

— 2025 | TSRS Compliant —

Sustainability Report



 **Lila**
Kağıt

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ABOUT LILA KAĞIT



Lila Kağıt, whose foundations were laid in the ginning sector in 1930, took a significant step in the industrial field by establishing its first automated yarn factory in Gaziantep in 1964.

Lila Kağıt took a significant step in the industrial field by establishing the first automated yarn factory in Gaziantep. Following this successful venture, the company began to strengthen its position in the sector by commissioning its yarn facility in Çorlu in 1984.

In the early 2000s, a decision was made to gradually phase out textile activities and transition to a different sector. Accordingly, to ensure that both the yarn production and dyeing facilities could operate self-sufficiently and align with a sustainable production vision, an energy plant commissioned in 2005 began to efficiently meet the facility's electricity, steam, and hot water needs. During the establishment of the energy plant, various factors were thoroughly evaluated within the context of exploring a new sector, including the utilization of existing resources, leveraging accumulated knowledge, the potential of industrial land, and competitive advantages. Reference visits were conducted, and it was decided to invest in the tissue paper sector.

To meet the demand for hygienic tissue paper, Lila Kağıt was established in 2006 with 100% Turkish capital. Today, the Company's operations in the textile sector continue solely with yarn dyeing activities, which are classified as 'other operations' as they represent only 4% of the Company's sales.

Lila Kağıt is one of the largest players in Europe and the Middle East operating within a single campus with its fully integrated production facility. The facility, spanning 300,000 square meters, has an annual gross paper production capacity of 271,000 tons. Through its leading brands Sofia, Maylo, UltraBerrak, Nua, and Nua Professional and its range of hygienic tissue products including toilet paper, paper towels, handkerchiefs, and napkins, the Company reaches consumers at over 80,000 points of sale. Lila Kağıt contributes significant added value to the national economy by exporting semi-finished and finished products to 81 countries across five continents. With its innovative approach and focus on sustainability, the Company has maintained a leading position in exports within its sector for many years.

The Company operates at its integrated production facility located within the Ergene 2 Organized Industrial Zone (OIZ) in Tekirdağ. Specializing in jumbo roll paper production and converting tissue paper manufacturing, Lila Kağıt produces not only its own registered brands but also private label products for its clients.

Its core business is the production of tissue paper, encompassing the manufacturing of both jumbo rolls and converted products. In addition to these, it maintains operations in its other fields of activity, namely the energy and textile sectors.

Thanks to its integrated facility structure, Lila Kağıt has become one of the key global players in the paper industry. Certified pulp sourced from industrial forests is used in the production process, with a strong focus on the sustainability of natural resources. An environmentally conscious approach is adopted at all stages of production, and continuous improvement initiatives are carried out to minimize carbon emissions as well as water and energy consumption. The integrated production process, which begins with jumbo roll paper and energy production, is completed with the conversion of a portion of the jumbo roll paper into end consumer products. This integrated capacity enhances the Company's competitiveness and contributes to operational efficiency.

Lila Kağıt's consolidated subsidiary, Lila Paper Swiss AG, operates as a foreign trade company and was established in Switzerland on January 19, 2023. Its primary activity is to provide services related to the Company's jumbo roll and converting exports, as well as raw material imports. All shares of Lila Paper Swiss AG are wholly owned by Lila Kağıt.

Following its public offering in 2024, the Company is listed on the BIST Stars Market and is included in the BIST Dividend and BIST Corporate Governance indices. As of December 31, 2025, the Company's actual free float rate is 44.1%, and the Ögücü family remains the controlling shareholder.

ABOUT THE REPORT

This report has been prepared to transparently share with the public the sustainability performance of Lila Kağıt Sanayi ve Ticaret A.Ş. ("the Company" or "Lila Kağıt") and its subsidiary (collectively referred to as "the Group") for the year 2025, including the management approach to key environmental, social, and governance (ESG) topics, along with sustainability related financial information. Structured in accordance with the Türkiye Sustainability Reporting Standards (TSRS) and specifically aligned with TSRS 1 "General Provisions on the Disclosure of Sustainability Related Financial Information" and TSRS 2 "Climate Related Disclosures," this report covers Lila Kağıt's sustainability strategy, objectives, governance structure, risk and opportunity management processes, and metric based performance information.

The reporting scope is based on the Group's annual reporting period from January 1 to December 31, 2025. Sustainability related financial disclosures have been addressed in line with the materiality principle defined under TSRS 1, considering data suitability, as well as the existing skills, capabilities, and resources. Significant information obtained after the end of the reporting period but prior to the publication of sustainability related financial disclosures, which affects conditions as of the period-end, has been evaluated; in this context, disclosures have been updated and reflected in the report in accordance with Articles 67 and 68 of TSRS 1.

This report has been prepared to be fully compliant with the TSRS standards and disclosure requirements issued by the Public Oversight, Accounting, and Auditing Standards Authority (POA). Each disclosure

has been explicitly linked to the relevant TSRS articles. Within the transition provisions for TSRS implementation, only disclosures on climate related risks and opportunities have been presented, and information on Scope 3 greenhouse gas emissions has not been disclosed. Accordingly, transitional exemptions recognized under TSRS 1, Annex E, Article E5 have been utilized in accordance with Provisional Article 3 of the POA Board Decision No. 21634 published in the Official Gazette dated December 29, 2023, and numbered 32414(M), and the Board decision dated December 30, 2025.

The data sets presented in the report have been compiled from the Company's control systems, records of relevant departments, and verifiable corporate sources. Calculation methodologies have been structured based on applicable national and international technical standards and recognized methodologies. This report has been prepared for a limited assurance engagement by an independent audit firm to verify compliance with TSRS. Some disclosures in the report may include forward-looking statements in addition to past performance. Such forward-looking statements are based on current assumptions, resources, strategic planning, and market conditions, and may vary depending on external developments.

Any opinions, assessments, or feedback regarding the report can be shared via investorrelations@lilakagit.com.

GOVERNANCE

Sustainability management at Lila Kağıt is addressed in alignment with the Company's strategic priorities and long-term value creation and is implemented through a governance system structured under the leadership of the Board of Directors.

Sustainability is regarded not only as the management of environmental and social impacts, but also as a key strategic element that enhances the Company's corporate resilience and competitiveness. The Board of Directors is the ultimate authority responsible for approving the Company's sustainability strategy, overseeing environmental, social, and governance (ESG) performance, and ensuring the integration of related activities into the overall governance structure.

Within this framework, the Board monitors the alignment and implementation of the sustainability strategy with the Company's business model and supervises the integration of significant ESG risks and opportunities into strategic planning processes.

The Board of Directors also ensures the establishment of sustainability targets, the monitoring of performance, the implementation of necessary corrective actions, and the reporting of the entire process in accordance with TSRS and other relevant standards.

Sustainability related matters are evaluated through committees reporting to the Board of Directors, primarily the Corporate Governance Committee; the ongoing development of the governance structure is encouraged, and the alignment of executive bodies with the strategy is monitored.

The Board of Directors oversees the comprehensive management of sustainability, encompassing stakeholder engagement, ethical standards, transparency, and corporate reputation, and ensures that sustainability remains a regular item on the Board's agenda.

In this context, the aim is to support activities that enhance the knowledge of Board members and to continuously strengthen the corporate capacity for sustainability governance.



GOVERNANCE

The Lila Kağıt Board of Directors holds ultimate responsibility for approving the Company's sustainability strategy, overseeing ESG performance, and ensuring the integration of related activities into the overall governance system. This responsibility is not limited to strategic guidance but also encompasses monitoring and enhancing sustainability-related activities at the operational level.

The primary responsibilities of the Board of Directors in the field of sustainability are summarized as follows:

- Overseeing the development and implementation of the Company's sustainability strategy in alignment with strategic priorities and the business model,
- Identifying, prioritizing, and integrating ESG risks and opportunities into the corporate risk management system,
- Guiding sustainability principles across the organization in line with corporate policy documents, including the Sustainability Policy, Human Rights Policy, Diversity Policy, Integrated Management System Policies, Stakeholders Policy, Employee Rights Policy, Social Compliance Policy, Energy Policy, and Product Safety Policy, and integrating these principles into the target performance framework,
- Monitoring sustainability performance, implementing corrective actions, and ensuring processes are reported in compliance with TSRS,
- Supervising the effectiveness of the sustainability governance system, the alignment of executive activities with the strategy, and the integrity of information flow through the Corporate Governance Committee,
- Ensuring sustainability is addressed holistically with respect to stakeholder engagement, ethical principles, transparency, and corporate reputation,
- Regularly reviewing sustainability matters on the Board of Directors' agenda.

The Board of Directors is supported in its duties by subordinate governance bodies. In this context, the Corporate Governance Committee plays an active role in overseeing sustainability governance, evaluating the alignment of the Company's strategy with executive activities, auditing the quality of reporting, and managing the risk-opportunity framework.

