**QUA GRANITE**

2024
**TSRS-COMPLIANT SUSTAINABILITY REPORT**

#CreatingValueIsInOurNature

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# 1. ABOUT THE REPORT

## 1.1. Purpose and Strategic Context of the Report

Qua Granite places sustainability at the core of its business strategy and responsible production approach with the motto, “Inspired by Nature, On the Path of Nature.” This report is presented as a requirement of the Company’s commitment to transparency and accountability to its primary users and stakeholders.

The main purpose of this report is to explain how Qua Granite Hayal Yapı ve Ürünleri Sanayi Ticaret A.Ş. (“the Company”) manages the significant climate-related risks and opportunities it has identified, and the current and reasonably expected effects of these factors on the Company’s cash flows, access to finance, or cost of capital.

This report, which presents the Company’s strategies aligned with Türkiye’s 2053 Net Zero vision and its contribution to sustainable development goals through verifiable and comparable data, addresses climate-related issues under four key components in accordance with the structure outlined by the Turkish Sustainability Reporting Standards (TSRS): **Governance, Strategy, Risk Management,** and **Metrics and Targets.**

## 1.2. Reporting Framework and Compliance with Standards

This report has been prepared in full compliance with the Turkish Sustainability Reporting Standards (TSRS) issued by the Public Oversight, Accounting and Auditing Standards Authority (KGK), specifically **TSRS 1 General Provisions on the Disclosure of Sustainability-Related Financial Information** and **TSRS 2 Climate-Related Disclosures.** Additionally, the report refers to the sector-specific disclosure topics included in the **TSRS 2 Appendix Volume 8: Construction Materials** standard.

The report meets the requirements of TSRS 1 and TSRS 2. However, in accordance with the transitional reliefs provided by TSRS 1, the provisions of TSRS 1 have been applied in this first reporting year only to the extent that they relate to the disclosure of information on climate-related risks and opportunities.

## 1.3. Scope, Limits, and Period of the Report

The report covers the one-year accounting period from January 1 to December 31, 2024. All financial information and figures stated in the report are expressed in Turkish Lira (TL).

The scope of the report is addressed on a consolidated basis and includes Qua Granite Hayal Yapı ve Ürünleri San. Tic. A.Ş. and its subsidiaries.

Among the Company's consolidated subsidiaries, its wholly-owned subsidiary Qua Trading Ticaret A.Ş. conducts export-oriented sales activities. Its 80%-owned subsidiary Qua Home Collection Tekstil Mağazacılık San. ve Tic. A.Ş. carries out sales operations

in the home textiles sector. As Qua Home was not operational in the reporting year, no emission calculations were made. Since Qua Trading only has office employees within the Söke Organized Industrial Zone campus, the emissions of this subsidiary were not reported separately and were included in the Company's greenhouse gas calculations.

### 1.4. Basic Principles of Reporting

- **Key Qualitative Characteristics:** In the preparation of this report, the qualitative characteristics defined in TSRS 1 (Fair Presentation, Comparability, Verifiability, Timeliness, and Understandability) have been strictly adhered to.

- **Financial Materiality Approach:** Qua Granite uses both qualitative analyses and quantitative thresholds to classify the financial impact of a climate-related risk or opportunity as "material." Within this framework, a potential impact exceeding 1% of the Company's consolidated equity has been set as a quantitative threshold. This threshold corresponds to TL 82.3 million, which is 1% of the consolidated equity of TL 8,234 million as of December 31, 2024. In addition to this quantitative threshold, other potential non-financial impacts are qualitatively interpreted and classified as "low," "medium," or "high," and are taken into account in decision-making processes.

- **Related Information:** This report is part of Qua Granite's general purpose financial reports. To assess the impacts of climate-related issues on the Company's overall performance from a holistic perspective, it is recommended that this report be reviewed together with the 2024 Annual Report and the disclosures provided in the financial statements for the relevant period.

- **Forward-Looking Statements:** This report may contain forward-looking statements regarding the Company's plans, targets, and expectations for future periods. Such statements are based on the current circumstances and assumptions as of the report's publication date and may differ from actual results due to risks and uncertainties that may arise in the future.

### 1.5. Transitional Exemptions

- **TSRS 1 E3, TSRS 2 C3:** Entities are not required to present comparative information in the first reporting period in which they apply the TSRS. This report contains information only for the period January 1, 2024–December 31, 2024. No comparative information for prior periods is presented.

- **TSRS 1 E5 and TSRS 1 E6:** In the first annual reporting period, entities are permitted to disclose information only on climate-related risks and opportunities (in accordance with TSRS 2). This report includes financial disclosures only on climate-related risks and opportunities.

### 1.6. Data Accuracy and Independent Assurance

Qua Granite places great importance on the reliability, accuracy, and compliance with standards of the information contained in the report. The report, prepared in accordance with the Turkish Sustainability Reporting Standards, has been subject to a limited assurance engagement by MED Bağımsız Denetim ve Danışmanlık A.Ş. in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the Public Oversight, Accounting and Auditing Standards Authority. The Independent Assurance Report is included in the appendix of this report.

### 1.7. Contact

For questions, comments, and suggestions regarding the report, please contact us at surdurulebilirlik@qua.com.tr.

## 2. ABOUT QUA GRANITE

### 2.1. Corporate Information

Qua Granite Hayal Yapı ve Ürünleri Sanayi Ticaret A.Ş. ("Qua Granite" or "the Company"), which began operations in 2016 in the Aydın Söke Organized Industrial Zone, has quickly become one of the leading companies in its sector through production at its facility equipped with a high-tech continuous system. Qua Granite positions production not only as a commercial activity but also as a responsibility toward nature and society, and plays an active role in building a sustainable future.

With one of Türkiye's most modern and largest production facilities, the Company offers a wide range of products and services in the field of technical granite. Qua Granite, operating with a vision to meet the changing expectations of its customers and the market through innovation, is one of the sector's leading global players, with a strong export network spanning nearly 100 countries, particularly in Europe. Adopting sustainability as a core business strategy, the Company is taking concrete steps in combating climate change and transitioning to a low-carbon economy. In this regard, it leads the sector in areas such as renewable energy investments, 100% recovery of wastewater, and an EPD-certified portfolio of environmentally friendly products. Included in the BIST Sustainability Index thanks to its high corporate governance performance and commitment to transparency, Qua Granite continues to create value for a sustainable future with its strong financial structure and sense of responsibility to society.

### 2.2. Capital and Shareholding Structure

| Shareholder | Share of Capital (%) | Voting Rights Ratio (%) |
|---|---|---|
| Q Yatırım Holding A.Ş.* | 37.90 | 63.47 |
| Ali Ercan | 29.75 | 17.50 |
| Other (Public Offering) | 32.35 | 19.03 |
| **Total** | **100.00** | **100.00** |

* Ali Ercan is the sole shareholder of Q Yatırım Holding A.Ş. Ali Ercan's control over Qua Granite's management remains unchanged.
The shareholding structure reflects the ownership status as of December 31, 2024.

### 2.3. Organizational Structure

Qua Granite's organizational structure is built on the principles of effective strategic direction and transparent oversight. At the top of the structure is the **Board of Directors**, which determines the Company's long-term vision and policies. Committees operating under the Board of Directors, such as the **Corporate Governance Committee, Audit Committee, Early Detection of Risk Committee, and Sustainability Committee**, ensure the highest level of implementation of corporate governance standards, the effective management of all risks (including climate-related risks), and the accuracy of financial reporting.

The operational structure of the Sustainability Committee comprises the Environment and Sustainability Manager and the Corporate Finance and Investor Relations Director, both of whom report directly to the General Manager. The strategic management of sustainability issues and their integration into all business units are ensured through the **Sustainability Committee**. This committee is responsible for identifying climate-related risks and opportunities, setting goals, and monitoring performance.

### 2.4. Business Model

Qua Granite's business model is based on a value creation cycle that combines customers' needs with the latest technology and design, provides high-quality and sustainable solutions, and effectively delivers them to global markets.

