. Within the scope of its long-term climate strategy, Kordsa has established investment plans for technologies with high emission reduction potential and seeks to enhance its capacity to comply with carbon regulations. Projects launched to reduce Scope 1 emissions are expected to deliver direct cost reductions should ETS regulations come into effect. To date, several completed projects, including the Evaporator Steam Recovery System, Dow Heater O_2 Trim System, Ecodip Project, and T-4 Line Energy Optimization Project have resulted in total natural gas savings of approximately 32,170 MWh.

Kordsa's climate-related opportunities that could reasonably affect its financial materiality are centered around sustainable products and services developed through technology and innovation. The Company has integrated its sustainable and eco-friendly product development strategy into its business model. Products developed under this strategy not only provide a competitive advantage but also support customers in achieving their sustainability goals, thereby strengthening Kordsa's market position. To this end, priority is given to expanding the portfolio of products with recycled content and adopting environmentally friendly technologies. Through R&D activities in these areas, Kordsa aims to secure an innovation-driven competitive advantage. Knowledge and technology transfer between Kordsa facilities continues with respect to developed products, while processes are also underway to ensure that new products and technologies obtain the certifications required in the market. In this context, Kordsa's facilities in Türkiye, Indonesia, and Brazil have successfully completed the ISCC Plus (International Sustainability & Carbon Certification) process. In parallel, the Company continues to carry out quality testing, production adaptations, market analysis, and feasibility studies.

Kordsa utilizes forward-looking scenarios and trends to safeguard the sustainability of its business model. However, uncertainties remain with respect to the scenarios applied, including climate model variability, policy implementation, and behavioral changes. Limitations in the scenarios used, as well as data availability and quality, and temporal and spatial resolution, represent key sources of uncertainty in enhancing the Company's climate resilience.

The majority of the plans and actions outlined above to manage risks and opportunities consist of projects completed in recent years, while some projects remain in the implementation phase. As Kordsa is in its first annual reporting period under the Türkiye Sustainability Reporting Standards (TSRS), no comparative disclosures regarding the value created by these plans and actions in prior reporting periods are provided.

Kordsa's climate transition plan is based on a set of key assumptions, including energy efficiency, the use of renewable energy, and the reduction of the Company's carbon footprint, all aimed at achieving its sustainability targets. The plan seeks to develop emission reduction strategies in collaboration with various stakeholders, enhance integration with the supply chain in line with sustainability criteria, and focus on research and development activities to create innovative products. The effectiveness of the plan will be continuously monitored through annual updates and five-year interim reviews, with adjustments made as necessary. In this way, Kordsa aims to achieve its net-zero emissions target by 2050, progressing transparently toward this ambition.

4.3. Climate Resilience – Climate Scenarios and Projections

Kordsa conducts scenario-based analyses covering its facilities in Thailand, Indonesia, and Chattanooga, USA, to assess flood risk. Operational impacts are modeled using IPCC AR6 projections in combination with the WRI Aqueduct Water Risk Atlas. Due to its riverside location and tropical climate conditions, the Indonesia facility is assessed to be at higher risk.

Under the optimistic scenario (RCP 2.6), the potential impacts of a flood event on the facility are projected to remain at manageable levels without creating a material financial impact. Conversely, under the pessimistic scenario (RCP 8.5), disruptions to operations and across the supply chain are anticipated. For wildfire risk, Kordsa takes IPCC AR6 RCP 2.6 and RCP 8.5 scenarios into account as an overarching framework, targeting annual reviews of risks and monitoring of resilience levels through performance indicators. Investments in fire detection systems, evacuation infrastructure, and energy continuity are planned to enhance operational flexibility.

Cyclones are classified as a standalone physical risk; however, no separate assessment has yet been carried out under the Company's current climate scenario analyses. In future periods, technical evaluations of this risk are planned through regional risk mapping studies based on scenarios such as RCP 8.5.

