EREĞLİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş.

Türkiye Sustainability Reporting Standards (TSRS)
Compliant Sustainability Report 2025

Shape the future
with confidence

Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Daire: 57 34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

(Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish)

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION OF EREĞLİ DEMIR VE CELIK FABRİKALARI TÜRK ANONIM SIRKETI AND ITS SUBSIDIARIES PRESENTED IN ACCORDANCE WITH THE TURKIYE SUSTAINABILITY REPORTING STANDARDS

To the Shareholders of Ereğli Demir ve Celik Fabrikaları Türk Anonim Sirketi

We have been assigned to perform limited assurance engagement on the information ("Sustainability Information") presented in accordance with the Turkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" of Ereğli Demir ve Çelik Fabrikaları Türk Anonim Şirketi and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2025.

Our assurance engagement does not include other information associated with Sustainability Information (including any images, audio files, website links or embedded videos).

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, as summarized under the section "Summary of the Work we Performed as the Basis for our Assurance Conclusion", nothing has come to our attention that causes us to believe that Group's Sustainability Information for the year ending December 31, 2025, has not been prepared in accordance with the Turkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Turkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M). We do not provide any assurance conclusion regarding any other information associated with the Sustainability Information (including any images, audio files, website links or embedded videos).

Inherent Limitations in the Preparation of Sustainability Information

The Sustainability Information is subject to inherent uncertainties due to lack of scientific and economic information. The inadequacy of scientific data leads to uncertainties in the calculation of greenhouse gas emissions. Additionally, due to the lack of data regarding the likelihood, frequency, and impacts of potential physical and transition climate risks, the Sustainability Information is subject to uncertainties related to climate-related scenarios.

Shape the future
with confidence

(Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish)

Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information

The Group's Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Turkiye Sustainability Reporting Standards;

- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

- Additionally, the Group Management is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

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

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

We are responsible for the following:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;

- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and

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

Professional Standards Applied

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

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, issued by the POA. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk management specialists. We have used the work of our expert team 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.

Shape the future
with confidence

(Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish)

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

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

- Face to face interviews were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Group's internal documentation was used to assess and review sustainability-related information.
- The disclosure and presentation of sustainability-related information was evaluated.
- Through inquiries, an understanding of Group's control environment, processes and information systems relevant to the preparation of the Sustainability Information was obtained. However, the design of particular control activities was not evaluated and evidence about their implementation was not obtained, or their operating effectiveness was not tested.
- It was evaluated whether 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.

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Musavirlik Anonim Sirketi
A member firm of Ernst & Young Global Limited

Didem Tuşel Özdoğan, SMMM
Partner

February 17, 2026
İstanbul, Türkiye

1. Introduction

1.1. Preparation of the Report

1.1.1. Compliance with Türkiye Sustainability Reporting Standards (TSRS)

The Türkiye Sustainability Reporting Standards (TSRS), published in the Official Gazette on 29 December 2023, entered into force to be applied for reporting periods beginning on or after 1 January 2024. Erdemir, as the parent company Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ("Erdemir" or the "Company") and its subsidiaries, is subject to the regulations and supervision of the Capital Markets Board, and is required to report in accordance with TSRS Standards since it meets the criterion of exceeding at least two of the thresholds for two consecutive reporting periods.

This report has been prepared in line with the requirements set out in TSRS 1: General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2: Climate-related Disclosures. Erdemir has evaluated its entire value chain, including its core steel production activities, subsidiaries, and affiliates, and incorporated them within the scope of reporting unless stated otherwise.

Additionally, the sector-based guidance derived from the Sustainability Accounting Standards Board (SASB) Standards, maintained by the International Sustainability Standards Board (ISSB), has been considered within the scope of TSRS 2. Using professional judgement, Erdemir assessed the climate-related risks and opportunities relating to İsdemir, Kümaş and Ermaden—subsidiaries that represent a significant proportion of Erdemir's consolidated financial statements—using the relevant sector-specific guides. The 'Volume 9—Iron and Steel Producers' guide was used for Erdemir and İsdemir, while the 'Volume 10—Metals and Mining' guide was applied for Kümaş and Ermaden. The sustainability metrics recommended in both guides are largely aligned and are included in the Metrics and Targets section of this report. However, certain disclosures recommended in the 'Metals and Mining' guide—such as production of metal ores and finished metal products, total workforce numbers, contractor ratios, and instances of non-compliance related to water quality permits and regulations—were excluded because they are not related to the CBAM (Carbon Border Adjustment Mechanism) Carbon Pricing risk addressed in this report.

1.1.2. Financial Linkages with Disclosures

The sustainability and climate-related disclosures presented in this report have been prepared specifically for Erdemir and should be assessed together with the consolidated financial statements. The reporting period covers the 12-month period ending 31 December 2025, and the consolidated financial statements are aligned with this reporting period. Relevant financial information can be accessed through the audited 2025 12-Month Consolidated Financial Statements.[1]

1.1.3. Timing of Reporting

Erdemir is preparing its sustainability report under the Türkiye Sustainability Reporting Standards (TSRS) for the second time for the reporting period ending 31 December 2025. As of 1 January 2025, the Company applies both TSRS 1 and TSRS 2 Standards for annual reporting periods.

1.1.4. Transition and Exemptions

According to the Board Decision published by the Public Oversight, Accounting and Auditing Standards Authority (KGK) in the Official Gazette dated 30 December 2025, the transition exemptions granted to entities preparing their first TSRS-compliant sustainability reports in the 2024 reporting period have been extended for one additional year. Accordingly, Erdemir, which published its first TSRS report for the 2024 fiscal period, will continue to benefit from the exemptions specified under paragraphs E5 and E6(b) of TSRS 1, except for paragraph E4, during the 2025 reporting period. These exemptions support a smoother transition toward full compliance with the Standards.

- Similar to the first annual reporting period in 2024, Erdemir has exercised the exemption and reported only climate-related risks and opportunities (in accordance with TSRS 2) for the 2025 reporting period. Accordingly, Erdemir has applied TSRS 1 requirements only to the extent that they relate to climate-related risk and opportunity disclosures. For this reason, the preparation of this report focused exclusively on climate change-related risks and opportunities. However, information regarding governance, strategy and risk management approaches covers all sustainability matters, including climate-related topics.
- In the 2024 reporting year, Erdemir and all its subsidiaries measured their greenhouse gas emissions in accordance with the Türkiye Monitoring, Reporting and Verification (MRV) Communiqué, benefiting from the transition provision under TSRS 2 Appendix C4(a). With the end of this exemption in 2025, Erdemir and all its subsidiaries measured their 2025 emissions in line with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004). These results are presented comparatively in the Metrics and Targets section of this report.

[1] https://www.erdemir.com.tr/en/investor-relations/reports-and-presentations/financial-statements

- In accordance with the "Temporary Article 3 – Transition Provision on Exemptions from Disclosure Requirements" included in the KGK's 'Board Decision on the Scope of TSRS Application' published in the Official Gazette on 29 December 2023, entities are not required to disclose Scope 3 greenhouse gas emissions during their first two annual TSRS reporting periods. Erdemir has made use of this exemption.

- Furthermore, in the Board Decision issued by KGK on 30 December 2025 regarding exemptions, Erdemir did not utilize the exemption under Article E4 of TSRS 1, and therefore published its 2025 TSRS report together with the financial statements for the fiscal period 1 January – 31 December 2025.

1.2. Reporting Boundaries and Measurement Approach

Erdemir applies the equity share approach when defining organizational boundaries for the reporting of greenhouse gas emissions. Under this approach, the emissions of subsidiaries are accounted for based on Erdemir's ownership share. This method is applied to Scope 1 and Scope 2 emissions reporting. Emissions from the jointly controlled entity İsdemir Linde Gaz Ortaklığı are included within İsdemir's emission calculations.

Accordingly, Erdemir has aligned the methodology used in its financial statement consolidation with the methodology used for reporting greenhouse gas emissions. The same consolidation logic is applied consistently across both financial and sustainability reporting frameworks.

