

kuzeyboru

2025

TSRS-COMPLIANT

SUSTAINABILITY REPORT

kuzeyboru

Since our establishment, guided by our **sustainable production approach,** we have provided professional solutions for numerous projects in more than **100** countries across five continents. With our **GRP, corrugated, HDPE,** and **PPR** product groups, we have become one of Türkiye's largest manufacturers, operating modern facilities spanning a total area of **200,000 m².**

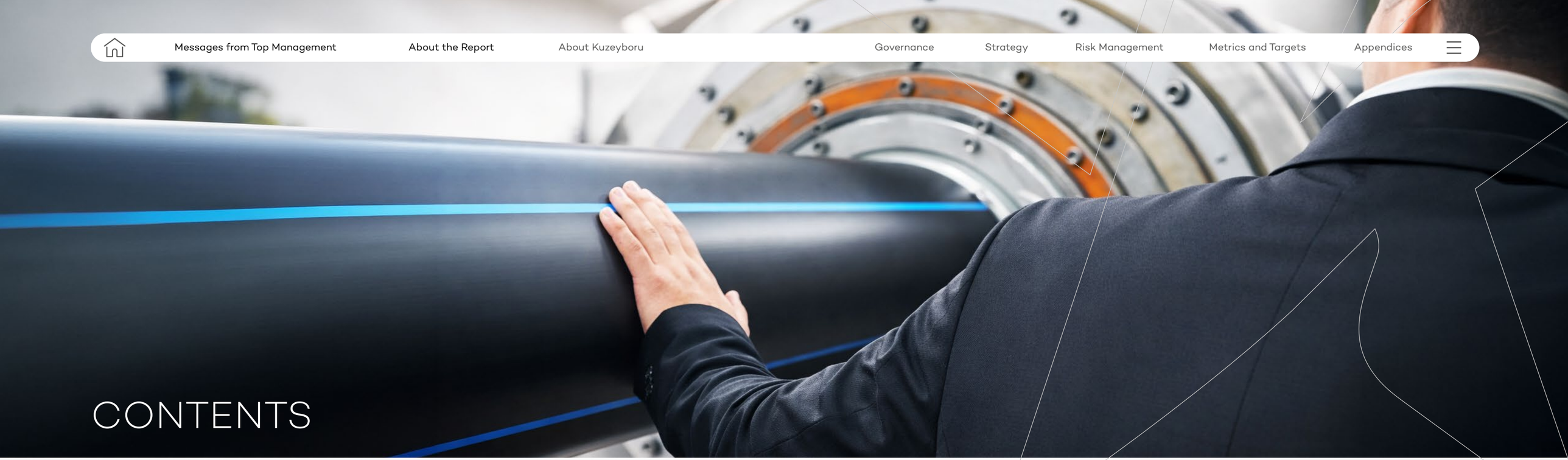
105+ Exports to the Country

6 Production Facilities

25+ Years of Experience

700 Employees

Building the Infrastructure of the Future **Today**



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Messages from Top Management

kuzeyboru

Building the Infrastructure of the Future **Today**

Message from the Board of Directors



Mustafa TOPGAÇ
Chair of the
Board of Directors



Bülent KARAMAN
Vice Chair of the
Board of Directors



Demet KARAMAN
Vice Chair of the
Board of Directors

> We are aware that a sustainable future is built on **safe water infrastructure, resilient cities, efficient resource use, and innovative technologies.**

Dear Valued Stakeholders,

In 2025, water management, climate change adaptation, and resilient cities gained even greater prominence in the infrastructure and pipe systems sector. Increasing urbanization, the need for effective water resource management, and post-disaster infrastructure renewal projects were among the key drivers supporting demand in our sector.

In Türkiye, post-earthquake reconstruction efforts, investments by municipalities to reduce water loss rates, and the modernization of agricultural irrigation supported growth in the domestic market, while infrastructure and water efficiency projects presented significant opportunities in international markets, particularly in the Middle East, North Africa, and Central Asia. At the global level, increasing water stress and extreme weather events driven by climate change further heightened the need for resilient and long-lasting infrastructure solutions.

In line with these developments, we continued to grow in 2025, supported by our strong production infrastructure, broad product portfolio, and flexible operational structure. The increase in our production and sales volumes demonstrated the successful outcomes of our new investments and capacity expansion initiatives. We continued to strengthen our position as a preferred solution partner for drinking water, wastewater, drainage, and energy infrastructure projects, while further expanding our presence in international markets.

At Kuzeyboru, we shape our operations not only to meet today's needs, but also to anticipate the infrastructure requirements of the future. We know that a sustainable future is built on secure water infrastructure, resilient cities, efficient resource use, and innovative technologies.

Guided by this understanding, our core approach is to "build infrastructure for the future" and create long-term value in every geography where we operate. We develop our products, investments, and business processes in line with this vision, integrating economic growth with our environmental and social responsibilities.

Our R&D center is one of the key building blocks of this transformation. We continue to focus our efforts on innovative material technologies, energy-efficient production processes, applications that enhance product durability, and solutions that support resource efficiency. Through the new products and technologies we develop, we aim not only to address the needs of our industry but also to help shape the infrastructure standards of the future.

Our sustainability strategy is built on operational efficiency, climate action, energy transition, efficient resource use, and long-term value creation for our stakeholders. Energy efficiency initiatives, renewable energy investments, emissions management efforts, and our circular economy approach are key components of this strategy.

Looking ahead, we aim to strengthen our presence in global markets, increase the share of our high-value-added products, continue our investments in R&D and technology, and advance toward our sustainable growth targets. We believe that our ability to adapt quickly to changing market conditions, manage risks effectively, and capitalize on opportunities will enable us to continue creating long-term value. Kuzey Boru A.Ş.'s achievements to date have been driven by the dedication of our employees, the contributions of our business partners, and the trust of our stakeholders. On this occasion, we would like to thank all our stakeholders and sincerely believe that together, we will build a stronger and more sustainable future.

Senior Management

Message from the Chair of the Sustainability Committee



Chair of the Sustainability Committee (Independent Member of the Board of Directors)

Ahmet KOYUN

Climate change, **the depletion of natural resources, population growth, and changing production and consumption patterns** are continuously expanding the scope of responsibility for businesses.

Dear Stakeholders,

The world is undergoing a significant environmental and social transformation. Climate change, the depletion of natural resources, population growth, and shifting production and consumption patterns are continuously expanding the responsibilities of the business community. While industry plays a vital role in improving people's lives and supporting economic development, we believe this power must be managed with a strong sense of responsibility toward the environment, society, and future generations.

Today, we view sustainability as more than simply reducing environmental impacts. We also regard ethical management practices, a people-centered work culture, transparency, resource efficiency, and strong engagement with society as integral components of this approach. We believe that TSRS 1, TSRS 2, and similar regulations provide important frameworks aimed at making companies' impacts in these areas more visible, measurable, and manageable.

At Kuzeyboru, we view sustainability not merely as a reporting matter, but as an integral part of our approach to production and corporate development. We are working to strengthen a corporate structure that is committed to ethical values, sensitive to people and the environment, values a scientific perspective, and is aware of its social impact.

We continue to take responsibility for building a more livable future through our strong production capabilities, commitment to R&D and technology, focus on resource efficiency, and activities that contribute to society. Our aim throughout this process is to create economic value while managing our environmental and social impacts more effectively and delivering lasting value for all our stakeholders.

I believe that our first TSRS-compliant sustainability report marks an important milestone in reflecting Kuzey Boru's sustainability approach and commitment to continuous improvement, and I extend my sincere thanks to all our colleagues and stakeholders who contributed to this process.

Senior Management

Message from the Sustainability Committee Member

Member of the Sustainability Committee (Independent Member of the Board of Directors)



Selim ERDOĞAN

Given Kuzey Boru's production capacity, **R&D capabilities, investment approach,** and position in the infrastructure sector, we believe that the steps we are taking in sustainability will **support our company's long-term competitiveness.**

Dear Stakeholders,

Throughout my tenure on the Sustainability Committee, I had the opportunity to see first-hand that our Company approaches sustainability not merely as a matter of regulatory compliance or a reporting obligation. It is encouraging to see this approach becoming increasingly integrated into our decision-making processes, operational planning, and corporate governance practices.

We know that setting targets alone is not enough for sustainability efforts to create meaningful value. We believe this requires systematic data collection, clearly defined responsibilities, active involvement of relevant departments, and oversight by senior management. The steps Kuzey Boru took to establish this framework in its first year of TSRS reporting demonstrate that sustainability is being embraced across the organization.

Throughout this process, we addressed a wide range of areas, including energy consumption, emissions calculations, resource use, climate-related risks and opportunities, investment plans, and reporting infrastructure. The Sustainability Committee coordinates these efforts, which are supported by data provided by the relevant departments, while matters requiring further attention are brought to the attention of senior management.

Given Kuzey Boru's production capacity, R&D capabilities, investment approach, and position in the infrastructure sector, we believe that the steps we are taking in sustainability will support our Company's long-term competitiveness. In particular, improving data quality, monitoring climate risks more systematically, and regularly tracking sustainability performance are among our key areas for improvement in the period ahead.

I hope this report will mark a strong beginning for Kuzey Boru's sustainability management journey, and I would like to thank all our colleagues who contributed to this effort.

Senior Management

Message from the Sustainability Committee Member

Member of the Sustainability Committee (CFO)



Pelin AKAN ŞALIKARA

Guided by our principles of **transparency, accountability, and reliable reporting,** we take a holistic approach to managing our financial and non-financial performance.

Dear Stakeholders,

We view sustainability not only as an environmental and social responsibility, but also as a key element of long-term financial success and corporate governance. For this reason, we integrate our sustainability approach into our strategic planning, investment, budgeting, and risk management processes as an integral part of each.

Our financial management approach extends beyond short-term profitability targets, with a focus on efficient resource use, business continuity, and long-term value creation. In the face of economic volatility, rising energy and financing costs, climate-related risks, and evolving regulations, we maintain financial discipline while prioritizing effective risk management practices that enhance our Company's resilience.

Guided by our principles of transparency, accountability, and reliable reporting, we take an integrated approach to managing our financial and non-financial performance. Looking ahead, we aim to further integrate our sustainability targets into our financial decision-making processes to enhance our Company's competitiveness, resilience, and capacity to create long-term value.

As we present our first sustainability report prepared in accordance with the TSRS for the consideration of our valued stakeholders, we will continue to report our sustainability performance in a transparent, reliable, and measurable manner and create long-term value for all our stakeholders in the periods ahead.

I would like to thank all our colleagues, business partners, and stakeholders who have contributed to this journey.

Sincerely,

About the **Report**

About the **Report**

The Turkish Sustainability Reporting Standards (TSRS), developed by the Public Oversight, Accounting and Auditing Standards Authority (KGK) and published in Official Gazette No. 32414 (M) dated December 29, 2023, entered into force and apply to reporting periods beginning on or after January 1, 2024, under TSRS 1 - "General Requirements for Disclosure of Sustainability-related Financial Information" and TSRS 2 - "Climate-related Disclosures."

This report was prepared to publicly disclose Kuzey Boru A.Ş.'s (the "Company" or "Kuzeyboru") sustainability performance, climate-related risks and opportunities, governance approach, strategic priorities, and sustainable value creation model for the 2025 reporting period in accordance with the Turkish Sustainability Reporting Standards. The report was structured in accordance with the requirements of TSRS 1, "General Requirements for Disclosure of Sustainability-related Financial Information," and TSRS 2, "Climate-related Disclosures."

Kuzeyboru's operations have multidimensional implications for climate change and sustainability due to its raw material- and energy-intensive production processes, use of petrochemical-based raw materials, the geographic distribution of its production facilities, supply chain continuity, the long service life of its products, and the environmental contributions its products make to infrastructure projects. In this context, the report addresses material sustainability-related and climate-related risks and opportunities that could affect the Company's cash flows, access to finance, cost of capital, operational continuity, and competitiveness over the short, medium, and long term.

Reporting Period and Scope

This report covers the Company's activities from January 1 to December 31, 2025. The scope of the report was defined in alignment with Kuzey Boru A.Ş.'s financial reporting boundaries. The disclosure boundaries for sustainability performance indicators are specified separately in the relevant metrics and targets sections.

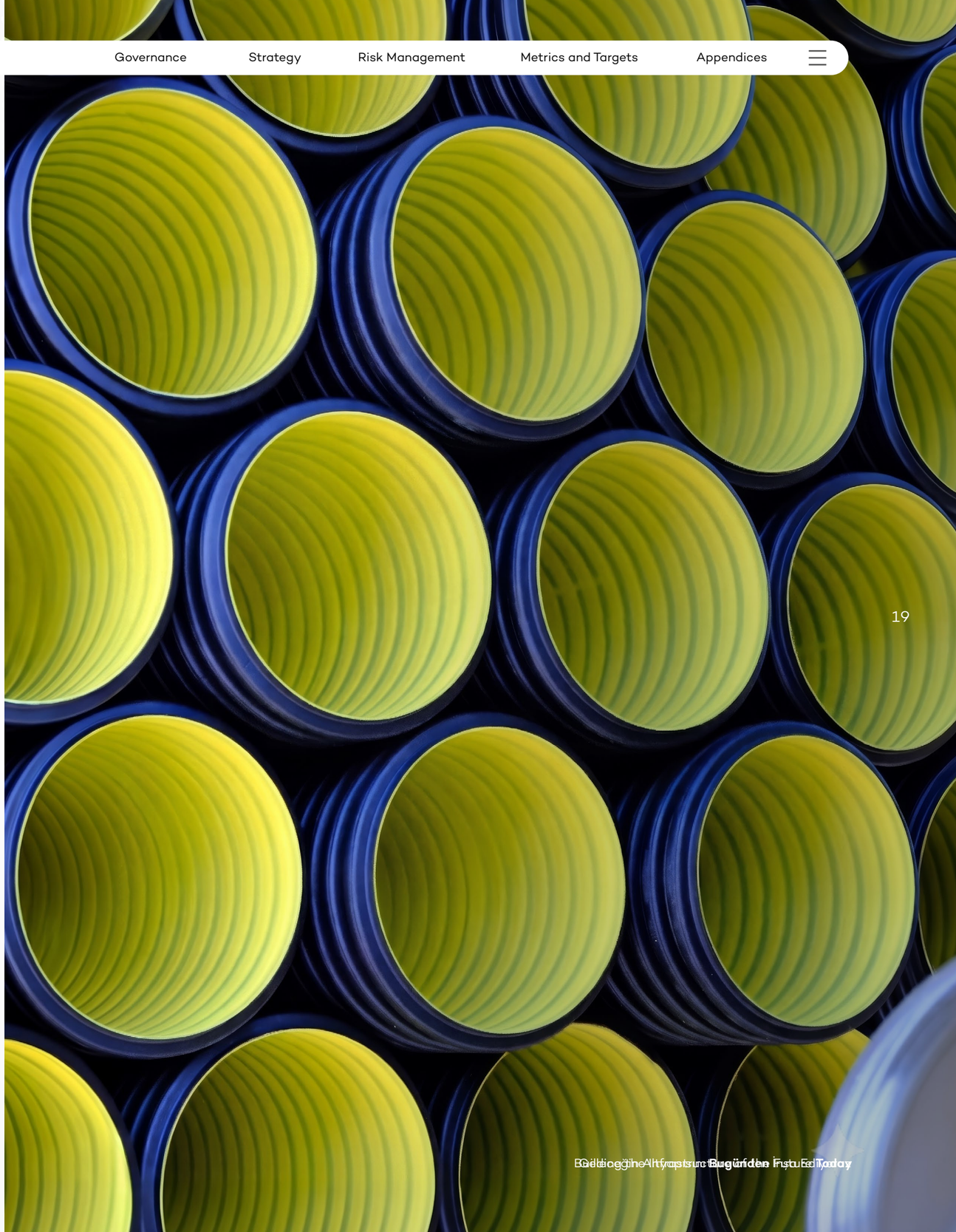
Within the scope of the report, Kuzeyboru's production infrastructure was considered, with a particular focus on its main production hub in the Aksaray Organized Industrial Zone, alongside the Malatya Glass Fiber Reinforced Polyester (GRP) Pipe Production Facility and the Balıkesir Ege-1 Thermoplastics Production Facility. The report evaluates the Company's production processes, supply chain, logistics activities, energy use, water and waste management, product performance, and climate-related risks and opportunities in the relevant sections.

The sustainability disclosures should be read in conjunction with the financial statements and annual report for the same reporting period.

Compliance and Alignment

Kuzey Boru A.Ş.'s 2025 TSRS Report was prepared in compliance with the requirements of TSRS 1 - "General Requirements for Disclosure of Sustainability-related Financial Information" and TSRS 2 - "Climate-related Disclosures."

The report addresses the Company's sustainability- and climate-related risks and opportunities across governance, strategy, risk management, and metrics and targets, with the aim of providing information useful to users of gen-



eral purpose financial reports in making decisions.

In addition to the TSRS, the Sustainability Accounting Standards Board (SASB) Standards and the Construction Materials guidance set out in Volume 8, Appendix C of the Guidance on the Industry-based Implementation of TSRS 2 were considered in preparing the report. Given the nature of the Company's operations, the reporting process considered sector-specific topics including energy management, water management, waste management, product performance, and resource efficiency.