To assess transition risks— including regulatory, reputational, and market-related risks— Kordsa has considered the International Energy Agency's (IEA) NZE 2050 scenario as the optimistic case and the STEPS scenario projections as the pessimistic case. These scenarios were evaluated against key variables such as the temporal evolution of carbon prices, reductions in free allocation rates, access to finance, and the expansion of ETS coverage, as well as critical assumptions regarding the effectiveness of energy efficiency investments. In managing ETS risk, Kordsa's scenario projections anticipate a gradual decline in free allocation rates over time. Accordingly, annual ETS cost impacts have been calculated using reference carbon prices and allocation mechanisms, and the Company's resilience to potential carbon cost pressures has been assessed under maximum, medium, and minimum probability scenarios. The findings of this scenario analysis indicate that Kordsa's current strategies are largely resilient to fluctuations in carbon markets. Nevertheless, the Company plans to review these strategies on an annual basis in line with potential changes in ETS coverage, carbon prices, and allocation methodologies.

Since the Emissions Trading System (ETS) in Türkiye is still in the design phase and Kordsa's İzmit facility—representing 33% of consolidated revenues—is initially excluded from the selected sectors, there is no direct short-term impact on the Company. However, given the potential inclusion of the İzmit facility in the ETS from 2028 onwards, Kordsa is developing various projects to reduce greenhouse gas emissions in line with its long-term targets.

To assess the potential impacts of climate-related risks on its business model, Kordsa applies scenario analyses focusing on the short, medium, and long term, shaping its strategy according to developments projected under these scenarios. The scenarios incorporate certain uncertainties, including climate model variability, policy implementation, and behavioral changes. Scenario analyses are integrated into the Company's strategic planning cycle, reviewed annually, and monitored through sustainability reports and independent assurance processes.

In addition, to address climate-related risks and capitalize on opportunities, Kordsa has structured its financial resources with flexibility, while ensuring that assets remain redeployable—a factor considered fundamental to achieving its sustainability objectives.

The climate scenarios considered by Kordsa are aligned with the most recent international agreement, the Paris Agreement, including scenarios consistent with a 1.5°C world that aim to limit global warming to 1.5°C (NZE & RCP 2.6), as well as scenarios projecting higher temperature increases where warming cannot be limited below 2°C (STEPS & RCP 4.5 or RCP 8.5). The International Energy Agency's (IEA) scenarios (NZE, APS, STEPS) are used to analyze transition risks, focusing on factors such as resource capacity, energy transformation, and carbon reduction policies, while the Intergovernmental Panel on Climate Change's (IPCC) scenarios (RCP 2.6 & SSP1-2.6, RCP 4.5 & SSP2-4.5, RCP 8.5 & SSP5-8.5) enable assessment of physical risks associated with increases in greenhouse gas emissions, such as rising temperatures and changes in precipitation patterns. Accordingly, these comprehensive scenarios, which provide a wide range of projections, are considered for medium-term planning horizons to 2030 and long-term planning horizons to 2050, thereby supporting Kordsa's resilience against climate-related changes and uncertainties across all operations.

In line with the Paris Agreement–aligned scenario analyses, Kordsa has taken into account factors such as climate policies, energy use, macroeconomic trends, national and regional variables, and technological developments, together with the key assumptions and qualitative and/or quantitative metrics applied to these factors.

The climate-related scenario analyses have been reviewed against up-to-date sources for the current reporting year covering the period from 1 January 2024 to 31 December 2024.

5. Risk Management

5.1. Risk Management Organization

Within Kordsa's corporate risk management system, roles and responsibilities are clearly defined and structured to ensure that risks are managed effectively and consistently across all organizational levels. The initial phase of risk identification and assessment is carried out by risk officers at the local operations level. Each business unit identifies and prioritizes risks specific to its area of activity and reports them to the Global Risk Department.

The Corporate Risk Management process is coordinated by the Global Risk Management Department, which operates under the Deputy General Manager of Finance, and is recorded in the centralized risk registration system. The Global Risk Management Department at Kordsa is structurally independent from other business units. The Deputy General Manager of Finance and the Global Risk Management Department present their assessments to the Early Risk Identification Committee.

The Early Risk Identification Committee, established under Article 378 of the Türkiye Commercial Code No. 6102, convenes six times per year to evaluate high-priority risks. The Committee, comprising Board members and representatives of relevant functions, is responsible for identifying critical risks, developing control measures, and integrating these into the governance system. The actions determined based on the Committee's outputs are reported directly to the Board of Directors and are incorporated into the strategic decision-making process.

