



TÜMOSAN

2025 TSRS-Aligned Sustainability Report



Independent Limited Assurance Report

Independent Limited Assurance Report



INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON TÜMOSAN MOTOR VE TRAKTÖR SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES SUSTAINABILITY INFORMATION IN ACCORDANCE WITH TURKISH SUSTAINABILITY REPORTING STANDARDS

To the General Assembly of
TÜMOSAN Motor ve Traktör Sanayi A.Ş.

We have undertaken a limited assurance engagement on TÜMOSAN Motor ve Traktör Sanayi A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), sustainability information for the year ended 31 December 2025 in accordance with Turkish Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkish Sustainability Reporting Standards 2 "Climate Related Disclosures" ("Sustainability Information").

Our assurance engagement does not extend to information in respect of earlier periods or other information linked to the Sustainability Information.

Our Limited Assurance Conclusion

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

Emphasized Matter

As explained in the "About the Report" section of the TSRS-Compliant Sustainability Report, this report only discloses information related to climate-related risks and opportunities, taking into account the exemptions provided by TSRS 1. However, this does not affect our conclusion.

Inherent Limitations in the Preparation of Sustainability Information

All assurance engagements have inherent limitations due to the selective testing of the information under review. Therefore, fraud, errors, or non-compliance may occur and go undetected. Additionally, such non-financial information, like that included in reporting documents, is subject to more inherent limitations than financial information, given the nature and methods used to identify, calculate, sample, or estimate such information.

Our engagement provides limited assurance as defined in Assurance Engagement Standards 3000 and 3410. The activities performed within a limited assurance engagement differ from a reasonable assurance engagement by their nature, timing, and less comprehensiveness. Therefore, the level of assurance obtained within a limited assurance engagement is significantly narrower than within the scope of a reasonable assurance engagement.



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

Management of The Group are responsible for:

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

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

Practitioner's Responsibilities for the Limited Assurance on Sustainability Information

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Directors of Group.
- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.
- Design and perform procedures responsive to where material misstatements are likely to arise in the sustainability information. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.



Bağımsız
Denetim ve
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Professional Standards Applied

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

Our Independence and Quality Management

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

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

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

- Inquiries were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period
- The Group's internal documentation was used to assess and review the information related to sustainability;
- Considered the presentation and disclosure of the Sustainability Information.
- Through inquiries, obtained an understanding of Group's control environment, processes and information systems relevant to the preparation of the Sustainability Information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;



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Summary of the Work We Performed as the Basis for our Assurance Conclusion (Continued)

- Evaluated whether Group's methods for developing estimates are appropriate and had been consistently applied, but our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Group's estimates;
- Obtained understanding of process for identifying risks and opportunities that are financially significant, along with the Group's sustainability reporting process.

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

Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
(Associate Member of Praxity AISBL)


Hasan Ersin
Partner
İstanbul, 19 August 2026

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About the Report

About the Report

Statement of Compliance

This report has been prepared by TÜMOSAN Motor ve Traktör Sanayi A.Ş. (“TÜMOSAN” or “the Company”) in compliance with the Türkiye Sustainability Reporting Standards (TSRS), published in the Official Gazette dated December 29, 2023 and numbered 32414 (Repeated). The framework of the report is formed by TSRS 1 “General Requirements for Disclosure of Sustainability-related Financial Information” and TSRS 2 “Climate-related Disclosures”; reference is also made to the Sustainability Accounting Standards Board (SASB) standards under TSRS 1 paragraph 55. TÜMOSAN declares that this report has been prepared in full compliance with these standards, in accordance with TSRS 1 paragraph 72.

Reporting Entity and Reporting Scope

This report has been prepared on a consolidated basis, covering the parent company TÜMOSAN Motor ve Traktör Sanayi A.Ş. and its subsidiaries within the full consolidation scope. The reporting period covers the activities between January 1, 2025 and December 31, 2025, and all financial and sustainability data presented are expressed based on the same currency (Turkish Lira), the same reporting period, and the same consolidation boundaries as the consolidated financial statements.

The reporting boundaries underlying the sustainability disclosures fully coincide with the boundaries in TÜMOSAN's consolidated financial statements dated December 31, 2025. No divestment, merger, or acquisition took place within the group structure during the reporting period. The subsidiaries included within the reporting scope are set out below:

Subsidiary	Field of Activity	Ownership Ratio
TÜMOSAN Döküm A.Ş.	Cast iron parts manufacturing	100%
TTM TÜMOSAN Teknoloji Mühendislik San. ve Tic. A.Ş.	R&D, prototyping, software development	100%
TÜMOSAN Teknoloji Mühendislik San. Tic. A.Ş.	Technology, engineering, R&D	100%

TÜMOSAN Döküm A.Ş. commenced production on July 4, 2012 and carries out cast iron parts manufacturing in a 15,340 m² enclosed area in Konya. TTM TÜMOSAN Teknoloji Mühendislik Sanayi ve Ticaret A.Ş. and TÜMOSAN Teknoloji Mühendislik Sanayi Ticaret A.Ş. had not commenced operational activities as of the reporting period; however, as they are part of the group, they have been included within the consolidation scope.

Share Information

TÜMOSAN shares have been traded on Borsa İstanbul (BIST) since 2012 and are listed on the Star Market under the ticker code TMSN. The Company is also included in the BIST PARTICIPATION 50, BIST 500, BIST INDUSTRIALS, BIST STARS, BIST KONYA, BIST METAL PRODUCTS & MACHINERY, BIST PARTICIPATION 100, BIST ALL SHARES, and BIST PARTICIPATION ALL indices. As of December 31, 2025, 71.31% of the Company's capital is directly or indirectly controlled by shareholders within the Albayrak Group, while the remaining 28.69% is publicly traded on Borsa İstanbul.

Reporting Framework and Exemptions

This report represents TÜMOSAN's second TSRS reporting period; the Company published its first TSRS-aligned sustainability report in 2024. TÜMOSAN is availing itself of the following transitional exemptions in the 2025 reporting period:

Climate-related disclosures only (TSRS 1, E5 transitional relief): In this report, the provisions of TSRS 1 have been applied only to the extent that they relate to climate-related risks and opportunities, and the disclosures are focused on climate matters.

Reporting timing (TSRS 1, E4 transitional relief): This report has been prepared and published following the publication of the financial statements for the 2025 period.

Scope 3 Greenhouse Gas Emissions (TSRS 2, C4): Under the TSRS 2 C4 transitional exemption, TÜMOSAN excludes Scope 3 greenhouse gas emissions from disclosure for the first two reporting periods (2024 and 2025). The Company is in the process of establishing the data and process infrastructure required to calculate and report Scope 3 emissions.

Materiality Assessment

In determining its sustainability-related financial disclosures, TÜMOSAN has applied the principle of financial materiality. The primary users of these disclosures are existing and potential investors, lenders, and other creditors who provide resources to the Company. These disclosures are intended to support such users' decisions regarding TÜMOSAN's equity and debt instruments and their assessments of providing resources to the Company.

In the materiality assessment, consideration was given to the climate risk profile specific to the agricultural machinery and defense industry sectors in which TÜMOSAN operates, the water stress conditions of the Konya region where the production facility is located, energy-intensive production processes, regulatory developments, and the disclosure topics defined in the SASB sector standards (Volume 50 – Industrial Machinery & Goods; Volume 9 – Iron & Steel Producers).

As the financial impacts of non-climate sustainability topics cannot be reliably measured and analyzed within the framework of currently available data and methodologies, a sound financial materiality assessment could not be conducted for these topics in this period, and they have accordingly been placed under monitoring. As a result of the assessment, 4% and 7% of TÜMOSAN's 2025 consolidated net sales were adopted as the financial materiality thresholds. Topics falling below these thresholds and not directly related to the Company's core business activities have been excluded from the scope of the assessment.

Connected Information

TÜMOSAN presents its sustainability disclosures in a manner consistent with the consolidated financial statements of TÜMOSAN Motor ve Traktör Sanayi A.Ş. dated December 31, 2025 and approved by the Company's Board of Directors on March 11, 2026. The financial threshold values used in the materiality assessment and the assumptions underlying the scenario analyses are consistent with the data and estimates used in the financial reporting process. Assessments of the financial impacts of climate-related risks and opportunities are presented in the relevant sections in connection with the corresponding financial statement line items.

The disclosures contained in this report form a complementary whole that is intended to be read together. The climate-related risks and opportunities identified in the Strategy section are identified, assessed, prioritized, and monitored through the processes described in the Risk Management section, while oversight of these processes is undertaken by the bodies defined in the Governance section. The scenario analysis in the Strategy section directly supports the identification of risks. The same risks and opportunities are quantified in the Metrics and Targets section through performance indicators such as greenhouse gas emissions, energy consumption, and energy efficiency. In this way, a consistent and traceable link is established among the governance structure, strategic assessment, risk management processes, and performance indicators.

Judgments

Climate has been identified as the only sustainability topic determined to be financially material in this reporting period; non-climate sustainability topics were assessed but excluded from the scope, as their financial impacts involve a high degree of measurement uncertainty. This constitutes the key judgment underlying the scope of the report.

As the TSRS does not prescribe a quantitative threshold for financial materiality (TSRS 1 §B19), the 4% and 7% ratios used in classifying the levels of financial impact have been determined through the Company's own reasonable judgment, having regard to historical profitability ratios and operational fluctuations.

In classifying financial impact levels, the audited net sales (revenue) figure which best represents TÜMOSAN's scale of operations has been used as the basis. Net sales, being more stable and always a positive value compared to profit-based measures, enables the consistent and comparable application of proportional thresholds. The 4% and 7% ratios determined on this basis have been established through TÜMOSAN's own reasonable and supportable judgment, having regard to the Company's scale, past operating performance, and profitability structure, based on the potential of the information to influence the decisions of primary users.

The critical management judgments applied in the preparation of this report are as follows. The time-horizon classification of climate-related risks (short, medium, and long term) has been determined with regard to TÜMOSAN's strategic planning cycles and sectoral expectations. Likelihood and financial impact magnitude criteria were used together in prioritizing transition and physical risks. The inclusion of water stress risk within scope was based on the location of the production facility in Konya and scientific data on water scarcity in the region. The assumptions used in the scenario analyses are described in the relevant sections. The quantification of the financial impacts of certain climate-related risks and opportunities has not been carried out in this period due to measurement uncertainty; the impacts have instead been described qualitatively, and the financial statement line items likely to be affected have been indicated.

