Kordsa Teknik Tekstil A.Ş.

TSRS Compliant Sustainability Report

1 January 2025 – 31 December 2025

Kordsa TSRS Compliant Sustainability Report

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1. Reporting Framework

The Türkiye Sustainability Reporting Standards (TSRS), published in the Official Gazette dated 29 December 2023 and numbered 32414(M), entered into force to be applied in accounting periods starting on or after 1 January 2024. Kordsa Teknik Tekstil A.Ş. ("Kordsa" or the "Company") is subject to the obligation to report in accordance with the TSRS Standards, as it is subject to the regulation and supervision of the Capital Markets Board of Türkiye and meets the criterion of having exceeded at least two of the specified threshold values in two consecutive reporting periods.

This report has been prepared in accordance 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, the report also takes into consideration the Sustainability Accounting Standards Board (SASB) Standards of the International Sustainability Standards Board (ISSB), and references have been made to the disclosure topics in these standards.

The applicability of the disclosure topics defined for "Volume 46 – Aerospace & Defense", "Volume 47 – Chemicals", and "Volume 62 – Auto Parts", which set out possible ways to identify, measure, and disclose information about climate-related risks and opportunities and form part of the Industry-based Guidance on Implementing TSRS 2, has been assessed. These volumes, which serve as industry-based guidance, are derived from the SASB Standards maintained by the ISSB. In Section 6. Metrics and Targets of the report, references have been made to the industry-based disclosure topics and metrics included in the volume relevant to Kordsa's activities.

1.1. Alignment with Financial Disclosures

The sustainability- and climate-related disclosures included in this report have been prepared for Kordsa and should be read together with the Company's financial statements prepared in accordance with the Turkish Financial Reporting Standards ("TFRS"). The report covers a 12-month period for the year ended 31 December 2025 and is aligned with the reporting period of the consolidated financial statements. The currency used in the sustainability-related financial disclosures is the U.S. Dollar, consistent with the functional currency of the consolidated financial statements. In line with the timelines used in its strategic decision-making processes, Kordsa defines the time horizons within 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 (5 years and above)

1.2. Reporting Period

Kordsa is reporting under the Türkiye Sustainability Reporting Standards (TSRS) for the second time for the annual reporting period ended 31 December 2025 and has been applying TSRS 1 and TSRS 2 together for the relevant annual reporting period starting from 1 January 2025.

1.3. Reliefs Applied

Based on the "Board Resolution on the Scope of Application of the Türkiye Sustainability Reporting Standards (TSRS)" and the decision to extend for one year the transition reliefs related to the first annual reporting period in paragraphs E4, E5 and E6(b) of TSRS 1, the exemptions used by Kordsa in the 2025 reporting year are presented below:

- The entity is allowed to disclose only information related to climate-related risks and opportunities and to apply the provisions of TSRS 1 only to the extent that they relate to the disclosure of information about climate-related risks and opportunities.
- The entity is allowed to report its sustainability-related financial disclosures after publishing its related financial statements. Kordsa publishes this report in April 2026, following its financial statements dated 31 December 2025.
- In the second annual reporting period in which the entity applies this standard, the disclosure of comparative information regarding sustainability-related risks and opportunities is not mandatory. In this report, Kordsa presents comparative information only with respect to its climate-related risks and opportunities.

Bu rapor, Kordsa'nın This report comprehensively addresses Kordsa's sustainability- and climate-related governance structure, strategy, processes for identifying and managing risks and opportunities, performance metrics, and targets.

1.4. Reporting Boundaries and Measurement Approach

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

Kordsa has also used the same approach for the consolidation of water, waste, and energy consumption data. Accordingly, the Company has applied the consolidation method used in its financial statements to the reporting of its environmental data, including greenhouse gas emissions and 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 reinforcement brand in tire reinforcement and composite technologies. Kordsa operates in 6 countries across 4 continents, including Türkiye, Brazil, Indonesia, Thailand, Italy, and the USA, with more than 3,600 employees. By offering high value-added, innovative reinforcement solutions, Kordsa aims to create sustainable value for its customers, employees, stakeholders, and communities through its vision of “Reinforcing Life”.

Kordsa carries out its operations on a global scale with 12 manufacturing facilities, 2 R&D centers, and 2 technical centers. R&D and innovation are an integral part of Kordsa’s corporate culture. Kordsa’s first R&D center was established in İzmit in 2007 and serves as an innovation center for tire reinforcement technologies for both global and Turkish markets. Kordsa’s second R&D center, the Composite Technologies Center of Excellence (CTCE), which operates in collaboration with Sabancı University, was established in 2016 at Pendik Technopark in Istanbul and brings together R&D, innovation, and production under one roof.

Kordsa has completed the transfer of its Kratos brand, which it developed in-house in the field of construction reinforcement, and which has created significant value in the market, to the cement business line where its growth potential can be utilized more effectively. This step was taken as part of the approach of positioning the portfolio in the most suitable business lines in line with its innovation strength. Within the scope of this intra-group asset transfer, the Kratos brand was transferred to Afyon Çimento Sanayi A.Ş. (“Afyon Çimento”), a subsidiary of Çimsa Çimento Sanayi ve Ticaret A.Ş. (“Çimsa”). The agreement regarding the relevant asset transfer between Kordsa and Afyon Çimento was signed on 1 October 2025, and the transfer was completed on 3 November 2025.

Kordsa launched 19 new R&D projects in 2025. These projects focus on areas such as tire and airbag technologies, new material technologies, sustainable products and processes, chemical recycling, bio-based materials, eco-friendly design and advanced material development, high-strength engineering plastics, high-performance composites, and the improvement of flame-retardant properties.

Kordsa's organizational structure is shaped through subsidiaries located across different geographies and operating in alignment with its main business lines. In its consolidated financial statements, the Group accounts for subsidiaries over which it has control using the full consolidation method; accordingly, the financial performance, assets, and liabilities of these subsidiaries are included in the Group's financials.

Kordsa's subsidiary structure is positioned around business lines aligned with the Group's strategic priorities, particularly tire reinforcement, composite materials, and research and development activities. The table below presents the Group's subsidiaries as of 31 December 2025, together with its direct and indirect ownership interests in these entities.

Table 1: Kordsa's Subsidiaries and Ownership Interests

Subsidiaries	Direct and indirect ownership interests held by its subsidiaries (%)	Effective Ownership Interest (%)
Nile Kordsa Company SAE (*)	51.00	51.00
Kordsa Inc.	100.00	100.00
Microtex Composites S.r.l.	100.00	100.00
Kordsa Advanced Materials Inc.	100.00	100.00
Axiom Materials Inc.	100.00	100.00
Fabric Development Inc.	100.00	100.00
Textile Products, Inc.	100.00	100.00
Kordsa Brasil S.A.	97.31	97.31
PT Indo Kordsa Tbk	61.59	61.59
Thai Indo Kordsa Co., Ltd.	64.19	39.53
Kordsa Advanced Materials Gmbh (**)	100.00	100.00

**According to the Group Board of Directors' Resolution No. 2015/29 dated 31 December 2015, the Company decided to classify the financial statements of Nile Kordsa Company for Industrial Fabrics S.A.E., in which it held a 51% interest as of 31 December 2015, under "Assets Held for Sale" in the balance sheet.*

***According to the Group Board of Directors' Resolution No. 2025/31 dated 20 November 2025, the Company decided to classify the financial statements of Kordsa Advanced Materials GmbH, of which it held 100% ownership as of 31 December 2015, under "Discontinued Operations" in the balance sheet.*

From a geographical perspective, Kordsa operates in North America, Europe, Asia, and South America, with a balanced global distribution of its manufacturing and R&D activities. As of 31 December 2025, the countries in which the subsidiaries included in the consolidated financial statements operate and their fields of activity are presented in the table below.

Table 2: Kordsa's Subsidiaries and Business Activities

Subsidiaries	Country	Nature of Activity
Nile Kordsa Company SAE	Egypt	Manufacture and trade of cord fabric
Kordsa Inc.	The United States of America (USA)	Manufacture and trade of industrial yarn and cord fabric
Microtex Composites S.r.l.	Italy	Manufacture of carbon fiber fabrics and prepregs for the luxury automotive industry and motorsports
Kordsa Advanced Materials Inc.	The United States of America (USA)	Manufacture of advanced composite materials for the civil aviation industry
Axiom Materials Inc.	The United States of America (USA)	Manufacture of advanced composite materials for the civil aviation industry
Fabric Development Inc.	The United States of America (USA)	Manufacture of advanced composite materials for the civil aviation industry
Textile Products, Inc.	The United States of America (USA)	Manufacture of advanced composite materials for the civil aviation industry
Kordsa Brasil S.A.	Brazil	Manufacture and trade of industrial yarn and cord fabric
PT Indo Kordsa Tbk	Indonesia	Manufacture and trade of industrial yarn and cord fabric
Thai Indo Kordsa Co., Ltd.	Thailand	Manufacture and trade of cord fabric
Kordsa Advanced Materials Gmbh	Germany	Research & Development facility