#### Value Creation Approach

This approach focuses on providing innovative solutions with a responsible production mindset. Beyond standard products, the Company helps its customers achieve their sustainability goals with EPD-certified products and innovative solutions that combine aesthetics and functionality. Practices such as 100% water recovery in production and the solar power plant (SPP) investment form the foundation of this approach.

#### Main Area of Activity

Qua Granite’s main area of activity is the production of high value-added technical granite products in various sizes and thicknesses at its production facility, which is one of the world’s largest technical granite plants operating under a single roof, strategically located near raw material sources and ports.

#### Strategic Focus Areas and Customers

The business model targets the construction, architecture, and decoration sectors in both domestic and international markets. The **European market,** which constitutes **80%** of the Company's export revenues, is the most important strategic focus area. The increasing sustainability expectations of customers and regulators in this market directly shape the Company’s product development and production processes.

**Page 5 Diagram**

**SUSTAINABILITY COMMITTEE AND WORKING GROUPS**

**General Manager/Board Member**
Committee Chair

**Corporate Finance and Investor Relations Director**
Member

**Environment and Sustainability Manager**
Member

**Environment and Energy Working Group**

**Reporting and Stakeholder Relations Working Group**

**Corporate Social Responsibility Working Group**

**R&D, Innovation, and Digitalization Working Group**

## 3. GOVERNANCE

### 3.1. Sustainability Governance Structure

At Qua Granite, the management and oversight of climate-related risks and opportunities have been delegated by the Board of Directors to specific management committees in a structured manner. This arrangement ensures effective ownership of the climate agenda at the management level, while also allowing the Board of Directors to maintain its strategic oversight continuously and systematically.

The Board of Directors maintains its ultimate oversight authority over the duties it has delegated to the Sustainability Committee through a structured reporting and approval mechanism:

Within Qua Granite, responsibilities for climate-related risks and opportunities are not limited to a corporate understanding; they are also systematically integrated into governance documents and policies that define these responsibilities and formalize their operation.

The main duties, authorities, and responsibilities in the management of climate-related issues are formally defined in the Sustainability Committee Terms of Reference document. According to these terms, the Committee carries out climate-related duties, such as establishing the Company's sustainability strategy, targets, and roadmaps; developing and supporting project proposals to reduce carbon emissions as part of the fight against climate change; and regularly reviewing the sustainability policy and practices before submitting them to the Board of Directors for approval. The fact that the Committee is chaired by the General Manager, who is also a Board Member, demonstrates that this delegated role is assumed at the highest management level and is directly integrated with operational leadership. The operational implementation of the Committee’s decisions is carried out through Working Groups with clearly defined responsibilities. Additionally, the Early Detection of Risk Committee is responsible for integrating climate-related risks into the Company's overall risk management framework. The Committee, whose duties and authorities are defined by its own Terms of Reference document, aims to identify early on all strategic, financial, and operational risks that could affect the Company, and it evaluates climate risks within this scope.

Climate-related responsibilities are also clearly reflected in the Company's core corporate policies. The **Sustainability Policy** commits to reducing greenhouse gas emissions and energy consumption, and developing methods for the conservation of natural resources to combat climate change. In addition to this principal policy, complementary policies such as the **Energy Policy**, which prioritizes energy efficiency; the **Waste Management Policy**, which aims to reduce waste; and the **Water Policy**, which is founded on the sustainable use of water resources, illustrate how climate-related responsibilities are integrated across the Company’s operational processes. All of these documents are shared in publicly available sources.

At Qua Granite, the process of informing governance bodies about climate-related risks and opportunities is conducted within a structured system based on periods defined in the committees' terms of reference. The Sustainability Committee discusses climate-related strategies, targets, risks, opportunities, and performance results in its meetings held at least once a year and reports these assessments directly to the Board of Directors. At the same time, the Early Detection of Risk Committee regularly presents its holistic assessments, including climate risks, to the Board of Directors within its own meeting schedule. In addition to periodic committee reporting, information on critical topics such as climate-related risks, measures taken, emissions performance, and regulatory changes is shared transparently with both governance bodies and all relevant stakeholders throughout the year via special presentations and the annually published Sustainability Report.

Within this structure, the information sharing processes were carried out as planned during 2024. The Sustainability Committee met once in 2024 to evaluate climate-related agenda items and reported its evaluations to the Board of Directors. In the same year, the Early Detection of Risk Committee met six times and shared its corporate risk analyses, which also covered climate risks, with the Board of Directors.

In addition, the Audit Committee and the Corporate Governance Committee held six and four meetings, respectively, and also conveyed the assessments within their areas of responsibility to the Board of Directors. Thanks to this multi-channel and regular information structure, the Board of Directors and relevant committees can fulfill their oversight duties by accessing timely, comprehensive, and verifiable information on climate-related developments.

### 3.2. Structure and Competence of Sustainability Governance

Qua Granite ensures that the governance bodies and key executives responsible for overseeing climate-related strategies possess the necessary competencies; it supports the continuity of these competencies through corporate and sectoral experience, professional development mechanisms, and, when necessary, using external expertise.

The Company leverages the multidisciplinary expertise of the Sustainability Committee members in its oversight of climate-related issues. The General Manager, who serves as the committee chair, has the expertise to oversee the technical aspects of transition risks — such as energy efficiency and process optimization — as well as of opportunities to develop environmentally friendly products, drawing on their experience in production, R&D and engineering in the ceramics sector. The Environment and Sustainability Manager on the committee holds a Sustainability Specialist Certificate from the Turkish Capital Markets Association and offers direct expertise on standards and best practices in this field. The experience of the Corporate Finance and Investor Relations Director serving on the committee and the members of the Board of Directors in finance, foreign trade, and investment create a complementary area of competence for assessing the financial impacts of climate-related issues, overseeing investment decisions, and managing stakeholder expectations.

Qua Granite implements dynamic development mechanisms to keep existing competencies up to date and to meet emerging information needs. When a need for expertise on a specific climate-related topic arises, relevant managers or committee members coordinate with the Human Resources Department to participate in external training. This flexible structure enables access to necessary information in rapidly developing areas, thereby enhancing the sustainability of the governance function.

Furthermore, according to the provision in the committees' terms of reference, it is possible to make use of independent expert opinions when necessary. These consultancy services are obtained particularly in complex areas requiring technical expertise, such as climate modeling, scenario analysis, and legal regulations, thereby ensuring the accuracy and timeliness of decision-making processes.

Thanks to this structure, Qua Granite's governance bodies operate with the capacity to understand the complexity of climate-related risks and opportunities, evaluate strategic decisions on an informed basis, and lead the Company toward a climate-resilient future.

### 3.3. Integration of Sustainability into Decision-Making and Risk Management

Qua Granite's governance bodies—the Board of Directors and the relevant committees—have integrated climate-related risks and opportunities into the core of their decision-making mechanisms while overseeing the Company's strategic direction, major investment decisions, risk management processes, and corporate policies. This holistic approach ensures not only the assessment of opportunities but also the consideration of potential trade-offs.

In line with the Company’s strategic direction, climate-related risks and opportunities are monitored under the umbrella of the Sustainability Strategy. The Sustainability Committee develops climate-focused strategic proposals, such as those on decarbonization and energy efficiency, and submits them to the Board of Directors for approval, while the Board of Directors oversees the alignment of these strategies with the Company’s long-term vision and market position.

Large-scale investments and capital expenditure decisions are also evaluated considering their climate impacts. The Solar Power Plant (SPP) investment, prepared by the Sustainability Committee and submitted to the Board of Directors for approval in 2024, is a concrete example of this approach. This investment decision was shaped by two key factors directly related to climate: reducing carbon emissions and managing rising energy costs. This clearly demonstrates that climate-related assessments play a decisive role in large-scale investment decisions.

The integration of climate risks into the Company’s corporate risk management processes is also an important part of the corporate governance mechanism. In this context, the aim is to reflect climate-induced uncertainties in strategic, financial, and operational decision-making processes, with oversight of these risks provided at the Board of Directors level.

The governing bodies also oversee the implementation of key corporate policies that support the climate strategy. The commitment to "reducing greenhouse gas emissions and energy consumption," explicitly stated in the Sustainability Policy, forms the fundamental basis of the oversight of this policy.