Measurement Uncertainty

Various methodological uncertainties exist in estimating the financial impacts of sustainability and climate risks. For matters that cannot be directly measured or that depend on future conditions, the best available data, sector-specific emission factors, and scenario analyses have been used, and the assumptions and limitations underlying these estimates are transparently disclosed in the relevant sections. In areas where no established methodology or reliable quantitative data yet exists, disclosures have been kept at a qualitative level, and TÜMOSAN has adopted a continuous improvement approach to enhance its data capacity in these areas.

Comparative Information

TÜMOSAN is preparing this report as its second reporting period. As the comparative information exemption under TSRS 1 Appendix E paragraph E3 expires in this period, data for 2024 and 2025 have been presented on a comparative basis across all applicable metrics and disclosures.



Reporting Time and Location of Disclosures

This report is being shared with the public following the publication of TÜMOSAN's 2025 consolidated financial statements. Under the transitional relief recognized by the Public Oversight Authority (POA), the requirement for sustainability disclosures to be published concurrently with the financial statements has not been applied in this period. The disclosures are structured around the four core pillars of TSRS 1 and TSRS 2: Governance, Strategy, Risk Management, and Metrics and Targets. The report can be accessed through TÜMOSAN's corporate website (www.tumosan.com.tr) and the Public Disclosure Platform (PDP).

Sources of Guidance

TÜMOSAN has adopted the TSRS as the core framework in identifying sustainability-related risks and opportunities. The sources of guidance recommended under TSRS 1 paragraph 55 have been reviewed; the disclosure topics within the SASB Standards were assessed, and those found applicable have been included in the report. As a manufacturer of agricultural machinery and industrial equipment, the topics within SASB's Industrial Machinery & Goods (RT-IG) sector standard were reviewed; for TÜMOSAN Döküm A.Ş., the Iron & Steel Producers (EM-IS) standard was assessed, and the applicable topics have been included in the report.

Limited Assurance

This report has been subjected to a limited assurance engagement in accordance with TSRS requirements by Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. ("Yeditepe Denetim"). The assurance report is included as an annex to this sustainability report.





TÜMOSAN at a Glance

TÜMOSAN at a Glance

About TÜMOSAN

Founded in 1976, TÜMOSAN Motor ve Traktör Sanayi A.Ş. began operations as one of Türkiye's first domestic diesel engine manufacturers and has since evolved into an integrated technology company that develops solutions not only for the agricultural sector but also for the industrial and defense sectors. The company's production facility in Konya spans an area of 1,600,000 m², including 93,000 m² of enclosed space, with an annual production capacity of 75,000 engines and 45,000 tractors.

Operating under the Albayrak Group, TÜMOSAN has a robust organizational structure that covers the production of diesel engines, tractors, and diesel and electric forklifts, as well as marketing, sales, and after-sales services. The engines produced by the Company are widely used by customers in Türkiye and abroad across various sectors such as tractors, automotive, cleaning equipment, generators, and marine vehicles.

With its experienced workforce and innovative technologies, TÜMOSAN aims to enhance customer productivity by delivering high-quality and reliable solutions, and develops long-term business partnerships through a wide range of product models tailored to customer needs and strong after-sales support services. Its marketing operations are based in İstanbul.

Leveraging its engineering capabilities, the Company has recently taken an active role in projects beyond the tractor segment as well. Within the scope of its R&D activities, it is focusing not only on modernizing its core product lines but also on advancing strategic fields such as the defense industry and energy technologies. In this context, TÜMOSAN develops domestic engine and transmission solutions for tactical wheeled vehicles, and designs and tests marine engines that can be integrated into armed unmanned surface vessels; with next-generation engines compliant with Stage V emission levels, electric and hybrid material-handling machines, precision control systems for agriculture, and domestic generator solutions, it aims to both contribute to environmental sustainability and reduce foreign dependency.

Through its numerous technology and engineering projects, TÜMOSAN not only expands its product diversity but also contributes to Türkiye's localization objectives. Its power group solutions for the defense industry, marine engine systems, and alternative fuel technologies demonstrate the level reached by the Company's R&D capacity, while in the field of energy technologies, it develops innovative solutions for alternative energy sources through low-temperature fuel cell projects.

Shaping all of its processes from production to technology, and from product development to marketing with its own resources, TÜMOSAN has adopted a sustainable, high-value-added business model built on domestic engineering capability. Pursuing its operations with the goal of both contributing to the national economy and creating long-term stakeholder value, the Company continues to strengthen its leading position in the sector through its expanding product range and technology investments.



Value Chain

Maintaining its leading position in Türkiye's domestic and national engine production, TÜMOSAN continues to achieve strategic progress across all links of its value chain. In particular, the development of Stage V engines, the expansion of its export network, the strengthening of R&D investments, and the wider implementation of ISO-based integrated management systems demonstrate that the Company has reached a critical stage in terms of sustainability and competitiveness in engine manufacturing. Diesel engine production lies at the center of TÜMOSAN's value chain, with all supply, production, distribution, and customer interaction processes shaped around this core.

Supply and Production (Upstream)

Procurement, which constitutes the first stage of the engine manufacturing process, is of critical importance to TÜMOSAN's operational performance. Approximately 95% of the high-precision parts and strategic raw materials used in the casting plant in Konya are sourced from abroad, making the Company dependent on a supply structure sensitive to geopolitical developments. Imports from countries such as Russia, Ukraine, South Africa, Sweden, Brazil, China, the United States, India, Romania, France, Canada, Germany, Norway, and Spain make careful management of supply chain vulnerabilities essential.

In this context, TÜMOSAN has positioned TÜMOSAN Döküm A.Ş. as a strategic in-house resource to reduce external dependency, achieving advantages in quality, continuity, and cost efficiency by producing the cast iron parts needed for engine manufacturing within its own structure. This has strengthened vertical integration within the group and increased domestic production capacity for critical inputs. TÜMOSAN Döküm produces 73 parts used in tractors in house.

The Company bases its supplier relationships on quality assurance, environmental responsibility, and corporate risk management, integrating its Integrated Management Systems – which include multiple international standards such as ISO 9001, ISO 14001, ISO 45001, ISO 55001, and ISO 50001 into its supply chain. Supplier selection and evaluation processes are carried out in accordance with the Supplier Identification and Evaluation Procedure, and all suppliers are regularly audited and assessed based on performance criteria.

Production and R&D

TÜMOSAN's production activities are carried out at its integrated manufacturing facility in Konya, which has an enclosed area of 93,000 m². The production process includes the machining of key components such as engine blocks, cylinder heads, transmission, and gearbox housings, and their assembly on the production lines; each engine undergoes performance, emission, and durability tests in quality control and test cells before being prepared for shipment.

One of TÜMOSAN's most significant recent developments has been the development and market launch of Stage V engines compliant with European Union emission standards. These engines have been integrated into tractor series ranging from 48 to 125 horsepower with a localization rate exceeding 97%, achieving one of the highest localization rates in the sector. In the upper power segment, the 125-horsepower tractor is planned to be brought to market in 2026, and the series up to 145 horsepower in 2027. Through this, TÜMOSAN aims to secure a strong position not only in the domestic market but also in the European market.

The R&D Center in İstanbul develops energy efficient, environmentally friendly engine systems and carries out work on hybrid, electric, and alternative-fuel solutions. On the export side, TÜMOSAN expanded into the Burkina Faso and Syria markets in 2025, and negotiations with Jamaica resulted in an order, with the related shipment carried out in 2026. The standout export development of this period was the opening of market access to countries under European regulations, following the start of production of tractors with Stage V emission-level engines. In this context, distributorship efforts targeting European countries have been initiated and are ongoing.

Distribution, Sales, and Customer Relations (Midstream and Downstream)

TÜMOSAN offers its engine systems to customers both as a standalone engine product and as an integrated component within end products such as tractors, generators, and forklifts. With an extensive dealer and sales point network across Türkiye, the Company manages its international distribution through distributorship agreements and local business partnerships. In 2025, total export and export-registered sales amounted to 73 units, with sales made to the Burkina Faso, Azerbaijan, Syria, Yemen, Togo, and Morocco markets. The Company's export network of distributors, authorized dealers, and representatives covers 25 countries: Morocco, Moldova, Ireland, Serbia, Jordan, Kosovo, Tunisia, Kyrgyzstan, Somalia, Ukraine, Russia, Iraq, Palestine, Belarus, Azerbaijan, Georgia, Guinea, Uzbekistan, Yemen, South Africa, Bosnia and Herzegovina, Togo, Jamaica, Burkina Faso, and Syria.

As of December 31, 2025, TÜMOSAN operates in Türkiye through a service network comprising 74 authorized dealers, 30 authorized spare parts dealers, and 364 authorized service centers, providing on-site maintenance and repair services to customers across a wide geography through its mobile service vehicles. Product deliveries are managed through logistics optimization systems, and under ISO 14001 and ISO 50001 standards, transportation routes, packaging materials, and logistics methods are continuously improved to reduce the Company's carbon footprint.

Customer Relations and Continuous Improvement

TÜMOSAN positions its after-sales services as a strategic value, offering fast and effective solutions to its customers through mobile service vehicles, technical support teams, and a spare parts network. Customer satisfaction is measured through surveys, field visits, trade fairs, and field days; feedback is recorded through the QDMS system and directed to the relevant departments. In addition, within product development and failure management processes, corrective and preventive actions (CAPAs) are initiated through records opened in the Windchill system.

All these processes are carried out within the framework of the ISO 10002 Customer Satisfaction Management System; the data obtained is transferred to R&D processes, enabling continuous improvement in product design and functionality. Within the scope of circular economy practices, recyclable materials, the reuse of scrap metals, and recyclable packaging systems are integrated into production processes.

This holistic approach enhances both TÜMOSAN's organizational learning capacity and its innovation strength, enabling it to build long-term business partnerships based on sustainable customer satisfaction.



Business Model and Core Activities

TÜMOSAN's business model is built on a domestically oriented production structure with strong engineering capability, a vertically integrated supply chain, and a diversified customer portfolio across multiple industries. Operating in the agriculture, defense, and energy sectors, the Company achieves a competitive advantage in both domestic and international markets through its products and services in the fields of engines, transmissions, drivetrains, and power systems.

The business model creates value by completing the entire production process starting from its own foundry and machining facilities, and extending through design, R&D, assembly, testing, sales, after-sales service, and the customer feedback cycle. TÜMOSAN supports this model with its continuously developing R&D infrastructure and integrated management systems.

