

BATISÖKE



TSRS-Compliant
Sustainability Report

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BATISÖKE
SÖKE ÇİMENTO SANAYİİ T.A.Ş.

TSRS-Compliant
Sustainability Report
2025

01

PURPOSE and SCOPE

The TSRS Compliant Sustainability Report of Batisöke Söke Çimento Sanayii T.A.Ş. and its subsidiary ("Batisöke") aims to present the general purpose financial reports in a transparent, comparable and reliable manner that will contribute to the decision-making processes of the main users within the framework of the TSRS 1 General Provisions on the Disclosure of Sustainability-Related Financial Information and TSRS 2 Climate-Related Disclosures.

The report has been prepared to present the progress regarding the governance structure, strategy, risk management processes and performance metrics and targets, taking into account the general reporting principles

and disclosure provisions in TSRS 1. The explanations only include the climate risks, opportunities and their financial effects that the Community is exposed to within the framework of the TSRS 2 Standard. The community aims to present these statements in an integrated manner with the corporate strategy and to reveal the role of these elements on corporate value creation.

The report covers all the activities of Batisöke Söke Çimento Sanayii T.A.Ş. for the period of 1 January 2025 – 31 December 2025 and represents the second reporting period prepared within the scope of TSRS. The activities of the community are presented in accordance with the provisions of TSRS by evaluating the effects on the value chain relations and business model.

02

CONCEPTUAL FOUNDATIONS

2.1 Reporting Company

The Batı Anadolu Group of Companies carries its industry experience of more than half a century to the future with its understanding of long-term value creation, sustainable growth and responsible production.

Batı Anadolu Çimento Sanayii A.Ş., which was established in 1966 with 100% Turkish capital in the Aegean Region, today operates with an integrated business model in different sectors under the name of Batı Anadolu Group of Companies. With its strong financial structure and corporate memory, the Company has an important position in Turkey's industrial and economic history.

Batisöke, which was established as one of the first cement factories of our Republic in Aydın Söke in 1955, increased its production capacity and power in the sector by joining the Batı Anadolu Group of Companies in 1993. Since then, it has continued to make significant contributions to the regional and national economy with its high clinker and cement production volume. As in all companies of the Batı Anadolu Group of Companies, Batisöke

continues its activities with the understanding of continuous improvement. With the investment of the integrated cement production facility completed in 2018, it has reached the position of one of the most modern cement, clinker and aggregate production facilities of our country. It has a capacity of producing 3,000,000 tons of clinker and 4,000,000 tons of cement per year by combining its experience with developing production systems. With the understanding of 'Quality First', it produces high-quality and environmentally friendly products; It meticulously protects quality standards at every stage with its effective control systems and expert employees. It adopts customer satisfaction as the main goal of all our processes. It meets a significant part of Turkey's cement needs with its experience of more than half a century, continuous development vision and investments.

It has the potential to export more than 1,000,000 tons of clinker and cement per year by increasing its export activities since 1982. While contributing to the country's economy with exports from the Aegean Region to the world, it successfully represents Turkey's modern industrial identity in the international market.

Batisöke Söke Çimento Sanayii T.A.Ş - Subsidiaries

Trade Name	Subject of Activity of the Company	Share of the Company in the Capital (%)	
		Direct	Indirect
Ash Plus Yapı Malzemeleri San. Tic. A.Ş	Ash Production and Sales	100	100



2.2 Fair Presentation

Information on the climate risks and opportunities of Batisöke Söke Çimento Sanayii T.A.Ş. for the financial year 2025 has been prepared in a holistic structure in accordance with the financial statements, based on the financial performance of the enterprise, cash flows and potential consequences that may affect the cost of capital. The explanations have been presented from an accurate, impartial, and comprehensive perspective; care has been taken to ensure the clarity, comparability, and consistency of the information.

Climate-related risks and opportunities have been addressed in an integrated manner with the governance structure, strategy and risk management processes of the community; the contribution of these elements to corporate value creation has been shown. When deemed necessary, the reliability of the report and the truthful presentation principle were supported with additional information.

2.3 Materiality

The Climate-related disclosures within the scope of the report have been selected in line with the financial materiality principle defined under TSRS, with the aim of identifying significant information that could impact Batisöke's future financial viability.

The information considered important is based on climate-related risks and opportunities that may reasonably affect the decision-making processes of the Group's current and potential investors and general purpose financial statement users.

In the workshop for the evaluation of climate risks and opportunities held with the Sustainability Committee and the Sustainability Subcommittee in 2025, scoring and prioritization were made by taking into account the gain/loss effect, reputation effect and time dimension perspectives. As a result of the evaluation, elements with medium and high risk levels were determined as priority risks and opportunities within the framework of the financial materiality criterion. The financial materiality threshold has been defined as 0.25% of the total revenue of Batisöke and, risks and opportunities above this threshold have been comprehensively addressed in the report.

2.4 Linked Information

The information in the report has been prepared to establish a holistic connection between the governance, strategy, risk management, performance metrics and the explanations related to the targets. The TSRS-compliant sustainability report has been prepared in consistency with the "Batisöke" financial report dated December 31, 2025, based on the reporting entity and period. It is recommended to be read in conjunction with the financial report. The climate-related financial statements presented in the report have been prepared on the basis of accounting policies, estimation methods and Turkish Lira (TL) as the presentation currency in accordance with the financial statements. The data and assumptions used have been determined to be consistent with the data and assumptions used in the preparation of the financial statements to the extent possible, and compliance has been achieved within the framework of the Turkish Accounting Standards (TMS) principles in accordance with Article 23 of TSRS 1.

2.5 Transition Exemption

In accordance with the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority (K GK) published in the Official Gazette dated December 30, 2025, it has been taken into account that the transition reliefs for the first annual reporting period set out in paragraphs E4, E5, and E6(b) of TSRS 1 have been extended for one year for entities reporting in accordance with TSRS for the first time in 2024. Within this scope, the Company has focused solely on disclosures regarding climate-related risks and opportunities under TSRS 1 E5 for the 2025 reporting period; for disclosures regarding sustainability-related risks and opportunities other than climate, the Company has utilized the transition relief.

3.1 Guidance Resources

The report has been prepared on the basis of TSRS 1 and TSRS 2 standards. TSRS 2- Annex Volume 8 Construction Materials standard regarding non-climate sustainability issues was taken as a basis.

In the climate-related sections of the report, forward-looking assessments and risk/opportunity analyses have been evaluated by taking into account IPCC scenarios, TCFD Guidelines, and national and international regulations such as Türkiye's Emission Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM), as well as legislation published as of the reporting period and publicly available draft texts.

3.2 Reporting Time

This report covers the climate-related explanations regarding the activity period of Batisöke between 1 January and 31 December 2025.

3.3 Location of Disclosures

The explanations in the report should be evaluated together with the general purpose financial statements of Batisöke 2025 Fiscal Year. The explanations have been prepared in accordance with the said financial statements and in an integrated manner.

3.3.1 Events After the Reporting Period

Important corporate transactions following the reporting period ending on 31 December 2025 are summarized below,

The trade name of the subsidiary ASH Plus Yapı Malzemeleri Sanayi ve Ticaret A.Ş. has been changed and the new name has been Ecowest Atık Yönetim A.Ş. with the decision of the board of directors dated 27 January 2026. Ecowest Atık Yönetim A.Ş. is a wholly owned subsidiary of Batisöke Söke Çimento Sanayii T.A.Ş. and carries out activities related to the collection, sorting, and sale of waste.

The aforementioned transactions took place after the reporting period and do not require any adjustments to the financial statements as of December 31, 2025. However, it may have effects on the consolidation structure, scope of activity and financial indicators of Batisöke.

3.4 Comparative Information

Batisöke provides comparative information on previous periods for all information disclosed in the reporting period. This comparative information is provided in order to increase the comprehensibility of climate-related financial explanations; thus, the report allows users to evaluate the performance changes between periods and the progress of Batisöke towards climate goals.

3.5 Declaration of Conformity

The report has been prepared in accordance with the Turkish Sustainability Reporting Standards (TSRS 1 and TSRS 2) on the basis of the reporting period of 1 January 2025 – 31 December 2025 and is fully compatible with the standards and guidelines published by the Public Oversight, Accounting and Auditing Standards Authority (KGK).

The report is prepared on the basis of the same reporting asset and period as the consolidated financial statements of Batisöke Söke Çimento Sanayii T.A.Ş.; it includes the data of the parent company and all subsidiaries.

This report was approved by the Board of Directors on 11.06.2026 and authorized to be published.

03

GENERAL PROVISIONS

In preparing its climate-related financial disclosures, Batisöke has exercised judgments in identifying risks and opportunities that could reasonably be expected to impact the Group, applying relevant standards and guidance, selecting material information, and comprehensively assessing all relevant risks across the value chain.

To the extent that it does not conflict with TSRs, the applicability of frameworks such as IPCC scenarios, TCFD Guidelines and Sustainability Accounting Standards Board (SASB) standards such as Turkey's Emission Trading System (ETS), Carbon Border Adjustment Mechanism (CBAM) was evaluated, and information, sectoral resources and good examples explained by businesses operating in the same sector and geography (peer benchmark) were also taken into account in the reasoning process.

Identifying climate-related financially material risks and opportunities, determining material information to be reported, and assessing the related financial impacts are based on estimates and forward-looking assumptions involving

expectations for the short, medium, and long term. The potential financial effects of climate-related risks and opportunities are assessed through scenario analyses, considering their potential impacts on operating revenues, cost structure, capital expenditures, and cash flows. These analyses are conducted with short, medium, and long-term perspectives and are based on future projections. The assumptions used in financial impact analyses include parameters such as carbon price projections, energy costs, legal regulations, the frequency and severity of physical climate events, the pace of technological transformation, and market expectations.

Batisöke utilizes internationally recognized climate scenarios (e.g., Representative Concentration Pathways - RCP developed by the IPCC) to assess the impacts of climate-related risks and opportunities in terms of physical and transition risks. However, the use of these scenarios is based on certain assumptions and modeling, and involves uncertainties regarding the effects of changes in greenhouse gas emissions on the frequency and severity of climate events.



04

**JUDGMENTS,
UNCERTAINTIES AND ERRORS**

05

BASIC CONTENT

5.1 GOVERNANCE

Batı Anadolu Group of Companies carries out its sustainability management within a participatory framework that is aligned with its strategic priorities, integrated into its corporate governance structure, has defined roles and responsibilities, and is supported by monitoring, reporting, and accountability mechanisms.

Sustainability studies throughout the community are coordinated through the Sustainability Committee, which covers all group companies. The sustainability strategy is managed by this Committee, which operates under the supervision of the Board of Directors, and the Committee is **chaired by a Board Member in charge of execution**. This structure aims to ensure that sustainability issues are addressed at the highest governance level and directly reflected in strategic decision-making processes.

The Sustainability Committee is responsible for the determination of strategies in the fields of environmental, social and governance, the creation of policies and goals, the execution, monitoring, evaluation and continuous improvement of practices. The Committee also assists the Board of Directors in identifying risks and opportunities that may arise within the scope of sustainability and in planning the necessary actions accordingly.

The Committee operates with a multidisciplinary structure consisting of at least four members appointed to the following positions, provided that **at least one of whom is a member of the Board of Directors**:

- **Board Member**
- **Head of Financial Affairs Group**
- **Head of Marketing and Concrete Group**
- **Head of Production Operations Group**

The sustainability governance model is supported by the Sustainability Subcommittee at the operational level. The Sub-Committee, which consists of the function managers of the companies, is responsible for data collection, application coordination, performance monitoring and action plans and reports directly to the Sustainability Committee.

Through this governance structure, sustainability performance is regularly monitored, reported to senior management, and integrated into corporate decision-making processes. In the corporate decision-making process, strategic trade-offs between short-term costs and long-term benefits that may arise during the monitoring of risks and opportunities are taken into consideration. The trade-offs between the negative impact of carbon reduction investments on current-year profitability and the savings to be achieved from long-term emission costs, as well as between the short-term operational costs of energy efficiency and waste management projects and long-term sustainability gains, are carefully considered.