The trade-offs that must be made between different priorities in decision-making processes are clearly evaluated, and strategic priorities are shaped accordingly. The Board of Directors' decision to postpone certain investment projects and prioritize those, such as the SPP investment, that both reduce energy costs and reduce carbon emissions, is a clear example of this deliberate trade-off. With this decision, a corporate preference was established to forgo potential short-term returns in favor of investing in projects aimed at mitigating long-term climate and energy risks. This approach demonstrates that the Company's investment priorities are focused on managing climate-related risks and enhancing long-term corporate resilience.

### 3.4. Structuring of Monitoring, Reporting, and Audit Processes

Qua Granite's management implements structured controls and procedures to support the oversight of climate-related risks and opportunities. These mechanisms not only ensure the collection and monitoring of climate data but also guarantee that this information is managed in an integrated manner with the Company's core internal functions.

| **Systematic Controls Used by Management** | |
|---|---|
| **Management Systems Risk Analysis Procedure** | The Company's process for identifying risks and opportunities is carried out under the "Management Systems Risk Analysis Procedure." In this context, all environmental issues, including climate change, are analyzed using the "Environmental Risk and Opportunity Assessment Form." These issues are scored based on probability and severity (1–5) to generate a risk score, which is then used to prioritize risks and determine control measures. Additionally, in line with TSRS 2 requirements, a more comprehensive climate risk analysis was conducted using international references such as IPCC and NGFS scenarios, and these analyses served as key inputs for decision-making processes. |
| **Performance Monitoring and Reporting** | The management regularly assesses climate performance by monitoring indicators such as carbon footprint, energy and water consumption, and waste |

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|---|---|
| | management, and discloses this data to the public through the "Sustainability Report." |
| **External Assurance and Verification** | Greenhouse gas emission calculations are verified annually through independent and impartial external controls conducted by accredited organizations. |
| **Certified Management Systems** | The Company's ISO 14001 (Environmental Management System), ISO 14064 (Corporate Carbon Footprint), and ISO 50001 (Energy Management System) certifications guarantee that its environmental and energy performance is managed in accordance with international standards. |

These controls and procedures are structurally integrated with the Company's internal functions. Transition risks and physical risks identified by the Sustainability Committee are communicated to the Early Detection of Risk Committee, thereby ensuring their inclusion in corporate risk assessment processes. Through coordination between the relevant committees, climate risks are addressed with a holistic approach alongside other corporate risks and are managed effectively.

The Internal Audit Department evaluates all of the Company's internal control systems within the framework of the annual audit plan and reports its findings to the Audit Committee. This system provides an assurance mechanism that also covers the effectiveness of climate-related procedures.

The Human Resources function, in collaboration with the Environment Department, conducts training programs to raise employee awareness of climate risks and opportunities.

### 3.5. Target Management and Performance Evaluation

At Qua Granite, the processes for setting, overseeing, and monitoring climate-related targets are carried out in a systematic manner under the leadership of the Sustainability Committee and with the ultimate oversight of the Board of Directors.

***Target Setting and Oversight Process:*** The primary responsibility for establishing quantitative and qualitative climate-related targets lies with the Sustainability Committee. In the target-setting process, the Committee conducts a comprehensive assessment, taking into account science-based methods, international reporting standards such as TSRS and GRI, regulations like the Carbon Border Adjustment Mechanism (CBAM), and industry developments. Care is taken to ensure that all established targets are measurable, achievable, and time-bound. The final target sets and strategic roadmaps are prepared by the Sustainability Committee and submitted to the Board of Directors for approval. This

structure ensures that targets are managed in an integrated manner with the Company's overall strategy and risk appetite.

***Monitoring Progress:*** Progress toward targets is systematically tracked at both strategic and operational levels. The Sustainability Committee reviews the progress made towards achieving the set targets at least once a year, while at the operational level, the relevant Working Groups report their progress in their respective areas of responsibility to the Committee through regular reports. In the event of a deviation from the targets, the reasons for the deviation are analyzed by the relevant units, and new action plans are developed. These plans are evaluated by the Committee, and their implementation process is monitored. The annual progress results are shared transparently with the public through the Sustainability Report.

***Link Between Performance and Remuneration Policy:*** As of the 2024 reporting period, performance metrics for climate-related targets have not yet been integrated into the Remuneration Policy through a formula-based system. In the next reporting period, our priority will be to establish a solid foundation for systems for defining climate targets and monitor performance.

**Page 7 Text Box**

**Direct Reporting Responsibility:** The Sustainability Committee is obliged to report its activities and the decisions taken in its meetings directly to the Board of Directors. The Committee fulfills this responsibility by convening at least once a year, and the outcomes of the meetings are recorded in writing.

**Approval Mechanism:** Strategic targets, policies, and significant investment proposals (e.g., the SPP investment) developed by the Committee are submitted to the Board of Directors for final approval. This process ensures that the Board of Directors retains its authority over strategic direction and final decision-making.

**Integrated Risk Oversight:** Climate risks identified by the Sustainability Committee are shared with the Early Detection of Risk Committee through a structured process for their integration into the Company's overall risk map. This dual-layer assessment provides the Board of Directors with the opportunity for holistic risk oversight.

## 4. STRATEGY

Qua Granite's sustainability strategy is to ensure the continuity of its efforts by identifying environmental, social, and governance-related risks in the production of ceramic tiles, product development processes, investment decisions, and operational activities, and by turning opportunities into value. In line with this vision, it evaluates the growing impacts of climate change on a global and national scale from a strategic perspective and integrates these considerations into all its business processes.

In terms of its effects, climate change has gone far beyond being just an environmental issue; it is a global phenomenon that harbors significant risks and, at the same time, transformation-oriented opportunities across a wide spectrum, from economic activities to social life, and from energy supply to supply chain security. Within the framework of its role in the production of technical granite, an energy- and natural-resource-intensive sector, Qua Granite is aware of the potential impacts of climate change on its customers, supply chain, and operations. With this understanding, as a signatory to the United Nations Global Compact (UNGC), the Company is guided by the sustainability goals it has set and aims to lead the sector in the transition to low-carbon and climate-resilient production technologies.

The efforts on climate risks and opportunities carried out in this context aim to provide a comprehensive assessment of potential physical risks (water scarcity, extreme temperatures) and transition risks (Carbon Border Adjustment Mechanism, national carbon pricing policies, rising energy costs) arising from climate change and affecting the Company's core activities, production operations, and investment decisions, as well as the opportunities associated with these processes (energy efficiency, a 20.4 MWp capacity solar power plant investment, 100% industrial wastewater recovery, and the development of eco-friendly products with EPD certification). This analysis is based on internationally accepted models such as the Intergovernmental Panel on Climate Change's (IPCC) RCP 4.5 and RCP 8.5 scenarios for physical risks, and the Network for Greening the Financial System's (NGFS) Orderly Transition, Disorderly Transition, and Hot House World scenarios for transition risks and opportunities. The analysis also provides a foundation for our Company to strengthen its climate change mitigation and adaptation strategies, improve its risk management processes, and reinforce its leadership in sustainable production.

### 4.1 Management of Climate-Related Risks and Opportunities

#### 4.1.1 Methodology and Strategic Framework

Qua Granite conducts its climate-related risk and opportunity analyses using all reasonable and supportable information available as of the reporting date without undue cost or effort. This approach is based on a holistic methodology that includes past events, current conditions, and future forecasts.

In conducting these analyses, the Company has based its work on the sector-specific topics in “Appendix Volume 8-Construction Materials” found in the TSRS 2 Guidance on Sector-Based Application. All risks and opportunities detailed in this report are directly related to topics considered significant for the construction materials sector, such as greenhouse gas emissions, energy management, water management, waste management, and product innovation. The assessment process is informed by international standards such as ISO 14001, ISO 50001, and ISO 14064.

All analyses regarding the projected financial impacts of the climate-related risks and opportunities presented in the report have been conducted in full compliance with the proportionality principle specified in TSRS 2, paragraph 18(b). The approach used is proportional to the Company’s existing skills, capabilities, and resources, ensuring that the analyses are both reliable and repeatable.

