
BATISÖKE SÖKE ÇİMENTO
SANAYİİ A.Ş.

TSRS-Compliant Sustainability Report 2024

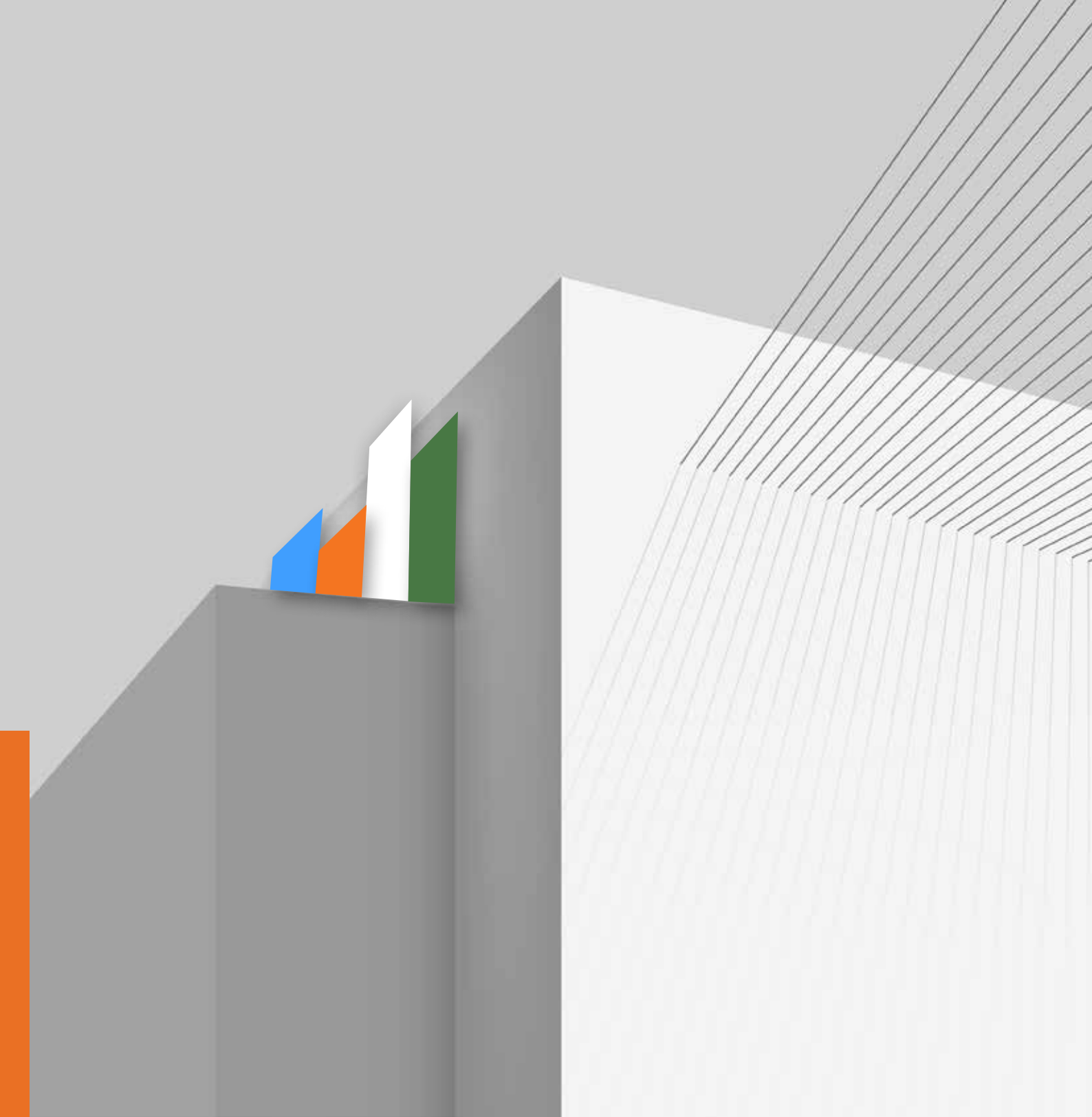




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ABOUT THE REPORT

The report covers the global activities of Batisöke Söke Çimento Sanayi T.A.Ş. for the year 2024. The report was prepared in accordance with the Türkiye Sustainability Reporting Standards (TSRS 1 and TSRS 2), covering the period from January 1, 2024, to December 31, 2024.

This report transparently presents the sustainability priorities, strategic targets, and climate change mitigation approaches of Batı Anadolu Group of Companies. Published in line with stakeholder accountability and the principles of sustainable development, the report represents the first reporting period under the TSRS.

In determining sustainability and climate-related priorities, our approach is based on the GRI Standards; the Sustainability Accounting Standards Board (SASB) 2023-12 Construction Materials Standard indicators; the TSRS 2 'Volume 8 – Construction Materials' sectoral

guide; the Task Force on Climate-related Financial Disclosures (TCFD) recommendations; stakeholder insights; industry trends; megatrends; our strategic targets; and national and international developments in sustainability.

This report, prepared in both Turkish and English, has undergone an independent external assurance process.

The insights and contributions of our valued stakeholders hold great importance in our sustainability journey. In this context, you are welcome to share any questions, comments, or suggestions related to our sustainability efforts and report with us at

info@batisoke.com.tr.

DECLARATION of CONFORMITY

The report has been prepared to cover all global operations carried out by Batisöke Söke Çimento Sanayi T.A.Ş. in 2024.

The report has been prepared in accordance with the Türkiye Sustainability Reporting Standards (TSRS 1 and TSRS 2), based on the reporting period from January 1, 2024, to December 31, 2024, and is fully compliant with the standards and guidelines published by the Public Oversight, Accounting, and Auditing Standards Authority (KGK).

The report is prepared based on the same reporting

entity and period as the financial statements of Batisöke Söke Çimento Sanayi T.A.Ş. and includes data on the environmental, social, and governance (ESG) performance of the company.

This report was approved by the Board of Directors on 04.08.2025 and authorized for publication.

Disclosures Under TSRS 1 and 2

Title	Disclosure
Principle of Materiality	The report covers ESG topics that are material in terms of their impact on the activities and strategy of Batisöke.
Comparability	As this is the first implementation of the TSRS, no comparative information from previous periods has been provided. (Appendix E3)
Transparency and Accuracy	All disclosures are supported by up-to-date and reliable data, ensuring stakeholders have access to accurate information.
Key Judgments and Measurement Uncertainties	The identification of financially significant climate-related risks and opportunities, the determination of key information to be reported, and the assessment of related financial impacts are based on estimates that include expectations for the short, medium, and long term, as well as assumptions about the future. The potential financial impacts of climate-related risks and opportunities are assessed through scenario analyses, taking into account their possible effects on revenues, cost structure, capital expenditures, and cash flows. These analyses are conducted from short-, medium-, and long-term perspectives and are based on forward-looking forecasts. The assumptions used in financial impact analyses include parameters such as carbon price projections, energy costs, regulatory frameworks, the frequency and severity of physical climate events, the pace of technological transformation, and market expectations. Batisöke utilizes internationally recognized climate scenarios—such as the Representative Concentration Pathways (RCPs) 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 relies on certain assumptions and modeling, and involves uncertainties regarding the effects of changes in greenhouse gas emissions on the frequency and intensity of climate events.

As this is our company's first implementation of TSRS 1 and S2, it has benefited from the following transition exemptions:

Title	Disclosure
Transition Exemption – Comparative Information	The obligation to disclose comparative climate-related information has not been applied under the transition exemption. (Appendix E6a)
Transition Exemption – Limitation of Scope	In the first reporting period, TSRS 2 covered only climate-related topics; other sustainability topics will be disclosed in the second period. (Annex E5)
Transition Exemption – Scope 3 data	In the first reporting period, Scope 3 data was not disclosed due to the transition exemption.



MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

Sabit Aydın



Esteemed Stakeholders,

Our world is at the heart of an era of transformation, reshaping the very balance of life. Global challenges such as climate change, the rapid depletion of resources, and social inequality have become the collective responsibility of all institutions and leaders, not just individuals. Leaving a livable world for future generations is only possible through the decisive actions we take today. In this process, a sustainability-focused vision will be the key to unlocking environmental, social, and economic solutions.

The United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs) set global standards for sustainable business models. On the other hand, the World Economic Forum's 2024 Global Risks Report identifies environmental risks and climate change as some of the biggest threats facing the business world. Likewise, the IPCC's Sixth Assessment Report clearly states that limiting the global temperature rise to 1.5°C is only achievable through urgent and comprehensive emissions reductions. These facts highlight that sustainability is no longer merely a choice, but has become a fundamental responsibility for organizations. As Batı Anadolu Group of Companies, we are committed to fulfilling this responsibility with determination.

In line with our sustainability vision, we are taking strong steps in the areas of environmental, social, and governance (ESG), while ensuring our operations comply with international standards. Through our projects aimed at increasing energy efficiency and promoting the use of alternative fuels, we aim to reduce our carbon emissions and accelerate our transition to low-carbon production processes.

*Leaving a livable
world for future
generations is only
possible through the
decisive actions we
take today.*

As of 2024, we have increased our sustainable cement production rate to 72.7%. We will continue to strengthen our climate-friendly production approach by further increasing this rate.

We view sustainability not only as an environmental responsibility, but also as a fundamental pillar of social development. By investing in the development of our employees, we enhance their competencies and focus on growing alongside local collaborations. As Batı Anadolu Group of Companies, we place the principle of 'stronger together' at the heart of all our business processes.

Under the guidance of our Sustainability Committee and its subcommittees, we review our strategic priorities annually and take decisive steps towards the future. We continue to pursue our goal of building a sustainable future through efforts to minimize our environmental impact, prioritize social benefit, and inspire the industry with innovative business models.

As we have done so far, we will continue on our journey with the vision of being a 'value-creating' community. We would like to thank all our stakeholders who have been with us on this journey and have generously contributed and supported us.

Sincerely,

Sabit Aydın
Chair of the Board of Directors



Vision

Becoming a leading industrial group that adds value to the future of the region by standing out with innovation and sustainability.



Mission

Adding value to regional development through stakeholder satisfaction and sustainability.



Values

Sincerity

Innovation

Equity

Unity

Continuous Development

Courage



VISION MISSION VALUES

PEOPLE **FIRST**

At Batı Anadolu Group of Companies, we consider human resources as our most valuable capital. The well-being of our employees, their active participation in processes, and their overall satisfaction have always been our top priority. With this approach, we aim to create a sustainable ecosystem and enhance the quality of life in all areas where our Group operates. With our people-centered approach, we aim to enhance and transform our employees' living spaces.

RESPECTING **THE PLANET**

In full alignment with our sustainability principles, we uphold our environmental responsibilities at the highest level through our environmental and energy management systems. Respect for nature and the prevention of environmental pollution are fundamental to our activities. With this responsibility, we take great care to protect nature in all our business processes and take steps to minimize our environmental impact. We continuously seek innovative solutions to support the balance of nature through our activities.

TRANSFORMATION

As Batı Anadolu Group of Companies, we view creating a sustainable ecosystem not just as a goal, but as a responsibility. In every process we engage with, we develop strategies to create and transform better living conditions for both people and the environment. With a commitment to continuous improvement and innovation, we continue our transformation processes without pause to ensure the environmental, social, and economic sustainability of our Group.

CORPORATE INFORMATION

Established in 1966 in the Aegean region with 100% Turkish capital, Batıçim Batı Anadolu Çimento Sanayii A.Ş. continues its operations today under the name Batı Anadolu Group of Companies. With its strong financial foundation, deep-rooted corporate culture, and over half a century of experience, it has played a pioneering role in Türkiye's industrial and economic history.

Operating in strategic sectors such as cement, clinker, ready-mixed concrete production, port management, energy generation, and trade, Batı Anadolu Group of Companies is positioned as one of the leading industrial groups in the Aegean Region. By combining its expertise in clinker and cement production with its strength in the ready-mixed concrete sector, the company centers customer satisfaction through innovative and high-quality products.