This entire decision-making and implementation cycle is operated not only to keep risks under control but also to provide input into strategic decision-making, allocate resources more effectively, and support the achievement of the Company's long-term objectives.

5.2. Corporate Risk Management and Internal Control Procedure

Kordsa approaches corporate risk management not merely as a control mechanism but as an integral part of its business model, value chain, and long-term strategies. In this context, the risk management process is structured to enhance the Company's resilience and ensure sustainable growth. Risk management aims not only to mitigate threats but also to identify and leverage potential opportunities, safeguard business continuity, and strengthen stakeholder confidence.

Kordsa's corporate risk management framework has been designed in line with the COSO Enterprise Risk Management (ERM) framework and the ISO 31000:2018 Risk Management – Principles and Guidelines standard. This integrated structure encompasses the processes of identifying, assessing, prioritizing, monitoring, and controlling climate-related risks and opportunities.

Risk monitoring activities involve regularly reviewing and updating the risk register to ensure it reflects the current risk environment. The Global Risk Management Department conducts monthly review meetings with risk officers at the operations level to update the risk register. Through this process, all risk notifications from business units are integrated into the central system. All assumptions and assigned probability values are reviewed against current business conditions, and necessary adjustments are applied before finalizing the records. Any newly identified risks are entered into the register and the Governance, Risk, and Compliance (GRC) tool, and incorporated into Monte Carlo simulations. The Global Risk Management Department also calculates an alternative value at risk (VaR), taking into account the completion and implementation of mitigation actions, thereby reducing either the probability or impact levels. Assigned project managers continue to carry out their responsibilities for risk mitigation projects, while the Global Risk Management Department remains responsible for tracking the completion of mitigation actions and updating the risk inventory at the end of each quarter or whenever a significant change occurs.

The corporate risk management system is regularly reviewed, and its effectiveness is assessed through internal controls to ensure continuous improvement. As of 2023, Kordsa updated its corporate risk management policy and established a systematic framework under the CFN.PO15 Corporate Risk Management Standard. Since 2024 represents Kordsa's first TSRS reporting year, no comparative reference to prior reporting periods is available. As an integral part of its corporate risk management approach, Kordsa implements a robust and structured internal control system. Kordsa's Internal Risk Management Procedure examines not only climate-related risk and opportunity analyses but also dependencies and impacts identified through materiality assessments and one-on-one stakeholder engagements. The Company's dependencies and impacts may also be identified through Key Risk Indicators (KRIs) or audit findings. When compiling the global risk register, dependencies or impacts are either defined as separate risk categories (e.g., physical risks, transition risks) or detailed within specific risk descriptions. The Global Risk Management Department (GRM) integrates all identified elements into a consolidated global inventory and conducts scenario analyses for each. Within the scope of these scenario analyses, potential impacts and dependencies are reassessed and redefined before the financial impact is determined.

Kordsa's global operational locations and product portfolio are included within the scope. Financial impact calculations are proportionate to the size of each location and the share of products within the global sales portfolio. Various inputs such as sales volumes, emitted emissions, and water withdrawal are used for quantitative analysis. For external key data, commercial or publicly available data tools are utilized. Major external data sources include RCP scenario assumptions for climate change, flood or water stress data, taxation methods of upcoming regulations, and sector benchmarks for the emission intensity factors of raw materials. These external data sources are integrated into the Governance, Risk, and Compliance (GRC) platform (Pentana), where calculation methodologies are explained for each item. All elements recorded in the GRC are reviewed quarterly by the respective asset risk

owners and the Global Risk Department and are updated with new internal and external findings. Through this integrated structure, Kordsa's risk assessment system operates not only to meet compliance requirements but also as a data-driven, scenario-focused analytical mechanism that provides strategic guidance.

5.3. Risk Identification, Classification, and Analytical Assessment Approach

Across its global operations, Kordsa identifies, analyzes, and records risks in alignment with its business model and strategic objectives. This approach encompasses not only operational threats but also multidimensional impact areas such as climate change, regulatory developments, supply chain structures, social responsibility, and digitalization.