In assessing the financial impacts of the climate-related risks and opportunities presented in this report, Qua Granite has fully complied with the principle stated in TSRS 2, paragraph 19. Wherever possible, quantitative data have been presented based on reasonable and verifiable information. However, as permitted by the standard, in specific cases where the impact cannot be reliably determined separately from other factors or where the level of uncertainty in future forecasts is very high, an approach of providing reasonable and supportable qualitative explanations instead of quantitative information has been adopted.

As many R&D projects serve multiple purposes, such as both operational efficiency and sustainability, it was not possible to isolate the share allocated solely to sustainability within the total R&D budget using the current project tracking systems.

### 4.1.2. Time Horizon and Impact Assessment

Qua Granite classifies the impacts of climate-related risks and opportunities in the following time horizons, in line with TSRS 2:

### 4.1.3. Classification of Climate-Related Risks

The Company classifies and manages its climate-related risks under two main headings, Physical Risks and Transition Risks, in line with national standards and internationally accepted frameworks. The definitions for these categories are provided below.

| **Risk Category** | | |
|---|---|---|
| **Physical Risks** | Acute | Risks arising from short-term, extreme weather events exacerbated by climate change. |
| | Chronic | These risks stem from longer-term and incremental changes |

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|---|---|---|
| | | projected by climate models. |
| **Transition Risks** | Policy and Legal | Risks arising from current and future policies or legal regulations implemented to combat climate change. |
| | Market | Risks arising from changes in market dynamics, customer preferences, or supply-demand balances due to climate change. |
| | Technology | Risks arising from the transition to new low-emission technologies, such as the devaluation of existing assets or difficulties in adapting to new technologies. |
| | Reputation | Risks arising from stakeholders' negative perception of the company's performance on climate change, which could impact brand value. |

### 4.1.4 Classification of Impact Levels for Climate-Related Risks and Opportunities

Qua Granite uses a structured classification system, consistent with the Company's financial materiality approach, to assess the potential financial and operational impacts of climate-related risks and opportunities. The magnitude of impact is determined as "Low," "Medium," or "High" based on the potential consequences of an outcome on the Company's financial performance, operational continuity, and strategic objectives.

| **Magnitude of Impact** | **Qualitative Definition** | **Quantitative Threshold** |
|---|---|---|
| **Low** | Results that are below the financial materiality threshold, operationally manageable, and expected to impact only a limited number of units. | **<1% of equity (TL 82.3 million)** |
| **Medium** | Outcomes that exceed the financial materiality threshold and could cause cost increases or revenue losses significant enough to | **1–5% of equity (between TL 82.3 million and TL 411.7 million)** |

| | | |
|---|---|---|
| | affect business processes and annual plans. | |
| **High** | Outcomes that have the potential to fundamentally threaten the Company's strategic objectives, market position, and financial health, and could lead to very significant financial losses or operational disruptions. | **>5% of equity (TL 411.7 million)** |

**Explanation of Methodology:**

- **Determination of Quantitative Thresholds**: The classification is based on the financial materiality approach defined in the "Basic Principles of Reporting" section of the report. According to this approach, a potential impact is considered "material" **if it exceeds 1% of the Company's year-end equity.** The distinction between "Low" and "Medium" impact levels is based on this fundamental threshold. The "High" impact level is defined as a level exceeding 5% of equity. This percentage-based approach ensures that a comparable analysis can be presented in each reporting period. The Turkish Lira (TL) amounts stated in parentheses represent the equivalent of these percentages based on the **equity figures as of December 31, 2024**, and are included to illustrate the magnitude of the impact for the current reporting period.

- **Qualitative Definitions:** The qualitative definitions provided in addition to the quantitative thresholds explain the practical meaning of the percentage rates on the Company's operations.

### 4.1.5. Classification of the Likelihood of Occurrence of Climate-Related Risks

The likelihood of occurrence of identified climate-related risks is assessed by considering historical data, scientific projections, and reasonable future forecasts. This assessment is classified as "Low," "Medium," and "High" to assist in the prioritization of risks.

| **Likelihood Level** | |
|---|---|
| **Low** | Refers to scenarios where the risk is unlikely to occur within the projected time horizon but is acknowledged to be possible in exceptional circumstances. |
| **Medium** | Refers to scenarios where the risk is considered likely to occur under certain triggering conditions or within the projected time horizon. |

| | |
|---|---|
| **High** | Refers to scenarios where the risk is highly probable to occur within the projected time horizon or is expected to recur in the future because it has recurred at certain intervals in the past. |

### 4.1.6. Significant Climate-Related Risks

| **Risk Category** | **Key Risks** | **Estimated Magnitude of Impact** | **Estimated Likelihood of Occurrence / Time Horizon** | **Impacts on the Business Model** | **Impacts on the Value Chain** |
|---|---|---|---|---|---|
| **Physical Risk (Chronic)** | **Extreme heat waves:** Rising temperatures in Aydın/Söke due to climate change increase energy consumption, operational costs, and the likelihood of equipment failure, and negatively affect employee productivity. | Low | High / Short, Medium, and Long Term | **Cost Structure:** This risk directly affects the Company's cost structure. Energy consumption for cooling, which is currently high and projected to increase, permanently raises operating expenses (OPEX).<br><br>**Revenue Streams:** In worst-case scenarios, declines in production efficiency could also negatively impact revenue streams. | **Direct Operations:** This is the link where the impact is most intense. Rising temperatures inside the facility negatively affect employees' health and productivity and impair the performance of sensitive production equipment, increasing the risk of malfunctions.<br><br>**Upstream Value Chain (Supply Chain):** It could lead to delays in supply by making |

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|---|---|---|---|---|---|
| | | | | **Strategic Assets:** The performance and failure frequency of sensitive production equipment are directly affected by this risk. | working conditions more difficult at raw material sites (quarries) in the region.<br><br>**Downstream Value Chain:** Potential slowdowns in production could cause delays in delivery schedules, affecting customer satisfaction. |
| | **Water Scarcity and Water Stress:** The risk of water stress in the Büyük Menderes Basin has the potential to cause significant revenue losses and investment constraints by slowing or halting production in water-intensive processes. | Medium-High | High / Medium and Long Term | **Revenue Streams:** This risk fundamentally threatens the Company's ability to create value. Since water is an indispensable input for production, any disruption in its supply has the potential to completely halt revenue streams.<br><br>**Capital Expenditure (CAPEX) and Growth:** | **Direct Operations:** The most critical impact is on this link. A water outage could halt water-intensive processes (such as raw material preparation) and thus all production.<br><br>**Upstream Value Chain (Supply Chain):** Water stress in the regions where raw materials are sourced could also |

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|---|---|---|---|---|---|
| | | | | It limits the scalability of the business model by constraining future capacity expansion and investment decisions. | negatively affect the operations of raw material suppliers, jeopardizing the flow of raw materials.<br><br>**Downstream Value Chain (Customers):** Any potential interruption in production could result in delayed order deliveries, failure to meet contractual obligations, and erosion of customer trust. A decrease in supply reliability could lead customers, particularly those with time-critical projects, to turn to competitors, potentially causing permanent market share losses. |
| **Physical Risk (Acute)** | **Extreme Weather Events:** Extreme weather events, | Medium | Medium / Short, Medium, and Long Term | **Strategic Assets:** This acute risk has the potential to have a direct impact | **Direct Operations:** Physical damage can abruptly halt production. |