Target Customer Segments: Leveraging its multi-sector structure, TÜMOSAN provides customized products and services tailored to different customer groups:

> **Agriculture sector:** TÜMOSAN offers tractor solutions with a wide range of horsepower options for small- and large-scale agricultural enterprises operating across Türkiye, while also supporting precision farming applications through electronic control units (ECUs).

> **Energy sector:** Through its diesel engine-based generator systems, TÜMOSAN provides uninterrupted power supply for critical infrastructure and delivers reliable energy solutions for industrial and rural areas.

> **Defense industry:** TÜMOSAN develops domestic and national engine, transmission, and power-pack solutions for special-purpose land vehicles and fixed-base power systems, developing products tailored for tactical operations.

Revenue Streams: TÜMOSAN's revenue model consists of both product sales and service-oriented activities, including:

1. Sales of new products (tractors, diesel engines, generators, material handling equipment),
2. Spare parts sales and after-sales service contracts,
3. Project-based engineering commitments and specialized production carried out under defense industry projects.

Resource Structure and Operational Infrastructure: TÜMOSAN's production infrastructure is built on a high-capacity system covering casting, machining, assembly, and testing activities at its integrated production facilities in Konya. This structure provides both quality control and cost advantages in engine manufacturing. The Company also manages new product development, process improvement, and innovation-focused projects through its İstanbul-based R&D Center.

R&D activities encompass not only product development but also multidimensional efforts such as knowledge management, external technology consultancy, university-industry collaboration, and participation in international programs. Work is carried out across a broad range of areas, from diesel engines to marine systems and from hybrid and electric power groups to digitalization solutions.



TÜMOSAN's leading R&D projects include:

- > Stage V engine family: The Stage V engine family, compliant with European Union emission standards, is being developed and integrated into the European market.
- > Tactical vehicle engines: Diesel and hybrid engine systems are being developed for tactical wheeled vehicles.
- > Marine engines: Marine engines used in armed unmanned surface vehicles are being developed domestically.
- > Diesel forklifts: 3.5-ton diesel forklifts are being commercialized, and development of a 5-ton model is ongoing.
- > Electric forklift: Development of the material-handling equipment portfolio with electric drive systems, targeting a transition to an alternative that offers higher efficiency, lower maintenance requirements, and zero exhaust emissions compared to diesel forklifts.
- > Common Rail engine systems: Common Rail engine systems are being developed for backhoe loader construction equipment.
- > Bump Track test course: Subjecting vehicles to accelerated fatigue testing on a dedicated test track equipped with obstacles and bumps, aiming to extend product lifespan and reduce resource waste caused by failures through early-stage verification of structural durability.
- > Project Management System (PYS): Digitalizing action items, meetings, official correspondence, and project management processes under a single modular structure, aiming to build a personnel-independent institutional memory that preserves R&D knowledge within the Company.

Key Partnerships and Stakeholder Structure: TÜMOSAN's business model is built on strategic collaborations developed with public institutions, private sector buyers, domestic and international distributors, and technology providers. From projects conducted with the Presidency of Defence Industries (SSB) to domestic R&D and university collaborations, numerous partnerships have been established, diversifying the Company's overall solution network.

The Company also maintains a strong nationwide distribution channel through its extensive dealer and service network across Türkiye. In international markets, TÜMOSAN continues to expand its export network and entered new markets in 2025, notably Burkina Faso and Syria.

Competitive Advantage and Sustainability Approach: TÜMOSAN's business model is shaped by its domestic production infrastructure, high engineering capacity, and integrated quality systems. Achieving a localization ratio of up to 97% in its products is one of the key factors that positions the Company as a leader in reducing external dependency on critical components.

Environmental sustainability is also a key component of TÜMOSAN's R&D-driven business model. The development of engines compliant with Stage V emission standards, circular economy practices, the use of recyclable materials, and fuel efficiency-focused designs all reflect this approach. Furthermore, the implementation of environmental and energy management standards such as ISO 14001 and ISO 50001 within the integrated management system demonstrates that the business model approaches the principle of sustainability in a holistic manner.

Governance

Governance

Board of Directors Structure

TÜMOSAN's Board of Directors consists of six members, including two independent members. As the Company's highest decision-making and oversight body, the Board is responsible for the Company's overall management, as well as for monitoring its strategic objectives and performance indicators.

Name Surname	Title	Term of Office	Committees
Ahmet Albayrak	Chairman of the Board / Non-Independent Member	3 years as of July 23, 2025	—
Nuri Albayrak	Vice Chairman of the Board / Non-Independent Member	3 years as of July 23, 2025	—
Muzaffer Albayrak	Board Member / Non-Independent Member	3 years as of July 23, 2025	Sustainability Committee
Mesut Muhammet Albayrak	Board Member / Non-Independent Member	3 years as of July 23, 2025	Chairperson of the Early Risk Detection Committee, Member of the Corporate Governance Committee
Aygün Karakaş	Board Member / Independent Member	3 years as of July 23, 2025	Chairperson of the Audit Committee
İsmail Yüksek	Board Member / Independent Member	3 years as of July 23, 2025	Chairperson of the Corporate Governance Committee, Member of the Early Risk Detection Committee, Member of the Audit Committee

Executive Management

Name Surname	Title
Muzaffer Albayrak	Board Member / Chairman of the Executive Board
Halim Tosun	General Manager / Deputy Chairman of the Executive Board
Kurtuluş Öğün	Member of the Executive Board
Bülent Bolat	Member of the Executive Board
Fatih Yılmazeli	Group Manager of Financial and Administrative Affairs

The Board's Oversight Role

The Board of Directors carries out its oversight of climate-related risks and opportunities through four committees. This structure ensures that sustainability matters are integrated into both financial reporting and strategic decision-making processes.

The Audit Committee is responsible for the accuracy of financial statements, the effectiveness of internal control systems, and overseeing independent audit processes, and meets at least four times a year.

The Early Risk Detection Committee identifies strategic, operational, financial, and legal risks in advance and develops recommendations for their resolution; it reviews the effectiveness of the risk management systems at least once a year and submits reports to the Board of Directors every two months.

The Corporate Governance Committee monitors compliance with corporate governance principles and submits recommendations to the Board of Directors. Under Capital Markets Board (CMB) regulations, it also undertakes the duties of the Nomination and Remuneration Committee.

The Sustainability Committee is responsible for determining the Company's ESG strategy and objectives, monitoring policies and practices, collecting the data underlying sustainability reporting, and tracking performance indicators. It operates under the chairmanship of Board Member Muzaffer Albayrak and held six meetings in 2025.

The Board of Directors regularly monitors climate-related risks, performance indicators, and strategic developments through the Sustainability Committee. The Committee's findings and decisions are also evaluated at Early Risk Detection Committee meetings. In addition to sustainability meetings held at least twice a year, internal briefing meetings are organized with the participation of relevant departments, and the flow of information is maintained on an ongoing basis through internal digital channels and periodic reports.

Climate risks and opportunities are systematically assessed in large-scale investment decisions and strategic planning processes. Transition and physical risks, along with carbon reduction targets, are integrated into the Company's five-year strategic plan, and the trade-offs between short-term operational priorities and long-term climate commitments are addressed under the Board of Directors' oversight. In this process, climate adaptation investments are evaluated together with technical and economic feasibility criteria. For example, because the Konya factory is located in a region with high water stress, the rainwater harvesting option was examined; however, the existing structure, site layout, and technical analyses showed that this practice would not provide a meaningful yield, and the investment was assessed as having low feasibility.

Sustainability and climate related performance metrics have not yet been incorporated into the remuneration mechanism. Under the current performance management system, targets in areas such as energy efficiency are assigned to the relevant responsibilities; linking these targets to Board of Directors and senior management remuneration is planned for future periods.

Committee	Chairperson / Members	2025 Number of Meetings	Responsibility
Audit Committee	Aygün Karakaş / İsmail Yüksek	6	Financial reporting, independent audit, internal control, compliance
Corporate Governance Committee	İsmail Yüksek / Mesut Muhammet Albayrak, Özge Cantürk	3	Corporate governance principles, nomination-remuneration, shareholder relations
Early Risk Detection Committee	Mesut Muhammet Albayrak / İsmail Yüksek	6	Strategy, climate risk analysis, internal control review
Sustainability Committee	Muzaffer Albayrak / Committee Members	6	ESG strategy and objectives, policy monitoring, sustainability reporting

Sustainability Management

Sustainability management is carried out by the Sustainability Committee, established by the Board of Directors' resolution dated December 20, 2024 and reporting directly to the Board. The Committee is responsible for the integration of climate and sustainability risks into overall risk management, monitoring of environmental and social performance, and strengthening transparent reporting processes.

The Committee works in coordination with the Early Risk Detection, Corporate Governance, and Audit Committees to ensure that climate and sustainability risks are integrated into the Company's overall risk management framework. The reliability, integrity, and transparency of the reporting processes, carried out with regard to national and international sustainability regulations, are monitored under the Committee's responsibility. Coordination of the Committee's activities is undertaken by the Investor Relations unit.

Sustainability Committee Structure

Board Member / Chairman of the Executive Board

General Manager / Deputy Chairman of the Executive Board

Factory Manager

Investor Relations Manager

Integrated Management Systems Chief

The monitoring of strategic objectives is carried out through the QDMS software system; company targets and performance data are systematically evaluated at the annual Management Review (MR) meetings. Climate-related risks are integrated into corporate risk assessment mechanisms using the PFMEA (Process Failure Mode and Effects Analysis) method, coordinated by the Integrated Management Systems unit. Thanks to information-sharing mechanisms established among the finance, production, logistics, supply chain, human resources, and engineering functions, climate-related risks and opportunities are reflected in the company's strategic planning processes.

The Sustainability Policy, effective as of 2025, sets out TÜMOSAN's commitments in the environmental, social, governance, and climate areas through a holistic approach. Serving as the key reference document guiding corporate strategy in the areas of climate change mitigation, resource efficiency, respect for human rights, ethical governance, and transparency, the policy is monitored at the Board of Directors level, covers all corporate operations and subsidiaries, and is regularly updated in line with sectoral developments and stakeholder expectations.

