İZMİR DEMİR ÇELİK SANAYİ A.Ş. AND ITS AFFILIATED COMPANIES TSRS COMPLIANT SUSTAINABILITY REPORT FOR THE ACCOUNTING PERIOD ENDING DECEMBER 31, 2025

CONTENTS

İzmir Demir Çelik Sanayi A.Ş.
Accounting period: 01.01.2025-31.12.2025
TSRS-compliant consolidated sustainability report.

COMPANY INFORMATION:

TRADE NAME: İzmir Demir Çelik Sanayi A.Ş.

The stock exchange where it is traded is Borsa Istanbul (BIST).

TRANSACTION SYMBOL IZMDC

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TRADE REGISTRY DATE: 05.11.1975

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ABOUT THE REPORT

The TSRS-compliant Sustainability Report of İzmir Demir Çelik Sanayi A.Ş. (İzmir Demir Çelik) presents the financial and non-financial (Corporate Social Responsibility, Environmental-Social-Governance) performance of İzmir Demir Çelik Sanayi A.Ş. and its subsidiaries, along with their management approaches and performance data in economic, social, and environmental areas. The report shares assessments of the companies' long-term value creation goals, strategies, corporate culture, stakeholder relations, and how they manage opportunities and risks.

The information contained in this report covers all activities of İzmir Demir Çelik Sanayi A.Ş. for the period from January 1, 2025 to December 31, 2025. To accurately reflect the company's integrity, the report includes the following fully consolidated subsidiaries of İzmir Demir Çelik Sanayi A.Ş.:

- İzdemir Enerji Elektrik Üretim A.Ş. (İzdemir Enerji)

- Akdemir Çelik Sanayi ve Ticaret A.Ş. (Akdemir Çelik)

- İDÇ Liman İşletmeleri A.Ş. (İDÇ Liman) has been provided.

In the report, references to " İzmir Demir Çelik," "Company," and all similar expressions refer to İzmir Demir Çelik Sanayi A.Ş., and references to "Group Companies" refer to consolidated subsidiaries, unless otherwise stated.

The financial data presented in this report is consolidated information belonging to İzmir Demir Çelik Sanayi A.Ş. The companies covered by the presented data are indicated in the relevant sections.

Our Sustainability Report has been prepared in compliance with the TSRS S1 General Requirements for Disclosure of Financial Information Relating to Sustainability and TSRS S2 Climate Disclosures standards, which will be mandatory in our country as of January 1, 2024, under the name of Turkish Sustainability Reporting Standards (TSRS).

The report also provides information on the Company's sustainability strategy, economic, environmental and social performance, and its contributions to the United Nations Sustainable Development Goals.

The data presented in this report will serve as a benchmark for future sustainability reports to be published by İzmir Demir Çelik Sanayi A.Ş. and its subsidiaries. The financial indicators included in the report are based on data disclosed in the independently audited consolidated financial statements.

The report can be accessed on our official website at www.izdemir.com.tr. You can send any requests, suggestions, and opinions to the email address sustainability@izdemir.com.tr.

CONTROL

Sustainability statements were subjected to a limited assurance audit by GÖRÜŞ BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş. under the GDS 3000 "Assurance Audits Other Than Independent Audits or Limited Audits of Historical Financial Information" and GDS 3410 "Assurance Audits Regarding Greenhouse Gas Statements" standards, and a limited independent assurance statement is included in the report. This audit process, conducted in accordance with TSRS 1 and TSRS 2 standards, strengthens the principles of transparency and accountability for İzmir Demir Çelik and its consolidated subsidiaries' sustainability reporting and incorporates best practices for disclosing the impacts of climate-related risks on the company's cash flows, access to finance, and cost of capital. İzmir Demir Çelik and its consolidated subsidiaries remain committed to measuring and reporting their sustainability performance in accordance with the standards. The sustainability data verified through the independent audit process provides a reliable and comprehensive source of information for investors and other stakeholders.

Financial Disclosures Regarding Sustainability in 2025

This report represents the complete set of sustainability-related financial disclosures for İzmir Demir Çelik Sanayi A.Ş. and its subsidiaries (collectively, the "Group") for the year ended 31 December 2025. The Group's sustainability disclosures have been prepared in accordance with the TSRS Sustainability Disclosure Standards published by the Public Oversight and Accounting Standards Authority (KGK).

As this is the Group's first year implementing the TSRS Sustainability Disclosure Standards, the Group;

- In this first year, we will implement a transition facility that allows the disclosure of information only on climate-related risks and opportunities.
- This report does not include comparative information.
- In accordance with temporary article 3 titled "Transitional provision regarding exemption from disclosure provisions" of the Board Decision on the Scope of Implementation of Turkey's Sustainability Reporting Standards, the company agrees to exercise its right to exemption from disclosing Scope 3 greenhouse gas emissions and not to disclose Scope 3 greenhouse gas emissions for the first two reporting periods.

He has chosen.

1. GOVERNANCE

This section details the governance structure of İzmir Demir Çelik Sanayi A.Ş., which is aligned with its sustainability approach. It provides a general overview of the company and its areas of activity; the functioning of decision-making and oversight mechanisms within the organizational structure, such as the Board of Directors, Executive Board, board committees, and corporate units, is explained. Furthermore, processes related to sustainability management, the sustainability committee, authorized units, working groups, and the internal audit system, as well as the creation and implementation of environmental, social, and governance (ESG) policies, are presented.

Within the framework of TSRS 1 and TSRS 2, the governance processes, controls, and procedures that the governance structure uses to monitor, manage, and audit sustainability and climate-related risks and opportunities are clearly outlined. In this context, both the general company profile and organizational structure, as well as the functioning of the governance systems, are explained holistically.

1.1. About İzmir Demir Çelik Sanayi A.Ş.

İzmir Demir Çelik Sanayi A.Ş. (İzmir Demir Çelik) is one of the well-established and leading companies in the Turkish steel sector. Established in 1975, the company currently produces high-quality billets, ribbed construction steel, and profile steel products with its electric arc furnace steel mill, which has an annual liquid steel production capacity of 3.1 million tons. Located in Aliağa, Izmir, its production facilities include a bar rolling mill with a capacity of 900,000 tons/year and a profile rolling mill with a capacity of 485,000 tons/year, which transform semi-finished steel products into finished products using hot rolling technology.

With a 4.9% share of Turkish crude steel production and a 7% share of crude steel production from electric arc furnace facilities, İzmir Demir Çelik maintains its reputation in the iron and steel sector with its modern technology and expertise.

Maintaining its technological superiority and continuously improving its knowledge base in line with evolving production and market conditions, İzmir Demir Çelik has significant advantages over its global competitors thanks to its high performance in terms of raw material, energy, and labor efficiency, as well as the quality certifications it possesses.

The company has also received the "Sustainable Construction Steel" certificate from CARES Certification, an organization that provides certification related to International Quality Standards. This certificate is issued after an evaluation of all operations in terms of carbon monoxide emission control, waste management, efficient use of energy and resources, application of environmentally friendly technologies, compliance with laws, communication, social responsibility, and occupational health and safety. The company is the first Turkish iron and steel company to be awarded this certificate, providing it with a significant competitive advantage in becoming a supplier to international companies that engage in environmentally friendly and sustainable construction. The company also holds a "Sustainable Structural Steel" certificate issued by the same institution. The iron and steel industry consists of a whole system of processes and procedures for the production of iron and steel products, starting from raw

materials and encompassing the specific production methods of each product until final use.

Today, two main systems are used worldwide for steel product manufacturing: one is the method of producing steel from raw steel and then steel from raw steel, and the other is the method of producing steel from iron and steel scrap. Our company produces steel from iron and steel scrap. The resulting raw steel is cast using a continuous casting method to produce billet steel, which is then hot-rolled into high-quality ribbed construction steel with diameters ranging from 8 (D/mm) to 40 (D/mm) and profile steel in I, U, L, H shapes and various sizes.

The existence of the iron and steel industry is considered an important indicator in classifying countries according to their level of economic development, due to reasons such as its continuous technological development, its high share in world trade, its employment of a large workforce, and its role as a driving force for other sectors.

İzmir Demir Çelik shares have been traded on the Istanbul Stock Exchange under the code "IZMDC" since 1986, and the company continues its operations as a highly trusted investor entity thanks to its corporate governance structure, transparency principles, and focus on sustainability. The group also includes İDÇ Liman İşletmeleri A.Ş., which provides port services; Akdemir Çelik Sanayi ve Ticaret A.Ş., which manufactures ribbed rebar; and İzdemir Enerji Elektrik Üretim A.Ş., which produces electricity.

More comprehensive information about the history, capital structure, group companies, production capacity, product details, vision and mission of İzmir Demir Çelik Sanayi A.Ş. can be found at www.izdemir.com.tr . In addition, all public disclosure announcements and publicly available information of the company are accessible both on the company's website and on the Public Disclosure Platform (KAP) at www.kap.org.tr.

1.2. General Corporate Governance Structure

İzmir Demir Çelik Sanayi A.Ş.'s corporate governance structure is designed with a holistic approach that supports corporate sustainability at the Board of Directors, Executive Board, and Board of Directors Committee levels.

1.2.1. Board of Directors

In line with İzmir Demir Çelik's vision and mission, the Board of Directors bears the highest responsibility for oversight and control in the processes of determining and implementing the company's strategy. Our Board of Directors is responsible for identifying strategic objectives, making decisions aimed at creating long-term value, and ensuring that all activities are carried out in accordance with applicable legislation, the Articles of Association, and company policies. In this context, the Board of Directors ensures that strategic decision-making processes operate in a transparent, accountable, and sustainable manner.

The company's Board of Directors conducts its activities in a transparent, responsible, fair, and accountable manner. Articles 9, 10, and 11 of the company's Articles of Association clearly define the provisions regarding the Board of Directors. The İzmir Demir Çelik Board of Directors, comprised of six members (two of whom are independent) elected by the General Assembly for a three-year term, is the highest-level body responsible for the strategic

management of the company. The Chairman and Vice Chairman of the Board hold executive positions. Board members and independent board members do not hold executive positions.

The members of the Board of Directors, their roles, and terms of office for the reporting period are listed below.

Name Surname	His/Her job	Term of Office
Halil SAHIN	Chairman of the Board	3 Years
Nuri SAHIN	Vice Chairman of the Board	3 Years
Ahmet BAŞTUĞ	Board Member	3 Years
Mahmut Nedim KOÇ	Board Member	3 Years
Deniz Tamer MÜLAYİM	Independent Board Member	3 Years
Caner Bayazıt EMİROĞLU	Independent Board Member	3 Years

1.2.2. Executive Board

The Executive Board is located after the Board of Directors in the organizational chart. Our Executive Board consists of 6 members and is responsible for overseeing the effective execution of the Company's activities and the goals and policies determined by the Board of Directors. It evaluates activities in terms of quality and efficiency, ensures compliance with defined goals and policies, supervises compliance efforts, implements necessary improvements and changes, and authorizes the units listed in the organizational chart to ensure that goals and policies are achieved in accordance with legislation and commercial regulations.

The members of the Executive Board and their roles during the reporting period are listed below.

Name Surname	His/Her job
Nuri SAHIN	CEO
Selim Şahin	Executive Board Member
Serkan SAHIN	Executive Board Member
Huseyin BASTUG	Executive Board Member
Selin SAHIN SEKERLI	Executive Board Member
Feyyaz YAZAR	Executive Board Member

1.3. Board of Directors Committees

Board of Directors committees, established in accordance with the Capital Markets Board (SPK) and the Turkish Commercial Code (TTK), undertake various tasks to ensure the effective management of companies, improve internal control and risk management processes, and ensure sustainability. The Audit Committee oversees the company's financial reporting processes and

monitors the effectiveness of internal control systems, while the Risk Committee identifies potential risks and takes strategic measures against them. The Corporate Governance Committee is responsible for ensuring the implementation of corporate governance principles and strengthening the company's internal control systems. The Social and Environmental Responsibility Committee (Sustainability Committee) manages environmental and social responsibility projects, determines and implements the company's sustainability goals. These committees play a critical role in increasing the company's operational efficiency, protecting the interests of stakeholders, and supporting the company's sustainable growth through a transparent management approach.

1.3.1. Audit Committee

Established within the framework of the Capital Markets Board's Corporate Governance Communiqué, the Audit Committee is a committee composed of at least two members selected by the board of directors from among its independent members who do not have executive duties.

Regarding the company's accounting and internal control system and independent audit, information received by the company
The methods and criteria to be applied in examining and resolving complaints, and in evaluating company employees' statements regarding the company's accounting and independent audit matters within the framework of confidentiality, are determined by the audit committee.
The audit committee, taking into account the opinions of the company's responsible directors and independent auditors, submits its assessment of the annual and interim financial statements to be disclosed to the board of directors in writing, regarding their conformity and accuracy with the accounting principles followed by the company.

Deniz Tamer MÜLAYİM (Independent Member/Non-Executive) Chairman
Caner Bayazıt EMİROĞLU (Independent Member/Non-Executive) Member

1.3.2. Corporate Governance Committee

Corporate Governance established within the framework of the Capital Market Board's Corporate Governance Communiqué.
The committee consists of at least two members selected by the Board of Directors from among its non-executive members.
It is a committee composed of members.

The corporate governance committee examines whether corporate governance principles are being implemented within the company.
If corporate governance practices are not being implemented, the committee identifies the reasons and any conflicts of interest arising from non-compliance with these principles, and provides recommendations to the board of directors to improve corporate governance practices.
The chair of the Corporate Governance Committee is selected from among the independent board members. The Corporate Governance Committee also undertakes the duties of the Nomination Committee and the Remuneration Committee as stipulated in the Capital Markets Board regulations.

Caner Bayazıt EMİROĞLU (Independent Member/Non-Executive) Chairman
Ahmet BAŞTUĞ (Board Member/Non-Executive) Member

Remzi Okan GÖKDEMİR (Investor Relations, Sustainability and Incentives)
(Application Manager) Member

1.3.3. Early Risk Detection Committee

Established within the framework of the Capital Market Board's Corporate Governance Communiqué and the Turkish Commercial Code.
The Risk Early Detection Committee is a committee composed of at least two members selected by the board of directors from among its non-executive members.

The risk early detection committee is responsible for identifying risks that could jeopardize the company's existence, growth, and continuity, taking necessary precautions regarding the identified risks, and managing these risks. It also reviews the risk management systems at least once a year.

Deniz Tamer MÜLAYİM (Independent Member/Non-Executive) Chairman
Ahmet BAŞTUĞ (Board Member/Non-Executive) Member

1.3.4. Sustainability Committee

The company's sustainability strategies in the areas of environmental, social and corporate governance (ESG) are defined, and policies and objectives in line with these strategies are developed, Capital
This committee was established to carry out the tasks of creating, monitoring, and auditing plans in accordance with the Markets Board's Sustainability Principles Compliance Framework, and to report necessary improvement efforts to the Board of Directors.

Deniz Tamer MÜLAYİM (Independent Member/Non-Executive) Chairman
Caner Bayazıt EMİROĞLU (Independent Member/Non-Executive) Member
Feyyaz YAZAR (Executive Board Member and Deputy General Manager) Member

1.4. Sustainability Management

The Sustainability Committee was established by the Board of Directors' decision dated August 16, 2024, and numbered 27, with the aim of developing, monitoring, and improving the company's sustainability strategies and activities. This decision was published on the Public Disclosure Platform (KAP) at the following link: https://www.kap.org.tr/tr/Bildirim/1325767 .
The Sustainability Committee aims to improve sustainability performance in its environmental, social, and economic dimensions. The Committee was established to ensure that the concept of sustainability is integrated into the company's business and processes in all areas of operation, in line with the United Nations Global Sustainable Development Goals; that sustainability strategies are determined within an environmental, social, and governance framework; and that a sustainability roadmap is created, implemented, and monitored. The Committee also designates authorized personnel to report to the Board of Directors.

The Committee meets at least twice a year in line with evolving internal and external sustainability agendas. These meetings address topics related to sustainability and climate agendas, including climate risks and opportunities, carbon footprint performance, emission reduction strategies, milestones set within the framework of the net-zero target, results of scenario analyses, compliance with the Border Carbon Adjustment Mechanism (BCAM), and

developments in environmental regulations. Committee members are regularly informed quarterly by the Investor Relations, Sustainability and Incentives Implementation Directorate (Sustainability Directorate) through internal reports, scenario analyses, and indicators on sustainability and climate agenda topics, targets, and opportunities. Decisions taken by the Sustainability Committee are submitted to the Board of Directors in writing. In 2025, the committee made a total of 4 decisions.

The committee's main tasks and responsibilities are as follows:

• Defines the company's sustainability strategies and medium- to long-term goals.
• Monitors and ensures the implementation of the "Sustainability Policy" approved by the company's Board of Directors.
• Coordinates the company's sustainability efforts and evaluates the economic, environmental, and social impacts of its operations.
• It establishes and authorizes working groups from relevant departments on sustainability. If necessary, it also obtains technical support and professional consulting services from outside the company.
• The company identifies the necessary measures to mitigate potential negative impacts of its sustainability activities.
• It manages all necessary activities to ensure compliance with the principles of the "Sustainability Principles Compliance Framework" published by the Capital Markets Board (SPK).
• Identifies the company's sustainability risks and opportunities.
• The company reports to the Board of Directors on sustainability efforts and shortcomings across the company.

These tasks include identifying risks and opportunities related to climate change, assessing their financial impacts, and monitoring adaptation strategies. The Committee evaluates the feasibility of implementing strategic climate decisions across the company and monitors critical actions to ensure the achievement of net-zero emissions targets.

Committee Member Mr. Feyyaz YAZAR (Executive Board Member and Deputy General Manager) also holds a Public Oversight Authority Sustainability Assurance Auditor certificate with registration number BD/2014/09365.

With the Board of Directors' decision dated 05.06.2024 and numbered 20, and in line with the obligations imposed by the Capital Markets Regulation Authority, the regulations of the Banking Regulation and Supervision Authority in this context, and the Turkish Sustainability Reporting Standards of the Public Oversight Authority, the aim is to internalize sustainability management and understanding in companies and institutions in line with our country's and the company's 2053 net zero emission target and policies.