2.1.2 Business Model and Value Chain of Kordsa

Kordsa's value chain depends on numerous resources, including suppliers of the raw materials required for production, employees, service providers, logistics companies engaged for the transportation/distribution of products, and customers purchasing its products. In other words, the value chain includes numerous activities and stakeholders both upstream and downstream. Therefore, the Company's business model depends on maintaining interaction with many entities and stakeholders. The Company's upstream and downstream value chain relationships are shown below:

Tablo 3: Kordsa Value Chain Mapping

Value Chain Phase	Stakeholder Description	Segment	Product Type	Location
Upstream	Suppliers	Procurement	Raw materials, Chemicals, Logistics, Packaging Materials	North America, South America, Europe, Asia, Türkiye

*Tablo 3: **Kordsa Value Chain Mapping** (continued)*

Value Chain Phase	Stakeholder Description	Segment	Product Type	Location
Direct Operations	Employees	Central Units	R&D, HR, Production, Corporate Governance, etc.	North America, South America, Europe, Asia, Türkiye
Value Chain Phase	**Stakeholder Description**	**Segment**	**Product Type**	**Location**
Downstream	Customers	Automotive	Single cord, polyester and nylon 66 yarn, polyester and nylon 66 cord fabric, hybrid cord fabric, fabric and prepregs*	North America, South America, Europe, Africa, Asia, Türkiye
		Aerospace and Aviation	Sandwich panels, fabric and prepregs*	North America, Europe, Türkiye
		Marine	Fabric and prepregs*	North America, Europe, Türkiye
		Sport		Türkiye
		Medical		Türkiye

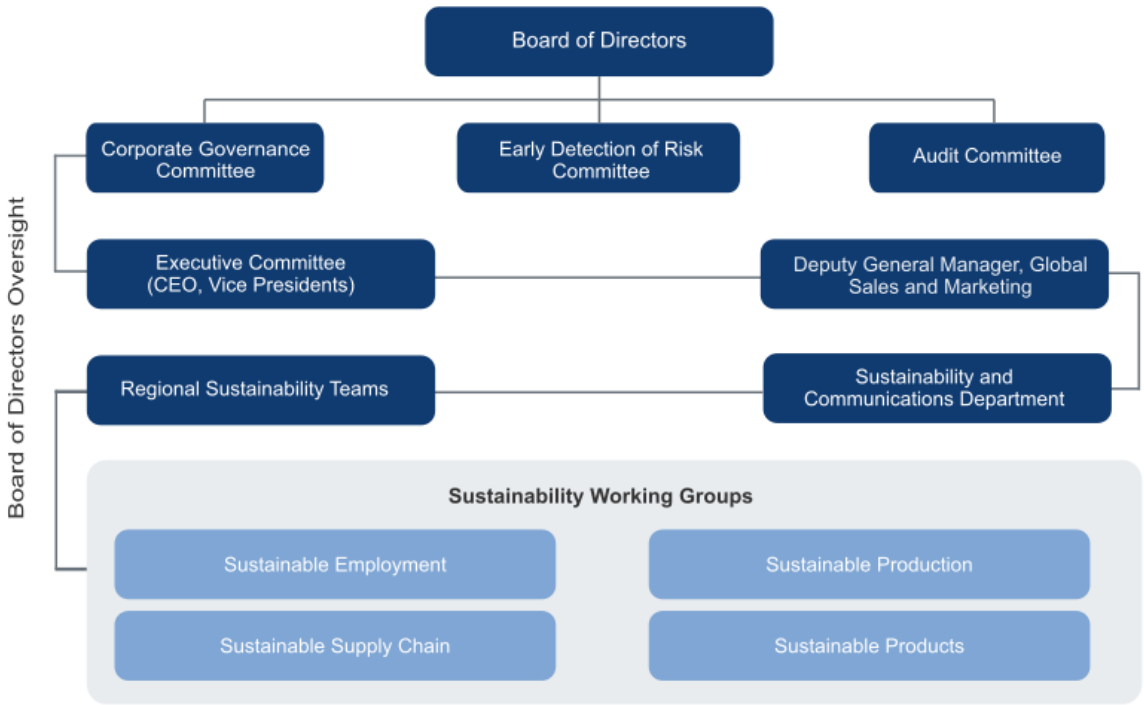
**Resin-impregnated fabric*

3. Governance

3.1. Governance Structure for Sustainability and Climate Change at Kordsa

The governance of Kordsa's priority sustainability and climate change-related matters, as well as the responsibilities and performance monitoring related to these matters, is overseen by the Board of Directors, which is the highest governing body. The targets related to the priority sustainability matters identified by the Company through review meetings held every two years are determined by the Kordsa Executive Board, which consists of the CEO and Executive Vice Presidents, and are revised when necessary. The Kordsa Executive Board identifies the Company's environmental, social, and governance (ESG) priority matters, risks, and opportunities, and establishes ESG policies accordingly. The Company's ESG policies are addressed at the Board of Directors level through committees reporting to the Executive Board and the Board of Directors.

An 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 ensured through the Corporate Governance Committee, which operates under the Board of Directors. The chain between the Board of Directors, which is the highest governing body for sustainability matters, and the Sustainability Working Groups, which are the lowest-level bodies, starts with the Executive Board, which includes the CEO, and continues through the Chief Global Sales and Marketing Officer, the Sustainability and Communication Directorate, and the Regional Sustainability Teams. Operating under the Chief Global Sales and Marketing Officer, the Sustainability and Communication Directorate works in alignment with the Sustainability Working Groups and the Regional Sustainability Teams serving at facilities in different countries and ensures coordination between departments and senior management for the achievement of targets. This coordination enables the implementation of sustainability-related strategies across the Company.

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

The responsibilities and activities of the Board of Directors and the committees are set out below.

3.2. Board of Directors

At Kordsa, performance related to sustainability priorities is overseen at the Board of Directors level. The Chair of the Executive Board (CEO), who serves under the Board of Directors, works together with the Executive Board to ensure that the Board of Directors determines the corporate governance strategy by considering the environmental, social, and economic impacts of the Company's activities and 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 related strategies and targets. These responsibilities also include ensuring the integration of the sustainability strategy into the business model and supporting long-term targets through the sustainability strategy.

The Board of Directors is informed by the Corporate Governance Committee, which meets at least four times a year to evaluate sustainability and climate-related matters. In addition, the Early Detection of Risk Committee, which manages sustainability- and climate-related risks and prepares detailed action plans for risks and opportunities, also operates under the Board of Directors. Matters such as business strategy, performance targets, and risk management processes overseen by the relevant units within the Company's governance mechanism are evaluated at these meetings within the framework of sustainability and climate-related matters, and their alignment with the Company's long-term targets is reviewed.

The Board of Directors has the necessary skills and competencies to effectively oversee sustainability- and climate-related risks and opportunities. In evaluating candidates' qualifications during the board nomination process, Kordsa takes into consideration a broad range of competencies, knowledge, and experience, including candidates' command of industry and ESG matters, general management capabilities with a particular focus on crisis management, and global business experience. Detailed biographies of the members of the Board of Directors can be accessed through this link.

To support this governance structure, training activities are carried out to enhance the competencies of the Executive Board and the teams serving in the sustainability working groups on sustainability and climate-related matters. In this context, training is provided to the sustainability working groups on legislation, new standards, and current practices in line with their business plans and agendas; in addition, annual training on sustainable supply chain practices and Kordsa's related implementations is organized for relevant teams within the scope of the sustainable supply chain program, contributing to the effective management of risks and opportunities.

Kordsa's Board of Directors is supported by the Corporate Governance Committee, the Early Detection of Risk Committee, and the Audit Committee. Kordsa's Board of Directors consists of six members, including two independent members. One of the independent members serves as the Chair of the Early Detection of Risk Committee and the Audit Committee and is also a member of the Corporate Governance Committee. The second independent member serves as the Chair of the Corporate Governance Committee and is also a member of both the Early Detection of Risk Committee. Relevant information can be accessed through this link.

3.3. Early Detection of Risk Committee

At Kordsa, the Early Detection of Risk Committee (EDRC), which operates under the Board of Directors, is positioned at the highest level of the organization's risk management structure. This committee provides the Board of Directors with recommendations and suggestions on the early identification of risks that may endanger the Company's existence, operations, and continuity, as well as on taking the necessary measures to reduce the impact and likelihood of identified risks. The EDRC reviews risk management systems at least once a year, oversees the implementation of risk management practices in line with Committee Resolutions, and benefits from independent expert opinions and consultancy services on matters it deems necessary.

The EDRC has identified and prioritizes all the Company's financial and non-financial risks (including operational, reputational, legal, and environmental risks) across all countries and facilities in which it operates, in accordance with the Risk Management Procedure. In this context, action plans have been prepared for the management of risks assessed as high priority in line with the Company's risk methodology. Key Risk Indicator reports have been created to enable the early identification of indicators related to significant risks and the timely implementation of necessary measures and actions. 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 meetings held at least six times a year. The Committee's decisions are advisory in nature, and the Board of Directors is the final decision-making authority on the relevant matters.