2. About Erdemir

2.1. Erdemir's Field of Activity and Value Chain

2.1.1. Erdemir's Field of Activity

Erdemir, consisting of its parent company Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and its subsidiaries under effective management, is Türkiye's first and largest flat steel producer, having begun production on 15 May 1965. Leveraging its extensive experience, Erdemir produces hot- and cold-rolled flat steel, plate, tin, chrome, and galvanized coated sheet steel that meets international quality standards. Erdemir's products serve as essential inputs for numerous sectors including automotive, white goods, pipe and profile, rolling, general manufacturing, electrical-electronics, machinery, energy, heating equipment, shipbuilding, defense, packaging, and renewable energy.

Among its subsidiaries are: İsdemir—the only integrated producer in Türkiye capable of producing both flat and long steel; Erdemir Çelik Servis Merkezi, which provides customized sizing and services for steel users; Erdemir Maden, owner of Türkiye's first and only iron ore pelletizing facility; Erdemir Engineering, offering engineering services from technical design to commissioning; Kümaş Manyezit, the world's largest magnesite mining operator and Türkiye's market leader in the refractory sector; Yenilikçi Yapı Malzemeleri, engaged in recycling activities; Erdemir Romania, which supplies electrical steel to the European market; and Erdemir Asia Pacific, responsible for operations in the Far East. Additionally, İsdemir Linde Gaz Ortaklığı meets İsdemir's industrial gas needs, and Erdemir Enerji is engaged in renewable energy production.

Erdemir's shares have been traded on Borsa İstanbul since its establishment in 1986. The Company's registered address is Barbaros Mahallesi Ardıç Sokak No:6 Ataşehir/İstanbul.

In 2025, the companies included in consolidation, their principal areas of activity, and participation rates remained the same as in 2024.

COMPANY NAME	REGION OF OPERATION	FIELD OF ACTIVITY	2025 EFFECTIVE OWNERSHIP (%)
İSKENDERUN DEMIR VE ÇELIK A.Ş.	Türkiye	Integrated Iron and Steel Production	94.87
ERDEMIR MADENCILIK SAN. VE TIC. A.Ş.	Türkiye	Iron Ore, Pellet	90
ERDEMIR ÇELIK SERVIS MERKEZI SAN. VE TIC. A.Ş.	Türkiye	Steel Service Center	100
ERDEMIR MÜHENDISLIK YÖN. VE DAN. HIZ. A.Ş.	Türkiye	Management and Consultancy	100
ERDEMIR ROMANIA S.R.L.	Romania	Electrical Steel Production	100
ERDEMIR ASIA PACIFIC PRIVATE LIMITED	Singapore	Commercial Activities	100
ERDEMIR ENERJI ÜRETIM A.Ş.	Türkiye	Renewable Energy Production	100
İSDEMIR LINDE GAZ ORTAKLIĞI A.Ş.	Türkiye	Industrial Gas Production and Sales	47
KÜMAŞ MANYEZIT SANAYI A.Ş.	Türkiye	Magnesite Ore, Refractories	100
YENILIKÇI YAPI MALZEMELERI VE ÜRETIM SAN. TIC. A.Ş.	Türkiye	Recycling, Special Purpose Operations	100

2.1.2. Erdemir's Business Model and Value Chain

Erdemir has evaluated its entire value chain—including its subsidiaries and affiliates—while preparing its climate-related financial disclosures. To deliver its iron and steel products, Erdemir relies on a wide range of resources and engages with numerous organizations and stakeholders. These stakeholders include suppliers of raw materials necessary for production activities, providers of facilities and equipment, employees, consultants, logistics companies that collaborate for product distribution, and customers who purchase the products. Accordingly, a broad range of activities and stakeholders are involved across the value chain, both upstream and downstream.

Erdemir's upstream and downstream value chain relationships are as shown below:

		Explanation and Definition Geographical Location	Geographical Location
Upstream Value Chain	**Suppliers**	Solid Fuel	USA, Australia, Indonesia, Colombia, Italy, Local
		Scrap Supply for Steel Production Process	USA, United Kingdom, European Union, Baltic States, Local
		Ore	Brazil, Norway, Australia, South Africa, Local
		Ferro & Auxiliary Material	European Union, India, China
		Finished & Semi-finished Product	Local
Operations	**Auxiliary Functions**	Central Units (HR, Finance, IT, etc.) Structure, Management, R&D, Sustainability, Electricity Natural Gas Water Insurance Public & Other	Ereğli, İskenderun
	Port & Logistics & Warehousing	Solid Fuel, Ore, Scrap, Ferro, Auxiliary Material, Finished Product, Semi-Finished Product	Ereğli, İskenderun
	Production	Ereğli Demir Çelik Fabrikaları İskenderun Demir Çelik Fabrikaları	Ereğli İskenderun
Downstream Value Chain	**Customers**	Erdemir Steel Service Center Erdemir Romania Automotive Merchants and Service Centers General Manufacturing Industry Pipe Profile and Rolling Export	Türkiye Romania Türkiye Türkiye Türkiye Türkiye European Union, MENA, North America

3. Governance

3.1. Erdemir Sustainability Governance Structure

Erdemir's governance of issues related to sustainability and climate change is handled with the highest level perspective, starting from the Board of Directors level. This governance structure encompasses the evaluation of risks and opportunities associated with sustainability and climate strategies, policies, and targets. The Board of Directors is supported by the Early Detection of Risk Committee (EDRC) on sustainability and climate-related risks and opportunities.

3.2. Board of Directors

Erdemir's sustainability and climate risks and opportunities are monitored and managed by the Board of Directors at the highest level. The Board is responsible for approving sustainability and climate-related policies, strategies and targets in line with short, medium and long-term business objectives. The Board of Directors also ensure that the sustainability strategy is integrated with the Company's overall business model and long-term goals.

The Board of Directors evaluates sustainability and climate issues at its biannual meetings. The Board addresses sustainability and climate-related issues within the framework of the Company's strategy, performance targets and risk management processes and assesses the alignment of these factors with the Company's short, medium and long-term goals.

In investment feasibility studies, sustainability and climate-related risks and opportunities are taken into consideration, and the quantitative analysis outputs developed for these matters are incorporated into decision-making processes. In addition, the Board plays a role in shaping financing and capital allocation decisions, guiding the strategic steps for reducing carbon emissions, and overseeing the process through the action plans it approves.

The Erdemir Board of Directors evaluates climate risks and opportunities together with financial and operational returns in strategic decisions and long-term planning. Decision-making processes consider a balance between the short-term return of a high/low carbon emission investment and long-term sustainability goals. The Board discusses such trade-offs to determine the most appropriate balance for the Company. Taking all this into account, it has defined the Net Zero Roadmap.

During the meetings held in 2025, the Board members were briefed on the latest developments regarding the Carbon Border Adjustment Mechanism (CBAM), the Türkiye Climate Law, the Türkiye Emissions Trading System (ETS), the green transition, and other relevant sustainability and climate-related matters. These briefings support the Board's decision-making processes and enhance their awareness of sustainability management.

Our Board members possess extensive experience across industry, corporate management, and academia. The Early Detection of Risk Committee (EDRC), composed of independent

Board members, was briefed on sustainability and climate change matters during two meetings held in 2025 (three meetings in 2024). As a result, the Committee's capability to oversee sustainability and climate-related risks has been strengthened, incorporating the latest developments.

The Company plans to provide briefings on sustainability and climate change topics during two RESK meetings in the upcoming year. The Board of Directors has the necessary skills and competencies to effectively oversee sustainability and climate-related risks and opportunities. RESK members have long-standing backgrounds in senior executive roles, board memberships, and academic careers across various companies. Detailed background information[2] of the Board members are available through this link.

Sustainability and climate-related performance metrics are set as targets and monitored through the Company scorecards. There is no direct linkage between these targets and the compensation of senior executives.