The Investor Relations, Sustainability and Incentive Implementation Directorate has been authorized to serve all group companies by contributing to the development of corporate sustainability and climate change policies and strategies within the framework of the sustainability goals determined by the Sustainability Committee, ensuring their integration into company business processes, monitoring sustainability performance, preparing and delivering sustainability reports to internal and external stakeholders, monitoring legislation, creating projects in consultation with other units, monitoring, internally auditing and reporting on the

company's sustainability activities in daily operations, and carrying out and monitoring other tasks and duties related to sustainability. This unit operates under the Deputy General Directorate of Financial Affairs and serves all group companies.

Remzi Okan GÖKDEMİR, Investor Relations, Sustainability and Incentive Implementation Manager, holds a Sustainability Expertise Certificate issued by the Turkish Capital Markets Association and a Corporate Sustainability Reporting Expertise (CSRU) License issued by the Public Oversight Authority.

With this authorization, the processes for integrating, reporting, and monitoring climate-related risks into corporate operations have been systematized; and the impacts of these risks on investment plans, supply chain management, and operational cost management are analyzed through collaborative work between departments.

In addition, various Sustainability Working Groups have been established to ensure the effective implementation of sustainability policies across all levels of the organization. These groups are structured periodically on a topic-by-topic basis, with participation from employees from different units, under the guidance of the Sustainability Committee.

Each group conducts its work in line with the objectives and indicators appropriate to its field of activity, and submits its findings and recommendations to the Sustainability Directorate for presentation to the Sustainability Committee and for reporting purposes. This ensures the internalization and dissemination of strategically defined sustainability goals at the operational level. Within this scope, in 2025, a total of 7 reports on Sustainability Assessment, Sustainability Progress, Physical Climate Risk Scenario Analyses, Climate Risks and Opportunities, Carbon Footprint Performance, and Sustainability Goals were submitted to the Sustainability Committee by the Sustainability Directorate.

The activities of the working groups also contribute to meeting stakeholder expectations more effectively, increasing employee participation, and establishing a sustainability culture throughout the company.

1.5. Environmental, Social and Governance Policies

At İzmir Demir Çelik, one of the fundamental components of our sustainability management structure is our corporate ESG policies. These policies, aligned with sustainable development principles and determined in line with the company's field of activity, encompass our environmental responsibilities, employee rights and social impact, ethical governance approach, corporate risk, corporate communication approach, and stakeholder relations. Our sustainability strategies are shaped around these policies, and compliance is monitored by the Sustainability Directorate. Data collected from relevant departments according to the policy content is reported to the Sustainability Committee. Based on this data, the Sustainability Committee audits policy compliance performance twice a year and reports to the Board of Directors. In the report submitted to the Sustainability Committee on December 31, 2025, policy compliance performance was evaluated positively.

Our policy documents were adopted by the Board of Directors on June 5, 2024 (No. 21) and August 20, 2024 (No. 29), upon the recommendation of the Sustainability Committee. These

policies are reviewed periodically, once a year. In this context, the Company's core ESG policies are listed below. These policies can be accessed on the sustainability section of our website .

- Quality Management
-Environmental and Energy Management
-Our Management Systems Policy
-Our ISMS Policy
- Ethical Principles and Code of Conduct Procedure
-Human Rights Policy
- Employee Compensation Policy
-Corporate Risk Management Policy
-Corporate Communication / Complaints / Suggestions Policy
-Corporate Social Responsibility Policy
-Customer Satisfaction Policy

1.6. Sustainability Audit and Monitoring Process

Sustainability audit and monitoring processes at İzmir Demir Çelik Sanayi A.Ş. are conducted in a multi-layered structure encompassing both corporate governance and internal control systems. Internal audit activities are carried out company-wide, covering production, management, and investment processes, within the framework of a business plan determined by the Board of Directors. Internal audit activities are structured to ensure that processes are conducted in accordance with relevant standards, legislation, and internal regulations, to increase the reliability of financial statements, and to ensure the efficient use of company resources.

The Internal Audit Unit reports directly to the Executive Board and reviews all financial, administrative, commercial, and technical operations in accordance with laws, internal regulations, procedures, and internationally accepted audit principles. Furthermore, it develops preventive and corrective recommendations against potential risks with a continuous improvement approach in line with management systems standards. The Audit Committee and the Risk Early Detection Committee contribute to this structure as oversight and control mechanisms. In accordance with the regulations of the Capital Markets Board, the Board of Directors periodically evaluates the effectiveness of the internal audit system. Targets related to risks and opportunities within the company are not included in the compensation policy.

Sustainability practices are systematically monitored through corporate reporting processes conducted by the Sustainability Directorate, under the oversight of the Board of Directors and the guidance of the Sustainability Committee. The Sustainability Committee evaluates the implementation level of environmental, social, and governance (ESG) policies, performance indicators related to achieving sustainability goals, and risk-opportunity management processes at least twice a year through its meetings.

The audit process is not solely based on internal resources; it is also structured to monitor opinions, suggestions, and complaints from external stakeholders. Communication forms accessible through the company's corporate website allow stakeholders to provide feedback on sustainability practices. Specific applications regarding ethical issues are evaluated by the Ethics Committee, which operates on a confidentiality basis; applications are received via the Ethics Notification Form published on the website. For employees, requests, suggestions, and

complaints can be submitted through an internally structured web-based platform and via QR codes placed in areas with high employee traffic. These notifications are reviewed by the Internal Audit Department and senior management, forwarded to the relevant units, and reported to the Sustainability Committee if necessary.

The process of monitoring sustainability goals is carried out with the contribution of relevant internal units; indicators such as carbon emissions, energy consumption, and occupational health and safety are measured and analyzed at specific intervals. This data is transmitted to the Sustainability Directorate by the relevant units; the sustainability and climate-focused reports prepared by the Directorate are reviewed and evaluated by the Sustainability Committee. The Sustainability Committee Member, who is a sustainability assurance auditor authorized by the Public Oversight Authority and is part of the Committee, contributes to the interpretation of these reports and the shaping of the Committee's opinion in accordance with their professional expertise. The final evaluation is submitted to the Board of Directors for approval, and the principle of transparency is observed in the sustainability reports disclosed to the public.

İzmir Demir Çelik's sustainability reporting has been structured as of 2024, based on the Turkish Sustainability Reporting Standards (TSRS 1 and TSRS 2). Within this framework, processes for systematically monitoring and disclosing sustainability performance metrics (such as greenhouse gas emissions, energy consumption, waste management, and occupational health and safety indicators) have been established, periodic targets included in the TSRS framework have been defined, and budget studies for financing these targets have been initiated.

The financial relationships for activities related to sustainability goals will be structured in the future as required by TSRS. Since there is no specific investment or financial resource allocation towards these goals in the 2025 reporting period, the direct impact of the relevant metrics on the financial statements is not presented at this stage. However, in future periods, if there are any impacts related to the disclosed indicators, their impact on the financial statements will be transparently included in the report.

1.7. Certification and Management Systems

İzmir Demir Çelik Sanayi A.Ş. possesses certificates and documents demonstrating compliance with national and international standards in areas such as quality, environment, occupational health and safety, energy management, and information security. Within this framework, the company systematically controls its production processes through integrated management systems; and supports its activities, conducted in line with sustainability principles, with documents and standards audited by independent organizations.

Our certifications have become an integral part of our corporate sustainability policies, which aim not only to ensure legal compliance but also to enhance our competitiveness in international markets, build customer trust, document our environmental and social responsibility, and increase our resilience to climate-related risks.

The company's certifications regarding Management Systems and Standards, and their relationship to sustainability;

Management **System / Standard**	**Issued by**	**Validity Date**	**Common Characteristics Associated with Sustainability**	**Additional Relationships Related to the Management System**
ISO 9001 Quality Management System	Cares Certification	5.12.2026	*** Understanding the expectations of relevant parties and stakeholders, internal/external issues, and actions taken to address them; * Identifying and appointing management system managers, developing and announcing policies** ; *** Risk assessment and prevention activities, opportunity evaluation; * Goals:** Setting metric goals and planning to achieve them; *** Resource Management:** Human resources - Competencies/Training, Environment - Physical, Mental, Equipment; *** Operations:** Compliance with relevant standards and legislation, monitoring legal requirements, planning accordingly to carry out production and activities, purchasing, storage, etc.; *** Performance Evaluation:** Internal audits, management review meetings; *** Continuous Improvement:** Recording nonconformities and planning and implementing necessary actions for correction/prevention.	Traceability, Customer Complaint and Satisfaction Management, Preparation of Quality Plans According to Standards and Product Quality Controls by Conducting Tests, Input Raw Material Quality Controls, Calibration Controls of Measuring Equipment, Supplier Evaluation
ISO 14001 Environmental Management System	Cares Certification	4.08.2027		Environmental Impact Assessment, Waste Management and Reduction, Wastewater and Chemical-Hazardous Substance Management, Emission Monitoring and Reduction, Biodiversity Monitoring and Development, Emergency/Accident Management and Drills, Monthly Board Meetings and Performance Evaluation
ISO 45001 Occupational Health and Safety Management System	Cares Certification	17.05.2028		Accident Analysis, Monthly Board Meetings and Performance Evaluation, Achieving Goals Through Reward Systems, Emergency Drills, Selection of Personal Protective Equipment.
ISO 50001 Energy Management System	TSE	29.03.2027		Identifying potential opportunities through periodic energy audits, evaluating these opportunities, and managing actions to reduce energy intensity.
Sustainable Construction Steel	Cares Certification	1.12.2026		Activities undertaken in environmental, social, and economic areas, and the identification and monitoring of key performance indicators (KPIs) related to these areas; prioritizing sustainability issues through periodic surveys; evaluating main suppliers in terms of sustainability; and analyzing the transportation impact of main raw material purchases and factory transportation (shuttle, car, travel).
Sustainable Structural Steel				
ISO 27001 Information Security Management System	ASB	6.12.2026		Ensuring Data and Information Security

1.8. Sustainability Activities

Annual Activity Summary in Compliance with TSRS 1 and TSRS 2 Standards

İzmir Demir Çelik Sanayi A.Ş. continued its efforts to improve its corporate sustainability management system in environmental, social, and governance areas throughout 2025. The activities carried out were in line with Turkish Sustainability Reporting Standards (TSRS 1 and TSRS 2), the European Green Deal, the Border Carbon Adjustment Mechanism (BCDM), the Emissions Trading System (ETS), and relevant national legislation; and the integration of sustainability into the company's governance, risk management, and strategic decision-making processes was strengthened.

1.8.1. Environmental Activities and Climate Actions

Biodiversity Monitoring and Environmental Performance Tracking: Throughout 2025, soil, settled dust, and surface water analyses were conducted in the operating areas, and environmental impacts were regularly monitored. Furthermore, the 2025 Biodiversity Monitoring Report was prepared and published on the company website, and efforts to protect the ecosystem in the operating areas continued.

Carbon Footprint and Water Footprint Verification Studies : ISO 14064-1 Corporate Carbon Footprint Verification and ISO 14046 Water Footprint Verification processes were initiated in 2025. Within the scope of these studies, the data infrastructure regarding greenhouse gas emissions and water usage was strengthened, data quality was improved through verification processes, and preparation was ensured for reporting obligations under TSRS, SKDM, and ETS.

Water Management and Resource Efficiency : SCADA-based monitoring systems and existing water management practices have been further developed to effectively track water consumption, and efforts towards water efficiency have been supported by the ISO 14046 verification process.

SKDM and ETS Alignment Studies: Developments in European Union SKDM practices and the ETS planned for implementation in Turkey have been regularly monitored; institutional preparations for carbon management, greenhouse gas emission calculation and reporting have continued.

Regulatory Monitoring: Developments related to the European Green Deal, TSRS, SKDM, ETS, Water Efficiency Regulation, Industrial Emissions Management Regulation, and End-of-Waste Criteria were monitored throughout the year, their impact on company operations was evaluated, and necessary preparatory work was carried out.

1.8.2. Social Sustainability, Stakeholder Engagement, and Ethical Framework

Cooperation in Education and Social Contribution: In 2025, education cooperation protocols were signed with Kozbeyli School and Aliağa Public Education Center; various activities supporting environmental awareness, sustainability, and social development were carried out.

Stakeholder Engagement and Communication Mechanism: To more effectively receive stakeholder opinions, suggestions, and complaints, the notification system on the company's

website has been restructured, a QR code-supported access infrastructure has been created, and mechanisms enabling anonymous notifications have been developed. This strengthens transparency, accountability, and stakeholder participation.

Sustainability Training: Basic sustainability training programs were prepared to promote a corporate sustainability culture; a total of 440 employees participated in training sessions covering sustainability reporting, climate change, carbon management, and the role of employees in these processes.

1.8.3. Corporate Governance , Compliance, and TSRS Preparations

TSRS Reporting: In 2025, the first TSRS-compliant sustainability report for İzmir Demir Çelik Sanayi A.Ş. and its subsidiaries was prepared; comprehensive analyses were conducted under the headings of governance, strategy, risk management, metrics, and targets. The prepared report underwent a limited assurance audit and was shared with the public on October 22, 2025.

Responsible® Program: Phase 1 of the Responsible® Program, implemented under the support of the Turkish Ministry of Trade's Green Deal Compliance Project, was successfully completed in 2025. During this process, the company's environmental, social, and governance performance was analyzed; the current situation in the areas of energy, carbon, water, waste management, supply chain, and governance was evaluated, and a green transformation roadmap was created.

UR-GE Activities: Within the scope of UR-GE activities coordinated by the Aegean Region Chamber of Industry, participation was ensured in meetings and training programs on the European Green Deal, carbon regulations, circular economy, resource efficiency, and sustainable production practices.

1.8.4. Digitalization and Occupational Health and Safety Modernization

Occupational Safety and Health (OSH) and Training Infrastructure Development Plans: As part of preparations for 2025, plans have been made for an AI-supported OSH training module, virtual reality (VR) supported safety training, and digital infrastructure investments.

Legal Compliance Tracking Digitized: Human resources notifications (salary, position, contract, ethical guidelines, company rules, etc.) are now communicated digitally to employees via the TÜRKEP system.

Digitization of Domestic Market Quality Certificates: To increase domestic customer satisfaction, quality certificates are now prepared via a web-based program, enabling faster feedback to customers.

2. STRATEGY

This section describes İzmir Demir Çelik Sanayi A.Ş.'s strategic approach to climate and sustainability issues under TSRS 1 and TSRS 2. It also provides information on strategic planning and operational practices prepared within the scope of the transition to a low-carbon economy. The relationships between the company's business model and value chain and its climate and sustainability strategies are defined.

2.1. Our Sustainability Strategy and Climate Transition Plan

At İzmir Demir Çelik Sanayi A.Ş., we view sustainability not only as a means of limiting environmental impact, but also as a holistic framework that supports our business strategy, financial resilience, and long-term competitiveness. In line with this approach, we conduct all our activities within a sustainability strategy aligned with the United Nations Sustainable Development Goals (SDGs), parallel to Türkiye's net-zero carbon targets, and based on the transition to a low-carbon economy.

At the heart of our sustainability strategy are objectives focused on reducing environmental impact, resource efficiency, social inclusion, ethical governance, and green growth. The company prioritizes energy efficiency projects, recycling practices, digital infrastructure investments, and green certification processes to support sustainable production and environmentally friendly industrial transformation.

Our Climate Transition Plan, developed in line with our strategic goals, is designed to be consistent with a 1.5°C scenario. This plan includes our short, medium, and long-term mitigation strategies, investment priorities, and transformation-oriented operational policies. Reducing fossil fuel consumption, modernizing energy-intensive processes, and strengthening low-carbon production infrastructure are key components of this plan. İzmir Demir Çelik, which produces using Electric Arc Furnace (EAF) technology, has a low-carbon production infrastructure and is among the leading companies that can meet the demand for green products with its Sustainable Construction Steel and Sustainable Profile Steel certifications.

To manage the financial impacts of our climate transition process, multi-dimensional cost projections have been made, taking into account the European Union Border Carbon Adjustment (CBAM), the Emissions Trading System (ETS), and possible carbon pricing scenarios. These projections are explained in detail under the "Transition Risks" heading in the "Carbon Adjustments and Pricing Risk" section of the report. Digital infrastructures are being developed for product-based carbon footprint calculations and embedded carbon management, and reporting processes are being strengthened. The 143.18 MWe solar energy investment and additional renewable resource analyses carried out by İzdemir Enerji A.Ş., one of the group companies, directly contribute to strategies aimed at reducing carbon intensity.

The financing of the operations and investment needs of İzmir Demir Çelik and its subsidiaries is carried out by evaluating the Group's existing equity structure and debt sources together. Financing needs arising from the implementation of sustainability and climate strategies, such as investment, technology transformation, energy efficiency, emission reduction, and climate adaptation, are also evaluated within the Company's general investment and financial planning processes. In this context, if the nature of the investment and financing conditions are suitable, green and sustainable financing opportunities and public support and incentive mechanisms are also considered among the financing alternatives.

As of the 2025 reporting period, there is no dedicated funding source or separate financial resource allocated specifically to achieving future sustainability and climate goals. Should investment needs arise in the future to manage climate-related risks and opportunities, financing

decisions are expected to be evaluated considering the Company's current financial structure, the size and payback period of the investment, borrowing conditions, interest rates, liquidity status, cost of capital, and the availability of suitable green financing options.

The cost and accessibility of financing sources are considered among the factors that may affect the timing and financial performance of future investments. Changes in interest rates, credit conditions, developments in financial markets, and access to green financing instruments are factors that can influence financing costs and investment decisions. However, as of 2025, no separate situation has been identified that significantly affects the Company's access to financing or cost of capital due to climate-related risks and opportunities. Future investment needs and potential changes in financing conditions will be evaluated within the Company's financial planning processes and monitored along with the financial impacts of sustainability-related risks and opportunities.

All these strategic efforts are monitored through the oversight of the Board of Directors, the guidance of the Sustainability Committee, and relevant internal audit processes; performance data is collected periodically and shared transparently through publicly available sustainability reports. İzmir Demir Çelik's sustainability strategy is shaped in accordance with TSRS 1 and TSRS 2 standards.

Our sustainability strategy and climate transition plan aim not only to ensure compliance with legal obligations, but also to strengthen sustainable value creation, stakeholder trust, and long-term financial resilience.

2.2. Business Model and Value Chain

İzmir Demir Çelik Sanayi A.Ş. and its group companies operate in the fields of iron and steel production (İzmir Demir Çelik and Akdemir Çelik), electricity generation (İzdemir Enerji), and port services (İDÇ Liman Hizmetleri). This structure, despite the group companies specializing in different areas of activity, enables the holistic management of the value chain, from raw material procurement to the shipment of the final product.