The disclosures in the TSRS Report should be evaluated from a holistic perspective alongside the Company's financial statements for the January 1 - December 31, 2025 reporting period, prepared in accordance with the Capital Markets Board of Türkiye (CMB) Communiqué No. II-14.1 on the "Principles of Financial Reporting in Capital Markets," as well as its annual report.

Transitional Provisions

As 2025 marks one of Kuzey Boru A.Ş.'s first reporting periods under the TSRS, the Company considered the initial application and transitional provisions of TSRS 1 and TSRS 2 in preparing the report. Accordingly, data collection processes, disclosure boundaries, measurement methodologies, and the reporting approach were structured in line with the transitional relief provisions applicable to the initial application period.

In this respect:

- The Company applied the transitional reliefs provided under TSRS 1 and TSRS 2 for the presentation of comparative information.
- The disclosures presented for the 2025 reporting period do not include 2024 data as comparative information. This approach was considered within the scope of the transitional provisions applicable to the initial application of the TSRS.
- The disclosures primarily focus on climate-related risks and opportunities.
- Scope 3 greenhouse gas emissions were excluded from the scope of disclosure for this reporting period, as the data collection infrastructure for the supply chain, logistics activities, product life cycle, and end-of-life processes is still under development.

Guidance Resources

TSRS 1 and TSRS 2 served as the primary criteria in preparing the report. Climate-related disclosures were structured around the four areas of governance, strategy, risk management, and metrics and targets.

For industry-specific disclosures, Kuzeyboru considered the metrics for construction materials and related manufacturing activities set out in the TSRS 2 Industry-based Guidance, taking into account the nature of its operations. In addition, the energy management, water management, air emissions, waste management, product performance, and activity metrics set out in the SASB Standards were used as supplementary guidance to enhance the industry-level comparability of the disclosures.

Reporting Entity, Linkage to Financial Statements, and Presentation Currency

This report covers sustainability disclosures for the reporting period ended December 31, 2025. The reporting period is consistent with that of the corresponding financial statements, and the sustainability disclosures should be read in conjunction with the financial statements and annual report.

The presentation currency used in the report is the Turkish lira (TRY). Financial impacts, capital expenditures, cost impacts, and climate-related financial assessments are presented in the same currency as that used in the financial statements for the relevant reporting period. Due to the Company's international sales and export activities, certain indicators may be monitored in USD or EUR, with the applicable currency specified in the relevant disclosures where necessary.

Judgments and Measurement Uncertainty

The greenhouse gas emissions, energy consumption, water use, and waste management data presented in this report were prepared based on the Company's operational control approach, existing data collection processes, and relevant methodological assumptions. The emissions calculations were based on nationally and internationally recognized emission factors and the methodology of the Greenhouse Gas (GHG) Protocol.

Measurement and estimation processes are subject to a certain degree of uncertainty due to the energy-intensive nature of the production processes, the use of petrochemical-based raw materials, the evolving facility-level data collection infrastructure, and the maturity of supply chain data. These uncertainties are particularly significant with respect to Scope 3 emissions, logistics-related impacts, product life cycle impacts, and forward-looking financial assessments of carbon pricing.

As implementation details regarding carbon pricing, the Emissions Trading System (ETS), and climate-related regulations in Türkiye continue to evolve, the financial impacts of transition risks were quantified only to a limited extent in this reporting period. The Company plans to update the relevant assessments in future reporting periods as data quality improves and the regulatory framework becomes clearer.

Reporting Entity and Scope

This TSRS Report was prepared by Kuzey Boru A.Ş. The report addresses the Company's production of plastic pipes and fittings for infrastructure and superstructure projects, covering its production facilities, supply chain, logistics processes, product performance, energy and resource use, and climate-related risks and opportunities.

Kuzeyboru's value chain comprises raw material sourcing, production, quality control, product distribution, customer use, and product end-of-life processes. In this context, the production and use of glass fiber reinforced polyester (GRP) pipe systems, high-density polyethylene (HDPE) pipe systems, corrugated infrastructure pipes, and polypropylene random copolymer (PPR) pipe systems, in particular, are considered key components of sustainability performance in terms of reducing water losses and leakage, enhancing infrastructure resilience, long service life, and resource efficiency.

Assurance and Audit

The scope of the assurance engagement, the procedures performed, and the conclusions reached are set out in the relevant section of the report under the heading "Limited Assurance Auditor's Report."

As part of the assurance process, the sustainability information disclosed under TSRS 1 and TSRS 2 and the data related to greenhouse gas statements are expected to be assessed in accordance with the applicable assurance standards. In this context, Assurance Engagements Standard (GDS) 3000 and GDS 3410, Assurance Engagements on Greenhouse Gas Statements, may serve as the primary reference frameworks for the limited assurance engagement.

> To strengthen comparability across the sector, energy management, water management, air emissions, waste management, product performance, and activity metrics included in the SASB Standards were used as supplementary guidance.

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About **Kuzeyboru**

Building the Infrastructure of the Future **Today**

About **Kuzeyboru**

The Company maintains an active presence in global markets, **exporting to more than 100 countries** across five continents.

Corporate Structure

The Company began operations in 1999 under the name “Debim Bilgisayar Ltd. Şti.” At the time of its establishment, it adopted a technology-driven business model focused on software development and the trading of technology products.

In 2002, the Company underwent a strategic transformation in response to economic developments in Türkiye and evolving industry dynamics, shifting its business focus to plastic pipe manufacturing. In this context, the Company began production operations in the Aksaray Organized Industrial Zone in 2005 and changed its corporate name to “Kuzeyboru Plastik Ltd. Şti.” This transformation marked the beginning of the Company’s journey toward growth and value creation in industrial manufacturing.

In the years that followed, Kuzeyboru strengthened its organizational structure in line with its corporate development and sustainable growth targets. In 2020, the Company transitioned to joint-stock company status and adopted the corporate name “Kuzey Boru A.Ş.” As of 2023, the listing of its shares on Borsa İstanbul’s Stars Market is regarded as an important indicator of the Company’s commitment to financial transparency, corporate governance, and sustainable value creation.

Kuzeyboru’s principal business activity is the production of plastic pipes and fittings for infrastructure and superstructure projects. In this context, Kuzeyboru specializes in the production of glass fiber reinforced plastic (GRP), high-density polyethylene (HDPE), corrugated, and polypropylene (PPR) pipe systems, providing integrated solutions for water and wastewater management, energy transmission, and various infrastructure applications. Glass fiber reinforced plastic (GRP) pipe systems, in particular, stand out for their corrosion resistance and long service life, while their flow-efficient design contributes to more efficient resource use. The products contribute to sustainable infrastructure investments through features such as long service life, durability, and resource efficiency.

As of 2025, Kuzeyboru is considered one of Türkiye’s leading plastic pipe manufacturers, supported by its advanced manufacturing technologies, extensive product portfolio, and established corporate governance structure, while maintaining an active presence in global markets through exports to more than 100 countries across five continents. In this context, the Company conducts its operations with a focus on sustainability, quality, and the added value it delivers to its stakeholders.



Title	Number of Shares	Shareholding Ratio (%)
Mustafa TOPGAÇ	182,400,000	**30.40%**
Bülent KARAMAN	182,400,000	**30.40%**
Demet KARAMAN	91,200,000	**15.20%**
Publicly Held Shares	144,000,000	**24.00%**
Total	**600,000,000**	**100.00%**

Table 1. Shareholding Structure

Of the Company’s total shares, 24.00% are publicly held, with the remaining shares held by the founding shareholders.

The current shareholding structure enables the founding shareholders to retain their role in the management and strategic direction of the Company, while the public float supports transparent and accountable business practices. This structure provides a balanced shareholding framework that strengthens the Company’s corporate governance practices.

Milestones

2001

The Company was established under the name Debim Bilgisayar İnşaat Reklam Sanayi ve Ticaret Limited (Debim Computer, Construction, Advertising, Industry and Trade Limited Company)



2005

The Company's corporate name was changed to "Kuzey Boru Plastik Sanayi ve Ticaret Limited Şirketi" (Kuzey Boru Plastics Industry and Trade Limited Company).



2006

The "Kuzeyboru" trademark was registered with the Turkish Patent and Trademark Office.



2006

The Company obtained the TS EN 12201-2+A1 Certificate and began participating in public tenders.



2017

The "Kuzeyboru Youth and Sports Club" women's volleyball team was established.



2017

The Company opened sales representative offices in Milan, Italy; Dubai, United Arab Emirates; and Doha, Qatar.



2018

The Company was included in the official supplier list of the General Directorate of State Hydraulic Works (DSİ) of the Republic of Türkiye.



2018

The Company's Testing Laboratory received accreditation from the Turkish Accreditation Agency (TÜRKAK).



2020

The Company changed its legal form and adopted the corporate name "Kuzey Boru A.Ş."



2023

The Company's shares began trading on Borsa İstanbul's Stars Market on December 14, 2023.



2024

The Company opened its R&D Center.



2024

The Company's Malatya GRP Pipe Production Facility commenced operations.



2025

The Aksaray PPR Production Facility commenced operations.



2025

The Ege-1 Thermoplastics Production Facility in Balıkesir commenced operations.





Production Facilities and Regions of Operation

Kuzeyboru conducts its production activities at modern, integrated facilities strategically located across different regions of Türkiye. Kuzeyboru has a total production capacity of 237,000 tons, and its main production hub is located in the Aksaray Organized Industrial Zone. In line with the Company's sustainable growth vision, investments in different cities are geographically diversifying its production network and enhancing operational flexibility.

The production facilities in Aksaray operate as the Company's primary center for plastic pipe manufacturing, with advanced technology infrastructure enabling the integrated production of HDPE, corrugated, and PPR product groups. The commissioning of the PPR production facility in 2025 expanded the Company's product portfolio and strengthened production efficiency and flexibility.

The GRP (Glass Reinforced Plastic) pipe production facility in Malatya strengthens the Company's production capacity for large-scale infrastructure projects and contributes to the development of its project-based manufacturing capabilities. In addition, the Ege-1 Thermoplastics Production Facility in Balıkesir strengthens the Company's operational efficiency across Türkiye by offering regional advantages in production and logistics.

The production facilities feature advanced technology, automation systems, and comprehensive quality control mechanisms, with production processes conducted in compliance with national and international standards. In this context, the Company's accredited in-house testing laboratory supports systematic, traceable, and reliable product quality and conformity processes.

Governance

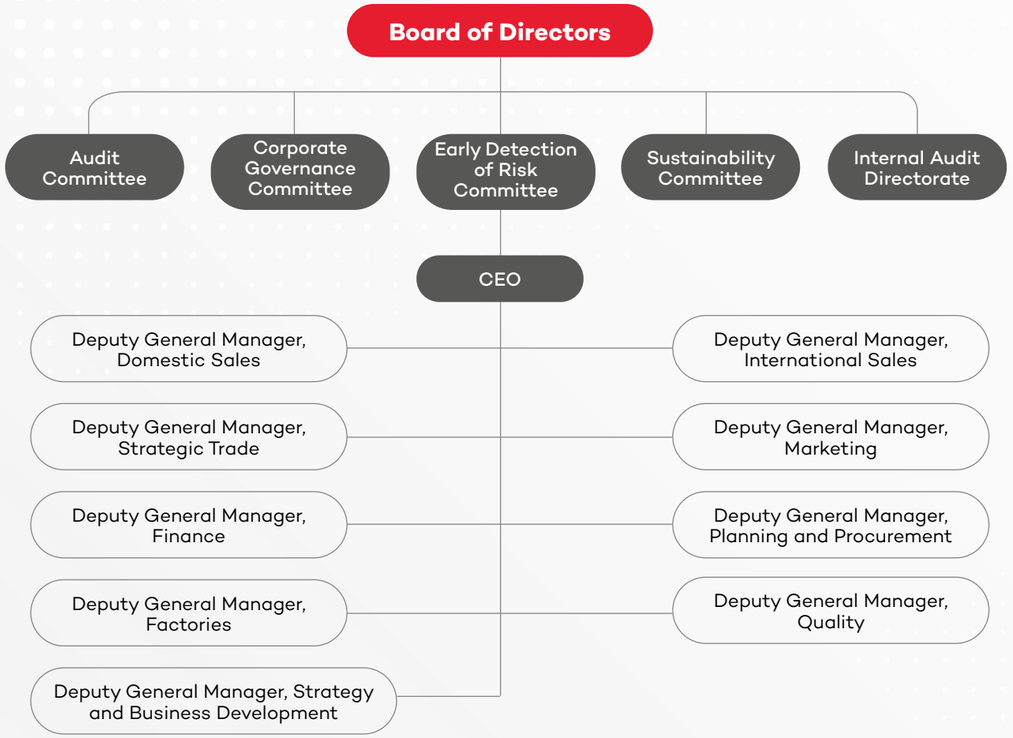
Governance

Corporate Governance

Kuzey Boru A.Ş.'s governance structure is organized under the leadership of the Board of Directors and supported by committees operating under the Board. The organizational chart presented below outlines the Company's management structure, the relationship between its committees and executive management, and the hierarchy within its decision-making processes.

The committees established under the Board of Directors carry out oversight and assessment activities in the areas of audit, corporate governance, and risk management, and report regularly to the Board of Directors on relevant matters. Within their respective authority and responsibilities, the committees conduct assessments and make recommendations, while the Board of Directors retains final decision-making authority.

As of the reporting period, the Company does not have a practice in place to directly integrate sustainability- and climate-related performance metrics into executive remuneration and incentive mechanisms.



Audit Committee

The Board of Directors established and authorized the Audit Committee to ensure that the Company's audit processes are conducted effectively and appropriately. The Committee oversees the selection of the independent audit firm, determination of the scope of services, and initiation of the audit process, while also monitoring the rotation of the independent audit firm and all stages of the audit process.

The Committee evaluates findings from audit activities and, where necessary, develops recommendations for improvement and presents them to the Board of Directors. The Committee monitors efforts to design, implement, and enhance internal control systems in line with the principles of transparency, fairness, responsibility, and accountability.

The Committee monitors the implementation of warnings and recommendations arising from control and audit processes and reviews reports intended for public disclosure for accuracy and consistency. The Committee conducts assessments and makes recommendations within the scope of its activities, while the Board of Directors retains final decision-making authority.

Members



Chairperson
Ünsal SÖZBİR
Independent Member of the Board of Directors



Selim ERDOĞAN
Independent Member of the Board of Directors

Corporate Governance Committee

The Board of Directors established and authorized the Corporate Governance Committee to oversee the development, adoption, and implementation of corporate governance principles across the Company. In this context, the Committee regularly monitors the implementation of corporate governance principles, identifies areas where full compliance has not been achieved and any potential conflicts of interest arising from such non-compliance, and provides the Board of Directors with recommendations for improvement.

The Committee oversees investor relations activities and evaluates the scope, quality, consistency, and accuracy of disclosures to be included on the Company's website and in its annual reports, providing guidance as necessary. The Committee also works to maintain effective communication between the Board of Directors and shareholders and supports the assessment and resolution of potential disputes.

The Committee conducts assessments and makes recommendations within the scope of its activities, while the Board of Directors retains final decision-making authority.

Members



Chairperson
Selim ERDOĞAN
Independent Member of the Board of Directors



Ünsal SÖZBİR
Independent Member of the Board of Directors



Emine AYTAÇ
Member

Early Detection of Risk Committee

The Early Detection of Risk Committee was established and authorized by the Board of Directors to ensure the effective implementation of processes for the early identification, assessment, and management of risks that may affect the Company's existence, development, and continuity. In this context, the Committee regularly reviews risk management systems, assesses potential risks related to the Company's operations, identifies necessary measures, and monitors the relevant processes. The Committee periodically reports its assessments and presents them to the Board of Directors. The Committee also reviews material complaints submitted by shareholders and monitors the related assessment processes. The Committee conducts assessments and makes recommendations within the scope of its activities, while the Board of Directors retains final decision-making authority.

Members



Chairperson
Ünsal SÖZBİR
Independent Member of the Board of Directors



Ahmet KOYUN
Independent Member of the Board of Directors



Habip ÖZBEK
Member



Sustainability Governance

At Kuzey Boru A.Ş., the Sustainability Committee, operating under the Board of Directors, oversees sustainability- and climate-related risks and opportunities. The Committee is responsible for developing, enhancing, monitoring, and reporting the Company's sustainability strategies to the Board of Directors. In this context, the environmental, social, and governance dimensions of sustainability, along with physical and transition risks related to climate change, are considered integral elements of the corporate governance structure. This structure ensures that sustainability-related risks and opportunities are addressed as an integral part of the Company's corporate governance mechanisms.

The Committee comprises at least two members selected by the Board of Directors from among the members of the Board and/or deputy general managers, directors, managers, assistant managers, and other executives of the Company serving in relevant areas. The Committee Chair is a member of the Board of Directors selected from among the Committee members, while the Investor Relations Manager coordinates the Committee's activities. The Board of Directors Secretariat manages the Committee's secretariat processes.