Risk assessment processes are coordinated by the Global Risk Management Department and carried out with the contribution of all business units. All identified risks are recorded through Kordsa's corporate GRC platform (Pentana) and reviewed quarterly by asset risk owners. A quantitative analysis approach based on a 5x5 likelihood–impact matrix is applied in all risk assessments. Likelihood is rated according to historical occurrences and/or the probability of an event within a given timeframe, while impact is evaluated in terms of operational, financial, and reputational effects. Likelihood scores range from 1 (very rare) to 5 (very likely), and impact scores range from 1 (very low) to 5 (very high). Scenario modeling is used to calculate impact levels. In determining scenario models, both quantitative (financial, operational) and/or qualitative perspectives (reputation, investor relations, human resources, legal, business continuity, and health, safety & environment) are considered. As part of the scenario-based analysis applied to all critical risks, for each identified risk:

- Best Case, Most Likely, and Worst-Case scenarios are developed, with a separate financial impact calculation conducted for each,
- Scenarios are assessed across short-term (0–1 year), medium-term (1–5 years), and long-term (5+ years) time horizons.

The analysis of these scenarios is supported by Monte Carlo simulations; whereby financial impacts are calculated based on probability distributions and incorporated into the corporate Value at Risk (VaR) calculations. If the calculated financial impact exceeds either 1% of budgeted EBITDA or a minimum threshold of USD 1 million, the risk is designated as a high priority under internal policy, and mitigation plans are developed accordingly.

Risks that exceed defined thresholds are directly escalated to the agenda of the relevant senior management committees. For risks with high strategic impact, action plans are formulated under the guidance of these committees. For each high-priority risk, responsibilities for the development, implementation, and monitoring of the action plan are assigned. These plans are structured to ensure alignment with the Company's sustainability and strategic objectives.

6. Metrics and Targets

6.1. Climate-Related Metrics

Kordsa has assessed the applicability of the sector-specific disclosure topics and activity metrics set out in the TSRS 2 Sector-Specific Implementation Guidance for all of its subsidiaries and has referenced the activity metrics included in the guidance. The metrics considered within the scope of reporting are consolidated for Kordsa and its subsidiaries in line with the Company's business model.

6.1.1. Greenhouse Gas Emission Metrics

Kordsa applies the operational control approach in defining its organizational boundaries and calculates and reports its greenhouse gas emissions in line with this approach and in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard (2004). The Company discloses its absolute gross greenhouse gas emissions for Scope 1 and Scope 2 (metric tons of CO_2 equivalent) for the reporting period as follows.

Table 8: Kordsa's Greenhouse Gas Emissions in 2024

Scope	**Greenhouse Gas Emissions for 2024 (tCO_2e)**
Scope-1	121,151.63
Scope-2 (location based)	278,422.77
Scope-2 (market based)	202,418.36
Scope-3	1,583,672.69
Total Scope 1 & Scope 2 (market based)	323,569.99

Note: The disclosure topics and metrics presented in this table are aligned with the sector-specific metrics defined in the TSRS 2 Guidance on Sector-Based Application.

6.1.2. Other Sustainability-Related Metrics

Table 9: Metrics on Kordsa's Energy Consumption in 2024

Energy Management	
Total Energy Consumed from Fuel Use (MWh)	620,875.62
Energy Consumed from Electricity Use (MWh)	569,311.17
Share of Renewable Energy in Total Consumption	21.33%
Total Energy Consumed (MWh)	1,187,260.92

Note: The disclosure topics and metrics presented in this table are aligned with the sector-specific metrics defined in the TSRS 2 Guidance on Sector-Based Application.

Table 10: Metrics on Kordsa's Water Consumption in 2024

Water Management	
Total Water Withdrawal (m^3)	3,208,158
Total Water Consumption (m^3)	977,162
Water Withdrawal Ratio in High/Extremely High Water-Stressed Areas	37%

Note: The disclosure topics and metrics presented in this table are aligned with the sector-specific metrics defined in the TSRS 2 Guidance on Sector-Based Application.

Table 11: Metrics on Kordsa's Waste Generation in 2024

Waste Management	
Total Waste Disposed (ton)	14,084
Total Waste Recycled (ton)	9,398
Recycled Waste Ratio (%)	66.04%

Kordsa reports its greenhouse gas emissions on a consolidated basis in line with its operational control approach. The methodology applied for measuring Scope 1, Scope 2, and Scope 3 greenhouse gas emissions is outlined below.