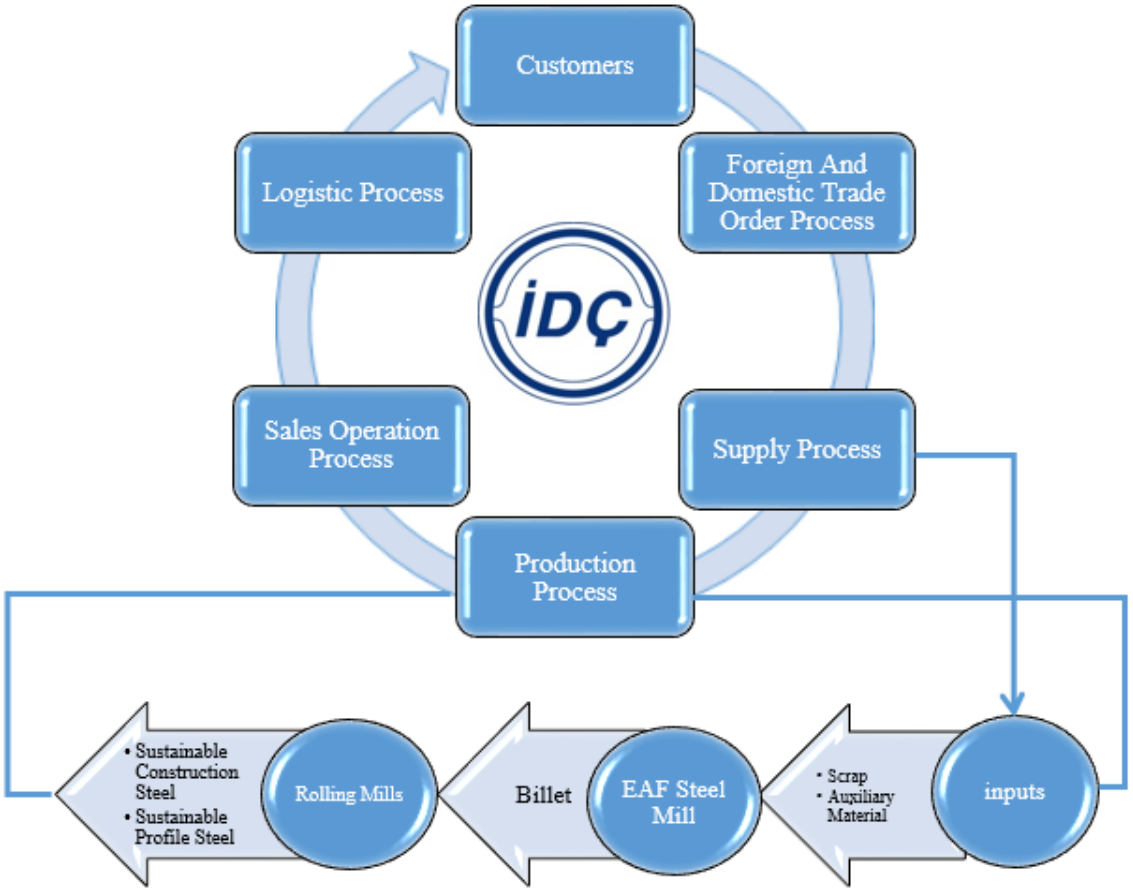
Production processes are carried out using Electric Arc Furnace (EAF) technology, which supports a low-carbon production approach; energy supply is supported by internal group resources and diversified through renewable energy investments. The group's internal port and logistics services reduce external dependence and provide greater control over the supply chain.

All of the company's final products are certified as 100% sustainable steel. This feature allows İzmir Demir Çelik to differentiate itself with a low carbon footprint in both domestic and international markets; in particular, it creates a strategic competitive advantage under the European Union's Border Carbon Adjustment (CBAM).

The group companies are enhancing the environmental and social resilience of the value chain through initiatives such as energy efficiency projects, renewable energy investments, and strengthening port infrastructure against the effects of climate change. This structure ensures that sustainability strategies are integrated into the business model, alongside activities carried out by each company in its own area of expertise.

The potential impacts of climate change-related transition risks and physical risks on the business model and value chain are considered; these impacts are discussed in detail under the heading " Risks and Opportunities " in the report.

İzmir Demir Çelik Value Chain



Customers	Domestic and Foreign Trade Order Process	Procurement Process	Production Process	Sales Operation Process	Logistic Process
Local Companies International Companies	Export Customers Import Suppliers Customs and Trade Authorities Financial Institutions	Scrap Suppliers Auxiliary Material Suppliers Business Materials Suppliers Energy Suppliers Environmental and Social Audit Institutions	Employees Unions Environment Regulatory bodies Investors	Employees Local Customers International Customers Investors	Employees Logistics Companies IDC Port Local Community

2.3. Climate-Related Risks and Opportunities

2.3.1. Risk and Opportunity Definitions

Probability Assessment			
Probability Score	**Definition**	**Explanation**	**Possibility (%)**
1	Very Low	It hasn't happened in the last 10 years, and it's unlikely to happen in the future.	<5%
2	Low	Very rare	5%–15%
3	Middle	It occurred under specific conditions, it is likely to happen in the near future.	15%–40%
4	High	It has been observed repeatedly in the last 3–5 years and may reoccur.	40%–70%
5	Very High	Recurring year after year or becoming systemic	>70%

Maturity	
Duration	**Explanation**
0-2 Years	Short Term
2-7 Years	Medium Term
> 7	Long Term

Financial Risk and Opportunity Threshold			
Impact Score	**Definition**	**Impact Amount (TL)**	**Revenue *Percentage (%)**
1	Very Low	<160 million	< 0.25%
2	Low	160–320 million	0.25% – 0.50%
3	Middle	320–640 million	0.50% - 1.00%
4	High	640 million–1.3 billion	1.00% - 2.00%
5	Very High	>1.3 billion	> 2.00%

Calculating the Total Risk and Opportunity Impact Score (= Probability Score x Impact Score)		
Total Score	**Risk Level**	**Action**
1–4	Low Risk / Opportunity	It can be monitored, but reporting may not be necessary.
5–9	Medium Risk / Opportunity	It is monitored, planned, and reported.
10–15	High Risk / Opportunity	It is reported, and action is taken.
16–25	Critical Risk/Opportunity	It is treated as a strategic priority.

*The net sales revenue shown in the financial statements as of December 31, 2025, has been used as the basis.

2.3.2. Key Areas of Uncertainty

The company's sustainability and climate-related risks and opportunities are assessed for their future impact; considering changes in climate conditions, regulatory developments, carbon pricing and Border Carbon Adjustment Mechanism applications, developments in energy and raw material markets, export and market conditions, and operational performance. This involves uncertainties. Therefore, the timing, scope, and magnitude of the financial impact of risks and opportunities cannot be determined with certainty in advance.

The company assesses these uncertainties through scenario analyses using different climate and financial assumptions. The scenario results are not used as a definitive future forecast, but rather to evaluate potential impacts that may occur under different conditions; the assessments take into account current climate and operational data, regulatory developments, market conditions, and operational and financial performance .

2.3.3. Climate Risks

Climate-Related Supply Chain Risks		
Term: *Long*	**Probability:** *Low*	**Impact:** *Moderate*
The Significance Effect	:	Impact on Operational Continuity
Business Model / Value Chain	:	Supply Chain
Impact Description	:	In supply chain structures based on sea and land transportation, extreme weather events such as storms, heavy rainfall, strong winds, and high waves pose risks that can lead to delays directly affecting production processes in both domestic and international logistics.
Impact Measurement:	:	Qualitative
Affected Company:	:	İzmir Demir Çelik Sanayi A.Ş., İzdemir Enerji Elektrik Üretim A.Ş.., İDÇ Liman Hizmetleri A.Ş., Akdemir Çelik Sanayi ve Ticaret A.Ş.

Data Sources / Calculation Tool / Scenario	:	SSP1-1.9, SSP1-2.6, and SSP2-4.5 scenarios, delays in ship docking times due to severe storms or high waves could prevent timely delivery of materials to production sites. This is considered a risk that could disrupt the production planning of İzmir Demir Çelik and Akdemir Çelik; while for İzdemir Enerji, delayed arrival of coal and auxiliary materials could affect the capacity utilization rate in electricity production. Specifically for İDÇ Liman İşletmeleri A.Ş., the temporary suspension of port operations could create disruptions in ship docking and departure schedules. This could lead to financial and reputational impacts such as decreased port revenues, increased ship waiting times in the port area, penalties, and risks to customer satisfaction. Similarly, port-related delays in the delivery of export products by sea could lead to postponements of customer delivery dates and jeopardize contractual obligations. Road transport is also a complementary element in the supply and delivery operations of the Group Companies. However, extreme weather events such as floods, landslides, transportation disruptions, and delays in delivery vehicles can lead to production materials not arriving on site on time or products not being shipped to customers on time. Supply chain delays for group companies were hypothetically analyzed, taking into account IPCC AR6 SSP scenarios (SSP1-1.9, SSP1-2.6, SSP2-4.5). Calculations were made using the formula " annual number of incidents × average delay time per incident ". Delays per incident were taken as 6–24 hours for ship docking/departure , 4–12 hours for loading/unloading operations , and 3–8 hours for land transport delays . Accordingly, the total downtime based on scenarios is as follows: • In the SSP1-1.9 scenario: 0–44 hours • In the SSP1-2.6 scenario: 13–88 hours • In the SSP2-4.5 scenario: 26–132 hours It has been calculated as follows.
Financial Impact	:	The financial impact measurement uncertainty of climate-related supply chain risk depends on numerous variables, including the timing, duration, and intensity of the climate event, raw material and auxiliary material supply processes, the level of impact on port and logistics operations, alternative supply options, and customer contract terms. Therefore, the direct financial impact of the risk cannot be quantitatively calculated. For this reason, financial assessments were conducted by considering scenario analyses performed under TSRS 2, the

		company's business continuity approach, potential operational impacts, and existing risk management practices together. **Current Financial Impacts;** In the 2025 fiscal year, no event occurred that resulted in production stoppages, significant disruptions in the supply of critical raw materials or auxiliary materials, interruptions affecting the continuity of port and logistics operations, or a significant financial impact directly reflected in the financial statements due to climate-related supply chain risks. Therefore, during the reporting period, this risk does not have an impact on the company's financial position, operating results, or the carrying amount of assets and liabilities exceeding the financial materiality threshold. However, considering operational continuity, securing the supply of raw materials and auxiliary materials, uninterrupted port and logistics operations, and the potential for future financial impacts, the risk is assessed as a significant climate risk within the scope of the company's Risk Prioritization and Reporting Threshold. **Projected Financial Impacts:** Based on scenario analyses conducted by the company, it is assessed that in the event of increased physical risks due to climate change, delays in raw material and auxiliary material supply processes, disruptions in port and logistics operations, increased alternative supply costs, and consequent changes in production plans may occur. Considering the nature and duration of climate events, the nature and quantity of products supplied, the level of impact on port operations, alternative supply possibilities, uncertainties regarding customer contract terms, current scenario analyses, and risk mitigation measures implemented by the company, it is not expected that the risk will create a financial impact exceeding the threshold of financial materiality in the short and medium term, or that it will create significant adjustment risks in the company's asset values and liabilities. In the long term, while a significant financial impact exceeding the threshold of financial materiality and significant adjustment risks in asset values and liabilities are not expected based on current assessments, financial impacts will be periodically reassessed in light of climate projections, regulatory developments, and changes in operational conditions.
Risk Monitoring Mechanism	:	Continuous evaluations of logistics operations units, periodic risk assessments by the Sustainability Committee.
Resilience Scenario / Action Plans	:	Insurance systems provide risk transfer in transportation and logistics processes. In sea transport, marine cargo insurance covers the entire transportation process for bulk cargo; while in land transport, protection is provided through CMR insurance and extended commodity insurance. Insurance coverage extensions are offered for cargo that has to wait in the port area; and when necessary, the security of the cargo is ensured with temporary in-port storage solutions.

Related Sector-Based Disclosure Subject	:	Climate-related supply chain risk is addressed in the sector-specific disclosure topics related to supply chain management. Discussion and analysis, metrics, and objectives regarding supply chain management are presented under the heading "Supply Chain Management" in the relevant section .

Risk of Operational Dependence on Water Resources		
Term: *Long*	**Probability:** *Medium*	**Effect:** *Low*
The Significance Effect	:	Impact on Operational Continuity, Environment
Business Model / Value Chain	:	Production Planning
Impact Description	:	İzmir Demir Çelik Sanayi A.Ş., as a facility that uses large amounts of water in its steel production processes, considers its dependence on water resources as one of the key risks that need to be managed in terms of operational sustainability. Industrial activities, particularly in cooling systems, rolling mill operations, steelmaking processes, and auxiliary facilities, largely rely on a continuous water supply. In this context, the company's water usage is at volumes too high to be considered independently of environmental impacts. Similarly, İzdemir Enerji Elektrik Üretim A.Ş.., in terms of the amount of water going to its boiler turbine and FGD units and used within the process, considers its dependence on water resources as one of the key risks that need to be managed in terms of operational sustainability.
Impact Measurement:	:	Quantitative/Qualitative
Affected Company:	:	İzmir Demir Çelik Sanayi A.Ş., İzdemir Enerji Elektrik Üretim A.Ş..
Data Sources / Calculation Tool / Scenario	:	The ISO 14046:2025 Water Footprint Inventory Report was evaluated based on internal water consumption records, SCADA monitoring system data, well water extraction records, İzdemir Energy reverse osmosis system data, and DAF Industrial Wastewater Treatment Plant recovery data. According to the 2025 results, the annual blue water footprint is calculated as 2,556,238.92 m³, the green water potential as 26,569.94 m³, and the grey water footprint as 143,420.32 m³. Total water consumption is 2,995,570 m³, of which 1,561,681 m³ (52.1%) is from groundwater, 994,598 m³ (33.2%) is from seawater treated at the İzdemir Energy reverse osmosis plant, and 439,291 m³ (14.7%) is from water recovered at the DAF Industrial Wastewater Treatment Plant.

		According to the preliminary assessment results for 2025 by İzdemir Enerji Elektrik Üretim A.Ş., one of the group companies, the facility does not use groundwater, and its entire annual water requirement of 9,413,973.32 m³, assessed within the scope of the blue water footprint, is met from surface water sources. The grey water footprint is calculated as 6,501 m³/year, and the water footprint density is 3.31 m³/MWh. The majority of the water used in the plant is utilized in boiler, cooling, and FGD (Flue Gas Desulfurization) systems, and the non-use of groundwater is considered a positive practice in terms of the sustainable management of water resources across the group. The risk of dependence on water resources was hypothetically analyzed considering IPCC AR6 SSP scenarios (SSP1-1.9, SSP1-2.6, SSP2-4.5). Calculations were performed using the formula "annual number of events × average downtime per event". Downtime per event was taken as 6–24 hours for İzmir Demir Çelik Production due to water criticality, and 2–8 hours for İzdemir Enerji due to backup and buffer capacity. Accordingly, the total downtime based on scenarios is as follows: In the SSP1-1.9 scenario: 0–32 hours In the SSP1-2.6 scenario: 8–64 hours In the SSP2-4.5 scenario: 16–96 hours It has been calculated as follows.
Financial Impact	:	The financial impact of operational dependence on water resources is uncertain because it depends on numerous variables, including the duration of potential water supply interruptions, affected production processes, production plans, alternative water supply options, and operational conditions. Therefore, the direct financial impact of the risk cannot be quantitatively calculated. For this reason, financial assessments were conducted by considering scenario analyses performed under TSRS 2, the company's operational structure, business continuity approach, and existing risk management practices together. **Current Financial Impacts;** In the 2025 fiscal year, no event occurred that directly impacted production activities, reflected in the financial statements, or significantly affected cash flow due to operational dependence on water resources. Therefore, during the reporting period, this risk does not have an impact on the company's financial position, operating results, or the book value of assets and liabilities exceeding the financial materiality threshold. However, considering the dependence of production processes on water, ensuring operational continuity, safe operation of critical equipment, uninterrupted continuation of production plans, and potential

		future pressures on water resources due to climate change, the risk is assessed as a significant climate risk within the scope of the company's Risk Prioritization and Reporting Threshold. **Projected Financial Impacts:** Based on scenario analyses, it is assessed that in the event of drought, water stress, or increased water supply disruptions due to climate change, there is a possibility of temporary shutdowns in production processes, changes in production plans, increased maintenance activities, and negative impacts on operational efficiency. However, considering the duration of potential water supply disruptions, the affected production lines, alternative water supply options, uncertainties regarding operational conditions, current scenario analyses, and the water management practices implemented by the company, it is not expected that the risk will create a financial impact exceeding the threshold of financial materiality in the short and medium term, or that it will create significant adjustment risks in the company's asset values and liabilities. In the long term, while a significant financial impact exceeding the threshold of financial materiality and a risk of significant adjustments in asset values and liabilities are not expected based on current assessments, financial impacts will be periodically reassessed in light of climate projections, regulatory developments, and changes in operational conditions.
Risk Monitoring Mechanism	:	Risk is regularly monitored through the ISO 14046 Water Footprint Inventory, real-time water consumption monitoring infrastructure via the SCADA system, process-based metering system, reports prepared by the sustainability department, and environmental performance indicators.
Resilience Scenario / Action Plans Related Sector-Specific Disclosure Subject	:	Within the scope of the water management strategy developed in line with the ISO 14046 Water Footprint Inventory, efforts are underway to increase the use of alternative water sources, implement rainwater harvesting systems, effectively utilize the recovery capacity of the DAF Industrial Wastewater Treatment Plant, expand process-based metering systems, and continue working towards the ISO 46001 Water Efficiency Management System. In 2025, a rainwater harvesting system was implemented, and approximately 20,444 m^3 of rainwater was utilized annually in the production process. Furthermore, the reuse of 439,291 m^3 of water recovered at the DAF facility resulted in approximately a 28% reduction in well water usage. These practices reduce the company's dependence on groundwater resources, increasing operational resilience against water stress risks associated with climate change.
Related Sector-Based Disclosure Subject	:	The risk of operational dependence on water resources is related to water consumption, water efficiency, the use of alternative water sources, reclamation practices, and climate change adaptation efforts. Through rainwater harvesting, a DAF (Deep Seawater Recycling) system, process-based monitoring infrastructure, and ISO 46001 certification, the goal is to reduce groundwater use and strengthen water security. The fact that İzdemir Enerji

	Elektrik Üretim A.Ş., a group company, does not use groundwater and prioritizes surface water use also supports the group's overall water management approach. Current data and reduction targets are presented under the "Metrics and Targets" section of the report .