The Sustainability Committee's climate-related duties, authorities, and responsibilities are defined in the Committee's operating principles and relevant job descriptions. In this context, the Committee is responsible for assessing climate-related risks and opportunities, setting sustainability targets, monitoring climate performance, overseeing compliance with applicable regulations and standards, and providing recommendations to the Board of Directors. The relevant levels of management are responsible for implementing climate and sustainability initiatives within their respective areas of responsibility and for monitoring and reporting performance data.

The Sustainability Committee meets at least twice a year and may hold extraordinary meetings when necessary. The Committee regularly reviews the sustainability strategy, the TSRS compliance process, climate-related risks and opportunities, sustainability reporting, performance indicators, stakeholder expectations, and related action plans at its meetings. Decisions and actions agreed upon at Committee meetings are recorded in meeting minutes to ensure traceability. As part of the sustainability governance activities conducted in 2025, meetings concerning the Sustainability Committee and the TSRS reporting process were held on March 25-26, July 23, November 17, December 16, and December 19, 2025, with each meeting formally documented in the minutes. These meetings addressed topics such as establishing the sustainability governance structure, organizing working groups, the TSRS compliance process, risk and opportunity assessments, sustainability reporting, data management, carbon footprint initiatives, and the integration of the sustainability strategy into business processes. The relevant departments monitor the actions identified based on the meeting outcomes and report them to the Board of Directors when necessary.

Members of the Board of Directors and the Sustainability Committee receive regular briefings on climate change, sustainability, corporate governance, risk management, and relevant regulations. The Sustainability Committee comprises members with experience in technical, academic, financial, and corporate governance fields. Prof. Dr. Ahmet Koyun, Chair of the Committee, contributes to its technical expertise

Sustainability Committee



Ahmet KOYUN
Chair



Selim ERDOĞAN
Member



Pelin AKAN ŞALIKARA
Member

through his academic work in the fields of energy, environmental technologies, water, and piping systems. Selim Erdoğan, Independent Member of the Board of Directors, contributes to the Committee's risk management and governance processes through his experience in corporate governance, internal control, risk management, and capital markets. Pelin Akan Şalıkara, CFO and Deputy General Manager, contributes to the integration of sustainability information into financial processes and the implementation of TSRS requirements, drawing on her experience in both financial management and TSRS reporting processes. The Committee members' educational backgrounds, areas of expertise, and professional experience provide the knowledge and competencies required to assess climate-related risks and opportunities and make strategic decisions on sustainability matters. To keep these competencies up to date, the Committee members participate in training programs, seminars, and industry briefings and seek expert advisory services when necessary.

The Committee's duties and responsibilities include monitoring sustainability regulations and standards, setting the Company's strategies and targets, developing sustainability-related policies and practices, managing sustainability-related risks and opportunities, and monitoring performance. Within this scope, the Committee regularly reviews matters including climate change, energy management, resource efficiency, supply chain continuity, and regulatory developments.

The Committee submits its assessment reports and performance analyses to the Board of Directors at least twice a year and more frequently as needed. These briefings cover topics such as climate-related risks and opportunities, greenhouse gas emissions, energy efficiency initiatives, sustainability targets, regulatory changes, and compliance processes. The Board of Directors takes these assessments into account when making investment decisions, allocating capital, managing risks, and setting strategic targets.

The Board of Directors considers the assessments and recommendations prepared by the Committee in shaping the Company's long-term sustainability strategies, investment decisions, and risk management approach. Accordingly, climate-related risks and opportunities are integrated into decision-making on capital allocation, operational improvements, energy efficiency, renewable energy initiatives, and low-carbon production technologies.

Climate and sustainability performance indicators are not currently used as direct performance criteria in executive remuneration policies. Executive remuneration practices are determined in line with financial performance, operational targets, and corporate governance principles, and currently do not incorporate climate and sustainability indicators. However, the Company regularly assesses the alignment of its sustainability targets with its corporate performance management processes and monitors developments in this area.

The Company assesses climate-related risks and opportunities within its enterprise risk management framework and integrates them into its internal control processes. These risks and opportunities are considered in budgeting, investment planning, operational decision-making, and performance monitoring processes, while factors such as energy costs, carbon regulations, resource efficiency, supply chain resilience, and climate-related physical risks are incorporated into strategic planning. In this way, the Company regularly monitors the potential impacts of climate change on its operations, while the relevant business units implement the necessary actions.

To keep the Committee members' sustainability and climate-related competencies up to date, the Company closely monitors evolving regulations, TSRS requirements, and industry developments, provides regular briefings accordingly, and engages advisory services where needed.

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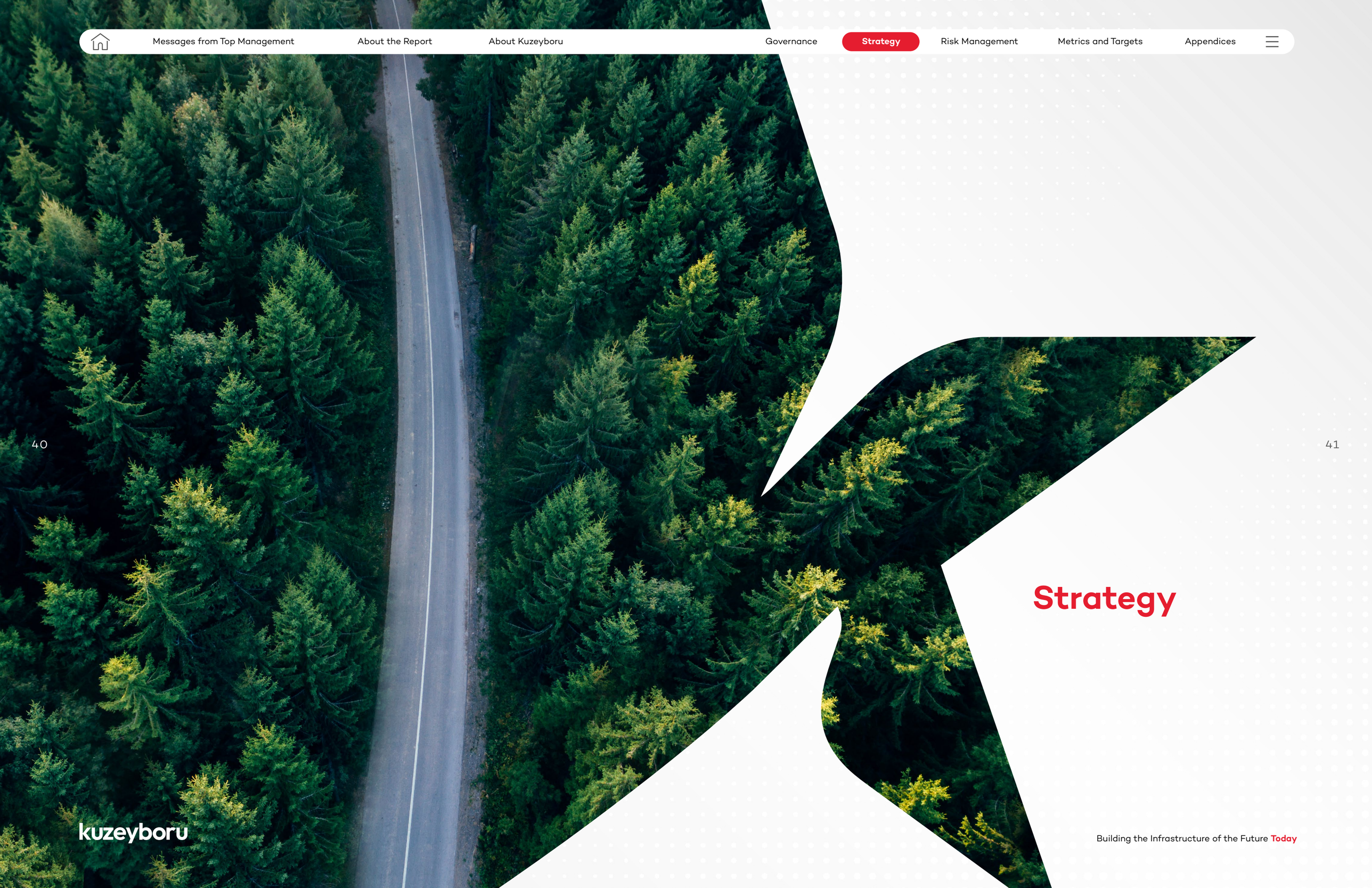
Climate-related risks and opportunities are integrated into decision-making on **capital allocation, operational improvements, energy efficiency, renewable energy initiatives, and low-carbon production technologies.**





kuzeyboru

Strategy

Building the Infrastructure of the Future **Today**

Strategy

At Kuzey Boru, sustainability is embedded in the business model, while environmental, social, and governance risks and opportunities are incorporated into the Company's strategic planning processes. Within this framework, the Company systematically assesses the potential impacts of climate change, energy and resource use, regulatory developments, and market dynamics on its operations.

The Company's strategy is structured around enhancing operational efficiency, supporting the transition to low-carbon production processes, and strengthening competitiveness in international markets in line with its sustainable growth targets. Accordingly, climate-related risks and opportunities, the business model and value chain structure, financial impacts, and climate resilience are considered together and systematically integrated into decision-making processes. Within this framework, the Company's strategic approach is detailed under the following areas: management of climate-related risks and opportunities, business model and value chain structure, financial impacts, and climate resilience.

Management of Climate-Related Risks and Opportunities

At Kuzeyboru, sustainability- and climate-related risks and opportunities are managed in an integrated manner within the Company's overall governance structure and are considered an integral part of its enterprise risk management, strategic planning, and operational decision-making processes. Taking into account the impacts of climate change on production processes, energy use, the supply chain, and long-term investment decisions, the Company assesses these areas within a comprehensive framework across the organization.

Kuzeyboru identifies and manages climate-related risks and opportunities by considering global and industry developments together with the Company's internal operational dynamics. The Company considers physical risks, including extreme weather events, water stress, and resource constraints, together with transition risks such as carbon pricing mechanisms, regulatory developments, and changing market expectations, and assesses their potential impacts on its financial position, production capacity, and competitiveness. The management of climate-related risks and opportunities is directly linked to the Carbon Transition Program, a key component of the Company's sustainability approach, and is addressed within a strategic framework aimed at low-carbon production, energy efficiency, and optimized resource use. In this context, climate-related risks are considered a critical area of management in terms of operational continuity, cost management, and long-term corporate resilience.

Risks and opportunities are prioritized based on their level of operational impact and likelihood of occurrence. Accordingly, rising energy costs, carbon regulations, supply chain vulnerabilities, and the impacts of extreme weather events on production and logistics processes are identified as priority risk areas. Energy efficiency initiatives, renewable energy use, low-carbon product development, and circular economy practices are considered strategic opportunities. This prioritization approach contributes significantly to the Company's governance processes by supporting the efficient use of resources and directing improvement efforts toward critical areas.

The Company regularly reviews and updates its climate-related assessments through its sustainability and risk management mechanisms. The findings from this process are used as inputs for strategic planning, investment decisions, and operational improvement processes, ensuring that climate-related matters are systematically integrated into the Company's overall decision-making mechanisms. This approach enables the dynamic management of risks and opportunities in response to changing conditions.

Kuzeyboru assesses climate-related risks and opportunities by considering potential impacts throughout the Company's value chain and integrates them into its strategic planning processes. The table below identifies climate-related risks across short-, medium-, and long-term time horizons in alignment with the Company's financial planning cycles and strategic investment decisions.

Time Horizon	Duration	Description	Priority Activities
Short Term	1-3 Years	This is the period in which energy efficiency, process optimization, and operational improvement initiatives are prioritized. During this period, efforts focus on reducing heat losses in production processes, monitoring energy consumption, optimizing process parameters, and improving cooling technologies.	Enhancing energy efficiency practices, continuing operational improvements, developing product formulations and processes, establishing energy and fuel consumption monitoring systems, and effectively utilizing existing renewable energy systems.
Medium Term	4-7 Years	This is the period in which operational transformation accelerates following the establishment of the infrastructure and the outcomes of short-term strategic targets can be monitored. The Company aims to recover energy, implement resource efficiency practices, and enhance the digital traceability of production processes.	Continuing technological improvement initiatives, enhancing equipment and systems with a focus on efficiency, expanding renewable energy applications, strengthening energy monitoring and analysis infrastructure, and improving resource efficiency.
Long Term	8+ years	This period is expected to mark the maturation of the Company's low-carbon growth and climate adaptation strategies. The Company aims to transition to low-carbon technologies across its production, energy management, and logistics processes and strengthen sustainability performance throughout the value chain.	Increasing the use of renewable energy, evaluating low-carbon production practices, and continuing efforts to improve energy and resource efficiency.

Table 2. Climate-Related Risks by Time Horizon

Carbon Transition Program

The core framework of Kuzeyboru's transition plan, developed in response to climate-related risks and opportunities, is embodied in the Carbon Transition Program. The Program was developed to establish a framework for measuring, monitoring, and reducing greenhouse gas emissions arising from the Company's operations, with 2025 designated as the base year. Using the emissions data for this base year as a reference, the Company assessed its past emission reduction efforts and defined the strategies and actions to be implemented in the coming period.

The Program is based on internationally recognized methodologies for calculating and reporting greenhouse gas emissions. Within this framework, the GHG Protocol serves as a reference, and the reporting approach is structured in alignment with the TSRS in effect in Türkiye. The Company uses an activity data-based approach to calculate emissions, applying the relevant emission factors based on the following formula: Emissions = Activity Data × Emission Factor.

Under this methodology, the Company focuses on collecting, organizing, and preparing activity data for calculation, regularly monitoring data related to emission sources, and conducting data collection processes in accordance with defined standards. Accordingly, the Company calculates greenhouse gas emissions annually, monitors Scope 1 and Scope 2 emissions, tracks emission intensity indicators, assesses any deviations, and shares them with the relevant departments as necessary. Sustainability performance data are reported regularly, periodic assessment reports are prepared for presentation to senior management, and reporting is carried out in compliance with applicable regulations and the TSRS.

As of 2025, no data management system is in place to calculate carbon emissions in real time, and the Company monitors its carbon emissions manually. Where direct measurements were unavailable, recognized calculation methods were used. To address this limitation, the Company plans to use measurement data as the basis for the Factory 360 data management process, which is being developed under the TUBITAK 1832 project and will be gradually implemented in 2026. In line with the principles of data quality, verifiability, and traceability, all assumptions and methodological choices are documented and recorded, with plans to maintain these records digitally starting in 2026.

Scope	Emission Source
Scope 1	Stationary combustion sources (e.g., natural gas consumption), mobile combustion sources (vehicle fuel consumption), generators, and similar equipment
Scope 2	Electricity consumption from the grid, renewable energy generation
Scope 3 (Value Chain Emissions)	The Company is currently developing its data collection infrastructure for supply chain and logistics processes.

Table 3. Base Year Emission Sources

The Company plans to implement the Factory Production Monitoring software, which will enable carbon emissions to be calculated, in 2026 and gradually roll it out across all production facilities by the end of 2027. The recipe management system to be implemented as part of this software will enable the Company to monitor recycling quality and ensure production in compliance with applicable standards based on quality performance. Accordingly, the system will enable active and autonomous recipe management aimed at reducing the carbon footprint.

Category	Planned Actions
Scope 1	Continuing process development initiatives aimed at reducing fuel consumption, reducing energy use through product formulation and process optimization, increasing the use of high-efficiency equipment, and expanding the use of electric vehicles.
Scope 2	Developing energy efficiency projects to reduce electricity consumption, expanding investments in rooftop and ground-mounted solar PV systems, and enhancing the monitoring and analysis of energy consumption.
Scope 3	Identifying Scope 3 emission sources, developing data collection infrastructure for supply chain and logistics processes, implementing AI-based software for route optimization, improving recycling processes to increase raw material efficiency, reducing waste generation, and enhancing water management practices.

Table 4. Emission Reduction Strategy

For Kuzeyboru, climate change and emissions management represent a strategic area with direct implications for its cost structure, operational continuity, and long-term competitiveness. Fluctuations in energy input prices and the potential introduction of carbon pricing mechanisms are among the factors that could place additional pressure on production costs. In contrast, energy efficiency initiatives, process and product development efforts, and renewable energy investments offer significant opportunities to optimize the cost structure and mitigate risks related to energy supply. Adapting to a low-carbon production approach and strengthening capabilities in this area are considered key elements of long-term competitiveness.

Kuzeyboru considers carbon management not merely a compliance process, but a strategic area for operational efficiency and sustainable growth. The Program establishes a fundamental framework for systematically monitoring, assessing, and reducing emissions. Looking ahead, key priorities include advancing implementation in line with the defined roadmap and strategies, strengthening the data infrastructure, and regularly monitoring sustainability performance.

Climate-related Risks and Opportunities

The thermoplastic pipe industry in which Kuzeyboru operates is exposed to various climate-related risks due to its raw material supply chain, energy-intensive production processes, and dependence on water resources. In particular, potential drought and water stress in regions where the Company's production facilities are located could adversely affect access to process water, the efficiency of cooling systems, and operational continuity. Carbon regulations, changes in energy costs, and growing expectations for sustainable products are also considered among the key transition risks that could affect the Company's cost structure and competitive position.