The Board of Directors regularly reviews sustainability- and climate-related risks and opportunities and integrates them into strategic decision-making processes. It also determines strategic steps related to carbon emissions and water targets and ensures effective management of the process through action plans. For example, in order to assess risks that may arise from legal regulations such as the Emissions Trading System (ETS), the Company determined an internal carbon price for three different scenarios using mathematical modelling and incorporated the output into its decision-making processes. The Company also allocated a budget, in addition to workforce resources, for its internal carbon pricing study conducted to anticipate the potential impact of regulatory obligations it may face in the future if the ETS regulation comes into force. Although this does not affect the Company's short-term financials, Kordsa adopts a balanced approach between short- and medium-term investments and long-term sustainability targets.

Led by the Chief Financial Officer, the Global Risk Management Department is responsible for identifying risks within the risk management framework in cooperation with corporate risk owners assigned across various business units. The risks identified by the Global Risk Management Department are presented to the EDRC. All risk records are reviewed periodically, necessary updates are made, and the records are shared with risk owners and the EDRC at defined intervals.

EDRC consists of four members of the Board of Directors. The Committee meets regularly at least six times a year to assess risks and opportunities in the strategic (including economic, political, reputational, climate change, and sustainability), financial, operational, and compliance categories, and regularly reports to the Board of Directors. In 2025, the Committee met on 12 March, 11 April, 10 June, 2 September, 17 October, and 9 December. During these meetings, in addition to sustainability- and climate-related risks and opportunities, potential risks arising from legal requirements were also assessed and the findings were presented to the Board of Directors.

To support the management of sustainability- and climate-related risks and opportunities, certain controls and procedures are implemented, and the Corporate Risk Management Procedure is used to ensure the effectiveness of these processes, thereby enabling alignment with the Company's overall strategic and risk management processes. Risk management practices are integrated with other internal functions, continuously reviewed, and recommendations are submitted to the Board of Directors for process improvement.

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

3.4. Corporate Governance Committee

The Corporate Governance Committee, which operates under Kordsa's Board of Directors, is responsible for overseeing and approving the Company's sustainability strategy, targets, and policies.

The Corporate Governance Committee evaluates whether the Corporate Governance Principles are complied with within the Company; in cases of non-compliance, it identifies the reasons and any resulting conflicts of interest. Accordingly, it submits its recommendations for improving corporate governance practices to the Board of Directors. In 2025, the Corporate Governance Committee held five meetings, on 24 February 2025, 12 March 2025, 11 June 2025, 2 September 2025, and 5 December 2025.

3.5. Audit Committee

The Audit Committee fulfills its oversight function by informing the Company's Board of Directors about the Company's accounting system, financial reporting, publicly disclosed financial information, the activities of the internal audit department, the functioning and effectiveness of the independent audit and internal control system, and by supporting the Company's efforts to comply with the relevant laws and regulations, primarily Capital Markets Board legislation, as well as the Corporate Governance Principles and the Company's code of ethics. The members of the Committee are independent members of the Board of Directors and have sufficient knowledge and experience in financial matters.

The Internal Audit Committee held 4 meetings in 2025, on 12 March 2025, 11 June 2025, 4 September 2025, and 9 December 2025.

3.6. Remuneration Policy

Kordsa's performance in sustainability, which is one of its strategic priorities, is regularly monitored through defined performance indicators. Sustainability targets have been extended from the CEO level to the individual objectives of all governing bodies. Within the scope of Kordsa's Performance-Based Variable Bonus System, individual targets have also been defined, and sustainability performance has thus been incorporated into the bonus system. Approximately 10% of the variable remuneration component of senior management that is linked to bonuses is determined based on climate- and sustainability-related performance indicators. The achievement of targets monitored in the short, medium, and long term within the Company has been included in the performance indicators of senior management, and positive contributions toward the completion of these performance indicators have been reinforced through financial incentives such as bonuses or salary increases. All of these practices support the Remuneration Policy, which integrates Kordsa's sustainability performance into its corporate governance structure, and ensure that sustainability criteria are positioned as a strategic determinant in the Company's remuneration and reward approach. The Remuneration Policy for Members of the Board of Directors and Senior Executives is available through this link.

3.7. Corporate Policies

Kordsa carries out all of its operations within a systematic governance framework supported by policies and procedures in order to embed its sustainability-focused management approach throughout the organization. The corporate policies established within this framework ensure that responsibilities related to sustainability-related risks and opportunities are reflected in job descriptions, authorities, and relevant organizational roles, thereby securing the consistent implementation of the Company's environmental, social, and governance commitments across all business units. The policies are reviewed regularly in line with the Company's strategic objectives and updated in accordance with the changing risk environment and stakeholder expectations. The relevant policies are provided below together with their links.

Table 4: Corporate Policies and Their Descriptions

Corporate Policy	Descriptions
Sustainability Policy	The Kordsa Sustainability Policy defines the integration of the Company's sustainability principles and commitments into its corporate governance structure, business processes, and decision-making mechanisms. The policy is based on systematic management of environmental and social performance, the consideration of stakeholder expectations, and the use of sustainability-focused risks and opportunities as input for impact management processes.
Environmental Policy	The Kordsa Environmental Policy sets out a holistic environmental management approach aimed at the efficient use of natural resources, waste reduction, combating climate change, and mitigating environmental impacts. The policy is based on the continuous improvement of environmental performance through the protection of biodiversity, water and energy efficiency, renewable energy practices, and the monitoring of environmental targets.
Energy Management Policy	The Kordsa Energy Management Policy aims to improve energy efficiency across all facilities and reduce energy consumption per unit of production in line with the ISO 50001 Energy Management System. Under the policy, energy performance is monitored regularly, cross-facility comparisons are conducted, and energy management processes are integrated into management responsibilities and carried out in alignment with the Company's strategic objectives.
Water Policy	The Kordsa Water Policy treats water as a critical natural resource and aims to improve water efficiency and reduce water consumption across operations. The policy is based on the responsible management of water and wastewater, the protection of freshwater ecosystems, and the implementation of practices aligned with legislation and stakeholder expectations.
Health and Safety Policy	Kordsa's Occupational Health and Safety Policy is based on creating a safe and healthy working environment for all employees and stakeholders and on the systematic management of risks. The policy aims to prevent occupational accidents and work-related illnesses through continuous improvement practices, training, and the promotion of a strong occupational health and safety culture.

4. Strategy

This section aims to help users of general purpose financial statements understand how Kordsa identifies climate-related risks and opportunities, assesses their impacts on its business strategy, and applies its risk management approach in this context. Kordsa addresses climate-related risks and opportunities regularly within its corporate risk management framework and links its assessment, prioritization, and monitoring processes to its strategic planning cycle.

Identification and Prioritization of Risks;

At Kordsa, risks are assessed based on impact simulation calculations performed using the "Monte Carlo Analysis Method." The risk identification process begins with a materiality matrix survey linked to Kordsa's "X+5 plans" and strategic initiatives. The views of various stakeholder groups are collected to develop the risk materiality matrix, through which risks are identified and prioritized. This exercise is conducted once a year to ensure that resources and efforts are directed toward priority areas.

Assessment Approach (Likelihood and Impact);

A likelihood and an impact value are assigned separately for each risk.

- Likelihood: The probability of the risk occurring within one year is assessed, and a likelihood score is assigned on a scale of 1 (very rare) to 5 (very likely).
- Impact: The impact is assessed on a scale of 1 (very low) to 5 (very high), and an impact score is assigned.

Scenario modelling is used to calculate the level of impact. When defining scenarios, quantitative (financial, operational) and/or qualitative perspectives (reputation, investor relations, human resources, legal, business continuity, and health, safety, and environment) are taken into consideration. For each risk, three scenarios are defined -minimum, most likely, and maximum- and the financial impact of each scenario is calculated. The Global Risk Management Department prepares risk register files in order to assess the assumptions and probabilities related to the identified risk scenarios; once the register list is completed, the financial impact assumptions and probability values are recorded separately in the GRC (Governance, Risk & Compliance) tool.

Threshold Approach and Action Plans;

Kordsa considers a risk to have a significant financial/strategic impact when the risk impact simulation exceeds 1% of consolidated budgeted EBITDA or at least USD 1 million. Once this threshold is exceeded, the risk is deemed to have surpassed the risk appetite/risk threshold; risk owners are expected to develop action plans and assign implementation owners.

As actions are completed, risks are recalculated; if the impact simulation remains above the threshold value, additional actions are implemented. In cases where financial impact cannot be calculated, alternative indicators such as reputation, human resources, legal, and environmental factors are taken as the basis.

In order to assess the long-term financial impact of climate-related physical risks, annualized loss rate (ALR) calculations have been carried out based on the high-emission scenario (SSP5-8.5). ALR is an indicator that enables the expected annual physical damage associated with the relevant climate hazard to be converted into a monetary value based on the asset values of the facilities. Through this approach, Kordsa aims to monitor climate risk-related financial exposure in the long term at facility level in a consistent and comparable manner.

Time Horizons

Kordsa's definitions of the short, medium, and long term are provided below. Within this framework, Kordsa has identified the priority climate-related risks and opportunities that may reasonably affect its operations, supply chain, and market position in the short, medium, and long term.

- Short term (0-1 year): Aligned with the annual target-setting process.
- Medium term (1-5 years): Aligned with the corporate X+5 target-setting framework.
- Long term (5 years and above): Aligned with the commitment to achieve net zero emissions by 2050.