Scope 1 Greenhouse Gas Emissions: Direct GHG emissions are calculated on a consolidated basis from operations under the Company's control. Scope 1 emissions consist of stationary combustion, mobile combustion, and fugitive emissions. The amount of direct emissions is calculated by combining activity data with relevant emission factors, net calorific values (NCVs), and global warming potentials (GWPs) obtained from internationally recognized sources such as the IPCC and DEFRA. The activity data used for these calculations are presented below.

- The amount of natural gas combusted in boilers under stationary combustion,
- The amount of fuel consumed in stationary sources such as generators and fire pumps,
- The amount of fugitive gases from refrigerant and fire extinguisher systems,
- The amount of fuel consumed in company vehicles under mobile combustion,

Scope 2 Greenhouse Gas Emissions: Within the scope of indirect energy-related greenhouse gas emissions, Kordsa's greenhouse gas emissions arising from purchased electricity consumption are calculated. The company does not purchase any heating or cooling energy. Location-based Scope 2 emissions are calculated using the total electricity consumption from invoices collected from the relevant departments: for the İzmit facility, the grid emission factor reported by the Ministry of Energy and Natural Resources of Türkiye is applied, while for foreign locations, the emission factors of the respective countries are used. Under the market-based approach, emissions resulting from purchased renewable energy certificates are deducted from the location-based value. For the calculation of purchased energy-related emissions, invoices are collected from the relevant departments, and the emission factors specified by the IPCC together with the density and NCVs obtained from the national inventory are applied.

Scope 3 Greenhouse Gas Emissions: In the scope of indirect greenhouse gas emissions, Kordsa calculates and reports emissions from both upstream and downstream value chain activities. These include purchased goods and services, capital goods, transportation of purchased raw materials and products, waste management from operations, business travel and employee commuting, use of leased assets, transportation and distribution of sold products, as well as the processing, use, and end-of-life treatment of these products, along with dealership-related activities.

For direct and energy-related emission calculations, Kordsa takes into account key inputs such as fuel and electricity consumption. Data on energy sources—including natural gas and diesel used in stationary combustion, fuels consumed in company vehicles, and electricity use—are critically important in calculating the carbon emissions caused by operational activities. In addition, other environmental data, such as water consumption, raw material use, and waste generation, help to better understand the environmental impacts of the company's operational processes and to conduct a holistic assessment. The choice of emission factors represents a key assumption in the calculation process, and emission coefficients recognized at national or international levels are applied. Depending on the quality of data and the availability of reliable and accessible information, the selected factors are based on either primary data or on local and global references. This approach is essential to enhance the accuracy and reliability of calculations. During the reporting period, no changes were made to the measurement approach, inputs, or assumptions.

Location-based Scope 2 emissions include the greenhouse gas emissions arising from the generation of purchased electricity, heating, and cooling consumed by Kordsa and its fully consolidated subsidiaries. This calculation method is based on regional factors such as the types of fuels used and the emission intensity of the energy sources where consumption takes place. In the reporting year, consolidated location-based Scope 2 emissions were calculated at approximately 278,423 tCO_2e. By reporting its location-based Scope 2 emissions, Kordsa aims to transparently disclose the environmental impacts of its energy consumption and is committed to developing strategies to reduce these emissions. Therefore, in addition to the location-based approach, Kordsa also applies a market-based approach that considers instruments certifying the use of purchased renewable energy. In 2024, Kordsa offset its electricity consumption in operations through renewable electricity certificates. Through the use of renewable energy, a total of 76,004 tons of carbon emissions were balanced in market-based Scope 2 emissions. Market-based instruments serve as an important tool in achieving emission reduction targets by promoting sustainable energy consumption.