Definition of Risk	Type / Time Horizon	Impact on Strategy and Business Model	Financial Impact	Relevant Action Area
Increasing regulatory requirements related to environmental protection and plastic use	Transition / Medium Term	Increasing compliance requirements in production processes and the need for changes in product design and raw material selection	Increase in compliance costs, higher operating expenses, and potential reputational risk	Supplier Criteria, Raw Material Recovery
Regulations on carbon emissions and rising carbon costs	Transition / Medium Term	The need to reduce energy intensity in production processes and transition to low-carbon production technologies	Increased investment requirements and the risk of declining profitability due to carbon costs	Energy Efficiency, Solar PV, and Renewable Energy
Uncertainty in raw material supply and dependence on petroleum-based inputs	Transition / Medium Term	Supply chain vulnerabilities, risks to production continuity, and the need to identify alternative raw materials	Increase in raw material costs and production losses due to supply delays	Raw Material Recovery, Scope 3 Data Infrastructure
Reduced access to water resources due to drought and water stress	Physical / Long Term	Difficulty in securing water for production processes, reduced cooling system efficiency, and pressure on operational continuity	Increased water supply costs, additional investment requirements, reduced production efficiency, and potential production disruptions	Water and Resource Efficiency
Fluctuations in Energy Prices	Transition / Short Term	Deterioration in the cost structure and pressure on operational efficiency	Increased energy expenses and reduced profitability	Energy Efficiency

Table 5. Strategic and Financial Impact Analysis of Climate-Related Risks

The same structural characteristics also present significant opportunities for the Company. Increasing water stress is driving demand for water-efficient products and creating opportunities to reach new customer segments. Accordingly, R&D efforts focused on smart piping systems and strategic partnerships with municipalities and water authorities are becoming increasingly important. The capacity to develop products resilient to climate-related extreme weather events presents an opportunity to increase preference for the Company's products in infrastructure projects, thereby increasing long-term project revenues and strengthening revenue visibility. The transition to a low-carbon production model and energy efficiency initiatives present an opportunity to enhance operational profitability and improve access to green financing by expanding existing solar PV capacity and investing in energy-efficient equipment. Infrastructure needs in regions facing water scarcity also present opportunities for the Company to increase export revenues and generate additional revenue streams from new service offerings by expanding geographically and developing service-based business models.

Definition of Opportunity	Type / Time Horizon	Impact on Strategy and Business Model	Financial Impact	Relevant Action Area
Innovative Water Management Solutions	Products and Services / Short Term	Shift toward water-efficient products in response to increasing climate-related water stress and access to new customer segments	Increased revenue from new market segments and higher margins on high-value-added products	R&D initiatives for smart piping systems and strategic partnerships with municipalities and water authorities
Disaster Resilience and Infrastructure Renewal	Market / Medium Term	Developing products resilient to climate-related extreme weather events and increasing preference for these products in infrastructure projects	Increased long-term project revenues, order continuity, and enhanced revenue visibility	Expanding the range of specialized products resilient to natural disasters and obtaining relevant technical certifications
Energy Efficiency and On-Site Generation	Resource Efficiency / Short Term	Transition to a low-carbon production model and transformation of operational processes through energy efficiency	Reduced energy costs, increased operational profitability, and access to green financing	Increasing existing solar PV capacity and investing in energy-efficient equipment
International Markets and Advisory Services	Market / Medium-Long Term	Geographic expansion through infrastructure solutions in water-scarce regions and the development of service-based business models	Increased export revenues and additional revenue streams from new service offerings	Conducting analyses of target markets and developing industry-specific training and advisory programs

Table 6. Strategic and Financial Impact Analysis of Climate-Related Opportunities

Area	Risk/ Opportunity Response	Key Action	Milestone	Timeline	Assumption/ Dependency	Target/ Metric
Energy Efficiency	Rising energy costs, carbon regulations, and emissions from production	Monitoring energy consumption in production processes, identifying areas of inefficiency, and developing energy efficiency initiatives	Regular monitoring of energy and fuel consumption and assessment in conjunction with production volume	Short and Medium Term	Production volume, machinery efficiency, measurement infrastructure, and investment budget	Energy Consumption, Energy Intensity, Scope 1 and Scope 2 Emissions
Process optimization	Energy-Intensive Production Structure and Production Costs	Continuing product formulation and process development initiatives and reducing production losses	Identifying areas for improvement in production processes and implementing operational efficiency initiatives	Short and Medium Term	Production Recipes, Quality Standards, Process Data, and R&D Studies	Production Efficiency, Scrap Rate, Energy Intensity
Solar PV and Renewable Energy	Electricity Costs and Emissions from Electricity Consumption	Effective use of rooftop solar PV systems, assessment of ground-mounted solar PV investments, and increasing the use of renewable energy	Monitoring existing renewable energy generation and assessing opportunities for additional solar PV investments	Short, Medium, and Long Term	Investment Budget, Grid Connection Permits, Facility and Land Suitability, Electricity Consumption Profile	Renewable Energy Generation, Renewable Energy Share, Scope 2 Emissions
Raw Material Recovery	Raw Material Costs, Resource Use, and Circular Economy Expectations	Recovering production scrap and waste for reuse in production processes	Continuing recycling and pellet reprocessing practices and monitoring the amount of recoverable scrap	Short term	Recoverable Scrap Quantity, Product Quality Requirements, and Recovery Capacity	Raw Material Efficiency, Recovery Rate, Scrap Rate, Waste Quantity
Scrap and Waste Reduction	Production Scrap, Scrap Pipes, and Process Waste	Continuing monitoring and improvement efforts to reduce production scrap, rejected materials, and process waste	Monitoring Waste and Scrap Data Alongside Production Processes	Short and Medium Term	Production Efficiency, Process Conditions, Quality Criteria, and Recovery Infrastructure	Waste Quantity, Scrap Rate, Recovery Performance
Water and Resource Efficiency	Water Stress, Drought, and Operational Risks Associated with Process Water Use	Monitoring water consumption, rainwater harvesting, and developing resource efficiency practices	Regular Monitoring of Water Consumption Data at the Facility Level	Short and Medium Term	Water Supply Conditions, Production Volume, Measurement Infrastructure, and Process Requirements	Water Consumption, Water Intensity, Resource Use Efficiency
Supplier Criteria	Raw Material Supply Continuity, Sustainable Sourcing Expectations, and Supply Chain-Related Emissions	Considering quality, continuity, and sustainability criteria in supplier selection and evaluation processes	Strengthening Sustainability Criteria in Approved Supplier Processes	Short and Medium Term	Supplier Collaboration, Data Quality, Procurement Processes, and Contract Terms	Supplier Evaluation Performance, Sustainable Sourcing Criteria, Scope 3 Data Quality
Scope 3 Data Infrastructure	Inability to Monitor Emissions from the Supply Chain, Logistics, and Product Life Cycle	Identifying Scope 3 emission sources and developing data collection infrastructure for supply chain and logistics processes	Establishing infrastructure for collecting supplier, logistics, and product life cycle data	Short and Medium Term	Supplier Data, Logistics Data, ERP Infrastructure, Emission Factors, and Data Verifiability	Scope 3 Data Infrastructure, Data Quality, Product-Level Carbon Accounting
Electric Vehicle Use	Mobile Combustion Emissions and Fuel Costs	Evaluating Initiatives to Expand the Use of Electric Vehicles	Evaluating Alternative Practices for Internal Transportation	Short and Medium Term	Vehicle Use Profile, Charging Infrastructure, Investment Budget, and Operational Suitability	Fuel Consumption, Scope 1 Emissions, Vehicle-Related Emissions
Monitoring and Reporting	Data Management, Transparency, and TSRS Compliance Requirements	Regular Collection of Activity Data, Annual Calculation of Emissions, and Reporting to Senior Management	Annual Calculation of Scope 1 and Scope 2 Emissions and Assessment of Deviations	Short Term and Ongoing	Data Ownership, Measurement Infrastructure, Interdepartmental Coordination, and Methodological Consistency	Scope 1 and Scope 2 Emissions, Emission Intensity, Sustainability Performance Indicators

Table 7. Transition Plan Monitoring Matrix for Climate-Related Risks and Opportunities

Scenario Analysis

Kuzeyboru has assessed different global climate scenarios using a stress-testing approach to identify climate-related risks and opportunities. In this context, the Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS), and Net Zero Emissions by 2050 (NZE 2050) scenarios published by the International Energy Agency (IEA) and widely used in assessing the global energy transition were considered in the assessment of transition risks. For the assessment of physical climate risks, the SSP2-4.5 and SSP5-8.5 scenarios under the IPCC's Sixth Assessment Report were considered.

IEA scenarios were used to assess transition risks related to energy policies, carbon pricing, energy costs, expectations for low-carbon production, customer demand, and investment needs. IPCC SSP scenarios were used to assess the potential impacts of physical climate risks, including temperature increases, drought, water use, extreme precipitation, and flooding, on production activities.

Scenario	Climate Projection	Purpose of Assessment
IEA STEPS	2.4°C - 2.8°C	The purpose is to assess the potential impacts of a scenario in which existing policies and regulations largely remain in place and carbon pricing mechanisms gradually expand on the Company's operations in terms of energy costs, carbon costs, and compliance obligations.
IEA APS	1.9°C - 2.3°C	The purpose is to assess the potential impacts on the Company's operations of a scenario in which countries largely fulfill their stated climate commitments, leading to tighter carbon regulations, increased emissions reduction obligations, and a transition toward a low-carbon economy.
IEA NZE 2050	1.3°C - 1.5°C	The purpose is to assess the risks and opportunities that may arise in a rapid and comprehensive transition scenario aligned with global net-zero targets, driven by rising carbon prices, an increasing need to transition to low-carbon technologies, and changes in long-term competitive conditions.
3°C Scenario	SSP2-4.5	A moderate scenario in which existing policies are only partially implemented and climate impacts gradually intensify
4°C Scenario	SSP5-8.5	A high-risk scenario in which fossil fuel use remains at high levels and physical climate risks increase significantly

Table 8. Scenarios Used in the Assessment of Climate Risks

Transition Risk Scenario Analysis

Analyses were conducted using different climate scenarios to assess the potential transition impacts on the Company's operations arising from policies and regulations implemented globally to address climate change, emissions reduction targets, technological transformations, and changing market conditions. The study was based on the STEPS, APS, and NZE by 2050 scenarios published by the International Energy Agency and widely used in analyses of the global energy transition. The analyses were conducted taking into account the Company's existing operational structure, production processes, and sectoral dynamics, with transition risks that may arise during the transition to a low-carbon economy and opportunities that may be pursued considered together. Accordingly, the analysis aimed to evaluate the Company's financial and operational resilience under different climate scenarios and support its long-term strategic planning.

Scenario	Risk Type	Assessment	Identified Risks
IEA STEPS	Transition risk	Gradual Progress in Carbon Regulations and the Energy Transition	Limited Impact on Investment Planning and EBITDA
IEA APS	Transition risk	Expansion of ETS Implementation and Rising Expectations for Carbon Performance	Greater Challenges in Acquiring New Customers Due to EU Customers' Carbon Footprint Requirements, Coupled with Higher Recycled Material and Energy Costs
IEA NZE 2050	Transition risk	Increasing Demand for Low-Carbon Products	Need for Investment in HDPE Production Technologies and Low-Carbon Production Infrastructure

Table 9. Scenarios Used in the Assessment of Transition Risks

IEA Stated Policies Scenario

IEA STEPS serves as the primary reference scenario for the assessment of Kuzeyboru's climate-related transition risks. Under this scenario, existing climate policies and regulatory frameworks are expected to largely remain in place, while carbon pricing mechanisms are expected to become more widespread gradually. This broader framework is based on continued but non-aggressive increases in carbon pricing, the continued implementation of the European Green Deal, the gradual expansion of CBAM coverage, increased investment in renewable energy, reduced fossil fuel use, and the growing economic importance of energy efficiency investments in industry.

For Kuzeyboru, key risks include increases in energy costs, the effects of electricity and natural gas price volatility on production costs, and additional reporting and monitoring obligations associated with compliance with carbon regulations. Rising sustainability expectations across the raw material supply chain and the increasing importance of environmental performance criteria may also result in additional procurement costs. Beyond these cost-related risks, while the plastic and GRP pipe sector is currently considered to fall outside the direct scope of the EU Carbon Border Adjustment Mechanism (CBAM), product carbon footprint, Environmental Product Declarations (EPDs), recycled content, and renewable energy use are gaining importance in the European market and among customers. Accordingly, the primary risk may stem not only from taxes or direct carbon costs, but also from international customers requesting such information and the potential limitations on new customer acquisition and market expansion if this information cannot be provided.

Continued public- and private-sector investment in water infrastructure, sewerage systems, drinking water networks, and agricultural irrigation presents significant opportunities for Kuzeyboru. Other key opportunities under this scenario include achieving cost advantages through energy efficiency measures and improvements in production processes, better addressing customer expectations through enhanced sustainability performance, and improving access to financing.

The Company has also identified concrete actions to address these risks and opportunities. The rooftop solar PV systems at its two factories in Aksaray continued to operate in 2025, contributing a total of 1,790,000 kWh of energy. The Şanlıurfa solar PV project, which has a capacity of 12,901.98 kWp and remains under development, is scheduled to become operational in 2026. A total investment budget of USD 25 million was allocated to solar PV investments. These investments constitute the Company's direct response to the energy cost and carbon regulation risks described above. To address risks associated with customer expectations, Kuzeyboru plans to complete the software infrastructure for its Traceable Factory Project by 2027, enabling the tracking of all inputs, outputs, and production processes. The recipe management system to be introduced as part of this project will also enable the Company to track carbon footprints and recycled content ratios at the product recipe level.

Announced Pledges Scenario Analizi

The International Energy Agency's APS (Announced Pledges Scenario) is a climate scenario that assumes countries largely meet their announced carbon reduction commitments on schedule, resulting in an accelerated low-carbon transition. Under this scenario, the analysis considers steadily rising carbon prices, declining fossil fuel consumption, an increasing share of renewable energy in electricity generation, the growing importance of digitalization and energy efficiency projects, and additional costs for carbon-intensive products.

Tighter carbon regulations, increasing emission reduction obligations, and rising carbon costs in energy-intensive sectors could place additional pressure on Kuzeyboru's operating costs. The HDPE raw material, polyester resin, glass fiber, and catalysts used by the Company are considered to have a high carbon intensity and therefore warrant specific consideration under the APS scenario. Other relevant factors include evolving customer and investor expectations, growing demand for information on the environmental performance of products, and the broader adoption of sustainable supply chain practices. In addition to these risks, the Company may face higher financing costs if financial institutions introduce carbon footprint-based scoring and assessment systems.

On the other hand, accelerating investment in climate change adaptation is expected to drive increased demand for water transmission lines, drinking water infrastructure, wastewater systems, stormwater management, and agricultural irrigation projects. Increasing the use of recycled raw materials, expanding investments in energy efficiency, and implementing low-carbon production practices could enable Kuzeyboru to achieve cost advantages while enhancing its market competitiveness.

The ongoing and planned initiatives to mitigate the risks identified under the APS scenario are presented in the table below, along with their estimated costs, time horizons, and expected impacts.

Actions	Associated Risk	Minimum Cost (€)	Maximum Cost (€)	Time Horizon	Expected Objective / Impact	Current Status
Corporate Carbon Footprint Calculation (Scope 1, 2, and 3)	Reporting and Monitoring Obligations	15,000 €	40,000 €	Short term	Compliance with TSRS and Customer Requirements	Ongoing
LCA and EPD - First Product Family	Customer and Investor Expectations, Access to Tenders	20,000 €	60,000 €	Short - Medium Term	Access to European tenders	Not Started
Energy Monitoring System	Energy Costs, Carbon-Intensive Production	20,000 €	100,000 €	Short term	5-15% energy savings	Initial Stage
ISO 50001	Energy Management, Regulatory Compliance	15,000 €	40,000 €	Short term	Systematic Energy Management	Initial Stage

Actions	Associated Risk	Minimum Cost (€)	Maximum Cost (€)	Time Horizon	Expected Objective / Impact	Current Status
Rooftop Solar PV Investment (1 MW Example)	Energy cost, carbon intensity	500,000 €	800,000 €	Short - Medium Term	Reducing Electricity Costs and Carbon Footprint	Active
High-Efficiency Extruder Modernization	Energy intensive production	200,000 €	1,000,000 €	Medium term (2026-2027)	10-18% energy savings	Planning Stage
Waste Recovery System	Raw material supply risk	50,000 €	300,000 €	Medium term	Reducing Raw Material Costs	Existing System Being Enhanced
Logistics Management and Optimization	Supply Chain, Indirect Emissions	50,000 €	100,000 €	Medium term	Reducing Logistics Costs and Carbon Footprint	Not Started
Estimated Total		**870,000 €**	**2,440,000 €**			

Table 10. Risk Mitigation Actions and Cost Estimates under the IEA APS Scenario

Net Zero Emissions by 2050 Scenario Analysis

The IEA Net Zero Emissions by 2050 Scenario represents a rapid and comprehensive transition aligned with global net-zero targets. Under this scenario, carbon prices are expected to increase rapidly, with significant implications for raw material, electricity, and logistics costs. The main developments assessed under this scenario include rising carbon prices, measurable and traceable energy efficiency performance, a higher share of renewable energy use, increasing demand for product carbon footprint information and EPDs, the introduction of carbon intensity criteria in public tenders, one of Kuzeyboru's key sales channels, greater expectations regarding supply chain and logistics traceability, and the management of circular economy practices based on defined criteria and traceability.