In assessing climate-related risks and opportunities that could reasonably affect its financial position, the Company uses reasonable and supportable information by reviewing past events, current conditions, and forward-looking estimates, and revisits this assessment annually without undue cost or effort.

Climate-related risks and opportunities that could reasonably affect the Company's financial position are assessed in accordance with the Türkiye Sustainability Reporting Standards, by applying TSRS 1 Article 54 General Requirement and taking into account the relevant industry-based disclosure topics. The identified risks and opportunities are presented below.

4.1. Climate-Related Risks and Opportunities

Table 5: Climate-Related Acute Physical Risk: Flood

Risk Title	Flood		
Risk Type	Physical Risk – Acute		
Risk Description	Indonesia, Thailand, and USA Chattanooga facilities, which accounted for 21.9% of Kordsa's consolidated revenue in 2025, are located in geographies that may be exposed to increasing precipitation patterns and sudden inland flooding events due to climate change. Therefore, the Company has classified flooding as an acute physical climate risk for these locations. Through the consolidation carried out in the risk assessment, the flood risk at these facilities was evaluated under a common heading within the scope of both long-term and short-term impacts.		
Position in the Business Model and Value Chain	It has been assessed that flood risk poses a risk to Kordsa's operations and, in connection with these operations, to downstream value chain elements. The facility in Indonesia is considered the region with the highest flood risk due to its location adjacent to the Cikeas River and its tropical climate structure with heavy rainfall throughout the year. While the production areas, utility systems, and storage areas of the facility are considered areas that may be affected by flood risk, it is also taken into consideration that this risk may affect downstream value chain performance.		
Time Horizon of Impact	Short Term	Medium Term	Long Term
	✓	-	✓
Potential Impacts of the Risk	In the event of flooding, disruptions in operations, damage to inventories, or logistical delays are considered among the potential impacts of the risk.		
Financial Impact	In the current reporting year (3 March 2025), flooding at Kordsa's Indonesia facility caused damage to the Company's inventories and fixed assets. Following this damage at the facility, updates were made within the scope of insurance coverage. The flooding incident occurred as a result of the intensifying impacts of climate change and the increasing frequency of extreme weather events and had a significant direct impact on the Company's operations. In order to identify the potential future financial impact of this risk, Kordsa uses minimum, most likely, and maximum case scenario analyses. Accordingly: • For a flood event that may occur in the short term, insurance deductibles were taken into account under the scenario with the highest financial impact, and the values of physical damage and loss of profit were compared with the current year's revenue figures. While, in 2024, loss of profit was simulated at 0.6% and 3.1% of consolidated revenue for the likely and worst-case scenarios, respectively, these rates were recalculated for 2025 as 0.7% and 1.6%. • In the medium term, no financial impact is projected under either the most likely scenario or the worst-case scenario due to the existence of effective physical measures implemented at facility level, such as elevation, flood barriers, and drainage systems. Similarly, no significant financial impact is projected under the best-case scenario for any of the short-, medium-, or long-term periods. • In the long term, insurance deductibles were considered under the scenario with the highest financial impact, and it was assessed that insurance deductibles could double due to the increasing frequency and severity of climate events. Accordingly, physical damage and loss of profit values were compared with the current year's consolidated revenue figures. While, in 2024, loss of profit was simulated at 0.6% and 8.5% of consolidated revenue for the likely and worst-case scenarios, respectively, these rates were recalculated for 2025 as 0.7% and 5.1%.		

Vulnerable Asset Ratio and Financial Value	Indonesia, Thailand, and USA Chattanooga facilities exposed to flood risk account for approximately 55% of the asset value of Kordsa's total facilities. In this context, the share of the assets affected by flood risk within the consolidated asset structure has been assessed based on the total asset values of the relevant facilities.
Resilience and Scenario Analysis	Within the scope of flood risk, Kordsa carries out scenario-based analyses covering its facilities in Indonesia, Thailand, and the USA Chattanooga. In these analyses, IPCC AR6 climate projections and regional physical risk indicators are assessed together, and the potential operational and financial impacts of increasing precipitation patterns and sudden flooding events on the facilities are modelled. As a result of these assessments, the Indonesia and Thailand facilities have been classified as high risk in terms of flood risk, while the USA Chattanooga facility has been classified as medium risk. Under optimistic scenarios (low-emission global pathways aligned with the Paris Agreement), the impacts of flood events on the facilities are expected to remain at manageable levels thanks to existing physical measures and business continuity practices and are not expected to create a significant financial impact. Under more adverse scenarios (high-emission projections and increasing severity of climate events), it is considered that temporary disruptions in operations and indirect effects across the value chain may occur, especially at high-risk facilities. Within this framework, Kordsa regularly reviews its scenario analyses to maintain operational resilience against flood risk and integrates the findings into its medium- and long-term adaptation plans.
Response to the Risk	Kordsa is taking strategic steps aligned with a 1.5°C world to mitigate the impacts of flood risk expected to materialize in the short and/or long term for its facilities in Indonesia, Thailand, and Chattanooga. While Kordsa focuses on reducing greenhouse gas emissions in the medium and long term, it also ensures the implementation of physical actions aimed at strengthening its facilities in order to mitigate the physical impacts of flood risk in the short term. In addition, the Company takes out fixed asset and business interruption insurance to minimize risks and renews this insurance annually. Following the flood at the Indonesia facility on 3 March 2025, updates were made to the insurance coverage and policy structure.

Table 6: Climate-Related Acute Physical Risk: Extreme Heat and Wildfires

Risk Title	**Extreme Heat and Wildfires**
Risk Type	Physical Risk – Acute
Risk Description	The region in which Kordsa's Chattanooga manufacturing facility in the USA is located is among the high-risk areas for wildfires due to rising temperatures, low humidity levels, and prolonged drought periods. In the Company's periodic Risk Engineering Surveys, this risk has been evaluated as having high likelihood and high impact. Wildfire risk is regularly assessed through Risk Engineering Surveys conducted annually by independent insurance firms, and improvement actions are implemented accordingly. In addition, Kordsa's manufacturing facilities in Thailand are exposed to increasing extreme heat conditions due to climate change. Rather than being treated as a source of direct physical damage, this risk is addressed as an operational risk that places pressure on operational continuity and efficiency. Extreme heat can lead to operational challenges such as loss of efficiency in production processes, reduced equipment performance, increased energy demand, and more difficult working conditions. In this context, wildfire and extreme heat risks are addressed through a holistic approach as climate-related physical risks arising from common climatic drivers, and are managed through preventive actions aimed at strengthening facility safety, operational resilience, and business continuity.

Position in the Business Model and Value Chain	The occurrence of wildfires near the regions where Kordsa's facilities are located has the potential to create physical impacts on production facilities. This may lead to disruptions in operations. Extreme heat, on the other hand, may adversely affect the efficiency of operations by causing loss of efficiency in production processes and placing pressure on operational continuity rather than causing direct physical damage. Indirect impacts include the possibility of increased insurance costs. The risk may affect both the upstream and downstream flows of the value chain.		
Time Horizon of Impact	Short Term	Medium Term	Long Term
	-	-	✓
Potential Impacts of the Risk	Extreme heat and wildfires have the potential to affect operational activities. These impacts may emerge in the short term as emergency response and disruption management, and in the medium and long term as restructuring investments and increases in insurance premiums.		
Financial Impact	In the current reporting year, extreme heat and wildfire risks had no current financial impact on the Company's financial position, and its financial performance and cash flows were not affected by these risks. Kordsa uses scenario analyses in order to identify the potential financial impact that wildfire risk may cause in the medium and/or long term. Accordingly: • Worst-case scenario: Due to the location of the facility, the physical measures in place, and business continuity management, no financial impact is expected in the short and medium term. However, in the long term, insurance deductibles are expected to double due to the combined impact of extreme heat and wildfires as climate events increase in severity and frequency. In this context, while a loss of profit equivalent to 3.5% of consolidated revenue was simulated in 2024, this rate was recalculated as 3.3% for 2025 based on the increase in the definition and scope of the relevant risk. • Most likely scenario: Due to the location of the facility and business continuity management, no financial impact from wildfire risks was expected in the short, medium, or long term in 2024. As a result of the assessment conducted in 2025, no financial risk is expected due to the additional locations included within the definition and scope of the risk and the impacts of extreme heat. • Best-case scenario: This assumes the occurrence of minor or no fire events that do not cause disruptions in operations, as well as extreme heat conditions that do not create additional pressure on operations. Since operations are expected to continue without interruption in the short, medium, and long term, no financial impact is projected.		
Vulnerable Asset Ratio and Financial Value	The USA Chattanooga facility exposed to wildfire risk and the Thai Indo Kordsa facility exposed to extreme heat risk account for approximately 19% of Kordsa's total facility assets. In this context, the share of the assets affected by wildfire risk within the consolidated asset structure has been assessed based on the total asset value of the relevant facility.		