Kordsa evaluates all 15 categories defined under the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) and conducts calculations based on the requirements of each category and the availability of activity data. The Scope 3 greenhouse gas emission categories included in Kordsa's measurement are as follows:

- **Scope 3, Category 1:** Purchased Goods and Services – This category represents the total emissions arising from the purchase of raw materials, intermediate products, final products, and services used in Kordsa's operational activities during the reporting period. The activity data used in the calculation (purchased product tonnage) is collected through procurement and delivery records.
- **Scope 3, Category 2:** Capital Goods – This category covers total emissions from the purchase or acquisition of capital goods by Kordsa during the reporting period. Calculated using an expenditure-based method, the emission amount for this category fell below the materiality threshold in the reporting period. The threshold is defined as capital expenditure exceeding 1% of total expenditure and is reviewed annually. If material, it will be included in reporting in future periods.
- **Scope 3, Category 3:** Fuel- and Energy-Related Activities – This category represents the emissions from the extraction, production, and transportation of fuels and energy consumed by the Company during the reporting period, covering indirect "well-to-tank" emissions. The activity data used in the calculation (fuel, electricity, etc.) are obtained through supplier invoices compiled for Scope 1 and Scope 2 inventories.
- **Scope 3, Category 4:** Upstream Transportation and Distribution – This category accounts for total emissions from the transportation of raw materials, intermediate products, final products, and services purchased by the Company for its production activities, as well as transportation services purchased for shipping its own products. Activity data such as tonnage of goods transported, transport mode, and distance are collected from internal records.
- **Scope 3, Category 5:** Waste Generated in Operations – This category represents the total emissions from the disposal and treatment of waste generated during production and supporting activities, in line with the waste management hierarchy. Activity data, such as waste quantities and waste types, are collected from internal records.
- **Scope 3, Category 6:** Business Travel – This category represents emissions from business-related travel activities conducted during the reporting period. Activity data such as flight routes and cabin class are obtained from contracted travel agencies and service providers.
- **Scope 3, Category 7:** Employee Commuting – This category includes total emissions from the transportation of employees between home and the workplace during the reporting year. Activity data, including fuel consumption, travel distances, etc., are collected from contracted service providers for personnel transportation.
- **Scope 3, Category 8:** Upstream Leased Assets – This category covers total emissions from assets leased by the Company from other entities that are not included in Scope 1 or Scope 2. Kordsa had no activities under this category in 2024.
- **Scope 3, Category 9:** Downstream Transportation and Distribution – This category represents total emissions from transporting sold products to customer locations during the reporting year. Activity data such as tonnage of goods, transport distances, and transport mode are collected from internal records.

- **Scope 3, Category 10:** Processing of Sold Products – This category represents total emissions from the processing of intermediate products sold by Kordsa by downstream companies during the reporting year. Activity data, such as tonnage of sold products, are collected from internal records.
- **Scope 3, Category 11:** Use of Sold Products – This category represents total emissions from the use of products sold by the Company. As Kordsa does not produce end products that directly emit greenhouse gases during their use, but rather intermediate products used by other entities in final product manufacturing, there are no emissions under this category.
- **Scope 3, Category 12:** End-of-Life Treatment of Sold Products – This category represents total emissions from the disposal and treatment of products sold by the Company that reached the end of their life during the reporting year. Activity data, such as tonnage of sold products, are collected from internal records.
- **Scope 3, Category 13:** Downstream Leased Assets – This category represents total emissions from the use of assets owned by Kordsa but leased to other entities during the reporting year. Activity data, such as electricity and fossil fuel consumption, are collected from internal records.
- **Scope 3, Category 14:** Franchises – This category represents emissions from the operations of franchises that operate under the Company's brand but are not under its direct control. As Kordsa does not sell any products through franchises, this category is not applicable to the Company.
- **Scope 3, Category 15:** Investments – This category represents total emissions from the activities of financial assets in which the Company invests directly or indirectly. These include indirect emissions from the operations, projects, or assets of companies in Kordsa's investment portfolio. As the Company had no such investment activities during the reporting year, this category is not applicable to Kordsa.

The transition risk that Kordsa may face in the future and that is expected to reasonably affect its financial performance is the ETS, which is anticipated to have an impact on Kordsa's operations in the medium term. The company asset most likely to be affected by this risk is the İzmit facility, where its Türkiye operations are carried out. This facility accounted for 33% of Kordsa's consolidated revenue in 2024. Accordingly, the proportion of the Company's business activities considered vulnerable to climate-related transition risks is assessed at the level of 33%.