2.3.4. Climate-Related Transition Risks

The climate transition risks identified during the reporting period are as follows :

Border Carbon Adjustment Mechanism (Transition Risk)		
Term: *Short*	**Probability:** *High*	**Effect:** *Low*
The Significance Effect	:	Regulatory Compliance Obligation
Business Model / Value Chain	:	Supply Chain Management, Foreign Trade, Sales and Customer Relations
Impact Description	:	The European Union Border Carbon Adjustment Mechanism (BCAM), which came into effect in 2023, stipulates that carbon costs will be borne by importers after a transition period. Within this framework, reporting of embodied greenhouse gas emissions for iron and steel products has become mandatory, and financial obligations related to carbon pricing are expected to arise during the full implementation period. İzmir Demir Çelik Sanayi A.Ş. is directly affected by the obligations under the BCAM due to its exports to the European Union.
Impact Measurement:	:	Quantitative/Qualitative
Affected Company:	:	İzmir Demir Çelik Sanayi A.Ş.
Data Sources / Calculation Tool / Scenario	:	İzmir Demir Çelik Sanayi A.Ş.'s exports to the European Union in 2025 amounted to 29,125 tons of structural steel (HS Code 7216), representing approximately 5.4% of total exports. The calculations are based on the company's first, second, third, and fourth quarter 2025 CBAM (Contract for the Protection of Natural Resources) reports submitted to EU customers, the CBAM Implementing Regulation published by the European Commission, EU ETS carbon prices, carbon price data published by ICAP (International Carbon Action Partnership), and the company's export records. Using product-based CBAM data verified by the company, the average annual embodied carbon emission for structural steel products with HS code 7216 has been calculated as 0.465 tCO_2e/ton for the year 2025. Based on this value, the total embodied carbon emission used for cost calculations for 29,125 tons of exports to the European Union has been determined to be approximately 13,542 tCO_2e.

		In assessing the transition risk stemming from carbon pricing, two different scenarios were created, assuming that the carbon prices of the European Union Emissions Trading System will continue to increase in the medium and long term. The analyses used a base scenario of €75/tCO_2 and a high price scenario of €95/tCO_2. Accordingly; In a carbon price scenario of €75/tCO_2, the potential annual carbon cost would be approximately €1,015,650. In a carbon price scenario of €95/tCO_2, the potential annual carbon cost is estimated to be approximately €1,286,490. These calculations are designed to show the potential financial impact that may be encountered if carbon prices in the European Union remain at their current levels or rise, and are a scenario-based risk assessment without considering free allocations, possible legislative changes, or future regulations.
Financial Impact	:	The uncertainty in measuring the financial impact under the Border Carbon Adjustment Mechanism varies depending on the volume of exports to the European Union, the average annual embedded carbon emissions of exported products, carbon price levels, regulatory changes, and implementation principles. Therefore, financial assessments have been carried out considering İzmir Demir Çelik Sanayi A.Ş.'s 2025 exports to the European Union and the determined carbon price scenarios. **Current Financial Impacts;** In the 2025 fiscal year, no carbon costs directly reflected in the Company's financial statements were incurred under the Border Carbon Adjustment Mechanism. Therefore, in the reporting period, this risk does not have an impact on the Company's financial position, operating results, and the book value of assets and liabilities exceeding the financial materiality threshold. However, considering the potential financial impact on the continuation of exports to the European Union, the future trajectory of carbon prices, increased regulatory obligations, and the Company's competitiveness, the risk is assessed as a significant transition risk within the scope of the Company's Risk Prioritization and Reporting Threshold. **Projected Financial Impacts:** Based on calculations using İzmir Demir Çelik Sanayi A.Ş.'s exports to the European Union in 2025 as a basis, the projected annual carbon cost is approximately €1,015,650 under a carbon price scenario of €75/tCO_2 and approximately €1,286,490 under a carbon price scenario

		of €95/tCO_2. These calculations are based on a 2025 export volume of 29,125 tons to the European Union and an average annual embodied carbon emission of 0.465 tCO_2e/ton. These amounts are hypothetical scenarios created to quantitatively assess the potential financial exposure to carbon pricing. The calculated amounts are below the financial materiality threshold determined by the Company. Therefore, under the current scenario assumptions, it is not expected that the costs arising from carbon pricing will create a financial impact on the Company's financial situation and operating results that would exceed the financial materiality threshold in the short and medium term, or that it will create significant adjustment risks in the Company's assets and liabilities. In the long term, although a significant financial impact exceeding the financial materiality threshold and a risk of significant adjustments in assets and liabilities are not expected based on assessments made according to current conditions, developments in carbon markets, regulatory changes, export volumes, and carbon price levels are regularly monitored; and financial impact calculations and risk assessments are updated as deemed necessary.
Risk Monitoring Mechanism	:	This is monitored annually through risk assessment reports prepared by the Sustainability Department.
Resilience Scenario / Action Plans	:	İzmir Demir Çelik Sanayi A.Ş. directs the vast majority of its total exports to Middle Eastern countries as of 2025. While exports to European Union countries constitute 5.4% of total exports, 90.3% are to Middle Eastern countries and 4.3% are to other countries. This regional distribution is an important factor in limiting the carbon cost pressure originating from the European Union, but it necessitates the continuation of efforts to maintain competitiveness in products destined for the European market. In this context, İzmir Demir Çelik regularly conducts studies on the calculation, verification, and reporting of product-based embodied greenhouse gas emissions in order to effectively manage transition risks arising from carbon pricing. CBAM declarations for exports to the European Union are prepared in accordance with the relevant legislation, product-based carbon footprint calculations are regularly updated, and improvement efforts to digitize the calculation infrastructure are ongoing. Thus, the aim is to continuously improve the accuracy, traceability, and reporting quality of carbon data. İzmir Demir Çelik maintains the CARES Sustainable Construction Steel Certificate and the CARES Sustainable Profile Steel Certificate to support low-carbon production performance in its products supplied to the European market. These certificates demonstrate that the products are manufactured in accordance with international sustainability criteria and contribute to maintaining its competitiveness in

		the European Union market. In addition, the company aims to reduce carbon intensity by continuing energy efficiency projects, process optimization studies, and activities aimed at carbon footprint management. Within the group, the solar power plant investments with a total installed capacity of 143.18 MWe, commissioned by İzdemir Enerji Elektrik Üretim A.Ş., are also among the important practices contributing to the reduction of carbon intensity across the group in the long term. In addition, developments within the scope of European Union SKDM regulations and the Emissions Trading System (ETS) planned to be established in Turkey are regularly monitored, and carbon management strategies and action plans are updated as deemed necessary.
Related Sector-Based Disclosure Subject	:	The risk of a border carbon adjustment mechanism is related to sector-specific disclosure issues concerning energy management and greenhouse gas emissions. Greenhouse gas emission and energy management metrics and targets are presented under the Metrics and Targets section of the report.

2.3.5. Physical Climate Risks

The physical climate risks identified during the reporting period are as follows:

Storm Risk (Physical Climate Risk)		
Term: *Long*	**Probability:** *Low*	**Effect:** *Low*
Risk Type Definition	:	**Acute:** These are short-term, sudden risks usually resulting from extreme weather events.
The Significance Effect	:	Impact on Operational Continuity and Facility Security
Business Model / Value Chain	:	Production Operations, Open Area Storage and Logistics Processes
Impact Description	:	Based on the evaluation of meteorological data for the period 1981–2025 for the Horozgediği neighborhood of Aliağa, the risk of storms has been identified as a low-probability acute physical climate risk. Severe wind events can cause temporary operational disruptions, increased maintenance needs, and limited physical damage to open stockyards, production facilities, port operations, and logistics activities.
Impact Measurement:	:	Quantitative/Qualitative

Affected Company:	:	İzmir Demir Çelik Sanayi A.Ş. and Group Companies
Data Sources / Calculation Tool / Scenario	:	In assessing the storm risk, the long-term maximum wind data from the NASA POWER Platform (1981–2025) WS10M_MAX, meteorological records from the General Directorate of Meteorology, and the IPCC Sixth Assessment Report (AR6) SSP1-1.9, SSP1-2.6, and SSP2-4.5 climate scenarios were used. For the Horozgediği neighborhood, the long-term annual average maximum wind speed was determined to be 14.66 m/s, and the highest annual maximum value was 17.58 m/s. The analyses revealed that long-term average wind speeds in the region remained at the "strong wind" level on the Beaufort Scale, with only one year showing a value exceeding the General Directorate of Meteorology's storm threshold of 17.2 m/s. Considering the meteorological data obtained during the 1981–2025 period and the fact that no significant physical damage, operational disruption, or financial loss due to storms occurred in company operations in 2024–2025, the probability of the risk occurring was assessed as low. In resilience analyses, operational downtime was hypothetically assessed under IPCC AR6 scenarios; 24–48 hours in the SSP1-1.9 scenario, In the SSP1-2.6 scenario, 54–108 hours, In the SSP2-4.5 scenario, possible downtime durations ranging from 66 to 192 hours are considered. These values were obtained by separately evaluating the operations of İzmir Demir Çelik , İDÇ Liman, Akdemir Çelik and İzdemir Enerji.

Financial Impact	:	The uncertainty in measuring the financial impact of storm risk depends on numerous variables, including the time, duration, and intensity of the event, the affected production processes, the stage of production, the extent to which port and logistics operations are affected, loading and unloading activities, and operational conditions. Therefore, the direct financial impact of the risk cannot be quantitatively calculated. For this reason, financial assessments were made by considering scenario analyses conducted under TSRS 2, long-term meteorological data, past operational performance, and current operational data related to company activities. **Current Financial Impacts;** In the 2025 fiscal year, no event occurred that significantly affected production activities, port and logistics operations, or financial statements due to storm risk, and there was no impact on the carrying amount of assets and liabilities exceeding the financial materiality threshold. However, the risk is assessed as a significant physical climate risk within the scope of the company's Risk Prioritization and Reporting Threshold, taking into account the continuity of production activities, the uninterrupted operation of port and logistics operations, the safe operation of critical equipment, and the potential for future financial impact. **Anticipated Financial Impacts** : Based on scenario analyses, future severe storm events have the potential to create financial impacts on revenue, maintenance and repair costs, labor costs, and other operating expenses due to temporary production shutdowns, port operation delays, and equipment damage. Based on current analysis results, the risk is not expected to exceed the threshold of financial materiality in the short to medium term, nor is it expected to create a significant adjustment risk in the Company's assets and liabilities. In the long term, while a significant financial impact exceeding the threshold of financial materiality and a significant adjustment risk in assets and liabilities are not anticipated based on current conditions, financial impacts will be periodically reassessed in light of climate projections, regulatory developments, and changes in operational conditions.
Risk Monitoring Mechanism	:	Storm risk and strong wind events are monitored annually by the Sustainability Department and the Occupational Health and Safety (OHS) unit. Insurance policies are reviewed annually, and emergency plans are updated.
Resilience Scenario / Action Plans	:	Emergency scenarios have been developed for critical areas, and crane and roof systems have been reviewed. Comprehensive insurance coverage has been secured against potential damage in port and production areas; regular disaster/storm drills are conducted for employees.

Flood and Inundation Risk (Physical Climate Risk)		
Term: *Long*	**Probability:** *Low*	**Effect:** *Low*
Risk Type Definition	:	**Acute:** These are short-term, sudden risks usually resulting from extreme weather events.
The Significance Effect	:	Impact on Operational Continuity and Facility Security
Business Model / Value Chain	:	Production Operations, Open Area Storage and Logistics Processes
Impact Description	:	In the North Aegean Basin, where İzmir Demir Çelik and its Group Companies operate, the Hayıtlı Stream, with its dry streambed and nearby dams and ponds, has been considered in terms of flood risk assessment. In this context, although the Hayıtlı Stream is not directly listed as a high-risk area on the flood hazard map, the possibility of an acute flood, albeit a low probability, cannot be ignored considering the region's topography and inadequate infrastructure. Flood-related production disruptions, workforce reductions, and maintenance and repair costs can create financial impacts on operational processes.
Impact Measurement:	:	Qualitative
Affected Company:	:	İzmir Demir Çelik Sanayi A.Ş. and Group Companies
Data Sources / Calculation Tool / Scenario	:	In the flood risk assessment, the following were taken into account: the North Aegean Basin Flood Management Plan prepared by the General Directorate of Water Management of the Ministry of Agriculture and Forestry, flood hazard and risk maps, hydraulic modeling results based on 50, 100 and 500-year recurrence flood scenarios, the Izmir Governorship Provincial Disaster Risk Reduction Plan (IRAP), long-term rainfall data from the Dikili Meteorological Station, and topographic and hydrological information regarding the facility's surroundings. The assessments determined that Hayıtlı Stream is not among the streams with a high flood risk; however, the 500-year flood discharge in the Aliağa District Settlement Area Stream exceeded the stream's capacity. Considering that no operational interruptions or financial losses due to floods occurred in the Group Companies in 2024 and 2025, the probability of the risk occurring was assessed as low. Incident frequency and operational downtime for Group Companies were hypothetically analyzed considering IPCC AR6 SSP scenarios (SSP1-1.9, SSP1-2.6 and SSP2-4.5). Accordingly;

		In the SSP1-1.9 scenario, downtime totals 9–44 hours. In the SSP1-2.6 scenario, 32–80 hours, In the SSP2-4.5 scenario, it was calculated to be between 64 and 180 hours. These values were obtained by separately evaluating the operations of İzmir Demir Çelik Sanayi A.Ş., İDÇ Liman İşletmeleri A.Ş., Akdemir Çelik Sanayi ve Ticaret A.Ş. and İzdemir Enerji Elektrik Üretim A.Ş. The calculation is based on the formula "annual number of incidents × average downtime per incident," where downtime per incident is hypothetically determined by considering the time required for acute impact, drainage and cleanup activities, safety and quality controls, and equipment recommissioning.
Financial Impact	:	The financial impact measurement uncertainty of flood risk depends on numerous variables, including the time, duration, and severity of the event, affected production processes, the level of impact on on-site infrastructure, the status of port and logistics operations, loading and unloading activities, and operational conditions. Therefore, the direct financial impact of the risk cannot be quantitatively calculated. For this reason, financial assessments were conducted considering scenario analyses performed under TSRS 2, historical operational data, and the company's current risk management practices. **Current Financial Impacts;** In the 2025 fiscal year, no event occurred that significantly impacted production activities, port and logistics operations, or financial statements due to flood risk. While potential production losses and labor-related costs can be calculated on an hourly basis based on historical operational data, it has been assessed that the potential financial impacts remain below the financial materiality threshold determined by the company, and do not have an impact on the book value of assets and liabilities exceeding the financial materiality threshold. However, considering the continuity of production activities, the protection of field infrastructure, the uninterrupted operation of port and logistics operations, the safe operation of critical equipment, and the potential for future financial impacts, the risk is assessed as a significant physical climate risk within the scope of the company's Risk Prioritization and Reporting Threshold.

		Anticipated Financial Impacts: Based on scenario analyses, future flood events may cause temporary shutdowns in production activities, damage to site infrastructure and drainage systems, and disruptions to port and logistics operations, potentially impacting revenue, maintenance and repair costs, labor costs, and other operating expenses. Based on current analysis results, the risk is not expected to exceed the threshold of financial materiality in the short to medium term, nor is it anticipated to create a significant adjustment risk in the Company's assets and liabilities. In the long term, while a significant financial impact exceeding the threshold of materiality and a significant adjustment risk in assets and liabilities are not anticipated based on current conditions, financial impacts will be periodically reassessed in light of climate projections, regulatory developments, and changes in operational conditions.
Risk Monitoring Mechanism	:	Flood and inundation risk is monitored annually by the Sustainability Directorate and the Occupational Health and Safety (OHS) unit. Insurance policies are reviewed annually, and emergency plans are updated.
Resilience Scenario / Action Plans	:	To protect the existing streambed against acute flood risk, a passage has been created by leaving a gap on the parcel side to allow for the maintenance and cleaning of the stream. Crisis management processes have been defined, and emergency plans have been developed for high-risk facilities. Flood and water inundation drills have been conducted with employees. Insurance policies have been arranged to cover flood and water inundation risks.

Sea Level Rise (Physical Climate Risk)		
Term: *Long*	**Probability:** *Low*	**Effect:** *Low*
Risk Type Definition	:	**Chronic:** These are risks that emerge gradually over the long term, intensify over time, and stem from persistent climatic changes.
The Significance Effect	:	Operational Continuity
Business Model / Value Chain	:	Production Operations, Open Area Storage and Logistics Processes

Impact Description	:	İDÇ Liman Hizmetleri Inc., a subsidiary of İzmir Demir Çelik, is located on the coast of Aliağa Nemrut Bay and is directly exposed to the risk of sea level rise projected to occur in the long term due to global climate change. The port infrastructure, including quays, fortifications, drainage systems, electrical infrastructure, back-service areas, and port cranes, is vulnerable to this chronic physical risk. High wave impacts, tidal anomalies, and coastal flooding have the potential to lead to operational disruptions, infrastructure deformations, and reduced service revenues. Furthermore, it has been assessed that this risk could have strategic impacts on operational performance in the medium to long term, as it may cause disruptions in the connected logistics network.
Impact Measurement:	:	Qualitative
Affected Company:	:	İDÇ Liman Hizmetleri Inc.
Data Sources / Calculation Tool / Scenario	:	The risk assessment was based on NASA Sea Level Projection Tool data and the SSP2-4.5 and SSP5-8.5 scenarios published by the IPCC. Accordingly, the SSP2-4.5 scenario predicts a median sea level rise of 0.14 m by 2040 and 0.56 m by 2100; the SSP5-8.5 scenario projects this rise to 0.77 m by 2100. The infrastructure risk due to rising sea levels was supported by identifying systems that could be exposed in the port area and conducting physical vulnerability analyses. Factors such as climate scenarios, technical feasibility data, and regional ground sensitivity were considered together to estimate the impacts on operational capacity. Since the risk of sea level rise has a limited potential for impact in the short and medium term (2024–2030), the probability of exposure was assessed as low. The distance of İDÇ Port Operations from the shore, the current level of fortifications, and the difference in land elevation do not pose a direct pressure under short- and medium-term uplift scenarios. Furthermore, no operational disruptions, flooding, or structural deformations due to sea level rise have been observed as of 2025.
Financial Impact	:	The financial impact measurement uncertainty of the sea level rise risk depends on numerous variables, including the rate and magnitude of sea level rise, the level of impact on coastal areas, the continuity of port and logistics operations, the exposure of coastal and port infrastructure, and future climate conditions. Therefore, the direct financial impact of the risk cannot be quantitatively calculated. For this reason, financial assessments were conducted considering scenario analyses performed under TSRS 2, current climate projections, and the company's existing risk management practices.