3.3. Early Detection of Risk Committee

At Erdemir, sustainability and climate-related risks and opportunities are regularly assessed by the Early Detection of Risk Committee (EDRC). Within the scope of regulatory and legal requirements, the Committee early identifies risks that may threaten the existence, development and continuity of the Company, takes the necessary measures and ensures effective management of risks. The Committee analyzes all risks in line with the Company's risk appetite and strategic priorities and reports to the Board of Directors

EDRC is composed of two Independent Board Members. The Committee, as in the previous reporting period, convenes six times a year to evaluate risks and opportunities across strategic (economic, political, reputational, climate change, and sustainability, etc.), financial, operational, and compliance categories, and provides regular updates to the Board of Directors. In the meetings held on 12 February and 4 August 2025, the Committee addressed topics related to the green transition and sustainability, as well as CBAM, the Türkiye ETS, and the insurance implications of climate change, and presented its findings to the Board of Directors.

Defined controls and procedures are in place to support the management of sustainability and climate-related risks and opportunities, and the Risk Management Procedure is used to ensure the effectiveness of these processes. In this context, it is ensured to work in harmony with the Company's overall strategic and risk management processes. Risk management practices are continuously reviewed by integrating them with other internal functions, and recommendations for improving these processes are submitted to the Board of Directors.

[2] https://www.erdemir.com.tr/en/corporate/management/board-of-directors

3.4. Corporate Risk Management Directorate

The Corporate Risk Management (CRM) Directorate initiates and monitors risk management activities for targets and processes in critical areas across the central function, subsidiaries and the value chain.

The Corporate Risk Management Directorate carries out the processes of identifying and assessing risks in coordination with business units, taking into account sustainability and climate-related risks, reports these processes with a proactive approach, updates risk inventories, and monitors and evaluates critical risks. In addition, the Directorate ensures the follow-up of the actions taken for the identified risks and maintains effective risk management practices.

3.5. Internal Audit

The Internal Audit function ensures that corporate risk management activities, including sustainability and climate-related matters, are carried out in accordance with applicable national and international legislation and standards, as well as the Company's strategies, policies, procedures, principles and objectives. In addition, by assessing the effectiveness and adequacy of first-line controls and second-line process and risk management systems, it provides assurance to senior management. In this regard, the Internal Audit function conducts an annual risk assessment for all audit elements and prepares the audit plan by considering the risk level of the processes, the date of the last audit, and other relevant factors.

4. Strategy

4.1. Climate-Related Risks and Opportunities

Climate change is not only an environmental issue, but also one of the greatest global challenges of our time, profoundly affecting economic systems and social structures. Unless the necessary steps are taken quickly to limit the global temperature rise to 1.5°C in line with the Paris Agreement, there is an increasing risk that the environmental, economic and social impacts will reach an irreversible point. Aware of these risks, Erdemir acts with a strong sense of responsibility in the fight against climate change. In addressing climate change, Erdemir aims to align its actions with its long-term value-creation objective and place its economic and social impacts on a sustainable basis.

Erdemir has identified, assessed and prioritized the climate-related risks and opportunities that are expected to reasonably affect the future in the short, medium and long term. In line with the timelines used in its strategic decision-making processes, Erdemir has defined the time frames in its sustainability and climate-related risk assessment processes as follows: short term 0–1 year, medium term 2–5 years and long term 5–10 years.

Short term	0 - 1 year
Medium term	2 - 5 years
Long term	6 - 10 years

The identified climate risks and the analyses performed are part of a consolidated risk assessment carried out in accordance with the Corporate Risk Management practices covering Erdemir and all its subsidiaries. The risk tolerance level is determined by taking into account key parameters such as EBITDA (3%–5%), working capital, cash flow, revenue, total assets, equity and gross profit.

A consolidated risk inventory covering all risks and opportunities across Erdemir and all its subsidiaries has been established. Within this inventory, the Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing risk — one of the sustainability and climate-related risks and opportunities — has been classified at level 4 (major) in the long term on Erdemir's five-point risk impact scale. Although it is not foreseen to have a critical impact on Erdemir, it has been disclosed as it is closely monitored by other companies in the sector and by investors.

In addition, with the publication of the Türkiye Climate Law in the Official Gazette on July 9, 2025, it was decided to establish an Emissions Trading System. The years 2026 and 2027 have been designated as the pilot period, during which a 100% free carbon allowance will be allocated for each sector. During the pilot period, Türkiye ETS is not expected to have an adverse impact on Erdemir.

Other climate-related risks and opportunities have not been included in the report, as they were not assessed as significant. All identified risks are prioritized and reported within the framework of a matrix, and changes in risk levels are regularly monitored.

4.1.1. CBAM Carbon Pricing

Risk Title	Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing
Risk Category	Transition Risk - Policy & Legal Risk
Risk Definition	The Carbon Border Adjustment Mechanism (CBAM) is an arrangement that enables the imposition of carbon costs on imports into the European Union (EU) from non-EU countries, particularly for carbon-intensive products. The CBAM entered into force in October 2023, and a transitional period was implemented until the end of 2025. In December 2025, the European Commission published the CBAM implementation legislation in order to effectively operationalize this transition. Erdemir has addressed the CBAM risk in line with the scenario that the financial implementation period will begin in 2026, and has started to assess, monitor and report this risk as of 2024. The CBAM covers the import of emission-intensive products and introduces carbon pricing for sectors such as iron and steel, cement, electricity, fertilizers, aluminum and hydrogen, requiring importers in the EU to purchase CBAM certificates against the embedded and indirect emissions of these products. As the iron and steel sector requires a production process that is associated with high carbon emissions, the impact of the CBAM in the baseline scenario is a closely monitored risk component for companies in the sector. Companies exporting steel and iron to the EU have begun to face uncertainties in the pricing of their EU-bound products due to the carbon costs linked to the emissions of their production processes under this regulation. This situation puts pressure on product pricing and makes maintaining a competitive advantage more challenging, thereby starting to affect their profitability as of 2026. For the reasons explained above, Erdemir — as a producer of iron and steel outside the EU — and some of its local customers that export to the EU have also begun to face additional costs arising from the CBAM. In other words, the prices of steel products exported to the EU are being pressured due to the CBAM, which affects the Company's competitiveness. The CBAM risk particularly impacts the direct and indirect exports of Erdemir and İsdemir to the EU. Conversely, the impact is expected to remain limited due to the relatively small import

	volume of Erdemir Romania, and the fact that other subsidiaries either have low or no export activity or are not covered by the CBAM.		
Place in the Value Chain	Downstream Value Chain - Customers		
Impact Time Interval	Short Term	Medium Term	Long Term
Term (Year)	0-1	2-5	6-10
Impact Scale	2 (Minor)	3 (Moderate)	4 (Major)
Impact Based on Long Term EBITDA Expectation	%1.6	%2.0	%2.4
Probability	5	5	5
Current Risk Score	10	15	20
Climate Resilience	Based on the climate scenarios[3] developed in the studies of the International Energy Agency (IEA), the Sustainable Development Scenario (SDS) presented in the report "Iron and Steel Technology Roadmap: Towards more sustainable steelmaking" serves as an important reference for the iron and steel sector and for technological green-transition pathways. The IEA's SDS scenario is also aligned with the temperature-limitation goals of the Paris Agreement. In the IEA analysis, short-term, medium- to long-term, and long-term periods are used. In the short term, the largest contribution comes from technology performance improvements and material efficiency within conventional production routes. In the medium and long term, carbon capture, fuel switching, and the transition from coal to natural gas, hydrogen and bioenergy play a major role. While preparing the green transformation Net Zero Roadmap, Erdemir evaluated in detail the low CO2 emission and emission-free green production technologies included in the SDS. The macroeconomic trends included in the IEA analysis have guided Erdemir's net-zero pathway. The production and energy technologies identified in the roadmap have been selected to enhance Erdemir's resilience and flexibility to the impacts of climate-related risks. In determining its Net-Zero Strategy, Erdemir has aligned its targets with the timeframes used in the scenario analysis, setting 2030 as the short term, 2040 as the medium term, and 2050 as the long term. The scenario analysis has been applied to the parent company Erdemir and its subsidiary İsdemir, and the net-zero roadmap has been developed for these two companies.		