Resilience and Scenario Analysis	Wildfire risk has been assessed with a focus on the USA Chattanooga facility within the framework of long-term climate projections. The analyses take into account that rising temperatures and drought conditions may increase wildfire risk, and therefore the facility has been classified in the high-risk category. Similarly, the extreme heat risk at the Thai Indo Kordsa facility has been addressed within the scope of long-term climate projections; it has been assessed that increases in average temperatures and in the frequency and severity of heatwaves may lead to adverse effects on employee health, production efficiency, and equipment performance. Thanks to the existing fire safety infrastructure, emergency response plans, business continuity practices, and insurance coverage, it is anticipated that operational continuity can be maintained under optimistic climate scenarios. At the Thai Indo Kordsa facility, it is also expected that operational disruptions can remain limited despite extreme heat conditions due to existing cooling systems, shift arrangements, and occupational health and safety practices. Under more adverse scenarios, it is considered that, for both risks, indirect financial impacts may arise not so much from direct production loss as from insurance deductibles, operational efficiency losses, and restructuring requirements.
Response to the Risk	In order to minimize the impacts of extreme heat and wildfire risks that may arise from global warming, Kordsa not only implements physical measures but also takes out fixed asset and business interruption insurance and renews this insurance annually.

Table 7: Climate-Related Acute Physical Risk: Cyclones (Tropical Storms)

Risk Title	**Cyclones (Tropical Storms)**		
Risk Type	Physical Risk – Acute		
Risk Description	The region where Kordsa's USA Laurel Hill facility is located is classified among areas with high cyclone risk by open sources such as Think Hazard. However, in the Company's periodic Risk Engineering Surveys, this risk has been evaluated as low likelihood and low impact. Therefore, the risk is kept at monitoring level and is followed through the necessary analyses.		
Position in the Business Model and Value Chain	Cyclones may theoretically cause physical impacts on facilities. However, in Kordsa's operational history, no disruption has occurred in its operations due to this risk.		
Time Horizon of Impact	Short Term	Medium Term	Long Term
	-	-	✓
Potential Impacts of the Risk	Due to severe winds and heavy rainfall, this risk has the potential to cause disruptions in operations. However, at present, no operational or financial impact has occurred in relation to this risk. Therefore, the risk is currently maintained only at the monitoring level, and it is planned to be reprioritized when necessary.		

Financial Impact	No financial impact arising from cyclone risk was experienced in the current reporting year. According to the Company's internal assessment, the risk is classified as low likelihood and low impact. Kordsa uses scenario analyses in order to identify the potential financial impact that cyclone risk may cause. Accordingly: • Worst-case scenario: It is assumed that, in the short and medium term, business continuity at the facilities will be maintained through physical measures to be taken, and that no significant cyclone-related impact will occur. However, the long-term scenario is based on the assumption that insurance deductibles may double due to the increasing frequency and severity of climate events. Accordingly, physical damage and loss of profit values were compared with the current year's revenue figures. While a loss of profit equivalent to 1.5% of consolidated revenue was simulated in 2024, this rate was recalculated as 1.2% for 2025. • In the most likely scenario projections, physical damage and loss of profit values in the long term were compared with the current year's revenue figures. No financial impact was expected in the 2024 assessment; however, based on the outcome of the assessment process carried out for 2025, a loss of profit equivalent to 0.2% of consolidated revenue was simulated. • Best-case scenario: This assumes minor or near-miss severe weather events in the short and medium term that do not result in physical damage. In both time periods, operations continue without interruption and no financial impact occurs. In the long term, no financial impact is projected based on the assumptions that the Company will successfully implement climate adaptation and preventive investments, and that insurance coverage will help avoid damage.
Vulnerable Asset Ratio and Financial Value	The USA Laurel Hill facility exposed to cyclone (tropical storm) risk accounts for approximately 5% of Kordsa's total facility assets. In this context, the share of the assets affected by cyclone risk within the consolidated asset structure has been assessed based on the total asset value of the relevant facility.
Resilience and Scenario Analysis	The cyclone (tropical storm) risk has been assessed specifically for the North Carolina–Scotland region where the USA Laurel Hill facility is located, and according to regional risk indicators, it falls within the high-risk category. However, when the Company's Risk Engineering Surveys and operational history are taken into account, the risk is classified as low likelihood and low impact. Within this framework, cyclone risk is currently addressed at the monitoring level, and operational resilience is considered to be maintained through physical measures, business continuity practices, and insurance coverage. In the event of a significant change in the severity or frequency of climate events, it is planned to reprioritize the risk and give priority to scenario analysis studies.
Response to the Risk	In order to minimize the impacts of cyclone risk that may arise from global warming, Kordsa takes out fixed asset and business interruption insurance and renews this insurance annually.

Table 8: 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 is within the scope of the "Türkiye Monitoring, Reporting and Verification" (MRV) regulation. This regulation adopts the European Union (EU) MRV of 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 have a direct impact on Kordsa's own operations and may cause the Company to face financial obligations. Only Kordsa's İzmit facility in Türkiye is affected by this risk. In addition, as increases in unit carbon prices may indirectly affect competitiveness, this may also create an impact on the downstream value chain.		
Time Horizon of Impact	Short Term	Medium Term	Long Term
	-	-	✓
Potential Impacts of the Risk	With inclusion in the Emissions Trading System, additional carbon costs are expected to arise at facilities subject to carbon pricing if the annual emissions allowance proves insufficient to cover direct emissions. If these costs cannot be reduced in the medium and long term, a transition to low-carbon technologies is expected to become necessary.		
Financial Impact	In the current reporting year, the emissions trading system risk had no current financial impact on the Company's financial position, and its financial performance and cash flows were not affected by this risk. However, in the medium and long term, factors such as increasing integration into carbon markets and rising carbon prices may increase Kordsa's operating costs. According to the scenarios developed based on the carbon unit price expected to be applied under the emissions trading system, this risk remains below the financial threshold value. However, since the probability assessment of the risk is quite high, it is considered among the significant risks. In this context, according to the scenarios carried out by Kordsa to identify the future financial impact of its ETS risk: • Worst-case scenario: Since the ETS system in Türkiye is still at an early stage of implementation, no financial impact is expected in the short term. Similarly, no financial impact is projected in the medium term under the assumptions that the facility will maintain its emission levels in line with past performance and that legal regulations will continue to allow gradual compliance and partial free allocation. However, a financial impact is expected in the long term. This impact has been calculated based on the scenario in which the budgeted carbon unit price of USD 8.6 is realized at 100% above expectations, reaching a minimum of USD 17.2. Accordingly, together with the financial impact that the Company may experience due to a possible increase in the carbon unit price, a loss of profit equal to 0.05% of annual consolidated revenue was simulated in 2024, and the same values were maintained in the calculations carried out for 2025.		

Financial Impact	• Most likely scenario: The financial impact that the ETS risk may create in the most likely long-term scenario is based on the assumption that the budgeted carbon unit price of USD 8.6 is realized at 50% above expectations, reaching a minimum of USD 12.9. Together with the financial impact that the Company may experience under the likely scenario due to the unexpected increase in the carbon unit price, a loss of profit equal to 0.02% of annual consolidated revenue was simulated in 2024, and the same values were maintained in the calculations carried out for 2025. In this scenario as well, no financial impact is projected in the short or medium term. • Best-case scenario: In the best-case scenario, which is based on the assumption that the budgeted carbon unit price is realized as expected at USD 8.6, no significant impact on the Company's financials is projected in the short, medium, or long term.
Vulnerable Asset Ratio and Financial Value	The İzmit facility affected by the Emissions Trading System (ETS) carbon pricing mechanism accounts for approximately 27% of Kordsa's total facility assets. In this context, the share of the assets affected by the ETS-related transition risk within the consolidated asset structure has been assessed based on the total asset value of the relevant facility.
Resilience and Scenario Analysis	Within the scope of the Emissions Trading System (ETS), Kordsa assesses transition risks related to its İzmit facility on a scenario basis within the framework of developments in carbon prices, free allocation mechanisms, and the regulatory compliance timeline. The analyses indicate that, in the short and medium term, gradual transition and free allocation practices support operational continuity, and therefore financial impacts remain limited. In the long term, taking into account increases in carbon prices and possible reductions in allocation rates, cost flexibility and compliance capacity are monitored through scenario analyses. It is considered that energy efficiency investments, emission reduction projects, and initiatives carried out in line with Net Zero targets support Kordsa's operational and financial resilience against ETS-related transition risk.
Response to the Risk	Kordsa is taking strategic steps aligned with a 1.5°C world in order to mitigate the impacts of ETS risk and is implementing energy efficiency and sustainability projects. In addition, it has set a Science-Based Target toward its Net Zero goal and is carrying out processes to achieve these targets.