Competency and Skills Assessment

Independent Board Member Aygün Karakaş brings academic expertise in engineering, systems engineering, economics, and international business, combined with senior management experience across various sectors. Independent Board Member Prof. Dr. İsmail Yüksek, through his advisory and managerial roles at TÜBİTAK and KOSGEB along with his academic background, has developed significant competencies in public policy, innovation, and sustainable growth strategies. Current regulations and developments in the field of sustainability and climate are closely monitored, and training and advisory support for the Board of Directors is considered where deemed necessary.

In 2025, three specialist employees received certified expertise training focused on sustainability reporting, ESG criteria, and carbon footprint calculation methodologies. In addition, in collaboration with a consultancy firm, comprehensive sustainability and corporate carbon footprint training sessions were held at both the Istanbul headquarters and the Konya factory, with participation from unit directors, senior management representatives, managers, and employees from relevant units.

Strategy

Strategy

Global Outlook

Climate change, together with rising global temperatures and increasing extreme weather events, poses significant risks to agriculture, water resources, energy, and ecosystems. Türkiye carries high vulnerability due to impacts such as drought, floods, and irregular rainfall, creating critical threats to food security and economic sustainability. At the same time, the transition to renewable energy, energy efficiency, and low-carbon technologies presents significant opportunities in terms of emission reduction, economic growth, and employment.

The World Economic Forum's Global Risks Report 2025 reveals that the global outlook is increasingly evolving into a multilayered risk environment across geopolitical, environmental, societal, economic, and technological dimensions. The report confirms that extreme weather events triggered by climate change, biodiversity loss and ecosystem collapse, and natural resource scarcity are among the most serious risks of the coming decade, with five of the top ten most serious risks positioned in the environmental category. Extreme weather events remain at the top of the ten-year risk list for the second consecutive year, while in the two-year outlook, misinformation and disinformation rank among the top risks alongside armed conflict and geopolitical tensions. The report highlights that environmental risks show the most pronounced deterioration over the ten-year horizon among all other risk categories, emphasizing that these risks have shifted from being a long-term threat to a present-day reality. On the other hand, in a conjuncture where global cooperation mechanisms are weakening and international relations are expected to evolve into a multipolar and fragmented order, the development of urgent and collective policies in the areas of climate and energy is gaining even greater critical importance.

Overview of the Agricultural Machinery Sector

Global climate change is directly affecting agricultural production systems through rising temperatures, irregular rainfall patterns, drought, and extreme weather events, thereby increasing uncertainties in the agricultural machinery sector.

According to the IPCC AR6 report, human-induced global warming has slowed the growth of agricultural productivity in mid and low latitudes over the past 50 years, with warming adversely affecting crop and pasture quality as well as harvest stability. Global warming reaching 2°C, compared to 1.5°C, will further adversely affect food production in already-warm lower latitudes. Studies specific to Türkiye (Ministry of Agriculture and Forestry, 2021) also draw attention to declining water resources, drought risk, and reductions in crop yields, particularly in the Mediterranean Basin. The agricultural sector is also one of the leading contributors to climate change, accounting for 12–13% of total global anthropogenic greenhouse gas emissions (IPCC AR6 WGIII, Chapter 7). Within this framework, the agricultural machinery sector in which TÜMOSAN operates is exposed to climate risks on the one hand, while on the other hand it holds strategic opportunities in the sustainable agricultural transformation through climate-friendly technologies, machinery that enhances energy efficiency, low-emission engines, and digital agriculture applications.

Climate-Related Risks and Opportunities

TÜMOSAN classifies sustainability-related risks and opportunities according to short-, medium-, and long-term perspectives and integrates them into its strategic planning processes. Each risk and opportunity is assessed taking into account its level of impact, likelihood of occurrence, relevant business line, and sectoral priorities, and is subjected to strategic prioritization through “impact-probability-timeframe” matrices. The time horizons are structured in alignment with TÜMOSAN's Strategic Plan and the Turquality program. The time horizons and potential financial impacts are defined as follows:

Time Horizon		2025 Number of Meetings
Short-Term	0-1 year	Risks and opportunities where rapid action can be taken at the operational level, with impact observable in the short term.
Medium-Term	1-3 years	Opportunities requiring systemic transformation and process improvements, carrying structural impacts.
Long-Term	3-5 years	Risks and opportunities shaped around strategic governance, adaptation to external markets, and cultural change.

In categorizing the magnitude of financial impacts, net sales (revenue) has been used as the basis in line with TÜMOSAN's scale. The independently audited revenue figure for 2025 was TRY 3,454,240,450. The thresholds below are reasonable, company-specific criteria determined by TÜMOSAN within the framework of TSRS 1's materiality principle and judgment provisions, taking into account prior-period profitability ratios and operational fluctuations. Accordingly, the magnitude of financial impacts has been classified as follows: low impact (<TRY 138,169,618), medium impact (TRY 138,169,618 – TRY 241,796,831.50), and high impact (>TRY 241,796,831.50). This thresholding enables significant financial impacts to be assessed in a qualified and measurable manner.

Level	Financial Impact (%)	Threshold (TRY)
Low	Net Sales 4% and below	<138,169,618 TL
Medium	Net Sales 4%–7%	138,169,618 TL – 241,796,831.50 TL
High	Net Sales 7% and above	>241,796,831.50 TL



Climate-Related Risks

Risk Name	Risk Type	Risk Description	Time Horizon	Financial Impact	Likelihood	Risk Management
Tractor Demand Related to Extreme Weather Events	Physical (Acute & Chronic)	• Demand Fluctuations • Sales Volume • Sectoral Dependence	Long (3–5 years)	Low	3	• Product diversification • Market monitoring • Sales strategies • Monitoring of agricultural support policies
Compliance with Carbon Regulations (CBAM, ETS)	Transition (Regulation/ Policy)	• Regulatory Compliance • Emission Costs • International Competitiveness	Long (3–5 years)	Low	3	• Investment in Stage V engine development • Establishment of carbon inventory • Energy efficiency projects
Energy Supply and Price Fluctuations	Transition (Market)	• Energy Supply Continuity • Production Costs • Operational Efficiency	Medium (1–3 years)	Low	4	• Planned Solar Power Plant (SPP) investment • Digital monitoring systems • Improvement projects on energy-intensive lines
Water Stress	Physical (Chronic)	• Water Use in Production Processes • Water Scarcity in the Konya Region • Process Water Disruption	Long (3–5 years)	Low	3	• Water treatment investment • Water efficiency improvement projects

Climate-Related Opportunities

Climate Opportunity	Opportunity Area	Opportunity Type	Time Horizon	Likelihood Score (1–5)
High-Performance Tractors Adapted to Climate Conditions	• New Market Opportunities • Consumer Expectations	Transition – Market	Short	3
			Medium	4
			Long	5

Climate-Related Risks

Risk 1: Tractor Demand Related to Extreme Weather Events

Risk Type: Physical (Acute & Chronic)

Risk Description

Extreme weather events such as drought, frost, irregular rainfall patterns, and floods are among the most pronounced physical manifestations of climate change and place direct pressure on agricultural production systems. Water stress and climate-induced yield losses are becoming increasingly apparent, particularly in Türkiye's agricultural basins with a climate close to the Mediterranean type, and notably in provinces such as Konya, Şanlıurfa, and Adana, where TÜMOSAN has significant sales activity. Disruptions in agricultural activities adversely affect farmers' income stability and investment capacity, while, as a further consequence, farmers' access to agricultural loans and financing opportunities also becomes more difficult. This chain of effects directly suppresses demand for tractors and agricultural equipment; given TÜMOSAN's revenue structure's dependence on the agricultural sector, this risk is classified as an acute physical risk.

Impact of the Risk on the Business Model and Value Chain

Extreme weather events directly suppress agricultural production capacity, adversely affecting farmers' income stability and investment capacity. Climate-related income losses make it more difficult for farmers to access agricultural financing, creating a chain effect that leads to the postponement of tractor and agricultural equipment investments. In the downstream segment of TÜMOSAN's value chain, this impact can be observed as a contraction in tractor demand and a decline in order volumes. Since tractor sales constitute a significant share of TÜMOSAN's total revenue, climate-related demand pressure directly affects domestic market revenues. Upstream, growing uncertainty in agricultural seasons places an additional burden on production planning and inventory management. To mitigate this impact, the company pursues a product and sector diversification strategy, expanding its value chain into non-agricultural sectors through generators, marine engines, material handling equipment, and defense industry projects, thereby balancing its revenue portfolio against climate-related demand fluctuations.

Impact of the Risk on Strategy and Decision-Making

The expectation that extreme weather events linked to climate change could exert structural pressure on tractor demand directly shapes TÜMOSAN's strategic decision-making processes. To reduce its dependence on the agricultural sector, the company has pursued the diversification of its market portfolio, investing in product segments that are relatively less sensitive to climate risks, such as generators, industrial engines, marine systems, material handling equipment, and powertrain systems for the defense industry. In its R&D processes, priority is given to developing high-performance tractor models adapted to climate conditions, with the aim of enhancing their competitiveness in international markets as well. Developments in agricultural support policies and farmer financing conditions are also systematically monitored as part of strategic decision-making processes. In this context, the Company also evaluates solutions that facilitate farmers' access to financing; the flexible-payment tractor financing model developed for farmers by the savings finance institution within the same group (Albayrak Tasarruf Finansman A.Ş.) stands out as a complementary opportunity with the potential to ease the pressure of climate-related income fluctuations on tractor demand. These orientations enhance the company's operational flexibility and revenue diversification against climate-related demand fluctuations.



Financial Position, Financial Performance, and Cash Flow

Since tractor sales constitute a significant portion of TÜMOSAN's total revenue, a climate-related contraction in this item represents a critical risk factor for financial performance. In the 2025 reporting period, TÜMOSAN's revenue declined compared to the prior year; however, this decline stems from a combination of numerous factors, including macroeconomic conditions, financing costs, and fluctuations in agricultural income, with climate-related demand pressure being only one of these factors. Due to the interrelated nature of these factors, it has not been possible during this period to separately measure the portion of the decline attributable to climate. The financial statement items likely to be affected by this risk are Revenue and Cost of Sales; if fixed production costs remain constant, a contraction in demand could have a disproportionate impact on gross profit margin and cash flows. The Company is developing its data infrastructure to enable the quantitative tracking of these impacts. Through its revenue diversification strategy, TÜMOSAN continues to reduce the dependence of its cash flows on a single sector by strengthening its sales activities in segments relatively less sensitive to climate risks, such as energy and defense.