		Current Financial Impacts; No significant impacts resulting in financial consequences have been observed in coastal and port infrastructure, port and logistics operations, or manufacturing activities due to sea level rise in the 2025 fiscal year. Accordingly, it has been assessed that the risk does not have an impact on the Company's financial position and operating results exceeding the financial materiality threshold, and does not pose a significant adjustment risk to the book values of assets and liabilities during the reporting period. However, considering the physical exposure of coastal and port infrastructure, the continuity of port and logistics operations, and the potential long-term financial impacts due to climate change, the risk is assessed as a significant physical climate risk within the scope of the Company's Risk Prioritization and Reporting Threshold. **Projected Financial Impacts:** Based on the scenario analyses conducted, there is a potential for financial impacts on revenue, maintenance and repair costs, capital expenditures, and other operating expenses in the long term due to rising sea levels affecting coastal infrastructure and causing disruptions in port and logistics operations. Based on the current analysis results, the risk is not expected to exceed the threshold of financial materiality in the short and medium term, nor is it expected to create a significant adjustment risk in the Company's asset values and liabilities. In the long term, while a significant financial impact exceeding the threshold of financial materiality and a significant adjustment risk in asset values and liabilities are not expected based on current conditions, financial impacts will be periodically reassessed in light of changes in sea level projections, coastal and port infrastructure exposure conditions, and operational conditions.
Risk Monitoring Mechanism	:	Sea level rise events are monitored annually by the Sustainability Directorate and the Occupational Health and Safety (OHS) unit. Insurance policies are reviewed annually, and emergency plans are updated.
Resilience Scenario / Action Plans	:	At İDÇ Port Operations, resilience to the risk of rising sea levels is based on maintaining the operational continuity of existing coastal and port infrastructure, monitoring the physical condition of the infrastructure, and evaluating maintenance and repair needs. Changes observed in coastal structures, port areas, and drainage systems are monitored within the scope of existing maintenance and control processes; maintenance, repair, and infrastructure improvements are evaluated according to the identified needs. In the event that changes in the risk level or the exposure of coastal infrastructure are detected in the long term, necessary technical and operational measures will be further evaluated in line with existing conditions. Existing insurance coverage is considered a complementary element in managing the financial consequences of potential physical damage.

Fire Risk (Physical Climate Risk)		
Maturity: *Medium*	**Probability:** *Medium*	**Effect:** *Middl*
Risk Type Definition	:	**Acute:** These are short-term, sudden risks usually resulting from extreme weather events.
The Significance Effect	:	Impact on Operational Continuity and Facility Security
Business Model / Value Chain	:	Production Operations, Open Area Storage and Logistics Processes
Impact Description	:	Fire risk is an increasing threat in open areas where production and energy-intensive operations are carried out, due to the increasingly severe climatic conditions (high temperature, low humidity, wind) that can cause fires. The entire province of Izmir is classified as a first-degree forest fire-sensitive area. Forest fires in the surrounding area or fires caused by on-site technical malfunctions can directly damage critical components such as open-area stockyards, high-temperature equipment, cable systems, and transformer substations, leading to production shutdowns. Power outages, personnel evacuations, and shutdowns due to occupational safety and health (OSH) measures may also occur. While maintenance, repair, and shutdown costs during a fire are predictable, the net financial impact of production loss is uncertain, depending on the duration, location, and extent of the fire.
Impact Measurement:	:	Qualitative
Affected Company:	:	İzmir Demir Çelik Sanayi A.Ş. and Group Companies
Data Sources / Calculation Tool / Scenario	:	In the fire risk analysis, the İzmir AFAD Provincial Disaster Risk Reduction Plan (2025) was used as the main data source; the General Directorate of Forestry's 2023 Administrative Activity Report, the 2019–2023 Fire Management Plan prepared by the İzmir Regional Forestry Directorate, the Forest Fire Meteorological Early Warning System (MEUS) operated by the General Directorate of Meteorology, and the records of the large-scale fire event that occurred in the Aliağa-Çaltıdere region in 2023 were examined. Meteorological data obtained from these sources were evaluated together with parameters such as temperature, wind speed, and humidity during the fire season, as well as undergrowth flora, fuel load, and topographical structure. During the period considered as the fire season, April–October, temperatures in İzmir reach 43 °C, humidity drops to an average of 52%, and wind speeds reach up to 8.03 m/s. These conditions are the main meteorological factors that increase the probability of fire outbreaks and spread. Open storage areas, scrap yards, high-temperature process equipment, and external cabling systems located particularly around the factory are susceptible to fire. Furthermore, the indirect effects of potential fires in nearby forested areas are also considered in terms of operational continuity. In this context, the region where İzmir Demir Çelik and

		its group companies are located has been assessed as a "medium" risk group in terms of fire probability. Throughout 2025, the company experienced no fire-related physical damage, operational disruption, or financially impactful events in its operational areas. Fire incident frequency and downtime for group companies were hypothetically analyzed considering IPCC AR6 SSP scenarios (SSP1-1.9, SSP1-2.6, SSP2-4.5). In the SSP1-1.9 scenario, the total downtime is 0–66 hours. In the SSP1-2.6 scenario, 21–132 hours, SSP2-4.5 scenario: 42–198 hours These values were calculated by separately evaluating the İzmir Demir Çelik production, İDÇ Port, Akdemir Çelik and İzdemir Energy operations. The calculation is based on the formula “annual number of incidents × average downtime per incident”, where downtime per incident is hypothetically determined to include acute downtime + maximum fire suppression/cleaning and quality control.
Financial Impact	**:**	The financial impact of fire risk cannot be directly calculated quantitatively because the uncertainty in measuring this impact depends on numerous variables, including the time, duration, and extent of the event, the affected production processes, the stage of production, the level of impact on critical equipment, the status of port and logistics operations, and the scope of response activities. Therefore, financial assessments were conducted considering scenario analyses performed under TSRS 2, historical operational data, and the company's current risk management practices. **Current Financial Impacts;** In the 2025 fiscal year, no event occurred that significantly impacted production activities, port and logistics operations, or financial statements due to fire risk. While potential production losses and labor-related costs can be calculated on an hourly basis based on historical operational data, it has been assessed that the potential financial impacts remain below the financial materiality threshold determined by the Company and do not pose a significant adjustment risk to the book values of assets and liabilities. However, considering the continuity of production activities, the safe operation of critical equipment, the uninterrupted conduct of port and logistics operations, the protection of employee safety, and the potential for future financial impacts, the risk is assessed as a significant physical climate risk within the scope of the Company's Risk Prioritization and Reporting Threshold.

		Anticipated Financial Impacts: Based on the scenario analyses conducted, future fire incidents have the potential to create financial impacts on revenue, maintenance and repair costs, labor costs, and other operating expenses due to temporary shutdowns in production activities, potential damage to facilities and equipment, and disruptions in port and logistics operations. Based on current analysis results, the risk is not expected to create a financial impact exceeding the threshold of materiality in the short and medium term, nor is it expected to create a significant adjustment risk in the Company's asset values and liabilities. In the long term, while a significant financial impact exceeding the threshold of materiality and a significant adjustment risk in asset values and liabilities are not expected based on current conditions, financial impacts will be periodically reassessed in light of changes in climatic conditions affecting fire risk, physical exposure of facilities, and operational conditions.
Risk Monitoring Mechanism	:	Fire risk is monitored annually by the Sustainability Department and the Occupational Health and Safety (OHS) unit. Insurance policies are reviewed annually, and emergency plans are updated.
Resilience Scenario / Action Plans	:	İzmir Demir Çelik and its group companies are implementing a comprehensive resilience scenario with multi-dimensional and preventive measures against fire risk. Throughout the facility, fire detection and automatic fire extinguishing systems are installed in accordance with national standards; equipment, especially in critical areas, is protected with fire-resistant insulation materials and tested, certified cable systems. Fire protection distances and physical buffer zones (e.g., stone barriers) have been created in open stock areas to reduce the potential for fire spread. Scenario-based response plans have been developed within the scope of emergency management, and fire drills involving all personnel were conducted in 2025. Periodic maintenance procedures are in place for electrical installations; early detection systems are in operation against overheating, short circuits, and contact failures. All group companies are insured against fire risk. Thanks to this structure, fire risk is managed systematically not only at a technical level but also from the perspective of corporate awareness and operational continuity.

Risk of Extreme Heat and Increased Sea Water Temperature (Physical Climate Risk)		
Term: *Long*	**Probability:** *Medium*	**Effect:** *Middl*
Risk Type Definition	:	**Chronic:** These are risks arising from persistent climatic changes that emerge gradually over the long term and increase in intensity over time.
The Significance Effect	:	Operational continuity, impact on production processes, energy consumption, plant infrastructure, port operations, and occupational health and safety practices.
Business Model / Value Chain	:	Supply Chain Management, Production Processes, Energy Generation, Port Services, Warehousing, Logistics, and Product Delivery Processes to Customers.
Impact Description	:	Extreme air temperatures and rising sea surface temperatures can put pressure on operational continuity in steel production, energy generation, port operations, and logistics activities. Increased ambient temperatures can increase employee exposure, lead to productivity losses in production processes, increase maintenance needs due to more intensive equipment operation, and raise energy consumption. Rising sea surface temperatures can affect the efficiency of cooling systems using seawater, resulting in performance losses, particularly in energy production processes. Since these effects can create additional burdens on maintenance and repair costs, energy expenses, and operational planning, the risk has been assessed as a long-term chronic physical climate risk for the operational continuity of the Group companies.
Impact Measurement:	:	Qualitative
Affected Company:	:	İzmir Demir Çelik Sanayi A.Ş. and Group Companies

Data Sources / Calculation Tool / Scenario	:	To assess the risk of extreme temperatures and rising sea surface temperatures, air temperature data from the NASA POWER database for the period 1981–2025 and Mediterranean Sea Surface Temperature (SST) trend data published by the Copernicus Marine Service were used. Long-term climate data for the Aliağa (Horozgediği) region were examined in the analyses, and temperature trends were compared year by year to evaluate the direction of change. Analysis of NASA POWER data reveals an upward long-term temperature trend, with maximum temperatures in recent years exceeding past averages and hot periods becoming more pronounced. Mediterranean sea surface temperature trends published by Copernicus Marine Service also indicate a long-term upward trend in sea surface temperatures. These findings are considered together to analyze the potential for the region where the Group companies operate to be affected by extreme heat and rising sea surface temperatures in the future. The risk assessment was carried out based on the probability and impact threshold values determined within the scope of the Company's Climate Risk and Opportunity Assessment Methodology. The assessment considered not only trends in climate data, but also the Group companies' areas of activity, operational exposure, past event records, and existing control mechanisms. No extreme heat or sea surface temperature events that significantly affected the Group companies' operations or caused production or operational stoppages were recorded in 2025. However, long-term climate projections and observational data indicate a continuing trend of rising temperatures. Therefore, although this risk did not result in significant operational losses in the current year, it has been assessed as a long-term chronic physical climate risk and is included in the monitoring scope. In future assessments, the SSP1-1.9, SSP1-2.6, and SSP2-4.5 scenarios included in IPCC AR6 were considered, and the potential impacts of temperature increases on manufacturing, energy production, port operations, and logistics activities were evaluated using qualitative scenario analysis methods.

Financial Impact	:	The financial impact of the risk of extreme temperatures and rising sea surface temperatures is uncertain because it depends on numerous variables, including the duration and severity of the temperature increase, the extent to which production processes are affected, the performance of cooling systems, energy consumption, maintenance and repair needs, operational efficiency, and production plans. Therefore, the direct financial impact of the risk cannot be quantitatively calculated. For this reason, financial assessments were conducted considering scenario analyses performed under TSRS 2, historical operational data, and the company's current risk management practices. **Current Financial Impacts;** No event has occurred in the 2025 fiscal year that significantly impacted production operations, cooling systems, or financial statements due to extreme temperatures or rising sea surface temperatures. Accordingly, it has been assessed that this risk does not have an impact on the Company's financial position and operating results exceeding the financial materiality threshold during the reporting period, and does not pose a significant adjustment risk to the carrying amounts of assets and liabilities. However, considering the continuity of production processes, the efficient operation of cooling systems, the maintenance of operational efficiency, potential changes in energy consumption, and the potential for future financial impacts due to climate change, the risk is assessed as a significant physical climate risk within the scope of the Company's Risk Prioritization and Reporting Threshold. **Anticipated Financial Impacts:** Based on the scenario analyses conducted, if future extreme temperatures and increases in seawater temperature affect the performance of cooling systems used in production processes, increase energy consumption, necessitate more frequent maintenance and repairs, and negatively impact operational efficiency, there is a potential for financial impacts on energy costs, maintenance and repair costs, production costs, and revenue. Based on the current analysis results, the risk is not expected to create a financial impact exceeding the threshold of materiality in the short and medium term, nor is it expected to create a significant adjustment risk in the Company's asset values and liabilities. In the long term, while a significant financial impact exceeding the threshold of materiality and a significant adjustment risk in asset values and liabilities are not expected based on current conditions, financial impacts will be periodically re-evaluated in light of long-term changes in air and seawater temperatures, climate projections, and potential changes in operational conditions.
Risk Monitoring Mechanism	:	The risk of extreme temperatures and rising sea surface temperatures is regularly monitored under the coordination of the Sustainability Directorate. Current data published by international climate databases, official meteorological sources, and marine climate observation platforms are periodically tracked; temperature trends and changes in operational indicators are evaluated together. The results of the risk

		assessment are updated within the scope of annual climate risk analyses, presented to the Sustainability Committee, and, if deemed necessary, reported to the Board of Directors and integrated into corporate risk management processes.
Resilience Scenario / Action Plans	:	İzmir Demir Çelik and its group companies regularly monitor and assess climate risks to mitigate the long-term effects of extreme temperatures and rising sea surface temperatures. Maintenance activities and operational planning at production facilities, port operations, and energy production facilities are carried out taking seasonal conditions into account; periodic checks are performed to ensure the reliable operation of critical equipment. Energy efficiency practices, process improvement studies, and efficiency projects carried out in auxiliary facilities aim to keep energy consumption under control. Renewable energy investments made by İzdemir Enerji A.Ş. are also considered among the Group's long-term practices supporting climate change adaptation and energy supply security. Climate data and international climate projections are regularly monitored, risk assessments are updated periodically, and the findings are integrated into corporate risk management processes. Operational practices and adaptation measures will be reviewed and necessary improvement efforts planned as needed, in light of developments related to extreme temperatures and changes in sea surface temperature.

2.3.6. Climate-Related Opportunities

The climate-related opportunities identified during the reporting period are as follows:

Production Infrastructure, Certification and Market Distribution Opportunities		
Maturity: *Medium*	**Probability:** *Medium*	**Effect:** *Middle*
The Significance Effect	:	Impact on Operational Continuity and Facility Security
Business Model / Value Chain	:	Production Operations,
Impact Description	:	İzmir Demir Çelik Sanayi A.Ş. (Izmir Demir Çelik Sanayi A.Ş.) produces steel using Electric Arc Furnace (EAF) technology. This production method has a lower carbon intensity and relatively less environmental impact compared to traditional blast furnaces. Furthermore, the company holds Sustainable Construction Steel and Sustainable Profile Steel certifications, making İzmir Demir Çelik the first company in Türkiye to possess the Sustainable Construction Steel certification. These certifications demonstrate compliance with green building projects. This production and certification structure enables the company to respond to domestic and international market demands focused on carbon management with a high level of compliance.
Impact Measurement:	:	Qualitative/Quantitative
Affected Company:	:	İzmir Demir Çelik Sanayi A.Ş.
Data Sources / Calculation Tool / Scenario	:	*İzmir Demir Çelik production infrastructure and product certification records (2025) *Comparative emission data of Electric Arc Furnace (EAF) production technology and Blast Furnace: 0.68 tons CO_2 (EAF) vs. 2.33 tons of CO_2 (Blast Furnace) (tons/steel)* Literature review showing that 7–9% of global emissions originate from the steel sector * Global data on EAF usage rate: 28%, Blast Furnace usage rate: 72% *2025 export data, all products certified as sustainable : 29,125 tons to the EU (799 million TL, this value will be 917 million TL in 2024) 1.26% of annual revenue in 2025, 508,021 tons to the Middle East and other countries (11 billion TL, this value will be 4 billion 380 million TL in 2024) 17.90% of annual revenue in 2025 *Sectoral regulation scenarios regarding SKDM and ETS regulations *Thanks to products directed outside of Europe, significant protection against carbon cost pressure from SKDM (Source-Based Manufacturing) is achieved.