Table 9: Climate-Related Opportunity: Development of New Products and Services

Opportunity Title	**Development of new products or services through R&D and innovation**		
Opportunity Type	Products and Services		
Opportunity Description	Kordsa's tire reinforcement business unit, which is one of the Company's business units, accounted for a significant portion of consolidated revenues in 2024. With its production facilities located in Thailand, Indonesia, Türkiye, Brazil, and the USA, Kordsa serves global tire customers. Changes in the tire industry in recent years have increased demand for sustainability-focused products. In line with their 2030 and 2050 targets, leading companies in the sector have begun to place increasing importance on the supply of products with recycled content. In addition, with the growing adoption of electric vehicles (EVs) in the US and EU markets, new needs have emerged, such as increased tire durability and improved resistance to wear due to battery weight. As a result of all these developments, tire manufacturers have increasingly turned toward raising the use of recycled and bio-based materials and using more environmentally friendly chemicals in product content. This trend creates a strategic opportunity for Kordsa in its polyester and nylon product groups. Kordsa aims to increase its market share by expanding its portfolio of products with recycled content and developing formulations that include environmentally friendly chemicals. Products with recycled content developed through R&D and innovation efforts both contribute to Kordsa's own environmental sustainability targets and provide a proactive response to changing market demands. The introduction of products containing recycled polyester and recycled nylon, as well as the use of environmentally friendly chemicals in tire cord fabric production technologies, positions Kordsa as a preferred supplier in the eyes of 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 products. At present, customer-oriented product development activities that contribute to maintaining and improving Kordsa's position in the market are also expected to help the Company preserve its future competitive advantage. Newly developed products have the potential to affect the Company's downstream value chain. The delivery of new environmentally friendly products to customers may contribute to reducing carbon emissions across the value chain. This supports Kordsa in strengthening its long-term business relationships by contributing to its customers' sustainability targets.		
Time Horizon of Impact	Short Term	Medium Term	Long Term
	-	-	✓
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. The diversification of product groups with a low carbon footprint and reduced environmental impact contributes to the growth of sales volume and customer base in the international market. This opportunity supports Kordsa in increasing its global competitiveness, expanding its market share, and achieving a strong market position through its sustainable product portfolio.		

Potential Impacts of the Opportunity	The technologies offered by Kordsa in its tire reinforcement business line that enable the use of environmentally friendly chemicals create positive impacts both environmentally and in terms of health. At the same time, gaining the capability to produce products with recycled content in order to meet the growing demand for such products will enable Kordsa to achieve sustainable growth in product sales. The increase in sales has the potential to strengthen the Company's financial stability and market position in the long term by increasing its cash flows.
Financial Impact	In the current reporting year, the new products and services developed through R&D did not have a significant financial impact on the Company's financial position. It is expected that the product groups with recycled content developed by Kordsa will provide a competitive advantage by responding to the expectations of customers that prefer sustainable materials. If these expected potential financial impacts materialize, a positive effect on the Company's cash flow is anticipated. According to the projections made, the contribution of these technologies to total sales is expected to increase steadily. In the longer term, profit was projected at 0.1%–0.4% of annual consolidated revenue in the calculations carried out in 2024, and this figure was updated to 0.1%–0.3% in 2025.
Opportunity-Aligned Activity Ratio and Financial Value	Products with recycled content developed through R&D and innovation are expected to have an impact on a product portfolio that is projected to account for 0.3% of the net profit of Kordsa's tire reinforcement operations in the medium term.
Realizing the Opportunity	While efforts related to products containing recycled polyester do not require any investment cost, machine/equipment procurement and line modification applications for products containing recycled nylon require an investment cost of approximately USD 2 million. In line with strategic decisions regarding investment planning, no investment was made in 2025.

4.2 Strategy and Decision-Making Mechanism for Kordsa's Risks and Opportunities

Kordsa identifies, assesses, and manages the climate-related risks and opportunities it has identified in accordance with their level of financial materiality and the Corporate Risk Management Procedure. This section describes the measures the Company has taken against climate-related physical and transition risks that it considers financially material, as well as its plans to realize related opportunities.

Strategy for Acute Physical Risks

Flood Risk (Indonesia, Thailand, USA Chattanooga):

Indonesia, Thailand, and USA Chattanooga facilities, which accounted for 21.9% of Kordsa's consolidated revenue in 2025, are in geographies exposed to increasing precipitation patterns and sudden flooding events due to climate change. For this reason, the Company has classified flooding as an acute physical climate risk. It has been assessed that flood events may pose a risk to Kordsa's direct operations and, in connection with these operations, to downstream value chain elements.

In order to identify the potential financial impact of flood risk, Kordsa conducts assessments based on minimum, most likely, and maximum scenarios. The Company also takes out fixed asset and business interruption insurance and renews this insurance annually to minimize climate-related physical risks.

Extreme Heat and Wildfires Risk (USA Chattanooga):

The region where Kordsa's Chattanooga manufacturing facility in the USA is located is considered among the high-risk areas for wildfires due to rising temperatures, low humidity levels, and prolonged drought periods. In the Company's periodic Risk Engineering Surveys, this risk has been addressed as high likelihood–high impact. The risk is regularly assessed every year through risk engineering inspections conducted by independent insurance companies, and improvement actions are implemented in line with the findings identified.

In addition, Kordsa's manufacturing facilities in Thailand are exposed to increasing extreme heat conditions due to climate change; this risk is addressed as an operational risk that places pressure on operational continuity and efficiency rather than causing physical damage. In this context, wildfire and extreme heat risks are assessed through a holistic approach within the framework of climate change-related physical risks and are managed through preventive actions aimed at strengthening operational resilience and business continuity.

Kordsa uses scenario analyses in order to identify the potential financial impact that this risk may cause in the medium and/or long term. The Company also takes out fixed asset and business interruption insurance and renews this insurance annually.

Cyclone (Tropical Storm) Risk (USA Laurel Hill):

The region in which Kordsa's Laurel Hill facility in the United States is located is classified in certain open-source references as an area exposed to a high cyclone risk. However, according to the company's periodic Risk Engineering Surveys, this risk has been evaluated at a low probability–low impact level; therefore, it is monitored at a risk surveillance level.

Kordsa maintains property damage and business interruption insurance, which is renewed on an annual basis, in order to mitigate the potential impacts of cyclone risk.

Strategy for Transition Risks

One of the climate-related transition risks that Kordsa anticipates could have a material financial impact in the long term is the carbon pricing mechanism under the Emissions Trading System (ETS). Kordsa's İzmit facility in Türkiye falls within the scope of the "Türkiye Monitoring, Reporting and Verification (MRV)" regulation. With the implementation of the ETS, additional carbon costs are expected to rise for facilities subject to carbon pricing; therefore, this risk is assessed using a scenario-based approach.

In the medium to long term, factors such as increased integration with carbon markets and rising carbon prices under the ETS are expected to exert pressure on operating costs. Kordsa implements energy efficiency and sustainability projects in order to mitigate the potential impacts of ETS-related risks. The company has set a Science-Based Target aligned with its Net Zero ambition and is taking concrete steps to achieve these targets.

Strategy for Climate-Related Opportunities (R&D and Innovation)

Kordsa's climate-related opportunities are primarily tfocused on sustainable products and services developed through research and development (R&D) and innovation. In line with the increasing demand for sustainability-oriented products in the tire industry and the emerging needs driven by the widespread adoption of electric vehicles, products incorporating recycled content and more environmentally friendly chemical applications are gaining prominence. Within this framework, Kordsa aims to strengthen its market position by expanding its portfolio of products with recycled content and offering solutions based on environmentally friendly practices.

During the current reporting period, newly developed products and services generated through R&D have not had a material financial impact on the Company's financial position. However, this opportunity is considered to have the potential to contribute positively to revenues and cash flow in the medium o long term.

Monitoring of the Transition Plan and Comparability

Kordsa's climate transition plan encompasses elements such as energy efficiency, the use of renewable energy, and the reduction of carbon footprint. The plan is addressed with objectives including enhanced collaboration with stakeholders, increased integration across the supply chain, and a stronger focus on research and development activities. It is monitored through annual updates and interim evaluations conducted every five years. Kordsa provides comparative disclosures on the value created by the plan and related actions against previous reporting periods.

4.3 Climate Resilience – Climate Scenarios and Projections

Kordsa employs a scenario-based approach covering the short, medium, and long term in order to assess the impacts of climate-related risks on its business model and value chain. These assessments are integrated into the strategic planning cycle and are reviewed periodically. The approach is carried out in alignment with processes related to the identification, prioritization, and management of action plans for risks (the threshold and prioritization logic within the risk management approach is explained in the relevant sections).

Table 10: Scenario Analysis Framework

	Optimistic Scenario (Paris-aligned /low emissions)	Intermediate Scenario (announced pledges/ middle pathway)	Pessimistic Scenario (current policies / high emissions)
Physical Scenario	SSP1-2.6 (low-emission pathway; more limited warming)	SSP2-4.5 (moderate emissions/intermediate warming pathway)	SSP5-8.5 (high-emission pathway; higher warming)
Transition Scenario	Scenario NZE (Net Zero Emissions by 2050) – net-zero pathway aligned with 1.5°C	APS (Announced Pledges Scenario) – pathway based on announced commitments	STEPS (Stated Policies Scenario) – pathway based on stated policies
Scenario Description	Low-emission, Paris Agreement-aligned policy environment: transition accelerates; the increase in physical hazards remains relatively limited.	Middle pathway: transition progresses in line with announced commitments; physical and transition impacts evolve between extreme scenarios.	More limited policy momentum – transition slows; the severity/frequency of physical hazards and cost pressures may become more pronounced.
Kordsa's Approach	More manageable hazard assumptions for floods/ wildfires (acute) and cyclones (monitoring); 1.5°C-aligned transition assumptions for the ETS.	Intermediate assessment between extreme scenarios; sensitivity analysis for ETS cost pressures and physical impacts.	Stress testing for ETS and operational impacts under conditions of increased physical hazards and limited policy momentum.
Resilience	It is assumed that operational continuity can be maintained through existing physical measures, business continuity practices, and the insurance approach, and that financial impacts remain limited.	Adaptation and improvement needs are monitored to maintain resilience; key findings are integrated into strategy and risk management cycles.	Under more adverse conditions, temporary disruptions and indirect impacts may increase; therefore, risk responses and plans are reviewed more frequently.