Founded in 1955 in Söke, Aydın, as one of the first cement factories of our Republic, Batisöke enhanced its production capacity and industry influence by becoming part of Batı Anadolu Group of Companies in 1993. Since then, we have continued to make significant contributions to the regional and national economy with our high volumes of clinker and cement production. As with all

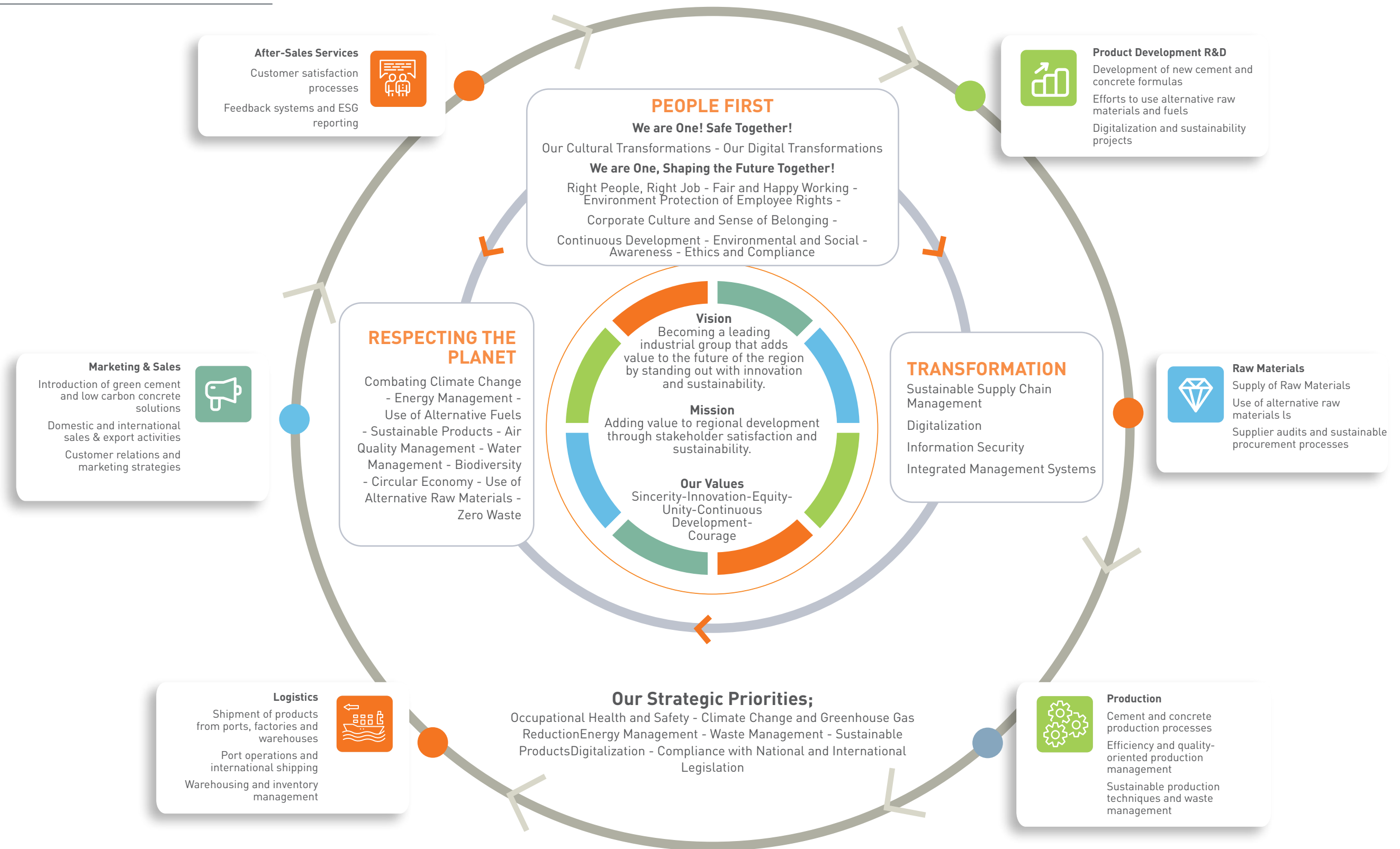
companies in the Batı Anadolu Group of Companies, Batisöke continues its operations with a focus on continuous improvement. With the integrated cement production facility investment completed in 2018, we have become one of the most modern cement, clinker, and aggregate production facilities in Türkiye. Combining our experience with developed production systems, we have reached a production capacity of 3,000,000 tons of clinker and 4,000,000 tons of cement annually. With our 'Quality First' approach, we produce high-quality and eco-friendly products, and consistently uphold quality standards at every stage through effective control systems and expert employees. We consider customer satisfaction as the primary goal of all our processes. With over half a century of experience, our vision of continuous development, and the investments we have made, we meet a significant portion of Türkiye's cement demand. Since 1982, we have been expanding our export activities and have the potential to export over 1,000,000 tons of clinker and cement annually. While contributing to the national economy with our exports extending from the Aegean Region to the world, we successfully represent Türkiye's modern industrial identity in international markets.



Batı Anadolu Şirketler Topluluğu, yenilikçi teknolojilere yönelik yatırımlarını artırarak bölge ve ülke ekonomisine değer katmaya devam etmektedir.

Ticaret Ünvanı	Şirketin Faaliyet Konusu	Şirketin Sermayedeki Payı (%)	Şirket ile Olan İlişkinin Niteliği
Batisöke Söke Çimento Sanayii T.A.Ş.	Klinker Çimento Üretim ve Satışı	74,62	Bağlı Ortaklık
Batıbeton Sanayi A.Ş.	Hazır Beton Üretim ve Satışı	100	Bağlı Ortaklık
Batılıman Liman İşletmeleri A.Ş.	Liman İşletmeciliği	90	Bağlı Ortaklık
Batıçim Enerji Elektrik Üretim A.Ş.	Elektrik Üretimi ve Satışı	100	Bağlı Ortaklık
ASH Plus Yapı Malzemeleri San.Tic. A.Ş.	Kül Üretim ve Satışı	100	Bağlı Ortaklık

BUSINESS MODEL and
VALUE CHAIN



Batı Anadolu Group of Companies integrates the Value Reporting Foundation’s (VRF) Six Capitals model into its business processes, analyzing sustainability risks and opportunities across each capital type. The insights derived from these analyses help shape the Group’s long-term sustainability strategies.

Type of Capital	Inputs (Resources)	Activities	Value Chain	Outputs (Value Generated)	Value Created	SDGs
Financial Capital	- Equity and capital - Sales revenue - Incentives and funds - Bank loans - Cash and cash equivalents - Reserve funds and undistributed profits - Investments	- Sustainable financial management - Digitalization and efficiency improvement projects - Risk management and strategic planning - Pricing, sales and marketing - Investment processes - Active budget management	- Banks, investors, shareholders, suppliers, and financial institutions	- TRY 4,272 million income - 28% decrease in income (net sales) - 2.1% EBITDA margin - 14.28% OPEX/sales (Operating Expenses/Sales) - 295% increase in share price - Asset Size - Equity Size	- Long-term economic sustainability - Strong and reliable financial structure - Improvement of investor confidence - Increasing financial support mechanisms for carbon reduction - ÇCSİB Champions of Export Awards (The 2nd place in clinker)	  
Generated Capital	- 1 integrated cement production plant - 1 cement grinding and packaging plant	- Modernization and capacity expansion - New logistics and storage systems - RDF system integration	- Customers, suppliers, dealers, employees, investors	- Cement production capacity*: 4,000,000 tons - Clinker production capacity*: 3,000,000 tons - Çavdır Grinding-Packaging capacity: 400,000 tons * Data are approximate and rounded up.	- Operational excellence - More efficient logistics and supply chain - Energy and operational efficiency improvement	   
Human Capital	- 350+ employees - Efforts to build 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 improve employee engagement	- Comprehensive training programs (technical, personal development, leadership) - Occupational health & safety practices - Comprehensive training programs and learning organization practices for employee development - Business ethics, Human Rights, Diversity, inclusion, and equal opportunity policies - Employee engagement surveys - Effective leadership programs and career planning processes - Committee meetings - Employee benefits - Performance-based reward	- NGOs, Academic institutions, international institutions/ organizations, employees, trade unions, educational institutions, investors, customers, suppliers	- 15,252 hours of training - TRY 698,719 training expenditure - Employee engagement score: 59.6% - Participation in Anti-bribery, Anti-corruption, Business Ethics, Human Rights, Diversity & Inclusion trainings: 100% - Employee turnover rate: 24.8%	- Long-term human resource strengthening - 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 - PERYÖN Human Value First Prize	    
Social and Relational Capital	- Social responsibility projects, activities, and events - Collaboration with national and international organizations - NGO memberships - Transparency and effective communication policies to strengthen stakeholder relations	- Supply chain sustainability practices - Community support projects - Ethics and compliance processes - Solution center process - Customer and supplier portals - Audits and surveys for stakeholders - Training activities for suppliers - Donations and sponsorships	- Stakeholders, NGOs, communities, public institutions, customer, supplier	- Customer satisfaction: 94.12% - Supplier rate adopting the ‘Supplier Code of Conduct’: 80%	- Social benefit, - Sustainable social impact - Long-term stakeholder relations - Strong corporate identity - Increased brand value and customer trust	     
Natural Capital	- Natural resources - Alternative raw materials, - Renewable energy sources (RES)	- Energy efficiency and CO2/emission reduction projects - Circular economy practices	- Environmental authorities, public institutions, local governments, academic institutions, suppliers, customers, investors	- Use of alternative fuels (Single kiln): 3.7% - Waste heat utilization (Single kiln): 2.6% - Waste heat recovery and Refuse-Derived Fuel (RDF) plant investments - Use of supplementary cementing materials (SCMs): 19% - Recovery of waste: 99.25% - 13,000 tons of industrial symbiosis	- Approaching the long-term carbon-neutral target - More sustainable production processes - Responsible production and consumption - Promoting the circular economy	     
Intellectual Capital	- R&D investments, - Digital transformation, - Sustainable product innovations	- R&D and innovation projects - New product development - Energy management and innovation - Digital ESG platforms - Integration projects with robotic processes - Academic partnerships	- Academic institutions, technology centers	- Digital Transformation: 8x - Digital data tracking systems - TRY 5,377,809 R&D expenditure	- Data-driven business process transformation - Competitive advantage - Faster and more agile ways of doing business - Enhancing innovation capacity - Industry leadership	  

GOVERNANCE

Sustainability Governance Model

A **Sustainability Committee** has been established within Batı Anadolu Group of Companies to embed sustainability at the core of its business strategy. Through this structure covering all group companies, sustainability strategies are addressed and managed at the corporate level.

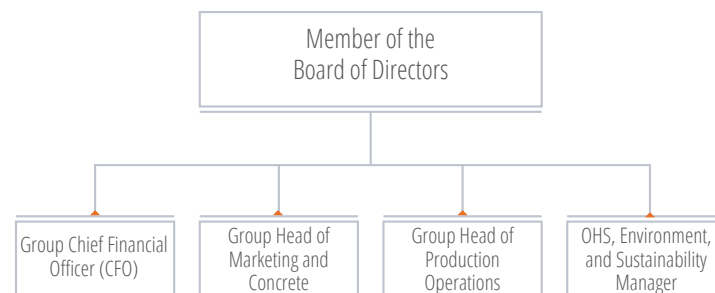
The Sustainability Committee is responsible for developing policies, strategies, and targets in the areas of environmental, social, and governance (ESG), as well as implementing practices, and monitoring, auditing, evaluating, reviewing, and improving performance. At the same time, the Committee supports the Board of Directors in identifying, analyzing, and defining necessary actions regarding the sustainability-related risks and opportunities faced by Batı Anadolu Group of Companies.