You can reach the Working Principles of the Sustainability Committee from the link below;

5.1 GOVERNANCE MODEL



● **BATIÇİM**
Bornova Plant

Bornova Plant Director
Production Manager
Maintenance Manager

● **BATISÖKE**
Söke Plant

Söke Plant Director
Production Performance Manager
Operations Managers
Maintenance Manager

● **BATILİMAN**

Port Operations Manager

● **BATIBETON**

Batibeton Director
Batibeton Technical Manager
Quality Management Manager
Regional Manager - North
Regional Manager - South

● **BATIENERJİ**

Energy Operations Manager

* Members of the Sustainability Sub-Committee take part in projects that address the goals and strategic objectives, either temporarily or permanently.

** The Sustainability Manager takes part in all Committee and Subcommittee activities to ensure coordination.

5.1.1 Working Procedures and Principles of the Sustainability Committee

The Sustainability Committee meets at least twice a year and whenever deemed necessary. The call for meetings and the meeting agenda are determined by the Committee Chair. Meetings are conducted with the participation of a simple majority of the total number of members.

The decisions taken during the meetings, along with the location, time, and participant information, are documented in writing by the Sustainability Manager; these decisions are then recorded as minutes and archived.

The resources and support needed for the Committee to perform its duties effectively are provided by the Board of Directors. If necessary, the opinions of experts from outside the Committee can be consulted.

The Committee takes the decisions regarding the sustainability goals that concern the Batı Anadolu Group of Companies in general by a simple majority. The decisions taken are reported to the Board of Directors through the Chairman of the Committee. The decisions that will direct the sustainability strategy of the Company are submitted to the approval of the Board of Directors; the final decision authority in this context belongs to the Board of Directors.

5.1.2 Duties and Responsibilities of the Sustainability Committee

Sustainability Committee;

- Manages the risks that may arise in the fields of environmental, social and corporate governance (ESG) areas with a proactive approach; ensures that the sustainability strategy of the Batı Anadolu Group of Companies is guided accordingly.
- Priority focus areas are determined on sustainability; short, medium and long term goals, strategies, road maps and related policies are created. National and international developments and stakeholder expectations are regularly monitored; it is the responsibility of each member to bring important developments to the agenda of the Committee.
- The road map and practices prepared in line with the sustainability goals of the Batı Anadolu Group of Companies are followed; performance criteria are created within the scope of the determined goals and performance evaluation is made.
- Sustainability goals, policies, practices, management systems and working principles are regularly reviewed; these processes are improved, developed, carried out, monitored and audited. The works of the committee are submitted to the approval of the Board of Directors.
- In order to support the effective management of sustainability issues, project assignments are made within the scope of the Sustainability Subcommittee operating within the Committee, the relevant persons and teams are authorized and coordination is ensured.

5.1.3 Sustainability Subcommittee Structure, Duties and Responsibilities

The Committee has formed a subcommittee consisting of managers who have knowledge about sustainability and the personnel who should be

included in accordance with their job descriptions to support the implementation of the decisions they make.

The Committee has the authority to make changes in the structure and number of the subcommittee when it deems necessary.

The working subjects of the Sustainability Subcommittee are determined under 3 main headings;



ENVIRONMENTAL

Energy and Climate Change

Optimizing the company's energy use and reduce its carbon footprint.

Waste and Recycling

Developing waste management strategies and support recycling programs.

Water and Natural Resources

Enabling water use and manage natural resources sustainably.



SOCIAL

Employee Health and Safety

Protecting employee health and ensuring safe working environments.

Employee Rights and Human Resources

Respecting employee rights and promoting fair labor practices.

Social Participation and Community Development

Creating engagement and support programs for the communities in which the company operates.



GOVERNANCE

Transparency and Reporting

Enhancing transparency both within and outside the company and reporting ESG performance.

Ethics and Business Ethics

Complying with ethical standards and strengthening business ethics.

Board of Directors and Leadership

Strengthening the board structure and promote sustainability leadership.

The Sustainability Subcommittee reports directly to the Committee.

The Committee determines projects for sustainability goals and strategies and creates a project team from the members of the Subcommittee.

A "Project Leader" is defined for each project.

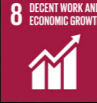






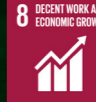















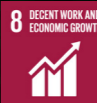







The Project Leader is responsible for ensuring coordination and reporting the work outputs to the Committee.

In all projects, the Sustainability Manager ensures that the meeting minutes are kept.

In coordination with the members of the Sustainability Subcommittee and relevant units, 6 projects were implemented in 2024 and 8 projects in 2025; a total of **14 projects** were completed in line with the sustainability strategic targets.

In order to ensure that the projects are managed effectively, the studies are regularly monitored through **weekly action tracking tables**, and the progress status is shared with the Sustainability Committee. Furthermore, the performance and realization levels of the projects are evaluated and presented to **the Committee during project review meetings held every two months**. Through this structure, the alignment of projects with strategic targets, their timely progress, and continuous improvement are regularly monitored and effectively managed.

The details of 8 projects completed in 2025 can be found on page 25 of the 2025 Batı Anadolu Sustainability Report.

Project Name	Project Leader	Objective	Sustainability / Climate Relevance	SDG Contribution
Strategic Stakeholder Management	Human Resources Manager	Improving the management and monitoring system of permanent subcontractor companies and their employees	Sustainability	   
Bati AR-GE	Concrete Operations Manager	Determining the framework for the R&D structure within cement and concrete operations, preparing the budget, and conducting benefit analysis	Climate – Sustainability	  
Be Well2	Human Resources Manager	Strengthening employee engagement, sense of belonging, and employee experience	Sustainability	 
Drop by Drop to the Future	Maintenance Manager	Monitoring water consumption, ensuring data reliability, and increasing water efficiency	Climate	    
EKSEN: ESG Carbon Sustainability Integration	IT Manager	Digital integration of ISO 14064-compliant greenhouse gas management, CBAM, and reporting processes	Climate – Sustainability	   
Business Continuity	OHS–Environment Manager	Establishing a business continuity system to ensure uninterrupted operations during crisis situations	Sustainability	    
Sustainable Supply Extended	Purchasing Manager	Raising supplier awareness on OHS, environment, ethics, and human rights and collecting climate/sustainability data	Climate – Sustainability	     
ZiM360	Human Resources Manager	Monitoring and effectively managing corporate resources on an employee basis	Sustainability	 

5.1.4 2025 Committee Meetings and Agenda Items

A total of 9 Sustainability Committee meetings were held in 2025. 5 of these meetings were organized for sustainability projects.

In the first meeting, the closures of 2024 projects and the introduction of new-term projects were addressed; in the following four meetings, the progress status of sustainability projects, performance indicators, and necessary actions were reviewed.

In other meetings held during the year;

- The Group's position and areas for development in national and international platforms were addressed. In this context, the BIST Sustainability Index, CDP and UN Global Compact processes were evaluated; current performance was analyzed and improvement areas were identified, and action plans were approved by the Committee.
- In addition, the outputs of the workshop held to determine the risks and opportunities related to the climate were brought to the agenda of the Committee and the risk and opportunity evaluations within the scope of TSRS were reviewed and approved.
- The climate action plan framework was shaped and the progress level of the short, medium and long term goals determined within the scope of the Sustainability Strategy was evaluated.
- The legal framework on greenwashing risks was discussed on the Committee's agenda; evaluations were made through sample practices within the scope of the training.

The Executive Board Member, who served as the Chairman of the Committee, participated fully in the Sustainability Committee meetings held during the reporting period, and the total participation rate was 100%.

2025 Meeting and Participation Summary



5.1.5 Sustainability Committee Members and Competencies

The Sustainability Committee of the Batı Anadolu Group of Companies has a multidisciplinary structure consisting of senior managers representing different areas of expertise.

Title	Name Surname	Competence	Job Description
Board Member	Ömer Çağdaş Selvi	As a professional who has received legal education and has experience in the field of corporate governance, he has competence in regulatory compliance, ethical principles, stakeholder relations and corporate risk management. He leads the shaping of the sustainability strategy within the legal framework and ensures that sustainability studies are embraced at the senior management level.	To shape the sustainability strategy within the legal framework, to ensure compliance with the relevant legislation, to direct climate and sustainability studies in line with ethical principles and corporate governance standards. To own sustainability activities at the senior management level and to associate them with corporate risk management by considering stakeholder expectations.
Head of Production Operations Group	Caner Türkyener	Possesses expertise in production efficiency, energy management, resource optimization, and operational excellence. Plays a critical role in developing sustainable production practices, reducing emissions, minimizing environmental impacts, and ensuring sustainable operational performance.	To develop sustainable production practices in the fields of emission reduction, energy efficiency and resource optimization. To analyze the physical and transition risks related to climate change in operational processes and to create the necessary action plans. Developing and implementing risk-based strategies to increase operational sustainability performance.
Head of Financial Affairs Group	Reşat Bağış Güngör	Possesses expertise in financial analysis, reporting, investment planning, and financial risk management. Plays a critical role in evaluating the financial feasibility of sustainability projects, resource planning for sustainability investments, and researching green financing opportunities.	To ensure the financial feasibility of sustainability investments, to increase financial resilience against climate risks and to carry out studies for resource planning. Analyzing the financial impacts that may arise from transition risks (e.g. carbon taxes, legislative changes) and integrating them into budgeting processes. To research green financing sources and to direct them to climate-related investments. To create performance indicators compatible with carbon reduction targets and to associate them with incentive systems.
Head of Marketing and Concrete Group	Selçuk Uçar	Possesses expertise in market analysis, customer expectations, brand management, and sustainable product strategies. Guides the processes of marketing low-carbon products, raising customer awareness, and internalizing sustainability as a value proposition	Developing strategies for marketing low-carbon products and targeting customer segments with high climate awareness. To design sustainable product strategies to adapt to transition risks (e.g. changing market demands, etc.) and to create sustainable product strategies in accordance with market expectations. To evaluate opportunities related to climate and sustainability and to plan actions to strengthen brand perception in this context.

5.1.5 Sustainability Committee Members and Competencies

In order to strengthen the effectiveness of the sustainability governance structure of the Batı Anadolu Group of Companies and to increase the technical competencies of the committee members, it carried out training activities in 2025. In this context, **2 comprehensive Sustainability Trainings were organized** with the participation of the Sustainability Committee and Sustainability Subcommittee members.

The first of the trainings given by expert organizations focused on the Carbon Disclosure Project (CDP) and Turkey Sustainability Reporting Standards (TSRS) frameworks; The requirements for explaining the risks and opportunities related to climate change, the scope of international reporting standards, data collection and verification processes and the integration of these requirements into corporate governance, strategies and operations were addressed with a holistic approach. Within the scope of the training, good practice examples were also shared to increase the level of transparency of companies, to meet investor expectations and to strengthen regulatory compliance processes.

In the second training, the effects of climate regulations and market mechanisms on business processes were evaluated from a holistic perspective; Within the scope of the Carbon Border Adjustment Mechanism (CBAM), the effects of EU regulations on trade, carbon pricing and cost management within the framework of the Emission Trading System (ETS), sector-specific risk and opportunity evaluations, climate legislation and adaptation processes in Turkey and developments regarding recent regulation and sustainable finance expectations were discussed.

In addition, a special awareness training was carried out for Sustainability Committee members only, covering responsibilities for greenwashing risks, transparent communication principles and accuracy of sustainability statements.

Through these trainings, the aim is to strengthen the knowledge and competencies of committee members on climate legislation, reporting standards, market mechanisms and sustainability governance.

5.1.6 Integration of Sustainability into Performance Management and Pricing

Sustainability forms the basis of our Community's understanding of long-term value creation and is integrated into our performance management system as a component of our corporate strategy. In this context, our sustainability priorities are managed not only at the policy level but also directly through managerial responsibility and performance evaluation mechanisms.