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| | primarily floods, storms, and heavy rainfall, cause physical damage to facilities, storage areas, or logistics infrastructure, leading to repair costs, business interruption, and higher insurance premiums. | | | on the Balance Sheet. Physical damage to facilities, equipment, or inventory could lead to an impairment of the "Property, Plant, and Equipment" line item.<br><br>**Cost Structure:** Repair costs and increased insurance premiums negatively affect the cost structure.<br><br>**Revenue Streams**: Business interruptions disrupt revenue streams. | Raw materials, semi-finished goods, and finished product inventories stored outdoors are the most vulnerable assets.<br><br>**Upstream and Downstream Value Chain (Logistics):** Extreme weather events like heavy rainfall can affect the region's transportation infrastructure (roads, bridges), hindering both the arrival of raw materials and the shipment of finished products. |
| **Transition Risk (Policy & Legal)** | **Carbon Pricing Mechanisms and CBAM:** Carbon pricing mechanisms, especially the European | High | High / Short, Medium, and Long Term | **Cost Structure:** This risk is considered one of the main factors that could fundamentally affect the Company's cost structure | **Direct Operations:** This risk creates a strong incentive for the Company to make its production processes lower-carbon. |

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| | Union's CBAM, directly increase product costs, Cost of Goods Sold (COGS), and operating expenses (OPEX), thereby putting pressure on profit margins. | | | in the future. Potential taxes on emissions from production will directly increase the Cost of Goods Sold (COGS), significantly narrowing profit margins.<br><br>**Revenue Streams and Market Positioning:** Increased costs will require the Company to reconsider its pricing strategy and, consequently, its revenue model. | Energy efficiency projects, process optimization, and potential investments in new low-emission technologies could reshape operational priorities.<br><br>**Upstream Value Chain (Supply Chain):** The costs of suppliers providing carbon-intensive inputs (such as energy) will also increase, and these costs will be passed on to Qua Granite.<br><br>**Downstream Value Chain (Customers):** This is the link where the impact will be most tangible. Customers in Europe, the main export market, may face higher prices due to CBAM. This |

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| | | | | | situation directly affects the Company's competitiveness in the EU. |
| **Transition Risk (Market)** | **Increase and Volatility in Energy Prices:** Unpredictable increases and fluctuations in the prices of natural gas and electricity used in production processes, which together constitute one of the Company's largest operational expense items, directly and significantly affect profitability. | High | High / Short, Medium, and Long Term | **Cost Structure:** Since energy constitutes 21% of total costs, energy prices are one of the most critical risk items for the Company's cost structure and profitability.<br><br>**Financial Planning:** Price fluctuations complicate budgeting and financial planning processes, reducing the predictability of the business model. | **Direct Operations:** The cost of energy-intensive processes, such as kilns, increases directly.<br><br>**Upstream Value Chain (Supply Chain):** Raw material suppliers with energy-intensive production also create a chain reaction by reflecting their increased costs in product prices.<br><br>**Downstream Value Chain (Customers):** It may be inevitable to pass increased energy costs on to product sales prices, to the extent that competitive conditions allow. This |

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| | | | | | situation could affect the Company's pricing strategy and potentially weaken its competitive position, especially against competitors with lower energy costs. |
| **Transition Risk (Market and Technology)** | **Market and Technology Shift Toward Low-Carbon and Eco-Friendly Products:** Despite the Company's current market leadership in this area, there is a risk of falling behind competitors in the innovation race within the sustainable product market and failing to align with constantly changing market | Medium-High | High / Short and Medium Term | **Revenue Streams and Market Positioning:** This risk could weaken the Company's value proposition as an "innovative leader." If competitors offer more sustainable or technologically superior solutions, it may become difficult for the Company to maintain its current market position and the sustainability of its main revenue streams. | **Direct Operations:** The development of sustainable and innovative products may require modifications to existing production lines, the use of new raw material mixtures, and the readjustment of process parameters (e.g., kiln temperatures, pressing pressures). This could increase operational complexity and necessitate the implementation of new |

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| | expectations (e.g., lower carbon footprint, higher recycled content ratios). | | | **Capital Allocation (R&D):** This situation makes it necessary to place R&D and innovation processes at the core of the business model. | quality control procedures.<br><br>**Upstream Value Chain (Supply Chain):** Developing more sustainable products requires working with innovative suppliers that provide low-carbon or recycled raw materials.<br><br>**Downstream Value Chain (Customers):** "Green building" projects, corporate buyers, and sustainability-conscious consumers tend to prefer products that offer the best environmental performance or the most innovative solutions on the market. If the Company falls behind in this race, it could lead to customer loss. |

### 4.1.7. Significant Climate-Related Opportunities

| Opportunity Category | Key Opportunities | Estimated Magnitude of Impact | Estimated Likelihood of Occurrence / Time Horizon | Impacts on the Business Model | Impacts on the Value Chain |
|---|---|---|---|---|---|
| **Resource Efficiency** | **Renewable Energy Investments and Energy Efficiency:** Qua Granite's ongoing solar power plant investment offers opportunities to reduce energy costs as a key production input, provide a financial hedge against energy price volatility, and avoid carbon-related costs. | High | High / Short and Medium Term | **Cost Structure:** This opportunity has the potential to permanently improve the Company's cost structure.<br><br>**Financial Resilience:** The SPP investment creates a natural hedging mechanism against energy price volatility, thereby increasing the financial resilience of the business model. | **Direct Operations:** It directly reduces energy expenses (OPEX) and lowers Scope 2 emissions.<br><br>**Upstream Value Chain (Supply Chain):** The Company's leadership in decarbonization has the potential to create a ripple effect throughout the supply chain. By generating its own energy from clean sources, Qua Granite can encourage its suppliers to take similar steps in the future, playing a pioneering role in enhancing the climate resilience of |

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| | | | | | the entire value chain.<br><br>**Downstream Value Chain (Customers):** Low-carbon production enhances the competitiveness of products in the face of regulations such as CBAM and makes the Company a more attractive stakeholder for sustainability-focused customers. |
| **Resilience / Resource Efficiency** | **Leadership in Water Management and Operational Resilience:** The practice of 100% reuse of water treated in the industrial wastewater treatment plant ensures operational continuity during periods of water scarcity, providing a competitive advantage and building | Medium-High | High / Short, Medium, and Long Term | **Market Positioning:** This opportunity enhances the resilience and reliability of the business model. It solidifies the market position by creating the image of a reliable supplier.<br><br>**Revenue Streams:** The capacity to ensure | **Direct Operations:** It significantly reduces the risk of production interruptions during periods of drought.<br><br>**Upstream Value Chain (Supply Chain):** The Company's ability to maintain production even during droughts positions it as a more stable and reliable buyer for raw material |

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| | a reputation as a “reliable supplier” among customers. | | | operational continuity even under the worst-case physical risk scenarios strengthens the Company’s value proposition and the sustainability of its revenue streams. | suppliers. This can strengthen supply chain relationships and may lead to the Company being prioritized for critical raw material procurement.<br><br>**Downstream Value Chain (Customers):** Eliminating the risk of production interruptions due to water scarcity that could arise from the Company's own operations provides a significant advantage to customers in terms of supply reliability. This enhances the Company's competitiveness, especially in an environment where competitors may face production challenges due to water stress risk. |

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| **Resource Efficiency** | **Resource Optimization through Circular Economy Practices:** The reuse of production waste (raw waste and filter waste) as alternative raw materials reduces raw material and waste costs, thereby increasing profitability and providing resilience against fluctuations in resource markets. | Medium | High / Short and Medium Term | **Cost Structure:** This opportunity represents a shift from a linear "take-make-dispose" model to a circular one. This optimizes the cost structure by reducing both raw material purchases and waste disposal expenses. | **Direct Operations:** It maximizes resource efficiency by using production waste as an alternative raw material.<br><br>**Upstream Value Chain (Supply Chain):** It reduces dependency on virgin raw materials, increasing resilience to price fluctuations and resource scarcity in the supply chain.<br><br>**Downstream Value Chain (Customers):** Circular economy practices strengthen the Company's sustainability narrative and brand image. This makes the Company a more attractive supplier, especially to corporate customers and end consumers |

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| | | | | | who demand "green" products and responsible production practices, and can increase customer loyalty. |
| **Products and Services** | **Sustainable and Innovative Product Development:** The opportunity to meet the growing demand for eco-friendly products in global and domestic markets with the existing EPD-certified product portfolio, thereby reinforcing market leadership and enhancing brand value. | High | High / Short and Medium Term | **Revenue Streams:** This opportunity forms the foundation of the Company's sustainable revenue model.<br><br>**Capital Allocation (R&D):** This situation highlights a business model where R&D and innovation are central to the value creation process. | **Direct Operations:** The production of new and innovative products requires adjustments to existing production lines and process parameters (firing, pressing, etc.). This encourages the development of new production methods to ensure operational efficiency and product quality.<br><br>**Upstream Value Chain (Supply Chain):** It makes the Company a strategic partner for suppliers providing |