The Committee is chaired by a **Member of the Board of Directors** and is composed of at least five members holding the following positions, including at least one Board Member:

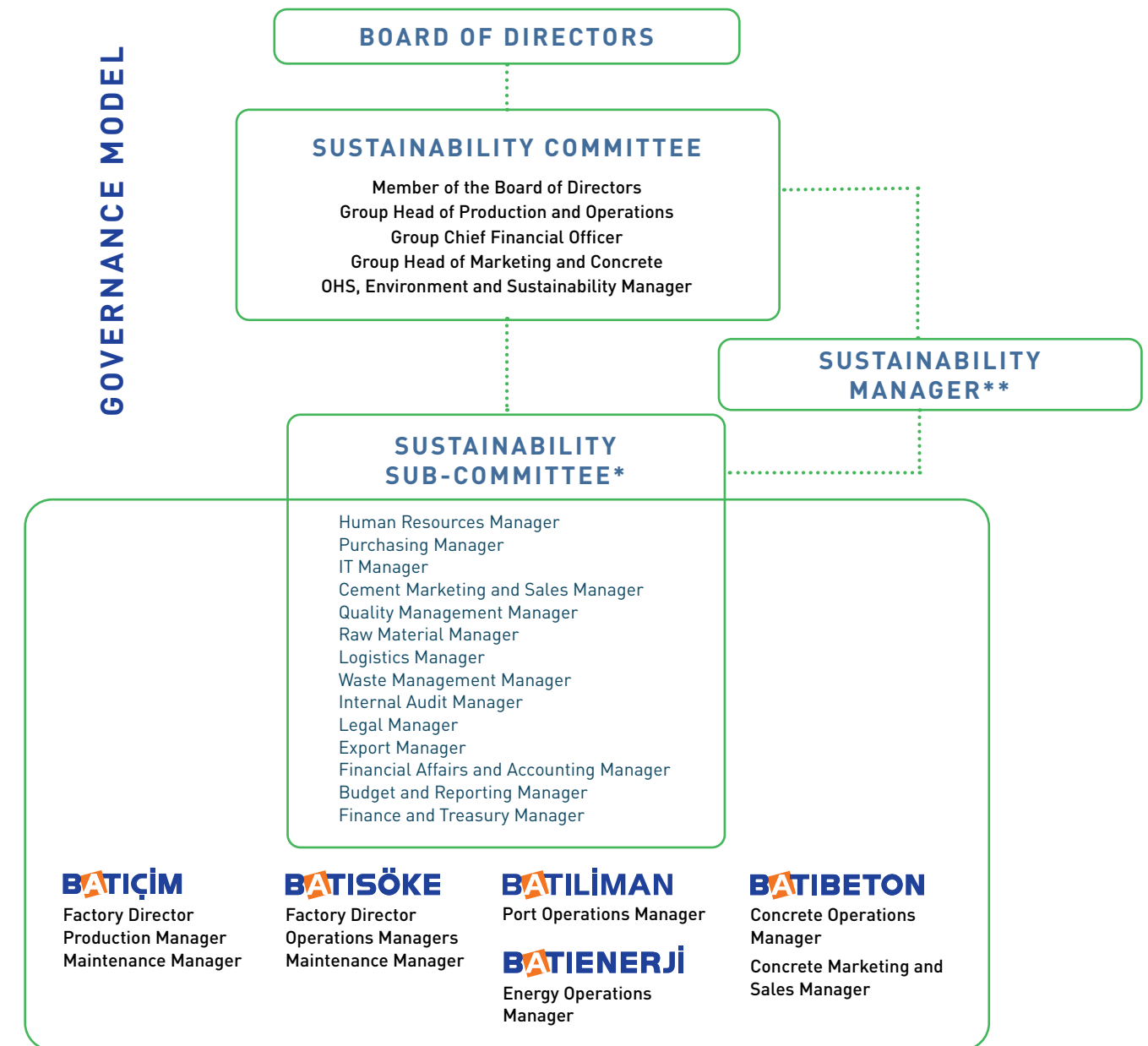
In line with the decisions made by the Sustainability Committee, the necessary implementations are carried out within the relevant business units, and sustainability performance is periodically evaluated to identify areas for improvement. Thus, sustainability is integrated into corporate governance mechanisms and implemented with a continuous improvement approach.

Sustainability management at Batı Anadolu Group of Companies is structured within a participatory framework and is carried out by the Sustainability Committee and its directly affiliated Sustainability Subcommittee. You can access the Working Principles of the Sustainability Committee from the link below:

https://www.batianadolu.com/upload/pdf/governance/policies-documents/sustainability_committee_study_fundamentals.pdf



The Sustainability Subcommittee is composed of department heads who serve as the functional managers of the companies within the Group. The effective execution of activities related to the sustainability strategy is ensured through the participation of various departments; the subcommittee operates directly under the Sustainability Committee.



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

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

Sustainability Governance Model

Sustainability Committee Working Procedures and Principles

The Sustainability Committee meets at least twice a year and additionally as needed. The Committee Chair calls the meetings and also sets the agenda. Meetings are conducted with the participation of an absolute majority of the total members.

Decisions made during meetings are documented by the Sustainability Manager, including the meeting's location, time, and participant details; these decisions are then formalized in minutes and archived.

The resources and support necessary for the Committee to effectively carry out its duties are provided by the Board of Directors. When deemed necessary, the Committee may consult external experts for their opinions.

The Committee makes decisions on sustainability targets concerning Batı Anadolu Group of Companies by an absolute majority vote. Decisions made are reported to the Board of Directors through the Committee Chair. Decisions that will guide the Company's sustainability strategy are submitted to the Board of Directors for approval; the ultimate decision-making authority in this matter rests with the Board of Directors.



Sustainability Governance Model

Duties and Responsibilities of the Sustainability Committee

♦ **Sustainability Committee is responsible for:**

- Managing risks that may arise in the areas of environmental, social, and corporate governance (ESG) with a proactive approach, and ensuring the guidance of the sustainability strategy for Batı Anadolu Group of Companies.
- Identifying priority focus areas in sustainability; developing short-, medium-, and long-term targets, strategies, roadmaps, and relevant policies. Regularly monitoring national and international developments, along with stakeholder expectations; bringing significant developments to the Committee's agenda is the responsibility of each member.
- Monitoring the roadmap and practices prepared in line with the sustainability targets of Batı Anadolu Group of Companies; establishing performance criteria within the framework of the set targets; and conducting performance evaluations.
- Regularly reviewing sustainability targets, policies, practices, management systems, and working principles; improving, developing, implementing, monitoring, and auditing these processes. Committee work is submitted to the Board of Directors for approval.
- To support the effective management of sustainability matters, project assignments are made within the Sustainability Subcommittee operating under the Committee; relevant individuals and teams are authorized, and coordination is ensured.

Sustainability Governance Model

Structure, Duties, and Responsibilities of the Sustainability Subcommittee

The Committee has established a subcommittee composed of managers knowledgeable in sustainability and personnel required to participate according to their job descriptions, to support the implementation of its decisions.

The Committee has the authority to make

changes to the structure and size of the subcommittee as it deems necessary.

The working topics of the Sustainability Subcommittee have been determined under 3 main headings:

Environmental (E)	Energy and Climate Change	Optimizing the company's energy use and reducing its carbon footprint.
	Waste and Recycling	Developing waste management strategies and supporting recycling programs.
	Water and Natural Resources	Enhancing water use efficiency and sustainably managing natural resources.
Social (S)	Occupational Health and Safety	Protecting employee health and providing safe working environments.
	Employee Rights and Human Resources	Respecting employee rights and promoting fair labor practices.
	Community Engagement and Social Development	Developing community engagement and support programs for the communities where the Company operates.
Governance (G)	Transparency and Reporting	Enhancing transparency both within and outside the Company, and reporting ESG performance.
	Ethics and Business Ethics	Ensuring compliance with ethical standards and reinforcing business ethics.
	Board of Directors and Leadership	Strengthening the Board of Directors' structure and promoting sustainability leadership.



The Sustainability Subcommittee reports directly to the Committee.

The Committee determines projects for sustainability targets and strategies and forms a project team from subcommittee members.

A dedicated '**Project Leader**' is assigned for each project.

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

In all projects, the Sustainability Manager is responsible for recording and maintaining meeting minutes.

Batı Anadolu Group of Companies shapes its sustainability strategy through open communication, collaboration, and a trust-based approach with key stakeholders. **Batı Anadolu Group of Companies Sustainability Workshops** held in 2024 have served as a key instrument in shaping our sustainability governance structure and strategic planning. In the workshops held with the participation of Sustainability Subcommittee members and key employees, the organization's vision, mission, and contributions to the **Sustainable Development Goals (SDGs)** were addressed through a holistic approach.

Within this scope:

- Sustainability priorities, targets, and strategic directions have been reviewed;
- Environmental, social, and governance risks and opportunities related to sustainability have been analyzed; and
- A risk- and opportunity-based approach has been developed in alignment with TSRS 1 and 2.

Sustainability Governance Model

Structure, Duties, and Responsibilities of the Sustainability Subcommittee

In the second quarter of 2024, the first workshop was held to develop the 2024–2053 sustainability roadmap covering our cement, concrete, port, and energy operations. During this workshop, our current sustainability practices were evaluated, and areas for improvement along with strategic priorities were identified through a SWOT analysis. In this regard, in collaboration with relevant units, **six (6) strategic projects** aligned with sustainability

targets were defined and implemented in 2024. These projects aim to achieve concrete progress in the environmental, social, and governance areas; each has been led by department heads who are members of the Sustainability Subcommittee. Detailed information on the projects can be found in the *2024 Batı Anadolu Sustainability Report*.

Project Name	Project Leader	Objective	Subject of Work	Sustainability/Climate Materiality
<i>beWell</i>	Human Resources Manager	To carry out activities that enhance employee loyalty and sense of belonging.	Employee Well-being	Sustainability
<i>Sustainable Supply</i>	Procurement Manager	To identify social, economic, environmental, and ethical risks in the supply chain and collaborate with companies that adhere to these standards.	Sustainable Supply Management	Sustainability-Climate
<i>Safely Moments</i>	OHS, Environment, and Sustainability Manager	To implement industry-leading processes that will enhance our organization's OHS culture and increase best practices.	Strengthening the Occupational Health and Safety Culture	Sustainability
<i>Waste to Value</i>	Waste Management Manager	To identify the needs and potential development areas for increasing the proportion of alternative fuels and raw materials.	Waste Valorization	Climate
<i>GREN</i>	Operational Manager	To identify short-, medium-, and long-term improvement opportunities related to energy efficiency and renewable energy.	Energy Efficiency and Renewable Energy	Climate
<i>ÜR-GE Kafası (i.e., for product development)</i>	Quality Management Manager	To carry out product development activities aimed at designing sustainable products.	Sustainable Product Development	Climate

To ensure project traceability and continuous improvement processes, regular evaluation meetings have been held every two months under the leadership of the **Sustainability Committee**. During these meetings, project progress, encountered challenges, and areas for improvement were discussed in detail, and strategies were shaped based on the feedback received.

In the final quarter of 2024, the **Second Expanded Sustainability Workshop** was held, focusing on project performance evaluations and analyzing the impact of current sustainability practices. Simultaneously, the current status and future readiness processes were evaluated in accordance with the sustainability reporting obligations under the TSRS.

Within the scope of the workshop, the **Sustainability Subcommittee**, in collaboration with the Task Force on Climate-related Financial Disclosures (TCFD), conducted a detailed scoring of climate-related risks and opportunities, identifying **priority climate-related risks and opportunities**. This work has been conducted in accordance with the TSRS 2 ‘Climate-Related Disclosures’ standard, Volume 8 - Construction Materials annex, taking into account our obligations concerning **greenhouse gas emissions and water management**, which are priority risk areas specific to the sector.

Detailed assessments of ‘*climate-related risks and opportunities*’ are presented under the relevant section.



Sustainability Governance Model

Roles and Competencies of the Sustainability Committee Members

Batı Anadolu Group of Companies closely monitors global and national developments in sustainability and continuously enhances its knowledge base and corporate competencies. Committee members actively participate in initiatives to enhance their expertise on numerous critical topics, including sustainability strategies, climate change risk management, environmental performance measurement methods, carbon footprint and emissions management, circular economy practices, and sustainable finance instruments. Within this framework, participation is ensured in working groups, committee meetings, sectoral evaluation sessions, and strategic vision meetings organized by industry bodies; up-to-date information is acquired on the sector's best practices, regulatory

developments, and future roadmaps. Thanks to the acquired corporate competencies and ongoing knowledge exchange with external stakeholders, Batı Anadolu Group of Companies' strategic management in sustainability is continuously evolving; international best practices are being integrated into internal processes.

Climate-related risks and opportunities have been incorporated into the job descriptions and areas of responsibility of relevant positions, within the framework of the company's sustainability approach.

The table detailing the job descriptions, meeting attendance, and competencies of the Sustainability Committee members is provided below.