The OKR (Objectives and Key Results) system, which we apply in line with this approach, is one of the most important tools that ensure that sustainability goals are embraced throughout the organization. Within the scope of the OKR structure, specific, measurable, achievable, relevant and time-limited (SMART) goals are defined; progress on sustainability-related goals is systematically monitored through performance evaluation mechanisms. Progress is monitored with OKR review periods carried out twice a year; In these processes, developments for each goal are evaluated, supported by explanatory notes and corrective actions are planned and implemented when necessary. Performance results related to its goals are supported by incentive mechanisms by integrating them into the variable pricing structure.

This structure strengthens the culture of transparency, accountability and data-based decision-making in monitoring sustainability performance.

In 2025, **55% of the OKRs defined for the Sustainability Committee members consisting of senior managers are sustainability-oriented** and these goals are related to issues such as employee engagement, corporate culture, digital maturity, supply chain and safety management. **9% are climate-oriented** and focus on carbon reduction issues within the scope of the Climate Title.

Governance Studies in Batıçim and Subsidiaries

Company	Share of the Company in the Capital (%)	Sustainability Policy	Sustainability Committee Relevant Person
Batisöke Söke Çimento Sanayii T.A.Ş.	74.62	Current	Head of Production Operations Group
Batibeton Sanayi A.Ş.	100	Current	Head of Marketing and Concrete Group
Batılıman Liman İşletmeleri A.Ş.	90	Current	Head of Financial Affairs Group
Batıçim Enerji Elektrik Üretim A.Ş.	100	Current	Head of Financial Affairs Group
Ege İş Madencilik Sanayi ve Ticaret A.Ş.	100	Current	Head of Production Operations Group

A similar integration approach has been adopted throughout our Corporate Performance Management System, with the weight of sustainability targets within the total performance targets reaching 24%. Performance results related to goals are supported by incentive mechanisms by integrating them into the variable pricing structure. In addition, sustainability-oriented key performance indicators (KPIs) have been made part of the incentive mechanism of corporate sustainable value creation by associating the annual performance cards of the Sustainability Committee and subcommittee members with the remuneration and premium systems. In this context, the Sustainability Committee manages the main topics such as occupational health and safety, environmental performance, carbon emission management, alternative energy use, waste and resource efficiency, and sustainable product management; while the subcommittees carry out the follow-up, performance measurement and continuous improvement processes of the projects.

In the coming period, we aim to further strengthen the decisive role of sustainability in performance management. In this direction, it is planned to increase the weight of sustainability-related targets in the performance system to **50% by 2035 and to 70% by 2053**. This increase will support the placement of sustainability criteria at the center of decision-making processes at all management levels, strengthening the link between financial performance and sustainable value creation, and increasing long-term corporate resilience.

Batı Anadolu Group of Companies considers sustainability as a management approach that supports long-term value creation, increases corporate resilience and directs business processes.



5.2 STRATEGY

5.2.1 Definition of Climate-Related Risks and Opportunities

Batisöke analyzes climate-related risks and opportunities in line with the guidance of Turkey Sustainability Reporting Standard 2 – Climate-related Explanations in order to manage the effects of climate change on the business.

Potential effects that climate change may create are considered as an element to be considered in the short, medium and long term on all forms of business conduct, from the operational processes of Batisöke to the supply chain, from financial performance to strategic governance. In this direction, in order to ensure a systematic evaluation of climate-related risks and opportunities, the analysis processes are structured according to the time perspective (short, medium and long term periods); thus, strategic planning, risk management and decision-making mechanisms are aligned with climate-oriented sustainability principles.

Climate risks and opportunities are classified under two main headings: physical risks (acute and chronic) and transition risks (legal, technological, market and reputation risks).

The following maturities are taken as a basis in the evaluation of risks according to the time perspective;

- **Short Term (0-3 years):** Factors such as production risks due to sudden weather events that may have a direct effect on operational processes and preparation for regulatory changes are prioritized during this period.
- **Medium Term (4-10 years):** Carbon pricing mechanisms, foreign policy effects such as the EU Carbon Border Adjustment Mechanism (CBAM), change in customer demands and transition strategies to low-carbon technologies are considered within the scope of this period.
- **Long Term (11 years and above):** The resilience of physical assets to climate impacts, large-scale infrastructure investments, business models restructured according to climate scenarios and transformation processes in line with net zero targets are the focus areas of this period.

Climate-related risks and opportunities can be effective at different stages of the Batisöke value chain. Therefore, each risk and opportunity title was analyzed by classifying it according to its position on the value chain;

- **Upward:** These are the first stages of the supply chain where raw materials are supplied, purchased and transported to production facilities.
- **Direct Activities:** It includes the production process.
- **Downward:** These are the last stages of the supply chain where finished products are distributed to customers. This stage includes activities such as storage, transportation and fulfillment of the order.

5.2.2 Prioritization of Climate-Related Risks and Opportunities

Climate-related risks and opportunities are evaluated under the supervision of the Sustainability Committee of the Board of Directors. The Committee determines priority sustainability issues, creates short, medium and long term goals and road maps and ensures the continuity of the climate risk management framework. In the process of prioritizing climate risks and opportunities, a Sustainability Workshop was held with the participation of the Sustainability Subcommittee. Within the scope of the workshop, risks and opportunities were scored in line with the probability of realization and potential impact criteria and priority risk and opportunity areas were determined according to the results obtained. The financial effects of the prioritized risks and opportunities were evaluated separately; in this context, the potential effects were analyzed by taking into account their reflections on the revenue.

The financial materiality threshold has been defined as 0.25% of the revenue for Batisöke. Impacts exceeding this threshold are considered “significant” from a financial point of view and are classified as “high impact” in the risk and opportunity analysis tables.

Probability	Definition	Magnitude of Impact	Definition
High	The realization of the risk/opportunity is almost certain	High	0.25% or more of revenue
Medium	The realization of the risk/opportunity is possible, but not certain	Medium	0.1% to 0.25% of revenue
Low	The realization of the risk/opportunity is unlikely, but cannot be completely ignored	Low	Less than 0.1% of revenue

Impact/Likelihood	Low Probability	Moderate Probability	High Likelihood
Low Impact	Low Priority	Low Priority	Medium Priority
Medium Impact	Low Priority	Medium Priority	High Priority
High Impact	Medium Priority	High Priority	High Priority

The costs related to the risks and opportunities identified in line with these criteria, if realized, are determined by “current value”, scenario analysis, and if not yet realized, are stated as “estimated value”.

5.2.3 Scenario Analysis

Batisöke evaluates the risks and opportunities related to climate change in each reporting period with science-based scenario analyzes within the framework of Turkey Sustainability Reporting Standard (TSRS 2). In this context, based on the Sixth Assessment Report (AR6) published by the Intergovernmental Panel on Climate Change (IPCC), analysis was carried out over the following two scenarios;

- RCP4.5 (medium emission scenario – where mitigation efforts continue)
- RCP8.5 (high emission scenario – ongoing trends without policy intervention)

RCP4.5 Scenario

Scenario
It is assumed that greenhouse gas emissions will peak around 2040 and begin to decrease, and global temperature increase will be between 2-3°C at the end of the century (IPCC, 2021, AR6 WG1).

Assumption	Critical Areas of Influence on the Business Model	Vulnerability Assessment	Actions	Action Implementation Time
It is envisaged that emissions will increase in a controlled manner and greenhouse gas reduction policies will be implemented gradually. This ensures that transition risks are moderately manageable in carbon-intensive sectors (IPCC, 2021, AR6 WGIII).	Carbon costs, production costs, competition conditions	Cement production processes include high energy and carbon density. Therefore, carbon pricing mechanisms have the potential to have a direct impact on operational costs. However, increasing the use of alternative fuels and energy efficiency investments create capacity to reduce carbon intensity.	Increasing the use of alternative fuels, energy efficiency projects, energy production investments from waste heat	Short-Medium Term
	Export activities and reporting obligations	As a manufacturer with trading activities for the European market, it is becoming critical to manage emission data in a verifiable and traceable manner. In this context, strengthening the data management infrastructure is an important requirement.	Strengthening the carbon data management infrastructure with the EKSEN Project, monitoring emission data in the digital environment	Short Term
	Supply of fuel and raw materials	In order to increase the use of alternative fuels and alternative raw materials, the supply chain needs to be developed. RDF preparation and feeding facility investment in Batisöke supports this transformation.	Increasing the use of refuse derived fuel (RDF), increasing alternative raw material ratios, expanding the supplier network	Short and Medium Term
Extreme weather events and flood risks increase at a moderate level; There is a possibility of limited operational interruption in infrastructure and logistics processes (IPCC, 2021, AR6 WG1).	Logistics and infrastructure	Existing infrastructure and logistics planning is generally resilient to moderate extreme weather risks; however, some periodic disruptions may occur.	Strengthening operational continuity plans, conducting supply chain risk assessments and supporting infrastructure resilience with medium-term improvements.	Short and Medium Term
Although drought and water stress are expected to increase, changes in precipitation regimes, especially in the Mediterranean basin, may create periodic restrictions in industrial water supply (IPCC, 2021, AR6 WG1).	Access to water resources and operational continuity	Although the use of water in cement production is limited, water supply is important in terms of operational continuity, especially in processes and auxiliary activities.	Within the scope of the "Drop by Drop to the Future" project, digital monitoring of water consumption and development of efficiency studies	Medium Term

RCP8.5 Scenario

Scenario
It is assumed that greenhouse gas emissions continue to increase with existing policies and temperature increase may exceed 4°C at the end of the century (IPCC, 2021, AR6 WG1).

Assumption	Critical Areas of Influence on the Business Model	Vulnerability Assessment	Actions	Action Implementation Time
If there is a delay in emission reduction, it is considered that transition risks may unexpectedly increase with harsher and sudden policy interventions (e.g. high carbon prices or strict regulations) in the coming years (IPCC, 2021, AR6 WGIII).	Carbon costs, production costs, competition conditions	Cement production is an energy and carbon-intensive activity and cost pressure may increase with delayed but harsher policy interventions (carbon prices, regulations, etc.) in the high emission scenario. Tightening of carbon regulations, especially in export markets, may affect competition conditions.	Dissemination of energy efficiency projects, increasing the use of alternative fuels, product and process development studies to reduce the clinker factor and evaluation of low-carbon production technologies.	Medium-Long Term
	Supply of fuel and raw materials	In order to increase the use of alternative fuels and raw materials, rapid adaptation and cost management are required in the supply chain. RDF preparation and feeding facility investment in Batisöke supports this transformation. High carbon costs and sudden policy interventions create fragility in terms of supplier selection and contract flexibility; logistics and price risks may increase in RDF and alternative raw material supply.	Increasing the use of refuse derived fuel (RDF), increasing alternative raw material ratios, strengthening the supplier network and integrating carbon cost scenarios into investment decision processes.	Short-Medium-Long Term
Increasing the intensity of excessive precipitation and flood events may increase the risks of operational interruption on infrastructure and logistics activities (IPCC, 2021, AR6 WG1).	Logistics and infrastructure	Heavy rainfall, storms and extreme weather events may cause interruptions in port operations, raw material supply and logistics processes.	Developing operational continuity plans, evaluating supply chain risks and increasing infrastructure resilience.	Medium-Long Term
It is predicted that the risk of drought and water stress will increase, and periodic restrictions may occur in industrial water supply, especially with the change in precipitation regimes in the Mediterranean basin (IPCC, 2021, AR6 WG1).	Access to water resources and operational continuity	In the high emission scenario, the risk of drought and water stress in the Mediterranean basin is expected to increase. Although the amount of water used in cement production processes is limited, periodic restrictions in access to water, especially in cooling and auxiliary processes, may affect operational planning.	Monitoring water consumption and increasing efficiency, developing water recovery practices and evaluating alternative water resources.	Medium-Long Term