Tighter regulations on emissions-intensive activities and the accelerating need to transition to low-carbon technologies are expected to create new investment requirements for Kuzeyboru. Additional capital expenditures may be required to improve energy efficiency in production processes, expand the use of renewable energy, and transition to low-carbon production technologies. In parallel, raw material and recycled material costs may also increase. Long-term assessments assume potential price increases of 8-10% for virgin raw materials and 12-22% for recycled materials. Additional expenses may also arise from changes in traceability and governance structures.

This scenario also presents the highest opportunity potential for Kuzeyboru. As investments in climate change adaptation and resilience accelerate globally, demand for water management, infrastructure modernization, agricultural irrigation systems, and environmental infrastructure projects is expected to increase significantly. Companies that adopt low-carbon production practices, improve energy efficiency, and develop sustainable product portfolios are expected to gain a competitive advantage. Easier access to sustainable financing, the ability to benefit from green investment incentives, and stronger environmental performance could create long-term growth opportunities.

Physical Risks and Opportunities Scenario Analysis

To assess the potential physical risks of climate change to the Company's operations, analyses were conducted considering different global temperature increase scenarios. The assessment drew on internationally recognized climate projections and risk assessment platforms to examine the potential impacts of climate hazards such as rising temperatures, drought, extreme precipitation, flooding, storms, water stress, and heatwaves on the Company's operations.

Scenario	Risk Type	Assessment	Identified Risks
SSP2-4.5	Physical Risk	Drought and Rising Outdoor Temperatures	Employee Performance, Cooling Efficiency, and Water Loss Due to Evaporation
SSP5-8.5	Physical Risk	Increasing Extreme Heat, Heavy Precipitation, and Flood Events	Production Continuity and Logistics Disruptions

Table 11. Scenarios Used in the Assessment of Physical Risks

The scenario analyses used data obtained from the World Bank Climate Change Knowledge Portal, CMIP climate projections, the WRI Aqueduct Water Risk Atlas, and the WWF Risk Filter Suite. These tools were used to assess the potential severity and frequency of future climate hazards in the regions where the Company operates.

SSP2-4.5 Scenario Analysis

One of the physical impacts assessed under the SSP2-4.5 scenario is the loss of efficiency in cooling systems at production facilities due to higher outdoor air temperatures. This impact was quantitatively assessed based on the chiller systems serving Kuzeyboru's PE100, corrugated pipe, PE100 additional pipe, PPR, injection molding, and granule production areas, with a total installed thermal cooling capacity of 5.69 MWth. As the Malatya factory does not use process cooling, the assessment covers only facilities with process cooling. Space cooling was excluded from the calculation, as its impact was considered negligible.

The assessment assumes that outdoor air temperature increases from the reference level of 40°C to 42.7°C under the SSP2-4.5 scenario. Chiller supply and return water temperatures and production load are assumed to remain constant, while the increase in outdoor air temperature affects the condenser temperature and, in turn, the compressor operating load. The relationship was modeled using

the Carnot COP formula, which defines the theoretical efficiency limit of the refrigeration cycle because as condenser temperature increases, the temperature differential between evaporation and condensation widens, thereby reducing the system's theoretical reversible efficiency. With the evaporation temperature assumed to remain constant at 7°C, a condenser temperature of approximately 50°C at an outdoor air temperature of 40°C yields a theoretical COP of 6.51. At an outdoor air temperature of 42.7°C, the condenser temperature rises to approximately 53°C and the theoretical COP declines to 6.09. The ratio of these values indicates an approximately 6.5% reduction in theoretical efficiency. Applying this reduction to the reference operating COP of 3.80 results in an estimated operating COP of approximately 3.55 under the scenario conditions.

This decline in COP requires the compressor to operate at a higher load to meet the same cooling demand, directly increasing electricity consumption. Of the total 280 kWh of electricity consumed to produce one ton of HDPE, 200 kWh is attributable to the extruder and 80 kWh to the cooling system. As the COP decreases from 3.80 to 3.55, cooling-related electricity consumption increases from 80 kWh/ton to 85.6 kWh/ton. As a result, total process electricity consumption increases from 280 kWh/ton to 285.6 kWh/ton, corresponding to an increase of approximately 2%.

Parameter	Reference	Scenario Status (SSP2)	Change	Operating Cost Increase (TRY)
Outdoor Air Temperature	40°C	42.7°C	+2.7°C	
Total Installed Thermal Cooling Capacity	5,690 kWth	5,690 kWth	Assumed Constant	
Chiller Supply Water Temperature	12°C	12°C	Constant	
Chiller Return Water Temperature	17°C	17°C	Constant	
Chiller Water Temperature Difference, ΔT	5°C	5°C	Constant	
Evaporation temperature	7°C	7°C	Constant	
Approximate condenser temperature	50°C	53°C	+3°C	
Theoretical COP	6.51	6.09	-6.5%	28,450
Calculated Operating COP	3.8	3.55	-6.6%	
Expected operating impact	Reference Operating Condition	Increase in Compressor Operating Load	Risk of Increased Electricity Consumption	

Table 12. Cooling System Performance and Cost Sensitivity Analysis Based on the SSP2-4.5 Scenario

The impact of this increase in electricity consumption on the carbon footprint was calculated using an emission factor of 0.42 $kgCO_2e$/kWh for the Turkish electricity grid. Accordingly, process-related carbon emissions increase from 117.6 $kgCO_2e$/ton to 120.0 $kgCO_2e$/ton. When the carbon footprint associated with raw materials, assumed to be approximately 1,900 $kgCO_2e$/ton, is added, the total product carbon footprint increases from 2,017.6 $kgCO_2e$/ton to 2,020.0 $kgCO_2e$/ton. This change corresponds to an increase of approximately 0.12% in the total product carbon footprint.

The assessment shows that, under the SSP2-4.5 scenario, the increase in outdoor air temperature has a limited impact on the product's total carbon footprint, while the primary impact is concentrated on chiller efficiency and the associated electricity costs. Therefore, this risk should be addressed in the Company's strategy and decision-making processes primarily as an energy efficiency and operating cost risk rather than a carbon footprint risk.

Parameter	40°C	42.7°C	Change	Tons Processed	kWh	Total under the Scenario
Extruder Electricity Consumption	200 kWh/ton	200 kWh/ton	Constant		11,792,622.600	11,792,622.600
Cooling electricity	80.0 kWh/ton	85.6 kWh/ton	+5.6 kWh/ton	58,958.113	4,716,649.04	5,046,814.37
Total process electricity	280.0 kWh/ton	285.6 kWh/ton	+2.0%		16,509,271.04	16,839,436.97

Table 13. SSP2-4.5 Scenario-Based Sensitivity Analysis of Electricity Consumption per Ton

SSP5-8.5 Scenario Analysis

The physical impacts assessed under the SSP5-8.5 scenario were evaluated based on projections that summer outdoor air temperatures in Türkiye's inland regions could increase by approximately 4-7°C during the 2080-2100 period compared with current design conditions. Accordingly, the current reference outdoor air temperature for Kuzeyboru's production facilities was set at 40°C, while the SSP5-8.5 scenario condition was defined as a range of 46-48°C. For the engineering calculation, the upper end of this range, 48°C, was used.

As in the SSP2-4.5 scenario, the assessment assumes that the chiller supply and return water temperatures and production load remain constant, while the increase in outdoor air temperature affects the condenser temperature, chiller COP, compressor operating load, and available cooling capacity. Based on the Carnot COP relationship, with the evaporation temperature held constant at 7°C, a condenser temperature of approximately 50°C corresponding to an outdoor air temperature of 40°C results in a theoretical COP of 6.51, while an increase in outdoor air temperature to 48°C raises the condenser temperature to approximately 58°C and reduces the theoretical COP to approximately 6.49. The ratio between these two values corresponds to an approxi-

mately 15.7% reduction in theoretical efficiency. Applying the same reduction to the reference operating COP of 3.80 results in an estimated operating COP of approximately 3.25 under the scenario conditions, representing a decline of approximately 14.5% compared with the reference condition.

Parameter	Reference	SSP5-8.5	Change
Outdoor Air Temperature	40°C	48°C	+8°C
Total Installed Thermal Cooling Capacity	5,690 kWth	5,690 kWth	Installed Capacity Remains Constant
Chiller Supply Water Temperature	12°C	12°C	Constant
Chiller Return Water Temperature	17°C	17°C	Constant
Chiller Water Temperature Difference, ΔT	5°C	5°C	Constant
Evaporation temperature	7°C	7°C	Constant
Approximate condenser temperature	50°C	58°C	+8°C
Theoretical COP	6.51	6.49	-15.7%
Calculated Operating COP	3.8	3.25	-14.5%
Expected operating impact	Reference Operating Condition	Increase in Compressor Load and Reduction in Available Cooling Capacity	Electricity Consumption and Production Continuity Risk

Table 14. SSP5-8.5 Scenario-Based Sensitivity Analysis of Chiller System COP and Capacity

This decline in COP has two distinct effects on the total installed thermal cooling capacity of 5,690 kWth at Kuzeyboru's production facilities. The first effect relates to electricity consumption. Of the total 280 kWh of electricity consumed per ton of HDPE production, 80 kWh is attributable to the cooling system.

As the COP declines from 3.80 to 3.25, cooling-related electricity consumption is calculated to increase to 93.5 kWh/ton, resulting in an increase in total process electricity consumption from 280 kWh/ton to 293.5 kWh/ton, or approximately 4.8%.

Parameter	40°C	48°C	Change	Tons Processed	kWh	Total under the Scenario
Extruder Electricity Consumption	200 kWh/ton	200 kWh/ton	Constant		11,792,622.600	11,792,622.600
Cooling electricity	80.0 kWh/ton	293.5 kWh/ton	+13.56 kWh/ton	58,958.11	4,716,649.04	5,516,120.8
Total process electricity	280.0 kWh/ton	293.56 kWh/ton	+4.84%		16,509,271.04	17,308,743.4
TOTAL (TRY)					47,546,700.6	49,849,181

Table 15. SSP5-8.5 Scenario-Based Sensitivity Analysis of Electricity Consumption per Ton and Costs

When this increase is applied to the annual tonnage processed, total electricity costs rise from TRY 47,546,700.6 to TRY 49,849,181, corresponding to an additional cost of approximately TRY 2,302,480. (An electricity unit price of TRY 2.88/kWh was used.)

Business Model and Value Chain

An examination of Kuzeyboru's ownership structure shows that a significant portion of the Company's shares is distributed relatively evenly among certain shareholders, while approximately 24% of its shares are publicly traded. This structure allows control to remain within a defined shareholder group, while its presence in the capital markets supports transparency, accountability, and investor participation.

Kuzeyboru's business is centered on the production, development, and marketing of piping systems for infrastructure and superstructure projects. The Company offers solutions for water transmission lines, sewerage systems, drainage infrastructure, and industrial applications, primarily through GRP (glass fiber reinforced plastic) and HDPE (high-density polyethylene) pipes. In this context, the Company creates value by providing products and services for public infrastructure projects, local governments, contracting companies, and industrial organizations.

The Company's business model is shaped by factors such as energy-intensive production operations, dependence on raw material procurement, the capability to develop long-lasting products, and a supply chain structure managed through an approved supplier system. This structure makes energy efficiency, resource use, and carbon management strategic priorities for Kuzeyboru in terms of both cost management and sustainability performance.

Kuzeyboru's value chain comprises multiple stages extending from raw material procurement to the delivery of finished products to customers. At the first stage of this chain, plastic and composite raw materials (polyethylene, resin, glass fiber, etc.) are procured, with supplier quality, continuity, and, increasingly, sustainability performance playing a critical role. Raw material procurement is a key factor in the Company's cost structure and production continuity, while also accounting for a significant share of supply chain-related carbon impacts.

At the production stage, pipes are manufactured through extrusion, winding, curing, and similar processes. Due to their energy-in-



tensive nature, these processes constitute the primary source of the Company's direct greenhouse gas emissions. Therefore, energy efficiency measures, waste management, and process optimization are among the most critical areas for improvement across the value chain.

Under the Carbon Transition Program, the key areas for the Company within the Scope 3 framework include raw material procurement, supply chain activities, logistics, production scrap and waste, capital goods, and the recovery or disposal of products at the end of their useful life. In particular, the procurement of HDPE, resin, glass fiber, and similar plastic raw materials, the transportation of raw materials and products, and scrap generated during production are considered key areas requiring monitoring. In the short term, the Company plans to identify data sources for these areas and establish the infrastructure needed to collect logistics data. In the medium term, the Company aims to begin Scope 3 calculations for priority areas where data quality has reached a sufficient level.

During the use phase, Kuzeyboru's products provide environmental benefits in water transmission and infrastructure systems by reducing maintenance requirements and minimizing water losses through their long service life and durability. This enhances the Company's product-level contribution to sustainability and creates a positive environmental impact during the use phase of the value chain. At the Company's granule recycling facility in Aksaray, scrap and waste generated during production processes are converted back into granule form and reintegrated into production. Through these in-process recovery practices, raw material losses are reduced, and raw material efficiency is improved. By enabling the recovery and reuse of production waste, this practice supports a circular economy approach while reducing raw material requirements, thereby limiting resource use and the associated environmental impacts, such as waste generation and the consumption of energy and natural resources. In this respect, the granule recycling facility represents an important component in improving operational efficiency and supporting the Company's sustainability targets.

Stage	Value Chain	Activity	Risk / Opportunity Type	Area of Risk / Opportunity Concentration	Affected Region / Geographic Area	Affected Process	Possible Impact
Upstream	Supply of Raw Materials	Procurement of HDPE, resin, glass fiber, and other plastic/composite raw materials	Transition risk	Raw material supply, price volatility, and sustainable raw material expectations	Domestic and international supply network	Raw material supply chain, inventory management, and production planning	Increase in Raw Material Costs, Longer Lead Times, and Pressure on Production Continuity
	Supplier Management	Supplier selection, quality control, and assessment of sustainability criteria	Transition risk	Supplier Quality, Continuity, and Sustainability Performance	Domestic and International Supplier Network	Approved supplier system, procurement, and quality control processes	Updating supplier selection criteria, increasing the need for alternative suppliers, and more rigorous monitoring of procurement processes
	Transportation (Inbound Logistics)	Transportation of Raw Materials to Production Facilities	Physical Risk / Transition Risk	Fuel Costs, Logistics Emissions, and Potential Disruptions along Transportation Routes	Raw Material Supply Routes and Transportation Links to Production Facilities	Inbound Logistics, Transportation Operations, and Delivery Planning	Increased Transportation Costs, Delivery Delays, and Disruptions to Production Planning
Operations/Activities	Production Processes	Extrusion, Winding, Curing, and Pipe Production Operations	Transition risk	Energy-Intensive Production Processes and Production-Related Emissions	Aksaray, Malatya, and Balıkesir Production Facilities	Production Lines, Machinery, and Equipment	Increased Production Costs Due to Electricity and Fuel Consumption, and Growing Importance of Process Efficiency Initiatives
	Energy Management	Electricity and Fuel Consumption, Energy Efficiency Measures	Transition Risk / Opportunity	Energy Costs, Energy Efficiency, and Renewable Energy Use	Aksaray, Malatya, and Balıkesir Production Facilities	Energy Infrastructure, Production Equipment, and Energy Monitoring Systems	Risk of Increased Energy Costs; Managing Costs through Energy Efficiency and Renewable Energy Investments
	Water and Resource Use	Cooling and Process Water Use, Raw Material Consumption	Physical Risk	Water Stress, Drought, and Operational Impacts Associated with Process Water Use	Aksaray, Malatya, and Balıkesir Production Facilities	Cooling Systems, Process Water Use, and Raw Material Consumption	Pressure on Water Supply and Process Continuity, and Growing Importance of Water and Resource Efficiency Initiatives
	Waste Management	Management of Production Scrap, Scrap Pipes, and Process Waste	Transition Risk / Opportunity	Reducing and Recovering Production Scrap, Scrap Pipes, and Process Waste	Aksaray, Malatya, and Balıkesir Production Facilities and the Granule Recycling Facility	Granule Recycling, Production Scrap Management, Scrap Pipe Management, and Process Waste Management	Reducing Raw Material Losses, Improving Production Efficiency, and Supporting a Circular Economy Approach
Downstream	Product Distribution	Transportation of Products to Project Sites and Logistics Activities	Physical Risk / Transition Risk	Shipping Processes, Fuel Costs, Logistics Emissions, and Extreme Weather Events	Domestic and International Distribution Network	Storage, Shipping, and Distribution Operations	Increased Logistics Costs, Longer Delivery Times, and Disruptions to Customer Delivery Schedules
	Customer Use	Use of Pipes in Water Transmission, Sewerage, Drainage, Agricultural Irrigation, and Infrastructure Projects	Opportunity	Water Management, Infrastructure Resilience, and Demand for Climate Adaptation Solutions	Domestic and International Infrastructure Projects	Water Transmission Lines, Sewerage Systems, Drainage Infrastructure, and Agricultural Irrigation Applications	Increasing Demand for Durable and Long-Lasting Piping Systems, and Changing Customer Needs
	Product Performance	Long Service Life, Leak Prevention, and Reduced Maintenance Requirements	Opportunity	Reducing Water Losses, Enhancing Infrastructure Resilience, and Reducing Maintenance Requirements	Infrastructure and Superstructure Project Sites	In-Use Piping Systems and Project Applications	Product Quality, Durability, and Growing Importance of Long Service Life Expectations
	End-of-Life Management	End-of-Life Disposal or Recovery of Products	Transition Risk / Opportunity	Disposal, Recovery and Product Life Cycle Expectations	Regions Where Products Reach the End of Their Service Life	End-of-Life Products and Recovery Processes	Increasing Expectations for Waste Management and Recovery, and Growing Importance of Product Life Cycle Assessments

Table 16. Identification of Climate-Related Risks and Opportunities Across the Value Chain

Financial Position and Cash Flows

At Kuzeyboru, climate-related risks and opportunities are considered strategic factors that extend beyond their environmental dimension and directly affect the Company's financial position, cost structure, investment decisions, and cash flows. In this context, the financial impacts of climate-related developments are assessed holistically in terms of revenues, operating costs, capital expenditures, and access to financing.