The significant physical risks that Kordsa may face due to climate change include acute natural disaster risks such as floods, wildfires, and cyclones. In parallel, the Company also considers the financial impacts of physical risks related to climate change, particularly in the context of challenges such as floods associated with changes in precipitation patterns. In this regard, the facilities located in Indonesia, Thailand, and Chattanooga (Tennessee, USA) are assessed to be exposed to high and medium levels of risk. Considering that these facilities accounted for 29%

of Kordsa's consolidated revenue, the proportion of the Company's business activities considered vulnerable to climate-related physical risks is assessed at the level of 29%.

As part of its climate-related opportunity-aligned activities, Kordsa evaluates the use of recycled-content polyester products and upcycled plastic materials as sustainable products and services, which are projected to contribute positively to the Company's operational costs in the long term. This contribution is estimated to generate a profit margin of approximately 0.1% to 1.5%.

In the event that climate-related transition and physical risks materialize, the impact is considered as a potential loss of profit. On the other hand, the development of products and services aligned with climate-related opportunities is anticipated to directly generate profit for the Company's business activities.

Kordsa implements measures and makes investments aimed at mitigating climate-related risks and capitalizing on related opportunities. Among the key investments are R&D and innovation initiatives, which serve the Company's objective of meeting customer expectations and gaining market advantage, as well as investments in renewable energy. In 2024, Kordsa continued its long-standing capital expenditures dedicated to the development of sustainable and environmentally friendly products and services.

Kordsa has established an internal carbon price by applying a potential mathematical model for different economic scenarios. This internal carbon price is taken into account in strategic decision-making processes such as reducing environmental impact and lowering carbon emissions. In this context, the determined carbon price is considered within a range of minimum USD 8.6/tCO_2e to maximum USD 17.2/tCO_2e per metric ton of greenhouse gas emissions. The pricing approach is regularly monitored and reviewed in order to adapt to changes in the carbon market.

Major decisions such as achieving business objectives, meeting emission reduction targets, and transitioning to a business model aligned with a net-zero carbon future are overseen by the General Manager, who holds ultimate responsibility for climate-related matters at the company level, together with the executive committee. These decisions are directly linked to performance criteria. When the defined climate-related performance metrics are achieved, financial incentives such as salary increases and bonuses are applied.

For senior executives, the performance indicators tied to incentives are directly derived from Kordsa's near-term and long-term greenhouse gas emission reduction targets. They also include the transition to a business model aligned with a net-zero carbon future and the approval of the transition plan by the Board of Directors, thereby directly contributing to the Company's climate commitments.

6.2. Climate-Related Targets

6.2.1. Net Zero Target

Kordsa sets greenhouse gas emission reduction targets in alignment with the Paris Agreement, the most recent global accord on combating climate change. One of the key reasons for defining this target and monitoring the related emission metrics is to take precautionary measures against transition risks that are expected to reasonably affect the Company's financial performance in the future. The potential financial liabilities arising from the implementation of an Emissions Trading System (ETS) will depend on whether Kordsa's Scope 1 and Scope 2 emissions from its Türkiye operations exceed the emission allowances allocated under the Türkiye ETS. Accordingly, the Company has committed to the Science Based Targets initiative (SBTi) with a near-term (2030 absolute reduction target) and a long-term (2050 Net Zero Emission target) pledge. The metric used to set this target is gross greenhouse gas emissions (Scope 1 & Scope 2).

With its 2050 Net Zero Emission Target, the Company aims to adapt to the impacts of climate change by reducing its absolute Scope 1 and Scope 2 greenhouse gas emissions by 90% by 2050, using 2019 as the base year. This long-term target covers all business lines of Kordsa and its subsidiaries and is embedded in the Company's short, medium, and long-term business strategies.

Kordsa's Net Zero Target has been reviewed by a third party, the Science Based Targets initiative (SBTi), and approved as being in line with the requirements of the Paris Agreement. The progress toward meeting the committed target, both interim and final, is periodically monitored by the SBTi. In addition, Kordsa reviews its advancement toward the interim and final targets on an annual basis. The metrics analyzed to achieve the target are the Company's consolidated emission data. No changes have been made to the defined target to date.