5.2.4 Business Model and Value Chain

VALUE
CREATION
MODEL



Capital Type	Inputs (Resources)	Activities	Value Chain	Outputs (Value Produced)	Value Created	SDGs
Financial Capital	<ul style="list-style-type: none"> Equity and capital Sales revenues Use of the Green loan (MIGA) program Incentives and funds Investments 	<ul style="list-style-type: none"> Sustainable financial management Digitalization and productivityenhancing projects Risk management and strategic planning Pricing, sales and marketing Investment processes 	<ul style="list-style-type: none"> Banks, investors, shareholders, suppliers 	<ul style="list-style-type: none"> ~5,815 million TL income 7.2% EBITDA 12.92%OPEX/sales (Operating Expenses/Sales) 36.06% increase in the share price Asset Size Equity Size 	<ul style="list-style-type: none"> Long-term economic sustainability Strong and reliable financial structure Increasing investor confidence Increasing financial support mechanisms for carbon reduction ÇCSİB Export Awards 	
Produced Capital	<ul style="list-style-type: none"> 1 integrated cement production facility 1 cement grinding and packaging facility 	<ul style="list-style-type: none"> Modernization and capacity increase New logistics and warehousing systems RDF system integration 	<ul style="list-style-type: none"> Customers, suppliers, dealers, employees, investors 	<ul style="list-style-type: none"> Cement production capacity: 4,000,000 tons Clinker production capacity: 3,000,000 tons Cement grinding and packaging capacity: 324,000 tons 	<ul style="list-style-type: none"> Operational excellence More efficient logistics and supply chain Energy and operational efficiency increase 	
Human Capital	<ul style="list-style-type: none"> 350+ employees Efforts to create a diverse and inclusive workforce Budgets and resources allocated for employee development Strong occupational health and safety (OHS) infrastructure Initiatives to provide a good work environment and increase employee loyalty 	<ul style="list-style-type: none"> Comprehensive training programs (technical, personal development, leadership) Occupational health and safety practices Comprehensive training programs and learning organization applications for the development of employees Business ethics, Human Rights, Diversity, inclusion and equal opportunity policies Employee loyalty surveys Effective leadership programs and career planning processes Committee meetings Employee benefits Performance-based reward 	<ul style="list-style-type: none"> NGOs, Academic institutions, international institutions, employees, unions, educational institutions, investors, customers, suppliers 	<ul style="list-style-type: none"> 20,209 hours of training 2,010,355 TL education expenditure 67.1% employee engagement score 100% Bribery, Corruption, Business Ethics, Human Rights, participation in ÇEK trainings 8.6% employee turnover rate 	<ul style="list-style-type: none"> Long-term human resource empowerment Happier and more productive employees An organization that encourages innovation in business processes Sustainable workforce management Good and inclusive working environment Health and safety of our employees Employee engagement and motivation ÇEİS First Prize 	
Social and Relational Capital	<ul style="list-style-type: none"> Social responsibility projects and activities Cooperation with national and international organizations NGO memberships Transparency and effective communication policies to strengthen relations with stakeholders 	<ul style="list-style-type: none"> Supply chain sustainability practices Community support projects Ethics and compliance processes Resolution center process Customer and supplier portals Audits, surveys for stakeholders Trainings for suppliers Donations and sponsorships 	<ul style="list-style-type: none"> Stakeholders, NGOs, communities, public institutions, customer, supplier 	<ul style="list-style-type: none"> 92% customer satisfaction 93% supplier accepting "Supplier Code of Conduct" 104,490 people*hours corporate social impact CDP, LSEG Index scores 	<ul style="list-style-type: none"> Social benefit Sustainable social impact Long-term stakeholder relations Strong corporate identity Increased brand value and customer trust 	
Natural Capital	<ul style="list-style-type: none"> Natural resources Alternative raw materials, Renewable energy sources 	<ul style="list-style-type: none"> Energy efficiency and carbon reduction projects Circular economy practices 	<ul style="list-style-type: none"> Environmental authorities, public institutions, local governments, academic institutions, suppliers, customers, investors 	<ul style="list-style-type: none"> Alternative fuel use: 10.5% Waste heat use: 7% Clinker/cement ratio: 73.1% Waste heat and RDF facility investments 18.8% TÇM usage 79% recovery of waste from our own operations 	<ul style="list-style-type: none"> Approaching the long-term carbon-neutral target More sustainable production processes Responsible production and consumption Supporting the circular economy 	
Intellectual Capital	<ul style="list-style-type: none"> R&D investments, Digital transformation, Sustainable product innovation 	<ul style="list-style-type: none"> R&D and innovation projects New product development Data management and innovation Digital ESG platforms Integration projects with robotic processes Academic partnerships 	<ul style="list-style-type: none"> Academic institutions, technology centers 	<ul style="list-style-type: none"> Digital maturity score: 60% Digital data tracking systems 8,524,998 TL R&D expenditure 	<ul style="list-style-type: none"> Data-driven business processes transformation Competitive advantage Faster and more agile ways of doing business Increasing innovation capacity Sector leadership 	

5.2.5 Strategy and Decision Making

Batisöke addresses the risks and opportunities arising from climate change from a holistic perspective and aims to create long-term sustainable value with strategic measures in areas such as energy efficiency, carbon reduction, alternative raw material and fuel use, and water

management. The Climate Transition Plan created in this context focuses on managing climate risks at both operational and strategic levels, effectively exploiting opportunities and strengthening our company's capacity to create long-term sustainable value.

5.2.5.1 Climate Transition Plan

Activity	Resource Allocation	Current and Foreseen Reduction / Adaptation Efforts	Progress Status	Medium Term Target (Year 2035)	Long Term Goal (2053 Year)
Waste Heat Energy Production	Energy investments, facility infrastructure, operational management	With the production of energy from waste heat, the share of total electricity consumption has been increased and energy efficiency in production processes has been optimized. In order to strengthen the existing recovery infrastructure, the investment process of the Waste Heat Energy Facility with an additional capacity of 4 MW has been initiated in Batisöke and the facility is planned to be commissioned in 2026. It is aimed to gradually increase the energy recovery capacity and reduce the carbon intensity in the long term.	2024: 2.6% 2025: 7% ↑	25%	30%
Alternative Fuel Usage	RDF Facility investment, supply chain management, R&D studies, operational planning	In 2025, RDF (Refuse Derivative Fuel) Preparation and Feeding Facility investment was started in Batisöke Cement Factory. Within the scope of the facility planned to be commissioned in 2026, stocking, transfer, dosing and furnace feeding systems will be installed. With the activation of the facility, it is aimed to prepare biomass and other alternative fuel types more effectively, to expand the supplier network and to increase the use of alternative fuels. In addition, with the R&D Center to be established in 2026, optimization of alternative fuel application processes and implementation of innovative solutions will be supported. In the long term, it is planned to gradually increase the rate of alternative fuel use and reduce the carbon intensity.	2024: 3.7% 2025: 10.5% ↑	32%	70%
Use of Alternative Raw Materials	Raw material supply chain, R&D studies and production planning	Using complementary materials and alternative raw materials, the clinker/cement ratio has been optimized. With the R&D Directorate planned to be established in 2026, improvements in product formulations and production processes will be carried out more systematically; supply chain management of sustainable raw materials will be strengthened with carbon and energy intensity reduction. In the long term, it is aimed to gradually increase the rate of use.	2024: 6.4% 2025: 5.1% ↓	15%	25%
Clinker/ Cement Ratio	Product development processes, production planning, R&D studies, supply chain management, quality and performance monitoring mechanisms	Improvements are carried out in product formulations and production processes to reduce the clinker/cement ratio. In this context, formulations that reduce energy and carbon density are supported by existing production infrastructure and quality control mechanisms. The R&D Center, which will be operational in 2026, will systematize these studies and ensure the development of innovative product formulations and coordination of production optimizations. In the medium and long term, it is aimed to improve both emission and energy efficiency performance by gradually reducing the clinker-to-cement (C/C) ratio.	2024: 75.7% 2025: 73.1% ↑	70%	50%

5.2.6 Climate-Related Risk and Opportunity Assessment

Risk 1	Carbon Pricing Mechanism				
Definition of Risk	Depending on the Emission Trading System (ETS) expected to enter into force soon in Turkey and the carbon pricing mechanisms (CBAM) it will create during the export phase in Europe, significant financial and operational risks such as cost increase, high carbon tax payment risk, legal non-compliance and loss of competitive advantage may come to the fore.				
The Place of Risk in the Value Chain	Downward				
Risk Type	Policy and Legal Processes (Transition Risk)				
Time of Impact	Short Term				
Probability	High				
Effects of the Business on Strategy and Decision Making Mechanism	The Emission Trading System (ETS) and the European Union Carbon Border Adjustment Mechanism (CBAM), which are expected to be implemented in Turkey, accelerate the transition to low-carbon production approaches in the strategic priorities of the Batı Anadolu Group of Companies. In order to manage carbon costs, investments in energy efficiency, alternative fuel use and emission monitoring infrastructure should be prioritized in decision-making processes. In addition, product development and operational plans should be reviewed to maintain competitiveness in export markets.				
Actions to be taken against risk	Establishment of monitoring, reporting and verification infrastructure compatible with the Emission Trading System. Increasing the use of alternative fuels and raw materials . Accelerating product development studies with low carbon density. Strengthening traceability and reporting processes in products within the scope of the CBAM. Activation of internal control and compliance systems for the follow-up of legislative changes. Evaluation of national and international financing opportunities for low-carbon transformation.				
Financial Impact of Risk					
The Effect of Risk on Financial Position, Performance and Cash Flow	The transition to carbon pricing may lead to an increase in operating expenses in the short term and may cause an increase in operational costs. This increase may result in a decrease in gross profit margins, especially in energy-intensive sectors. Investments in technology, energy efficiency or monitoring systems to ensure compliance may put pressure on short-term cash flow and require a reassessment of priorities in capital planning. If carbon costs are reflected in product prices, an increase in the final product prices may occur. This may pose a risk of decrease in sales volume and loss of customers, especially in markets with high price sensitivity.				
Potential Financial Impact	<table border="1"> <thead> <tr> <th>Amount</th> <th>Provision for Consolidated Financial Statements</th> </tr> </thead> <tbody> <tr> <td>2.04% of Revenue</td> <td>Estimated Value</td> </tr> </tbody> </table> <p>Within the scope of the Emission Trading System (ETS) to be established in Turkey, the potential carbon costs were analyzed by taking into account the annual CO₂e emissions of Batisöke. In this context, the carbon price was assumed to be \$10/ton CO₂e and the European Union Emission Trading System (EU ETS) applications were taken as a reference in determining the free allocation rates. In addition, the potential financial effects that may occur within the scope of the Carbon Border Adjustment Mechanism (CBAM) over the export volumes to the European Union were evaluated with the assumption of 82€/ton CO₂e carbon price. The total potential financial impact has been clarified by taking into account the assumption that the carbon costs that may occur within the scope of the Turkey ETS can be deducted from the CBAM obligations.</p>	Amount	Provision for Consolidated Financial Statements	2.04% of Revenue	Estimated Value
Amount	Provision for Consolidated Financial Statements				
2.04% of Revenue	Estimated Value				
Evaluation According to the Previous Reporting Period	The financial impact ratio for transition risk increased from 0.83% to 2.04% in the reporting period. This increase is considered to be associated with the rise in export volume during the reporting period and the increase in the default carbon price within the scope of the Carbon Border Adjustment Mechanism (CBAM). Consequently, there has been an increase in the financial impact value.				