The duties and responsibilities of the Corporate Governance Committee are summarized as follows:

- Evaluating the consistency and internal coherence of the Company's sustainability strategy with TSRS,
- Monitoring the alignment of Executive Committee activities with the sustainability strategy and providing regular reports to the Board of Directors,
- Addressing sustainability topics as a permanent agenda item in Committee meetings and tracking developments,
- Ensuring the relevance and currency of the Company's policy documents by monitoring national and international sustainability developments,
- Reviewing sustainability training for the Board of Directors and senior management, and developing improvement plans when necessary,
- Assessing the transparency, accuracy, and verifiability of disclosures under TSRS,
- Reviewing the alignment of internal control and internal audit systems with sustainability data and presenting any findings to the Board of Directors,
- Identifying the Company's sustainability risks and opportunities, promoting scenario analyses, and coordinating prioritization and monitoring processes.

TSRS 1 27 a i

TSRS 1 27 a i

At Lila Kağıt, sustainability is managed as an integrated corporate mechanism, guided by the Board of Directors and implemented through the regular agendas of the Corporate Governance Committee throughout the year, it is regularly monitored and continuously improved.

Corporate policies form the foundational pillars of this mechanism, defining the responsibilities of governance bodies and ensuring that activities are aligned with sustainability principles.

In this context, to evaluate the effectiveness of its governance capacity, decision-making processes, and oversight mechanisms regarding sustainability matters, Lila Kağıt conducted its first Corporate Governance Rating study in 2025. This study was carried out under the main headings of Shareholders, Public Disclosure and Transparency, Stakeholders, and Board of Directors, resulting in a Corporate Governance Compliance Rating Score of 8.75 for Lila Kağıt. This result demonstrates that the Board of Directors and relevant committees fulfill their oversight, guidance, and decision-making responsibilities regarding strategic matters—including sustainability—in compliance with the Capital Markets Board's (CMB) Corporate Governance Principles, and that the Company's corporate governance infrastructure has matured to a level that supports sustainability management.

Furthermore, the Company was included in the BIST Corporate Governance Index as of December 19, 2025.

TSRS 1 27 a ii

At Lila Kağıt, sustainability governance is implemented not only through the structural allocation of responsibilities but also based on the decision-making capacity, knowledge level, and technical competence of governance bodies.

In this context, the Corporate Governance Committee coordinates activities aimed at enhancing sustainability-related expertise at the Board of Directors and senior management levels. The Committee submits an annual sustainability activity report to the Board of Directors.

During the year, Board members and senior management participated in training programs conducted by independent experts to develop their competencies in environmental, social, and governance areas. These programs were structured around technical topics such as sustainability strategy, compliance with TSRS standards, governance, risk management, and corporate reporting.

GOVERNANCE

The Corporate Governance Committee not only monitors general training programs but also performs the following duties:

- Assessing the knowledge levels of governance bodies;
- Identifying individual or role-specific development needs;
- Preparing personalized development plans when necessary and monitoring their implementation;
- Presenting an annual sustainability activity report;
- Reviewing and updating development plans at least once a year;
- Utilizing support from independent consultants and internal technical experts in training and development activities.

This framework ensures that Lila Kağıt's governance bodies make sustainability decisions in alignment with strategic objectives, based on informed and conscious judgment, while systematizing and enabling traceability of competency development processes at the corporate level.

At Lila Kağıt, sustainability related communication processes are conducted through a multi layered coordination structure.

Information flow is systematically ensured through the following structure:

- Sustainability Ambassadors collect data sets related to environmental, social, and governance (ESG) matters within their respective units;
- These data sets are analyzed and consolidated by ESG Process Leaders;
- The Corporate Communications Manager coordinates the data and prepares it for submission to the Executive Committee;
- Information is conveyed from the Executive Committee to the Corporate Governance Committee;
- The Corporate Governance Committee reviews all sustainability information and submits a written report to the Board of Directors.

The information conveyed through this process is not limited to operational performance indicators and also includes the following:

- Progress against sustainability targets;
- ESG focused internal control and internal audit findings;
- Regulatory and policy developments;
- Sustainability related feedback from stakeholders;
- Sustainability risk analyses, prioritization outcomes, and monitoring results.

TSRS 1 27 a ii

TSRS 1 27 a iii

The Corporate Governance Committee addresses sustainability topics as a permanent agenda item in its regular meetings, held at least four times a year. The Committee reports its assessments and recommendations regarding sustainability developments discussed in these meetings to the Board of Directors, thereby supporting senior management's strategic decision making processes with up to date and comprehensive data sets.

In the event of extraordinary developments, interim meetings may be held, during which additional reports are submitted to the Board of Directors. This structure enables The Board of Directors to receive multidimensional information on sustainability, encompassing not only performance but also risk management, compliance, strategic coherence, and stakeholder relations. The process is document based, traceable, and integrated with internal control systems.

At Lila Kağıt, sustainability is positioned not merely as an operational responsibility but as a core component of the Company's strategic priorities, long-term value creation, and competitive strength.

The sustainability and climate strategy is designed to be fully integrated with the Company's business model and financial objectives, and its implementation is conducted directly under the oversight of the Board of Directors. The Board supervises the setting of sustainability targets and their integration into core processes such as strategic planning, annual budgeting, investment decisions, innovation projects, and corporate risk management.

The key elements of this integration are as follows:

- Sustainability key performance indicators (KPIs) are defined and monitored alongside annual performance targets;
- Performance data sets based on these KPIs are reviewed by the Corporate Governance Committee and reported to the Board of Directors at least once a year, starting from the next reporting period;
- The activities of the Executive Committee are periodically monitored by the Corporate Governance Committee to assess their alignment with the sustainability strategy and targets;
- Sustainability risks and opportunities are evaluated in an integrated manner within strategic decision-making and investment processes. These factors, included in the corporate risk management system, are structured using transition/physical risk assessments and an impact-likelihood prioritization methodology. The Board of Directors treats sustainability as an integral part of the corporate strategy and includes strategy updates on its agenda when necessary.

This structure ensures mutual alignment between the sustainability strategy and corporate strategic objectives, enables data-driven performance monitoring and auditable integration, and strengthens the Company's long-term value creation capacity.

TSRS 1 27 a iv

GOVERNANCE

At Lila Kağıt, sustainability targets are defined in line with the Company's strategic priorities and are integrated across the organization into relevant functions and job-based responsibilities.

These targets are defined to cover environmental, social, and governance dimensions and are owned by the relevant white-collar employees through their individual target cards.

The defined sustainability targets and associated projects are evaluated within the framework of internal performance monitoring systems; performance results are regularly monitored under the oversight of the Corporate Governance Committee. The Corporate Governance Committee evaluates the progress toward sustainability targets and their alignment with the corporate strategy, reporting to the Board of Directors at least once a year. In 2025, the Corporate Governance Committee met seven times and reported to the Board of Directors.

As of the 2025 reporting period, practices linking sustainability performance with compensation and benefit mechanisms have been implemented. In this context, sustainability projects and targets are included in the Balanced Scorecard (BSC) with a specific weight; the achievement level of the relevant targets is measured through employee performance cards and evaluated among the criteria impacting the bonus system.

Within this framework, the Corporate Balanced Scorecard bonus weight linked to ESG targets has been determined as 6%, the ratio of individual employee target cards containing sustainability performance indicators within total performance cards has been realized at 40%, and the impact of sustainability performance on the use of benefits has been measured as 6.6%. These practices are reviewed in each reporting period and are addressed with a continuous improvement approach to strengthen the integration of sustainability targets into performance and compensation systems.

In the context of the governance, monitoring, and compensation integration summarized above, the sustainability targets set by Lila Kağıt and put into effect with the approval of the Board of Directors have been consolidated to cover environmental, social, and governance dimensions. These targets are structured considering the base year, monitored metrics, interim results, and target values for 2030, with their progress levels being monitored regularly. The '2030 Sustainability Targets' table below presents all of these targets and the performance indicators related to them from a holistic perspective.



TSRS 1 27 a v

Scope (Heading)	Tracking Metric	Description	TSRS Scope
Protection of Forests and Biodiversity	%	Ratio of FSC certified products/materials	TSRS 2
Energy Management and Decarbonization	kWh/ton paper	kWh consumption per ton of paper	TSRS 2
Energy Management and Decarbonization	tCO ₂ /ton product	Gross Scope 1 GHG emission intensity per ton of paper	TSRS 2
Energy Management and Decarbonization	tCO ₂ /ton product	Gross Scope 2 GHG emission intensity per ton of paper	TSRS 2
Energy Management and Decarbonization	%	Renewable energy usage rate	TSRS 2
Water Management	m ³ /ton paper	Water consumption per ton of paper	TSRS 2
Sustainable Supply Chain	%	ESG-oriented supplier assessment	TSRS 1
Community and Value-Adding Stakeholder Relations	%	Employee Satisfaction and Engagement survey results	TSRS 1
Community and Value-Adding Stakeholder Relations	%	Ratio of female employees to total employees	TSRS 1
Community and Value-Adding Stakeholder Relations	Number	Number of children supported in education in cooperation with TEGV	TSRS 1
Occupational Health and Safety	%	Accident Frequency Rate (AFR)	TSRS 1
Occupational Health and Safety	%	Accident Severity Rate (ASR)	TSRS 1
Corporate Governance	Number	Net financial debt / EBITDA ratio	TSRS 1
Corporate Governance	%	Ratio of female members on the Board of Directors	TSRS 1

TSRS 1 27 a v

GOVERNANCE

At Lila Kağıt, the execution of sustainability activities and their implementation in alignment with strategic objectives are ensured by the Executive Board and its subordinate executive bodies, led by the General Manager. At the executive level, accountability lies with the implementation of the Board-approved sustainability strategy, monitoring performance, and taking necessary corrective actions.