Title	First Name and Last Name	Competency	Job Description	Meeting Participation Rate
Member of the Board of Directors	Ömer Çağdaş Selvi	With a legal education and experience in corporate governance, he is proficient in regulatory compliance, ethical principles, stakeholder relations, and corporate risk management. He leads the development of the sustainability strategy within a legal framework and ensures senior management's ownership of sustainability initiatives.	Responsible for shaping the sustainability strategy within a legal framework, ensuring compliance with relevant regulations, and guiding climate and sustainability initiatives in line with ethical principles and corporate governance standards. Taking ownership of sustainability activities at the senior management level, considering stakeholder expectations, and linking these to corporate risk management.	%100
Group Head of Production Operations	Caner Türkyener	He possesses expertise in production efficiency, energy management, resource optimization, and operational excellence. He plays a critical role in developing sustainable production practices, reducing emissions, minimizing environmental impacts, and ensuring sustainable operational performance.	• Developing sustainable production practices focused on emission reduction, energy efficiency, and resource optimization. • Analyzing physical and transition risks related to climate change within operational processes and developing necessary action plans. • Developing and implementing risk-based strategies to improve operational sustainability performance.	%100
Group Chief Financial Officer (CFO)	Reşat Bağış Güngör	He is proficient in financial analysis, reporting, investment planning, and financial risk management. He plays a critical role in evaluating the financial feasibility of sustainability projects, planning resources for sustainability investments, and exploring green financing opportunities.	• Responsible for ensuring the financial feasibility of sustainability investments, enhancing financial resilience to climate risks, and conducting resource planning activities. • Analyzing the financial impacts arising from transition risks (e.g., carbon taxes, regulatory changes) and integrating them into budgeting processes. • Researching green financing sources and providing guidance for climate-related investments. • Developing performance indicators aligned with carbon reduction targets and linking them to incentive systems.	%100
Group Head of Marketing and Concrete	Selçuk Uçar	He possesses knowledge and experience in market analysis, customer expectations, brand management, and sustainable product strategies. He guides the marketing of low-carbon products, efforts to raise customer awareness, and the integration of sustainability as a core value proposition.	• Developing strategies for marketing low-carbon products and targeting customer segments with strong climate awareness. • Designing sustainable product strategies to adapt to transition risks (e.g., changing market demands) and align these sustainable product strategies with market expectations. • Evaluating opportunities related to climate and sustainability, and planning actions to strengthen brand perception accordingly.	%100
OHS, Environment, and Sustainability Manager	İlhami Barıldar	He possesses expertise in occupational health and safety, environmental management, sustainability performance monitoring, and compliance with national and international sustainability standards. He is responsible for implementing corporate sustainability policies, monitoring performance indicators, coordinating sustainability reporting, and overseeing the operational execution of Committee decisions.	• Ensuring the implementation of corporate sustainability policies and coordinating the operational-level management of climate risks. • Ensuring regulatory compliance within the scope of transition risks, monitoring greenhouse gas emissions, and developing emission reduction projects. • Analyzing the impacts of physical risks (such as floods, temperature increases, resource depletion, etc.) on operations and developing preventive environmental and occupational health and safety practices. • Ensuring compliance with national and international sustainability standards and overseeing the monitoring of sustainability performance indicators.	%100

Sustainability Governance Model

Integration of Sustainability Targets into Performance and Compensation Systems

Sustainability Focus in Corporate Targets

Batı Anadolu Group of Companies implements a performance evaluation system based on targets and competencies. This system aims to align performance at the corporate, team, and individual levels with strategic priorities. Performance evaluations are based on four key perspectives:

- Sustainability Perspective
- Processes Perspective
- Financial Perspective
- Stakeholder Management Perspective

At Batı Anadolu Group of Companies, strategic targets set by senior management at the beginning of each year to ensure alignment between sustainability and corporate strategies are communicated to department heads. A workshop called ‘OKR Day – Performance Day’ is held to ensure the dissemination of these targets across the organization.

In this workshop, held with the participation of senior management, department heads, and Human Resources, department-specific targets and common targets to strengthen interdepartmental

collaboration are established. The targets defined within the OKR (Objectives and Key Results) system are integrated into both individual and corporate performance systems, grounded in the company’s sustainability priorities.

The top-down and bottom-up dissemination of targets enhances commitment to a shared vision throughout the organization. The system also enables the identification of employees’ development areas, supports personal development plans, and facilitates a fair evaluation process.

As of 2024, 14% of the corporate targets of Batı Anadolu Group of Companies are related to sustainability. These targets are defined within the OKR system, integrated into performance management processes, and linked to variable compensation policies.

Year-end evaluations consider not only financial and operational achievements but also performance areas aligned with sustainability priorities. The key indicators evaluated within this scope are as follows:

- Timely and comprehensive reporting of climate-related matters
- Monitoring and reduction of carbon footprint
- Enhancement of energy efficiency initiatives
- Optimizing clinker usage
- Promoting the widespread adoption of circular economy practices
- Enhancing waste management and increasing the use of alternative resources
- Ensuring resource efficiency and operational sustainability

- Maintaining full compliance with environmental regulations
- Development of occupational health and safety culture
- Promoting a culture of continuous improvement through root cause analysis
- Strengthening employee engagement and participation
- Supporting corporate learning and development
- Increasing customer satisfaction.

These indicators are monitored periodically by the relevant committees and managers and are integrated into the year-end performance evaluation. Thus, individual contributions are aligned with the company’s long-term sustainability targets, supporting a culture of shared value creation.

Governance Efforts at Batıçim and Its Subsidiaries

Company	Company’s Share in Capital (%)	Sustainability Policy	Sustainability Committee Relevant Person
Batısöke Söke Çimento Sanayii T.A.Ş.	74,62	Current	Group Head of Production Operations
Batıbeton Sanayi A.Ş.	100	Current	Group Head of Marketing and Concrete
Batılıman Liman İşletmeleri A.Ş.	90	Current	Group Chief Financial Officer (CFO)
Batıçim Enerji Elektrik Üretim A.Ş.	100	Current	Group Chief Financial Officer (CFO)
ASH Plus Yapı Malzemeleri San.Tic.A.Ş.	100	Current	Group Head of Production Operations

Sustainability Governance Model

2024 Committee Meetings and Agenda Items

The Sustainability Committee of Batı Anadolu Group of Companies held 4 (four) meetings during 2024. By focusing on the topics set for each meeting, the company's sustainability targets and strategic directions were established, and key decisions were taken.

1. Meeting Agenda –

- A brief summary of the 2023 sustainability activities was presented, and the report's findings and recommendations were discussed. In this context, the year's sustainability performance was evaluated, and key developments and progress were monitored.
- Within the framework of the Türkiye Sustainability Reporting Standards (TSRS), the reporting requirements and compliance strategies were discussed. The Committee has identified the necessary steps to achieve compliance with the TSRS standards and aims to update the company's strategies accordingly.
- The Carbon Border Adjustment Mechanism (CBAM) was assessed, and its impacts on company operations were reviewed. The Committee has identified the necessary strategies to ensure compliance with this mechanism and has developed a roadmap to be followed.
- The main outlines of Batı Anadolu Group of Companies' sustainability roadmap for the 2024 period have been determined. In this context, global sustainability trends, sectoral transformation needs, and regulatory compliance requirements have been considered.

2. Meeting Agenda –

- The sustainability roadmap covering the 2024–2053 period for Batı Anadolu Group of Companies was reviewed.
- The outputs of the workshop held with the Subcommittee on June 12, 2024, were evaluated. Based on the SWOT analyses and discussions conducted during the workshop, areas for improvement that could contribute to the Sustainable Development Goals and the corresponding project proposals were presented to the Committee.
- As a result of the Committee's evaluation, six (6) projects contributing to the sustainability journey were prioritized. Each of these projects aims to deliver concrete benefits in the environmental, social, and governance areas, and it has been decided to commence detailed planning in collaboration with the relevant units.
- It has been decided that project progress will be monitored regularly every two months, and updates will be included in the Committee's agenda.

Meeting Agenda for the 3rd and the 4th Meetings –

Evaluation of Subcommittee Projects: Projects conducted by the Sustainability Subcommittee have been reviewed every two months, with assessments of their progress and alignment with targets. Decisions have been made regarding the necessary updates and improvements.



STRATEGY

Materiality Assessment

Risks and opportunities associated with the identified material sustainability topics have been evaluated under the section titled 'Risks and Opportunities Related to Sustainability.' This assessment aligns with the strategic priorities of Batı Anadolu Group of Companies and has been prepared in accordance with the guidance of TSRS 1 and the relevant sector standards.

In our first annual reporting period, we focused exclusively on climate-related risks and opportunities in accordance with the Türkiye Sustainability Reporting Standards (TSRS). Accordingly, the provisions of TSRS 2 have been applied exclusively to climate-related topics, and the materiality analysis was conducted within the scope of climate-related risks and opportunities. In future reporting periods, our sustainability risks and opportunities will be addressed more comprehensively, including their financial impacts. In line with developments in national and international regulations and the strengthening of sectoral data sources, **financial materiality analyses** related to these topics will also be integrated into the reporting process.

As Batı Anadolu Group of Companies, the material topics guiding our sustainable growth have been identified in accordance with our strategic priorities, corporate governance principles, and stakeholder expectations, under the guidance of the Türkiye Sustainability Reporting Standards (TSRS) sector standard.

In this process:

- Sector standards,
- Sectoral risks and opportunities,
- Sectoral and global trends,
- Examples of good practices,
- The World Economic Forum's (WEF) global risk forecasts for the next 10 years as of 2024,
- TSRS 2 "Volume 8 – Construction Materials" sectoral guide, and
- Sustainability themes highlighted under the Sustainability Accounting Standards Board (SASB) Construction Materials Standard—including greenhouse gas emissions, air quality, energy and water management, waste management, impacts on biodiversity, occupational health and safety, product innovation, ethics, and transparency—have been taken into account.

Additionally, the disclosure obligations and guidance set forth under TSRS 1 and 2 Standards have been integrated into the evaluation process. Thus, high-priority topics have been identified and incorporated into our strategic planning processes.

STRATEGY

Risks and Opportunities Related to Sustainability

Dimension	Material Topics	Impact On Batı Anadolu Group Of Companies And Its Stakeholders	Risks of Non-compliance	Opportunities	SASB Reference
Environmental	Combating Climate Change and Reducing Greenhouse Gas Emissions	Environmental sustainability is critical for stakeholder trust and regulatory compliance. Reducing the carbon footprint supports the transition to a low-carbon economy.	Rising carbon taxes, increased costs due to CBAM non-compliance, and loss of competitiveness in international trade.	Cost advantage through low-carbon production, market leadership with innovative products, and access to national/ international funds and incentives.	EM-CC-110a.1 EM-CM-110a.2.
	Air Quality	The management of dust and gas emissions from cement production is critical for employee health, alignment with local communities, and legal obligations. The use of advanced filtration and emission reduction technologies improves environmental performance, strengthens stakeholder confidence, and provides a competitive advantage.	Failure to control emissions of particulate matter (PM) and gaseous emissions such as NOx and SOx can lead to legal sanctions, production shutdowns, costly fines, complaints from local communities due to air pollution, and reputational damage.	Achieving operational efficiency through the use of low-emission technologies and alternative fuels, generating additional revenue through access to carbon markets, gaining a competitive advantage in the international market through environmental certifications, and enhancing brand value through sustainable cement products.	EM-CM-120a.1.
	Energy Management	Reducing energy costs and improving energy efficiency play a key role in reducing environmental impacts. Using alternative raw materials and waste to replace fossil fuels and natural resources reduces carbon emissions and costs.	Increased operational costs due to resource inefficiencies, non-compliance with carbon regulations, high energy costs, regulatory sanctions, and loss of competitiveness.	Reducing the carbon footprint through the use of renewable energy, achieving cost savings through energy efficiency, cost reductions with alternative fuels and raw materials, and standing out with 'green cement' and concrete products.	EM-CM-130a.1.
	Waste Management	Cement production, the recycling of waste concrete as alternative raw materials, and the sustainable management of port waste in cement plants enhance environmental awareness and reduce costs.	Non-compliance with environmental regulations, conflicts with local communities, and loss of reputation.	Energy generation from waste, enhancing environmental and economic benefits through recycling projects, and leadership in waste management	EM-CM-150a.1.
	Water Management	The efficient and sustainable management of water used in cement production is critical for operational continuity, cost optimization, and environmental responsibility. Water recovery and the use of closed-loop water systems reduce the environmental footprint, enhance stakeholder confidence, and support the continuity of production processes.	Interruptions in production due to water scarcity, increased water costs, regulatory sanctions, and loss of environmental reputation, along with the risk of conflict with communities due to regional water stress.	Cost advantage through efficient water use, innovation through water recycling technologies, increasing brand value through sustainability certifications, and access to national/international water management funds.	EM-CM-140a.1.
	Biodiversity	The protection of natural habitats around the quarries from which raw materials for cement production are sourced is critical for maintaining ecosystem balance and ensuring harmony with local communities. Habitat rehabilitation and post-mining ecosystem restoration enhance environmental sustainability, strengthen stakeholder confidence, and support the continuation of long-term operational permits.	Risk of regulatory sanctions and closures due to habitat loss and harm to species, as well as the loss of social license and reputational damage resulting from backlash by local communities and environmental organizations.	Providing environmental leadership through quarry rehabilitation and the restoration of natural areas, enhancing competitiveness in the international market by obtaining sustainability certifications through biodiversity projects, ensuring operational efficiency through the continuity of ecosystem services, and strengthening brand value through environmental awareness initiatives.	EM-CM-160a.1. EM-CM-160a.2.
Social	Occupational Health and Safety	Employee safety and well-being are critical to our operations.	Financial losses due to occupational accidents and legal sanctions, physical damage to employees and/or employee assets at Batı Anadolu Group of Companies, decline in employee engagement, and loss of motivation.	Increasing employee satisfaction through high OHS standards, minimizing occupational accident risks with strong OHS practices, improving employee engagement, enhancing the image of a reliable employer in the industry, and ensuring compliance with international standards.	EM-CM-320a.1. EM-CM-320a.2.
Economic	Sustainable Product Development	Eco-friendly cement and concrete products are crucial to meet the growing expectations of both national and international customers and regulators.	Loss of market share and penalties for non-compliance with environmental regulations.	Differentiating in the market with innovative products, achieving high scores in ESG performance, and opportunities to benefit from national/international incentives and funds.	EM-CM-410a.1. EM-CM-410a.2.
Governance	Ethics and Compliance Management	Compliance with ethical standards in the activities of Batı Anadolu Group of Companies fosters trust among employees and business partners.	Legal sanctions and reputational damage due to corruption and unethical practices.	Increased trust among business partners and employees through ethical practices, and high performance in ESG assessments.	EM-CM-520a.1.