In its efforts to combat climate change, Kordsa pursues growth in alignment with the Paris Agreement and national commitments while adopting a continuous improvement approach aimed at minimizing the impacts arising not only from raw material and energy inputs used in its operational activities but also from upstream and downstream supply chain sources. In this context, Kordsa reduced its Scope 1 and Scope 2 emissions by 21% in 2024 compared to the 2019 base year.

The absolute Net Zero target set for 2050 covers Scope 1 and Scope 2 emissions, including CO_2, CH_4, and N_2O greenhouse gases. This absolute reduction target was not developed using a sectoral decarbonization approach (SDA) but was defined in line with the Company's climate transition plans. To achieve its long-term target, Kordsa has set interim goals: by 2030, a 46.2% reduction in absolute Scope 1 and Scope 2 greenhouse gas emissions with 2019 as the base year; and with 2021 as the base year, a 25% reduction in absolute Scope 3 greenhouse gas emissions from fuel and energy-related activities and from the processing of sold products. In addition, by 2027, Kordsa commits that suppliers responsible for 64% of purchased goods and

services emissions will have science-based targets in place. The portion of emissions that cannot be reduced through operational changes is planned to be offset through carbon offset projects. Accordingly, it has been determined that Scope 1 and Scope 2 emissions will be reduced by approximately 90% by 2050. The Company's reliance on carbon credits to achieve the target remains at a low level.

6.2.2. Insurance Coverage Target

The physical risks that Kordsa may face due to climate change include extreme weather events such as floods, wildfires, and cyclones. In addition to sites exposed to physical climate risks, the Company makes use of insurance coverage to enhance the resilience of all its locations, insuring its facilities to mitigate the impacts of these risks. Accordingly, the target metric defined by the Company is to maintain, on an annual basis, the ratio of the Property Damage & Business Interruption (PDBI) insurance limit to the Probable Maximum Loss (PML) value for sites exposed to physical climate risks at 100% or above. Probable Maximum Loss is determined by considering a comprehensive scope, including the Company's buildings, production line machinery, inventory, and potential business interruption. This target applies to all locations where Kordsa operates and is monitored at the Company level.

This target, which commits to maintaining the PDBI/PML ratio strictly at 100% or above, was set with 2024 as the base year, following the risk engineering visits conducted during that year and the subsequent review of insurance coverage. The target aims to preserve Kordsa's financial resilience against the impacts of climate-related physical risks that the Company anticipates may materialize in the medium and long term. Within the scope of maintaining full (100%) insurance coverage, the interim milestone for the medium term (covering the period of 1–5 years following the current reporting year) has been set as 2027, while the final target year for the long term (covering 5 years and beyond) has been set as 2030. Since this planning is based on the annual review of insurance coverage, the Company has deliberately focused on a shorter time horizon, taking into account potential future uncertainties related to regulations, markets, and other external factors.

To minimize any negative impacts that may arise from changes in insurance coverage, Kordsa monitors the probable maximum loss values of the relevant sites during annual risk engineering assessments. Insurance coverage (property damage and business interruption limits) is compared against the probable maximum loss values of the sites, and the protection ratio against physical risks is measured. At the same time, in addition to strengthening the Company's resilience to physical risks, risk management and cost efficiency are ensured by maintaining an optimal balance, given that insurance premiums increase in parallel with higher coverage limits.

7. Events After the Reporting Period

On March 3, 2025, flooding occurred at Kordsa's Indonesia facility, causing damage to certain inventories and property, plant and equipment. As of the date of publication of this report, discussions with the insurance company are ongoing, covering scrap values, repair and replacement options, as well as final compensation amounts.

Due to the existing uncertainties and the absence of a reliably measurable impairment amount, work is still ongoing to assess the financial impact. Based on preliminary studies, it has been determined that assets amounting to USD 5.6 million (TL 225.5 million), corresponding to approximately 2.6% of consolidated inventories as of December 31, 2024, and USD 21.4 million (TL 850.5 million), corresponding to 6.6% of consolidated property, plant and equipment, have been affected. Insurance coverage for fixed assets and business interruption provides protection up to USD 50 million, including up to 12 months of loss. Our analysis indicates that the potential financial impact is within the range of potential losses considered in our flood risk assessments.