The Executive Board, chaired by the General Manager, consists of the following members:

- Vice General Manager of Production, Investment, and Projects
- Director of Financial Affairs and Strategic Planning
- Director of Purchasing and Planning
- Human Resources Director



The General Manager is responsible for implementing the sustainability strategy across the organization and ensuring that all activities are aligned with the objectives. They facilitate the flow of information with the Corporate Governance Committee and coordinate performance monitoring and corrective action processes. They also manage stakeholder communication in line with corporate ethical principles.

The Vice General Manager of Production, Investment, and Projects manages technical practices that reduce environmental impacts within production processes. They coordinate improvement actions in areas such as energy efficiency, carbon emissions, and waste management. In this context, they lead the planning and implementation of new investment decisions at the facilities.

The Director of Financial Affairs and Strategic Planning ensures the integration of the sustainability strategy into the corporate budget, financial planning, and investment decisions. It identifies actions for the continuous development of the governance structure by considering compliance with both current standards and corporate governance principles and coordinates their implementation alongside the Corporate Governance Committee. It oversees a data-driven reporting infrastructure aligned with TSRS and international reporting standards, ensures compliance with ESG financing criteria, and maintains alignment with audit processes.

The Director of Purchasing and Planning ensures the integration of sustainability criteria into procurement processes. They monitor ESG-related risks across the supply chain and develop sustainable procurement practices.

The Human Resources Director manages training and awareness programs aimed at internalizing the sustainability culture. They support the development of human capital to contribute effectively to the Company's strategic sustainability objectives.

The Sales Director manages the Company's customer-related processes and sales-focused value chain activities in line with sustainability and ethical principles.

The IT Group Manager oversees digital transformation and software development processes to support the Company's alignment with sustainability initiatives.

The Marketing Group Manager integrates corporate sustainability communication with brand strategies and manages transparent and consistent public disclosure processes.

The Internal Audit Manager, reporting to the Corporate Governance Committee, oversees internal control activities related to sustainability.

The Corporate Communications Manager manages corporate sustainability communication and information flow with the public and stakeholders.

The Investor Relations Unit, reporting to the Director of Financial Affairs and Strategic Planning, ensures transparent information flow to investors regarding sustainability performance. It supports ESG ratings, sustainability indices, and non-financial reporting.

Through this structure, sustainability at Lila Kağıt is clearly defined at the executive level with specific roles and responsibilities and is managed with corporate integrity across all dimensions from strategy to reporting, and from risk management to stakeholder relations.

TSRS 1 27 b i

At Lila Kağıt, the implementation level of sustainability activities, the monitoring of performance, and the flow of information to governance bodies are managed by the Executive Board, led by the General Manager, and the relevant executive units.

This structure ensures that the sustainability strategy is effectively translated into operations, while enabling a regular and transparent information flow to the Corporate Governance Committee and the Board of Directors.

Members of the Executive Board (General Manager, Vice General Manager, and relevant directors) regularly monitor the sustainability targets and indicators assigned to their areas of responsibility. Data on performance indicators, risk and opportunity developments, strategy alignment, and regulatory changes are collected each quarter in a documented manner and presented to the General Manager in structured reports.

The General Manager analyzes the collected data and conveys it to the Corporate Governance Committee. The Committee evaluates this information and presents it to the Board of Directors' agenda. This process ensures that senior management receives timely insights into the implementation status of the sustainability strategy and any deviations, enabling them to provide necessary guidance.

All sustainability reporting and data flows are conducted in accordance with internal control and data management procedures. Control points, responsibilities, and reporting timelines are defined through formal process documents. This approach systematically ensures the accuracy, transparency, and auditability of the reports.

In the event of extraordinary developments, the Executive Board or the General Manager can directly relay information to the Board of Directors outside the regular reporting periods, enabling timely intervention in sustainability governance.

Thanks to this systematic structure, sustainability information management at Lila Kağıt is conducted with clearly defined responsibilities and supported by documented procedures with due attention to time sensitivity. In this context, a comprehensive sustainability handbook defining the rules to be followed across the company and the governance structure has been prepared and published internally.

Reporting includes the following sections:

- Current performance status against the established sustainability targets,
- Prioritization of identified ESG risks and opportunities,
- Target deviations and corrective actions taken or proposed,
- Compliance assessments with TSRS and relevant international standards,
- Findings and analyses derived from the internal control system.



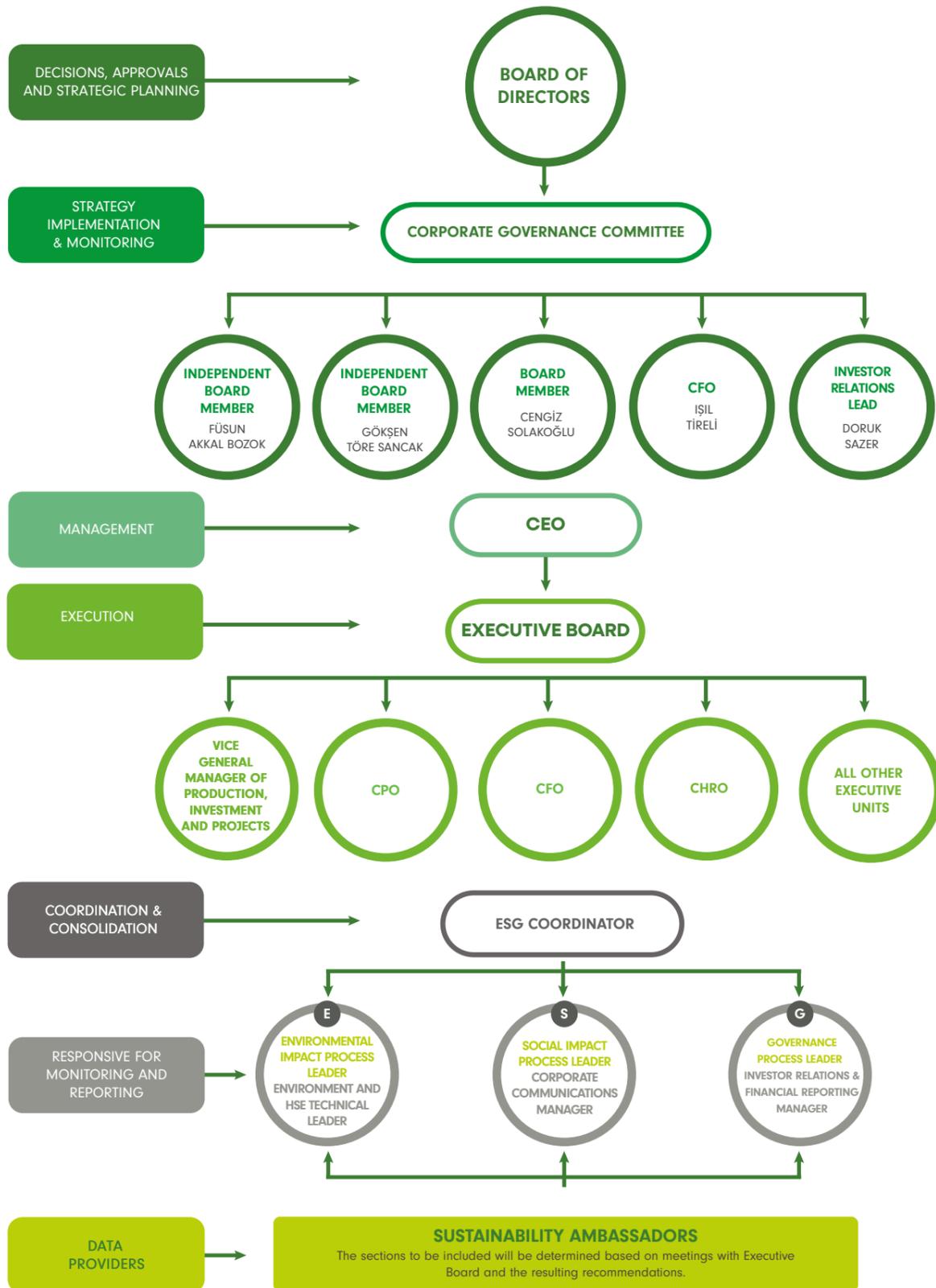
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TSRS 1 27 b ii

Organizational Chart



Board of Directors: Responsible for defining the company’s main sustainability strategy and objectives; ensuring that this strategy is aligned with long term value creation and corporate integrity goals, securing its feasibility, and overseeing its implementation process. The Board also approves the projects and budgets to be executed in order to achieve the defined objectives.