STRATEGY

Our Climate-Related Risks and Opportunities

Batisöke evaluates the impacts of the transition to a low-carbon economy on its operational activities, business strategies, and financial structure, and analyzes the financial impacts of climate-related risks through a comprehensive risk management approach. The reporting processes are structured in accordance with the TSRS 2.

Batı Anadolu Group of Companies systematically analyzes climate-related risks and opportunities to manage the impacts of climate change on its operations. This analysis is based on the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) frameworks, the 'Volume 8 – Construction Materials' sectoral guide of Türkiye Sustainability Reporting Standard 2 (TSRS 2), as well as national resources and sectoral research.

The potential impacts of climate change play a decisive role in the short, medium, and long term across all business operations of Batisöke—from operational processes and supply chain to financial performance and strategic governance. In this regard, to ensure the systematic assessment of climate-related risks and opportunities, we structure our analysis processes according to time horizons

(short, medium, and long term), thereby aligning our strategic planning, risk management, and decision-making mechanisms with climate-focused sustainability principles.

In line with scenario analyses, the goal is to transparently manage the risks posed by climate change and the opportunities emerging from this transition process, with due consideration of financial stability. In this context, climate change is considered not only as a risk factor but also as a strategic opportunity for creating sustainable value. Within this scope, analyses have been conducted based on the key scenarios proposed by the Intergovernmental Panel on Climate Change (IPCC).

The identified climate risks are systematically assessed through integration into the Early Detection of Risks Committee meetings, where all risk categories are comprehensively addressed within the corporate risk management framework.

Our Climate-Related Risks and Opportunities

Prioritization of Climate Risks

Batı Anadolu Group of Companies systematically identifies climate-related risks and opportunities that may have a material impact on operational continuity and financial performance; it conducts a comprehensive analysis of the current and anticipated effects of these risks and opportunities on the business model and value chain. The company is undertaking efforts to enhance its resilience against risks in this regard.

In the identification and assessment of climate risks, desk research and focus group meetings involving relevant internal teams serve as the basis; these activities result in the definition of priority risk and opportunity areas. Methodologies are being developed to quantify the financial impacts of the

identified topics; necessary data is gathered from relevant data points, and financial impact analyses are carried out. In the final stage, the quantified risks are submitted to senior management for approval, enabling informed strategic decision-making.

The Sustainability Committee operates directly under the Board of Directors and provides leadership in identifying climate-related risks and opportunities, setting targets, and developing roadmaps. It is also responsible for ensuring the continuity of the climate risk management framework, which encompasses the processes of identifying, measuring, assessing, and mitigating climate risks.



Our Climate-Related Risks and Opportunities

Prioritization of Climate Risks

During the Expanded Sustainability Workshop held in the final quarter of 2024, climate-related risks and opportunities were systematically scored and prioritized based on probability and impact criteria, with contributions from the Sustainability Subcommittee. As a result of these analyses, high-priority risks and opportunities were identified; accordingly, action areas were defined to develop management strategies, adaptation measures, and resilience-enhancing policies.

Climate-related risks and opportunities are classified under two main categories: **physical risks** (acute and chronic) and **transition risks** (legal, technological, market, and reputational).

In assessing risks from a time perspective, the following time horizons are taken into account:

- **Short Term (0–3 years):** During this period, priority is given to elements such as production risks arising from sudden weather events that may directly impact operational processes, as well as preparation for regulatory changes.
- **Medium Term (4–10 years):** This period covers the evaluation of carbon pricing mechanisms, external policy impacts such as the EU Carbon Border Adjustment Mechanism (CBAM), shifts in customer demands, and strategies for transitioning to low-carbon technologies.

• **Long Term (11 years and beyond):** The resilience of physical assets to climate impacts, large-scale infrastructure investments, business models restructured based on climate scenarios, and transformation processes aligned with net-zero targets are the key focus areas of this period.

Climate-related risks and opportunities can be effective at different stages of the value chain of Batı Anadolu Group of Companies. Accordingly, each risk and opportunity has been analyzed by categorizing it based on its position within the value chain:

- **Upstream:** These are the initial stages of the supply chain, where raw materials are sourced, purchased, and transported to production facilities.
- **Direct Activities:** These include the production process.
- **Downstream:** These are the final stages of the supply chain, where finished products are distributed to customers. These stages include activities such as storage, transportation, and order fulfillment.



The financial materiality threshold is defined as 0.25% of revenue for Batı Anadolu Group of Companies. Impacts exceeding this threshold are considered financially ‘material’ and are classified as ‘high impact’ in risk and opportunity analysis tables.

Probability	Definition	Magnitude of the Impact	Definition
High	The occurrence of the risk/ opportunity is almost certain.	High	0.5% of revenue and above
Medium	The occurrence of the risk/ opportunity is possible but not certain.	Medium	Between 0.25% and 0.5% of revenue
Low	The likelihood of the risk/ opportunity occurring is low, but it cannot be completely disregarded.	Low	Less than 0.25% of revenue

Impact/ Probability	Düşük Olasılık	Orta Olasılık	Yüksek Olasılık
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 associated with risks and opportunities defined according to these criteria are reported as ‘present value’ if realized, and as ‘estimated value’ if not yet realized, based on scenario analyses.

Our Climate-Related Risks and Opportunities

Climate Risk Scenario Analysis

Batı Anadolu Group of Companies evaluates climate change-related risks and opportunities through science-based scenario analyses within the framework of the Türkiye Sustainability Reporting Standard (TSRS 2). In this context, an analysis was conducted based on the Sixth Assessment Report (AR6) published by the Intergovernmental Panel on Climate Change (IPCC), using the two scenarios outlined below:

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

Climate risk assessment is not limited to production operations; it is structured to include other critical components of the business model, such as logistics and supply chain activities, geographically dispersed branches, infrastructure, and energy usage systems. Based on these analyses, Batı Anadolu Group of Companies:

- ♦ *Develops climate change adaptation strategies,*
- ♦ *Plans priority actions for the reduction of GHG emissions, and*
- ♦ *Structures the necessary transition processes for carbon pricing and regulatory compliance.*



Scenario	Assumption	Scenario Impact	Impact Domain	Possible Impacts
RCP4.5 Scenario	It is assumed that greenhouse gas emissions will peak around 2040 and begin to decline, with global temperature rise projected to reach between 2–3°C by the end of the century (IPCC, 2021, AR6 WG1).	Across Türkiye, temperature increases, heightened severity and duration of drought events, reduced water resources, and a decline in agricultural productivity are expected (IPCC, 2021, AR6 WG1).	Operational Efficiency	An increasing need for energy efficiency projects and the development of production processes adapted to climate conditions.
			Water Management	The exposure of water resources to seasonal fluctuations, the rising risk of water stress, and the need to improve water efficiency in production processes.
	At the same time, an increase in carbon pricing and sustainability-related regulations is anticipated (IPCC, 2022, AR6 WGIII; European Commission, 2021).	With mechanisms such as the European Union's Carbon Border Adjustment Mechanism (CBAM), carbon costs are expected to rise.	Product and Market Development	Rising demand for products with a low carbon footprint and solutions demonstrating high environmental performance.
			Regulatory Compliance	An increase in carbon pricing, emission monitoring, and reporting obligations; alongside tightening compliance requirements with environmental regulations.
RCP8.5 Scenario	It is assumed that emissions will continue to increase under current policies, with global temperature rise potentially exceeding 4°C by the end of the century (IPCC, 2021, AR6 WG1).	Türkiye is expected to experience a significant increase in the frequency and intensity of extreme weather events, rising sea levels, substantial reductions in water resources, and dramatic declines in agricultural production (IPCC, 2021, AR6 WG1).	Physical Assets	Increased physical damage to production facilities and logistics infrastructure due to high temperatures, extreme weather events, and flooding.
			Water Management	Increasing drought severity and significant disruptions in access to water resources; business continuity is at risk due to water supply challenges.
			Financial Performance	Significant increases in energy and water costs, rising insurance premiums, and the negative impacts of climate-related operational disruptions on financial performance.
			Supply Chain	Disruptions in raw material supply continuity, increased logistics costs, and elevated supplier risks due to climate events.
	Transition risks are anticipated to increase unexpectedly due to rapid and severe policy interventions, such as sudden carbon taxes (IPCC, 2022, AR6 WGIII).	Compliance with sustainability regulations is mandatory, and climate risk-based assessments are gaining prominence in financial markets.	Regulatory Compliance	The necessity to adapt to rapidly evolving environmental regulations; and the rising legal and financial risks associated with high carbon emissions.
			Access to Investment and Financing	Entities that fail to reduce their carbon footprint face challenges in securing investments and loans, while companies meeting sustainability criteria have easier access to green financing opportunities.

Our Climate-related Risks and Opportunities

Climate-Related Risk and Opportunity Assessment

In light of all analyses, the significant climate-related risks and opportunities are listed below. In accordance with the TSRS 2 ‘Climate-Related Disclosures’ standard, Volume 8 - Construction Materials annex, the assessment was conducted considering our obligations related to **greenhouse gas emissions and water management**, which are priority risk areas specific to the sector.

Risk 1		Carbon Border Adjustment Mechanism (CBAM)	
Definition of Risk		Depending on the Emissions Trading System (ETS) expected to come into effect in Türkiye in the near future, and the carbon border adjustment mechanisms (CBAM) to be implemented in Europe during the export phase, significant financial and operational risks, such as cost increases, the risk of high carbon tax payments, legal non-compliance, and loss of competitive advantage, may arise.	
The Place of Risk in the Value Chain		Downstream	
Type of Risk		Policies and Legal Processes (Transition Risk)	
Impact Time		Short Term	
Magnitude of the Impact		High	
Impacts on the Organization's Strategy and Decision-Making Mechanism		The Emission Trading System (ETS), expected to be implemented in Türkiye, and the European Union's Carbon Border Adjustment Mechanism (CBAM) are accelerating Batisöke's shift toward low-carbon production approaches within its strategic priorities. To effectively manage carbon costs, investments in energy efficiency, alternative fuel usage, and emissions monitoring infrastructure should be prioritized within decision-making processes. Additionally, product development and operational planning should be reviewed to preserve competitiveness in export markets.	
Actions to Mitigate Risks		Establishing a monitoring, reporting, and verification infrastructure compliant with the Emission Trading System; Increasing the use ratio of alternative fuels and raw materials; Accelerating efforts to develop low-carbon products; Enhancing traceability and reporting processes for products covered under CBAM; Activating internal control and compliance systems to monitor regulatory changes; and Evaluating national and international financing opportunities for the transition to a low-carbon economy.	
Financial Impact of Risk			
Impact of Risk on Financial Position, Performance, and Cash Flow		The transition to carbon pricing may cause a short-term rise in operating expenses, leading to increased operational costs. This increase may particularly result in a decline in gross profit margins within energy-intensive sectors. Investments in technology, energy efficiency, or monitoring systems to ensure compliance may pressure short-term cash flow and necessitate a reassessment of priorities in capital planning. If carbon costs are passed on to product prices, the final product prices may increase. This, in turn, can pose a risk of reduced sales volume and customer attrition, particularly in markets with high price sensitivity.	
Potential Financial Impact		Impact	Current/Estimated
		0.83% of revenue	Estimated Value
		With the implementation of the Türkiye Emission Trading System (ETS), potential financial impacts have been analyzed based on Batisöke's annual CO2e emissions. In this analysis, a carbon price of \$10 per ton of CO2e has been assumed, and the free allocation rate for the first year has been projected at 97.5%, with similar rates anticipated for the first three years. These rates have been determined with reference to the free allocation rates applied under the European Union Emission Trading System (EU ETS).	
		Additionally, using a carbon price of €65 per ton of CO2e under the EU ETS, the financial impacts arising from the Carbon Border Adjustment Mechanism (CBAM) have been estimated based on Batisöke's export volumes to the European Union. The carbon costs to be paid domestically in Türkiye under the ETS have been offset in the CBAM calculations, clarifying the net financial impact.	