Physical risk scenarios (IPCC AR6 – SSP)

Kordsa utilizes the SSP scenario set based on IPCC AR6 projections in its physical risk analyses. Scenario-based assessments are conducted for flood risk covering Thailand, Indonesia, and USA (Chattanooga) facilities. Operational impacts are modelled by jointly evaluating IPCC AR6 projections and water-related/physical risk indicators. The facility in Indonesia is assessed as being exposed to higher risk due to its location adjacent to a river and its tropical climate conditions.

In assessing physical risks, the Company considers SSP1-2.6 (optimistic/low-emission), SSP2-4.5 (intermediate/moderate pathway), and SSP5-8.5 (pessimistic/high-emission) scenarios. Under optimistic pathways, the impacts of acute events such as flooding are expected to remain at manageable levels within the framework of existing practices, whereas under more adverse pathways, temporary disruptions in operations and across the supply chain may increase. The outputs of these analyses provide input for medium- and long-term adaptation planning.

Kordsa applies the same SSP scenario framework in its assessments of extreme temperature and wildfire risks, aiming to regularly review risk levels through risk engineering evaluations and to keep its resilience approach up to date. Cyclone risk, on the other hand, is managed under a low-probability–low-impact monitoring approach; the scenario-based assessment logic and potential financial impacts of this risk are presented in the relevant risk table.

Transition Scenarios (IEA – WEO 2024/2025)

Kordsa considers the International Energy Agency's (IEA) NZE (Net Zero Emissions by 2050) scenario as the optimistic pathway, the APS (Announced Pledges Scenario) as the intermediate pathway, and the STEPS (Stated Policies Scenario) projections as the pessimistic scenario in its assessment of transition risks such as regulatory and market dynamics. These scenarios are evaluated within the framework of variables including the evolution of carbon prices over time, free allocation mechanisms, expansion of ETS coverage, and the effectiveness of energy efficiency investments. In this context, scenario analyses conducted specifically for ETS-related risks provide input to decision-making processes aimed at strengthening the Company's resilience to volatility in carbon markets. However, these assessments are subject to periodic review in line with potential changes in ETS scope, carbon pricing, and allocation methodologies (the ETS risk management strategy is addressed in Section 4.2).

Uncertainties

In Kordsa's Paris Agreement-aligned climate scenario analyses, factors such as climate policies, energy use, macroeconomic trends, national and regional developments, and technological advancements are considered, along with key assumptions and qualitative and/or quantitative metrics applied to these factors.

The scenarios used may involve uncertainties such as climate model variability, policy implementation differences, and behavioral changes. Therefore, scenario analyses are reviewed annually in line with updated sources, and the relevant scenario assumptions have been updated for the reporting period covering 1 January 2025 – 31 December 2025.

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 Management 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 Detection of Risk Committee (EDRC).

The EDRC, 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 include the regular review and update of the risk register to ensure that it accurately reflects the current risk environment. In parallel, prioritized opportunities are also monitored on a regular basis in accordance with defined indicators and are updated in line with changes in prevailing business and market conditions. The Global Risk Management Department conducts monthly review meetings with operational risk owners to update the risk registers. During these monthly reviews, the progress of existing opportunities, their expected value creation potential, and the underlying assumptions regarding their realization are also discussed. In this way, risk notifications from all business units are integrated into a central system. Similarly, opportunity notifications received from business units are evaluated and incorporated into the central registry system, enabling an integrated and holistic update of the combined risk–opportunity portfolio. All assumptions and assigned probability figures are reviewed in accordance with current business conditions. Before the register is closed, all necessary updates are implemented. Any newly identified risk is entered into the register and the Governance, Risk and Compliance (GRC) system and is included in Monte Carlo simulations. The Global Risk Management Department also calculates an alternative Value at Risk (VaR) based on completed and implemented actions, whereby either the probability or the impact level is reduced. While assigned project managers continue to fulfil their responsibilities for risk mitigation projects, the Global Risk Management Department is responsible for monitoring the completion of risk mitigation actions and updating the risk inventory on a quarterly basis or whenever a significant change occurs.

The corporate risk management (CRM) system is regularly reviewed and continuously improved through the evaluation of its effectiveness via internal control mechanisms. As of 2026, Kordsa has updated its corporate risk management policy and established a systematic framework under the Corporate Risk Management Procedure.

Kordsa implements a strong and structured internal control system as an integral part of its corporate risk management approach. Kordsa's Internal Risk Management Procedure examines climate-related opportunities and risk analyses, as well as dependencies and impacts identified through materiality assessments and one-to-one interviews. The Company's dependencies and impacts can 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 risk, transition risk, etc.) or described in detail within risk definitions. The Global Risk Management (GRM) Department integrates all identified elements into a global list and conducts scenario analysis for each of them. For each scenario, potential impacts and dependencies are redefined within the scope of scenario analysis before determining financial impacts.

Kordsa's global operational locations and product portfolio are included within the scope of this framework. Financial impact calculations are proportionate to the size of the locations and the share of products within the global sales portfolio. Various inputs such as sales tonnage, emissions, water withdrawals, and similar metrics are used to conduct quantitative analyses. For external key data, commercial or publicly available data tools are utilized. Some of the key external data sources include climate change RCP scenario assumptions, flood and water stress indicators, taxation approaches under emerging regulations, and sectoral benchmarks for emission intensity factors of raw materials. External data sources are integrated into the Governance, Risk and Compliance (GRC) application (Pentana), and the calculation methodology for each item is documented. All items recorded in the GRC system are reviewed on a quarterly basis by the relevant asset risk owners and the Global Risk Management Department and are updated with new internal and external findings. Through this integrated structure, Kordsa's risk assessment system operates not only as a compliance mechanism, but also as a data-driven, scenario-based analytical framework 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 sectoral disclosures and activity metrics set out in the Guidance on the Sectoral Implementation of TSRS 2 for all of its subsidiaries and has referenced the relevant activity metrics included in the guidance. The metrics considered within the reporting scope continue to be presented on a consolidated basis covering Kordsa and its subsidiaries, in alignment with the Company's business model. In the 2025 reporting period, comparable data disclosures with the previous year have also been provided.

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 the reporting period on a comparative basis for Scope 1 and Scope 2 (metric tons of CO_2 equivalent). In 2025, compared to the previous year, a reduction of 13,227 tCO_2e was achieved in Scope 1 emissions, while Scope 2 emissions decreased by 83,524 tCO_2e on a location-based basis and by 74,899 tCO_2e on a market-based basis. In parallel, a total reduction of 88,126 tCO_2e was recorded in combined Scope 1 and Scope 2 (market-based) emissions. Scope 3 emissions are calculated and reported across the value chain, and emissions for the relevant reporting period are presented in the table below in a manner comparable with the previous year.

*Table 11: Kordsa's Greenhouse Gas Emission**

Scope	GHG Emissions for 2024 (tCO_2e)	GHG Emissions for 2025 (tCO_2e)
Scope-1	121,152	107,925
Scope-2 (location-based)	278,423	194,899
Scope-2 (market-based)	202,418	127,519
Scope-3	1,583,673	1,218,325
Total Scope 1 & Scope 2 (market-based)	323,570	235,444

**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

Kordsa systematically monitors and reports its energy and water management performance in line with operational efficiency, resource utilization, and the reduction of environmental impacts. The metrics disclosed in this context enable a holistic assessment of resource consumption across the Company's production processes and are presented on a basis of inter-period comparability.

During the reporting period, energy consumption and water usage indicators are evaluated both in terms of total consumption levels and usage composition, thereby enabling the identification of improvement areas and performance trends related to resource efficiency. These metrics have been prepared in alignment with sectoral disclosure requirements and contribute to the transparent presentation of operational performance in accordance with Kordsa's sustainability strategy.

*Table 12: Metrics on Kordsa's Energy Consumption**

Energy Management	2024	2025
Total Energy Consumed from Fuel Use (MWh)	620,875	538,943
Energy Consumed from Electricity Use (MWh)	569,311	445,445
Share of Renewable Energy in Total Consumption	21.33%	19.55%
Total Energy Consumed (MWh)	1,190,187**	984,388

**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.*

***During the current reporting period, a limited calculation discrepancy was identified in the total energy consumption data for the prior year during internal reviews. The relevant data has been restated accordingly, and this correction is not considered to have a material impact on the reported performance.*

*Table 13: Metrics on Kordsa's Water Consumption**

Water Management	2024	2025
Water Withdrawal (m^3)	3,208,158	2,468,652
Water Consumption (m^3)	977,162	621,614
Water Withdrawal Ratio in High/Extremely High Water-Stressed Areas	37%	35%

**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.*

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 burned in boilers under steady-state 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.