Corporate Governance Committee: Responsible for monitoring the company’s sustainability policies and objectives, ensuring the accuracy of sustainability reports, and developing improvement strategies.

General Manager: The CEO holds ultimate responsibility for the implementation of the Company’s sustainability strategy across the organization. This responsibility covers the integration of strategic objectives into operational processes, monitoring of performance indicators, execution of corrective actions, and coordinated information sharing with senior management.

Executive Board: Led by the General Manager, the Executive Board is responsible for implementing the sustainability strategy across the organization, monitoring performance, and taking necessary improvement actions. In this context, it ensures the assurance and verification of metrics established by data providers and reporting teams; coordinates the development of projects, their analysis in line with strategic objectives, and transparent reporting; and ensures the overall control of the established metrics and their integration with systems that support reporting.

ESG Coordinator: The ESG Coordinator is responsible for consolidating data and information received from ESG process leaders and sustainability ambassadors. This role includes coordinating with the Executive Board, monitoring progress toward strategic goals, managing data flows, supporting reporting in line with TSRS and relevant international standards, and engaging with third party consultants on sustainability matters when necessary. In addition, the ESG Coordinator oversees the consolidation of all data and information provided by sustainability ambassadors, ensures alignment with the Executive Board, tracks and reports on sustainability targets, manages communication with external consultants, and is responsible for the internal and external communication of the entire sustainability process.

ESG Process Leader: Manages the processes of collecting and analyzing all data contributing to the company’s sustainability goals in line with established indicators, and transforming these insights into sustainability projects. Additionally, oversees the monitoring of process related targets, the implementation of relevant activities, and their reporting. Works in close collaboration with the Executive Board to ensure the integration of metrics—developed with accuracy, timeliness, and TSRS compliance—into the reporting system. Responsible for the collection and analysis of all data, the development of projects, and the tracking and reporting of process related targets and initiatives.

Sustainability Ambassador: Serves as the primary source of information for sustainability activities within their respective department. Collects all data and activities impacting sustainability and communicates this information to the relevant ESG Process Leader according to established reporting cycles. Additionally, develops proposals that contribute to the company’s sustainability goals and shares them with process leaders. Ensures that their activities are aligned with internal control and data accuracy mechanisms, thereby forming the first and critical link in the sustainability information flow chain.

STRATEGY

Due to the inherent nature of the tissue paper sector, involving jumbo roll paper and pulp operations, Lila Kağıt is exposed to transition and physical risks associated with climate change.

In the process of analyzing climate-related risks and opportunities conducted by the Company under TSRS, two priority climate risks with financial materiality have been identified, taking into account the characteristic features of the sector and the value chain.

In this context, Lila Kağıt has defined the following time horizons to evaluate the impacts of climate-related risks and opportunities across different time perspectives. These time intervals have been established to be directly aligned with the Company's annual budget cycle, medium-term capital planning, and long-term strategic goal setting processes. The assessment and integration of climate risks are carried out based on these horizons used in Lila Kağıt's corporate planning processes; accordingly, relevant decision-making mechanisms and investment plans are shaped by the impact of these risks.



The first of these is the carbon pricing risk, which is expected to increase with the widespread adoption of regulations such as the European Union's carbon regulations and the Carbon Border Adjustment Mechanism (CBAM). The paper sector is generally characterized by production processes with high energy intensity. These operations, based on energy consumption, constitute a significant source of carbon emissions, thereby increasing transition risks.

In this context, Lila Kağıt bears the risk of encountering impacts such as additional financial burdens arising from carbon costs, increases in production costs, and a decrease in competitiveness in export markets in the short and medium term. To manage this risk, actions such as energy efficiency projects, investments in low-emission production technologies, and export planning compliant with carbon regulations are among the priority areas in the Company's strategic plans.

The second priority risk, water stress, has been defined as a critical physical risk across the sector due to the high dependence of paper production processes on water. In the long term, decreased precipitation, seasonal imbalances, and fluctuations in groundwater levels due to climate change may directly affect water procurement processes in pulp preparation, production lines, and auxiliary facilities.

This situation may lead to restricted access to water resources in the regions where Lila Kağıt operates, resulting in consequences such as reduced production capacity, operational disruptions, and cost increases. To manage this risk, Lila Kağıt aims to increase its long-term climate resilience by implementing measures such as closed-loop water systems, water recovery applications, and production planning that considers climate impacts in the future.

The carbon pricing and water stress risks identified by Lila Kağıt align with the disclosure topics prescribed under the TSRS 2 Industry-Based Guidance for both Volume 43 - Pulp and Paper Products and Volume 5 - Household and Personal Care Products. This alignment was determined as a result of the sectoral assessment conducted within the scope of the Company's production and sales-oriented value chain analysis.

These disclosure topics are highly applicable to Lila Kağıt's business model and are integrated into the Company's climate-related risk management strategies. Both carbon emissions and the pressure on water resources are treated as fundamental variables in financial and operational planning, and they are measured and reported within the framework of performance metrics.

TSRS 2 10-12

TSRS 2 13

TSRS 2 14



Carbon pricing risk is directly associated with the disclosure topics of "Greenhouse Gas Emissions (RR-PP-110a.1, 110a.2)" and "Energy Management (RR-PP-130a.1)" defined in Volume 43. These metrics are evaluated based on Scope 1 emissions resulting from production processes and total energy consumption; they directly shape Lila Kağıt's energy efficiency and low-carbon strategies.

The water stress risk, on the other hand, is aligned with the disclosure topics defined under both Volume 43 ("Water Management - RR-PP-140a.1, 140a.2") and Volume 5 ("Water Management - CG-HP-140a.1, 140a.2"). Both sectoral approaches focus on the risk analysis and mitigation strategies of activities in water-stressed regions, along with water withdrawal and consumption. Due to its production processes involving high water intensity, Lila Kağıt considers the application of these metrics across both sectors and monitors its water management performance within the framework of regional risks.

Lila Kağıt's production and procurement processes are dependent on energy and water resources, and climate-induced impacts on these resources create areas of vulnerability within the Company's business model and value chain. The Company's strategically prioritized goals of sustainable production, efficient resource utilization, and competitive export targets are directly sensitive to climate risks.

The identified carbon pricing risk is particularly influential in the Company's business model across energy-intensive production lines and export-oriented sales channels. Due to the carbon intensity of electricity and fossil fuels used in production processes, this risk affects both the cost structure and customer expectations based on carbon compliance. Consequently, the impact of this risk is both current and anticipated.

Water stress risk is a determining factor regarding access to existing water resources in regions where production activities are concentrated. Intensive water use is required in stages of paper production such as pulp preparation and processing. The production facility in the Marmara Region, where these processes are largely located, has the potential to be affected by long-term changes in the water regime due to climate change. This impact is evaluated within the framework of both current trends and projected structural changes.

Lila Kağıt addresses the impacts of these risks in an integrated manner with its production planning, energy-water management, supplier criteria, and export strategies all of which lie at the heart of its business model; the Company implements measures to enhance operational resilience across the entire value chain.

Risk	Area of Impact	Impact Type	Geographic Concentration
Carbon Pricing	Energy-intensive production processes, export	Transition - current and emerging	All Facilities
Water Stress	Pulp preparation, production, cleaning	Physical - current and emerging	All Facilities

STRATEGY

Lila Kağıt aims to enhance long-term climate resilience and environmental sustainability performance by integrating climate-related risks and opportunities into strategic decision-making processes. In this context, the following strategic responses and managerial actions have been defined to address carbon pricing and water stress risks:

Anticipated Changes in Business Model and Resource Allocation

- Investments have been initiated to improve energy-intensive processes, promote the use of lower carbon fuels, and implement energy efficiency projects.
- Through the modernization of production infrastructure and the deployment of energy-efficient labelled equipment, the aim is to achieve cost flexibility against carbon-related expenses.
- Water management capacity is being strengthened, particularly in facilities located in the Marmara Region, which may face potential water stress, through applications such as water recovery systems, closed-loop cooling circuits, and low water consumption process solutions.

Direct Mitigation and Adaptation Efforts

Lila Kağıt has developed various operational and strategic initiatives aimed at direct emission reduction and climate change adaptation. To reduce fossil fuel consumption and lower production-related greenhouse gas emissions, renewable energy sources have been integrated, and energy efficiency has been enhanced through steam optimization measures. In terms of effective water resource management, production formulas and process sequences have been reviewed to improve water use efficiency.

Following its public offering in 2024, the Company disclosed in its Capital Markets Board (SPK) approved prospectus a plan for a 50 MW renewable energy investment. As the first step of this plan, a 12.5 MW rooftop solar power plant ("GES") has been commissioned at the Ergene production facility. Subsequently, land for a 28.1 MWe ground-mounted solar project in Ahlat, Bitlis was acquired; following the approval of the Project's Connection Agreement Call Letter by TEİAŞ, project approval was also obtained from TEDAŞ. As a result of the application made in this context, the Project Connection Agreement was approved and came into effect by TEİAŞ on October 14, 2025.