Risk 2	Drought/Water stress	
Definition of Risk	The decrease in water resources due to climate change may lead to disruptions in water supply in production processes. Drought conditions may cause deterioration in the continuity of water supply in operational areas such as process, cooling, cleaning and environmental permission processes. Increased legal restrictions on groundwater and surface water use pose a risk of operational interruption and production constraints.	
The Place of Risk in the Value Chain	Direct Activity	
Risk Type	Acute (Physical Risk)	
Time of Impact	Medium Term	
Probability	High	
Effects of the Business on Strategy and Decision Making Mechanism	Risk of access to water resources reshapes production strategies, supply chain planning and environmental investment priorities. In long-term investment decisions, efforts should be made to develop alternative water resources and to prioritize recovery technologies. In addition, stronger integration of environmental performance targets and water management policies is required.	
Actions to be taken against risk	Digital monitoring and analysis of water consumption data Dissemination of recovery and reuse systems Evaluation of alternative water resources (rainwater, gray water, etc.) Creating operational emergency plans according to drought scenarios Modernization of process equipment providing water efficiency Increasing awareness and training activities in all facilities related to water use	
Financial Impact of Risk		
The Effect of Risk on Financial Position, Performance and Cash Flow	Drought risk may reduce access to water resources and create the risk of interruption in production processes and the obligation to supply water from external sources. This may cause an increase in operating expenses and a narrowing of profitability margins. While rising costs put pressure on cash flow, they can lead to uncertainties in financial planning and loss of operational flexibility.	
Potential Financial Impact	Amount	Provision for Consolidated Financial Statements
	0.51% of Revenue	Estimated Value
	According to the IPCC WGI Interactive Atlas data, it is predicted that there will be a 7.5% decrease in precipitation in the region in the period of 2021-2040. Considering the necessity of external water supply against the water deficit that may occur, the potential financial impact has been tried to be calculated over the current unit water costs.	
Evaluation According to the Previous Reporting Period	The financial impact rate of drought risk increased from 0.39% to 0.51% in the reporting period. The main reasons for the increase are the increase in water consumption within the scope of operational activities and the increase in mains water costs. In particular, the increase in the water tariff applied by the Izmir Water and Sewerage Administration (İZSU) by 49.8% per m ³ increased the costs related to water supply and caused the financial impact of the risk to increase.	

Risk 3	Sea Level Rise	
Definition of Risk	As a result of climate change, sea level rise poses a serious physical risk, especially for ports operating in coastal regions. Batlıman, which is an important logistics point of the Batı Anadolu Group of Companies, has the potential to be directly affected by this risk. According to RCP 4.5 and RCP 8.5 scenarios, significant increases in sea level are predicted in the long term (10 years and above).	
The Place of Risk in the Value Chain	Upward	
Risk Type	Chronic (Physical Risk)	
Time of Impact	Long Term	
Probability	High	
Effects of the Business on Strategy and Decision Making Mechanism	This risk may require a reassessment of strategic decisions such as port investments and capacity building. In the strategic planning process, decisions such as increasing port capacity, new port investments or backyard storage plans should be re-evaluated with this risk in mind. Infrastructure investments in the port region should be designed by taking into account the rising sea level, and alternative transportation and storage solutions should be included in strategic plans.	
Actions to be taken against risk	Redesign of dock and pier infrastructure according to sea level projections. Strengthening or upgrading wave breakers and coastal protection structures. Transporting or protecting critical equipment and systems above water level. Creating backup port scenarios according to the exposure analysis of the port infrastructure. Review of insurance coverages to cover climate-induced physical risks.	
Financial Impact of Risk		
The Effect of Risk on Financial Position, Performance and Cash Flow	The risk of sea level rise may directly affect Batlıman, an important logistics point of the Batı Anadolu Group of Companies, and the Çiğli facility of Batıbeton. Disruption in port activities may lead to a pause in cement and clinker exports and a decrease in export revenues. In addition, operational interruptions in the Çiğli facility of Batıbeton may cause disruption in production processes. While these developments weaken the financial position of the company, they may have negative effects on profitability and cash flows.	
Potential Financial Impact	Amount	Provision for Consolidated Financial Statements
	0.53% of Revenue	Estimated Value
	Climate projections from the IPCC's Interactive Atlas were taken as a basis, and an increase of approximately 0.1 meters was predicted in sea level in the period of 2021-2040. In line with these projections, the possible effects of operational interruptions have been evaluated in detail and the financial dimension of the risk has been tried to be calculated accordingly.	
Evaluation According to the Previous Reporting Period	The financial impact rate on sea level rise increased from 0.33% to 0.53% during the reporting period. This change has been influenced by the significant increase in our export activities. In the reporting period, the export volume increased approximately twice. The increase in dependence on port operations and maritime logistics has led to a higher assessment of the financial impact of sea level rise and related physical climate risks.	

Opportunity 1	Use of Alternative Raw Materials				
Definition of Opportunity	The use of alternative raw materials aims to provide a cost advantage and to minimize the environmental impact by reducing the consumption of traditional raw materials. In cement and clinker production, the use of waste materials and local raw materials offers the opportunity to reduce energy consumption and CO2 emissions. In addition, the use of alternative raw materials contributes to the strengthening of sustainable production processes and creates an environmentally friendly production model.				
The Place of Opportunity in the Value Chain	Downward				
Opportunity Type	Resource Efficiency				
Time of Impact	Medium Term				
Probability	High				
Effects of the Business on Strategy and Decision Making Mechanism	The use of alternative raw materials contributes to the environmentally friendly strategies and sustainability goals of the Batı Anadolu Group of Companies. This opportunity can lead decision-makers on supply chain management and raw materials to develop new strategies to reduce the environmental impact. This process may require the restructuring of supplier relations and collaborations. In addition, increasing the use of alternative raw materials can optimize costs and make product prices more competitive.				
Financial Impact of Opportunity					
The Effect of Opportunity on Financial Position, Performance and Cash Flow	Savings due to the use of alternative raw materials increase profitability thanks to reduced raw material costs and a decrease in operational expenses. These savings positively affect cash flow, increasing the financial flexibility of the company and allowing new resources to be created for sustainable growth.				
Potential Financial Impact	<table border="1"> <thead> <tr> <th>Amount</th> <th>Provision for Consolidated Financial Statements</th> </tr> </thead> <tbody> <tr> <td>0.52% of Revenue</td> <td>Current Value</td> </tr> </tbody> </table>	Amount	Provision for Consolidated Financial Statements	0.52% of Revenue	Current Value
	Amount	Provision for Consolidated Financial Statements			
0.52% of Revenue	Current Value				
There is 5.1% alternative raw material use in 2025.					
Evaluation According to the Previous Reporting Period	The financial impact rate on the use of alternative raw materials decreased from 0.60% to 0.52% in the reporting period. This change has been influenced by the decrease in the use of alternative raw materials. The rate of alternative raw material use, which was 6.4%* in 2024, was 5.1% in the reporting period. This decrease in the utilization rate has led to a limited potential cost advantage due to the use of alternative raw materials and a lower assessment of the financial impact of the opportunity.				

*: The relevant indicator was previously disclosed as 4.7% for the 2024 reporting period. Following an assessment conducted under TSRS 1 (83–86, B55–B59), it has been concluded that the variance does not stem from an error based on reliable information that was available or reasonably obtainable at that time, but rather from enhancements in data integration and measurement methodology developed in 2025. Consequently, the comparative information has been revised and presented as 6.4%.

Opportunity 2	Alternative Fuel Usage				
Definition of Opportunity	The use of alternative sources such as refuse-derived fuel (RDF) has the potential to reduce energy costs and reduce carbon emissions while reducing fossil fuel dependence. Considering the carbon regulations expected to enter into force in the European Union and Turkey, the use of alternative fuels provides a strategic advantage in terms of both financial and environmental compliance. This transformation supports environmental sustainability and cost control in energy management together.				
The Place of Opportunity in the Value Chain	Downward				
Opportunity Type	Energy Sources				
Time of Impact	Medium Term				
Probability	High				
Effects of the Business on Strategy and Decision Making Mechanism	Alternative fuel supply is prioritized in energy management and purchasing strategies. Waste management, legal compliance and investment decisions are reshaped in this direction. Energy conversion strategies come to the fore to achieve low-carbon production goals in the long term. In 2025, RDF (Refuse Derivative Fuel) Preparation and Feeding Facility investment was started in Batisöke Cement Factory. Within the scope of the investment planned to be commissioned in 2026, stocking, transfer, dosing and furnace feeding systems will be installed. With the commissioning of the facility, it is aimed to prepare biomass and other types of alternative fuels more effectively, to expand the supplier network and to significantly increase the use of alternative fuels.				
Financial Impact of Opportunity					
The Effect of Opportunity on Financial Position, Performance and Cash Flow	Savings due to the use of alternative fuels can increase profitability thanks to reduced fuel costs and a decrease in operational expenses. These savings positively affect cash flow, increasing the financial flexibility of the company and allowing new resources to be created for sustainable growth.				
Potential Financial Impact	<table border="1"> <thead> <tr> <th>Amount</th> <th>Provision for Consolidated Financial Statements</th> </tr> </thead> <tbody> <tr> <td>0.39% of Revenue</td> <td>Current Value</td> </tr> </tbody> </table>	Amount	Provision for Consolidated Financial Statements	0.39% of Revenue	Current Value
	Amount	Provision for Consolidated Financial Statements			
0.39% of Revenue	Current Value				
In the waste-incinerating kilns, there is a 10.5% utilization of alternative fuels as of 2025.					
Evaluation According to the Previous Reporting Period	The financial impact rate on the use of alternative fuels increased from 0.25% to 0.39% in the reporting period. The rate of alternative fuel use, which was 3.7% in 2024, increased to 10.5% in the reporting period. This increase in the use of alternative fuels has contributed to the reduction of fossil fuel dependence, optimization of energy costs and reduction of carbon emissions, leading to a higher assessment of the financial impact of the relevant opportunity.				

Opportunity 3		Use of Renewable Energy	
Definition of Opportunity	Recycling the waste heat generated in cement production processes into electrical energy has the potential to reduce the need for external energy while increasing energy efficiency. While contributing to the reduction of energy costs, energy production from waste heat also supports the reduction of carbon emissions. Considering carbon pricing mechanisms, such practices for energy efficiency create an important opportunity for companies in terms of both cost advantage and environmental compliance.		
The Place of Opportunity in the Value Chain	Direct Activity		
Opportunity Type	Energy Sources		
Time of Impact	Medium Term		
Probability	High		
Effects of the Business on Strategy and Decision Making Mechanism	Waste heat energy production facilities are considered as strategic investments that increase operational efficiency and reduce energy costs. Accordingly, decisions are taken to increase the energy recovery potential and reduce the carbon intensity in production processes. In order to further strengthen the existing recovery infrastructure, an investment process has been initiated to increase the capacity utilization rate with Waste Heat Energy Generation with an additional power of 4 MW in Batisöke, and it is aimed to commission the facility in 2026.		
Financial Impact of Opportunity			
The Effect of Opportunity on Financial Position, Performance and Cash Flow	Thanks to energy production from waste heat, it is possible to meet some of the electricity needs of the facilities with the energy recovered from the production processes. This reduces energy costs due to the decrease in the amount of electricity purchased from outside; It positively affects profitability and cash flow through the decrease in operational expenses.		
Potential Financial Impact	Amount	Provision for Consolidated Financial Statements	
	0.80% of Revenue	Estimated Value	
Evaluation According to the Previous Reporting Period	In 2025, the share of renewable energy sources (waste heat use) in electricity consumption was 7%. The opportunity for energy recovery from waste heat was evaluated for the first time in the reporting period.		

Opportunity 4		Green Funding	
Definition of Opportunity	Opportunities for access to green bonds, sustainable loans and climate-oriented financing instruments are increasing for projects aiming to reduce carbon emissions and investments that reduce the environmental impact. The expansion of funds for sustainability-based investments brings forward long-term financing opportunities that provide a cost advantage.		
The Place of Opportunity in the Value Chain	Direct Activity		
Opportunity Type	Durability		
Time of Impact	Medium Term		
Probability	High		
Effects of the Business on Strategy and Decision Making Mechanism	Prioritization of projects that comply with sustainability criteria facilitates access to low-cost financing opportunities. This ensures that strategic investments are structured by considering their environmental effects.		
Financial Impact of Opportunity			
The Effect of Opportunity on Financial Position, Performance and Cash Flow	Access to green financing opportunities reduces capital costs and enables investment plans to be implemented more effectively. Long-term and low-interest loans contribute to balancing cash flow and reducing financial risks.		
Potential Financial Impact	Amount	Provision for Consolidated Financial Statements	
	0.81% of Revenue	Estimated Value	
Evaluation According to the Previous Reporting Period	Considering that green financing instruments have lower average interest rates compared to traditional loan rates, the financial advantages that will occur if the projects are included in this scope were evaluated by scenario analysis. The financial impact ratio of the opportunity to access green financing increased from 0.78% to 0.81% during the reporting period. This increase has been influenced by the increase in low-carbon production and energy efficiency-oriented investment projects. Investments in waste heat recovery facility and alternative fuel (RDF) use planned in Batisöke can be evaluated within the scope of sustainable financing criteria and increase the potential for access to such financing sources.		