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| | | | | | innovative and sustainable raw materials.<br><br>**Downstream Value Chain (Customers):** It supports market share gains by directly meeting the demands of growing and profitable market segments, such as green building projects. Accordingly, assuming favorable macroeconomic conditions, the Company aims to increase its sales volume ($m^2$) and revenue in EU countries by 15–20% annually. |

### 4.2. Assessment of Risks and Opportunities

Qua Granite has identified that its climate-related risks and opportunities are concentrated in specific geographical areas, facilities, asset types, and value chain segments. (TSRS-2 13.b)

| Concentration Areas for Climate-Related Risks | Concentration Area | Description |
|---|---|---|
| Geographical Areas and Facilities | Aydın Söke Organized Industrial Zone | All physical risks (extreme heat, water stress, floods) are 100% concentrated at |

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| | | this single location where all of the Company's production activities are conducted. |
| Asset Types | Production Lines, Water Treatment Plant, Open-Area Storage | Transition risks are concentrated in energy-intensive production lines in terms of operational costs like rising energy prices and potential carbon costs, and in existing production technologies in terms of the ability to meet market expectations for low-carbon products. Water stress risk is concentrated in water-intensive processes, while acute physical risks are concentrated in outdoor storage areas. |
| Value Chain | Supply Chain (Raw Materials), Direct Operations, Markets (Europe) | Risks are concentrated in raw material procurement in the supply chain, production continuity in operations, and downstream in the European market (CBAM), which accounts for 80% of exports. |
| **Concentration Areas for Climate-Related Opportunities** | **Concentration Area** | **Description** |
| Asset Types | SPP Investment, Water Treatment Plant, Innovative Product Portfolio | Opportunities are concentrated in the SPP investment, which is the most significant emission reduction asset; the water treatment plant, the most critical adaptation asset; and the EPD-certified products, which constitute the main source of revenue. |

### 4.2.1. Impacts and Assessment of Physical Risks

Extreme heat waves, resulting from rising average temperatures in the Söke Organized Industrial Zone where the production facility is located, directly affect the Company's operations, cost structure, and employees. The current financial impact of this risk manifests as preventive and management costs. Energy is already one of the largest operating expense items. High cooling costs incurred to maintain operational efficiency during extreme temperatures, along with insurance premiums paid to protect facilities against physical risks, are significant components of the current cost structure. The total energy cost incurred in the Company's energy-intensive operations amounted to TL 1.42 billion in 2024, constituting 21% of total costs. The current financial impact of this risk manifests as preventive and management costs incurred to ensure operational continuity. In this context, the total annual cost incurred for adaptation measures is approximately TL 73.8 million. The primary risk being managed through these measures is the potential loss of revenue due to extreme heat, which is calculated to be approximately TL 23.2 million. Under the RCP 4.5 (Medium Level) scenario, this risk is projected to create an additional annual operational cost of between TL 14.5 million and TL 29 million, and a potential revenue loss of up to TL 46.5 million, in addition to the adaptation costs already being incurred. These figures demonstrate that the risk of extreme heat is not merely a matter of comfort but a direct financial threat and a persistent pressure on profitability. At the same time, capital expenditures for more efficient technologies may be required to achieve decarbonization targets. This situation will directly affect the “Property, Plant and Equipment” line item on the balance sheet and the company's cash flow.

In 2024, the total capital expenditure of ~TL 247.2 million for the SPP and the “roof lantern natural ventilation system” ventilation system constituted the most significant climate-focused cash outflow from investing activities. On the other hand, total savings of ~TL 65.2 million from the circular economy and energy efficiency supported operating cash flow positively by preventing a higher cash outflow.

With 97.8% of its suppliers being local, Qua Granite reduces emissions from long-distance logistics and the risks of climate-related international supply chain disruptions. Furthermore, including “carbon performance” in supplier selection criteria will also become mandatory.

Water scarcity and water stress are among the Company's most critical physical risks due to increasing water stress in the Büyük Menderes Basin, where the production facility is located. Difficulties in accessing water resources, especially during prolonged periods of drought, have the potential to slow or halt production in water-intensive processes (e.g., raw material preparation), leading to significant revenue losses.

This risk is also of strategic importance due to its potential to constrain future capacity expansion and investment plans. The Company’s wastewater treatment plant, with a capacity of 94,000 $m^3$/day and a 100% water-recovery capability, is the most important safeguard against this risk. This is not just an environmental practice but also a fundamental business continuity strategy that ensures operational continuity even in the worst-case climate scenarios. The cost incurred for water management in 2024 was approximately TL 12 million.

Under the RCP 8.5 (Pessimistic) scenario, this risk has the potential to create a revenue loss of between TL 116.2 million and TL 348.7 million (based on a 5 to 15-day production stoppage). This analysis shows that the water management strategy is one of the key elements that ensures the Company's operational continuity and enhances its financial resilience by preventing potential revenue losses of hundreds of millions of Turkish lira (TL).

Extreme weather events (floods, storms, etc.) are event-driven and severe acute physical risks that can cause physical damage to production facilities, inventories, or logistics infrastructure. This risk is assessed as an acute physical risk as it represents the potential for sudden, severe, and isolated weather events to cause direct harm to facilities and operations. The cost incurred to protect assets against such risks is TL 15.6 million. Under the RCP 8.5 (Pessimistic) scenario, it is projected that the physical damage cost of a single destructive event could reach TL 15 million, with a related revenue loss from business interruption reaching TL 232.5 million. The net book value of the Plant, Machinery, and Equipment item, which could be directly affected by this risk, was TL 3.53 billion as of year-end 2024, clearly demonstrating the potential magnitude of the risk on the balance sheet.

### 4.2.2. Impacts and Assessment of Transition Risks

Carbon Pricing Mechanisms and the CBAM constitute the most significant transition risk for the Company. This risk is classified as a Transition Risk (Policy and Legal) as it stems directly from legal regulations and policies such as the EU's Carbon Border Adjustment Mechanism and the potential establishment of an Emissions Trading System in Türkiye. Its current financial impact manifests as a “compliance cost” incurred in anticipation of probable future costs. In this context, TL 84,000 was spent in 2024 to verify carbon footprint emissions.

The estimated value of exports to EU countries in 2024, which will be directly affected by the CBAM regulation and constitute a significant portion of the Company's total revenue, is approximately TL 2.6 billion. Under the NGFS Disorderly Transition (shock) scenario, the annual cost the Company would incur for its Scope 1+2 emissions is projected to be between EUR 15.4 million and EUR 24.7 million (approximately TL 567.2 million - TL 907.5 million). This analysis indicates that carbon cost will become one of the most significant operating expense items for Qua Granite in the future.

The increase and volatility in energy prices is one of the most critical market risks directly affecting the Company's profitability. The total cost incurred for electricity and natural gas consumed in 2024 was TL 1.42 billion, representing 21% of total costs. Against this high cost pressure, the financial savings achieved from the SPP investment in 2024 amounted to TL 24.8 million. A sensitivity analysis conducted to measure the impact of a 50% increase in unit energy prices under the NGFS Disorderly Transition (shock) scenario shows that, assuming cost increases cannot be passed on to sales prices

and all other variables remain constant, the Company's annual gross profit could be reduced by TL 710.2 million.
This calculation aims to isolate and demonstrate the direct and immediate impact of the risk on profitability.

Although the shift in the market and technology toward low-carbon and eco-friendly products carries the risk of market share loss, the Company has proactively turned this risk into an opportunity by focusing on innovative and sustainable offerings, such as EPD-certified tiles in 7 mm and 20 mm thicknesses. This situation leads to the R&D and innovation strategy being guided to meet the expectations of the market, particularly those of the European market, where regulations are the strictest. Sustainable products are no longer a “niche” market but are becoming the market itself. The cost of EPD certifications to maintain and sustain this market leadership is TL 775.7 thousand (2023 data). Based on 2024 data, a 10% loss of market share in the European market, which has a revenue of approximately TL 2.6 billion, is projected to result in an annual revenue loss of TL 259.6 million.