As of the reporting date, the Environmental Impact Assessment (EIA) process is ongoing, and efforts related to the realization of the investment and the subsequent acceptance procedures are being meticulously carried out. Meanwhile, the Company's research and feasibility studies for renewable energy investments across various regions in Türkiye are continuing; once the planned total 50 MW renewable energy capacity is realized, approximately one-quarter of Lila Kağıt's electricity consumption is expected to be sourced from renewable energy.

Furthermore, as a proactive measure against potential future water stress in the Ergene Basin, where the current production facility is located, Lila Kağıt has decided to geographically diversify its production operations. Accordingly, as publicly disclosed in the CMB-approved prospectus, a phased factory investment in Erzurum is underway to establish the first heavy industrial facility in the Eastern Anatolia and Black Sea regions within the tissue paper sector; the investment began with a groundbreaking ceremony on May 17, 2024. The first phase of the investment, converting production, is planned to be operational in the first half of 2026, while the second phase, jumbo roll paper production, is expected to come online in 2027. Through this investment, the Company aims to enhance its resilience to climate-induced regional water risks.



Indirect Mitigation and Adaptation Efforts

Within the scope of its climate change mitigation and adaptation strategy, Lila Kağıt addresses not only direct greenhouse gas emissions but also indirect emissions and climate-related risks arising from the supply chain and sectoral impact areas, adopting a holistic and strategic approach. The Company integrates indirect mitigation and adaptation activities into its corporate sustainability strategy, aiming to reduce the carbon footprint across the value chain, manage environmental impacts, and enhance operational resilience. In this context, in 2024, the Company applied to the Responsible[®] consultancy support program implemented by the Ministry of Trade of the Republic of Türkiye to align with the European Green Deal. In 2025, it successfully completed "Phase I - Current State Analysis and Sustainability Roadmap Development".

During this process, the Company's environmental, social, and governance maturity level was assessed, sustainability priorities were identified, and a roadmap aligned with the European Green Deal, along with project cards for implementation, was developed. The Responsible[®] Program aims to provide significant benefits in institutionalizing sustainability management, managing supply chain risks, and accessing green financing. Sustainability-related projects approved on June 16, 2025, are being commissioned. The Company has already entered the second phase of the program, focusing on translating the defined action plans into field operations, monitoring performance indicators, and supporting initiatives with sustainable financing opportunities. Through the activities carried out under the Responsible[®] Program, Lila Kağıt enhances its compliance capacity with regulations such as the EU Carbon Border Adjustment Mechanism and the EU Taxonomy, while simultaneously strengthening its corporate contribution to long-term climate resilience and the reduction of indirect greenhouse gas emissions.

Transition Plan and Key Assumptions

Lila Kağıt has not yet established a formal corporate-level climate transition plan to shape its long-term strategies against climate-related transition risks. However, a preparatory and analytical process has been initiated to assess the impact of carbon regulations and water-related operational risks. Within this scope, scenarios for greenhouse gas emission reduction and water efficiency targets are being analyzed based on national carbon pricing policies, the EU Carbon Border Adjustment Mechanism, local water stress maps, and opportunities for process technology transformation. Efforts to identify the priority components of the transition plan and to clarify performance targets are being carried out under the supervision of the Corporate Governance Committee.

Targets and Performance Monitoring

Lila Kağıt has established medium and long-term targets in the areas of energy management, decarbonization, and water management to manage climate-related transition and physical risks, increase operational efficiency, and reduce dependence on natural resources. These targets have been developed considering the Company's energy and water-intensive production structure, increasing regulatory expectations, risks related to carbon costs, and stakeholder demands for resource efficiency.

Reducing energy consumption, lowering greenhouse gas emission intensity, increasing the use of renewable energy, and improving water efficiency have been defined as key priorities for mitigating climate-related risks and strengthening operational resilience. The energy, decarbonization, and water management targets defined within this scope have been put into effect with the approval of the Board of Directors, and the implementation and monitoring of these targets are conducted under the oversight of the Corporate Governance Committee within the corporate governance structure. Furthermore, a decision has been made to establish a long-term strategic roadmap in line with the goal of becoming carbon neutral by 2050, with work set to commence as of 2026.

Performance indicators related to the targets are regularly monitored and reported through internal systems, with 2024 as the base year. These indicators include Scope 1 and Scope 2 greenhouse gas emission intensity, energy consumption per ton, renewable energy usage rate, water withdrawal per unit of production, and water recovery rates. Performance results are evaluated by comparing them with the defined 2030 targets; action plans and improvement initiatives are commissioned where necessary.

Resource Sourcing

Lila Kağıt does not currently utilize a specific sustainability-themed funding instrument to finance its climate-related strategic actions. However, thanks to the Company's strong balance sheet structure and operational profitability, investments in energy and water efficiency are primarily financed through internal resources and the general investment budget. In medium-term planning, the monitoring of green financing opportunities and access to public incentives are being evaluated, with the aim of integrating these resources in the future.

STRATEGY

Progress on Previous Period Plans

Lila Kağıt regularly monitors its energy, emission, and water performance in line with the established targets, using its first TSRS report from 2024 as the base year toward its 2030 goals. Energy consumption per ton of paper was 2,591 kWh/ton in 2024 and increased to 2,640 kWh/ton in 2025. Under this monitored indicator, a 7% reduction in energy consumption per ton of paper is targeted by 2030.

In terms of greenhouse gas emissions, Scope 1 emission intensity was 0.507 tCO₂ per ton of product in 2024 and was measured at 0.549 tCO₂/ton as of 2025, showing a temporary negative deviation compared to the base year. In contrast, Scope 2 emission intensity decreased from 0.401 CO₂/ton to 0.397 tCO₂/ton during the same period, achieving a limited improvement. The renewable energy usage rate, which was 7.5% in 2024, reached 8% as of 2025.

In the field of water management, water consumption per ton of paper production was 4.92 m³/ton in 2024 and fell to 4.49 m³/ton by 2025, marking an improvement of approximately 9%. These indicators demonstrate that the technical and operational improvement efforts carried out have had positive effects on water efficiency.

Monitored performance results are regularly reported to the Corporate Governance Committee; necessary actions in areas where deviations from targets occur are evaluated and presented to the Board of Directors. This process serves as the foundation for strengthening corporate capacity to achieve targets in the coming periods.

Target Area	Target Monitored	Core Metric	Term (Deadline)
Energy Management	Reduction of energy intensity	kWh/ton product	2030
Decarbonization	Reduction of gross Scope 1 emission intensity	tCO ₂ /ton product	2030
Decarbonization	Reduction of gross Scope 2 emission intensity	tCO ₂ /ton product	2030
Energy Management	Increasing renewable energy usage	% renewable energy	2030
Water Management	Reduction of water intensity in paper production	m ³ /ton product	2030

Current Financial Effects

As of 2025, no direct cost increase specifically linked to carbon pricing has occurred within Lila Kağıt's operations. Since a mandatory carbon pricing mechanism is not yet in effect in Türkiye, no expense item with an observable impact on the financial statements has been recorded in this regard. Similarly, there have been no access restrictions or interruptions in water supply due to water stress; therefore, no operational or financial disruptions have occurred within the production processes.

However, international developments regarding carbon regulations and regional uncertainties related to water resources are closely monitored by Lila Kağıt within the scope of its risk monitoring systems. On the carbon side, the potential impacts of pricing mechanisms that may be implemented in future years are under evaluation, while on the water side, resource access and supply continuity are considered in light of long-term water stress risks.

In this framework, the analyses conducted have not yet reached a level that would require adjustments to property, plant, and equipment or liabilities in the financial statements; however, they have been integrated into the operational planning processes.

Anticipated Financial Effects and Planning Integration

Lila Kağıt anticipates that climate-based changes in carbon regulations and water access conditions may impact the cost structure, cash flows, and investment plans in the medium and long term.

The commencement of policies such as the EU Carbon Border Adjustment Mechanism (CBAM) could create an indirect carbon cost impact on export-oriented production costs.

The depletion of water resources may bring infrastructure investments for water supply and the search for alternative sources to the agenda.

Conversely, the competitive advantage created by low-carbon products and production lines with high environmental performance is considered a significant potential.

These anticipations are integrated into Lila Kağıt's medium and long-term financial planning processes; investment prioritization, operational efficiency, and cost scenarios are developed by taking climate risks into account.

Explanation Regarding Quantitative Information

Lila Kağıt is carrying out activities to strengthen its data collection systems and scenario modeling infrastructure to enable the quantitative analysis of the potential impacts of climate-related risks and opportunities on the income statement, balance sheet, and cash flow statement. Within this scope, key environmental indicators such as greenhouse gas emissions, water consumption, and energy intensity are monitored annually; efforts are underway to disaggregate these indicators on a product basis, integrate them into financial projections, and provide input for strategic decision-making processes.