Risk 2: Compliance with Emission Regulations

Risk Type: Transition (Regulation/Policy)

Risk Description

Compliance with emission regulations is a broad transition risk that creates increasing regulatory pressure on companies within the framework of global efforts toward a low-carbon economy and the protection of air quality. Three main regulations fall under this risk heading. Within the scope of carbon-focused regulations, the European Union's Carbon Border Adjustment Mechanism (CBAM) will move into full implementation in 2026 and may give rise to additional cost obligations based on the embedded carbon content of products exported to the EU market. As TÜMOSAN currently does not have a product falling within the scope of CBAM or exports to the European Union, CBAM does not give rise to a direct cost in the current period. As the scope of CBAM expands over time, TÜMOSAN Döküm A.Ş., within the group, is the unit most exposed to this scope expansion.

The Emissions Trading System (ETS), planned to be established in Türkiye, has the potential to turn Scope 1 greenhouse gas emissions arising from production activities into a direct cost factor. Within the scope of regulations on air quality pollutants, the Stage V emission standard set by the EU for non-road diesel engines imposes strict limits on pollutants such as NOx and particulate matter. Taken together, these regulations constitute a structural risk area affecting TÜMOSAN's production processes, export capability, and supply chain management.



Impact of the Risk on the Business Model and Value Chain

The process of complying with emission regulations shows its impact across multiple links of TÜMOSAN's value chain. In terms of production processes, with the entry into force of Türkiye's ETS, Scope 1 greenhouse gas emissions could become a direct cost item; this could create particular pressure on TÜMOSAN Döküm A.Ş., which carries out energy-intensive casting and heat treatment processes. In terms of export capability, the metal components and intermediate inputs that could fall within the scope of CBAM have the potential to increase carbon costs across the supply chain. On the air quality regulation side, the Stage V emission limits mandatory for non-road diesel engines require the renewal of engine technology in tractors and similar agricultural/industrial machinery. Within this framework, TÜMOSAN has integrated Stage V engines, fully compliant with the Stage V emission standard and with a localization rate exceeding 97%, into all tractor series in the 48–125 horsepower range; the company has also decided to establish a new plant in the Konya Special Industrial Zone for the domestic production of the Emission Reduction System (ATS), which is mandatory for Stage V-compliant engines and is currently procured through imports. These steps both strengthen regulatory compliance capacity and support TÜMOSAN's competitive position in the European market by reducing external dependence in the value chain.

Impact of the Risk on Strategy and Decision-Making

TÜMOSAN has adopted a proactive approach to the medium- and long-term impacts of emission regulations. The development of a domestically produced engine family compliant with the EU Stage V emission standard, and the completion of its integration across all tractor series from 48 to 125 horsepower, is a concrete outcome of this strategic approach. In addition, a strategic decision has been made for the domestic production of the Emission Reduction System (ATS), which is mandatory for use in Stage V-compliant diesel engines and is currently procured through imports. In this context, the establishment of an ATS plant with a covered area of 10,000 m² and an annual capacity of 20,000 units is planned at the Konya Special Industrial Zone, with the total investment amount projected at approximately TRY 450 million.

This investment covers, in its initial phase, the production of ATS units for engines in the 48–145 horsepower range, the localization of ceramic coating technology, and the related transfer of know-how. This step provides a structural contribution to the sustainable management of regulatory compliance costs and to reducing external dependence in the value chain. The establishment of a greenhouse gas emissions inventory and its subjection to independent assurance are regarded as an important step in integrating carbon management into corporate decision-making mechanisms. To closely monitor CBAM and ETS processes, company executives regularly attend relevant information sessions, and hiring a specialist employee dedicated to CBAM is among the company's long-term goals in this regard.

Financial Position, Financial Performance, and Cash Flow

Compliance with emission regulations has the potential to exert a defining impact on TÜMOSAN's cash flows over the medium and long term. On the carbon-focused regulation side, with the entry into force of Türkiye's ETS, direct carbon costs on Scope 1 emissions will come into play; the financial statement item most likely to be affected by this cost is primarily Cost of Sales. Costs related to CBAM do not constitute a direct item in the current period; they represent a contingent factor to be monitored under scenarios of EU market entry and scope expansion. In the current reporting period, the quantitative financial impact of carbon regulations has not been separately modeled, as it carries a high degree of measurement uncertainty due to the ETS allocation methodology, free allocation ratios, carbon price levels, and uncertainties regarding the scope of CBAM. On the air quality regulation side, investments in Stage V-compliant engines and ATS production increase capital expenditures in the short term, but prevent market access losses arising from regulatory non-compliance in the long term. At the same time, the budget of approximately TRY 450 million allocated for the ATS localization investment concretely demonstrates that the company prioritizes compliance with emission regulations within its capital allocation. By strengthening its data infrastructure for emissions management, the company aims to enable the quantitative assessment of these impacts in future periods as well.

Risk 3: Energy Supply and Price Fluctuations

Risk Type: Transition (Market)

Risk Description

Energy supply and price fluctuations constitute a significant transition risk for companies due to volatility in global energy markets, geopolitical tensions, the regulatory transformation process aimed at reducing dependence on fossil fuels, and climate-related infrastructure vulnerabilities. Türkiye's relatively high dependence on natural gas and imported energy sources in electricity generation, together with fluctuations in LNG prices and exchange rate volatility, deepens the energy cost risk faced by industrial facilities. For TÜMOSAN, whose production activities rely on energy-intensive processes, this risk manifests both as uncertainty in production costs and as potential disruptions in the continuity of energy supply.

Impact of the Risk on the Business Model and Value Chain

Energy supply and price fluctuations place direct pressure on production costs across TÜMOSAN's value chain. The risk is concentrated in the energy-intensive processes at the Konya production campus (casting, machining, heat treatment, and engine test lines), and becomes more pronounced upstream in gas and electricity supply. Under the ISO 50001 Energy Management System, electricity and natural gas consumption are monitored on a metered basis, with sub-meters installed at critical points tracking machine- and system-level energy consumption. This infrastructure enables the identification of inefficiencies on energy-intensive production lines and the prioritization of improvement projects. In response to this risk, TÜMOSAN plans to meet the energy needs of the ATS production plant, to be established in the Konya Special Industrial Zone, from renewable sources by installing a rooftop Solar Power Plant (SPP) facility. This solution both strengthens energy supply security across the value chain and, through the use of renewable energy, reduces grid dependence and vulnerability to price fluctuations.

Impact of the Risk on Strategy and Decision-Making

TÜMOSAN pursues a multi-layered strategy to manage energy costs and supply risks. In 2023, a comprehensive energy audit covering both the Engine Factory and the TÜMOSAN Döküm facilities was carried out; based on the resulting findings, efficiency improvement projects were implemented in 2024 and 2025, achieving tangible energy savings. Certain efficiency practices are repeated on a regular annual basis. As part of operational modernization, an investment plan to replace older-generation machine tools used in production with new-generation CNC machines is targeted for completion by 2029. Under the long-term strategy, Industry 4.0 technologies are being integrated into the business model through Smart Factory Transformation; digital data collection systems enable real-time monitoring of production processes, optimized resource management, and more efficient planning of energy use. In addition, a rooftop Solar Power Plant (SPP) facility is planned to be installed at the ATS plant to be established in the Konya Special Industrial Zone, meeting the factory's energy needs from renewable sources; this approach strengthens energy supply security and reduces vulnerability to grid price fluctuations.

Financial Position, Financial Performance, and Cash Flow

Unforeseen increases in energy costs are among the financial risk items directly affecting TÜMOSAN's production expenses and operating profitability. The financial statement item most likely to be affected by this risk is primarily Cost of Sales, and, in terms of related investments, Property, Plant and Equipment. In response to this risk, the SPP investment planned for the roof of the ATS plant, the efficiency improvement projects being implemented under the energy audit, and the CNC modernization program stand out as concrete steps toward bringing energy costs under control in the medium and long term. While the SPP investment offers the potential to fix electricity supply costs through the transition to a renewable energy source, the energy efficiency projects and new-generation machine tool investments strengthen cost predictability by reducing energy consumption per unit of production.

Since the extent to which energy price increases pass through to production costs, and the degree to which these costs can be passed on to product prices, depend on numerous market variables, quantitatively modeling this impact carries a high degree of measurement uncertainty. Nevertheless, strengthening the monitoring infrastructure for energy consumption lays the groundwork for the quantitative assessment of these impacts in future periods.

Risk 4: Water Stress

Risk Type: Physical (Chronic)

Risk Description

Water stress is one of the chronic physical risks arising from the long-term pressure on water resources and declining rainfall patterns caused by climate change. A significant portion of TÜMOSAN's production activities is carried out at its integrated factory facility in Konya Province, and according to WRI Aqueduct data, Konya falls within the "extremely high risk" category, with a baseline water stress indicator above 80% and a baseline water depletion indicator above 75%. Projections for 2030 indicate that the level of water stress will continue at the same high level (>80%); the projected annual water supply is estimated in the range of 10–30 cm, and the projected annual water demand in the range of 3–10 cm, figures which demonstrate that the region's structural water scarcity will persist over the medium and long term. This situation constitutes a critical risk area for the factory's operational continuity and long-term operational security.

Impact of the Risk on the Business Model and Value Chain

Water is a strategic input in TÜMOSAN's production processes. In particular, the cooling fluids used in machining are composed of approximately 90% water, making water an indispensable resource for the continuity of the production process. Potential disruptions in water supply could directly lead to production stoppages and revenue loss, and, since fire suppression and occupational health and safety infrastructure are also water-dependent, they carry the potential to increase workplace safety risks. On the wastewater management side, a portion of the wastewater generated from production is treated through the biological treatment facility operating within TÜMOSAN, and the treated water is reused in appropriate applications, contributing to on-site water recovery.

Wastewater requiring chemical treatment is directed to a licensed chemical treatment facility, while the portion that cannot be treated is sent for disposal. To reduce water-related vulnerability across the value chain, infrastructure renewal efforts for clean water lines are ongoing in the Konya Special Industrial Zone where the factory facility is located, and groundwater wells located on site are used as an alternative source to mains water for irrigating green areas.