The growing market demand for low-carbon products is expected to strengthen customer loyalty and further enhance Qua Granite's market position, thanks to its existing innovation capabilities and sustainability performance.

### 4.2.3. Assessment of Climate-Related Opportunities

Renewable energy investments and energy efficiency are the most concrete response developed against the most significant transition risks. The current financial impact of this opportunity is the TL 245.9 million capital expenditure (CAPEX) made in 2024 for the 20.4 MWp Rooftop SPP project, which has a total investment cost of USD 10.2 million (approximately TL 360.5 million), and the TL 24.9 million in financial savings achieved in the same year thanks to this investment. Under the NGFS Disorderly Transition scenario, the total annual benefit from the SPP (electricity savings + avoided carbon cost) is projected to be between TL 77.7 million and TL 99.8 million. This investment will avoid carbon costs of EUR 1.1 million to EUR 1.7 million annually under the Disorderly Transition scenario. This investment acts as a dual financial shield against the sudden and sharp energy price increases and future carbon costs modeled in the NGFS Disorderly Transition scenario. This directly increases the Company's capacity to protect its profitability and cash flow against future policy and market shocks.

Leadership in water management and operational resilience is an opportunity that secures the Company's operational continuity against its most critical physical risk. In 2024, 24,799,450 $m^3$ of water was recovered.

Resource optimization through circular economy practices is an opportunity that both reduces costs and increases resource efficiency by using waste as raw material.

Reusing waste generated during production processes (e.g., treatment sludge and dust-collection residues) as raw material has a direct positive impact on profitability by

reducing the need for virgin raw materials and the associated costs, and by lowering waste-disposal expenses. These practices also increase financial resilience against fluctuations in raw material markets. In 2024, the total financial benefit obtained from these practices was approximately TL 40.3 million. In the NGFS Disorderly Transition scenario, the value of this opportunity is expected to reach TL 56.4 million.

Sustainable and innovative product development is the greatest opportunity ensuring the continuity of the Company's core business and profitability. The current financial value of this opportunity is the TL 6.14 billion in revenue generated from sustainable products in 2024. The R&D expenditure to protect and enhance this revenue amounted to TL 47.9 million.

### 4.3. Climate Resilience: Scenario Analysis and Future Outlook

Qua Granite defines climate resilience as the capacity to proactively adapt to climate-related changes and create value from this process. Accordingly, the Company's strategy and business model are structured to enhance resilience against climate-induced shocks. This resilience is built on three main pillars: Operational, Market-Oriented, and Financial.

#### 4.3.1. Scenario Analysis Approach and Scope

The Company's climate scenario analysis was conducted in the second half of 2024 and the first quarter of 2025, based on data as of December 31, 2024. These analyses aim to test the Company's strategic resilience against climate scenarios that present a wide range of potential risks. A dual-framework approach was adopted in this analysis to encompass the multifaceted nature of climate-related risks and opportunities.

1. **IPCC RCP Scenarios for Physical Risks:** The Intergovernmental Panel on Climate Change (IPCC) RCP 4.5 and RCP 8.5 scenarios were selected to model the physical risks (e.g., extreme temperatures, water stress) that directly affect the Company's geographical location and operational continuity.

2. **NGFS Scenarios for Transition Risks and Opportunities:** To analyze the transition risks (e.g., carbon pricing, shocks to energy costs) to which it is exposed because it operates in an energy-intensive sector and its main market is the EU, the Orderly Transition, Disorderly Transition and Hot House World scenarios of the Network for Greening the Financial System (NGFS) were selected, as the NGFS scenarios are particularly suitable for modeling financial impacts.

The selection of these scenario sets is based on Qua Granite's strategy to directly analyze the climate risks it has identified as most significant, using internationally accepted methodologies.

The key risks and opportunities most relevant to the Company's operational structure, geographical location, and strategic objectives have been identified and prioritized.

Current and verifiable Key Performance Indicators (KPIs) have been established to model the financial impact of each identified risk and opportunity. This data includes tangible financial and operational information such as energy consumption costs, insurance premiums, investment expenditures, and emission quantities.

The collected KPIs were projected into the future using reasonable and supportable assumptions consistent with the qualitative descriptions of each scenario (RCP and NGFS). This modeling exercise has quantitatively estimated, for each scenario, the potential additional costs and revenue losses that risks could cause, and the potential financial benefits (e.g., savings, avoided costs) that opportunities could provide, expressed either as a single amount or as a range.

This systematic approach ensures that the analysis is transparent, repeatable, and fully compliant with TSRS 2 standards.

### 4.3.2. Capacity to Adapt Strategy and Business Model

Qua Granite's capacity to adapt to climate change is primarily based on its ability to upgrade and repurpose its existing assets. The Company's strategy is focused on continuously improving the efficiency, resilience, and sustainability performance of its existing infrastructure. This capacity is demonstrated in the following ways:

**Capacity to Upgrade Assets:** The Company continuously upgrades its existing assets in response to climate risks. The installation of a “roof lantern natural ventilation system” natural ventilation system against the risk of “Extreme Heat Waves,” the removal of natural gas heaters in polishing lines for energy efficiency, and the conversion of lighting systems to LED are tangible examples of these efforts.

**Capacity to Repurpose Assets:** The Company's circular economy strategy is based on its capacity to repurpose asset streams that could be considered waste (e.g., dust collection waste, treatment sludge) into valuable inputs for production.

**Decommissioning and Redeploying Assets:** As of the reporting period, there are no plans to decommission or redeploy large-scale assets, such as main production lines, for climate-related reasons. The strategy is focused on making existing assets more efficient and resilient.

### 4.3.3. Scenario Analysis Results and Strategic Implications

The climate scenario analysis conducted serves as a fundamental strategic input that shapes Qua Granite's future roadmap.

- **Priority of Physical Risks:** The analysis reveals that the Company's most fundamental vulnerability is the direct exposure of its production operations in Aydın Söke to physical climate impacts. The RCP 8.5 (Severe Impact) scenario

indicates that, under the Company's current conditions, climate-related physical risks have the potential to cause annual revenue and asset losses exceeding TL 840 million.

- **Critical Role of Transition Strategy:** Even the Orderly Transition scenario carries the potential for a significant net negative financial impact starting at TL 617 million annually. In the Disorderly Transition scenario, this negative impact exceeds TL 1.4 billion, demonstrating the effect of transition risks on profitability. This situation shows how financially critical current decarbonization efforts (e.g., the SPP investment) are, while also indicating that additional measures will be required to offset future costs.

In summary, the analysis has influenced Qua Granite's strategy and business model in two fundamental ways: (1) It has confirmed the validity and financial necessity of existing proactive strategies (water management, SPP, sustainable products). (2) In light of the potential magnitude of the risks, it has provided a concrete rationale for decision-making mechanisms to accelerate and expand these strategies.

#### 4.3.4. Significant Areas of Uncertainty

The assessment also considers the following key areas of uncertainty:

- **Uncertainty in Legal Regulations:** The most significant uncertainty is when and at what price level Türkiye's national carbon pricing mechanism will be implemented. The NGFS Disorderly Transition scenario models the financial shock risk that this uncertainty could create.

- **Severity of Physical Risks:** Although IPCC scenarios offer different future projections, the exact timing and severity of climate events remain uncertain. The RCP 8.5 scenario is used to assess the worst-case outcomes of this uncertainty.

### 4.4. Climate Strategy and Transition Plan

This section describes Qua Granite's strategy for transitioning to a low-carbon economy and the transition plan that includes the key elements of this strategy. The Company's strategy and implemented actions constitute a transition plan that is compliant with the requirements of TSRS 2. The success of this plan depends on the completion of the SPP investment on schedule, the sustained efficiency of the water recovery system, the progression of climate policies along projected paths, and the continued market demand for low-carbon products.