[3] Details on the models and key assumptions used in climate scenarios — including the applicable time frames, model scope, macroeconomic trends, energy demand, demographics, changes in global parameters such as material efficiency, and global warming levels — can be found at the following link: https://www.iea.org/reports/global-energy-and-climate-model

	Electric Arc Furnaces (EAF) and Solar Power Plants based on circular generation play an important role in combating climate risks. Also expanding the range of solutions are Direct Reduced Iron (DRI) plants that can run on both natural gas and green hydrogen, and carbon capture and storage technologies for emissions that cannot be avoided. In addition, Erdemir and İsdemir determined the emission reduction targets in the net zero roadmap in 2023 and announced them at the beginning of 2024, taking into account the Faster Innovation Case scenario in the IEA's subject report, in which production technologies with a Technology Readiness Level-TRL currently low are rapidly developed and addressed in order to achieve net zero emissions by 2050. On CBAM risk analyses, Erdemir takes into account the scenarios defined by the IEA, particularly the STEPS scenario and the NZE scenario published in 2021, which is based on achieving net-zero emissions by 2050, as well as the CPS, STEPS and NZE scenarios updated annually under the World Energy Outlook. The Current Policies Scenario (CPS), the Stated Policies Scenario (STEPS) and the Net Zero Emissions by 2050 Scenario (NZE) included in the IEA's World Energy Outlook 2025 study[4] have been used as inputs in Erdemir's CBAM risk-calculation models. The CPS scenario assumes the continuation of only the currently implemented policies and therefore presents an outlook in which carbon prices remain limited, demand for fossil fuels — particularly coal — remains relatively high, and energy-price volatility persists. The STEPS scenario includes the policy commitments announced by governments but not yet fully implemented; in this scenario, carbon-pricing mechanisms are expected to strengthen gradually, coal use is projected to decline in the medium term, and energy-supply costs show regional variation. The NZE scenario is based on achieving global net-zero emissions by 2050 and assumes high and widespread carbon prices, a rapid phase-out of coal from the energy and industrial mix, and a sharp decline in fossil-fuel demand. According to the IEA, under the NZE scenario, investment in the transformation of the energy system increases, and in the long term, energy prices are expected to evolve toward a more predictable structure based on low-emission sources.

[4] Details on the scenarios and key assumptions used in the CBAM risk analysis — including applicable time horizons and intervals, model scope, macroeconomic trends, energy demand, changes in global parameters such as raw-material costs, and similar factors — can be found at the following link: https://www.iea.org/reports/world-energy-outlook-2025

	Erdemir has integrated the carbon-price levels projected in these three scenarios, as well as the trends in demand and prices for coal and other fossil-fuel feedstocks and the structural changes in energy costs, into its financial and strategic analyses. In this context, Erdemir further detailed the model it developed last year; the IEA CPS, STEPS and NZE scenarios — together with the main price-change scenarios for other key inputs in the sector — have been used as a complementary reference set in Erdemir's assessments of climate risks, the transition process and long-term financial resilience.
Risk Vulnerable Business Activity	Our steel product sales to the European Union, which is among our export markets, fall within the scope of the CBAM regulations. The volume assessed within this scope corresponds to approximately 10% of our total sales volume.
Risk Impacts	**Uncertainty in Sales Price:** The CBAM and carbon pricing mechanisms directly and indirectly affect the prices of the Company's products exported to the EU. The uncertainty in prices leads to fluctuations in profit margins, making financial predictability more difficult. **Weakening of Competitiveness:** The high level of carbon emissions associated with being an integrated facility creates a disadvantage when competing with competitors that produce with lower carbon emissions. With increasing competition in the EU market, competitors that produce with low carbon emissions due to advanced production technologies may be less affected by the cost differences brought by carbon pricing, while companies like Erdemir, which operate carbon-intensive integrated iron and steel production, may need to reflect part of this additional burden in the prices of certain products. Consequently, in December 2025, the European Commission published a comprehensive package of CBAM implementation legislation to effectively operationalize this transition. In parallel with the gradual reduction of free allocations starting in 2026, all embedded emissions of products imported into the European Union will become fully subject to CBAM obligations by 2034. This increasing annual obligation may lead to adverse consequences. **Investment Delays:** Environments of financial uncertainty can lead to the postponement of investments in clean energy projects and sustainable production technologies that have been identified to manage risk in a balanced way. Failure to make these investments on time will impact competitiveness and delay the transformation needed to reduce carbon emissions.

Potential Financial Impact	Based on the assessments conducted, no requirement has been identified to make any adjustment to the values of assets or liabilities in the financial statements due to climate-related risks and opportunities. Although quantitative studies have been carried out to measure the potential financial impact projected under the CBAM, the effects have been considered only as statistical-probability inputs due to the continued high level of uncertainty regarding the Türkiye ETS and other key assumptions. In this regard, when evaluated based on long-term EBITDA figures, the CBAM impact has been estimated to be 1.6% of EBITDA in the short term, 2% in the medium term and 2.4% in the long term. Based on estimates prepared by various financial institutions, the CBAM may create price pressure on Erdemir's and İsdemir's products that are sold directly or indirectly to the EU. As a result, a decline in annual sales revenues may occur. The financial dimension of this potential impact is monitored through the CBAM Impact Model.
Measurement Uncertainties	The calculations required to determine the emission values for 2025 under the CBAM methodology are still being carried out while this report is being prepared. The CBAM emission values for 2026 will be calculated at the beginning of 2027 and verified by an accredited institution whose conformity is recognized under EU legislation. However, it has been decided to conduct voluntary verification for the 2025 CBAM emission data. The CBAM impacts for 2026 may vary depending on emission levels, the price of CBAM certificates, the verification of supplier data and the feedback provided by verifiers. The wide range of projections regarding medium- and long-term carbon-price levels, the uncertainty surrounding how the CBAM cost will be shared between importers and exporters in the medium and long term, the unclear extent to which the Türkiye ETS may mitigate CBAM-related effects, and the inability to anticipate how the resulting new balances will influence the pricing of key raw materials and products create uncertainty for Erdemir's CBAM-related measurements and judgements.
Precautions / Actions	Erdemir evaluates the period between October 2023 and December 2025 as the transition period under the CBAM legislation and continues its preparations for the financial impacts beginning in 2026. **Net Zero Roadmap** • Emission Reduction Targets: Scope 1 and Scope 2 emissions are targeted to be reduced by 25% per ton of crude steel by 2030 and 40% by 2040, with the aim of achieving "NET ZERO" by 2050.

	Energy Transition and Technology Investments • Green Energy Use: Projects to increase the use of renewable energy sources aim to reduce carbon costs. • Transition to Clean Technologies: Feasibility studies are being carried out to improve production technologies based on the best available techniques (BAT) and to commission new low-carbon technologies. **Regulatory Tracking and Interaction** • Legislation Observation: Regulations on CBAM are closely monitored and potential impacts are assessed. **Sustainability Governance** • Management and Decision Mechanisms: Specific decision-making mechanisms have been established to monitor and manage the risks arising from CBAM, and these risks are regularly reviewed and necessary actions are taken.
Cost of Responding to Risk	Erdemir is making investments aimed at reducing emissions in line with its sustainability vision and global climate objectives, and within this scope, it also aims to manage the obligations arising from the CBAM. Erdemir and İsdemir plan to carry out a comprehensive transformation investment program amounting to USD 3.2 billion (TRY 137.1 billion) by the end of 2030 in line with their low-carbon production targets. The total investment expenditure realized to date within this strategic transformation program has reached USD 243 million. A significant portion of these transformation investments is financed through borrowing within the framework of the Company's financing strategy. These amounts are reported under "construction in progress" and "advances given for fixed assets" within property, plant and equipment in the financial statements as of the reporting periods.