Impact of the Risk on Strategy and Decision-Making

TÜMOSAN evaluates both short- and long-term actions together in response to water stress risk. In the short term, the necessary approvals have been obtained for a capacity increase at the existing biological treatment facility, with the expanded capacity expected to come online within 2026. In the long term, the investment plan includes the establishment of a new treatment facility, also incorporating chemical treatment, within the Konya Special Industrial Zone. A rainwater harvesting option was evaluated, but as technical analyses showed that no meaningful efficiency gain could be achieved given the existing structure and site layout, the investment was found to have low feasibility. This is a concrete example of climate adaptation investments being assessed together with technical and economic feasibility criteria. Under water efficiency efforts, savings plans were developed in 2024 and 2025, though the related investment has not yet been carried out. On the production process side, the improvement and renewal of the older paint shop processes is considered a potential area of action for increasing water use efficiency.

Financial Position, Financial Performance, and Cash Flow

The potential financial implications of disruptions in water supply could include revenue loss from production stoppages, the continuation of fixed costs, and additional costs arising from possible supply delays. The commissioning of the biological treatment capacity increase in 2026 is expected to optimize wastewater management costs. Should the new facility incorporating chemical treatment, planned within the Special Industrial Zone, be implemented in the long term, it is anticipated to reduce external treatment and disposal costs and lower operational vulnerability. As the technical feasibility studies for this long-term investment have not yet been completed, quantitative financial indicators such as investment cost, payback period, and net savings could not be determined in this reporting period. The Company aims to strengthen its monitoring infrastructure for water use in order to enable the quantitative assessment of these impacts in future periods.

Climate-Related Opportunities

Opportunity 1: Increasing Demand for High-Performance Tractors Adapted to Climate Conditions

The intensification of climate change-driven pressure on agricultural yields is steering farmers toward powerful, technologically advanced tractors capable of operating with high performance under increasingly challenging conditions. Modern engine technology at high horsepower levels, durable transmission systems, and equipment compatible with precision agriculture applications are becoming the preferred choice among the farmer base. TÜMOSAN's strong engineering infrastructure, advanced R&D capability, and product range expanding into higher power segments provide the company with the opportunity to capitalize on this trend.

Impact of the Opportunity on the Business Model and Value Chain

The growing demand for high-performance tractors adapted to climate conditions opens a direct growth area for TÜMOSAN in both the domestic and export markets. Expansion into the higher power segment lies at the center of this opportunity: with the 125-horsepower tractor set to be launched in 2026 and the upper series reaching up to 145 horsepower in 2027, the company will position itself in higher value-added product segments within the value chain.

The existing engine portfolio, developed with a high localization rate, enables this expansion to translate into a ready market offering. Meanwhile, the specialized engine systems developed for the defense and marine segments reinforce the company's multi-sector presence, converting the value chain's sectoral diversity into a tangible competitive advantage. The European market is positioned as a target market within the scope of this opportunity.

Impact of the Opportunity on Strategy and Decision-Making

The demand for high-performance tractors adapted to climate conditions directly shapes TÜMOSAN's R&D and growth strategies. Work carried out at the Istanbul R&D Center has completed the development of the upper power segment engine family, and these products are being introduced to the market in stages. The launch of the 125-horsepower tractor in 2026 and the upper series reaching up to 145 horsepower in 2027 represents a strong strategic response to farmer expectations and to competitive conditions in export markets. Research on hybrid and electric power systems, as well as alternative-fuel solutions, is being deepened, while dedicated projects for marine and defense industry applications strengthen the structural basis for long-term adaptation to climate scenarios.

Financial Position, Financial Performance, and Cash Flow

This opportunity has the potential to positively affect financial performance through revenue growth generated by products aligned with the low-carbon economy. The product development activities forming the structural basis of this opportunity are supported by R&D work carried out within TÜMOSAN Teknoloji, with the financial statement items likely to be affected being Research and Development Expenses and Intangible Assets, and, at the commercialization stage, Revenue. Due to uncertainties regarding the market launch timeline and demand elasticity of the new product groups, quantifying the revenue impact separately carries a high degree of measurement uncertainty in this period.

Climate Resilience and Scenario Analyses

TÜMOSAN updated its climate scenario analysis as part of the 2025 strategic planning cycle in order to assess the potential impacts of climate-related risks and opportunities on its strategy, business model, and financial position. The analysis was carried out using an approach proportionate to the company's circumstances, with qualitative scenario narratives supported by quantitative inputs. While the full-scope scenario analysis is updated in parallel with the strategic planning cycle, the company's assessment of climate resilience is revisited in each reporting period.

Scenarios Used

To assess transition and physical risks across a broad spectrum, TÜMOSAN has defined three complementary scenarios and examined each through mutually reinforcing lenses: the IEA (energy supply security, prices, and carbon price), IPCC RCP (physical climate hazards, based on Türkiye's official MGM projections under RCP 4.5 and RCP 8.5), FAO – Food and Agriculture Organization (productivity, efficiency, and demand outlook for the agricultural sector), and WRI Aqueduct (regional water stress).

Scenario	Transition/Energy Lens (IEA)	Physical Lens (IPCC RCP)	Agriculture Lens (FAO)	Carbon Price (≈2030, indicative, IEA)
Orderly / Determined Transition	NZE 2050	RCP 2.6 · ~1.5–1.8°C	TSS (Towards Sustainability)	~90–130 USD/tCO ₂ e (rising toward 2050)
Delayed / Moderate Transition	APS	RCP 4.5 · ~2.4°C	BAU (Business as Usual)	~50–80 USD/tCO ₂ e; steepens after 2040
Hot World / High Emission	STEPS	RCP 8.5 · ~3–4°C+	BAU (Business as Usual)	Low; limited/regional; high physical risk

These three scenarios were selected to represent a broad range of possibilities, spanning from an orderly low-carbon transition to a high-emission world in which climate policies remain weak. The Orderly/Determined Transition scenario is aligned with the Paris Agreement's goal of limiting global warming to 1.5°C.

The analysis covers the entirety of TÜMOSAN's operational footprint, including the Head Office (Istanbul), the Factory Campus in Konya, and all subsidiaries. The quantitative energy and carbon inputs used in the analysis are based on the greenhouse gas inventory for 2025, verified with limited assurance, in which Scope 1 and Scope 2 emissions were calculated using the location-based method. The scenarios were assessed across the short- (0–1 year), medium- (1–3 years), and long-term (3–5 years) horizons defined at the beginning of the report.

Scenario Results

The scenarios are built on assumptions regarding climate policy (the timing of Türkiye's ETS/CBAM), macroeconomic trends (growth and price assumptions within the IEA scenario framework), national/regional variables (Konya's water stress per WRI Aqueduct; MGM's RCP projections), the agricultural outlook (FAO productivity and demand scenarios), energy use and mix (in 2025, predominantly natural gas at ~1.45 million m³ and grid electricity at ~6.19 GWh; no renewable/market-based electricity instrument was used in 2025, with full reliance on the grid), and technological developments. The main development in the analysis scope compared to the previous period is the strengthening of the agricultural demand axis with FAO scenarios.

Key Assumptions

The matrix below links scenario impacts to the channels within the company's risk inventory. The tractor/agricultural machinery demand channel (Risk 1) is read primarily through FAO agricultural scenarios and IPCC RCP physical projections; the carbon price/regulation channel (Risk 2) and the energy channel (Risk 3) are read through IEA scenarios; and the water stress channel (Risk 4) is read through WRI Aqueduct and IPCC RCP.

Impact Channel	Orderly/Determined Transition	Delayed/Moderate Transition	Hot World
Tractor/agricultural machinery demand (Risk 1) – FAO + IPCC RCP	Agriculture partially adapts (FAO TSS); demand is low-risk, with a shift toward modern, well-equipped tractors	Yield pressure becomes pronounced (FAO BAU); farmer investment is postponed, demand fluctuates	Loss of agricultural continuity in key provinces; new tractor demand may approach a standstill
Carbon price/regulation (Risk 2) – IEA	Early-adaptation cost and competitive advantage; ETS cost manageable	ETS mandatory in the medium term; CBAM scope expansion must be monitored	Late and sudden carbon price shock
Energy supply and cost (Risk 3) – IEA	More stable/low-emission electricity with a higher renewable share	High and volatile electricity/gas prices; cost pressure on casting and heat treatment	Supply security risk; disruptions and price increases become the norm
Water stress (Risk 4) – WRI Aqueduct + IPCC RCP	Water stress persists but with limited deterioration; existing infrastructure remains manageable	Water stress rises sharply toward 2050; capacity increase becomes essential	Structural water scarcity peaks; critical adaptation required
Low-carbon product/technology opportunity (Opportunity 1) – IEA + FAO	Strongest opportunity window; Stage V, precision agriculture, export advantage	Opportunity persists but is offset by compliance costs	Opportunity narrows; forced shift toward non-agricultural and overseas markets

Carbon Price Sensitivity

Based on 2025 Scope 1+2 emissions (6,030 tons CO₂e) and using the carbon price levels from the IEA scenarios as a reference, an indicative calculation shows that even under the high carbon price scenario (IEA NZE; ≈90–130 USD/tCO₂e), the direct carbon cost would remain below approximately 1% of 2025 revenue. This figure is based on 2025's contracted production/emission level and will scale upward as production normalizes. The main exposure lies not so much in direct carbon costs as in indirect factors: energy costs, embedded carbon in the iron and steel supply chain, and the climate sensitivity of agricultural demand. The uncertainty regarding the extent to which IEA carbon prices will apply in the Turkish context should be taken into account; the figures are indicative and depend on exchange rate and price assumptions.

Climate Resilience Assessment

Implications for Strategy and Business Model

The scenario analysis demonstrates that TÜMOSAN's revenue structure is closely tied to the agricultural sector and tractor demand, and that this area is the primary factor shaping the company's climate-related strategic priorities. The company has already set a clear direction toward balancing this dependence, pursuing a strategy that remains consistent across all three scenarios. In this context, it is diversifying its revenue base by expanding into non-agricultural segments such as generators, marine, material handling, and defense; strengthening its supply chain through vertical integration via TÜMOSAN Döküm A.Ş.; and developing its low-emission, high-performance product range. The value of this strategy becomes evident even under the most challenging scenario, Hot World (RCP 8.5 · FAO BAU): under this scenario, the structural shift that could occur in agricultural demand would accelerate the company's move toward overseas and non-agricultural markets, with its ongoing diversification strategy serving as a strong buffer that softens this transition.

Key Areas of Uncertainty

The areas of the assessment carrying the highest degree of uncertainty are concentrated around the timing and severity of transition policies. The final design of Türkiye's Emissions Trading System, its implementation timeline, and the resulting carbon price level have not yet been clarified; similarly, the impact of the Carbon Border Adjustment Mechanism on the company remains uncertain, depending both on the expansion of the mechanism's scope and on the timing of TÜMOSAN's entry into the European market. On the physical and market side, the main sources of uncertainty are the sensitivity of agricultural demand to climate conditions and farmer financing availability, volatility in energy prices and supply security, and the trajectory of structural water stress in the Konya region.