Our Climate-related Risks and Opportunities

Climate-Related Risk and Opportunity Assessment

Risk 2		Drought/Water Stress	
Definition of Risk		The reduction in water resources caused by climate change may lead to disruptions in water supply during Batisöke's production processes. Drought conditions may disrupt the continuity of water supply in operational areas such as processing, cooling, cleaning, and environmental permitting. Increasing legal restrictions on the use of groundwater and surface water pose risks of operational disruptions and production constraints.	
The Place of Risk in the Value Chain		Direct Activity	
Type of Risk		Acute (Physical Risk)	
Impact Time		Long Term	
Magnitude of the Impact		Medium	
Impacts on the Organization's Strategy and Decision-Making Mechanism		The risk related to access to water resources is reshaping production strategies, supply chain planning, and environmental investment priorities. In long-term investment decisions, efforts should focus on prioritizing the development of alternative water sources and water recovery technologies. Additionally, stronger integration of environmental performance targets and water management policies is necessary.	
Actions to Mitigate Risks		Digital monitoring and analysis of water consumption data; Widespread implementation of recovery and reuse systems; Assessment of alternative water sources (rainwater, greywater, etc.); Development of operational emergency plans based on drought scenarios; Modernization of process equipment to enhance water efficiency; and Enhancing awareness and training activities on water usage across all facilities.	
Financial Impact of Risk			
Impact of Risk on Financial Position, Performance, and Cash Flow		Drought risk may reduce access to water resources, leading to potential disruptions in production processes and the need to source water externally. This may result in higher operating expenses and narrower profit margins. Rising costs may exert pressure on cash flow, resulting in uncertainties in financial planning and reduced operational flexibility.	
Potential Financial Impact	Impact	Current/Estimated	
	0.39% of revenue	Estimated Value	
	According to data from the IPCC WGI Interactive Atlas, the region is projected to experience a 10% decrease in precipitation during the 2021–2040 period. Considering the need for external water supply due to potential water shortages, an attempt was made to estimate the potential financial impact based on current unit water costs.		

Our Climate-related Risks and Opportunities

Climate-Related Risk and Opportunity Assessment

Risk 3		Rising Sea Levels	
Definition of Risk		The rise in sea levels resulting from climate change presents a significant physical risk, particularly for ports operating in coastal regions. Batiliman, a key logistics hub for Batisöke, has the potential to be directly impacted by this risk. According to the RCP 4.5 and RCP 8.5 scenarios, significant sea-level rises are projected over the long term (10 years and beyond).	
The Place of Risk in the Value Chain		Upstream	
Type of Risk		Chronic (Physical Risk)	
Impact Time		Long Term	
Probability		High	
Impacts on the Organization’s Strategy and Decision-Making Mechanism		This risk may require a reassessment of strategic decisions, including port investments and capacity expansion. In the strategic planning process, decisions such as expanding port capacity, investing in new piers, or planning backyard warehouse facilities should be reassessed with this risk taken into account. Infrastructure investments in the port area should be designed with rising sea levels in mind, and alternative transportation and storage solutions should be incorporated into strategic plans.	
Actions to Mitigate Risks		Redesign of pier and dock infrastructure based on sea level projections; Strengthening or raising breakwaters and coastal protection structures; Relocating critical equipment and systems above water levels or securing them with protective measures; Development of backup port scenarios based on exposure analysis of port infrastructure; and Reviewing insurance coverage to include climate-related physical risks.	
Financial Impact of Risk			
Impact of Risk on Financial Position, Performance, and Cash Flow		The risk of rising sea levels may directly impact Batiliman, a key logistics hub for Batisöke. Disruptions in port operations may cause a slowdown in cement and clinker exports, resulting in a decline in export revenues. Additionally, operational disruptions may lead to interruptions in production processes. These developments may weaken the company’s financial position and negatively impact profitability and cash flow.	
Potential Financial Impact		Impact	Current/Estimated
		0.33% of revenue	Estimated Value
		Climate projections from the IPCC Interactive Atlas have been used, anticipating an approximate 0.1-meter rise in sea levels during the 2021–2040 period. In line with these projections, the potential impacts of operational disruptions have been thoroughly assessed, and the financial dimension of the risk has been estimated accordingly.	

Our Climate-related Risks and Opportunities

Climate-Related Risk and Opportunity Assessment

Opportunity 1	Use of Alternative Raw Materials	
Definition of Opportunity	The use of alternative raw materials aims to reduce traditional raw material consumption, achieve cost advantages, and minimize environmental impact. In cement and clinker production, the use of waste materials and local raw materials presents an opportunity to reduce energy consumption and CO2 emissions. Additionally, the use of alternative raw materials supports the enhancement of sustainable production processes and fosters an environmentally friendly production model.	
The Place of Opportunity in the Value Chain	Downstream	
Type of Opportunity	Resource Efficiency	
Impact Time	Medium Term	
Magnitude of the Impact	High	
Impacts on the Organization's Strategy and Decision-Making Mechanism	The use of alternative raw materials supports the environmentally friendly strategies and sustainability targets of Batisöke. This opportunity can steer decision-makers in supply chain management and raw materials toward developing new strategies to reduce environmental impact. This process may necessitate the restructuring of supplier relationships and partnerships. Additionally, increased use of alternative raw materials can optimize costs and enhance the competitiveness of product prices.	
Financial Impact of the Opportunity		
Impact of Opportunity on Financial Position, Performance, and Cash Flow	Savings from using alternative raw materials, coupled with reduced raw material costs and lower operational expenses, contribute to increased profitability. These savings positively impact cash flow, enhance the company's financial flexibility, and enable the generation of new resources for sustainable growth.	
Potential Financial Impact	Impact	Current/Estimated
	0.60% of revenue	Current
	Alternative raw materials accounted for 4.7% of usage in 2024.	

Opportunity 2		Use of Alternative Fuels	
Definition of Opportunity		The use of alternative sources such as refuse-derived fuel (RDF) holds the potential to reduce fossil fuel dependency, lower energy costs, and cut carbon emissions. Considering the carbon regulations expected to take effect in the European Union and Türkiye, the use of alternative fuels offers a strategic advantage in both financial and environmental compliance. This transition simultaneously supports environmental sustainability and cost control in energy management.	
The Place of Opportunity in the Value Chain		Downstream	
Type of Opportunity		Energy Resources	
Impact Time		Medium Term	
Magnitude of the Impact		High	
Impacts on the Organization's Strategy and Decision-Making Mechanism		Priority is given to securing alternative fuel supply within energy management and procurement strategies. Waste management, legal compliance, and investment decisions are realigned accordingly. In the long term, energy transition strategies take priority to achieve low-carbon production targets.	
Financial Impact of the Opportunity			
The Impact of Opportunity on Financial Position, Performance, and Cash Flow		Savings from using alternative fuels can boost profitability by reducing fuel costs and operational expenses. These savings positively impact cash flow, enhance the company's financial flexibility, and enable the generation of new resources for sustainable growth.	
Potential Financial Impact	Impact	Current/Estimated	
	0.25% of revenue	Current	
	Alternative fuels accounted for 3.7% of usage in 2024.		

Our Climate-related Risks and Opportunities

Climate-Related Risk and Opportunity Assessment

Opportunity 3	Green Financing	
Definition of Opportunity	Opportunities to access green bonds, sustainable loans, and climate-focused financing instruments are increasing for projects targeting carbon emission reductions and investments that mitigate environmental impact. The expansion of funds for sustainability-focused investments highlights long-term financing opportunities that offer cost advantages.	
The Place of Opportunity in the Value Chain	Direct Activity	
Type of Opportunity	Resilience	
Impact Time	Long Term	
Magnitude of the Impact	High	
Impacts on the Organization’s Strategy and Decision-Making Mechanism	Prioritizing projects aligned with sustainability criteria facilitates access to low-cost financing opportunities. This ensures that strategic investments are structured with environmental impacts in mind.	
Financial Impact of the Opportunity		
Impact of Opportunity on Financial Position, Performance, and Cash Flow	Access to green financing opportunities lowers capital costs, enabling more effective implementation of investment plans. Long-term, low-interest loans help balance cash flow and mitigate financial risks.	
Potential Financial Impact	Amount	Current/Estimated
	0.78% of revenue	Estimated Value
	Considering that green financing instruments generally have lower average interest rates compared to traditional loans, scenario analyses have been conducted to evaluate the potential financial advantages of including projects within this scope.	



Our Climate-related Risks and Opportunities

Transition Plan to a Low-Carbon Economy: 2053 Roadmap

Batisöke is implementing a determined transition process in line with Türkiye's 2053 Net Zero Emission target, the National Energy and Climate Plan, and COP decisions, with the aim of combating climate change and enhancing climate resilience. We consider climate resilience as our company's ability to adapt to climate-related changes, developments, and uncertainties at both strategic and operational levels. This process carries strategic importance not only for environmental sustainability but also for business continuity, financial resilience, and stakeholder engagement.

The transition plan we have developed in this context serves as a roadmap focused on combating climate change and strengthening our organizational resilience against climate-related risks. This plan, incorporating defined targets and concrete actions, provides a comprehensive framework covering greenhouse gas emission reduction, energy efficiency, circular economy, waste management, the use of alternative raw materials and fuels, and water management.

Emission Reduction and Energy Efficiency

AAs part of our efforts to reduce Scope 1 and 2 greenhouse gas emissions, we aim to maintain the emission level per ton of cement at 720 kgCO₂e at Batisöke by 2025. In the long term, we plan to gradually reduce these emission intensities to 660 kgCO₂e by 2030 and to 300 kgCO₂e by 2053.

Waste heat recovery is a fundamental tool in our efforts to enhance energy efficiency. We support a sustainable production model by meeting approximately 3% of our total electricity consumption through waste heat recovery. Our goal is to raise this percentage to 15% by 2030 and 25% by 2053.

The use of alternative fuels reduces our dependence on fossil fuels while supporting the waste management process. In 2024, the alternative fuel utilization rate was 3.7%. We aim to increase this rate to 30% by 2030, and 50% by 2053.

Resource Efficiency and Circular Economy

We embrace a circular production model by recovering 99.63% of the waste generated in our operations.

We are shifting towards product formulations that reduce emissions and energy consumption by lowering the clinker-to-cement ratio. Reducing the clinker-to-cement ratio from 0.74 to 0.70 by 2030, and further to 0.50 by 2053, is one of our key priorities.

Alternative Raw Materials and Product Transition

We aim to increase the alternative raw material usage rate from 4.7% to 15% by 2030 and to 25% by 2053.

The usage of supplementary cementing materials (trass, slag, fly ash, etc.) is increasing, with rates of 14% and 19% for Batıçim and Batisöke, respectively, as of 2024. Our target for 2053 is set at 40%.

Water Management and Waste Reduction

We aim to reduce specific water consumption to 0.25 m³ per ton of cement equivalent at Batisöke plant by 2053.

Infrastructure and Energy Transition Investments

With the Waste Heat Recovery Plant and RDF Preparation and Feeding Facility investments at BATISÖKE, we are accelerating the infrastructure transformation by increasing our energy production capacity while reducing carbon intensity.



RISK MANAGEMENT



Batı Anadolu Group of Companies ensures early identification, measurement, and continuous monitoring of risks within the framework of corporate risk management to protect the value it has created and maintain its sustainability. This process encompasses the management of risks prioritized in alignment with the strategic and financial objectives set by the Group; it is managed by the Executive Management Team and is regularly evaluated by the Board of Directors and the Early Detection of Risks Committee.