4.2. Impacts of Climate-Related Risks and Opportunities on Company Strategy: Green Journey of Steel

Erdemir has announced its 2050 Net Zero Roadmap to contribute to Türkiye's goal of achieving net zero emissions by 2053 under the Paris Agreement. As one of the leading steel producers in Türkiye and worldwide, Erdemir will continue to maintain its leadership role in adapting to green transition processes.

Within the scope of its Net Zero Roadmap strategy, Erdemir has accelerated its decarbonization efforts to support a sustainable future. Innovative solutions are being developed in production processes to reduce greenhouse gas emissions, technologies that enhance energy efficiency are being implemented, and maximum benefit is derived from by product gases and waste heat generated during production. While efforts continue to increase

the use of recyclable steel, research is being carried out on the use of biomass — which has a zero emission factor — at various stages of production processes.

Erdemir is committed to achieving its net zero emissions target by 2050 through decisive steps taken to increase energy efficiency and expand the use of renewable energy. In this context, based on 2022 as the reference year, Erdemir aims to reduce emissions per tonne of crude steel by 25% by 2030 and by 40% by 2040, and to achieve net zero emissions by 2050. While supporting Türkiye's 2053 net zero emissions target, Erdemir utilizes existing and innovative technologies to strengthen its leadership in the decarbonization process.

Erdemir conducts analyses to identify the necessary actions to reduce greenhouse gas emissions and determines the improvement steps accordingly. In this regard, initiatives such as installing solar power plants, enhancing energy efficiency, increasing the share of scrap used in production, and utilizing HBI (hot briquetted iron) are being implemented to support emission reduction. In addition, by closely monitoring the development of low emission steel production technologies, Erdemir has developed its Net Zero Roadmap based on feasibility studies that include internal carbon pricing. Although carbon market fluctuations, changes in free allowances and tightening regulatory trends create a high degree of unpredictability and uncertainty, the shadow carbon price in the range of EUR 15–25 is used in feasibility studies as a necessary component for planning the required investments.

Erdemir is reshaping its activities in line with its "Green Journey of Steel" strategy to generate benefits for society and the environment, and aims to integrate sustainability and climate related risks and opportunities across all of its business processes. At the same time, Erdemir is committed to carrying out the identification and management of sustainability and climate related risks and opportunities in a manner aligned with national and international standards.

5. Risk Management

5.1. Sustainability and Climate Risk and Opportunity Assessment Process

Erdemir has adopted the corporate risk management framework to identify, assess and manage sustainability and climate related risks and opportunities, and has integrated these processes into its overall risk management approach. The processes for managing sustainability and climate related risks and opportunities are defined in the Corporate Risk Management (CRM) Procedure. Within this scope, Erdemir also evaluates the opportunities that may arise from climate change as part of the CRM process. Risks are identified, prioritized and monitored in line with ISO 31000 Risk Management principles, the COSO ERM framework and good practices. Risks and opportunities of critical importance are continuously monitored, and the effectiveness of action plans is reviewed and recorded in the risk inventory.

The identification of sustainability and climate-related risks and opportunities is carried out using inputs such as historical climate data and market trends. These analyses are used to understand the long-term impacts of opportunities and assess their alignment with the Company's strategic objectives. Opportunities such as energy-efficiency projects and the development of low-carbon production technologies are identified and presented to senior management. These opportunities are ranked according to their significance, and detailed planning is undertaken for those prioritized. This process has continued in the same manner as in the previous reporting period.

5.1.1. Determining Risk Tolerance and Risk Appetite

Risk tolerance refers to our capacity to absorb financial losses; risk appetite refers to the highest acceptable level of risk. The impact scales created within the framework of these definitions are regularly reviewed by the Early Detection of Risk Committee.

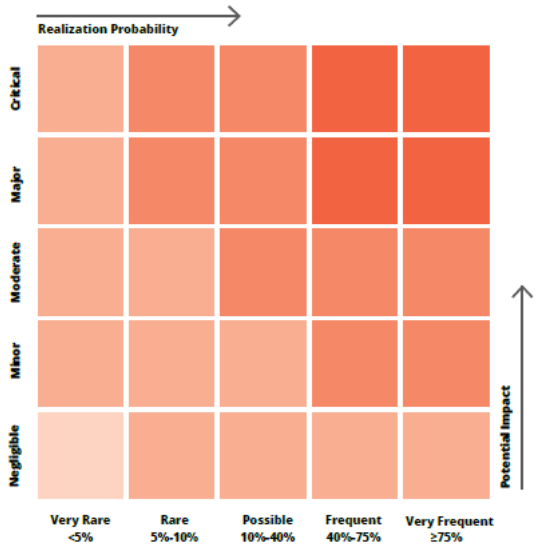
5.1.2. Identification of Risks

Internal and external factors that may affect strategic objectives are systematically analyzed, and operational disruptions, compliance risks and potential costs are taken into account. Identified risks are integrated into the corporate risk management framework and monitored.

5.1.3. Prioritization of Risks

Risks are prioritized based on impact, likelihood and maturity criteria through scenario analyses and expert opinions. The potential financial, environmental and regulatory effects of sustainability and climate-related risks are evaluated, and possible implications for strategic planning are assessed accordingly. Risks scored as "Very High" and "High" are closely monitored by senior management. Risks are assessed using a five-point scale (1-Negligable, 2-Minor, 3-Moderate, 4-Major, 5-Critical) and are scored according to an impact-likelihood matrix. In this context, the Carbon Pricing risk under the Carbon Border Adjustment Mechanism (CBAM) has been assessed at level 4 on the five-point scale; although it is not

expected to have a critical impact on Erdemir, details regarding this risk have been included in the Climate-Related Risks and Opportunities section, as it is closely monitored by other companies in the sector and by investors. Other climate-related risks are considered lower priority. All identified risks are prioritized and reported within the framework of a matrix, and changes in impact-likelihood levels are regularly monitored.



5.1.4. Modeling of Risks

Erdemir uses risk modeling processes to understand the impact of prioritized risks and to determine their financial implications. The company's climate-related risks are analyzed with inputs such as greenhouse gas emissions, production data and free allocation reduction levels, and different scenarios are prepared in line with evolving information. This process is expected to produce outputs in the coming periods in line with the 2050 Net Zero Roadmap.

5.1.5. Risk Improvement

Within the scope of risk management, identified risk owners review their risks. Remedial actions to address identified risks are included in the investment plans.

5.1.6. Monitoring and Reporting of Risks and Opportunities

Risks and opportunities are continuously monitored and updated in line with local and global developments. The Company regularly tracks and updates sustainability and climate-related risks and opportunities in accordance with defined metrics and targets. The monitoring of sustainability and climate-related risks is carried out within the framework of specific performance indicators, and action plans and policies are revised based on these indicators. This process contributes to strategic decision-making related to climate change within the Company's overall risk-management framework. Compared with the previous reporting period, the parameters related to the CBAM risk described above have been examined in greater detail, international developments have been monitored, and expert input has been obtained throughout the year.

5.1.7. Evaluation of the Risk Management Process

The risk-management process is reviewed every two years to enhance the Company's existing capabilities and to evaluate its strategies for responding to risks. The risk-management process was most recently reviewed in 2024, and the next assessment is planned for 2026. Effectiveness analyses are carried out based on data obtained from internal and external sources, and continuous improvement is ensured.

6. Metrics and Targets

Erdemir has set emission reduction targets in order to minimize the additional cost risk arising from the CBAM and has outlined the actions it will take until 2050 through its Net Zero Roadmap. This roadmap, which includes the investments and projects planned along the company's net-zero journey, has been transparently shared with the public. It also aims to contribute to Türkiye's 2053 net-zero commitment under the Paris Agreement.

The Erdemir Net Zero Roadmap was announced in 2024, and no changes have been made to the current targets. Should any updates occur in the coming years, such revisions will be disclosed in subsequent annual reports. The Net Zero Roadmap can be accessed via this link.[5]

In CBAM risk calculation modelling, greenhouse gas emission data have been evaluated on a product-specific basis in accordance with the EU CBAM guidelines, forming the basis for the expected carbon cost.