Currently, data models and historical data sets are not yet fully established to a sufficient degree to allow for statistically reliable quantitative estimates regarding the direct and disaggregated impacts of climate risks on the income statement, balance sheet, or cash flow statement. This situation stems particularly from the lack of standardization in product-based emission and water intensity calculations and methodological uncertainties in scenario modeling. Due to the inability to quantify the financial effects of climate-related risks and opportunities, the materiality threshold has not been determined quantitatively for this reporting period; the materiality assessment has been conducted based on qualitative criteria.

Lila Kağıt is carrying out strategic activities aimed at increasing quantitative capacity for future periods in the following areas:

- Product-based emission and water intensity indicators and climate impact analyses based on production recipes;
- Projections of carbon-based tax burdens that may arise on export products due to regulations such as the Carbon Border Adjustment Mechanism;
- Uncertainty analyses regarding water consumption intensity for production units in regions under water stress;
- Cost sensitivity scenarios based on the relationship between energy consumption and carbon prices;
- Corporate carbon footprint and the distribution of this footprint across product segments.

The digital data infrastructure, monitoring systems, and analytical capacity for these indicators are among the priority strategic areas planned to be gradually strengthened during the 2025-2029 period.

Lila Kağıt treats climate-related risks not merely as an environmental issue, but as a holistic governance matter with strategic, operational, and financial implications; accordingly, it continues to develop its corporate capacity for awareness-raising across all units and the integration of data driven decision support systems.

Lila Kağıt has initiated the climate resilience analysis process to evaluate the potential impacts of climate change related transition and physical risks on the Company's business model and strategy and has conducted its first scenario analysis accordingly. Through this study, the business's level of resilience to climate-related changes in the short, medium, and long term has been systematically analyzed by risk type.

STRATEGY

Climate-related transition and physical risks are expected to have an impact on certain items in the Company's financial statements, particularly regarding dependence on energy and water and the effects on supply continuity. In this context, it is considered likely that these risks will affect; in the income statement, specifically the cost of sales, energy-related and auxiliary utility expenses, and operating expenses; in the balance sheet, primarily inventories, property, plant, and equipment, and asset items related to capital expenditures; and in the cash flow statement, mainly cash flows from operating activities and cash outflows related to investing activities.

Regarding the combined financial effects of these climate-related risks and opportunities, occurring together with other climate-related factors and in interaction with other macroeconomic and operational factors, it has been assessed that given the Company's current data infrastructure, modeling capability, and corporate analytical capacity it is not possible to perform a quantitative combined effect calculation that would be reliable and useful for decision-making in the current reporting period. Therefore, quantitative information regarding the combined financial effects of climate-related risks and opportunities has not been provided.

Climate Resilience Assessment and Impacts

Within the scope of the scenario analysis, the following two scenarios were utilized, taking into account the sector's characteristics and Lila Kağıt's business model. In this selection, the Company's potential exposure to both physical climate impacts and transition risks was the decisive factor. RCP 4.5 was developed by the IPCC based on the assumption of a medium-level increase in emissions and is applicable for the long-term assessment of physical impacts such as projected temperature increases, droughts, and changes in water regimes in the Marmara Region. Considering Lila Kağıt's water-intensive process structure, this scenario provides a suitable basis for analyzing risks related to access to water resources and production continuity. The IEA Net Zero 2050 scenario, on the other hand, offers a future outlook where carbon regulations tighten rapidly and was preferred to evaluate the impacts of transition risks such as carbon pricing, energy transition, and the European Union's Carbon Border Adjustment Mechanism. The paper industry has the potential to be affected by shifts in carbon policies due to its high energy inputs and operational structure oriented toward export markets. Therefore, the impacts of the transition burden on production costs and competitiveness were analyzed within the scope of this scenario. By addressing physical and transition risks in an integrated manner, both scenarios provide a realistic assessment that can be integrated into Lila Kağıt's strategic decision-making and investment planning processes.

Scenario	Source	Risk Type	Key Assumption	Projected Impact	Resilience Assessment
RCP 4.5	IPCC	Physical	Moderate temperature increase, change in water regime, drought	Long-term reduction in access to water resources, risk of production efficiency loss	Moderate resilience through water recovery infrastructure and process efficiency; additional investment needed in the long term
IEA Net Zero 2050	IEA	Transition	Acceleration of carbon regulations, rising carbon prices, CBAM	Medium-term increase in export costs, need for energy efficiency investment	Partial resilience with current energy efficiency efforts; support through financial instruments required

Based on this analysis, Lila Kağıt:

Possesses a basic adaptation capacity against climate transition risks in the medium term and has the potential to reduce the transition burden through energy efficiency, production optimization, and carbon monitoring systems.

Faces higher uncertainty regarding the continuity of water supply due to long-term physical risks—particularly drought and regime changes associated with water stress—and its resilience level in this area is assessed as medium.

Identifies data monitoring systems, operational recovery technologies, and environmental impact-based process control as among its corporate capacity strengths.

Areas of Uncertainty

The primary areas of uncertainty considered in the scenario analysis are as follows:

- The scope of implementation of the carbon pricing system in Türkiye;
- The impact of EU CBAM obligations on exports;
- The confidence interval of water stress projections in the Marmara region;
- The prevalence and cost of energy transition technologies.

Corporate Capacity Elements Affecting Climate Resilience

- Efficiency of water recovery systems;
- Feasibility of energy efficiency investments;
- Investment budget flexibility and financing power through internal resources;
- Production recipes and process improvement capacity;
- Sophistication of emission and resource consumption data monitoring systems.

Structure and Implementation of Scenario Analysis

This initial scenario analysis, conducted by Lila Kağıt as part of the 2025 planning process, has been structured based on the following parameters:

Scenario Sources: IPCC (RCP 4.5) and IEA (Net Zero 2050)

Time Horizons:

Short-term: 0–3 years

Medium-term: 3–6 years

Long-term: 6+ years

Scope of Analysis:

Production facilities in the Marmara region

Process units with the highest water and energy consumption

Key Assumptions:

- Commencement of the first implementation period of carbon pricing in Türkiye in 2028;
- Applicability of EU CBAM regulations to paper products as of 2026;
- A risk of up to a 30% reduction in resources by 2050 according to water stress maps;
- Investment costs and feasibility of steam optimization technologies.

This analysis was presented to the Corporate Governance Committee to serve as a basis for the Company's strategic decision-making and investment planning processes; it is planned to be repeated in subsequent years with an increased level of detail.

STRATEGY

While fulfilling the disclosure obligations specified in paragraphs 13–22 of TSRS 2, Lila Kağıt has based its approach on the TSRS 2 Sector-Based Implementation Guide to ensure compliance with sector-specific disclosure topics and metrics.

The Company has determined that its activities align with the Pulp & Paper Products and Household & Personal Products sectors within the SASB Sustainable Industry Classification System (SICS). Accordingly, the following topics have been prioritized within the scope of sector standards metric categories:

Energy Management and Decarbonization: Energy efficiency in production processes, natural gas and electricity consumption, and monitoring greenhouse gas emissions.

Water Management: Water consumption, water recovery capacity, water intensity in production processes, and climate-related water stress risks.

Protection of Forests and Biodiversity: Sustainable procurement of pulp and paper-based raw materials and supplier evaluation criteria.

Metrics related to these topics have been integrated into the company's internal data collection systems and are used as a primary reference in sustainability performance reporting and risk management practices within the framework of Turkish Sustainability Reporting Standards.

Furthermore, while preparing disclosures under TSRS 2, the level of applicability of these metrics was assessed, and priority was given to measurable indicators.

In this context, Lila Kağıt has fulfilled its disclosure responsibilities by analyzing the applicability of sector-based metrics defined by the Sustainability Accounting Standards Board (SASB), rather than sufficing with only qualitative assessments in identifying sector-specific risk and opportunity areas.



TSRS 2 23

RISK MANAGEMENT

Lila Kağıt conducts the processes of identifying, assessing, prioritizing, and monitoring climate-related risks through a systematic approach under TSRS 2 Articles 24–25. These processes are integrated into the Company's general corporate risk management system and provide direct insights for strategic decision-making mechanisms.

In order to identify climate-related risks, a comprehensive universe of risk factors has been established based on the TSRS 2 Application Guidance, TCFD, CDP, SASB, and WRI Aqueduct resources. This universe has been structured by considering Lila Kağıt's business model, TSRS 2 Industry based Guidance on Implementation (Volume B43 and Volume B5), geographical location, and value chain. Risk factors have been classified as transition and physical risks, and subsequently filtered through industry aligned and company-specific assessment criteria.

Each risk factor has been analyzed based on the affected process, asset, and value chain, and subsequently evaluated against three primary criteria: impact (potential magnitude of damage), likelihood (probability of occurrence), and time horizon (short, medium, and long-term exposure). Prioritization was conducted using scores generated by the product of impact and likelihood; risks were then classified into monitoring and action levels based on these score ranges. Consequently, risks such as carbon pricing and water stress have been identified in the priority category.

Scenario analysis was not utilized as a direct tool for identifying climate-related risks. It was applied to assess the Company's resilience against the potential impacts of risks. Inputs used in the risk identification process include external sources, sector reports, regulatory trends, and current operational data.