Adaptive Capacity

The company's strong equity and asset base provides financial flexibility capable of funding climate adaptation and energy efficiency investments. That said, the operating performance and revenue contraction in 2025 have somewhat constrained this flexibility on the financing cost and operational cash flow side, requiring investments to be managed on a cautious timeline. In terms of production assets, TÜMOSAN has a high degree of adaptability. Since its engine and casting infrastructure can serve the agriculture, defense, energy, and marine segments simultaneously, the company's diversification strategy is also physically feasible. The Stage V integration and smart factory transformation concretely demonstrate that the company's assets can be migrated to more advanced technologies. Climate-related investments also directly strengthen resilience: energy efficiency projects delivering tangible savings, the planned solar power plant, the biological treatment capacity increase adapting to water stress, and R&D efforts all enhance the company's capacity to adapt to transition and physical risks.

Overall Resilience Outcome

Taken as a whole, TÜMOSAN's strategy and business model are assessed as moderately resilient to climate-related changes. Diversification, localization/vertical integration, and product-technology adaptation serve as strong resilience levers. The most pronounced vulnerabilities are the cyclicity of agricultural demand, Konya's structural water stress, and energy cost/supply security. The impacts under the Orderly and Delayed Transition scenarios are manageable in the short to medium term, while the long-term Hot World scenario poses the greatest resilience pressure, though the company's diversification and overseas/non-agricultural market strategy partially offset this pressure.

Direct Mitigation and Adaptation

TÜMOSAN operates a multi-layered program aimed at reducing the climate impacts arising from its own operations and adapting to physical climate risks. The foundation of this program is the systematic improvement of energy efficiency in production processes. A comprehensive energy audit covering the Engine and Casting factories was carried out in 2023, and, based on the resulting findings, various efficiency projects were implemented in 2024 and 2025. Under the Factory Energy Efficiency Improvement target, energy savings of 81,547 kWh were achieved in 2024 and 136,218 kWh in 2025, with 2025 performance exceeding the annual minimum target of 100,000 kWh. Energy consumption is monitored on a metered basis under the ISO 50001 Energy Management System, and improvement areas are prioritized based on the identification of inefficiencies. Another area complementing energy efficiency is renewable energy and operational modernization. Through the planned Solar Power Plant (SPP) in the Konya Special Industrial Zone, part of the factory's energy needs is intended to be met from renewable sources, aiming both to reduce production-related emissions and to lower vulnerability to grid price fluctuations. In parallel, the modernization program, which envisages replacing older-generation machine tools with new-generation CNC machines and is planned for completion by 2029, aims to gradually reduce energy intensity per unit of production. In the long term, this modernization is intended to be integrated with the smart factory transformation strategy, which is based on the digitalization and data-driven management of production processes, in order to further enhance energy and resource efficiency.

In addition to its mitigation efforts, the company also prioritizes adaptation to physical climate risks. To strengthen operational resilience against Konya's structural water stress, the necessary approvals have been obtained for a capacity increase at the biological treatment facility, with the new capacity planned to come online in 2026. On the product side, R&D efforts focused on electric and hybrid powertrains lay the groundwork for reducing product-related emissions in the long term and for the transition toward low-carbon products.

Indirect Mitigation and Adaptation Efforts

Beyond its own operations, TÜMOSAN also carries out practices that provide indirect contributions across the value chain. In logistics activities, transport routes, packaging materials, and shipment methods are continuously improved within the framework of ISO 14001 and ISO 50001 standards with the aim of reducing carbon footprint. On the production side, efforts continue in line with circular economy principles; the most concrete application is the reuse of scrap metal in casting operations, which is reintroduced into production. Work in other areas such as material recovery and packaging has not yet reached an integrated level, and developing these areas over time is a stated goal. At the same time, the company transparently acknowledges that it is still at an early stage in managing value chain-related climate impacts. Structured programs such as applying carbon criteria in supplier evaluation processes, sourcing low-carbon materials, and collecting carbon data from suppliers are not yet in place during this reporting period. As Scope 3 emissions fall within the exemption granted by the Public Oversight Authority (KGK) for the first two reporting periods, the company is currently focused primarily on building the related data infrastructure; as this infrastructure matures, value chain mitigation and supplier engagement efforts are planned to be developed in future periods.



Risk Management

Risk Management

Risk and Opportunity Identification Process

TÜMOSAN carries out the identification, assessment, prioritization, and monitoring of climate-related risks and opportunities in an integrated manner with its corporate risk management approach. The process is operated through department-level risk assessment meetings held with the participation of managers from each unit. This systematic structure, which includes the steps of identification, assessment, and prioritization, is supported by the FMEA (Failure Mode and Effects Analysis), OHS Risk Assessment, and Environmental Risk Assessment procedures applied across all production and administrative operational areas.

The process covers all operations within the report's consolidation scope, the Head Office (Istanbul), the Factory Campus in Konya, and all subsidiaries, applying the operational control boundary consistently with the greenhouse gas inventory. A "Climate Risk and Opportunity Inventory" has been established for identifying climate-related risks, and the identification process takes into account qualified data obtained from the following sources:

- Meteorological trend analyses and climate scenarios,
- Indicators of external dependence and geopolitical risk in the supply chain and production processes,
- Regulations of relevant public authorities and sectoral emission targets,
- Feedback from stakeholders and field observations,
- Corporate environmental and financial performance data.

Climate scenario analysis directly feeds into the identification and assessment of risks. The scenario framework presented in the Strategy section (IEA energy outlook, IPCC RCP physical projections, FAO agricultural scenarios, and WRI Aqueduct water stress data) is used to determine which risks stand out in terms of timeframe and severity.

The risks and opportunities identified in light of this data are assessed and prioritized through the following multi-criteria system:

- **Financial Impact Potential:** Cash flows, investment payback period, and cost-benefit balance,
- **Legal Compliance Requirement:** The legal bindingness of the risk in line with national legislation and international commitments,
- **Alignment with Strategic Objectives:** The degree of alignment with TÜMOSAN's 2025–2029 Strategic Plan,
- **Operational Prevalence:** The parts of production affected by the risk,
- **Stakeholder Sensitivity:** The perception impact among society, employees, investors, and customers.

For each risk and opportunity, impact-probability matrices are developed based on these criteria, and action plans are formulated on the basis of these matrices. The impact of priority risks is mitigated through FMEA applications, while climate-related opportunities are evaluated within innovation and investment planning processes and converted into strategic advantage. Within this framework, climate-related risks are addressed under the same corporate risk framework as the company's operational, financial, legal, and reputational risks.

Climate Risk Assessment Methodology

At TÜMOSAN, each climate-related risk is analyzed through a two-dimensional assessment system. The Likelihood Score (1–5) expresses the probability of the risk occurring, taking into account TÜMOSAN's historical operational data along with scientific climate projections, particularly the IPCC's RCP 4.5 and RCP 8.5 scenarios. The Impact Score (1–5) reflects the risk's potential implications for TÜMOSAN's financial performance, reputation management, legal compliance processes, operational continuity, and environmental impacts. The joint assessment of these two scores is used to determine priority risks and to shape the related strategic actions. The assessment process also takes into account the sector-specific metrics contained in the SASB sector guidelines (Volume 50 – Industrial Machinery and Goods, and Volume 9 – Iron and Steel Producers).

Likelihood	Score	Description
Very High	5	The event recurs almost every year.
High	4	Occurs frequently; likely to happen once every few years.
Medium	3	May occur occasionally; once within ten years.
Low	2	Rare; occurs less than once in ten years.
Very Low	1	Very rare; once every 20 years or less frequently.

Impact	Score	Description
Very High	5	Very severe, lasting impact in financial, operational, and reputational terms.
High	4	Significant financial/operational impact; requires management intervention.
Medium	3	Limited but manageable financial/operational impact.
Low	2	Minor and short-term impact.
Very Low	1	Negligible impact.

As a separate criterion from impact and likelihood scoring, the financial materiality of risks and opportunities is assessed using a financial impact threshold based on the company's net sales figure. In this classification, the independently audited net sales (revenue) figure, which best represents TÜMOSAN's scale of operations, has been used as the basis; the 2025 net sales figure was TRY 3,454,240,450. Since net sales, compared to profit-based measures, represent a more stable and consistently positive figure, this ensures that proportional thresholds can be applied consistently and comparably. As financial materiality is a matter of entity-specific judgment, the thresholds below have been determined by TÜMOSAN taking into account the company's scale, prior-period operating performance, and profitability structure:





Monitoring and Review

The identified climate and sustainability risks are monitored and assessed on a topic-by-topic basis at the Sustainability Committee's regular meetings; the number of committee meetings is presented in the Governance section. This monitoring cycle enables the significance of risks to be updated and new risks to be added to the inventory when necessary. Indeed, the decision to classify water stress as a significant risk for TUMOSAN was made based on the assessments conducted at these meetings, supported by scenario analysis. The monitoring process is further supported by target tracking carried out through the QDMS software and the year-end Management Review (MR) meetings.

Developments in the Process Compared to the Previous Period

In the second reporting period, the core structure of the risk management process has been maintained consistently with the previous period. The main developments in the process during this period include placing climate scenario analysis on an integrated framework based on the IEA, IPCC RCP, FAO, and WRI Aqueduct sources and strengthening the agricultural demand axis with FAO scenarios, beginning to assess water stress as a separate material risk, and updating the financial impact thresholds based on the 2025 net sales base. These developments represent incremental improvements reflecting the natural maturation of the existing process.

Integration into Corporate Risk Management

The processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into TUMOSAN's overall corporate risk management system. Climate-related risks are incorporated into corporate risk assessment mechanisms through the PFMEA (Process Failure Mode and Effects Analysis) method and are coordinated by the Integrated Management Systems unit. Thanks to information-sharing mechanisms established among the finance, production, logistics, supply chain, human resources, and engineering functions, climate-related risks and opportunities are reflected in the company's overall risk management and strategic planning processes.