The Early Detection of Risks Committee meets at least six times a year, convening every two months, and:

- Detects risks that may threaten the existence, growth, and continuity of the Group;
- Implements necessary measures related to the identified risks;
- Carries out necessary actions for risk management and provides suggestions and recommendations to the Board of Directors;

A comprehensive and integrated risk management approach holds strategic importance for Batı Anadolu Group of Companies. In this context, the Internal Audit Department aims to systematically evaluate the organization's risk management, internal control, and corporate governance processes, and to develop improvement recommendations to enhance the effectiveness of these processes. The Internal Audit Department supports proactive risk management, the strengthening of control mechanisms, and the achievement of corporate objectives by conducting audit activities covering both financial and operational processes. Internal audit activities are conducted with a continuous improvement mindset and contribute to sustainable value creation across the organization. The primary objectives of the Internal Audit Department, which operates under the

Audit Committee composed of Board of Directors members, are as follows:

- Accurate identification of the organization's risks and effective risk management;
- Ensuring that key financial, governance, and operational data are accurate, reliable, and provided on a timely basis;
- Ensuring that all activities of the employees and management staff are in compliance with applicable laws, secondary legislation, internal policies, procedures, and regulations;
- Efficient utilization and proper protection of the organization's resources;
- Implementation of effective strategies to achieve the goals of the organization;
- Ensuring continuous improvements in the internal control systems to enhance their effectiveness; and
- Providing assurance on the early identification of potential material events the organization may face, taking necessary measures accordingly, and developing recommendations for improvements.

The Sustainability Committee and the Sustainability Subcommittee have been established to assist the Board of Directors in defining the sustainability strategy in the areas of environmental, social, and corporate governance; carrying out, monitoring, auditing, reviewing, improving, and developing sustainability policies, targets, and practices; identifying and evaluating the risks and opportunities faced by Batı Anadolu Group of Companies in corporate matters; and determining the necessary steps. The Sustainability Committee convenes at least twice a year, and additionally whenever deemed necessary.

Climate-related Risk/ Opportunity Management Framework

Batı Anadolu Group of Companies considers the effective management of climate-related risks and opportunities as a corporate priority, taking into account the impacts of climate change on business continuity, operational efficiency, and financial sustainability. Climate change is a significant risk area that can directly impact both short-term operational and long-term strategic decisions in the sectors where Batı Anadolu operates. Therefore, Batı Anadolu implements the following structured framework to systematically manage climate-related risks and opportunities:

1. Governance

- The management of climate risks falls under the responsibility of the Sustainability Committee. The Committee operates under the Board of Directors and coordinates the development, monitoring, and reporting of climate-related strategies.
- The Subcommittee affiliated with the relevant Committee is composed of department heads, and the decisions made are integrated into the department targets.

2. Identifying Risks and Opportunities

- In the process of identifying climate-related risks and opportunities, desk research, sector analyses, regulatory expectations, legislative monitoring, and reviews of national and international climate change policies are taken into account.
- Risk and opportunity areas specific to company operations are identified through focus group workshops held with the participation of internal stakeholders.

- Both transition risks (regulatory, market, technological, etc.) and physical risks (acute and chronic) are addressed separately under distinct categories.

3. Prioritizing Risks and Opportunities

- The identified climate-related risks and opportunities are assessed based on criteria such as likelihood of occurrence and the level of financial impact.
- Prioritization is conducted using impact/probability matrices alongside financial impact analyses (e.g., impacts on revenue).
- This prioritization plays a critical role in integrating climate-related risks into strategic decision-making, resource planning, investment priorities, and the formulation of action plans.

4. Scenario Implementation

- Short-, medium-, and long-term impacts are analyzed according to climate scenarios for the prioritized risks and opportunities.
- IPCC RCP scenarios (RCP 4.5 and RCP 8.5) and sector-specific transition scenarios (e.g., the annual carbon cost increase under CBAM, etc.) are taken into consideration.
- Based on each scenario, impacts such as carbon costs, investment costs, supply continuity risks, and market changes are evaluated.
- Quantified 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 identified risk and opportunity indicators, along with scenario results, are evaluated by the Sustainability Committee and its Subcommittee.
- Carbon footprint, energy consumption, water usage, and waste management indicators are regularly measured and reported.
- Performance indicators are integrated into the OKR system, individual targets, and variable compensation mechanisms, and are disseminated throughout the organization.
- The management approach to climate risks, along with targets, metrics, and performance results, are transparently shared in sustainability reports.

METRICS and TARGETS

Climate-related Metrics

As part of combating climate change, greenhouse gas emissions management is a fundamental component of Batisöke’ climate strategy. Under this material topic identified within the TSRS 2 sector-based guidance framework, our greenhouse gas emissions—including direct (Scope 1) and indirect energy-related (Scope 2) emissions are calculated and managed. In the calculations, the ‘TS EN ISO 14064-1:2018 Greenhouse Gases — Part 1’ standard and the ‘Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004)’ are

referenced; emission data are reported in metric tons of carbon dioxide equivalent (tCO2e). The year 2024 has been established as the base year, and comprehensive efforts are underway to reduce the company’s carbon footprint across all operations in line with short-, medium-, and long-term targets. Within this framework, reduction strategies are developed, and performance indicators are monitored, verified, and reported transparently.

GHG Emissions	2024 (tons CO2e)
Scope 1 Emissions (gross)	1,577,926.27
Scope 1 Emissions (net)	1,577,926.27
Scope 2 Emissions (Location-Based)	83,174.57
Scope 2 Emissions (Market-Based)	83,174.57
Total	
Location-Based	1,661,100.84
Market-Based	1,661,100,84

GHG Emissions	2024 (%)
Percentage of gross total emissions under the emission-limiting regulation or program accounted for by Scope 1 greenhouse gas emissions	99.4

Detailed information on greenhouse gas emissions is available *on pages 144-146 of the 2024 Batı Anadolu Sustainability Report.*

Management of Scope 1 Emissions

During the reporting period, the fuel consumption, tracked through Batisöke’s invoices, includes fixed combustion fuels (fossil fuels, alternative fuels, diesel, and gasoline) and mobile combustion fuels (diesel and gasoline); it also refers to greenhouse gas emissions from fugitive sources (leakages) monitored via process sources (non-clinker and non-carbonate carbon) and service forms (refrigerant gases and fire extinguishers).

In the calculations, CO2 equivalent factors, which consist of emission factors for carbon dioxide (CO2), methane (CH4), and nitrous oxide (N2O), have been used.

The Global Warming Potential (GWP) used in greenhouse gas calculations, along with gross calorific values and emission factors, are sourced from the EPA (Environmental Protection Agency),

DEFRA (Department for Environment, Food and Rural Affairs), and the Intergovernmental Panel on Climate Change (IPCC) 6th Assessment Report. Each greenhouse gas component is calculated as a CO2 equivalent by multiplying it with the appropriate conversion factors.

For the assumptions made:

In the emission calculations for the fuels used in the kilns at the Batisöke facilities, the emission factor, fuel consumption volume, and the net calorific value of the fuels are based on laboratory test results. For fuels that cannot be subjected to laboratory analysis, the emission factors specified in the IPCC 2006 Guidelines have been used.

Emission Source - Scope 1	CO2 (kgCO2/TJ)	CH4 (kgCH4/TJ)	N2O (kgN2O/TJ)	Calculation Methodology	Reference
Diesel (Fixed Combustion)	74,100	3.0	0.6	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Chapter 2, Stationary Combustion
Propane (Stationary Combustion)	63,100	1.0	0.1	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Chapter 2, Stationary Combustion
ANFO (Stationary Combustion)	77,400	3.0	0.6	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Chapter 2, Stationary Combustion
Diesel – On-Road (Mobile Combustion)	74,100	3.90	3.9	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Chapter 3, Mobile Combustion
Gasoline – On-Road (Mobile Combustion)	69,300	25.0	8.0	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Chapter 3, Mobile Combustion
Diesel – Off-Road (Mobile Combustion)	74,100	4.15	28.6	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Chapter 3, Mobile Combustion
Gasoline – Off-Road (Mobile Combustion)	69,300	130.0	0.40	Total Consumption (TJ) * Emission Factor * GWP	IPCC 2006, Chapter 3, Mobile Combustion

Management of Scope 1 Emissions

Emission Source - Scope 1	Emission Factor	Emission Factor Unit	Calculation Methodology	Reference
Process (Clinker) - Batıçım	530	kgCO ₂ e/ton	Dry Activity Data * Emission Factor	Laboratory Tests
Process (non-carbonate carbon) - Batıçım	0.008007	kgCO ₂ e/ton	Consumption Amount * Emission Factor	Laboratory Tests
Process (Clinker) – Batisöke – January, February, March	540	kgCO ₂ e/ton	Dry Activity Data * Emission Factor	Laboratory Tests
Process (Clinker) – Batisöke – April, May, June	543	kgCO ₂ e/ton	Dry Activity Data * Emission Factor	Laboratory Tests
Process (Clinker) – Batisöke – July, August, September	546	kgCO ₂ e/ton	Dry Activity Data * Emission Factor	Laboratory Tests
Process (Clinker) – Batisöke – October, November, December	544	kgCO ₂ e/ton	Dry Activity Data * Emission Factor	Laboratory Tests
Process (non-carbonate carbon) - Batisöke – January, February, March	7.9	kgCO ₂ e/ton	Consumption Amount * Emission Factor	Laboratory Tests
Process (non-carbonate carbon) - April, May, June	5.6	kgCO ₂ e/ton	Consumption Amount * Emission Factor	Laboratory Tests
Process (non-carbon carbonate) - July, August, September	6.5	kgCO ₂ e/ton	Consumption Amount * Emission Factor	Laboratory Tests
Process (non-carbonate carbon) - October, November, December	5.7	kgCO ₂ e/ton	Consumption Amount * Emission Factor	Laboratory Tests

Management of Scope 1 Emissions

Emission Source - Scope 1	KIP (kgCO ₂ e/kg)	Calculation Methodology	Reference
Refrigerant Gases (R410A)	2,256	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Refrigerant Gases (R434A)	3,711	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Refrigerant Gases (R134)	1,120	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Refrigerant Gases (HFC-634A)	0	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Refrigerant Gases (R134a)	1,530	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Refrigerant Gases (HFC-236 FA)	8,690	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Refrigerant Gases (R800A)	0.006	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report

Management of Scope 1 Emissions

Emission Source - Scope 1	KIP (kgCO ₂ e/kg)	Calculation Methodology	Reference
Refrigerant Gases (R32)	771	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Refrigerant Gases (R410)	2,256	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Refrigerant Gases (R407C)	1,908	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Refrigerant Gases (600A)	1,908	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Refrigerant Gases (R22)	1,960	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report 2006
Industrial Gases (SF6)	25,200	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report 2006
Fire Extinguisher (CO2)	1	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report
Fire Extinguisher (HFC-227ea)	3,600	If filling has been carried out: GHG Emission = Gas filled (kg) × GWP If no filling is performed: GHG Emission = Gas Capacity × Leakage Rate (0.1%) × GWP	IPCC AR6 WGI Report

Management of Scope 2 Emissions

Location-based - Refers to the amount of indirect greenhouse gas emissions resulting from the electricity consumption tracked via the invoices of service provider companies, representing the indirect energy consumption of Batıçim and its Consolidated Subsidiaries during the reporting period.

Market-based - Refers to the result obtained by subtracting the amount of purchased renewable energy certificates (YEK-G) from the indirect greenhouse gas emissions arising from electricity consumption, which is tracked through the invoices of service provider companies and reflects the indirect energy consumption of the Company and its Consolidated Subsidiaries during the reporting period.

Emissions have been calculated using the grid emission factor of 0.442 (tCO₂e/MWh) provided in the Information Form on Türkiye’s Electricity Generation and Electricity Consumption Point Emission Factors, published by Türkiye Elektrik İletim A.Ş. (TEİAŞ).

Emission Source - Scope 2	Emission Factor (tCO ₂ e/MWh)	Calculation Methodology	Reference
Electricity (Grid-sourced)	0.442	Emission Amount = Activity Data × Emission Factor	https://enerji.gov.tr/evced-cevre-ve-iklim-turkiye-ulusal-elektrik-sebekesi-emisyon-faktoru

Climate-Related Metrics

Share of Climate-Related Transition Risks

International regulations enacted as part of the fight against climate change pose significant transition risks, particularly for companies operating in carbon-intensive sectors. The Carbon Border Adjustment Mechanism (CBAM), developed in alignment with the European Union Emissions Trading System, imposes new obligations that will directly affect the export processes and production costs of Batisöke.