5.2.7 Climate Resilience

Batisöke evaluates the potential effects of the transition and physical risks caused by climate change on the business model, operational continuity and financial performance with a holistic approach. Our climate resilience approach includes goal setting processes compatible with regulatory developments, reducing carbon density, increasing energy and water efficiency, data-based performance management and international reporting frameworks.

5.2.7.1 Resilience to Transition Risks

Carbon pricing mechanisms, emission trading systems, border carbon regulations and transformation in market expectations constitute the main transition risks for our sector. The following practices are carried out against these risks;

Measurement and Verification of Emissions

Greenhouse gas emissions are calculated based on the TS EN ISO 14064-1:2018 standard and Greenhouse Gas Protocol and subject to independent third-party verification. This application ensures data accuracy, comparability and traceability.

Digital Carbon Management Infrastructure

With the EKSEN (ESG Carbon Sustainability Integration) Project, which was commissioned in 2025, an institutional infrastructure was created to manage ESG targets in an integrated way with carbon emissions and possible carbon costs. In this context, data integration and verification processes have been strengthened, carbon cost projections have been developed and reporting mechanisms have been digitalized. Thus, the traceability of emission performance has been increased and a reliable data management infrastructure has been established to support decision-making processes.

Energy Efficiency and Recycling

The Energy Management System has been implemented in Batisöke for more than 11 years. Energy performance is regularly measured and managed with a continuous improvement approach. In 2025, 7% of the total energy needs were met through recovery thanks to electricity production from waste heat in Batisöke.

In addition, it is aimed to commission the waste heat energy production investment with an additional capacity of 4 MW in Batisöke in 2026. This investment is expected to reduce energy density and carbon density.

Alternative Fuel Conversion

In order to reduce fossil fuel dependence, the rate of alternative fuel use is gradually increased.

- After the completion of the Waste Incineration and Co-Incineration License processes in Batisöke in 2024, alternative fuel use started; The rate reached 10.5% in 2025 (approximately three times increase) while it was 3.7% in 2024.

In 2025, RDF (Refuse Derivative Fuel) Preparation and Feeding Facility investment was started in Batisöke Cement Factory. Within the scope of the facility planned to be commissioned in 2026, stocking, transfer, dosing and furnace feeding systems will be installed.

It is planned to increase the rate of alternative fuel use to 32% by 2035 and to 70% by 2053. In this direction, infrastructure investments and supply chain development studies are carried out.

Climate Policy and International Reporting

As of 2025, the Batı Anadolu Group of Companies participated in the CDP reporting process and a **B** level score was obtained in the climate change category in the first evaluation period. In the coming period, net zero carbon targets are planned to be determined in line with the Science Based Targets initiative (SBTi).

With our **Climate Change Mitigating and Adaptation Policy** published in 2025, our climate management approach has been defined at the institutional level. In line with this policy, it is aimed to reduce greenhouse gas emissions within the framework of science-based targets and to strengthen institutional resilience by addressing climate-related risks and opportunities with a holistic approach.

5.2.7.2 Resilience to Physical Risks

Increasing temperatures, changing precipitation regimes and pressure on water resources pose physical risks to our operations. Potential constraints on water supply are considered among the risks that may have an impact on production continuity.

In this context;

- With the "Drop by Drop to the Future" project completed in 2025, digital meters were placed at critical points where water consumption is intense and infrastructure was created for SCADA integration.
- As of 2026, it is planned to monitor daily water consumption, calculate the water density per unit production and integrate the data into management systems.
- Water efficiency indicators will be monitored within the scope of KPIs in monthly performance evaluation processes; deviations will be detected quickly and optimization actions will be developed. Thus, it is aimed to strengthen the data-based decision-making culture in water management and to increase resource efficiency.

5.2.7.3 Management Systems and Corporate Oversight

The climate management approach is supported by ISO 14001 Environmental Management System and ISO 50001 Energy Management System. These systems enable early detection of climate risks, increasing energy and resource efficiency, reducing emissions and continuous improvement processes to be carried out within an institutional framework.

ISO 14001 Environmental Management Systems have been uninterruptedly maintained in Batisöke for more than 10 years.

ISO 50001 Energy Management System has been implemented in Batisöke for more than 11 years and energy performance is regularly measured, analyzed and managed in line with the principle of continuous improvement. The effectiveness of management systems is monitored through management representatives and assistant representatives appointed on a company basis, and at the corporate level, regulatory compliance, performance monitoring and operational risk assessments are carried out by a team of sustainability, energy and environmental experts.

5.3. RISK MANAGEMENT

Effective management of risks and strengthening the control environment in Batisöke are carried out within the framework of the Tripartite Defense Line Model in accordance with international good practices. In the first line of defense, operational units are responsible for the management of risks related to their own fields of activity. In the second line of defense, committees and related management functions ensure the monitoring, evaluation and reporting of risks. The Internal Audit Directorate, which is in the third defense line, provides assurance by evaluating the effectiveness of risk management, internal control and governance processes from an independent perspective.

The Internal Audit Directorate, which operates under the Audit Committee consisting of the members of the Board of Directors; carries out regular audit studies regarding the correct identification and management of risks, the reliability of important financial and operational data, the compliance of activities with legislation and internal regulations and the effectiveness of internal control systems. The audit results are reported to the Board of Directors through the Audit Committee; remedial actions are followed up for the detected findings.

In the management of risks, risk avoidance is handled according to determined strategies such as transferring risk, reducing risk and accepting risk. Prioritization studies are carried out in accordance with the strategic goals and financial plans of the Batı Anadolu Group of Companies.

The corporate risk management process is carried out under the coordination of the Executive Board; the results of the risk assessment and the actions taken are reviewed by the Early Detection of Risk Committee and reported to the Board of Directors. The Internal Audit Directorate, on the other hand, provides assurance by evaluating the effectiveness of risk management processes and the adequacy of practices from an independent perspective.

The Sustainability Committee and the Sustainability Subcommittee were established to determine the sustainability strategy in the fields of environmental, social and corporate governance; to create, monitor and review the relevant policies, goals and practices; and to identify the risks and opportunities related to sustainability and climate. The Committee evaluates and prioritizes the risks and opportunities related to sustainability and climate and provides support to the Board of Directors by developing the necessary action recommendations. The Sustainability Committee meets at least twice a year and additional meetings are held if necessary.

The risks and opportunities identified by the Sustainability Committee are monitored through the Early Detection of Risk Committee and submitted to the supervision of the Board of Directors. The Early Detection of Risk Committee meets at least six times a year; evaluates the risks that may affect the existence, development and continuity of the Community at an early stage, monitors the measures taken and reports its recommendations regarding risk management to the Board of Directors.

Thanks to this integrated structure, sustainability and climate-related risks and opportunities are integrated into the corporate risk management system and managed under the supervision of the Board of Directors through identification, monitoring, reporting and assurance mechanisms.

5.3.1 Climate Risk/Opportunity Management Framework

Batı Anadolu Group of Companies considers climate-related risks and opportunities with their short, medium and long term effects, taking into account the effects of climate change on business continuity, operational efficiency and financial sustainability. Climate change is considered as an element that can directly affect both operational performance and investment and transformation decisions in the sectors in which it operates. The processes are carried out in accordance **with the Instruction on Determination of Sustainability/Climate-Related Risks and Opportunities and the Instruction on Management of Sustainability/Climate-Related Risks** in force within the Community. In this context, the following framework is applied in order to manage the risks and opportunities in the field of climate and sustainability.

1. Governance

- The management of climate risks is the responsibility of the Sustainability Committee. The Committee operates under the Board of Directors and coordinates the determination, monitoring and reporting of climate-related strategies.
- As the members of the Sub-Committee affiliated to the relevant Committee, there are department managers and the decisions taken are integrated into the department goals.

2. Identifying Risks and Opportunities

- In the process of determining climate-related risks and opportunities, desk research, sector analysis, regulatory expectations, legislative follow-up, national and international policy reviews on climate change are taken into account.
- Through focus group workshops organized with the participation of internal stakeholders, risk and opportunity areas specific to company operations are identified.
- Both transition risks (legislation, market, technology, etc.) and physical risks (acute and chronic) are addressed in separate categories.

3. Prioritizing Risks and Opportunities

- The determined climate risks and opportunities are evaluated with criteria such as probability of realization and financial impact level.
- Impact/probability matrices are prioritized using financial impact analyzes (effects on revenue).
- This prioritization plays a critical role in the integration of climate risks into strategic decisions, resource planning, investment priorities and action plans.

4. Scenario Implementation

- Short, medium and long term effects are analyzed in line with climate scenarios for prioritized risks and opportunities.
- IPCC RCP scenarios (RCP 4.5, RCP 8.5) and sector-specific transition scenarios (e.g. annual carbon cost increase of CBAM, etc.) are evaluated.
- According to each scenario; carbon costs, investment costs, supply continuity risks, market changes are evaluated.
- Financialized risk outputs are presented to senior management and integrated into decision-making processes.
- Scenarios are also used to update strategic roadmaps, accelerate adaptation actions and prioritize green investments.

5. Monitoring and Reporting

- The determined risk and opportunity indicators and scenario results are evaluated by the Sustainability Committee/Subcommittee.
- Sustainability indicators such as carbon footprint, energy consumption, water use, waste management are measured and reported regularly.
- Performance indicators are integrated into the OKR system, individual goals and variable pricing mechanisms and disseminated throughout the organization.
- The management approach, goals, metrics and performance results related to climate risks are shared transparently in sustainability reports.

5.4. METRICS AND OBJECTIVES

5.4.1. Climate-Related Metrics

5.4.1.1 Management of Greenhouse Gas Emissions

Direct greenhouse gas emissions of Batisöke (Scope 1), greenhouse gas emissions from indirect energy (Scope 2) and other indirect emissions from the value chain (Scope 3) are calculated, monitored and managed regularly. Greenhouse Gas Protocol in emission calculations: Corporate Accounting and Reporting Standard, 2004); all emission data are reported in tons of carbon dioxide equivalent (tCO₂e). In addition, support is obtained from the TS EN ISO 14064-1:2018 Greenhouse Gases standard for data verification and methodological assurance.

An operational control approach has been adopted to report Batisöke's emissions in a comprehensive, consistent, and manageable manner. This approach increases data quality and comparability in reporting by ensuring that emissions from activities in which the company directly manages its operations and has control over its environmental effects are fully included in the calculations.

The year 2024 is determined as the base year and studies are carried out to reduce the greenhouse gas emission intensity throughout our operations in line with short, medium and long term goals. Reduction strategies are structured to include operational efficiency increase, use of alternative fuels and raw materials, energy conversion and process improvement practices.

The determined metrics and performance indicators are regularly monitored, subjected to relevant internal control mechanisms and shared transparently with the public through verification processes. Comparable performance data and progress on the targets are presented under the heading of "Climate-Related Targets".

Management of Scope 1 Emissions

Fixed combustion (fossil fuels, alternative fuels, diesel and gasoline) mobile combustion (diesel and gasoline) fuel consumption followed from the invoices of Batisöke company in the reporting period refers to greenhouse gas emissions from process (clinker and non-carbonate carbon) and leakage (leakage) followed from service forms (refrigerant gases and fire extinguishers).