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 in the locations where the energy is generated. In the reporting year, consolidated location-based Scope 2 emissions were calculated at approximately 194,899 tons of CO_2e. In reporting its location-based Scope 2 emissions, Kordsa is committed to transparently disclosing the environmental impacts arising from its energy consumption and to developing strategies aimed at reducing these emissions. Accordingly, in addition to the location-based approach, the Company also applies a market-based approach that considers instruments certifying the use of purchased renewable energy. In 2025, Kordsa offset its electricity consumption in its operations through renewable energy certificates. With renewable energy, a total of 67,380 tons of carbon emissions were offset under the market-based Scope 2 approach. Market-based instruments constitute an important tool for achieving emission reduction targets by promoting sustainable energy consumption.

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

Kordsa considers key inputs such as fuel and electricity consumption in the calculation of its direct and energy indirect emissions. Consumption data related to energy sources, such as natural gas and diesel used in stationary combustion, fuels used in company vehicles, and electricity usage, are of critical importance in calculating carbon emissions arising from operational activities. In addition, other environmental data such as water consumption, raw material usage, and waste generation contribute to a comprehensive understanding and holistic assessment of the environmental impacts stemming from the Company's operations. Approaches such as the selection of emission factors used in the calculations constitute key assumptions, and internationally or nationally recognized emission factors are applied. The selected factors are based either on primary data or on local and global references, depending on data quality and the availability of reliable data. This approach is critical to enhancing the accuracy and reliability of the calculations. No changes were made to the measurement approach, inputs, or assumptions during the reporting period.

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.
- Kapsam 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.
- Kapsam 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 2025.
- 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.

Kordsa undertakes actions and makes investments to mitigate climate-related risks, capitalize on opportunities, and achieves its climate-related targets. In this context, investments continue to focus on R&D and innovation activities that support meeting customer expectations and gaining competitive advantage, as well as renewable energy investments, energy and water efficiency projects, and renewable energy procurement processes. Kordsa has been allocating resources for many years to the development of sustainable and environmentally friendly products and services, as well as to energy and water efficiency projects, and continued these efforts in 2025. During the reporting period, total capital expenditures and investments related to climate risks and opportunities, with a sustainability focus, amounted to TRY 74,281,722. These expenditures and investments are primarily financed through internal resources and operational cash flows. With the contribution of these investments, the share of revenues generated from sustainable products and services reached 21% of total revenues, continuing to support the Company's long-term value creation capacity.

Kordsa determines its internal carbon price through a modelling approach that considers different economic scenarios and uses this price as an effective tool in strategic decision-making processes aimed at reducing environmental impacts and emissions. Accordingly, the determined carbon price is considered within a range of minimum USD 8.6 per tCO_2e to maximum USD 17.2 per tCO_2e. The carbon pricing approach is regularly reviewed in line with changes in market dynamics and continues to be updated to maintain its relevance.

Within the scope of Kordsa's operations, major decisions, such as the achievement of business objectives, attainment of emission reduction targets, and the transition to a business model aligned with a net zero carbon future, are overseen by the Chief Executive Officer and the Executive Committee, who hold ultimate responsibility for climate-related matters at the company level. These decisions are linked to performance metrics. This governance approach was maintained during the reporting period, with performance indicators related to climate targets continuing to be monitored at the management level. In line with the achievement of defined climate performance metrics, financial incentive mechanisms such as salary increases and bonuses have continued to be implemented. The incentive metrics defined for senior executives remain directly linked to Kordsa's short- and long-term greenhouse gas emission reduction targets. These metrics also encompass elements such as the transformation of the business model in line with the net zero carbon target and the approval of the transition plan by the Board of Directors. This structure ensures a strong alignment between the Company's climate commitments and managerial performance.

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 up-to-date international framework for combating climate change. The establishment of these targets and the regular monitoring of related emissions support the Company in taking proactive measures against transition risks that may affect its financial resilience in the future. Potential financial obligations arising from the implementation of an Emissions Trading System (ETS) will depend on the alignment of Scope 1 and Scope 2 emissions from its Türkiye operations with allocated emission allowances. In this context, the Company maintains its commitment to the Science Based Targets initiative (SBTi), covering both near-term (2030 absolute reduction target) and long-term (2050 Net Zero Emissions target) goals. The primary metric used in setting these targets is gross greenhouse gas emissions (Scope 1 & Scope 2).

Under its 2050 Net Zero Emissions target, Kordsa aims to reduce its absolute Scope 1 and Scope 2 greenhouse gas emissions by 90% compared to the 2019 base year. This approach also encompasses enhancing resilience against the impacts of climate change. This long-term target has been integrated into short-, medium-, and long-term strategic plans across all business lines of Kordsa and its subsidiaries.

Kordsa's Net Zero target has been reviewed and validated by a third party, the Science Based Targets initiative (SBTi), confirming its alignment with the requirements of the Paris Agreement. Progress toward the committed targets is monitored periodically by SBTi and is also evaluated annually by the Company in relation to interim and final targets. The key metrics tracked in this context are Kordsa's consolidated greenhouse gas emissions, and no changes have been made to the target set during the reporting period.

Within the scope of its climate change strategy, Kordsa adopts a continuous improvement approach aimed at minimizing impacts arising not only from raw materials and energy inputs used in its operations, but also from upstream and downstream value chain activities, while ensuring growth aligned with the Paris Agreement and national commitments. In this regard, Kordsa reduced its Scope 1 and Scope 2 emissions by 21% in 2024 compared to the 2019 base year and further improved this performance to a 42.6% reduction as of 2025.

The Net Zero target with a target year of 2050 covers Scope 1 and Scope 2 emissions and includes the greenhouse gases CO_2, CH_4, and N_2O. This target, based on absolute reduction, has been shaped in line with the Company's climate transition plans rather than a sectoral decarbonization approach (SDA). To achieve its long-term target, Kordsa has defined interim targets and aims to reduce its absolute Scope 1 and Scope 2 emissions by 46.2% by 2030 compared to the 2019 base year. In addition, the Company commits to reducing Scope 3 emissions, specifically those arising from fuel- and energy-related activities and the processing of sold products, by 25% compared to the 2021 base year. It also aims for suppliers, covering 64% of emissions from purchased goods and services, to set science-based targets by 2027. Kordsa plans to neutralize the portion of emissions that cannot be reduced through operational changes by utilizing carbon offset projects. In line with this approach, approximately a 90% reduction in Scope 1 and Scope 2 emissions is targeted by 2050, while maintaining limited reliance on carbon credits throughout the transition process.

6.2.2 Insurance Coverage Target

Kordsa's climate change-related physical risks include extreme weather events such as floods, wildfires, and cyclones. The Company utilizes insurance coverage not only for sites exposed to climate-related physical risks but also to enhance the resilience of all its locations, thereby limiting the potential impacts of such risks by securing its facilities through insurance. In this context, the Company's target metric is to maintain the ratio of Property Damage & Business Interruption (PDBI) insurance limits to the Probable Maximum Loss (PML) value at or above 100% on an annual basis for sites exposed to physical climate risks. The PML calculation is conducted within a comprehensive framework covering buildings, production equipment, inventories, and potential business interruption losses. This target applies to all locations where Kordsa operates and is systematically monitored across the Company.

This target, which commits to maintaining the PDBI/PML ratio at 100% or above, was established based on findings from risk engineering visits conducted in 2024, during which insurance coverage was reviewed. Accordingly, 2024 has been set as the base year. The target aims to preserve the Company's financial resilience against the impacts of climate-related physical risks anticipated in the medium and long term. Within this framework, 2027 has been defined as an interim milestone in the medium term (1–5 years), while 2030 has been maintained as the final target year in the long term (beyond 5 years). Given that this approach relies on the annual review of insurance coverage, a shorter-term and more manageable planning perspective has been adopted, considering potential regulatory and market uncertainties.

To minimize potential adverse impacts arising from changes in insurance coverage, Kordsa monitors the Probable Maximum Loss (PML) values of relevant sites through annual risk engineering studies. Insurance coverage levels (property damage and business interruption limits) are regularly compared with the PML values of the sites, and the level of protection against physical risks is systematically tracked. This approach was maintained in 2025, with the objective of keeping protection ratios at targeted levels by balancing risk exposure and insurance coverage. At the same time, the impact of increasing insurance limits on premium costs is taken into consideration, ensuring an optimal balance between effective risk management and cost efficiency.

7. Events After the Reporting Period

Due to the flood incident at PT Indo Kordsa, insurance income amounting to USD 20 million was recognized in the third quarter financial statements of 2025. Following negotiations with the insurance company, this amount has been revised to USD 25 million. Accordingly, an additional USD 5 million in insurance income will be recognized in the first quarter financial statements of 2026. Discussions with the insurance company are ongoing, covering matters such as scrap values, repair and replacement options, and the final compensation amounts.

8. LIMITED ASSURANCE REPORT

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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 ITS 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 2025 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 linked to from 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 2025, 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 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.

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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.

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.

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Summary of the Work We Performed as the Basis for Our Assurance Conclusion (cont'd)

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, 29 April 2026

Contact

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