Given the Company's energy-intensive production structure and raw material-driven cost components, fluctuations in energy prices and cost increases associated with carbon regulations are among the factors that could place upward pressure on operating expenses. This could directly affect not only production costs but also cash outflows. Indeed, an examination of electricity, natural gas, and fuel consumption data shows that energy use represents a significant share of the Company's

operations and is a critical cost component in terms of financial performance.

Energy efficiency measures, rooftop solar PV investments, and optimization initiatives implemented across production processes are considered important opportunities that can contribute to cost control and improved cash flows over the medium and long term. In this context, work continues to commission the 12,901.98 kWp solar power plant in the Harran district of Şanlıurfa. The project is expected to generate approximately 21,000,000 kWh of electricity annually and aims to meet a significant portion of electricity consumption under the existing production capacity from renewable energy sources. In particular, reducing electricity-related emissions and lowering energy costs through renewable energy investments can have a positive impact on financial sustainability. The supply chain structure also plays a significant role in the Company's financial outlook. If emissions and costs associated with raw material procurement are high, this area becomes a critical focus from both cost management and carbon regulation perspectives. Accordingly, developing sustainable procurement criteria, assessing local sourcing opportunities, and expanding circular economy practices have the potential to generate significant financial benefits in terms of cost optimization and risk mitigation.

Kuzeyboru considers the transition aligned with climate change objectives to be a factor affecting the Company's capital expenditures and strategic investment decisions. Energy efficiency investments, renewable energy projects, production technology development, and R&D activities may create additional investment needs in the short term while providing cost advantages, operational efficiency, and competitiveness over the long term. In this context, digitalization, energy efficiency, and process optimization initiatives carried out within the R&D center approved by the Ministry of Industry and Technology of the Republic of Türkiye, as well as TÜBİTAK-supported industrial green transformation projects, support the Company's sustainable production approach. These projects include digitalization systems focused on energy efficiency in extrusion lines, as well as initiatives to monitor energy consumption in production processes, improve operational efficiency, and reduce the carbon footprint. The impacts of climate-related risks and opportunities on cash flows vary over the short and long term. While increased energy and investment costs may result in higher cash outflows in the short term, cost savings and more balanced cash flows are expected over the medium and long term through energy efficiency, resource optimization, and low-carbon production practices. Strengthening sustainability performance is also considered a factor that could positively affect the Company's access to financing. An ESG-aligned structure, transparent reporting, and carbon management practices could facilitate access to green financing and sustainable investment instruments, thereby providing an advantage in financing costs.

At Kuzeyboru, climate-related risks and opportunities create both short-term pressures and long-term improvement potential across the Company's cost structure, investment needs, and cash flows. To manage these impacts, the Company aims to strengthen its long-term financial resilience by integrating energy and resource efficiency, circular economy practices, and sustainable supply chain practices into its financial planning processes.

Climate Resilience

Kuzeyboru's climate resilience approach is structured around assessing the potential impacts of physical and transition risks arising from climate change on the Company's operations and strengthening its capacity to adapt to these impacts. In this context, the Company aims to enhance its resilience to climate change by considering key areas of its operations, including production processes, its supply chain structure, and energy use.

As part of the climate resilience assessment process, qualitative analyses are conducted based on globally recognized climate scenarios and policy developments. Under different temperature increase scenarios, the potential impacts of physical risks, such as increasing frequency of extreme weather events, declining water resources, and fluctuations in energy costs, as well as transition risks arising from carbon pricing mechanisms, tighter regulatory frameworks, and changes in market expectations, on the Company's operations are evaluated.

From a physical risk perspective, increasing extreme weather events in the regions where production facilities are located, potential constraints on access to water resources, and the impacts of rising temperatures on production processes stand out as critical factors for operational continuity. In this context, facility-level risk assessments, strengthening infrastructure resilience, and enhancing water and energy management practices are among the key areas of action for strengthening the Company's climate resilience.

Under transition risks, rising carbon costs, expanding emissions reporting obligations, and the increasing requirement for sustainability criteria across the supply chain are considered factors that could have a significant impact on the Company's financial structure and competitiveness. Accordingly, expanding energy efficiency measures, increasing the use of renewable energy, and developing strategies to reduce the carbon footprint stand out as important factors that strengthen the Company's capacity to adapt to climate change.

Kuzeyboru's climate resilience approach also extends across the value chain. Strengthening sustainability criteria in the supply chain, optimizing logistics processes, and improving resource efficiency play a critical role in managing indirect emissions and reducing operational risks. Adopting circular economy practices and a product life cycle approach enhances the Company's long-term environmental performance and resilience.

Kuzeyboru's climate resilience is strengthened through an integrated approach that addresses early risk identification, scenario-based assessments, operational improvements, and strategic transformation initiatives. This approach enhances the Company's capacity to adapt to changing climate conditions and contributes to establishing a flexible and resilient business model aligned with its long-term sustainable growth objectives.

Risk Management

Risk Management

At Kuzeyboru, risk management is addressed in alignment with the Company's long-term sustainability objectives and carried out under the oversight of the Board of Directors. Early identification of risks, assessment of their impacts, and determination of the necessary actions are positioned as key elements of the corporate governance structure.

The Early Detection of Risk Committee and the Sustainability Committee, both operating under the Board of Directors, play active roles in the risk management processes. Through this structure, risks are assessed not only from a financial perspective but also in terms of their environmental and operational impacts.

The Early Detection of Risk Committee consists of independent Board members and representatives of senior management and meets regularly every two months. The Committee:

- Identifies at an early stage risks that could affect the Company's existence and operational continuity,
- Evaluates the measures required to address these risks and develops recommendations,
- Monitors the effectiveness of risk management and internal control systems,
- Presents its assessments to the Board of Directors in regular reports.

In this context, monitoring climate-related risks is conducted not merely as an identification process but as a dynamic management cycle in which the effectiveness of preventive actions and internal control systems is evaluated. Risks are periodically reviewed by the relevant committees and senior management; action plans are developed based on findings from Committee meetings, and the implementation status of these plans is regularly monitored.

The outputs of the Committee's assessments are presented to the Board of Directors through written reports prepared every two months. Where necessary, additional assessment and action processes are initiated with senior management and relevant departments. Through this structure, risk management processes are integrated with strategic planning, budgeting, and operational decision-making mechanisms. The Committee's work supports the systematic integration of risks into decision-making processes.

During the risk assessment process, risks are analyzed based on probability and impact (severity) criteria, and the overall risk level is determined by assessing these parameters together. Various data sources, including energy consumption, production data, supply chain information, and developments in relevant legislation, are used in risk assessments. Based on the assessment results, risks are classified as low, medium, or high, and priority risk areas are identified accordingly. The Company has defined an acceptable level of risk, and additional action plans are developed for risks that exceed this level.

Risk analyses are conducted by the relevant process owners and departmental teams, and the findings are reviewed by senior management and the relevant committees. Risk assessments are also updated in response to changes in production processes, equipment, or organizational structure, as well as customer feedback and regulatory updates.

Assessment of Climate-Related Risks and Opportunities

At Kuzeyboru, climate-related risks and opportunities are assessed holistically, taking into account the Company's business areas, production structure, and supply chain. In this context, the potential impacts of climate change-related effects on operational continuity, cost structure, and investment decisions are considered together.

At Kuzeyboru, climate-related risks and opportunities are assessed within the Company's enterprise risk management system. The risk management approach consists of identifying, analyzing, prioritizing, and monitoring risks and integrating them into decision-making processes.

The identification of climate-related risks and opportunities takes into account production activities, energy use, the raw material structure, the supply chain, logistics operations, export activities, and the physical climate conditions of the regions where the Company operates. Assessments are linked to the Company's strategic planning, budgeting, investment management, and operational decision-making processes.

In risk assessment studies, physical risks and transition risks are addressed under separate headings.

The following areas are taken into account when assessing transition risks:

- Changes in energy costs,
- Carbon pricing mechanisms and emissions regulations,
- Impacts of the transition to renewable energy,
- Risks arising from raw materials and the supply chain,
- Requirements related to operational digitalization and technological transformation,
- Changes in customer expectations and market dynamics.

The following areas are considered when assessing physical risks:

- Extreme temperatures,
- Drought and water stress,
- Floods, storms, and extreme precipitation events,
- Climate-related logistics disruptions,
- Operational impacts that may arise in regions where production facilities are located.

Under these assessments, different climate scenarios are considered, and their potential impacts on energy costs, production continuity, investment needs, supply chain resilience, and financial performance are analyzed.

Risks and opportunities are prioritized based on their likelihood of occurrence, potential impact, financial implications, and strategic importance.

- Climate - Related Developments
- Operational and Environmental Impacts
- Risk and Opportunity Identification
- Prioritization
- Strategic Assessment



Risk Management Process and Corporate Integration

Climate-related risks are managed within Kuzey Boru's enterprise risk management system. The Early Detection of Risk Committee and the Sustainability Committee are responsible for identifying, assessing, and monitoring climate-related risks and opportunities and communicating them to the relevant decision-making mechanisms.

During the risk assessment process, the following are regularly monitored:

- Energy consumption and energy costs,
- Raw material prices and supplier performance,
- Water use and resource efficiency indicators,
- Greenhouse gas emissions and logistics performance,
- Regulatory developments and external climate-related data sources.

These indicators serve as key inputs for monitoring emerging risk trends and assessing their potential impacts.

Risks are analyzed based on their likelihood of occurrence, level of impact, and strategic significance. The assessment considers potential impacts on production continuity, cost structure, revenues, cash flows, assets, the supply chain, and regulatory compliance.

The results of risk assessments are periodically reviewed by the Early Detection of Risk Committee and reported to the Board of Directors. Action plans are developed for priority areas identified based on the assessment results, and the relevant outputs are integrated into strategic planning, budgeting, investment management, energy management, supplier management, and operational improvement processes.

Climate-related risks are monitored through a continuous process of review and updating. Significant changes in production processes, technology infrastructure, the regulatory framework, or market conditions are among the factors that trigger updates to risk assessments.

In this context, climate-related risks and opportunities are managed by considering their impacts on the Company's operational performance, financial resilience, investment priorities, and capacity for long-term value creation.

> Significant changes in production processes, **technology infrastructure,** regulatory requirements, or market conditions may trigger updates to risk assessments.





Metrics and **Targets**

Building the Infrastructure of the Future **Today**

kuzeyboru

Metrics and Targets

Kuzeyboru structures the metrics and targets used to monitor sustainability performance to support the assessment of the impacts of climate-related risks and opportunities on the Company's financial position, financial performance, and cash flows. In determining performance indicators, the Company considers the nature of its activities, the characteristics of its production processes, and potential environmental impacts arising across the value chain. The identified metrics are linked to strategic planning, risk management, and operational performance assessment processes and are monitored regularly.

The metrics and targets used to monitor sustainability performance at Kuzeyboru are structured to cover different time horizons. Performance indicators are designed to be monitored over the short, medium, and long term, and the metric framework is structured accordingly.

- In the short term, metrics primarily include indicators for monitoring operational performance.
- In the medium term, performance indicators support tracking trends related to production processes, energy use, and resource efficiency.
- In the long term, metrics enable monitoring changes over time in performance related to emissions intensity, circularity, and resource use.

This approach supports the comparability of performance indicators across reporting periods and contributes to establishing a consistent measurement framework for monitoring sustainability targets.

The metrics used to measure sustainability performance are determined with reference to internationally recognized reporting frameworks and management system standards. In this context, the TSRS, SASB, and TCFD frameworks are referenced in structuring climate-related performance indicators. Environmental and operational performance indicators are addressed in alignment with the indicators monitored under the ISO 14001 Environmental Management System and ISO 50001 Energy Management System. The key areas included within the scope of performance measurement are as follows:

- Energy Use and Energy Efficiency
- Greenhouse Gas Emissions
- Water Use
- Raw Material Use and Circularity

The methodological approach used to calculate the metrics is based on internationally recognized standards. Greenhouse gas emissions are calculated in accordance with the GHG Protocol methodology, energy performance is monitored based on the ISO 50001 approach, and environmental performance indicators are assessed under ISO 14001. Occupational health and safety performance is monitored based on the ISO 45001 approach, while sector-specific performance indicators are assessed in alignment with SASB metrics.

The organizational boundaries used in calculating the metrics are determined based on the operational control approach. Accordingly, the facilities where Kuzeyboru conducts its production activities and its operational processes are included within the measurement scope. The determination of organizational boundaries takes into account production activities, energy use, raw material consumption, water use, and environmental impacts arising from operational processes.

The activities included within the reporting scope cover Kuzeyboru's operational activities related to the production of plastic pipes and infrastructure systems. The organizational boundaries are determined based on the operational control approach, and the facilities where production processes are carried out are included within the scope. Accordingly, the Aksaray central production facilities, along with the Malatya and Balıkesir locations, are included within the measurement boundaries. Scope 1 and Scope 2 emissions cover all facilities over which Kuzeyboru has operational control, and there are no unconsolidated subsidiaries. Data consolidation is performed in accordance with the operational control approach, with energy consumption, production data, raw material use, and other environmental performance indicators calculated based on data obtained from the relevant operational units.

Performance data used for calculating the indicators are obtained through operational systems and measurement mechanisms. Energy consumption data are monitored through the Logo ERP system, production data through department-level production reports, and water consumption data through consumption invoices. Emission factors used in emissions calculations are based on the combined use of data from Logo ERP, production reports, and consumption invoices. Consistency checks are performed to ensure data quality.

When determining performance indicators, data comparability and the traceability of changes over time are taken into account. Performance results are compared with data from previous periods and linked to established targets. This approach supports monitoring the financial impacts of climate-related risks and assessing performance trends.

As of 2026, the Company plans to adopt a product-level carbon accounting approach. Under this approach, emissions from raw materials, energy use, production processes, and logistics activities are expected to be assessed together. The development of the product-level carbon footprint calculation methodology is planned to reference ISO 14067, EN 15804+A2, the Product Environmental Footprint (PEF), and the GHG Protocol Product Standard, with initial calculations expected to use a cradle-to-gate system boundary. In addition, the Company aims to support product-level carbon footprint calculations with measurement data through the digital data management infrastructure planned for phased implementation starting in 2026. With the implementation of the product-level carbon accounting approach, the Company aims to monitor the carbon intensity of production processes in greater detail. This approach supports more detailed monitoring of sustainability performance through enhanced metrics.

The identified performance indicators are regularly monitored and reported. Target achievement levels are assessed, and improvement initiatives are planned where necessary. Performance results serve as inputs to risk management and strategic planning processes. The metrics and targets established within the methodological framework described in this section are detailed in the following sections.



Climate-Related Metrics

Climate-related performance indicators at Kuzeyboru are monitored based on energy consumption, greenhouse gas emissions, and water use arising from the Company's activities. Within energy-intensive production processes, energy use and emissions performance are among the key indicators used to assess climate-related performance.

Energy consumption data include electricity, fuel, and natural gas consumption. Energy data are monitored regularly, and changes over time are assessed. Intensity metrics are used to evaluate energy performance in relation to production volume.

Energy Consumption	2025
Total Production Quantity (tons)	79,468.449
Total Energy Consumption (MWh)	33,590.49
Energy Intensity (kWh/ton)	0.4226
Fuel (L)	282,615.27
Natural Gas (kWh)	2,149,944.40
Electricity Consumption (kWh)	33,590,485.64
Total Solar PV Capacity (MW)	1,616.40
Annual Renewable Energy Production (MWh)	2,312.159
Renewable Energy Share (%)	7%

Table 17. Energy Consumption

Greenhouse gas emissions are calculated in accordance with the GHG Protocol standard. Under the current data infrastructure, greenhouse gas emissions are calculated and monitored for Scope 1 and Scope 2 categories. Based on the authority to make management and operational decisions over the Company's activities, the operational control approach is adopted for calculating greenhouse gas emissions. The control approach is based on assuming responsibility for emissions in areas where the environmental impacts of activities can be directly managed and is considered the method best suited to the disclosure objectives of this report. Accordingly, emissions arising from operations at the Aksaray, Malatya, and Balıkesir factories, as well as the Istanbul and Ankara offices, are included in the reporting scope.