		*Due to the EAO (European Association of Manufacturers) infrastructure and low carbon footprint, there is potential for financial opportunities in the coming years, with a lower carbon tax burden and a greater demand advantage.
Financial Impact	**:**	The financial impact measurement uncertainty of the production infrastructure, certification, and market distribution opportunity depends on numerous variables, including the development of demand for sustainability-focused products, the structure of export markets, the implementation of carbon regulations, the level of preference for certified products and their impact on pricing, and international trade conditions. Therefore, the financial benefit that the opportunity may provide cannot be directly and reliably quantitatively calculated. For this reason, financial assessments have been conducted taking into account scenario analyses performed under TSRS 2, current market conditions, and the Company's current strategic approach. **Current Financial Impacts;** In the 2025 fiscal year, the Company's production infrastructure, international certifications, and export-oriented production capabilities supported its competitiveness in existing markets. However, it was not possible to separate the financial benefit arising from these elements from other operating and market conditions and determine it as a directly measurable amount in the financial statements. Accordingly, no significant financial impact of the opportunity on the Company's financial position and operating results that can be measured separately, nor a significant adjustment effect on the book values of assets and liabilities, was identified in the reporting period. Nevertheless, considering the growing demand for sustainability-focused products, the Company's access to international markets, its certification infrastructure, and the potential for future competitive and financial benefits that compliance with carbon regulations may provide, the opportunity is evaluated as a significant climate opportunity within the scope of the Company's Risk Prioritization and Reporting Threshold. **Projected Financial Impacts:** Based on the scenario analyses conducted, an increase in demand for sustainability-focused products, a rise in the preference for certified products in international markets, and compliance with carbon regulations providing a competitive advantage could generate potential financial benefits in the form of increased export revenues

		and turnover, improved access to new markets, and increased profitability. Strengthening compliance capabilities with carbon regulations could also contribute to limiting future exposure to carbon costs and maintaining the Company's competitiveness in international markets. Based on current analyses, it is assessed that the opportunity will continue to positively support the Company's financial performance in the short and medium term; however, in the long term, the scope of financial benefits may change depending on market demand, carbon regulations, international trade conditions, and developments in sustainability criteria. Accordingly, the financial impacts of the opportunity will be periodically re-evaluated.
Related Sector-Based Disclosure Subject	**:**	The Production Infrastructure, Certification, and Market Distribution Opportunity is related to greenhouse gas emissions, as the production structure and certifications result in lower greenhouse gas emissions compared to other sectors. Greenhouse gas emission metrics and targets are presented under the Metrics and Targets section of the report.

Opportunity for Electricity Efficiency and Emission Reduction Through Waste Heat Recovery		
Term: *Short*	**Probability:** *Medium*	**Effect:** *Middle*
The Significance Effect	**:**	Energy Efficiency, Cost Reduction and Emission Management
Business Model / Value Chain	**:**	Production Operations, Energy Consumption, and Resource Efficiency Processes
Impact Description	**:**	Considering the energy-intensive nature of its production operations, İzmir Demir Çelik Sanayi A.Ş. has achieved a reduction in energy consumption and a decrease in its carbon footprint through the application of waste heat recovery systems in high-temperature facilities such as rolling mills and steel mills. These practices have been evaluated as an opportunity to strengthen the company's environmental performance in terms of both resource utilization efficiency and compliance with sustainable production criteria.
Impact Measurement:	**:**	Qualitative/Quantitative
Affected Company:	**:**	İzmir Demir Çelik Sanayi A.Ş.

Data Sources / Calculation Tool / Scenario	:	Based on production data for 2025, engineering calculations for the recuperation system integrated into the walking-floor annealing furnace and the scrap preheating system applied in the steel mill have been theoretically performed. *2025 production quantity: Bar Rolling Mill 1,079,746 tons, Medium Profile Rolling Mill 305,138 tons, Steel Mill (1) 880,468 tons *Total electricity savings: 118,407,273 kWh *Total energy savings: 426,266 GJ (with a conversion coefficient of 1 kWh = 0.0036 GJ) *Energy efficiency per ton : 62.28 kWh/ton in Bar Rolling Mill, 145.13 kWh/ton in Medium Profile Rolling Mill , 7.81 kWh/ton in Steel Mill (1) *Electricity Emission Factor (Turkey): 0.426 kg CO_2/kWh *Reduction per ton in Bar Rolling Mill: 0.0265 tCO_2/ton *Reduction per ton in Medium Profile Rolling Mill: 0.0618 tCO_2/ton *Steel Mill (1) Reduction per Ton: 0.0033 tCO_2/ton * Rod Rolling Mill Total Emission Reduction: 28,647 tCO_2 *Medium Profile Rolling Mill Total Emission Reduction: 18,865 tCO_2 *Steel Mill(1) Total Emission Reduction in tons CO_2: 2,929 tCO_2 *Total Emission Reduction: 50,042 tCO_2 *Electricity Unit Price: 2.60 TL/kWh * Total Theoretical Energy Cost Savings: 307,858,910 TL (This value will be 169,919,510 TL in 2024) These calculations were carried out based on plant-based energy measurement systems and engineering modeling methods under current process conditions; they were also developed under theoretical assumptions to serve as a reference for future climate and production scenarios.
Financial Impact	:	The financial impact of the opportunity to improve electricity efficiency and reduce emissions through waste heat recovery varies depending on the electricity savings achieved, energy unit costs, and production volume. Energy cost savings can be calculated quantitatively using current data, while additional financial contributions from carbon cost savings are evaluated within the scope of scenario analyses, depending on future regulatory developments and market conditions.

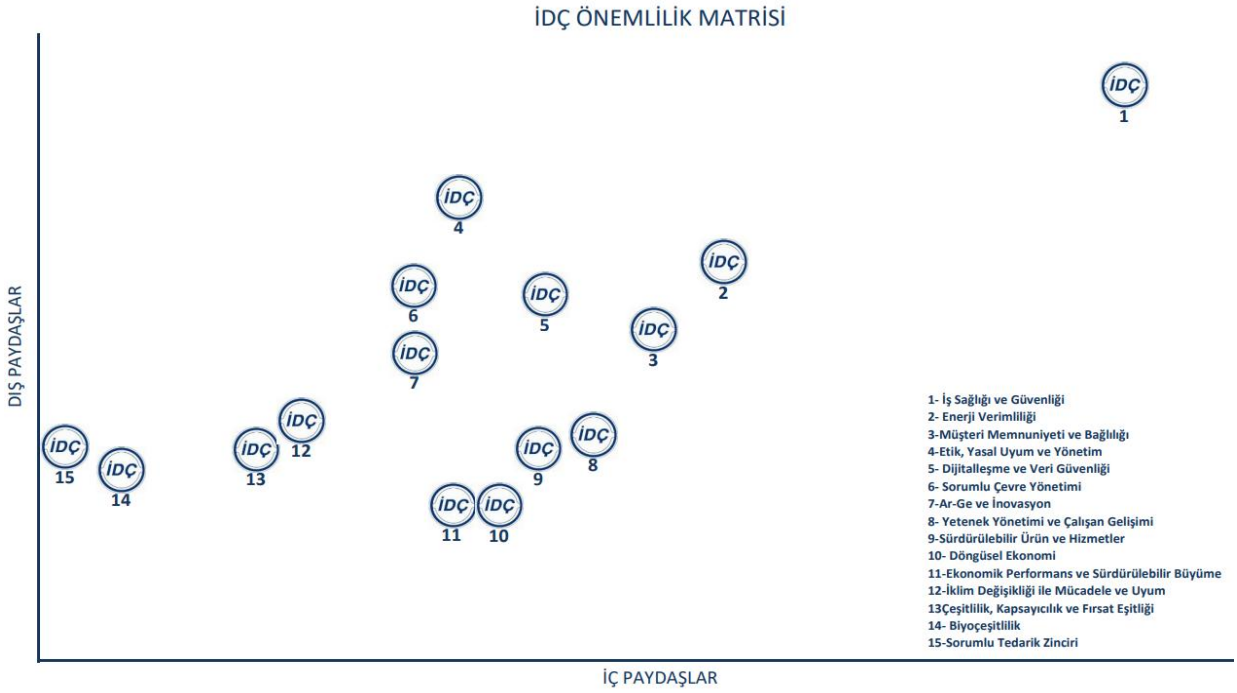
		Current Financial Impacts; Based on theoretical calculations using 2025 production data, waste heat recovery applications have resulted in energy cost savings of approximately 307,858,910 TL. Furthermore, the same calculations reveal a potential total emission reduction of 50,042 tCO_2. The energy savings contribute to reduced energy costs, positively supporting operating profitability and operational efficiency, while the emission reduction strengthens the company's low-carbon production approach. Considering energy efficiency, cost advantages, and the contribution to greenhouse gas emission reduction together, this application is evaluated as a significant climate opportunity within the scope of the company's Risk Prioritization and Reporting Threshold. **Projected Financial Impacts:** Based on the scenario analyses conducted, continued energy savings from waste heat recovery applications have the potential to generate financial benefits in terms of reducing energy costs and supporting operating profitability. In addition, it is assessed that the emission reductions achieved as a result of these applications could contribute to limiting exposure to carbon pricing-related costs once the Emissions Trading System (ETS) is implemented. The energy savings and emission reduction values calculated based on 2025 production data constitute the current period reference for evaluating the future financial benefits of this opportunity. In the short and medium term, it is expected that the savings from energy costs will continue to positively support the Company's operating results; and that additional financial benefits from emission reductions will emerge with the implementation of the ETS. In the long term, the financial impacts of this opportunity will be periodically re-evaluated in line with changes in energy prices, carbon pricing mechanisms, production levels, and the energy saving performance of the applications.
Related Sector-Based Disclosure Subject	:	The Opportunity for Electricity Efficiency and Emission Reduction Through Waste Heat Recovery relates to greenhouse gas emissions, a related sector-specific disclosure topic. Greenhouse gas emission metrics and targets are presented under the Metrics and Targets section of the report.

Waste Management Opportunities		
Term: *Short*	**Probability:** *Medium*	**Effect:** *Middle*
The Significance Effect	:	Contributing to operational sustainability, environmental safety, and income generation through a circular economy approach.
Business Model / Value Chain	:	Production and energy generation processes, secondary raw material recovery and waste sales processes.
Impact Description	:	İzmir Demir Çelik and İzdemir Enerji view waste management not merely as an environmental obligation, but as a strategic opportunity for resource efficiency and operational optimization. Through processes of waste classification, recycling, and controlled removal from the system, both environmental risks are reduced and value is created in line with sustainability principles. This multi-layered structure not only avoids disposal costs but also enhances the company's competitiveness through a high-value resource management system. Through practices such as recovery, compliant disposal, and digital traceability, waste management is integrated with the company's environmental compliance, corporate reputation, and financial sustainability strategies.
Impact Measurement:	:	Qualitative/Quantitative
Affected Company:	:	İzmir Demir Çelik Sanayi A.Ş., Akdemir Çelik Sanayi ve Ticaret A.Ş., and İzdemir Enerji Elektrik Üretim A.Ş..
Data Sources / Calculation Tool / Scenario	:	İzmir Demir Çelik 2025 Waste Inventory and Sales Invoices: * 63,881 tons of in-production steel recycling application, * A total of 75,572 tons of waste consisting of slag, flue dust, waste oil, various metals and scrap, resulting in 371,930,626 TL revenue. İzdemir Enerji 2025 Waste Inventory and Sales Invoices: * A total of 136,496 tons of waste consisting of fly ash, gypsum, waste oil, waste batteries and electrical-electronic equipment, resulting in 49,253,434 TL revenue. Akdemir Çelik 2025 Waste Inventory and Sales Invoices: * A total of 6,946 tons of waste, consisting of slag and scrap metal, was sold, generating revenue of 17,157,242 TL.
Financial Impact	:	The financial impact of waste management opportunities varies depending on the amount of recyclable waste, prices in secondary raw material markets, recycling demand, production volume, and the effectiveness of circular economy practices. Revenue from the sale of

	recyclable waste can be quantitatively calculated based on current financial data, while potential additional financial contributions in the future are assessed based on changes in market conditions and production volume. **Current Financial Impacts;** In 2025, a total revenue of TRY 438,341,302 was generated as a result of recovering recyclable waste (2024: TRY 223,151,829). This revenue originates from the sale of slag, flue dust, various metals and scrap, fly ash, and gypsum, and is accounted for under revenue and other operating income items in the consolidated financial statements, depending on its nature. It was assessed that this opportunity did not have a significant adjustment effect on the carrying amounts of assets and liabilities during the reporting period. When the direct revenue generation through the conversion of waste into economic value is considered together with the support of resource efficiency and circular economy practices, this practice is evaluated as a significant climate opportunity within the scope of the Company's Risk Prioritization and Reporting Threshold. **Anticipated Financial Impacts:** In the short term, it is expected that revenue from waste sales will continue to positively support the Company's financial performance as a result of the continued conversion of recyclable waste into economic value, as a percentage of revenue and other operating income. Based on current assessments, the opportunity is not expected to result in a significant adjustment to the book values of assets and liabilities in the short and medium term. In the medium and long term, however, the magnitude of the financial benefit from the opportunity may change depending on changes in waste sales prices, market demand, production volume, and the amount of recyclable waste; therefore, financial impacts will be periodically reassessed in line with actual revenues and relevant market conditions.
Related Sector-Based Disclosure Subject :	Although Waste Management Opportunities are not included in the related sector-specific disclosure topics, Waste management is considered important within the scope of sustainable management and has been reported due to the revenue generated.

3. RISK MANAGEMENT

At İzmir Demir Çelik Sanayi A.Ş., the risk analysis process, led by the Sustainability Committee, is structured with contributions from relevant internal units. The sustainability department evaluates risks using multiple criteria such as probability, impact, exposure level, and financial cost, and the committee reports to the board of directors. In identifying and reporting sustainability risks, we utilize not only internal operational assessments but also a systematic analysis method based on materiality . The materiality matrix used in this context analyzes both the importance of each sustainability issue in terms of the company's strategic goals and the level of sensitivity in line with the expectations of internal and external stakeholders .



However, not every significant issue is considered a risk factor. İzmir Demir Çelik classifies and reports issues that meet certain criteria in its materiality matrix as sustainability risks. Within this framework, for an issue to be defined as a "significant risk" in the context of sustainability for the company, it must meet one or more of the following threshold criteria and have a Risk Impact Score between 1 and 25 points :

Risk Prioritization and Reporting Threshold – Defining Criteria:

1. **Potential Financial Impact:** The direct or indirect financial impact of the risk as a percentage of revenue is calculated to be between 0.25% and 2%. This indicates that the risk has an existing impact on cash flow or financial statements, or that there is a possibility of such an impact occurring in the near future.
2. **Alignment with Strategic Goals:** The issue may threaten medium-to-long-term corporate goals such as net-zero targets, green certification, energy transition, or environmental compliance strategies.

3. **Regulatory and TSRS Compliance Obligation:** The information must be explicitly required to be disclosed under TSRS 1 and TSRS 2 standards, or be critical to compliance with environmental regulations.
4. **Stakeholder Trust and Reputation Risk:** The issue has the potential to cause damage to trust or reputation among stakeholders such as customers, investors, public authorities, or the local community.
5. **Impact on Operational Continuity:** The issue must be significant enough to cause interruptions, disruptions, or control difficulties in processes such as production planning, resource management, supply chain, or occupational health and safety.

on the Materiality Matrix created , Issues with financial, strategic, or regulatory impacts are evaluated as "significant risks" based on a scoring system developed by the Sustainability Directorate and submitted to the Sustainability Committee for approval . Significance for İzmir Demir Çelik: Threshold ; " *The potential for risk to affect revenue in the range of 0.25% to 2%."* ***It is defined as*** *"having an impact that can significantly affect the company's long-term value creation capacity, strategic alignment, financial sustainability, or stakeholder decisions .* **"**

The assessment process is conducted using a holistic approach, considering not only financial impact but also strategic priority, environmental sensitivity, governance risk, and compliance obligations. This structure positions the materiality assessment not as a static matrix, but as a dynamic decision-making mechanism.

3.1. Study Methodology and Evaluation Process

İzmir Demir Çelik Sanayi A.Ş. uses a combination of data sources—scientific scenarios, national strategies, and internal operational data—to conduct risk and opportunity analyses within the context of sustainability. While the financial impacts of some risks can be directly calculated, others can only be monitored through qualitative assessments due to their social or governance impacts. For risks with quantifiable financial impacts, potential financial impacts, calculation approaches, and hypothetical scenarios have been used. For risks whose financial impacts cannot be directly measured but are of strategic importance, a multi-criteria assessment is conducted using a qualitative analysis method, considering the probability, potential impact area, exposure duration, and strategic priority levels of the risks. Data on risks are presented in tables in the sections of this report titled "Climate Risks," "Climate Transition Risks," and "Physical Climate Risks."

For each risk factor; Risk Prioritization and Reporting Threshold Each item is analyzed individually, and these analyses are brought to the committee's agenda through internal reports and meeting minutes. This approach is based on the company's principle of providing comprehensive, transparent, and decision-supporting information within the framework of TSRS 1 and TSRS 2 standards.

Our data sources are grouped into two main categories: internal and external. Internal sources include energy consumption from production processes, greenhouse gas emissions, water usage, waste management, occupational health and safety data, human resources reports, financial records and performance indicators integrated into the ERP system, feedback from different departments, environmental monitoring reports, and quality management outputs. Our external data sources include IPCC's SSP scenarios, NASA POWER meteorological datasets, the Provincial Disaster Risk Reduction Plan (IRAP) published by the General Directorate of

Meteorology, the General Directorate of Water Management, the Izmir Provincial Disaster and Emergency Management Directorate , and statistical and policy documents obtained from organizations such as the Ministry of Energy and Natural Resources and the European Commission. Regulatory frameworks such as emissions trading, carbon pricing, CBAM (Customs Duty and Conditions Management), and the Green Deal are used as key reference points in our analyses.

In our analyses of climate risks, we have based our methodological framework on the one recommended by the TCFD (Task Force on Climate-related Financial Disclosures); risks have been divided into two main groups: “physical” and “transition risks”. Physical risks include storm, flood, sea level rise, and fire risks; transition risks include the Border Carbon Adjustment Mechanism.

In the risk management process, time periods are defined separately for each risk as short, medium, and long term, based on analyses of the estimated occurrence time and impact of the risks. In scenario analyses, short-term (0–2 years), medium-term (2–7 years), and long-term (< 7 years) assessments are included. While some transition risks (e.g., border carbon adjustment mechanisms) create short-term impacts, some physical climate risks (e.g., sea level rise) are evaluated within the framework of long-term strategic planning. This time-based modeling of risks is designed as a practice that supports the company's dynamic strategic decision-making processes. Similarly, the same time period definitions are used when identifying opportunities.

The data modeling process is carried out using quantitative calculations and evaluation matrices based on working group opinions. Excel-based comparative tables, field-specific data, and publicly available meteorological analyses are used.

In addition, İzmir Demir Çelik Sanayi A.Ş. applies a standardized scoring system to holistically determine the importance levels of risks and opportunities. In this system, a "Probability Score" (1: very low – 5: very high) and an "Impact Score" (1: very low – 5: very high) are assigned to each risk or opportunity, and a total risk score is created by multiplying these two scores. The same system is applied to opportunities, and a total opportunity score is created by measuring the potential added value of the opportunities to the company.

Risks based on total score ranges:

- 1–4: Low Risk (monitored, may not require reporting),
- 5–9: Moderate Risk (monitored and planned for),
- 10–15: High Risk (reported, action taken)
- 16–25: Classified as Critical Risk (treated as a strategic priority).