Level	Financial Impact (%)	Threshold (TRY)
Low	4% and below	<138,169,618 TL
Medium	4% – 7%	138,169,618 TL – 241,796,831.50 TL
High	7% and above	>241,796,831.50 TL

Metrics and Targets

Metrics and Targets

Greenhouse Gas Emissions

Metric	Unit	2024	2025
Scope 1 (direct emissions)	ton CO ₂ -e	4,673	3,262
Scope 2 – Location-based	ton CO ₂ -e	2,271	2,768
Scope 2 – Market-based	ton CO ₂ -e	2,212	-

TÜMOSAN calculated its Scope 1 direct emissions for the 2025 reporting period at 3,262 tons CO₂-e, and its Scope 2 energy indirect emissions, using the location-based method, at 2,768 tons CO₂-e. As the company did not hold any documentation or certification related to renewable energy supply in 2025, its entire electricity requirement was met from the national grid.

Emission Calculation Methodology

TÜMOSAN prepared its greenhouse gas emissions inventory for the period January 1, 2025 – December 31, 2025 in accordance with the GHG Protocol; the inventory was verified at a limited assurance level by Yeditepe Bağımsız Denetim within the framework of ISO 14064-3:2019. The consolidation boundary has been determined based on the operational control principle, and the boundary of the GHG inventory is consistent with the financial consolidation boundary.

The calculations are based on the following principles: Scope 1 emissions consist of natural gas, diesel, and gasoline consumption along with process emissions, and are calculated using IPCC 2021 Higher Heating Value (HHV) factors. Scope 2 (location-based) emissions are calculated using the average carbon intensity factors applicable to Türkiye's national electricity grid. The calculations take into account all greenhouse gases covered under the Kyoto Protocol, including CO₂, CH₄, N₂O, HFCs, SF₆, PFCs, and NF₃. Under the TSRS transitional exemption, Scope 3 emissions are not included within the reporting scope for this period; however, data collection and quality improvement efforts are ongoing.

Climate-Related Metric Disclosures

Activities Exposed to Climate-Related Transition Risk

TÜMOSAN's activities most exposed to transition risk are its energy- and emission-intensive casting and heat treatment processes, which are concentrated at the Konya campus. The precise percentage share of these activities within total assets or business volume has not been measured in this period, due to uncertainties regarding the design of Türkiye's ETS and CBAM.

Assets Exposed to Climate-Related Physical Risk

The Konya campus, which houses the majority of TÜMOSAN's production assets, is located in a region falling within the "extremely high risk" category, with water stress above 80% according to WRI Aqueduct data. As a result, the Company's production assets exposed to physical risk are predominantly concentrated in the Konya region.

Activities Aligned with Climate-Related Opportunities

TÜMOSAN's primary climate-related opportunity is the growing demand for high-performance, efficient tractors adapted to changing climate conditions. The product range, developed with precision agriculture capabilities and a high localization rate, is one of the main areas of activity responding to this demand. The quantitative share of these activities within revenue will be reported as the product-level revenue tracking infrastructure is developed.

Climate-Related Capital Allocation

TÜMOSAN allocated approximately TRY 293,106 to energy efficiency applications in 2024 and approximately TRY 560,952 in 2025. The planned Solar Power Plant (SPP), the biological treatment capacity increase, and CNC modernization are among the company's other climate-related capital allocation items; the investment amounts for these items will be reported in the relevant periods.

Internal Carbon Price

TÜMOSAN does not apply any internal carbon price in its decision-making processes during this reporting period.

Climate-Related Targets

At TÜMOSAN, strategic targets are set through a participatory planning process with the contribution of the Strategy Development Board, Integrated Management Systems, and relevant units. Performance indicators are defined for each target, responsibilities are assigned, progress is tracked through a three-tier monitoring system, and progress along with any required revisions and their justifications are assessed at the year-end MR meetings.

The energy efficiency improvement target is a strategic measure taken against the risks of energy supply and price fluctuations (Risk 3) and emission regulations, aiming both to control production costs and to reduce greenhouse gas emissions. The product diversification target, meanwhile, is based on the opportunity to develop machinery adapted to climate conditions and more efficient, and aims to diversify the business model while enhancing resilience against physical risks.

Target	Metric	Type	Base Year	2024	2025	Target Year	Monitoring	Progress
Improving factory energy efficiency (min. 100,000 kWh annual savings)	Total savings (kWh)	Absolute	2023	81,547	136,218	2029	Annual	Ongoing (2025 target exceeded)
Increasing product diversity	Product types and count	Absolute	2023	63	70	2029	Annual	Ongoing

In the energy efficiency target, 2025 performance (136,218 kWh) exceeded the annual minimum target of 100,000 kWh and showed a marked improvement compared to 2024 (81,547 kWh); the trend is positive.

Greenhouse Gas Reduction Target

TÜMOSAN has not set a quantitative greenhouse gas reduction target in this reporting period, though the existing energy efficiency target makes an indirect contribution to emission reduction. The company has begun work toward establishing a quantitative reduction target and has held an evaluation meeting in this regard. The scope and level of the target will be clarified following the strengthening of the greenhouse gas data infrastructure and will be shared with the public in future reporting periods.

Sector-Based Metrics

Volume 50 – Industrial Machinery and Goods (TÜMOSAN Motor)

Standard Code	Topic	Metric	Unit	2024	2025
RT-IG-130a.1	Energy Management	Total energy consumed	Gigajoule (GJ)	21,688.28 GJ natural gas / 24,143.69 GJ electricity	25,665.63 GJ natural gas / 18,108.64 GJ electricity
		Percentage of grid electricity	Percent (%)	50.55%	41.37%
		Percentage of renewable energy	Percent (%)	-	-
RT-IG-410a.1	Fuel Economy & Emissions During Product Use Phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Litres per 100 ton-km	N/A	N/A
RT-IG-410a.2		Sales-weighted fuel efficiency for off-road equipment	Litres per hour	N/A	N/A
RT-IG-410a.3		Sales-weighted fuel efficiency for stationary generators	Kilojoules per litre	N/A	N/A
RT-IG-410a.4		Marine diesel engines	Grams per kilojoule	N/A	N/A
		Locomotive diesel engines	Grams per kilojoule	N/A	N/A
		On-road medium- and heavy-duty engines	Grams per kilojoule	N/A	N/A
		Other off-road diesel engines: sales-weighted nitrogen oxides (NOx) emissions	Grams per kilojoule	N/A	N/A
		Other off-road diesel engines: particulate matter (PM) emissions	Grams per kilojoule	N/A	N/A
RT-IG-000.A	Activity Metrics	Number of units produced by product category	Number	Tablo notu 1	
RT-IG-000.B		Number of employees	Number	635 (consolidated)	529 (consolidated)

1. TÜMOSAN has diversified its operations to respond to the needs of different sectors and customer segments. In addition to tractors, agricultural equipment, industrial engines, material handling machines, and spare parts, the company manufactures a wide range of products including after-sales services, military subsystems, military platforms, and marine subsystems.

Volume 9 – Iron & Steel Producers (TÜMOSAN Döküm)

Standard Code	Topic	Metric	Unit	2024 Data	2025
EM-IS-110a.1	Greenhouse Gas	Gross Scope 1 emissions	Metric tons (t) CO ₂ -e	2,795	1,460
		Percentage covered under emission-limiting regulations	Percentage (%)	See Table Note 1	
EM-IS-110a.2		Discussion and analysis of long-term and short-term strategy or plan to manage Scope 1 emissions and emission-reduction targets, and analysis of performance against those targets	Discussion and Analysis	See Table Note 2	
EM-IS-130a.1	Energy Management	Total energy consumed	Gigajoules (GJ)	50,760.84 GJ Natural Gas / 16,602.72 GJ Electricity	27,625.21 GJ Natural Gas / 4,180.24 GJ Electricity
		Percentage grid electricity	Percentage (%)	24.65%	13.14%
		On-road medium- and heavy-duty engines	Percentage (%)	-	-
EM-IS-130a.2		Total fuel consumed	Gigajoules (GJ)	50,760.84 GJ Natural Gas	27,625.21 GJ Natural Gas
		Percentage coal	Percentage (%)	-	-
		Percentage natural gas	Percentage (%)	98.7%	97.5%
		Percentage renewable energy	Percentage (%)	-	-

EM-IS-140a.1	Water Management	Total water withdrawn	Thousand cubic meters (m³)	3,069	4,217
		Total water consumed	Thousand cubic meters (m³)	3,069	4,217
		Percentage of each in regions with High or Extremely High Baseline Water Stress	Percentage (%)	The factory's water demand is met from Konya Province. According to WRI Aqueduct data, over 80% of Konya is classified as an 'extremely high-risk' area for water stress.	
EM-IS-430a.1	Supply Chain Management	Discussion of the process for managing iron ore or coking coal sourcing risks arising from environmental and social issues		N/A	N/A
EM-IS-000.A	Activity Metrics	Within crude steel production: 1. Percentage of basic oxygen furnace steelmaking, 2. Percentage of electric arc furnace steelmaking	Metric tons (t), Percentage (%)	N/A	N/A
EM-IS-000.B		Total iron ore production	Metric tons (t)	N/A	N/A
EM-IS-000.C		Total coking coal production	Metric tons (t)	N/A	N/A

1. The metric will be updated once the secondary legislation of the Turkish Emissions Trading System (ETS) and the National Allocation Plan are published, based on the facility's inclusion status and allocation scope.

2. TÜMOSAN Döküm initiated energy efficiency audit studies in 2023. Within the scope of the project, measurements and inspections were carried out at various points of the factory, and forward-looking energy saving targets and investment plans were established and implemented accordingly. In relation to Scope 1 emissions, natural gas savings were achieved through the "Air Curtain Application for Eliminating Thermal Leakages in the Core Drying Furnace" and the "Core Drying Furnace Flue Gas Recuperator Project." Energy conservation and efficiency efforts continue on an ongoing basis within our factory.



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TÜMOSAN, Albayrak Grubu iştirakidir.

www.albayrak.com.tr



Merkez

Maltepe Mahallesi
Londra Asfaltı Caddesi No: 28/1
Topkapı 34010 Zeytinburnu / İSTANBUL



Fabrika

Büyükkayacık Mahallesi
Aksaray Çevre Yolu Caddesi No: 7/1
Selçuklu / KONYA



info@tumosan.com.tr



www.tumosan.com.tr



Müşteri Danışma Hattı



444 1975

Greenix

REPORTING AND DESIGN CONSULTING

İstanbul Office: Cemal Ulusoy Caddesi
No:57 A Plaza Bahçelievler / İstanbul / Türkiye

info@greenix.com.tr

www.greenix.com.tr