Activity data used in emissions calculations are obtained from energy consumption records, official consumption documents, and operational measurement systems. Scope 1 emissions are calculated based on the scope approach set out in the GHG Protocol Corporate Standard. Emission factors published under Volume 2: Energy of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories are used for fuel-based emission factors and net calorific values. Emissions from natural gas, diesel, and gasoline are calculated using CO_2 emission factors of 56,100 kg CO_2/TJ, 74,100 kg CO_2/TJ, and 69,300 kg CO_2/TJ, respectively, together with the relevant CH_4 and N_2O emission factors. The calculations are based on activity data, net calorific values, and emission factors.

For the calculation of our Scope 2 emissions, the national emission factor of 0.436 provided in the "Information Form on Emission Factors for Electricity Generation and Electricity Consumption Points in Türkiye (2022)" published by the Republic of Türkiye Ministry of Energy and Natural Resources in 2024 is used. For electric vehicles, the EF value of 0.469 provided in the "Information Form on Emission Factors for Electricity Generation and Electricity Consumption Points in Türkiye, 2023" published by the Republic of Türkiye Ministry of Energy and Natural Resources is used. There was no contract-based renewable energy procurement mechanism during the reporting period. Therefore, Scope 2 greenhouse gas emissions were calculated using the location-based method.

Scope	Breakdown	Calculation Approach	NCV	CO_2 EF (tCO_2e/MWh)	CO_2 EF (kg/TJ)	CH_4 EF (kg/TJ)	N_2O EF (kg/TJ)	Source
Scope 1	Natural Gas	Fuel-Based	(TJ/Gg)	CO_2 EF	56,100	1.0	0.1	IPCC 2006 Volume 2 - Energy
	Diesel	Fuel-Based	(tCO_2e/MWh)	CO_2 EF	74,100	3.8	3.8	IPCC 2006 Volume 2 - Energy
	Diesel	Fuel-Based	(kg/TJ)	CH_4 EF	69,300	3.8	5.7	IPCC 2006 Volume 2 - Energy
Scope 2	Electricity	Location-Based		0.436				*ETKB, Information Form on Emission Factors for Electricity Generation and Electricity Consumption Points in Türkiye (2022)*
	Electric Vehicles	Location-Based	(kg/TJ)	0.469				Republic of Türkiye Ministry of Energy and Natural Resources, Information Form on Emission Factors for Electricity Generation and Electricity Consumption Points in Türkiye (2023)

Table 18. Scope 1 and Scope 2 Emission Factors

Efforts to develop the methodology and data infrastructure for calculating Scope 3 greenhouse gas emissions are ongoing. Under the transition provisions of TSRS 2 C4(b), the Company applies the available exemption from Scope 3 emissions reporting. Following the KGK decision published on December 25, 2025, the transition relief period was extended, and the Company plans to evaluate Scope 3 emissions reporting in future reporting periods.

As part of this process, the Scope 3 emissions categories across the Company's upstream and downstream value chain are assessed based on their relevance to operations, potential emissions magnitude, climate-related risks and opportunities, and data availability. Based on Kuzeyboru's operational structure, purchased goods and services, capital goods, fuel- and energy-related activities, upstream and downstream transportation and distribution, waste generated in operations, business travel, employee commuting, and end-of-life treatment of sold products are identified as priority areas.

The final categories to be included in the calculation will be determined upon completion of the ongoing methodology and materiality assessment. Scope 3 emissions calculations are planned to commence in 2027, with the reporting approach to be developed gradually based on improvements in data availability and methodological development.

There is currently no practice in place for the use of carbon credits or internal carbon pricing. The Company has not yet established a structured internal carbon pricing mechanism to incorporate carbon costs into the assessment of the financial effects of climate-related transition risks.

There is no practice in place for the use of carbon credits or internal carbon pricing. Accordingly, a structured mechanism that incorporates carbon costs when assessing the financial effects of climate-related transition risks is not yet in place.

Climate and Energy Targets	Target Roadmap	Investment Disclosure	Capital Allocation	Expected Impacts	Follow-Up Period
Total Energy Consumption	While expanding production capacity and the number of facilities, Kuzeyboru aims to achieve a 10% improvement in energy consumption by 2030 through technological upgrades and digital transformation initiatives focused on energy-intensive areas.	Information on planned energy efficiency projects, technological upgrades, and digital transformation initiatives designed to reduce energy consumption is expected to be disclosed. In this context, it is recommended to disclose the technologies to be implemented, the scope of investments, the implementation timeline, and the activities expected to deliver energy savings.	Financing the investments primarily through CAPEX, supplemented by loans and green financing where needed, is under consideration.	Reduced electricity and fuel consumption, lower energy costs, improved energy intensity, increased operational efficiency, reduced Scope 1 and Scope 2 emissions, and reduced exposure to carbon costs.	Annual
Renewable Energy Share	Through solar power plant investments, increased self-consumption, and the transition to electric vehicles, the share of renewable energy is targeted to reach 90% by 2030.	The scope, capacity, implementation timeline, and expected contribution to the target of planned solar power plant investments, the transition to electric vehicles, and other renewable energy projects aimed at increasing the share of renewable energy are expected to be disclosed.	Financing the investments primarily through CAPEX, supplemented by loans and green financing where needed, is under consideration.	Reduced grid electricity consumption, lower electricity costs, improved energy security, reduced Scope 2 emissions, lower carbon costs, and an increased share of renewable energy.	Annual
Scope 1 and Scope 2 Emissions	A 10% reduction in Scope 1 and Scope 2 emissions is targeted by 2030 through technological upgrades, energy efficiency initiatives, digital transformation, and renewable energy investments.	It is recommended to disclose the scope of energy efficiency measures, process improvements, fuel switching, electrification, renewable energy, and similar initiatives that will contribute to reducing greenhouse gas emissions, along with the expected contribution of each investment to emissions reductions.	Financing the investments primarily through CAPEX, supplemented by loans and green financing where needed, is under consideration.	Reduced Scope 1 and Scope 2 greenhouse gas emissions and carbon costs, strengthened preparedness for the ETS and carbon regulations, and increased alignment with climate targets.	Annual
Emissions Intensity	Despite increased production capacity, the target is to reduce emissions intensity per unit of production by 10% through energy efficiency measures, process improvements, and digital transformation initiatives.	Information is expected to be disclosed on the scope of process optimization, production efficiency initiatives, digital monitoring systems, and carbon management practices designed to reduce emissions intensity per unit of production, as well as their expected contribution to achieving the target.	Financing the investments primarily through CAPEX, supplemented by loans and green financing where needed, is under consideration.	Reduced carbon footprint per unit of production, increased resource efficiency, improved production performance, and support for the transition to low-carbon production.	Annual

Climate and Energy Targets	Target Roadmap	Investment Disclosure	Capital Allocation	Expected Impacts	Follow-Up Period
Total Raw Material Use	Despite increased production capacity, more efficient management of raw material use is targeted through formulation optimization, process improvements, and digital monitoring systems.	The scope of formulation optimization, process improvements, digital monitoring systems, and production efficiency initiatives aimed at improving the efficiency of raw material use, together with their expected contribution to resource efficiency, is expected to be disclosed.	Financing the investments primarily through CAPEX, supplemented by loans and green financing where needed, is under consideration.	Lower raw material costs, enhanced resource efficiency, reduced waste generation, and improved production cost efficiency.	Annual
Percentage of Recycled Content	The aim is to increase the use of recycled raw materials across suitable product groups while maintaining established quality criteria.	Information is expected to be disclosed on the planned initiatives to increase the use of recycled raw materials, the product groups covered, the sourcing approach, and the practices designed to meet quality requirements.	Financing the investments primarily through CAPEX, supplemented by loans and green financing where needed, is under consideration.	Reduced use of virgin raw materials, improved circular economy performance, reduced carbon footprint, and lower raw material supply risks.	Annual
Production Scrap	The aim is to reduce production scrap through enhanced process control, digital monitoring systems, and operational improvements.	Information is expected to be disclosed on the scope of process control, digital monitoring, quality improvement, and operational efficiency initiatives designed to reduce production scrap, as well as the improvements targeted through these initiatives.	Financing the investments primarily through CAPEX, supplemented by loans and green financing where needed, is under consideration.	Reduced scrap costs, increased raw material efficiency, reduced waste generation, and improved production efficiency.	Annual
Water Use per Unit of Production	The aim is to reduce evaporation and other water losses while gradually implementing water collection and treatment systems across all facilities by 2030.	The scope, implementation timeline, and expected contribution to the target of planned water collection, recovery, treatment, and water efficiency projects aimed at reducing water consumption are expected to be disclosed.	Financing the investments primarily through CAPEX, supplemented by loans and green financing where needed, is under consideration.	Reduced water consumption, lower water costs, increased operational resilience to water stress, improved resource efficiency, and reduced environmental impact.	Annual

Table 19. Scope 1 and Scope 2 Emission Factors

Capital expenditures related to the management of climate-related risks and opportunities include energy efficiency initiatives, renewable energy investments, digitalization projects, and improvements to production processes. The solar power plant investment undertaken in this context aims to reduce energy costs and electricity-related emissions. In addition, R&D and green transformation projects aim to enhance operational efficiency, optimize resource use, and mitigate climate-related transition risks.

Emisyon Verileri	2025
Total Production Quantity (tons)	79,468.449
Scope 1 Emissions (tCO_2e)	1,158.71
Scope 2 Emissions (tCO_2e)	14,062.51
Total Scope 1 and Scope 2 Emissions (tCO_2e)	15,221.22
Emission Intensity (tCO_2e/ton)	0.0001915

Table 20. GHG Emissions Data

Location-based electricity consumption and the associated Scope 2 emissions were calculated as 30,519.21 MWh and 13,312.22 tCO_2e for Aksaray; 824.79 MWh and 359.61 tCO_2e for Balıkesir; 869.10 MWh and 378.93 tCO_2e for Malatya; 7.65 MWh and 3.33 tCO_2e for Istanbul; and 19.32 MWh and 8.42 tCO_2e for Ankara.

Water use is tracked as a performance indicator reflecting process efficiency across production processes. The amount of water used in production processes is assessed in relation to operational efficiency, resource management, and water stress risks that may increase due to climate change. A water intensity indicator is used to assess water performance in relation to production volume.

Water Consumption	2025
Total Production Quantity (tons)	79,468.449
Total Water Consumption (m^3)	27,838.17
Water Intensity (m^3/ton)	0.035

Table 21. Water Consumption

Energy consumption, emissions performance, and resource use data are monitored as part of operational performance monitoring processes. Energy efficiency initiatives, renewable energy use, and resource efficiency efforts are monitored through performance indicators, while climate-related considerations are not incorporated into executive remuneration.

Sectoral Metrics

The plastic pipe and infrastructure systems sector in which Kuzeyboru operates requires environmental performance to be monitored through industry-specific metrics due to the energy- and raw material-intensive nature of its production processes. Industry-specific metrics support the assessment of resource use impacts arising from production processes, as well as the durability and efficiency performance of products throughout their useful life.

GRP and HDPE pipe manufacturing involves high-temperature and high-pressure processes, while production efficiency, capacity utilization, and material optimization represent key industry performance indicators. Production scrap rates are associated with raw material efficiency and circular economy performance. OEE (Overall Equipment Effectiveness), which measures equipment effectiveness, and TEEP (Total Effective Equipment Performance), which assesses overall capacity utilization, are among the key metrics used to monitor production performance.

Metric	Value
Average PE Scrap Rate	3.5%
Average Corrugated Pipe Scrap Rate	2.7%
PE OEE	77%
Corrugated Pipe OEE	75%
PE TEEP	52%
Corrugated Pipe TEEP	58%

Table 22. Metrics

Reducing scrap rates supports improved raw material efficiency. Improving production efficiency contributes to optimizing energy and resource use. Industry-specific sustainability performance is monitored with reference to international reporting frameworks. The industry-specific metrics set out in the SASB Standards serve as a reference for evaluating the environmental impacts associated with production processes. In this context, performance indicators related to greenhouse gas emissions, energy use, water management, and waste generation are expected to be monitored.

Greenhouse Gas Emissions

SASB Disclosure Topic	Metric	Value		Unit	SASB Code
Greenhouse gas emissions	Gross Global Scope 1 Emissions; Percentage Covered Under Emissions-Limiting Regulations	1,158.71	Quantitative	Metric tons (t)	EM-CM-110a.1
	Discussion of the long- and short-term strategy or plan for managing Scope 1 emissions and emissions reduction targets, and an analysis of performance against those targets	Short-, medium-, and long-term strategies are adopted to manage Scope 1 emissions. The primary objective of these strategies is to reduce Scope 1 emissions.	Discussion and Analysis	Not Applicable	EM-CM-110a.2

Table 23. SASB - Greenhouse Gas Emissions

Air Quality Management

SASB Disclosure Topic	Metric	Value		Unit	SASB Code
Air Quality	(1) NOx (excluding N_2O)	N/A*	Quantitative	Metric tons (t)	EM-CM-120a.1
	(2) SOx	N/A*	Quantitative	Metric tons (t)	EM-CM-120a.1
	(3) Particulate Matter (PM_{10})	N/A*	Quantitative	Metric tons (t)	EM-CM-120a.1
	(4) Dioxins/Furans	N/A*	Quantitative	Metric tons (t)	EM-CM-120a.1
	(5) Volatile Organic Compounds (VOCs)	1.36-1.4	Quantitative	kg VOC/ metric ton (t) of pipe	EM-CM-120a.1
	(6) Polycyclic Aromatic Hydrocarbons (PAHs)	N/A*	Quantitative	Metric tons (t)	EM-CM-120a.1
	(7) Heavy Metals	N/A*	Quantitative	Metric tons (t)	EM-CM-120a.1

Table 24. SASB - Air Quality Management

*The relevant air pollutant parameters were not measured at the Malatya and Balıkesir facilities, as there are no combustion processes or stack emissions at these facilities. At the Aksaray facilities, measurements were conducted only for VOC emissions; the metrics for the remaining parameters are reported as "N/A" as they are not subject to measurement requirements.

NOx formation occurs at elevated levels in production processes operating at temperatures of 800°C and above; however, our production processes do not involve high-temperature operations. Therefore, NOx formation is not expected in our production processes.

SOx emissions are not observed, as the raw materials used do not contain sulfur. The HDPE, polyester resin, and PPRC raw materials used in our production processes do not contain dioxins or furans.

No particulate matter is present. No heavy metals are generated from the raw materials used in our products or from reactions occurring during production. Polycyclic aromatic hydrocarbons (PAHs) are formed at temperatures ranging from 400°C to 600°C; since our production processes do not operate within this temperature range, PAH formation is not expected.

Based on the measurements conducted, the DUST value for Process Stack-1 / PB-1 was measured at 0.072 kg/hour, the VOC value at 0.0856 kg/hour, and the Cvoc value at 0.0282 kg/hour. Measurements for Process Stack-2 / PB-2 recorded a DUST value of 0.070 kg/hour, a VOC value of 0.0684 kg/hour, and a Cvoc value of 0.0248 kg/hour. The total values were 0.142 kg/hour for DUST, 0.1540 kg/hour for VOC, and 0.0530 kg/hour for Cvoc.

The situation differs for total volatile organic carbon. Values are available for HDPE and PPRC; however, they are not reported separately as they are present only in trace amounts. For GRP pipe production involving the use of styrene, a factor of 3.2 kg VOC per ton of resin was used as the basis for calculation. GRP pipe production totaled 21,500 tons in 2025, with styrene and vinyl ester resin accounting for approximately 34-38% of this amount. Based on these figures, resin use is estimated at approximately 7,310-8,000 tons, with the resulting VOC emissions estimated at approximately 24,000 kg VOC/year. Accordingly, the VOC intensity is approximately 1.36-1.4 kg VOC per ton of GRP pipe.

The ventilation level varies proportionally with temperature and is approximately 140 mg/Nm³. Air changes through the factory's main doors are excluded from this value. When air changes are taken into account, the value is expected to decrease to approximately 30 mg/Nm³.

In 2026, VOC measurements will be conducted twice, and a minimum VOC criterion will be established for the Company.

VOC emissions other than acetone and styrene were identified at trace levels across all indoor areas. Acetone and styrene levels were well below the applicable indoor area limit values, while factory indoor measurements recorded a VOC concentration of 157 ppm.