6.1. Activity Metrics[6]

Production Volumes	**2024**	**2025**
Crude Steel Production (metric tons (t))	8,544,934	8,089,587
Percentage of Basic Oxygen Furnace Operations (Percent (%))	100	100
Percentage of Electric Arc Furnace Operations (Percent (%))	0	0
Total Iron Ore Production (metric tons (t))[7]	1,549,197	1,559,312
Total Coke Production (metric tons (t))	2,837,263[8]	2,980,777

6.2. Climate-Related Metrics

6.2.1. Greenhouse Gas Emission Metrics (Absolute Gross)

Greenhouse Gas Emissions (Consolidated Group)[9]	**2024[10]**	**2025**
Scope 1 (tons CO_2eq)[11]	17,336,630	16,952,213
Scope 2 (tons CO_2eq)[12]	880,092	829,886
Total (Scope 1 and 2)	18,216,722	17,782,099

Erdemir has applied the equity share approach for the reporting of greenhouse gas emissions. Under this approach, the greenhouse gas emissions of its subsidiaries are calculated in

[5] https://www.erdemir.com.tr/storage/uploads/2024/01/25ac341311c9ef6c067ecc6b2c070737.pdf
[6] The activity metrics include crude steel production, iron ore production, and coke production data for Erdemir and İsdemir, which are consolidated within the reporting entity.
7 Reported as the pellet production quantity.
8 İsdemir's coke breeze production has also been included in the 2024 data
9 Consists of the parent company and its consolidated subsidiaries.
[10] In accordance with TSRS 2 C4(a), Erdemir measured its 2024 greenhouse gas emissions for the initial reporting period using a method other than the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004), namely the MRV methodology
[11] The Türkiye Emissions Trading System Regulation is currently in draft form. Since the regulation has not yet entered into force, the percentage of gross Scope 1 emissions subject to emissions-limiting regulations is currently 0.
[12] The Scope 2 greenhouse gas emissions presented in the table have been calculated and reported using the location-based method.

proportion to the ownership share. The emissions of its jointly controlled entity, İsdemir Linde Gas Joint Venture, are included within İsdemir's emissions in the calculation. Erdemir has used the same consolidation method applied in its financial statements for the reporting of its greenhouse gas emissions data.

With the expiration of the transition exemption provided under TSRS 2 Annex C4(a), Erdemir began calculating its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) as of 2025, based on the emission data submitted for the 2024 reporting period under the Monitoring, Reporting and Verification (MRV) Communiqué.

Scope 1 and Scope 2 emissions of Erdemir's subsidiaries have been calculated within the framework of the GHG Protocol. Approximately 98% of Erdemir's consolidated greenhouse gas emissions originate from Erdemir and İsdemir. Accordingly, the calculation methodologies of Erdemir and İsdemir have been disclosed, whereas the methodologies for other subsidiaries are not presented due to their comparatively low emission levels. For the 2025 calculations, a "Calculation-Based Method" was applied. The standard methodology was used for combustion emissions and for process emissions associated with the limestone input stream, while a mass balance method was used for other input streams. For coal types that constitute the vast majority of total emissions (such as coking coal, battery blend coal, purchased coke, injection coal, etc.), emission factors are based on the analysis results generated by the laboratories located within the facilities (Coal and Coke Laboratory). Emission factors for limestone and iron-bearing or alloyed raw materials are determined according to the internal laboratory measurement results (Cold Rolling Mill Laboratory and General Chemistry Laboratory). For scrap steel, the emission factor determined by TÜİK and published by the Ministry of Environment, Urbanization and Climate Change in the document titled "Net Calorific Value (NCV) and Emission Factors (EF) Table for Those Using the National Inventory in Monitoring Plans and Emission Reports" is used as reference. Stoichiometric values are applied for acetylene, while the national emission factor (TÜİK Türkiye Greenhouse Gas Inventory 1990–2022, 2025) is applied for standard reference fuels such as diesel. In accordance with the requirements of the GHG Protocol, the 2025 emission calculations were carried out across all three scopes. The category-specific calculation factors are as follows:

Under Category 1.1 – Direct Emissions from Stationary Combustion, the largest emission source is natural gas consumed within the organizational boundaries. Activity data are obtained from invoices issued by the natural gas supplier. The calculation of emissions arising from natural gas consumption is based on the net calorific value and emission factor derived from data produced by the on-site online gas chromatography system. For the calculation factors of other emission sources included under Category 1, the National Greenhouse Gas Inventory published by TÜİK and IPCC guidelines are used.

Under Category 1.2 – Direct Emissions from Mobile Combustion, the largest emission source is diesel fuel consumed by machinery operating within the organizational boundaries. Activity data are obtained through vehicle identification cards used at the fuel dispensers located

within the facility. For the calculation factors, the National Greenhouse Gas Inventory published by TÜİK and IPCC guidelines are used.

Under Category 1.3 – Direct Process Emissions from Industrial Processes, the largest emission source is the use of blend coal, injection coal, and coke in the battery ovens within the organizational boundaries. Emission factors are based on the analysis results produced by the on-site laboratories (Coal and Coke Laboratory). Activity data are obtained from on-site weighing systems such as truck scales, rail scales, and similar measurement systems.

For the calculation of Scope 2 greenhouse gas emissions, the emission factor published in the most recent edition of "Türkiye Electricity Generation and Electricity Consumption Points (2023)" by the Ministry of Energy and Natural Resources of Türkiye is used.

Where applicable across all categories, global warming potentials (GWPs) from the IPCC AR6 Report are used.

As a fundamental distinction, greenhouse gas emission calculations in accordance with the MRV Communiqué focus solely on direct production-related emissions within specific facility boundaries. In contrast, the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) is based on operational boundaries and therefore includes Scope 1 elements such as off-site mobile sources, ensuring a complete reporting of emissions arising from all operational activities. Due to the characteristic structure of the iron and steel sector—where emission intensity is largely concentrated within core production processes—no significant deviation is observed in Scope 1 results.

Erdemir and its subsidiaries did not purchase or use any carbon credits during the reporting period. In future periods, carbon credit purchases may be considered to support the achievement of net greenhouse gas emission targets; however, the use of carbon credits, the carbon credit strategy, and implementation methods will be clarified in the upcoming period.

6.3. Other Sustainability Metrics

6.3.1. Energy Management

Energy Management	2024	2025
Total Energy Consumed (Gigajoules)	185,404,203	187,413,136
Grid Electricity (%)	3.89	4.40
Renewable Energy (%)	0.01	0.00
Total Fuel Consumed (Gigajoules)	178,181,319	179,217,869
Coal (%)	89.01	88
Natural Gas (%)	10.98	12

6.3.2. Water Management

Water Management	**2024**	**2025**
Total Water Withdrawn (Thousand Cubic Meters (m^3))	787,547	767,130
Total Freshwater Withdrawn (Thousand Cubic Meters (m^3))	85,719	84,879
Total Seawater Withdrawn (Thousand Cubic Meters (m^3))	701,828	682,251
Total Water Consumed (Thousand Cubic Meters (m^3))	145,491	136,226
Total Freshwater Consumed (Thousand Cubic Meters (m^3))	81,675	73,764
Total Seawater Consumed (Thousand Cubic Meters (m^3))	63,816	62,462
Water Withdrawn in Areas of High or Extremely High Baseline Water Stress (%)	47.3	56.0
Water Consumed in Areas of High or Extremely High Baseline Water Stress (%)	49.6	55.2

In the 2024 reporting period, Erdemir utilized the web-based ThinkHazard! Portal—provided by the Global Facility for Disaster Reduction and Recovery (GFDRR), a global initiative supported by the World Bank Group—for analyzing and reporting water stress risks. However, in line with continuous improvement of reporting quality and alignment requirements, the WRI (World Resources Institute) Aqueduct Water Risk Atlas has been used for water stress assessments as of 2025. This change was implemented by taking into consideration the recommendations and guidance included in TSRS 2 Annex Volume 9 – Iron and Steel Producers. The metric “Water Withdrawn in Areas of High or Extremely High Baseline Water Stress (%)” reported for 2024 has been recalculated using the WRI Aqueduct methodology within this reporting period, and the corrected 2024 value has been updated in the table accordingly.