For identified priority risks, monitoring and reassessment processes are conducted using an annually updated risk matrix. Strategic actions regarding risks are tracked by the Corporate Governance Committee and relevant internal control units.

The management of climate-related risks is integrated into Lila Kağıt's corporate risk governance structure. Identified priority risks are taken into account in the annual strategic risk assessment cycle and are included in the Corporate Governance Committee's risk monitoring agenda. Additionally, these risks contribute to the establishment of long-term corporate resilience goals by being factored into investment, budget, and strategic planning processes.

The processes for identifying, assessing, prioritizing, and monitoring climate-related opportunities are also carried out within the framework of the same governance mechanisms and strategic planning structure, managed concurrently and in an integrated manner with risk management processes.

TSRS 2 24-25

METRICS AND TARGETS

Cross Sector Metrics

Greenhouse Gas Emissions

Metric	Unit	2024 Value	2025 Value
Scope 1	Metric ton (t) CO ₂ -e	114,572	114,431
Scope 2	Metric ton (t) CO ₂ -e	90,570	82,789

*Scope 2 emissions have been calculated on a location-based basis. The table presents data regarding the greenhouse gas emissions of Lila Kağıt and its subsidiaries.

Greenhouse Gas Emissions Measurement Approach

Lila Kağıt has adopted a methodology based on sources with high scientific validity and national recognition to calculate its greenhouse gas emissions in accordance with TSRS 2. In this context, the financial control approach has been taken as the basis for calculating greenhouse gas emissions, covering all areas of activity that Lila Kağıt controls financially.

1 Measurement Approach, Inputs, and Assumptions

Activity data used in emission calculations prepared in accordance with the Greenhouse Gas Protocol (e.g., fuel consumption, electricity use, transport data, etc.) were compiled from official meter records, invoice data, and corporate monitoring systems obtained from the relevant operational units. Furthermore, Scope 1 and 2 greenhouse gas emissions have been verified by a third party other than the independent auditor.

The primary emission factors and energy values used in the calculations were obtained from the following sources:

- 2006 IPCC Guidelines for National Greenhouse Gas Inventories:
- Volume 2, Chapter 2: Stationary Combustion (Table 2.3)
- Volume 2, Chapter 3: Mobile Combustion (Tables 3.2.1, 3.2.2, and 3.3.1)
- Volume 2, Chapter 1, Table 1.2: Net Calorific Values (NCVs)
- Republic of Türkiye Ministry of Energy and Natural Resources: Emission Factors for Electricity Generation
- Natural Gas Supplier: Reference Data from Natural Gas Analyses
- Communiqué on the Monitoring and Reporting (M&R) of Greenhouse Gas Emissions: Table 5.2 (Net Calorific Values and Emission Factors of Fuels)
- IPCC Sixth Assessment Report (AR6): Working Group 1 (WG1), Chapter 7: The Earth's Energy Budget, Climate Feedbacks, and Climate Sensitivity
- Reference Data for Sub-bituminous Coal Analyses

Through these sources, direct and indirect emissions were calculated separately for CO₂, CH₄, and N₂O, taking into account their Global Warming Potentials (GWP).

2 Reason for Selection

These sources were selected in accordance with the principle of "using emission factors that best reflect the activities," as stated in paragraph B29 of TSRS 2. While the IPCC 2006 methodology maintains its international validity, sources such as IPCC AR6 and DEFRA/EPA were considered as supportive to provide up-to-date scientific insights. Türkiye-specific electricity generation and natural gas values were preferred to ensure compliance with national policies and reporting frameworks.

Changes in the Reporting Period

While the measurement approach used in Lila Kağıt's 2024 reporting period has been maintained, some emission factors and calculation assumptions used in greenhouse gas emission calculations within the scope of the monitoring, reporting, and verification (MRV) process have been reviewed and updated in the 2025 reporting period.

These adjustments do not change the general framework of the calculation methodology and are not considered a methodology change that would impair the comparability of reported emissions with previous periods.

Proportion of Activities Vulnerable to Climate-Related Transition Risks

Due to high energy intensity, natural gas-based steam production, and processes subject to carbon regulations, all of Lila Kağıt's production processes have been assessed as vulnerable to climate related transition risks. This vulnerability encompasses risks that may increase due to carbon pricing, emission reduction obligations, energy transition policies, and demands for sustainable products. Since the production processes are executed in a technically and operationally integrated manner, it was not possible to disaggregate this vulnerability on a process by process basis; therefore, a holistic assessment was conducted.

Proportion of Activities Vulnerable to Climate-Related Physical Risks

Due to high water consumption, climate sensitive raw material sourcing, and production areas exposed to infrastructure impacts, the entirety of Lila Kağıt's operations has been defined as vulnerable to climate-related physical risks. This vulnerability includes physical risk types such as water stress, seasonal drought, heatwaves, and long-term climate variability. Since the production processes are executed in a technically and operationally integrated manner, it was not possible to disaggregate this vulnerability on a process by process basis; therefore, a holistic assessment was conducted.

Internal Carbon Pricing Practice

Use of Carbon Pricing in Decision-Making Processes

Lila Kağıt does not apply a direct internal carbon pricing mechanism in its investment decisions, cost analyses, or scenario modeling during the current reporting period. Nevertheless, regulatory developments regarding carbon pricing and market expectations are considered as factors that indirectly influence decision-making processes, particularly in areas such as electricity consumption and energy efficiency investments.

Within the scope of the future transition to a low-carbon economy, the determination of an internal carbon price and its integration into investment evaluation models are planned, and feasibility and scenario analysis studies on this matter have commenced.

Use of Carbon Credits

As of the reporting period, Lila Kağıt has not utilized any carbon credit mechanism for the purpose of reducing or offsetting greenhouse gas emissions, nor has it purchased any carbon offset certificates or credits through voluntary or mandatory carbon markets.

Emission reduction targets are managed directly through operational improvements and energy efficiency practices, and the use of carbon credits is not planned within the scope of the current sustainability strategy.

METRICS AND TARGETS

Remuneration Linkage

Linkage of Climate-Related Matters with Executive Remuneration

At Lila Kağıt, climate-related matters are addressed within the framework of sustainability performance management and, as of the 2025 reporting period, have begun to be linked with corporate performance and remuneration systems. In this context, climate linked targets defined through indicators such as energy consumption, greenhouse gas emissions, and resource efficiency are established as part of sustainability targets and projects and have been integrated into the individual target cards of white-collar employees, including managers.

Sustainability targets and their associated projects are included with a specific weight within Balanced Scorecards, and the achievement level of these targets is monitored through employee performance cards. Under this structure, sustainability performance is among the criteria considered in management performance evaluations and is assessed as one of the evaluation parameters influencing the performance management system.

However, climate-related matters are not currently handled as separate, climate only performance metrics specific to executives; instead, they are addressed within a broader set of sustainability targets and under a holistic performance evaluation approach. The scope and effectiveness of the implemented system are reviewed across reporting periods and are being developed progressively.

Proportion of Senior Management Remuneration Reflected in the Current Period

In the 2025 reporting period, although climate-related performance indicators have been integrated into corporate performance management systems within the scope of sustainability targets, a remuneration component that can be directly and separately linked solely to climate performance has not been separately disclosed within the senior management remuneration included in the consolidated financial statements.

Nevertheless, the total weight of sustainability targets within the Company Balanced Scorecard was set at 6%, and the total impact of sustainability performance on employees' balanced scorecards was realized at 6.6%. These proportions indicate that sustainability performance, which includes climate-linked targets, exerts an indirect influence on executive performance evaluations and bonus mechanisms.

The Company continues its assessments regarding addressing climate-related performance indicators within remuneration and incentive systems in a more disaggregated and measurable manner in future periods.

Targets

Lila Kağıt has established quantitative targets in the fields of energy management, decarbonization, and water management with the aim of managing climate-related transition risks, enhancing operational efficiency, and reducing greenhouse gas emissions. These targets have been formulated to align with the Company's strategic objectives and are structured by taking relevant regulatory obligations and stakeholder expectations into consideration.

The established targets encompass reducing greenhouse gas emission intensity, lowering energy consumption, increasing the use of renewable energy, and improving water efficiency in production processes; progress is monitored using 2024 as the base year.

TSRS 2 27-29

TSRS 2 33-36

Target Area	Metric	Objective Of Target	Scope	Valid Period	Base Year	Target Type	2030 Target
Energy Management	kWh / ton paper	Increasing energy efficiency	All operations	2024-2030	2024	Intensity	7% reduction in energy consumption per ton of paper
Decarbonization	tCO ₂ / ton product	Emission reduction	All operations	2024-2030	2024	Intensity	15% reduction in Scope 1 emission intensity
Decarbonization	tCO ₂ / ton product	Emission reduction	All operations	2024-2030	2024	Intensity	25% reduction in Scope 2 emission intensity
Energy Management	%	Transition to renewable energy	All operations	2024-2030	2024	Absolute	To provide at least 25% of electricity consumption from renewable energy
Water Management	m ³ / ton paper	Increasing water efficiency	Paper production	2024-2030	2024	Intensity	10% reduction in water consumption per ton
Protection of Forests and Biodiversity	% FSC certified	Increasing the ratio of FSC certified raw materials	Paper production	2024-2030	2024	Absolute	Maintaining the certified raw material pulp procurement rate above 90%

Climate-related targets have been determined by taking into account the Company's operational data, historical performance trends, and technical feasibility assessments. The targets have been put into effect with the approval of the Board of Directors and are regularly monitored under the oversight of the Corporate Governance Committee.