Energy Management

SASB Disclosure Topic	Metric	Value		Unit	SASB Code
Energy Management	(1) Total Energy Consumed	123,894.99	Quantita-tive	Gigajoules (GJ)	EM-CM-130a.1
	(2) Percentage of Grid Electricity	93%	Quantita-tive	(%)	EM-CM-130a.1
	(3) Percentage of Alternative Energy	N/A*	Quantita-tive	(%)	EM-CM-130a.1
	(4) Percentage of Renewable Energy	7%	Quantita-tive	(%)	EM-CM-130a.1

Table 25. SASB - Energy Management

** Alternative energy sources are not currently used in operations.*

Water Management

SASB Disclosure Topic	Metric	Value		Unit	SASB Code
Water Management	(1) Total Water Withdrawn	N/A*	Quantitative	cubic meters (m^3)	EM-CM-140a.1
	(2) Total Water Consumed	27,838.17	Quantitative	cubic meters (m^3)	EM-CM-140a.1
	Percentage of Total Water Withdrawn in Areas with High or Extremely High Base-line Water Stress	N/A*	Quantitative	(%)	EM-CM-140a.1
	Percentage of Total Water Consumed in Areas with High or Extremely High Base-line Water Stress	100	Quantitative	(%)	EM-CM-140a.1

Table 26. SASB - Water Management

**Operations do not involve direct water withdrawal from groundwater, surface water, or other sources.*

Waste Management

SASB Disclo-sure Topic	Metric	Value		Unit	SASB Code
Waste Man-agement	Amount of Waste Generated	277.644	Quan-ti-ta-tive	Metric tons (t)	EM-CM-150a.1
	Percentage of Total Waste Generated Classified as Hazardous	36.13	Quan-ti-ta-tive	(%)	EM-CM-150a.1
	Percentage of Total Waste Generated That Is Recycled	63.87	Quan-ti-ta-tive	(%)	EM-CM-150a.1

Table 27. SASB – Waste Management

Product Performance

Under the 1832 - Green Transformation in Industry Call, two projects are underway focusing on digitalization systems aimed at improving energy efficiency. These projects aim to expand the use of digitalization, data analytics, and automation applications in production processes and achieve at least a 10% reduction in electricity consumption per unit of production. In addition, an R&D project focused on the development of new raw materials is underway. As the project is currently undergoing the patent application process, technical details and commercially sensitive information have not been disclosed. Following completion of the patent process, the required disclosures will be made in accordance with the applicable regulatory requirements for publicly traded companies.

SASB Disclosure Topic	Metric	Value		Unit	SASB Code
Ürün İnovasyonu	Percentage of Products Eligible for Credits under Sustainable Build-ing Design and Construction Cer-tifications	N/A*	Quantitative	Percentage of Annual Sales Revenue (%)	EM-CM-410a.1
	Total Addressable Market and Mar-ket Share for Products That Re-duce Energy, Water, or Material Impacts During Use or Production	N/A**	Quantitative	Presentation Currency, Percentage (%)	EM-CM-410a.2

Table 28. SASB - Product Performance

**There are currently no processes in place for obtaining credits under sustainable building design or building certification schemes.*

***R&D activities focused on product innovation continued during the reporting period. As the related project is currently undergoing the patent application process, technical details and commercially sensitive information have not been disclosed.*

Activity Metrics

Activity Metrics	Value		Unit	SASB Code
Production by Major Product Group	79,468.449	Quantita-tive	Metric tons (t)	EM-CM-000.A

Table 29. SASB - Activity Metrics

As part of the circular economy approach, the use of recycled content, raw material traceability, and product life cycle performance are becoming increasingly important for industry transformation. In line with European Union regulations and international standards, requirements for assessing the environmental performance of products from a life cycle perspective are expected to increase.

Regulations on plastic and composite materials are increasing requirements for recycled content use and material traceability. These developments are leading to greater consideration of circularity criteria in raw material selection, product design, and production processes. The development of traceability systems and the expansion of circular economy practices are among the key elements of industry transformation.

Quality and compliance indicators are among the complementary elements of industry performance. Product compliance with technical standards and traceability throughout supply chain processes are regarded as important factors in product selection for infrastructure projects. Holding TSE certifications, monitoring accreditation processes, and applying supplier selection criteria constitute key quality assurance practices.

The industry-specific metrics presented in this section enable production efficiency, raw material use, circularity, and product performance to be evaluated together. Industry-specific metrics complement climate-related performance indicators and contribute to monitoring the sustainable production approach.

Performance indicators are tracked against sales performance, production efficiency, and compliance targets, with improvement initiatives implemented where necessary. Actions identified through risk management processes are assessed in conjunction with performance results. Defined targets support the regular monitoring of sustainability performance and continuous improvement of operational processes.

2025 represents the Company's first reporting period under the TSRS and was also designated as the base year. Therefore, period-over-period trends and comparative performance analyses will be established in future reporting periods.

Targets

Kuzeyboru's sustainability targets are established within the framework for managing climate-related risks and opportunities and monitored through performance indicators. Target-setting takes into account the energy- and resource-intensive nature of production processes, raw material use, operational efficiency, occupational health and safety performance, and supply chain practices. Climate-related targets have not been submitted to a third-party target validation process. Targets are developed taking into account current activity data, energy consumption, greenhouse gas emissions, water and resource use, production processes, and operational performance indicators. Defined targets are tracked through Key Performance Indicators (KPIs) and reviewed each reporting period, with performance assessed under the coordination of the Sustainability Committee based on data provided by the relevant units. Matters deemed necessary are reported to senior management. Progress is tracked through indicators for Scope 1 and Scope 2 greenhouse gas emissions, energy consumption, electricity and fuel use, renewable energy generation, water consumption, waste generation, recovery performance, and production efficiency. As the data infrastructure for Scope 3 emissions is developed in future periods, indicators related to the supply chain, logistics, raw material use, and product life cycle are also planned to be incorporated into the monitoring process.

The target framework covers energy use, greenhouse gas emissions, circular economy, water management, occupational health and safety, and governance performance. Performance indicators are assessed relative to production volume, allowing intensity-based metrics to be tracked. This approach enables operational performance trends to be assessed consistently and comparably over time.

The performance report indicates that a total of 48 targets were established, with 25 targets completed and 23 remaining incomplete. Target performance is assessed using process performance indicators, with improvement initiatives planned based on the results.

Climate Change and Energy Targets

Reducing energy use and greenhouse gas emissions is among the key climate-related performance areas. The aim is to reduce energy use in production processes, increase the use of renewable energy, and improve emissions intensity per unit of production. In this context, despite increases in production capacity and the number of facilities, the aim is to reduce energy consumption by 2030 through technological upgrades and digital transformation initiatives in energy-intensive areas. In addition, emissions intensity per unit of production is targeted to decrease through energy efficiency initiatives, technological improvements, and digital transformation efforts in line with the increase in production capacity. Performance indicators are monitored in support of the target to reduce greenhouse gas emissions per unit of production by 2030. To support achievement of the targets, initiatives are being advanced to expand energy efficiency measures, enable digital monitoring of production processes, regularly analyze energy consumption, and increase renewable energy investments. In this context, the Traceable Factory Project is planned to strengthen the energy monitoring infrastructure, track carbon footprint and recycled content data through the formulation management system and implement initiatives that improve efficiency in production processes. The commissioning of solar power plant investments is expected to increase the share of renewable energy, reduce electricity procured from the grid, and consequently lower greenhouse gas emissions associated with electricity consumption. Through these initiatives, the aim is to increase the share of renewable energy, reduce electricity procured from the grid, and consequently lower Scope 1 and Scope 2 greenhouse gas emissions.

In 2025, total energy consumption amounted to 33,590.49 MWh, with a renewable energy share of 7% and Scope 1 and Scope 2 greenhouse gas emissions totaling 15,221.22 tCO_2e. Emissions intensity stood at 0.0001915 tCO_2e/ton, and the monitored indicators are used to assess performance in reducing energy consumption, increasing renewable energy use, and improving production-related emissions intensity.

Climate and Energy Performance	Measurement	2025
Total Energy Consumption	MWh/year	33,590.49
Renewable Energy Share	%	7%
Scope 1 and Scope 2 Emissions	tCO_2e	15,221.22
Emissions Intensity	tCO_2e /ton	0.0001915

Table 30. Climate and Energy Performance

Climate and Energy Targets	Unit	Base Year	Base Year Value	Target Year	Metric Target	Target Scope (Full Scope / Limi-ted Scope)	Target Type (Absolute/ Intensity)
Total Energy Consumption	MWh/ year	2025	33,590.49	2030	10% reduc-tion	Full Scope	Intensity
Renewable En-ergy Share	%	2025	7%	2030	90%	Full Scope	Intensity
Scope 1 and Scope 2 Emis-sions	tCO_2e	2025	15,221.22	2030	10% reduc-tion	Full Scope	Intensity
Emissions Inten-sity	tCO_2e / ton	2025	0.0001915	2030	10% reduc-tion	Full Scope	Intensity

Table 31. Climate and Energy Targets

The solar power plant investments are expected to increase the renewable energy share of total energy consumption, reduce electricity procured from the grid, and consequently lower greenhouse gas emissions associated with electricity consumption.

Raw Material Efficiency and Circular Economy Targets

Optimization of raw material use in production processes and increased use of recycled content are key elements of the circular economy approach. Enhanced raw material efficiency contributes to reducing production-related waste and optimizing resource use. In this context, the aim is to manage raw material use more efficiently despite increases in production capacity and output volume. Raw material consumption is intended to be managed in a controlled manner through effective monitoring of production formulations, process improvement initiatives, and digital monitoring systems. The use of recycled content in HDPE and corrugated pipe product groups is targeted to increase while maintaining quality standards. Accordingly, the use of alternative recycled raw materials in suitable product groups is planned to be evaluated. To achieve the targets, initiatives are underway to optimize production processes, strengthen formulation management, and digitally monitor production performance. These efforts also include the development of digital infrastructure to enhance data traceability across production processes and support product-level carbon footprint calculations. In addition, measures are being implemented to strengthen process control and enhance monitoring of production performance to reduce scrap generated during production processes. Improvement initiatives that support resource efficiency are being pursued alongside efforts to increase the use of recycled raw materials and digital monitoring applications aimed at reducing production scrap.

In 2025, total raw material use amounted to 79,468.449 tons, with a recycled content share of 3% and a production scrap rate of 3.49%. These indicators serve as key performance indicators for monitoring raw material efficiency and contribute to assessing the effectiveness of improvement initiatives aimed at increasing the use of recycled content and reducing production scrap.

Raw Material Efficiency and Circular Economy Perfor-mance	Measurement	2025
Total Raw Material Use	Tons	79,468.449
Percentage of Recycled Content	%	3
Production Scrap	%	3.49

Table 32. Raw Material Efficiency and Circular Economy Performance

Raw Material Efficiency and Circular Eco-nomy Targets	Unit	Base Year	Base Year Value	Target Year	Metric Target	Target Scope (Full Scope / Limi-ted Scope)	Target Type (Absolute / Intensity)
Total Raw Mate-rial Use	Tons	2025	79,468,449	2030	200,000	Full Scope	Absolute Tar-get
Percentage of Recycled Con-tent	%	2025	2,383,405	2030	12,268,467	Full Scope	Absolute Tar-get
Production Scrap	%	2025	3.49%	2030	10% reduc-tion	Full Scope	Intensity

Table 33. Raw Material Efficiency and Circular Economy Targets

Reducing scrap rates contributes to improving raw material efficiency. Greater use of recycled content contributes to enhancing circular economy performance.

Water Management Targets

Targets focus on reducing water use in production processes and increasing the water recovery rate. Reducing process water consumption and expanding the use of closed-loop systems support enhanced water efficiency performance. Accordingly, studies are planned to identify water use points across facilities, analyze wastewater generation areas, and determine streams with water recovery potential. Based on the resulting assessments, the aim is to develop water recovery initiatives in areas identified as suitable. In addition, water efficiency management is intended to be strengthened through regular monitoring of water consumption, enhanced data infrastructure, and the development of performance indicators related to water use. Water consumption will be reduced by 40% through measures to minimize evaporation losses and prevent other water losses. The transition to water collection and treatment systems will be carried out progressively across all facilities, with completion targeted by 2030.

In 2025, total water withdrawal amounted to 27,838.17 m³, and water consumption per unit of production was 0.00035 m³/ton. Before October 2025, the site management did not measure individual water consumption at the business center where the Istanbul office is located. Individual water consumption measurement was implemented as of October 2025, after which the site management began providing water consumption data for the Istanbul office.

The Company currently has no wastewater recovery practices in place. Accordingly, no reportable data are available on the volume of water recovered by wastewater stream, the recovery rate, or whether recovery is carried out with or without treatment. In future reporting periods, the data infrastructure for water and wastewater management will be further developed, while efforts to identify streams with water recovery potential will continue.

Water Management Performance	Measurement	2025
Total Water Withdrawal (Mains Water)	m³	27,838.17
Water Use per Unit of Production	m³/ton	0.00035

Table 34. Water Management Performance

Water Manage-ment Tar-gets	Unit	Base Year	Base Year Value	Target Year	Metric Target	Target Scope (Full Sco-pe /Limited Scope)	Type of Target (Absolute/ Intensity)
Water Use per Unit of Production	m³/ton	2025	0.00035	2030	40% re-duction	Full Scope	Intensity

Table 35. Water Management Targets

Improving water efficiency performance contributes to reducing operating costs and optimizing resource use.

Significant developments occurred between December 31, 2025, and the date of approval of this report for publication that are expected to affect our sustainability performance. In this context, a 12,901.98 kWp solar power plant established in Harran, Şanlıurfa, was commissioned, and the installation of additional production lines that will increase the capacity of the Malatya GRP Pipe Production Facility by approximately 70% was completed. These developments are expected to contribute to increasing our use of renewable energy, advancing our emissions reduction efforts, and expanding our production capacity. At the same time, developments that may affect regulatory requirements, energy use, stakeholder expectations, physical climate conditions, and the continuity of our operations continue to be monitored. Under the TSRS, the impacts of significant climate-related risks, opportunities, and events that may arise will be assessed and reported in relation to our strategy, decision-making processes, risk management, and financial planning.

Appendices

SG bağımsız denetim

SG Bağımsız Denetim Anonim Şirketi

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE INFORMATION OF KUZEY BORU A.Ş. PRESENTED IN ACCORDANCE WITH THE TÜRKİYE SUSTAINABILITY REPORTING STANDARDS-2025



SG bağımsız

TO THE GENERAL ASSEMBLY OF KUZEY BORU A.Ş.

We have been assigned to perform limited assurance on the information ("Sustainability Information") presented in accordance with the Türkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Türkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" of the Sustainability Report of **KUZEY BORU A.Ş.** for the year ended **31 December 2025**.

Our assurance review does not cover information relating to prior periods, other information included in the 2025 Sustainability Report, or other information associated with the Sustainability Information or the 2025 Sustainability Report (including any images, audio files, documents linked to websites, or embedded videos).

Limited Assurance Conclusion

Based on the procedures we have performed as described under "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 **Company's Sustainability Report** for the year ended 31 December 2025, has not been prepared, in all material respects, in accordance with the Türkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("KGK") in the Official Gazette dated 29 December 2023 and numbered 32414(M).

Information relating to previous periods and the 2025 Sustainability Report or Sustainability Information, or any other information associated with the 2025 Sustainability Report (including any images, audio files, documents linked to websites, or embedded videos), we do not make any representations or warranties

Structural Constraints in Preparing Sustainability Information

The Sustainability Information included in the Sustainability Report is subject to structural uncertainties arising from scientific and economic information gaps. Inadequate scientific knowledge in calculating greenhouse gas emissions leads to uncertainty. Furthermore, due to a lack of data on the likelihood, timing, and impacts of potential future physical and transitional climate risks, Sustainability Information contains uncertainties based on climate-related scenarios.

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE INFORMATION OF KUZEY BORU A.Ş. PRESENTED IN ACCORDANCE WITH THE TÜRKİYE SUSTAINABILITY REPORTING STANDARDS

Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information

The **Company's Management** is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Türkiye Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error;
- Additionally, the **Company Management** is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

Those charged with Governance is responsible for overseeing the **Company's sustainability reporting process**.

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

We are responsible for the following:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained and inform the **Company management** of the conclusion we have reached.
- Performing risk assessment procedures to understand the **Company's internal control structure** and to identify and assess the risks of material misstatement of sustainability information, whether due to fraud or error, and not for the purpose of expressing an assurance conclusion on the effectiveness of the **Company'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 due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve collusive transactions, forgery, willful failure to record transactions or intentional misstatements to the auditor, or a violation of internal control. Misstatements may arise from fraud or error.

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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.

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

Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements ("GDS") 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information and in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements ("GDS") 3410 Assurance Engagements on Greenhouse Gas Statements, issued by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("KGK").

Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors (including International Independence Standards) (Code of Ethics) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, issued by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("KGK").

Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team of auditors. We have used the work of our expert team to assess the reliability of the information and assumptions related to the Company's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

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

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

In carrying out our limited assurance engagement on the Sustainability Information:

- Face to face interviews were conducted with the Company's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period;
- The Company's internal documentation was used to assess and review sustainability-related

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- The disclosure and presentation of sustainability-related information was evaluated.
- Through inquiries, an understanding of the Company's control environment, processes and information systems relevant to the preparation of the Sustainability Information was obtained. However, the design of particular control activities was not evaluated and evidence about their implementation was not obtained or their operating effectiveness was not tested.
- It was evaluated whether the Company's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Company's estimates.
- The Company's sustainability reporting processes and the processes for identifying risks and opportunities that are identified as financially material are understood.

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

Muhammed ŞAHİN
Independent Auditor
10.08.2026, ANKARA

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