In line with the recommendations included in TSRS 2 Annex Volume 9 – Iron and Steel Producers, it was decided to disclose the metric “Water Consumed in Areas of High or Extremely High Baseline Water Stress (%)” in this reporting period. The values for 2024 and 2025 have been incorporated into the table.

Thanks to the enhanced datasets provided by the WRI Aqueduct tool, Erdemir has been able to assess the level of water stress exposure for its operational facilities located in different geographical regions on a location-specific basis.

The WRI Aqueduct methodology evaluates water stress using a scoring scale ranging from 0 (Low) to 5 (Extremely High), based on the ratio of total annual water withdrawal to available renewable water resources (the amount of water naturally replenished into the system each year). Through this scoring system, Erdemir evaluated all of its operational locations and identified activities that withdraw and consume water particularly in areas with High (4) and Extremely High (5) Baseline Water Stress. The percentage of water withdrawn and consumed in High or Extremely High Baseline Water Stress areas is disclosed in the water management table as a metric, calculated as the proportion of total water withdrawn and consumed by Erdemir and its subsidiaries.

6.3.3. Supply Chain Management

During raw material procurement planning and supplier agreement processes, various factors are assessed, including geopolitical risks; customs and environmental regulations in both the miners' countries and Türkiye; miners' access to financing in their respective countries; mining permit procedures; local taxes on mining products; extreme weather events and broader climatic factors; as well as potential risks throughout the entire logistics chain during transportation from the mine to ports and from these ports to Türkiye.

Additionally, factors such as sanctions imposed on manufacturers, company owners, ports, and certain commodities are also taken into consideration. In this context, information is obtained regarding environmental and social issues encountered in the countries where supplier companies operate, and the current situation is closely monitored through global media sources.

Furthermore, iron ore production activities carried out within Erdemir are regarded as a structural risk-mitigating factor in managing these procurement risks. Under the mining operations conducted by Ermaden, Erdemir's subsidiary, approximately 2.4 million tons of iron ore are produced annually. This production reduces Erdemir's dependence on external sources for raw material supply and supports supply security.

Additionally, with the planned pelletizing investment at the Bingöl-Avnik iron ore site, Ermaden's iron ore production capacity is expected to increase significantly. Once this investment is completed, it is anticipated that the potential impacts on Erdemir of environmental and social risks arising from geopolitical developments, global commodity crises, logistical disruptions, and trade restrictions in iron ore supply will be mitigated.

In this context, the backward integration strategy is regarded not only in terms of cost and supply continuity, but also as an important risk management tool for more effectively monitoring, controlling, and managing environmental and social risks within the supply chain.

6.4. Strategic Initiatives and Target on the Path to Net-Zero Emissions

Erdemir's Net-Zero Roadmap is a transition plan aimed at reducing the company's carbon emissions to zero by 2050. This plan outlines the steps the company will take to achieve its sustainability objectives and includes action plans that will be implemented systematically. Throughout its green transformation journey toward achieving net-zero emissions by 2050, Erdemir will continue to take determined steps toward a sustainable future through improvement initiatives and investments focused on reducing carbon emissions.

Erdemir aims to reduce its combined Scope 1 and Scope 2 emissions per ton of crude steel by 25% by 2030, compared with the 2022 base year, through Solar Power Plants (SPP), Electric Arc Furnace (EAF) investments, energy efficiency initiatives, and biomass projects. Through Direct Reduced Iron (DRI) projects initially operating with natural gas, the company also targets a 40% reduction by 2040. With the availability of green hydrogen, DRI facilities operating with this resource—together with carbon capture and storage (CCS) projects—are expected to support the achievement of the net-zero emissions target by 2050. Short-, medium-, and

long-term strategies developed to achieve these targets are detailed below. Erdemir's intensity-based emission reduction targets for 2030 and 2040 and its absolute emission reduction target for 2050 are presented in the Net-Zero Roadmap.

Considering that approximately 98% of total greenhouse gas emissions originate from Erdemir and İsdemir, and that these two companies are the primary entities exposed to CBAM (Carbon Border Adjustment Mechanism) risks, the targets outlined in the Net-Zero Roadmap have been defined specifically for these companies.

The jointly established performance indicator and reduction target for Erdemir and İsdemir is as follows:

Performance Indicator	Unit	Base		Reduction Target vs. Baseline (%)		
		Gross Value	Year	2030	2040	2050
Total Scope 1–2 Greenhouse Gas Emissions	tCO_2/TCS*	2.2	2022	%25	%40	Net Zero

*TCS-Ton Crude Steel

Under the Net-Zero Roadmap, 2030 has been identified as the first target year for quantitative greenhouse gas emission reductions. For this reason, quantitative progress data for the period up to 2030 carry limited significance, and no notable improvement in emission performance should be expected during this timeframe. This does not indicate a lack of progress toward the targets; on the contrary, the activities carried out during the interim period reflect a focus on establishing the infrastructure, capacity, and technological investments that will enable measurable reductions in 2030 and beyond.

The established net-zero targets have not been verified by third parties, and no revisions have been made to these targets at this stage. The review of the targets is conducted in line with market conditions, technological developments, and the progress of the relevant investments. Accordingly, when a need arises to update the targets, any such changes will be reported transparently.

6.4.1. Electric Arc Furnace Invesment

The Electric Arc Furnace (EAF) is a steel production method that enables the melting of scrap metal through an electric arc. This technology offers an energy-efficient production process, particularly by increasing scrap usage and enhancing recycling practices.

Erdemir currently produces all of its steel using the Basic Oxygen Furnace (BOF) route; however, it also plans to produce using Electric Arc Furnace (EAF) technology. The EAF investment is expected to deliver a significant reduction in greenhouse gas emissions.

Regarding the Electric Arc Furnace investment planned to be completed by 2030, feasibility analyses and technology selection assessments are being carried out meticulously, taking into consideration evolving market dynamics and current conditions.

6.4.2. Energy Efficiency Initiatives

Erdemir is implementing significant projects and investments across various areas to achieve its net-zero emissions target by 2050. Systematic improvements are being carried out to enhance energy efficiency in production processes, supporting the reduction of greenhouse gas emissions. By using its own resources more efficiently, the company aims to reduce external dependency and maximize overall energy efficiency.

Under the “Net-Zero Roadmap” published in 2024, information regarding the current status of projects is shared as of 2025 within the scope of “Erdemir Energy Efficiency Initiatives.” A technology assessment study is being conducted for the Coke Dry Quenching System Project. The No. 10 Turbo Generator Project was commissioned at the Erdemir Power Plant in 2024, enabling more efficient energy generation. The Waste Heat Boiler for the No. 2 Slab Furnace was also commissioned in 2024; through this project, steam is produced by utilizing the temperature of flue gases, thereby enhancing energy efficiency. Within the scope of the Erdemir-Designed Drive Application Project, 100 AC motor drives have been manufactured, and 56 fan and pump systems have been modernized, resulting in energy savings. Commissioning activities for the remaining 44 drives are ongoing. As part of the PCI Facility Drive Application Project, the medium-voltage motor and drive unit for Pulverized System No. 2 and Main Fan No. 2 were purchased, installed, and commissioned in 2025, completing the project. The New Turbo Blower Project was completed and commissioned in January 2025, enabling more efficient hot blast production for the blast furnace. Under the APC Application Project in the Air Separation Units, advanced process control (APC) was commissioned at Air Separation Unit No. 6, aiming to optimize process parameters—without altering production levels—and thereby reduce air consumption and electricity usage. Testing, validation, and improvement activities for APC forecasting models are ongoing. Under the Drive-Controlled Blast Furnace No. 1 Stove Fan Project, it has been decided to relocate the fan, and revisions to the fan body will be carried out; related works are in progress. Oxy-fuel combustion technology was commissioned in Erdemir’s slab furnaces in September 2025. Through this project, excess oxygen is utilized in the slab furnace combustion system, improving overall efficiency. All completed projects continue to contribute to Erdemir in alignment with their intended objectives.