Progress regarding the targets is measured through performance indicators related to energy consumption, greenhouse gas emissions, and water use, and is reported via internal systems. Performance results are evaluated by comparing them with the established targets; corrective actions are commissioned where deemed necessary.

As of the 2025 reporting period, the disclosed targets are not subject to third-party verification. The methodology and scope of the targets are reviewed across reporting periods, and any potential revisions to the targets will be disclosed in the relevant periods.

Compared to the 2024 base year, improvements have been achieved in energy consumption and water use per ton of paper; a limited decrease has been recorded in Scope 2 greenhouse gas emission intensity. Regarding Scope 1 emission intensity, a temporary increase has been observed during the reporting period, which is being evaluated and monitored based on operational conditions.

The renewable energy usage rate has increased compared to 2024, and the impact of steps toward energy transition is being monitored.

In focus with energy efficiency, energy consumption per ton was realized at 2,640 kWh/ton, representing a 2% increase compared to the 2024 base year. The impacts of operational improvement efforts on energy consumption per ton and processes aimed at increasing efficiency are being closely monitored.

Within the scope of forest and biodiversity conservation efforts, the share of FSC-certified products in total production increased compared to the 2024 base year, reaching 98%; the performance in this area has been maintained in line with the targets.

TSRS 2 33-36

METRICS AND TARGETS

Performance Area	Tracking Metric	2024 Base Year Realization	2025	Trend	Evaluation
Energy Efficiency	kWh / ton paper	2,591	2,640	2% negative trend	A decrease in energy consumption per ton has been achieved through operational improvements in energy efficiency.
Decarbonization (Scope 1)	tCO ₂ / ton product	0.507	0.549	8% negative trend	A temporary increase was observed due to operational conditions during the reporting period; developments are being closely monitored.
Decarbonization (Scope 2)	tCO ₂ / ton product	0.401	0.397	1% positive trend	A limited but positive decrease in electricity-based emission intensity has been recorded.
Energy Transition	Renewable energy ratio (%)	7.5%	8%	7% positive trend	The positive trend continues thanks to steps taken toward renewable energy use.
Water Management (Paper)	m ³ / ton paper	4.92	4.49	9% positive trend	Technical and process improvements toward water efficiency have yielded results.
Protection of Forests and Biodiversity	FSC-Certified and Controlled Wood Products / Total Products %	97	98	1% positive trend	A level consistent with the target is being maintained.

The established greenhouse gas emission targets are based on gross emission intensity and cover Scope 1 and Scope 2 emissions. These targets do not constitute net-zero emission targets and currently do not involve the use of carbon credits or offsetting mechanisms.

In the long term, the Company has initiated efforts to develop a strategic roadmap in line with the goal of becoming carbon neutral by 2050, and the detailed approach regarding this target will be clarified in future reporting periods.

The metrics used for monitoring climate-related targets are aligned with the cross-industry metrics defined under TSRS and include indicators such as energy consumption, greenhouse gas emissions, and water use. The applicability of these metrics is regularly assessed and enhanced in line with the reporting scope.

Sector Based Metrics

In identifying Lila Kağıt's climate-related risks, opportunities, targets, and metrics, the guidance for the sector-based implementation of TSRS 2 has been evaluated based on a value chain perspective. In this context, the Company's core business activity of pulp and paper production processes, along with the integrated procurement and production structure for household and personal care products, has been addressed together.

In this framework, the sector-based disclosures and metrics presented in the report are structured based on these two relevant sector standards, in a way that is consistent with the value chain assessment and complementary to one another.

Sector Based Metrics

TSRS 2 Sector Specific Guidance – 43 – Paper Pulp and Paper Products

TSRS 2 Sector Specific Guidance – 5 – Household and Personal Products

Greenhouse Gas Emissions

Metric	Unit	Code	2024 Value	2025 Value
Gross total Scope 1 emissions	Metric tons (t) CO ₂ -e	RR-PP-110a.1	114,572	114,431
Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	RR-PP-110a.2	*	*

*Disclosed in Section 14 of TSRS 2.

Energy Management

Metric	Unit	Code	2024 Total Value	2025 Total Value
Total energy consumed	Gigajoules (GJ)	RR-PP-130a.1	2,396,038	2,243,705
Percentage grid electricity	Percentage (%)	RR-PP-130a.1	31%	31%
Percentage biomass	Percentage (%)	RR-PP-130a.1	0	0
Percentage other renewable energy	Percentage (%)	RR-PP-130a.1	2%	3%
Total self-generated energy	Gigajoules (GJ)	RR-PP-130a.1	55,281	59,612

Water Management

Metric	Unit	Code	2024 Total Value	2025 Total Value
Total water withdrawn	Thousand cubic meters (m ³)	RR-PP-140a.1	1,851	1,475
Total water consumed	Thousand cubic meters (m ³)	RR-PP-140a.1	732	549
Percentage of total water consumed in regions with high or extremely high baseline water stress	Percentage (%)	RR-PP-140a.1	100%	100%
A description of water management risks and a discussion of strategies and practices to mitigate those risks	-	RR-PP-140a.2	**	**

**Disclosed in Section 14 of TSRS 2.

METRICS AND TARGETS

Sector Based Metrics

Supply Chain Management

Metric	Unit	Code	2024 Value	2025 Value
Percentage of wood fiber sourced from third-party certified forestlands (per each standard): - FSC Certified	Percentage by weight (%)	RR-PP-430a.1	88%	92%
Percentage of wood fiber meeting other fiber sourcing standards (per each standard): - FSC Controlled Wood	Percentage by weight (%)	RR-PP-430a.1	9%	6%
Percentage of wood fiber meeting other fiber sourcing standards (per each standard): - Third-party uncertified	Percentage by weight (%)	RR-PP-430a.1	3%	2%
Amount of recycled and recovered fiber procured	Metric tons (t)	RR-PP-430a.2	0	0

Activity Metrics – Paper Pulp & Paper Products

Metric	Unit	Code	2024 Value	2025 Value
Paper pulp production	Air-dried metric tons (t)	RR-PP-000.A	237,483	219,912
Paper production	Air-dried metric tons (t)	RR-PP-000.B	237,281	219,043
Total wood fiber sourced	Metric tons (t)	RR-PP-000.C	236,606	219,098

Activity Metrics – Converting Household and Personal Products

Metric	Unit	Code	2024 Value	2025 Value
Number of manufacturing facilities	Number	CG-HP-000.B	1	1



LIMITED ASSURANCE REPORT



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

**INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON THE
SUSTAINABILITY INFORMATION PRESENTED BY LİLA KAĞIT SANAYİ VE TİCARET
A.Ş. AND IT'S SUBSIDIARY IN ACCORDANCE WITH TURKISH SUSTAINABILITY
REPORTING STANDARDS**

To the General Assembly of Lila Kağıt Sanayi ve Ticaret A.Ş.,

We have undertaken a limited assurance engagement on Sustainability Information of Lila Kağıt Sanayi ve Ticaret A.Ş. and its subsidiary ("the Group") for the year ended 31 December 2025 in accordance with Turkish Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkish Sustainability Reporting Standards 2 "Climate-Related Disclosures".

Our assurance engagement does not extend to any other information included in the 2025 Integrated Annual Report or linked to from the Sustainability Information or from the 2025 Integrated Annual Report (including any images, audio files, documents embedded in a website or embedded videos).

Limited Assurance Conclusion

Based on the procedures we have performed as described under the "Summary of the work we performed as the basis for our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information of the Group for the year ended 31 December 2025, is not prepared, in all material respects, in accordance with Turkish Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated 29 December 2023 and numbered 32414(M).

We do not express an assurance conclusion on any other information included in the 2025 Integrated Annual Report or linked to from the Sustainability Information or from the 2025 Integrated Annual Report (including any images, audio files, documents embedded in a website or embedded videos).

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Inherent Limitations in Preparing the Sustainability Information

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

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

The Group Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Turkish Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error;
- In addition, the Group Management is responsible for the selection and implementation of appropriate sustainability reporting methods, as well as making reasonable assumptions and estimates that are appropriate in the circumstances.

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

Practitioner's Responsibilities for the Limited Assurance on Sustainability Information

We are responsible for:

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

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

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information in order to ensure that our independence is not compromised.

LIMITED ASSURANCE REPORT

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Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information and, in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with the Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements, issued by POA.

Independence and Quality Management

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

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

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

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

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

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

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Gülşen Tiryaki Sönmez, CPA
Partner

İstanbul, 10 February 2026



This report was prepared with assistance of **Forvis Mazars**

Created with the design contribution of **pixantric studio**