In the scope 1 emission calculations, CO₂, CH₄ and N₂O emissions were calculated using the relevant activity data and emission factors, and these emissions were converted into tons of CO₂ equivalent (tCO₂e) with appropriate Global Warming Potential coefficients.

Global Warming Potential (GWP), gross calorific value and emission factors used in greenhouse gas calculations; EPA (Environmental Protection Agency), DEFRA (Department for Environment, Food and Rural Affairs) and Intergovernmental Panel on Climate Change (IPCC) 6. It is taken from the Evaluation Report and calculated as CO₂ equivalent by multiplying each greenhouse gas component with the appropriate conversion coefficients.

Assumptions made;

In the emission calculations related to the fuels used in the furnaces in the Batisöke facilities, the emission factor, the amount of fuel consumption and the net thermal value of the fuel are based on the laboratory test results. For the fuels that cannot be sent to the laboratory analysis, the emission factors in the IPCC 2006 Guidelines were taken as a basis.

Emission Source - Scope 1	CO ₂ (kgCO ₂ /TJ)	CH ₄ (kgCH ₄ /TJ)	N ₂ O (kgN ₂ O/TJ)	Calculation Methodology	Reference
Petrocytes	94,191.03	3	0.6	Total Consumption (TJ) * Emission Factor * GWP	Laboratory Tests, IPCC 2006, Section 2, Steady Combustion
Other Bituminous	96,610.75	10	1.5	Total Consumption (TJ) * Emission Factor * GWP	Laboratory Tests, IPCC 2006, Section 2, Steady Combustion
Low Bitumen	96,341.29	10	1.5	Total Consumption (TJ) * Emission Factor * GWP	Laboratory Tests, IPCC 2006, Section 2, Steady Combustion
Liquid Waste	73,300	30	4	Total Consumption (TJ) * Emission Factor * GWP	Laboratory Tests, IPCC 2006, Section 2, Steady Combustion
Industrial Wastes	98,804.10	30	4	Total Consumption (TJ) * Emission Factor * GWP	Laboratory Tests, IPCC 2006, Section 2, Steady Combustion
End-of-Life Tire	85,000	3	0.6	Total Consumption (TJ) * Emission Factor * GWP	Laboratory Tests, IPCC 2006, Section 2, Steady Combustion
Fuel Oil	77,000.19	3	0.6	Total Consumption (TJ) * Emission Factor * GWP	Laboratory Tests, IPCC 2006, Section 2, Steady Combustion
Diesel	72,300	3	0.6	Total Consumption (TJ) * Emission Factor * GWP	Laboratory Tests, IPCC 2006, Section 2, Steady Combustion
LPG	63,100	1	0.1	Total Consumption (TJ) * Emission Factor * GWP	Laboratory Tests, IPCC 2006, Section 2, Steady Combustion
Biomass Wastes	100,000	30	4	Total Consumption (TJ) * Emission Factor * GWP	Laboratory Tests, IPCC 2006, Section 2, Steady Combustion
ANFO (Steady Combustion)	77,400	3	0.6	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Section 2, Steady Combustion
Diesel-On Road (Mobile Combustion)	74,100	3.9	3.9	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Section 3, Movable Combustion
Diesel-Off Road (Mobile Combustion)	74,100	4.15	28.6	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Section 3, Movable Combustion
Gasoline-Off Road (Mobile Combustion)	69,300	50	2	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Section 3, Movable Combustion

Emission Source - Scope 1	Emission Factor	Emission Factor Unit	Calculation Methodology	Reference
Propane	2,997.63	kgCO ₂ e/ton	Total Consumption (tons) * Emission Factor	Defra 2025
Acetylene	3.38	tonCO ₂ e/ton	Total Consumption (tons) * Emission Factor	Cytochiometric Calculation
Process (Clinker)	545.92	kgCO ₂ e/ton	Dry Activity Data * Emission Factor	Laboratory Tests
Process (non-carbonate carbon)	7.19	kgCO ₂ e/ton	Consumption Amount * Emission Factor	Laboratory Tests

Emission Source - Scope 1	GWP (kgCO2e/kg)	Calculation Methodology	Reference
Refrigerant Gases (R410A)	2,255.5	If filling is done; SG Emission= Compressed gas (kg) * GWP If filling has not been done; SG Emission= Gas Capacity * Leakage Rate (Air Conditioning; 1%, Chiller; 2%, Refrigerator, Water Dispenser; 0.1%) * GWP	IPCC AR6 WGI Report
Refrigerant Gases (R134A)	1,530	If filling is done; SG Emission= Compressed gas (kg) * GWP If filling has not been done; SG Emission= Gas Capacity * Leakage Rate (Air Conditioning; 1%, Chiller; 2%, Refrigerator, Water Dispenser; 0.1%) * GWP	IPCC AR6 WGI Report
Refrigerant Gases (R32)	771	If filling is done; SG Emission= Compressed gas (kg) * GWP If filling has not been done; SG Emission= Gas Capacity * Leakage Rate (Air Conditioning; 1%, Chiller; 2%, Refrigerator, Water Dispenser; 0.1%) * GWP	IPCC AR6 WGI Report
Refrigerant Gases (R407A)	2,262.2	If filling is done; SG Emission= Compressed gas (kg) * GWP If filling has not been done; SG Emission= Gas Capacity * Leakage Rate (Air Conditioning; 1%, Chiller; 2%, Refrigerator, Water Dispenser; 0.1%) * GWP	IPCC AR6 WGI Report
Refrigerant Gases (R600A)	3	If filling is done; SG Emission= Compressed gas (kg) * GWP If filling has not been done; SG Emission= Gas Capacity * Leakage Rate (Air Conditioning; 1%, Chiller; 2%, Refrigerator, Water Dispenser; 0.1%) * GWP	Defra 2025
Industrial Gases (SF6)	25,200	If filling is done; SG Emission= Compressed gas (kg) * GWP If filling has not been done; SG Emission= Gas Capacity * Leakage Rate (2.6%) * GWP	IPCC AR6 WGI Report 2006
Fire Extinguisher (HFC-236 FA)	8,690	If filling is done; SG Emission= Compressed gas (kg) * GWP If filling has not been done; SG Emission= Gas Capacity * Leakage Rate (4%) * GWP	IPCC AR6 WGI Report
Fire Extinguisher (CO2)	1	If filling is done; SG Emission= Compressed gas (kg) * GWP If filling has not been done; SG Emission= Gas Capacity * Leakage Rate (4%) * GWP	IPCC AR6 WGI Report

In the items without direct emission factor/GWP data, reference data with similar characteristics were taken as a basis and an assumption-based approach was used in the calculations.

Management of Scope 2 Emissions

Location-based - It refers to the indirect greenhouse gas emissions of the Company and its Consolidated Subsidiaries from the purchased and consumed electricity during the reporting period. Scope 2 emissions based on location are calculated based on the electricity consumption data followed from the invoices of the service provider companies and using the Turkey Electricity Consumption Point Emission Factor.

Market-based - In the reporting period, information on contractual instruments, if any, is also taken into account in the assessment of Scope 2 emissions from purchased and consumed electricity of the Company and its Consolidated Subsidiaries. No renewable energy certificate or other contractual vehicle within this scope was provided in 2025. Therefore, explanations regarding Scope 2 emissions in the reporting period were presented on the basis of the location-based method.

Scope 2 emissions based on location were calculated using the network emission factor (0.434 (tCO2e/MWh) emission factor included in the Turkey Electricity Generation and Electricity Consumption Point Emission Factors Information Form published by the Ministry of Energy and Natural Resources (MENR).

Emission Source - Scope 2	Emission Factor (tCO2e/MWh)	Calculation Methodology	Reference
Electrical Energy (Mains Sourced)	0.434	Emission Amount = Activity Data × Emission Factor	Grid Emission Factors for Electricity Generation and Consumption in Turkey

Management of Scope 3 Emissions

Scope 3 emissions consist of 15 subcategories and all subcategories are included in the calculations. In this context; Emissions were calculated in the categories of purchased goods and services, capital goods, emissions from the transmission and distribution of fuels, upward transportation, wastes, business trips, employee commutes, downward transportation, processing of sold products, end-of-life and downward leased assets. The company does not have any activity in the categories of upstream leased assets, use of sold products and franchises. Therefore, no calculation was made for the relevant categories.

Primary (specific) data obtained directly from company activities were used in the calculation of Scope 3 emissions. In this context, weight data on purchased goods and services, operational data on sold products, the amount of waste generated, business trips, personnel services, income from leased assets and data on transportation activities were directly included in the calculations. Cost data were included in the inventory for purchases whose weights could not be reached. This approach has been adopted in order to increase the accuracy and representation of emission calculations and it is aimed to minimize the use of secondary data depending on data availability.

A spend-based calculation method was employed for purchases where weight data remained unavailable, ensuring the comprehensive inclusion of all procurement activities in the inventory. While purchased raw materials were incorporated using weight-based methodologies with emission factors sourced from the Ecoinvent database, other purchasing activities were accounted for via spend-based methods utilizing EPA-sourced factors. Similarly, with the exclusion of raw material logistics, transportation for other procurement activities was integrated into the inventory through spend-based calculations and EPA emission factors. Raw material transportation was specifically calculated on a ton-km basis, with the corresponding emission factors obtained from Defra.

Assumptions made;

Emissions for the purchased raw material transportation were calculated in tons*km, taking into account the weight and distance data. Purchases other than raw materials and fuels (service purchases, fixed assets, inventory, etc.) were calculated using the emission factors of the relevant categories of the EPA. In this context, Greenhouse Gas Protocol: In accordance with the Corporate Accounting and Reporting Standard (2004), emissions from transportation were evaluated under Scope 3 Category 4, and emissions from purchased raw materials and other purchases were evaluated under Scope 3 Category 1. In the calculations, the weight-based method was used for raw materials and the cost-based method was used for other purchases.

Emission Source - Scope 3	Emission Factor	Emission Factor Unit	Calculation Methodology	Reference
Purchased Products and Services	-	kgCO2e/USD	Emission Amount = Activity Data (Total Amount Spent) × Emission Factor	EPA
Purchased Raw Materials	-	kgCO2e/kg	Emission Amount = Activity Data (Total Purchased Amount) × Emission Factor	Ecoinvent Database
Capital Goods	-	kgCO2e/USD	Emission Amount = Activity Data (Total Amount Spent) × Emission Factor	EPA
WTT (Well- to- tank)	-	kgCO2e/ton, kgCO2e/liter	Emission Amount = Activity Data × Emission Factor	Defra 2025, TR Electrical Factor 2023
Upward Shipping - Highway	0.19748	kgCO2e/ton*km	Emission Amount = Activity Data × Emission Factor	Defra 2025
Upstream Transport – Sea Freight	0.016120	kgCO2e/ton*km	Emission Amount = Activity Data × Emission Factor	Defra 2025
Business Travel Emissions - Airline	-	kgCO2e/passenger*km	https://www.myclimate.org/en/information/about-myclimate/downloads/flight-emission-calculator/	My Climate Methodology
Business Travel Emissions – Hotel Accommodation	-	kgCO2e/room*night	Emission Amount = Activity Data × Emission Factor	Defra 2025
Employee Commute Emissions	-	kgCO2e/km	Emission Amount = Activity Data × Emission Factor	Defra 2025
Emissions from Solid and Liquid Waste Disposal	-	kgCO2e/ton	Emission Amount = Activity Data × Emission Factor	Defra 2025
Water Consumption	0.19130	kgCO2e/m3	Emission Amount = Activity Data × Emission Factor	Defra 2025
Wastewater	0.17088	kgCO2e/m3	Emission Amount = Activity Data × Emission Factor	Defra 2025
Downstream Transport - Road	0.19748	kgCO2e/ton*km	Emission Amount = Activity Data × Emission Factor	Defra 2025
Downstream Transport – Sea Freight	0.016120	kgCO2e/ton*km	Emission Amount = Activity Data × Emission Factor	Defra 2025
Downstream Transport – Railway	0.02779	kgCO2e/ton*km	Emission Amount = Activity Data × Emission Factor	Defra 2025
Product Processing - Clinker	29.95	kgCO2e/ton	Emission Amount = Activity Data × Emission Factor	Cement Study
Product Processing - Cement	0.004774	kgCO2e/ton	Emission Amount = Activity Data × Emission Factor	GHG Protocol Guidelines + TR Electrical Factor 2023
Product End of Life Emissions – Cement, Clinker, Limestone	1.26338	kgCO2e/ton	Emission Amount = Activity Data × Emission Factor	Defra 2025
Product End of Life Emissions – Bag, Pallet, Stretch Film	-	kgCO2e/ton	Emission Amount = Activity Data × Emission Factor × Disposal Rates (EPA)	Defra 2025, EPA
Downstream Leased Asset	0.246	kgCO2e/USD	Emission Amount = Activity Data (Total Amount Spent) × Emission Factor	EPA