In this context, our cement production operations represent the most vulnerable area to regulations such as the Carbon Border Adjustment Mechanism (CBAM), due to their high energy consumption and carbon emissions. According to calculations based on the year 2024, our total greenhouse gas emissions amounted to 1,955,525.26 tons of CO₂e. The total of Scope 1 and Scope 2 emissions amounted to 1,661,100.84 tons of CO₂e. This value corresponds to approximately 84.9% of our total emissions. This high proportion highlights the need to focus on reducing our direct operational carbon intensity in managing transition risks.

To enhance our corporate resilience against these transition risks, Batı Anadolu Group of Companies is developing strategies to reduce its carbon footprint. Our greenhouse gas emissions are calculated in accordance with the 'TS EN ISO 14064-1:2018' standard and the 'Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard,' and are verified by independent third-party organizations. Additionally, work has commenced to establish a robust digital infrastructure for managing our emission data by 2025. Thanks to this infrastructure, greenhouse gas emissions will be continuously monitored on a monthly basis, and data related to emission sources will be consolidated in a centralized system, offering significant advantages in accuracy, traceability, and timely intervention.

In addition, this system is designed to support the objective of integration with carbon taxes and operates in coordination with risk projections, data analyses, and reporting processes related to the financial impacts of emissions. This structure enables not only the evaluation of past performance but also the anticipation of the impact of future regulations.

Energy efficiency is also a key component of this strategy. Batisöke has also been certified under the ISO 50001 Energy Management System since 2015. Since these dates, continuous improvement efforts have been undertaken to enhance the efficiency and sustainability of our energy consumption. In 2024, we met 2.6% of our total electricity needs with green energy by generating electricity through waste heat recovery at our facilities. In this context, an investment process has been launched at the Batisöke Cement Plant for energy recovery from waste heat, with the aim of improving energy efficiency and reducing greenhouse gas emissions. Our goal is to raise this percentage to 15% by 2030 and 25% by 2053.

As of 2024, the alternative fuel utilization rate in the waste-fired kilns at our plant has reached 3.7%. We aim to gradually raise this rate to 20% by 2030. In line with this target, an investment has been initiated for a Refuse-Derived Fuel (RDF) Preparation and Feeding Facility at the Batisöke Cement Plant.

By 2025, we plan to initiate the CDP (Carbon Disclosure Project) reporting process and establish our net-zero carbon targets in accordance with the SBTi (Science Based Targets initiative). Thus, we aim to develop a carbon reduction roadmap aligned with the goal of limiting global warming to 1.5°C, ensuring long-term resilience against climate-related transition risks.



Climate-Related Metrics

Share of Climate-Related Physical Risks

Rising temperatures, altered precipitation patterns, and increasing pressures on water resources due to climate change have elevated physical risks related to water supply within the operational areas of Batı Anadolu Group of Companies. Constraints in water supply, in particular, directly impact operational continuity and production efficiency. Therefore, water management is listed among our strategic priorities.

According to 2024 data, the total water consumption of Batisöke amounted to 626,695.00 m³. The share of cement production in total water consumption: 97.06%.

Cement production activities, which demand intensive water use due to high thermal processing, rank among the most vulnerable operations in terms of water resources. Consequently, these areas stand out as priorities for assessment and intervention concerning physical climate risks.

To manage these risks, various projects are being implemented, particularly aimed at reducing water consumption and improving its efficiency in cement production facilities. As of 2025, a technical project to reduce water consumption has been launched at the power plant generating electricity through waste heat recovery. In addition, as part of the "Drop by Drop to the Future" project, the monitoring infrastructure

for water consumption points has been enhanced, and detailed measurements have been initiated for each water use area. Thus, the aim has been to continuously monitor water usage, enhance data reliability, and identify opportunities for improvement. Through this project, we aim not only to monitor consumption but also to timely implement preventive actions and reduce operational vulnerabilities.

Additionally, water risks have been regularly assessed within the framework of the ISO 14001 Environmental Management System, which we have been implementing since 2014 at Batisöke. Potential

disruptions in water supply and infrastructure risks constitute key components of environmental risk assessment processes. Within this scope, both technical and organizational measures are being implemented.

In the coming period, new projects are planned to evaluate alternative water sources, expand closed-loop systems, and enhance water recovery in processes to build resilience against the risk of water scarcity. All these efforts aim to enhance the resilience of water-dependent operations against climate-related physical risks and to safeguard sustainable production capacity.

Climate-Related Metrics

Internal Carbon Prices

Batı Anadolu Group of Companies is evaluating the implementation of internal carbon pricing by incorporating carbon costs into strategic decision-making processes to combat climate change. Although mandatory internal carbon pricing is not yet applied in direct operational decisions, carbon pricing is considered a hypothetical factor in long-term investment planning and the assessment of carbon reduction scenarios. Economic impact analyses of potential carbon prices are conducted particularly for energy efficiency investments, alternative fuel usage, and emission reduction projects; these analyses support the prioritization of investments. For example, the investments in the Waste Heat to Electricity Generation Facility and the Refuse-Derived Fuel (RDF) Preparation and Feeding Facility have been prioritized from the perspective of internal carbon pricing, due to their potential to reduce both energy costs and indirect emissions.

To assess the financial impacts of greenhouse gas emissions, price projections from the European Union Emission Trading System (EU ETS) and developments in emission trading regulations in Türkiye are used as references. Within this framework, a hypothetical carbon price of approximately \$10 per ton of CO₂ is applied in internal analyses and scenarios, with this price range subject to regular review. Carbon price scenarios are integrated into investment payback period calculations, cost analyses, and the formulation of long-term carbon strategies.

The internal carbon pricing approach is regarded as a tool to prepare for forthcoming regulatory frameworks and to support the transition to low-carbon technologies. Within this scope, Batı Anadolu Group of Companies closely monitors carbon regulations and market developments in preparation for the national emission trading system anticipated to be implemented in Türkiye. Regulations issued by the Ministry of Environment, Urbanization, and Climate Change, along with developments related to the European Green Deal, are regularly monitored, while organizational capacity for internal carbon pricing is being enhanced.



Climate-Related Metrics

Remuneration

At Batı Anadolu Group of Companies, efforts are underway to strengthen the link between compensation and sustainability-focused performance indicators at the senior management level. As of 2024, sustainability priorities—including digitalization, occupational health and safety, operational efficiency, and sustainable product development—have been integrated into the performance system; these indicators have been linked to the senior management compensation structure. By 2025, climate-related indicators are planned to be incorporated into this structure, with a particular emphasis on integrating performance criteria based on climate risk management and carbon reduction targets into the system. In this regard, the aim is to establish a systematic and transparent compensation mechanism that jointly evaluates climate and sustainability targets in alignment with financial performance.

As part of integrating climate-related matters into senior management compensation systems, Batı Anadolu Group of Companies is developing practices to link performance indicators with compensation, while reviewing the related processes. A transition to compensation practices incorporating climate risk assessment at the senior management level is planned, with the objective of establishing a systematic framework in this regard. Within this scope:

- A process has been initiated to integrate climate and sustainability targets into the performance evaluation system.
- Performance indicators based on carbon reduction targets are planned to be developed and integrated into the incentive system.
- The aim is to analyze the relationship between financial reporting and climate indicators and to update compensation policies accordingly.

Climate-Related Metrics

Remuneration

Senior Management Sustainability Performance Indicators

Strategic Priority	OKR	Group Head of Production Operations	Group Chief Financial Officer (CFO)	Group Head of Marketing and Concrete
Digitalization	Digitalization-focused project activities (Robotic business processes, maintenance planning, logistics, energy, customer tracking, etc.)	✓	✓	✓
Occupational Health and Safety	Efforts to strengthen a culture of safety and health in the workplace	✓	✓	✓
Alternative Fuel	Initiatives to increase the rate of alternative fuel use (including financial resources, investments, operations, etc.)	✓	✓	✓
Learning Organization and Culture	Integration of the learning organization approach into corporate culture	✓	✓	✓
Operational Efficiency Initiatives	Project implementations aimed at increasing operational efficiency	✓	✓	✓
Corporate reputation and brand strengthening	Efforts to strengthen corporate reputation and the brand	✓	✓	✓
Sustainable Products	Increasing the share of blended cement and similar sustainable products	✓	✓	✓

Climate-Related Targets

Batisöke considers combating climate change as a strategic priority fully aligned with Türkiye's 2053 Net-Zero Emission target and 2053 vision, as emphasized in the 12th Development Plan's low-carbon development vision. In this regard, we are taking concrete steps toward short-, medium-, and long-term targets aimed at reducing environmental impacts, with a focus on lowering emissions, optimizing resource use, and developing more sustainable business models.

The Carbon Border Adjustment Mechanism (CBAM), aligned with the European Union Green Deal, directly impacts carbon-intensive sectors such as cement. It has become mandatory for companies exporting to the EU to manage their emissions in a traceable, reportable, and verifiable manner. During this process, integration into the EU Emission Trading System (EU ETS) and mechanisms such as Türkiye's emerging National Emission Trading System (Türkiye ETS) present both risks and opportunities for the private sector. As Batı Anadolu Group of Companies, we regard this transition process not only as a compliance obligation but also as an integral part of our environmental responsibility.

As of 2025, we became a member of the United Nations Global Compact to strengthen our global sustainability commitment. Additionally, by being included in the Borsa Istanbul Sustainability Index, we have begun sharing our sustainability performance with investors in an open and comparable manner. At the same time this year, we aim to initiate our transparent reporting process by participating in the CDP (Carbon Disclosure Project) and to set greenhouse gas emission reduction targets aligned with the Science Based Targets initiative (SBTi), thereby commencing the scientific validation process.

As Batı Anadolu Group of Companies, we have developed a comprehensive carbon reduction strategy to manage climate-related risks and capitalize on opportunities. We are implementing all these processes in accordance with our principles of 'People First, Respecting the Planet, and Transformation,' building an innovative and responsible business model that prioritizes opportunities while mitigating climate risks. Sustainability Targets and Progress details can be found on page 53 of the 2024 Batı Anadolu Sustainability Report.

We have structured this strategy around concrete, measurable, and time-bound targets. This roadmap, with targets set for the short term (2025), medium term (2030), and long term (2053), encompasses transformation across multiple areas—from emission reduction and resource efficiency to the use of alternative raw materials and fuels, as well as the circular economy.

The table below presents the key performance indicators established within this framework, along with our time-bound targets for each. Our target for greenhouse gas emissions has been established based on the priority areas outlined in the TSRS 2 'Volume 8 - Construction Materials' sectoral guide. Targets set for other performance indicators have been developed through internal assessments aligned with our company's strategic priorities. Our targets and target-setting methodology have not yet been verified through independent external assurance.

Climate-Related Targets

Target	Unit	2024 (Base year)	2025 Target	2030 Target	2053 Target	The purpose of the target	Entity to which the target applies	Absolute target / Intensity target	Target review processes	Metrics used to monitor progress	Disclosure of any changes to the target
Reduction of Scope 1–2 GHG emissions (gross)	(kgCO ₂ e/ ton çimento)	732	720	660	300	Reduction, SBTi compliance	Batıçım Batisöke	Intensity	The greenhouse gas inventory is monitored as part of the verification process in coordination with the Occupational Health and Safety, Environment and Sustainability, Production, and Maintenance Departments; the Sustainability Committee reviews progress toward target achievement.	CO ₂ e emissions per ton of cement	-
Reducing the clinker/cement ratio	%	0.76	0.74	0.7	0.5	Reduction, SBTi compliance	Batıçım Batisöke	Intensity	Product formulas and production plans are monitored monthly by the Production and Quality Management Department; the Sustainability Committee reviews progress toward target achievement.	Clinker/cement ratio	-
Enhancing waste heat utilization*	%	0.2	0.6	1.5	2.5	Reduction, energy efficiency	Batıçım Batisöke	Intensity	Energy efficiency performance tracking and technical improvement plans are monitored monthly by the Maintenance Department; the Sustainability Committee reviews progress toward achieving targets.	Waste heat utilization rate	-
Increasing the use of Supplementary Cementing Materials (SCMs) such as trass, ash, slag, etc.	%	19	20	25	40	Reduction, SBTi compliance	Batıçım Batisöke	Intensity	The Raw Materials and Quality Management Departments monitor product quality parameters monthly; the Sustainability Committee reviews progress toward target achievement.	SCM utilization rate	-

* Calculated as renewable energy consumption divided by total energy consumption, in accordance with TSRS 2 Volume 8 - Construction Materials Sector-Based Guide.



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