6.4.3. Solar Power Plant (SPP) Investments

Solar Power Plant (SPP) projects play a critical role in emission reduction and in advancing sustainable production processes. Through these investments, the company aims to achieve emission reductions compared to the 2022 base-year emissions and significantly decrease its dependence on fossil fuels.

Within the scope of the Van and Malatya SPP projects outlined in the Net-Zero Roadmap, solar power plants with a total installed capacity of 424 MWp will be established, with an expected annual electricity generation of 770,000 MWh. Work is commencing on sites where legal procedures—such as project approval, Environmental Impact Assessment (EIA), and zoning permissions—have been completed. Construction activities began in 2025 at the project locations in the province of Van.

6.4.4. Biomass Utilization

Biomass utilization is an important strategy for steel producers in reducing dependence on fossil fuels and lowering greenhouse gas emissions. Biomass is a renewable energy source derived from organic waste, and as an alternative with a zero-emission factor, it has significantly lower environmental impacts compared to traditional coal use. This approach not only reduces the carbon footprint of production processes but also supports the development of a sustainable energy supply model. From a greenhouse gas emissions management perspective, biomass utilization—particularly when replacing coal, which results in high carbon emissions—helps steel producers progress toward their net-zero emission targets.

Raw Biomass → Processed Biomass→ Pyrolysis and Carbonization→ Biochar

In line with the 2050 net-zero emission target, significant steps are being taken to increase biomass utilization. In this context, it is planned to gradually increase the use of biomass—an alternative with a zero-emission factor—in place of coal, thereby achieving a substantial reduction in emissions. A pilot pyrolysis plant has been established, where raw biomass is processed through the stages of processed biomass, pyrolysis, and carbonization to produce biochar. Through this project, reductions in coal consumption are targeted across several processes, including reducing the use of fossil coal in the Coke Plant, decreasing coke fines in the Sinter Plant, lowering PCI coal consumption in the Blast Furnaces, and reducing coal usage in the Steelmaking Plant.

6.4.5. DRI (Natural Gas–Based) Investment

Direct Reduced Iron (DRI) is a steel production method in which iron ore is reduced using natural gas instead of fossil coal. This process produces iron at lower temperatures and with significantly lower carbon emissions compared with traditional blast furnace operations. When applied with low-carbon energy sources such as natural gas, DRI technology can considerably reduce environmental impacts.

Thanks to its potential for lowering carbon emissions, DRI technology is regarded as one of the key building blocks of the transition to low-emission steel production. In conventional steelmaking, iron is produced in blast furnaces using coal, a process that results in substantial

carbon dioxide (CO_2) emissions. In contrast, when DRI operates with natural gas, emissions drop to substantially lower levels compared with coal-based production. This contributes to steel producers' efforts to manage their greenhouse gas emissions and progress toward net-zero targets.

The implementation of a natural-gas-based DRI investment is expected to deliver a significant reduction in greenhouse gas emissions compared with the base year.

The DRI investment is planned for the post-2030 period, and global developments in DRI technology within the iron and steel sector are being closely monitored to guide the progress of this initiative.

6.4.6. DRI (Green Hydrogen–Based) Investment

In green-hydrogen-based DRI production, hydrogen replaces natural gas in the reduction of iron ore, enabling the production of iron with significantly lower environmental impact. The use of hydrogen in steelmaking substantially reduces carbon dioxide (CO_2) emissions, as the reduction process results in only water vapor as a by-product, with no carbon emissions. In DRI production using green hydrogen, carbon emissions are effectively zero, making this one of the most innovative and impactful methods for steel producers to achieve their net-zero emission targets.

Erdemir aims to increase the use of green hydrogen and significantly reduce greenhouse gas emissions in line with Türkiye's Hydrogen Roadmap, which sets national targets for electrolyzer capacity expansion. Green-hydrogen-based DRI investments constitute one of the company's most critical strategies for managing carbon emissions and achieving zero-emission production. As the country's electrolyzer capacity expands, broader green hydrogen adoption is expected, enabling the minimization of environmental impacts across steel production processes. Global technological advancements in DRI (Green Hydrogen) systems, as well as developments in Türkiye's green hydrogen supply infrastructure, are being closely monitored.

✓ **Türkiye's Electrolyzer Capacity Target for 2030: 2 GW**

The first interim target in Türkiye's Hydrogen Roadmap is to reach an electrolyzer capacity of 2 GW by 2030. Electrolyzers are devices that convert water into hydrogen gas through electrolysis, a process powered by renewable energy sources. Achieving this capacity by 2030 will reduce the use of coal and natural gas in steel production and enable greater utilization of green hydrogen in the sector, thereby contributing significantly to the reduction of carbon emissions.

✓ **Türkiye's Electrolyzer Capacity Target for 2035: 5 GW**

Following the successful achievement of the 2030 target, Türkiye aims to reach an electrolyzer capacity of 5 GW by 2035. This expansion will further increase hydrogen production capacity and significantly enhance the share of green hydrogen used in steel manufacturing. With the growth in electrolyzer capacity, a larger volume of green hydrogen will become available, contributing to a further reduction in carbon emissions.

✓ **Türkiye's Electrolyzer Capacity Target for 2053: 70 GW**

In line with Türkiye's net-zero carbon target, the country's most ambitious goal is to reach an electrolyzer capacity of 70 GW by 2053. Achieving this target will ensure that all hydrogen used in steel production is generated entirely from renewable energy sources, thereby supporting Türkiye's commitment to achieving net-zero emissions by 2053. A 70 GW capacity will enable a substantial share of the energy required in steelmaking to be supplied by green hydrogen, significantly reducing the sector's carbon emissions

6.4.7. Carbon Capture and Storage (CCS)

Erdemir aims to implement carbon capture and storage (CCS) technologies. Among the company's planned investments, carbon capture and storage (CCS) technologies hold a highly significant position. CCS technology captures the unavoidable emissions generated during production processes before they are released into the atmosphere and transfers them safely to underground storage sites. In this way, carbon emissions originating from steelmaking processes can be substantially reduced. This technology will make a meaningful contribution to achieving our net-zero emissions target by 2050 and provide strong momentum to our sustainable production approach. Global technological developments in carbon capture technologies, as well as advancements in Türkiye's carbon storage infrastructure, are being closely monitored.

7. Judgements and Uncertainties

In this report, the Sector-Specific Guidance on the Application of TSRS 2—derived from the Sustainability Accounting Standards Board (SASB) Standards maintained by the International Sustainability Standards Board (ISSB)—has been evaluated. Judgment has been applied in assessing this guidance for Erdemir and its subsidiaries İsdemir, Kümaş, and Ermaden, which represent a significant proportion of Erdemir's consolidated financial statements, particularly in determining, measuring, and disclosing information on climate-related risks and opportunities. For Erdemir and its steel-producing subsidiary İsdemir, the guidance titled 'Volume 9—Iron and Steel Producers' has been used. For its subsidiaries operating in areas other than steel production, namely Kümaş and Ermaden, the 'Volume 10—Metals and Mining' guidance has been applied. The sustainability metrics recommended for disclosure in 'Volume 9—Iron and Steel Producers' and 'Volume 10—Metals and Mining' are aligned with each other, and these metrics are presented in the Metrics and Targets section of this report. Within 'Volume 10—Metals and Mining,' the disclosures for 'total number of employees,' 'percentage of contractors,' and 'number of incidents of non-compliance with water quality permits, standards, and regulations' have been excluded from the scope of this report, as these items are not related to the climate risk addressed herein. This information is also presented in Section 1.1.1. Compliance with Türkiye Sustainability Reporting Standards (TSRS).

The judgments and uncertainties related to the scenario analysis evaluating the Carbon Border Adjustment Mechanism (CBAM) carbon pricing risk are presented in the 'Measurement Uncertainties' section of this report under Section 4.1.1. CBAM Carbon Pricing.