Opportunities based on total score ranges:

- 1–4: Low Opportunity (monitored, may not require reporting),
- 5–9: Medium Opportunity (Monitored, planned, reported, improved)
- 10–15: High Opportunity (reported, action taken)
- 16–25: Classified as Critical Opportunity (treated as a strategic priority).

This methodology, fully compliant with TSRS 1 and TSRS 2, enables both the monitoring of items reflected in the financial statements and the prioritization of long-term strategic risks.

4. METRITS AND TARGETS

İzmir Demir Çelik Sanayi A.Ş. is subject to the TSRS Sector-Based Application Guidance; specifically TSRS 2-Supplement Volume-9 Iron and Steel Producers. The metrics for this guidance are explained under the headings “Greenhouse Gas Emissions”, “Energy Management”, “Water Management”, “Supply Chain Management”, and “Operational Metrics”. For each company, Scope 1, Scope 2, Energy Management, and Water Management metrics are explained using the equity method, both on a consolidated basis and at the company level.

In accordance with temporary article 3, titled "Transitional provision regarding exemption from disclosure provisions," of the Board Decision on the Scope of Implementation of the Turkish Sustainability Reporting Standards, the exemption from disclosing Scope 3 greenhouse gas emissions was exercised during the first two reporting periods; accordingly, Scope 3 data were not included in the report during this reporting period.

As İzmir Demir Çelik Sanayi A.Ş., we are resolutely continuing our efforts to fully comply with Türkiye's climate policies, which aim to reduce greenhouse gas emissions by 41% by 2030 compared to the reference scenario and to achieve net zero emissions by 2053. At the same time, we are strategically focused on implementing sustainable production processes in line with international decarbonization roadmaps for the steel sector and foreign policy interactions such as the European Union Green Deal.

In this context;

Türkiye's 2030 emissions reduction target (41%) and its 2053 net-zero commitment form the basis of our sustainability strategy and corporate target timelines.

İzmir Demir Çelik, by adopting the targets based on the metrics in the TSRS 2-Supplement Volume-9 Iron and Steel Producers guide at the enterprise level, is developing a systematic planning and implementation mechanism towards: reducing Scope 1 and Scope 2 greenhouse gas emissions, increasing energy efficiency, water management, supply chain management, and integrating these into its production processes.

The company is committed to achieving these national and international goals;

The aim is to regularly monitor relevant metrics, share performance indicators transparently with the public, provide measurable and comparable data in line with the defined overall goals, and shape our internal policies and practices within this framework, taking into account transformation parameters from industry guidelines as well as legislative objectives.

In this context, the company's corporate goals as of 2025 are evaluated in the metrics section of the report, under each metric heading, in terms of base period, applicable period, interim and final target timelines, and action plans related to these goals are explained.

4.1. Cross-Sector Metrics

Greenhouse Gas Emissions (Scope 1 2)	4.2, Greenhouse Gas Emissions .
Vulnerable Assets to Climate Transition Risks	The company has conducted analyses to assess the significance (probability + magnitude) and potential impacts (exposure) of climate-related risks and opportunities, taking into account the nature of its operations, business model, and operational positioning. As a result of these assessments, no asset vulnerable to climate-related transition risks has been identified in the short to medium term. However, due to the dynamic nature of these analyses, the definition and identification of vulnerable assets will be reviewed again in the future.
Vulnerable Assets to Climate-Related Physical Risks	The company has conducted analyses to assess the significance (probability + magnitude) and potential impacts (exposure) of climate-related risks and opportunities, taking into account the nature of its operations, business model, and operational positioning. As a result of these assessments, no asset vulnerable to climate-related physical risks has been identified in the short to medium term. However, due to the dynamic nature of these analyses, the definition and identification of vulnerable assets will be reviewed again in the future.
Climate-Related Opportunities	section 2.3.5, Climate-Related Opportunities .
Capital Distribution	As of the reporting period, the Company has no climate-related allocated capital expenditures, no direct use of climate finance instruments, and no investments. The Company continues to develop its sustainability priorities in its core business areas, and climate-related capital allocations and the use of climate finance instruments may occur in the future.
Internal Carbon Prices	4.2, Greenhouse Gas Emissions .
Pricing	1.6. Sustainability Audit and Monitoring Process .

4.2.Greenhouse Gas Emissions

The Scope 1 and Scope 2 greenhouse gas emission data included in this report have been verified by QSI Certification Inspection and Testing Services Ltd. for İzmir Demir Çelik San. A.Ş. and İzdemir Enerji Elektrik Üretim A.Ş., and the calculation of these data was performed using an accounting-based method for all categories and sources, and are presented in accordance with the GHG Protocol. Scope 1 and Scope 2 calculations were performed in compliance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) and TS EN ISO 14064-1:2019 Standard. The company expresses the greenhouse gases in Scope 1 direct emissions as Carbon dioxide (CO2), Methane (CH4), Nitrous Oxide (N2O), Hydrofluorocarbons (HFCs), and Sulfur hexafluoride (SF6) as tCO2 equivalent. The reference sources for emission factors used in Scope 1 calculations are the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, accredited laboratory analysis data from TS EN ISO/IEC 17025, Gas

Chromatography (GC) analysis data, the Intergovernmental Panel on Climate Change Sixth Assessment Report (IPCC AR6), the Water Pollution Control Regulation, the Communiqué on Monitoring, Reporting and Verification of Greenhouse Gas Emissions, and the Turkish National Greenhouse Gas Emission Inventory. The reference sources for emission factors used in Scope 2 calculations are the Turkish Electricity Generation and Electricity Consumption Point Emission Factors. An operational control approach was considered when determining organizational limits in greenhouse gas calculations. The Calculation-Based Standard and Mass Balance Methods were applied as calculation methods. The Scope 1 and Scope 2 greenhouse gas emission values given below are calculated as gross values. Due to the lack of clarity regarding the emissions trading system in Turkey and the absence of any current obligation or financial risk for the Company to acquire carbon credits based on emissions performance, no carbon credit purchases were made and no internal carbon price was determined during the reporting period.

Greenhouse Gas Emissions (metric tons) as of 31.12.2025 CO2e

	İzmir Demir Çelik	İzdemir Enerji	Akdemir Çelik	İDÇ Liman	Consolidated
Scope 1 (tons of CO2e)	238.303	2,429,493	25,898	1,450	**1,585,346**
Scope 2 (tons of CO2e)	574,189	791	14,250	2.610	**591,475**
Scope 1 and Scope 2 Total Greenhouse Gas Emissions (tons CO2e)	**812,492**	**2,430,285**	**40.148**	**4.059**	**2,176,821**

During the reporting period, the Scope 1 value for İzmir Demir Çelik was 238,303 metric tons of CO2/e, while the consolidated amount was 1,585,346 t CO2e. Not all of these emissions (100%) fall under a direct emission limiting regulation.

31.12.2025 İzmir Demir Çelik and Group Companies Greenhouse Gas Emissions per Production Unit (metric tons) CO2e

	İzmir Demir Çelik	İzdemir Enerji	Akdemir Çelik	İDÇ Liman
Total Greenhouse Gas Emissions per Unit for Scope 1 and Scope 2 (tons CO2e)	**0.3623**	0.853	0.098373	0.0008

İzmir Demir Çelik's total CO2e per metric ton of product (Scope 1 and Scope 2) is 0.3623 t CO2e. Due to the diverse business areas of the group companies, a consolidated per-unit emission indicator is not provided.

Greenhouse Gas Emission Targets

Target Objective	Target Validity Year	Target Year		Base Year	Unit	Product Unit Per Base Year (2024) Data (tons CO2e)	Product Unit Efficiency Data for 2025 (tons CO2e)	Rate of Change Compared to the Base Year	Applicable Section	Measurement Range
		2030	2053							
Scope 1 and Scope 2 Total Greenhouse Gas Emission Reduction (tons CO2e) per Ton	2025-2053	41%	Net Zero	2024	/t	0.423	0.36	14.35%	İzmir Demir Çelik	Annual
		20%			/MWh	0.847	0.853	-0.76%	İzdemir Enerji	
		41%			/t	0.0014	0.00084	39.72%	İDÇ Liman	
		41%			/t	0.1	0.0984	1.63%	Akdemir Çelik	

*The values in the table have been rounded, and the percentage changes have been calculated based on the exact values before rounding.

The presented targets are intensity-based and cover total greenhouse gas emissions under Scope 1 and Scope 2. Progress toward the targets is monitored based on the total emission intensity of Scope 1 and Scope 2. Work is ongoing to calculate Scope 3 greenhouse gas emissions and include them in the target system in future reporting periods.

The greenhouse gas emission values, calculated every six months by the factory's sustainability working groups according to the GHG protocol's calculation-based method, are submitted to the Sustainability Department. After the final annual calculation, the Sustainability Department submits an annual report to the Sustainability Committee, and the Committee reports to the Board of Directors on progress toward achieving the relevant greenhouse gas emission targets, using the annual measurement interval and in tons of CO2e per metric ton/MWh of product.

Actions planned within the framework of the relevant objectives include: *İzmir Demir Çelik*; energy efficiency studies, improvement of operational controls in production processes; *İzdemir Enerji (İzdemir Enerji);* projects aimed at reducing internal demand; *İDÇ Liman* research and usability measurements of alternative sources in energy and fuel use; *Akdemir Çelik*; energy efficiency studies.

Financial budgeting calculations are ongoing within the scope of the relevant projects and studies.

In 2025, the new steel mill facility commissioned at İzmir Demir Çelik Sanayi A.Ş. significantly increased production capacity and operational efficiency. Thanks to the higher energy efficiency provided by the new Electric Arc Furnace (EAF) technology and the updated emission factor for the scrap used, the company contributed to reducing greenhouse gas emission intensity per ton in its production processes. While increasing production volume, the company also strengthened its low-carbon production approach by implementing more efficient production technologies and continued its efforts towards the effective management of greenhouse gas emissions.

Akdemir Çelik has achieved positive improvements in greenhouse gas emission performance throughout 2025 as a result of production activities, improvement efforts aimed at increasing process efficiency, and planned maintenance practices. Despite the increase in production volume, more efficient operation of processes has been ensured thanks to increased operational efficiency and the successful achievement of planned downtime targets, resulting in a 1.63% reduction in total greenhouse gas emissions per unit of product. The annual review and updating of production and downtime targets, increased equipment efficiency, and ongoing improvement

efforts in production processes have contributed to the reduction of emission intensity. In the coming periods, it is aimed to further improve greenhouse gas emission performance per unit of product by continuing energy efficiency and operational improvement efforts.

In evaluating the greenhouse gas emission values per unit of product for 2025 at İzdemir Enerji, the base year (2024) data was readjusted in line with improvements in the calculation methodology. While previous calculations included electricity production from solar power plants, the current methodology only considers electricity production from thermal power plants, thus ensuring comparability between periods.

However, the fact that the carbon content of the coal supplied as fuel in 2025 is expected to be higher than in 2024 has resulted in a limited increase in greenhouse gas emissions per unit. This change is due to a difference in the emission factor of the fuel used, not a loss of efficiency from the production process. The company continues its efforts to monitor fuel quality, regularly track emissions, and improve operational efficiency.

The main driver of change at İDÇ Liman İşletmeleri A.Ş. is the extensive gas refueling operations carried out in the cooling/air conditioning unit; these operations were one-off and accounted for approximately 62% (~2,467 tCO_2e) of the total Scope 1 emissions in 2024. Since no similar refueling/maintenance activity took place in 2025, this item has decreased significantly. As a secondary factor, the switch from coal to lignite in stationary combustion sources has reduced the emission factor of the fuel used.

4.3. Energy Management

Energy Management Metrics Data as of 31.12.2025

	İzmir Demir Çelik	İzdemir Enerji	Akdemir Çelik	İDÇ Liman	Consolidated
Total energy consumed (GJ)	4,762,855	665,963	118.204	21,647	**5,264,429**
Percentage of grid electricity (%)	100	2	100	100	-
Renewable energy percentage (%)	0	0	0	0	-
Total fuel consumed (GJ)	2,951,684	25,467,126	520,654	1.297	**17,307,275**
Percentage of coal (%)	0	99.97	0	100	-
Percentage of natural gas consumed (%)	98.92	0.03	100	0	-
Renewable energy percentage (%)	0	0	0	0	-

Energy Efficiency Target

Target Objective	Target Validity Year	Target Year 2030	Base Year	Unit	Base Year Data (2024) (Per Unit)	Year 2025 (Per Unit)	Rate of Change Compared to the Base Year	Applicable Section	Measurement Range
Reducing energy consumption.	2025-2030	7.27%	2024	GJ/t	1,805	1,776	1.61%	İzmir Demir Çelik Mill	Annual
		13%		GJ/t	0.233	0.23	1.29%	İzmir Demir Çelik Rolling Mill	Annual
		4.08%		GJ/t	0.363	0.345	4.96%	İzmir Demir Çelik Profile Rolling Mill	Annual
		4.63%		GJ/MWh	0.25018	0.25012	0.026%	İzdemir Enerji	Annual
		4%		GJ/t	0.2940	0.2896	1.50%	Akdemir Çelik	Annual
		5%		GJ/t	0.00447	0.00450	-0.67%	İDÇ Liman	Annual
Reducing fuel consumption.	2025-2030	7.50%	2024	GJ/t	0.712	0.668	6.18%	İzmir Demir Çelik Mill	Annual
		13.53%		GJ/t	0.818	0.834	-1.96%	İzmir Demir Çelik Rolling Mill	Annual
		4.08%		GJ/t	1,767	1,732	1.98%	İzmir Demir Çelik Profile Rolling Mill	Annual
		41%		GJ/MWh	0.000802	0.000664	17.22%	İzdemir Enerji	Annual
		0.50%		GJ/t	1,295	1,276	1.49%	Akdemir Çelik	Annual
		10%		GJ/t	0.000290	0.000269	7.24%	İDÇ Liman	Annual

*The values in the table have been rounded, and the percentage changes have been calculated based on the exact values before rounding.

The defined energy efficiency targets are intensity-based targets that aim to reduce energy intensity regardless of changes in production volume. Monthly consumption data is monitored by sustainability working groups and submitted annually to the Sustainability Directorate. Finally, the annual data is presented by the Sustainability Directorate to the Sustainability Committee in an annual report, and the Committee reports to the Board of Directors, in GJ value, the progress towards achieving the relevant energy efficiency targets using the annual measurement interval.

The relevant targets have been determined by İzmir Demir Çelik and its Group companies within the scope of investment implementation studies focusing on energy saving potential, and budgeting calculations are ongoing within the scope of these projects and studies.

İzmir Demir Çelik Sanayi A.Ş. has shown overall positive progress in energy efficiency performance in 2025. Increased capacity in the steel mill and improved efficiency in Electric Arc Furnace (EAF) technology have resulted in reduced electricity and fuel consumption. Changes in the production composition of the profile rolling mill and the increased share of high-efficiency products have positively impacted energy performance. In the bar rolling mill, a limited increase in electricity consumption was observed due to the increased share of N12 ribbed products in the production portfolio. The change in fuel consumption stemmed from increased use of auxiliary equipment and generators for continuity, leading to additional fuel consumption during certain periods. Nevertheless, overall, efficiency improvements implemented in production processes continued to support energy management performance, and the company's progress towards its 2030 energy efficiency targets continued.

Akdemir Çelik has achieved positive improvements in energy performance in 2025 as a result of efficiency studies, planned maintenance activities, and process improvements carried out within the scope of energy management. Despite the increase in production volume, a 1.49% improvement in fuel consumption per unit of product was achieved thanks to more efficient operations. This improvement is attributed to the more effective management of production processes, increased equipment efficiency, and the optimization of energy use. The company aims to further improve energy efficiency, make resource utilization more effective, and achieve its set goals by continuing its efforts to increase energy efficiency.

At İDÇ Liman, a 7.24% improvement in fuel consumption per unit was achieved in 2025 compared to the base year. This improvement was driven by the shift from high-emission coke to lignite, which has a lower emission factor, and by implementing practices aimed at optimizing fuel use. Furthermore, efforts to reduce LPG consumption in operations also supported fuel efficiency. Conversely, a limited increase of 0.67% in energy consumption per unit occurred. This change stemmed from variations in the usage times of auxiliary equipment and energy consumption profiles in port operations, and improvement efforts to increase operational efficiency are ongoing.

In 2025, İzdemir Enerji achieved a 17.27% improvement in fuel consumption per unit of production compared to the base year. This improvement was driven by practices aimed at reducing diesel fuel consumption in operations, the widespread use of electric equipment, and improvement projects aimed at increasing energy efficiency. The change in energy consumption per unit of production was limited and is evaluated based on changes in production volume and operating hours. The company continues its efforts to reduce energy intensity and is gradually implementing energy efficiency projects.

4.4. Water Management

Water Management Metric Data as of 31.12.2025

	İzmir Demir Çelik	İzdemir Enerji	Akdemir Çelik	İDÇ Liman	Consolidated
Total Water Drawn (thousand m³)	2,556	20.851	131	86	**14,099**
Percentage of Areas with High or Extremely High Water Stress	>80%	0%	>80%	>80%	-
Total Water Consumed (thousand m³)	2.995	768	139	75	**3.627**
Percentage of Areas with High or Extremely High Water Stress	>80%	0%	>80%	>80%	-

Water Management Objective

Target Objective	Target Validity Period	Target Year 2030	Base Year	Unit	Base Year (2024) Data per thousand m3 per ton	Year 2025 (thousand m3)	Rate of Change Compared to the Base Year	Applicable Section	Measurement Range
Reducing the amount of water drawn from the well (thousand m3)	2025-2030	15%	2024	t/bin m3	0.000598	0.000431	28.05%	İzmir Demir Çelik	Annual
		3%		t/bin m3	0.000271	0.000321	-18.15%	Akdemir	
		10%		t/bin m3	0.0000180	0.0000179	0.44%	İDÇ Liman	
Reducing total water consumption (thousand m3)	2025-2030	12.50 %	2024	t/bin m3	0.000724	0.000831	-14.76%	İzmir Demir Çelik	Annual
		2.20%		MWh/bin m3	0.000276	0.000270	2.20%	İzdemir Enerji	
		1%		t/bin m3	0.000271	0.000341	-25.72%	Akdemir	
		10%		t/bin m3	0.0000162	0.0000156	3.53%	İDÇ Liman	

*The values in the table have been rounded, and the percentage changes have been calculated based on the exact values before rounding.