5.4.1.2 Performance on Climate-Related Metrics

Scope	Emission (tCO2e)
Scope 1 Emissions (gross)	1,894,944.32
Scope 1 Emissions (net) *	1,820,975.11
Scope 2 Emissions (Location Based)	82,088.20
Scope 2 Emissions (Market Based)	82,088.20
Scope 1-2 greenhouse gas emission density (gross) (kgCO2e/ton cement)	692.16
Scope 3	386,292.40

Scope 3	Emission (tCO2e)
3.1 Purchased Goods and Services	32,941.53
3.2 Capital Goods	369.62
3.3 Fuel and Energy-Related Activities	109,058.91
3.4 Upstream Transportation and Distribution	110,007.26
3.5 Waste generated in operations	1.02
3.6 Business Travel	21.84
3.7 Employee Commuting	61.12
3.8 Upstream Leased Asset	-
3.9 Downstream Transportation and Distribution	99,676.17
3.10 Processing of Sold Products	29,223.61
3.11 Use of Sold Products	-
3.12 End of Life Treatment of Sold Products	3,648.49
3.13 Downstream Leased Assets	11.36
3.14 Franchises	-
3.15 Investments	1,271.47
Total	386,292.40

Greenhouse Gas emission Intensity		
Scope 1-2 greenhouse gas emission intensity (gross)	(tCO2e/ton cement)	0.692

*Net Scope 1 emission is not an independent metric that expresses abatement performance; it is a computational disaggregation made to show the impact of alternative fuel emissions within total Scope 1 emissions. In line with the GCCA approach, emissions from alternative fuels are monitored separately and the Net Scope 1 value is obtained by subtracting them from the total Scope 1 emissions. This separation is made in order to ensure the traceability and transparent reporting of emissions from the use of alternative fuels. In this context, the alternative fuels evaluated at Batisöke consist of liquid waste, industrial waste, end-of-life tires, and biomass waste.

5.4.1.3 Industry-Based Metrics

Within the scope of the Guideline on the Sector-Based Implementation of TSRS 2 published by the Public Oversight Authority (KGG), Volume 8 – Construction Materials are taken as a reference guide.

Table 1. Sustainability Disclosure Topics and Metrics

Subject	Metric	Unit of Measure	2025	Code
Greenhouse Gas Emissions	Gross total Scope 1 emissions	Metric ton (t) CO ₂ -e	1,894,944.32	EM-CM-110a.1
	Share of gross total emissions within the scope of a regulation or system that sets an emission limit within the company's total Scope 1 emissions	Percentage (%)	99.75	EM-CM-110a.2
Air Quality	NOx (excluding N2O)	Metric ton (t)	1,533.93	EM-CM-120a.1
	SOx		22.07	
	Particulate Matter (PM10)		22.07	
	Dioxins/furans		-	
	Volatile organic compounds (VOCs)		50.19	
	Polycyclic aromatic hydrocarbons (PAHs)		-	
	Heavy metals		0.10	
Energy Management	Total energy consumed	Gigajoule (GJ)	8,028,157.14	EM-CM-130a.1
	Percentage of mains electricity	Percentage (%)	9	
	Alternative energy percentage		7.2	
	Percentage of renewable energy		0.6	
Water Management	Total water drawn	thousand cubic meters (m ³)	978.17	EM-CM-140a.1
	Total water consumed		957.27	
	Percentage of water consumed in areas with High or Extremely High Baseline Water Stress	Percentage (%)	97.86	
Waste Management	Amount of waste generated	Metric ton (t)	692.80	EM-CM-150a.1
	Hazardous waste rate	Percentage (%)	1.4	
	Percentage of waste recycled		78.62	
Product Innovation	Total accessible market and market share for products that reduce energy, water or material impacts during use or production	Percentage of sales (%)	73	EM-CM-410a.2

Table 2. Activity Metrics

Activity Metric	Unit of Measure	Year 2025	Code
Production by Main Product Group	Metric ton (t)	Clinker: 2,106,833.23 tons Cement : 1,457,747.41 tons	EM-CM-000.A

5.4.1.4 Climate-Related Transition Risks Ratio

International regulations enacted within the scope of combating climate change pose significant transition risks, especially for companies operating in carbon-intensive sectors. The Carbon Border Adjustment Mechanism (CBAM), developed in accordance with the European Union Emission Trading System, imposes carbon pricing-based obligations that can have a direct effect on export processes and production costs. This makes our cement activities, where energy-intensive and process-induced emissions are high, the most vulnerable operation area against climate-related transition risks.

Based on the data of 2025, the total greenhouse gas emission of Batisöke was 2,363,324.93 tons of CO₂e, of which 84% (1,977,032.52 tons of CO₂e) was due to cement production.

In line with these indicators;

- **Vulnerable activity ratio to transition risk in terms of greenhouse gas emissions: calculated as 84%.** These ratios show that the financial and operational effects of climate-related regulatory changes and carbon pricing mechanisms can be largely concentrated on our cement activities.

Detailed information on the management of these transition risks is presented in the “Climate Resilience” section.

5.4.1.5 Rate of Physical Risks Related to Climate

Increasing temperatures with climate change, changing precipitation regimes and pressure on water resources prioritize physical risks related to water supply in the regions where we operate. In particular, interruptions or restrictions in water supply have the potential to have a direct impact on operational continuity and production efficiency. For this reason, water management is among the priorities in the management of physical risks related to the climate.

According to the data of 2025, the total water consumption of Batisöke was 978,171 m³. The percentage of **water consumed in areas with Extremely High Baseline Water Stress is ~98%.**

In this context:

- **Vulnerable activity ratio to physical climate risks in terms of total water consumption: calculated as 98%**

Cement production activities, which require intensive water use due to high heat treatment processes and cooling needs, are among the most sensitive operation areas against physical climate risks such as water stress, drought and extreme temperature. This shows that our water-dependent assets and activities require priority evaluation and intervention in terms of physical risks.

Detailed information on the management of these physical risks is presented in the “Climate Resilience” section.

5.4.1.6 Internal Carbon Pricing

With the EKSEN (**ESG Carbon Sustainability Integration**) Project, which was implemented in 2025, an institutional infrastructure was established to manage ESG targets together with carbon emissions and possible carbon costs. Within the scope of the project, the traceability of emission performance and decision support capacity have been increased by strengthening data integration, verification processes, carbon cost projections and reporting mechanisms. In this way, an accurate, traceable and reliable data management infrastructure has been created for sustainability goals by updating the data of the past period. Integration allows systematic monitoring of carbon emissions and possible carbon costs and healthier future risk projections.

In Batı Anadolu Group of Companies, an internal carbon pricing approach is applied in accordance with this structure. The domestic carbon price has been determined in the range of 10\$/ton CO₂ at the initial level, and price references in international carbon markets, trends in emission trading systems and predictions about the regulatory framework expected to occur in Turkey are taken into account in the price determination process.

Internal carbon price supports financial feasibility studies of energy efficiency, alternative fuel use and emission reduction projects in investment evaluation processes, and prioritization of low carbon product and sustainable innovation projects in product development and R&D processes. In addition, it ensures that the carbon cost effect is made visible in operational improvement studies.

5.4.1.7 Pricing

Climate-related issues are integrated into the performance criteria related to senior management and the variable pricing structure depending on these criteria. In this context, the share of climate-related performance indicators in the total performance evaluation structure is approximately 18%.

Performance results related to the determined targets are directly associated with the variable remuneration and incentive mechanisms of senior management; sustainability-oriented key performance indicators (KPIs) are included in the annual performance evaluation processes of the relevant committee and subcommittee members. This approach supports the integration of climate-related priorities into decision-making processes and the promotion of long-term sustainable value creation.

5.4.2 Climate-Related Targets

Within the framework of the Paris Agreement's goal of limiting global warming to 1.5° C, the EU Green Deal and the Carbon Border Adjustment Mechanism (CBAM) implemented within this scope create a significant transformation pressure for companies operating in carbon-intensive sectors. The cement sector is directly affected in this context; companies exporting to the EU have become obliged to manage their emissions in a traceable, reportable and verifiable way. Mechanisms such as the National Emission Trading System (Turkey ETS) and the EU ETS being established in Turkey also create both risk and strategic opportunities for companies.

Batisöke determines its climate goals from this perspective by following the national and international regulatory frameworks and sectoral developments. Short (2026), medium (2035) and long-term (2053) targets have been defined to be applied in priority areas such as carbon emissions reduction, energy and resource efficiency, alternative raw material and fuel use, and circular economy applications.

The table below shows our current targets for the next years, comparable to the targets determined in the previous reporting period. The objectives and methodology set are not yet subject to third-party verification.

Target	Unit	2024 (Base year)	Year 2025	2026 Target	2035 Target	2053 Target	Objective of the targets	Business to which the target applies	Absolute target/ Intensity target	Target review processes	Metrics used to track progress	Explanation if there are any changes in the target
Scope 1-2 greenhouse gas emission intensity (gross)	(kgCO2e/ ton cement)	732	692	690	660	300	Reduction, SBTi compliance	Batisöke	Density	Greenhouse gas inventory is monitored within the scope of the verification process under the coordination of OHS and Environment Directorate, Production Directorate, and Maintenance Directorate; target realizations are reviewed by the sustainability committee.	CO2e emission per ton of cement	Short, medium and long term calendars have been redefined and planning periods have been determined for 2026, 2035 and 2053. This update resulted from the need to clarify the reporting boundaries within the scope of the merger and acquisition processes and aims to present the targets in a way that is compatible with the current organizational structure and traceable.
Reduction of clinker/ cement ratio	%	76	73	72	70	50	Reduction, SBTi compliance	Batisöke	Density	Product prescriptions and production plans are monitored monthly by the Production and Quality Management Directorate; target realizations are reviewed by the sustainability committee.	Clinker/cement ratio	
Increasing the use of Renewable Energy *	%	0.2	0.6	0.8	1.5	2.5	Reduction, energy efficiency	Batisöke	Density	Energy efficiency is monitored monthly by the Maintenance Directorate in line with performance monitoring and technical improvement plans; target realizations are reviewed by the sustainability committee.	Waste heat utilization rate	
Increasing Alternative Fuel Use	%	3.7	10.5	13	32	70	Mitigation, circular economy	Batisöke	Density	It is monitored monthly by the Environment and Maintenance Directorates together with the licensing processes; target realizations are reviewed by the sustainability committee.	Alternative fuel use rate	
Increasing the use of CCM (Complementary Cement Material) tras, ash, slag, etc.	%	19	22	24	25	40	Reduction, SBTi compliance	Batisöke	Density	It is monitored monthly by the Raw Material and Quality Management Directorates in line with the product quality parameters; the target realizations are reviewed by the sustainability committee.	CCM utilization rate	

* Calculated as the ratio of renewable energy consumption (waste heat, SPP, WPP, etc.) to total energy consumption, in accordance with TSRS 2 Volume 8-Construction Materials Industry-Based Guidance.

LEGAL DISCLAIMER:

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"The reporting structure and content have been prepared in-house by the Sustainability Directorate with the support of all units. We would like to express our gratitude to all our colleagues who are building our bridge of sustainability extending into the future together, for their valuable contributions."

BATISÖKE