The defined water management targets are intensity-based targets, independent of changes in production volume . Monthly withdrawal and consumption data are monitored by sustainability working groups and submitted annually to the Sustainability Directorate. Finally, the annual data is presented by the Sustainability Directorate to the Sustainability Committee in an annual report, and the Committee reports to the Board of Directors, in terms of progress towards achieving the relevant water management targets in thousand m³, using the annual measurement interval.

The company conducts studies aimed at increasing water efficiency for the effective and responsible use of water resources. Within this approach, which aims to reduce the total amount of water drawn and consumed across the group, monitoring, managing, and ensuring the sustainability of water in production processes has been identified as a fundamental priority.

Since all the water consumed at the İzdemir Enerji Plant is sourced from seawater, there is no target to reduce water drawn from wells.

The relevant objectives have been determined by İzmir Demir Çelik and its Group companies within the scope of water efficiency potential investment implementation studies, and budgeting calculations are ongoing within the scope of the relevant projects and studies.

In 2025, water management performance was evaluated taking into account increased operational activities with the commissioning of the new steel mill. The commissioning of the second steel mill increased cooling and process water requirements, resulting in a limited increase in total water consumption per ton. However, thanks to increased use of reclaimed water from İzdemir Enerji Elektrik Üretim A.Ş., well water consumption was reduced by 28.05%, significantly lowering pressure on groundwater resources. Furthermore, during the reporting period, a Water Manager was appointed, a Water Efficiency Team was established, and the Blue Water Certificate application process was initiated, further strengthening corporate practices for the sustainable management of water resources.

Akdemir Çelik has improved its measurement infrastructure as part of its water management efforts, starting in 2025, and has begun directly monitoring water consumption data through mechanical meters. This has resulted in more accurate, reliable, and traceable water consumption data compared to previous years. Therefore, the 2025 performance indicators have been calculated based on measurements reflecting actual consumption, and this improvement in the measurement method has been taken into account when evaluating changes compared to the base year. Thanks to the strengthened measurement infrastructure, the efficiency of water management processes has been increased, data quality has been improved, and a significant step has been taken towards conducting future water efficiency studies on a more robust data foundation. Furthermore, improvement projects and monitoring activities aimed at water conservation continue within the framework of a sustainable water management approach.

At İDÇ Liman, water management performance was improved in 2025 as a result of addressing leaks identified in the water system and commissioning water-saving equipment. Thanks to these practices, a 0.44% improvement in well water usage per unit and a 3.53% improvement in total water consumption per unit were achieved compared to the base year. These results contributed to more efficient use of water resources and effective management of water consumption.

4.5. Supply chain management

İzmir Demir Çelik's supply chain structure is quite extensive and meticulously classified. The fact that the company works with a total of 10,593 local and 1,847 global suppliers, including those planned for 2026, demonstrates its diversified and robust supply network on both local and global scales. The commencement of collaborations with 585 new suppliers in 2025 alone shows that an active process of updating and expanding the supplier ecosystem is ongoing.

İzmir Demir Çelik operationally separates its suppliers who directly provide materials, equipment, or services; and structures its payment terms, delivery processes, and tracking systems accordingly. A standard 30-day payment term is applied to payments to suppliers; the determined payment terms are automatically tracked and managed. Invoicing is received digitally and monitored through a central platform, and is also integrated into the company's overall workflow.

İzmir Demir Çelik is continuing its work on written processes and systems for evaluating the performance of critical suppliers in terms of climate risk, carbon intensity, or social compliance, as part of its sustainability-based supply chain management. Furthermore, it plans to systematically implement training, evaluation, or development programs for suppliers in line with sustainable supply principles.

To build a more resilient structure against potential crises in terms of future supply security, the company plans to develop a supplier evaluation system based on sustainability criteria, integrate performance measurements, and adopt a supplier code that includes socio-environmental risks. The company's Supplier Business Ethics Rules are transparently shared with the public on the website: https://www.izdemir.com.tr/surdurulebilirlik/csy-politikalari/tedarikci-is-etigi-kurallari

4.6. Activity Metrics

Production Quantities as of 31.12.2025

	Iron and Steel Production Activities (Metric Tons)	Electricity Generation Activities (MWh)	Port Loading and Unloading Activities (Metric Tons)
İzmir Demir Çelik Billets (Semi-Finished Products) 100% EAO	2,242,531	-	-
İzmir Demir Çelik Construction Steel	1,079,746	-	-
İzmir Demir Çelik Profile Iron	305.138	-	-
İzdemir Enerji (Thermal Power Plant)	-	2,848,692	-
Akdemir Çelik (Product)	408.121	-	-
İDÇ Liman	-	-	4,810,003

4.7. Comparative Metric Information

GREENHOUSE GAS EMISSIONS		Unit	2024	2025
Scope 1	İzmir Demir Çelik	(t CO2e)	271.123	238.303
	İzdemir Enerji	(t CO2e)	2,095,742	2,429,493
	Akdemir	(t CO2e)	24,271	25,898
	İDÇ Liman	(t CO2e)	3.957	1,450
Scope 2 (tons of CO2e)	İzmir Demir Çelik	(t CO2e)	497,486	574,189
	İzdemir Enerji	(t CO2e)	1.758	791
	Akdemir	(t CO2e)	13,713	14,250
	İDÇ Liman	(t CO2e)	2.462	2.610
Total Greenhouse Gas Emissions per Unit for Scope 1 and Scope 2 (tons CO2e)	İzmir Demir Çelik	(t CO2e)/t	0.423	0.362
	İzdemir Enerji	(t CO2e)/MWh	0.820	0.850
	Akdemir	(t CO2e)/t	0.1	0.098
	İDÇ Liman	(t CO2e)/t	0.0014	0.0008

ENERGY MANAGEMENT				
Total energy consumed	İzmir Demir Çelik	GJ	4,024,608	4,762,855
	İzdemir Enerji	GJ	567,810	665,963
	Akdemir	GJ	110,938	118.204
	İDÇ Liman	GJ	19.915	21,647
Total fuel consumed	İzmir Demir Çelik	GJ	2,658,388	2,951,684
	İzdemir Enerji	GJ	22,098,833	25,467,126
	Akdemir	GJ	488,711	520,654
	İDÇ Liman	GJ	1.317	1.297
WATER MANAGEMENT				
Total Water Drawn	İzmir Demir Çelik	thousand m³	2.237	2,556
	İzdemir Enerji	thousand m³	13,379	20.851
	Akdemir	thousand m³	103	131
	İDÇ Liman	thousand m³	80	86
Total Water Consumed (thousand m³)	İzmir Demir Çelik	thousand m³	2.237	2.995
	İzdemir Enerji	thousand m³	683	768
	Akdemir	thousand m³	103	139
	İDÇ Liman	thousand m³	72	75
ACTIVITY METRICS				
Iron and Steel Production Activities	İzmir Demir Çelik Billet	Metric Ton	1,818,633	2,242,531
Iron and Steel Production Activities	İzmir Demir Çelik Construction Steel	Metric Ton	997.218	1,079,746
Iron and Steel Production Activities	İzmir Demir Çelik Profile Iron	Metric Ton	296.121	305.138
Electricity Generation Activities	İzdemir Enerji (Thermal Power Plant)	MWh	2,476,836	2,848,692
Iron and Steel Production Activities	Akdemir Çelik (Product)	Metric Ton	379,550	408.121
Port Loading and Unloading Activities	İDÇ Liman	Metric Ton	4,454,704	4,810,003

İzmir Demir Çelik Sanayi A.Ş. TSRS Compliance Table

Relevant Section	*Relevant Standard Clause*	*The area in the report where the relevant statement is located.*
Governance	TSRS S1-26	**1.** Governance
	TSRS S1-27.a (iv)	**1.2.** General Corporate Governance Structure *1.2.1. Board of Directors* *1.2.2. Executive Board* **1.3.** Board of Directors Committees *1.3.1. Audit Committee* *1.3.2. Corporate Governance Committee* *1.3.3. Early Risk Detection Committee* *1.3.4. Sustainability Committee* **1.4.** Sustainability Management **1.5.** Environmental, Social and Governance Policies **1.6.** Sustainability Audit and Monitoring Process
	TSRS S1-27.b (i-ii)	**1.3.** Board of Directors Committees *1.3.1. Audit Committee* *1.3.2. Corporate Governance Committee* *1.3.3. Early Risk Detection Committee* *1.3.4. Sustainability Committee* **1.4.** Sustainability Management **1.6.** Sustainability Audit and Monitoring Process **1.7.** Certification and Management Systems
	TSRS S2-5	**1.4.** Sustainability Management
	TSRS S2-6.a (iv)	**1.3.** Board of Directors Committees *1.3.4. Sustainability Committee* **1.4.** Sustainability Management **1.5.** Environmental, Social and Governance Policies **1.6.** Sustainability Audit and Monitoring Process
	TSRS S2-6.b (i-ii)	**1.3.** Board of Directors Committees *1.3.4. Sustainability Committee* **1.4.** Sustainability Management **1.6.** Sustainability Audit and Monitoring Process **1.7.** Certification and Management Systems

Strategy	TSRS S1-28	**2.** Strategy
	TSRS S1-29 (ae)	**2.1.** Our Sustainability Strategy and Climate Transition Plan **2.2.** Business Model and Value Chain **2.3.** Climate-Related Risks and Opportunities
	TSRS S1-30 (ac)	**2.1.** Our Sustainability Strategy and Climate Transition Plan **2.3.** Climate-Related Risks and Opportunities **2.3.1.** *Risk and Opportunity Definitions*
	TSRS S1-31	**2.3.** Climate-Related Risks and Opportunities **2.3.1.** *Risk and Opportunity Definitions*
	TSRS S1-32 (ab)	**2.2.** Business Model and Value Chain
	TSRS S1-33 (ac)	**2.1.** Our Sustainability Strategy and Climate Transition Plan
	TSRS S1-34 (eu), TSRS S1-35 (ad), TSRS S1-36, TSRS S1-37 (eu), TSRS S1-38 (eu), TSRS S1-39, TSRS S1-40 (ac), TSRS S1-41	**2.3.** Climate-Related Risks and Opportunities *2.3.2. Climate Risks* *2.3.3. Climate-Related Transition Risks* *2.3.4. Physical Climate Risks* *2.3.5 Climate-Related Opportunities*
	TSRS S2-8	**2.** Strategy
	TSRS S2-9 (ae)	2.1. Our Sustainability Strategy and Climate Transition Plan 2.2. Business Model and Value Chain 2.3. Climate-Related Risks and Opportunities
	TSRS S2-10 (ad), TSRS S2-11, TSRS S2-12	**2.3.** Climate-Related Risks and Opportunities *2.3.2. Climate Risks* *2.3.3. Climate-Related Transition Risks* *2.3.4. Physical Climate Risks* *2.3.5 Climate-Related Opportunities*
	TSRS S2-13 (ab)	**2.2.** Business Model and Value Chain
	TSRS S2-14.a (iv), TSRS S2-14.b, TSRS S2-14.c, TSRS S2-15 (eu), TSRS S2-16 (ad), TSRS S2-17, TSRS S2-18 (eu), TSRS S2-19 (eu), TSRS S2-20, TSRS S2-21 (ac), TSRS S2-22 (eu), TSRS S2-23	**2.3.** Climate-Related Risks and Opportunities *2.3.2. Climate Risks* *2.3.3. Climate-Related Transition Risks* *2.3.4. Physical Climate Risks* *2.3.5 Climate-Related Opportunities*
	TSRS S1-44.a (i-vi), TSRS S1-43 (eu), TSRS S1-44 (bc)	**3.** Risk Management **3.** Risk Management Risk Prioritization and Reporting Threshold - Defining Criteria **3.1.** Study Method and Evaluation Process **3.1.** Study Method and Evaluation Process
	TSRS S2-24	**3.** Risk Management
	TSRS S2-25.a (i-vi)	**3.** Risk Management

Risk Management		Risk Prioritization and Reporting Threshold - Defining Criteria **3.1.** Study Method and Evaluation Process
	TSRS S2-25 (bc)	**3.1.** Study Method and Evaluation Process
Metrics and Objectives	TSRS S1-45, TSRS S1-46, TSRS S1-47, TSRS S1-48, TSRS S1-49	**4.** Metrics and Objectives
	TSRS S1-50 (ad), TSRS S1-51 (ag), TSRS S1-52	**4.1.** Cross-Sector Metrics **4.2.** Greenhouse Gas Emissions **4.3.** Energy Management **4.4.** Water Management **4.5.** Supply Chain Management **4.6.** Activity Metrics
	TSRS S2-27, TSRS S2-28 (ac)	**4.** Metrics and Objectives
	TSRS S2-29 (ag), TSRS S2-30, TSRS S2-31, TSRS S2-32	**4.1.** Cross-Sector Metrics **4.2.** Greenhouse Gas Emissions
	TSRS S2-33 (ah), TSRS S2-34 (ad), TSRS S2-35, TSRS S2-36 (ae), TSRS S2-37	**4.1.** Cross-Sector Metrics **4.2.** Greenhouse Gas Emissions **4.3.** Energy Management **4.4.** Water Management **4.5.** Supply Chain Management **4.6.** Activity Metrics

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE INFORMATION PROVIDED BY İZMİR DEMİR ÇELİK SANAYİ ANONİM ŞİRKETİ WITHIN THE SCOPE OF THE TURKIYE SUSTAINABILITY REPORTING STANDARDS

To the General Assembly of İzmir Demir Çelik Sanayi Anonim Şirketi,

We have undertaken a limited assurance engagement on the information ("Sustainability Information") presented 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," which are included in the Sustainability Report of İzmir Demir Çelik Sanayi Anonim Şirketi (the Company) for the year ended December 31, 2025.

Our assurance engagement does not cover information pertaining to prior periods or other information associated with the Sustainability Information (including any pictures, audio files, website links, or embedded videos).

Limited Assurance Conclusion

Based on the procedures we performed, as described in the "Summary of Work Performed as a Basis for the Assurance Conclusion" section of our report, and the evidence we obtained during the assurance process, nothing has come to our attention that causes us to believe that the Sustainability Information included in the Company's Sustainability Report for the year ended December 31, 2025, is not prepared, in all material respects, in accordance with the Turkish Sustainability Reporting Standards (TSRS) published by the Public Oversight Accounting and Auditing Standards Authority (POA) in the Official Gazette dated December 29, 2023, numbered 32414 (Repeated 1).

Inherent Limitations in the Preparation of the Sustainability Information

The Sustainability Information is subject to inherent uncertainties arising from limitations in scientific and economic knowledge. The inadequacy of scientific knowledge in calculating greenhouse gas emissions leads to uncertainty. Furthermore, due to the lack of data regarding the probability, timing, and impact of potential future physical and transition climate risks, the Sustainability Information contains uncertainties based on climate-related scenarios.

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

The Company's Management is responsible for:

• Preparing the Sustainability Information in accordance with the principles of the Turkish Sustainability Reporting Standards,
• Designing, implementing, and maintaining internal control relevant to the preparation of Sustainability Information that is free from material misstatement, whether due to fraud or error,
• Selecting and applying appropriate sustainability reporting methods and making reasonable judgments and estimates that are appropriate to the circumstances.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Independent Auditor's Responsibilities Regarding the Limited Assurance Engagement of the Sustainability Information

We are responsible for the following:

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

(Sealed and signed)

• Reaching an independent conclusion based on the evidence obtained and the procedures performed, and communicating the conclusion reached to the Company's management,

• Understanding the internal control structure, without the objective of expressing an assurance conclusion on the effectiveness of the Company's internal control and performing risk assessment procedures to identify and assess the risks of material misstatement in the sustainability information, whether due to fraud or error.

As we are responsible for issuing 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 avoid compromising our independence.

Application of Professional Standards

We conducted the limited assurance engagement in accordance with "Assurance Engagement Standard 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" published by POA, and in respect of greenhouse gas emissions included in the Sustainability Information, "Assurance Engagement Standard 3410, Assurance Engagements on Greenhouse Gas Statements."

Independence and Quality Control

We have complied with the independence and other ethical requirements in the Code of Ethics for Independent Auditors (Including Independence Standards) (the Ethical Code) published by POA, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Our Company applies the provisions of Quality Management Standard 1 and, in line with this, implements a comprehensive system of quality control, including written 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 multi-disciplinary team consisting of auditors and sustainability and risk specialists. We have utilized the work of our specialist team to assist in evaluating the appropriateness of the information and assumptions related to the Company's climate and sustainability risks and opportunities. We are solely responsible for the assurance conclusion we have provided.

Summary of Work Performed as a Basis for the Assurance Conclusion

We were required to plan and perform our work to address the areas where we determined there was a higher likelihood of material misstatements in the Sustainability Information. The procedures we applied are based on our professional judgement. In conducting the limited assurance engagement on the Sustainability Information:

- A site visit was conducted to the Company's main production facility. During the visit, a limited number of Sustainability Information items were examined, tracing to or from supporting records, where appropriate.

- Face-to-face and online interviews were conducted with key senior personnel of the Company to understand the processes for obtaining and the procedures in place for the Sustainability Information pertaining to the reporting period.

- The Company's internal documentation was used to evaluate and review the sustainability-related information.

- An assessment of the disclosure and presentation of the sustainability-related information was performed.

- The processes for identifying the sustainability-related risks and opportunities deemed financially significant by the Company were understood.

(Sealed and signed)

- Through inquiries, an understanding has been obtained regarding the Company's control environment and information systems related to the preparation of the Sustainability Information. However, specific control activities have not been evaluated, no evidence has been obtained regarding their implementation, and their operational effectiveness has not been tested.

- The appropriateness of the Company's estimation methods and the consistency of their application have been assessed. However, our procedures did not include testing the data on which the estimates are based or developing our own estimates to evaluate those of the Company.

The procedures performed in a limited assurance engagement differ in nature and timing from those of a reasonable assurance engagement and are narrower in scope. Consequently, the level of assurance obtained from a limited assurance engagement is substantially lower than that which would have been obtained had a reasonable assurance engagement been conducted.

Görüş Bağımsız Denetim ve Yeminli Mali Müşavirlik Anonim Şirketi

(Sealed and signed)
Niyazi Özpehriz, Certified Public Accountant
Responsible Auditor
August 18, 2026 Izmir, Türkiye

ORIGINALLY SIGNED IN TURKISH