#### 4.4.1. Action Plan and Strategy for Achieving Targets

- **Decarbonization and Energy Independence:** The most concrete step of the plan is to complete the Solar Power Plant (SPP) investment within 2025, achieving an annual gross reduction of 14,222 metric tons of $CO_2e$ in Scope 2 emissions. This

step is a key element in achieving the target of sourcing 15% of energy consumption from solar power by 2035, which was set with reference to the total energy consumption of 3,352,175 GJ in 2024, the designated base year.

- **Physical Risk Adaptation Investments:** Plans include implementing a "rainwater harvesting" project to increase water efficiency and strengthening the facility's infrastructure against extreme weather events.

- **Maintaining Sustainable Product Leadership:** To maintain market leadership in the sustainable product segment, the goal is to expand Environmental Product Declaration (EPD) certification to cover more product groups.

- **Resource Allocation and Financing:** Financial resources allocated to implement these plans include the SPP project with a total investment cost of USD 10.2 million (approximately TL 360.5 million), a TL 200 million Green Lease Certificate limit obtained for this investment, and TL 47.9 million in R&D expenditures focused on sustainable product development. Of this total investment, TL 245.9 million was spent in 2024, and the project is targeted for completion in 2025. The Board of Directors has made a conscious strategic trade-off by prioritizing such long-term resilience investments, even at the expense of short-term potential returns.

- **External Financial Resources:** Qua Granite has a proven track record of successfully accessing capital markets to finance its growth and investment strategies. The Company's issuance of financing bills with a nominal value of TL 1.67 billion in 2023 demonstrates its capacity to secure external financing for large-scale projects. The Company has taken concrete steps to access resources that provide dedicated financing for climate-related projects.

Although there is no requirement to present comparative information for the first reporting year under TSRS reporting, and this exemption has been utilized, the Company transparently presents its 2024 performance against the climate-related targets it publicly disclosed in the previous reporting period in this report. In this context, the target of reducing water consumption per product by 5% was significantly exceeded, with an improvement of 15.3%.

**Page 12 Graphic**

**Short-Term Period (0-5 Years)**
This is the time frame focused on the current and near-future direct impacts of climate change, immediate adaptation measures, and changes in the current regulatory framework. The Company's annual budget, production targets, and energy and water efficiency projects are managed in line with these short-term dynamics.

**Medium-Term Period (5-10 Years)**

This is the period when the effects of structural transformations in climate policies, technological innovations, and shifts in market demand will become more pronounced. It is linked to large-scale capital investments and the technology roadmap.

**Long-Term Period (10+ Years)**
This is a time frame in which the more profound physical impacts of climate change and long-term transformation strategies are addressed. This time horizon is aligned with national commitments such as Türkiye’s 2053 Net Zero Emissions target and coincides with the strategic cycle during which the Company's large-scale technology investments and the economic life of its main production facilities are planned.

## 5. RISK MANAGEMENT

The purpose of climate-related financial disclosures regarding risk management is to enable users of general-purpose financial reports to understand how the Company's processes for identifying, assessing, determining materiality, and monitoring climate-related risks and opportunities are integrated into the overall risk management process.

At Qua Granite, the processes for managing climate-related risks and opportunities are not designed as a separate structure from the Company's overall risk management process; on the contrary, they are conceived as an inseparable and fully integrated part of it.

The climate-related risk and opportunity management process works in an integrated manner with the Company's overall risk management process, contributing to it and adding strategic value in the following key ways:

- **Provides a Forward-Looking Perspective:** Assessments conducted using tools such as climate scenario analysis incorporate not only current risks but also potential medium- and long-term risks into the overall risk management process, making it more proactive and forward-looking.

- **Reveals New Risk Interactions:** The analysis of climate risks reveals how these risks can interact with other corporate risks (e.g., how a climate-induced supply chain disruption could trigger financial risks). This allows the Early Detection of Risk Committee to create a more comprehensive and integrated risk map.

- **Integrates Strategic Opportunities into the Risk Process:** Evaluating climate-related opportunities (e.g., the SPP investment) within the same process ensures that the overall risk management process focuses not only on threats but also on strategic opportunities that can turn these threats into value.

### 5.1. Management of Climate-Related Risks

Qua Granite adopts a systematic, four-step approach to managing climate-related risks:

**Risk Identification:** The process of identifying climate-related risks is based on a multi-layered approach that considers both internal and external factors. The primary inputs for this process include scientific reports from institutions like the IPCC and NGFS, legal frameworks such as CBAM, industry-specific guidelines, stakeholder expectations, strategic plans, operational data, financial reports, findings from existing management systems, and internal audit reports.

Beyond existing risks, Qua Granite uses climate scenario analysis as a proactive "stress test" tool to identify potential future risks. This approach serves three primary purposes: identifying future risks, categorizing them by their nature, and understanding the magnitude of their potential impact:

- **Identifying Future Risks:** In the risk identification process, climate scenarios are used as a tool to uncover potential future vulnerabilities. For example, the RCP 8.5 (Pessimistic Scenario) was applied to identify the future potential impact of the "Water Scarcity and Water Stress" risk and whether it could become a threat to operational continuity.

- **Categorizing Risks by Nature:** In this process, a dual-framework scenario approach is applied to accurately classify identified risks. The IPCC's RCP scenarios are used as tools to differentiate physical risks, while the NGFS scenarios are used to differentiate transition risks.
- **Understanding the Potential Magnitude of Risks:** Scenario analysis not only confirms the existence of identified risks but also helps us understand their potential financial and operational magnitude under worst-case scenarios. This provides critical input for the risk prioritization process. This systematic approach ensures that the risk identification process is not merely reactive but also forward-looking, comprehensive, and based on scientific foundations.

The risk management process is informed by the following internal and external data sources to ensure a holistic perspective:

- In identifying risks, the Guidance on the Sector-Based Application of TSRS 2 was used to ensure that material sector-specific topics were covered.

- National and international climate policies, such as the European Green Deal, the Carbon Border Adjustment Mechanism (CBAM) regulation, and Türkiye's 2053 Net Zero Emission target, are critical inputs, particularly for identifying and assessing transition risks.

- The Company's annual Activity Reports, financial statements, production, energy, and water consumption records, and waste management data constitute the quantitative inputs that form the basis of the analyses.

- The annual Greenhouse Gas Emission Reports, prepared based on the Greenhouse Gas (GHG) Protocol and in compliance with the ISO 14064-1 standard, and verified by independent third-party organizations, are a fundamental input used especially in the assessment of transition risks.

- Findings from internal and external audits conducted under the ISO 14001 Environmental Management System and ISO 50001 Energy Management System, along with the minutes and decisions of the Sustainability Committee and the Early Detection of Risk Committee, provide important qualitative inputs for the risk management process.

**Risk Assessment:** Each identified risk undergoes a systematic and multi-stage assessment process to understand the magnitude and nature of its potential impacts. First,

the nature of the risk is assessed; in this step, risks are classified by their nature as either a physical risk (acute or chronic) or a transition risk (policy and legal, market and technology, reputation). Second, the probability and time horizon of the risk are assessed. Finally, the magnitude of the risk is analyzed both qualitatively and quantitatively. In determining the final impact magnitude of each risk ("Low," "Medium," or "High"), the potential impact of the risk on four key categories (Financial Performance and Asset Value, Operational Continuity and Production Quality, Strategic Objectives and Market Positioning, and Reputation and Stakeholder Confidence) is holistically assessed. This structure demonstrates that the risk assessment process is based on a standard and repeatable methodology that considers both qualitative factors and quantitative criteria.

**Risk Prioritization:** The findings from the assessment process are used to prioritize risks according to their strategic importance. The "material climate risks" presented in this report were not determined based on a single quantitative score but on a multi-dimensional analysis. The following key criteria were considered in the materiality assessment:

- **Magnitude of Financial Impact:** Assessment of the potential impact of the risk or opportunity on the Company's financial performance and assets, both qualitatively ("low," "medium," "high") and quantitatively (potential to exceed the financial materiality threshold).

- **Likelihood and Time Horizon:** Analysis of the probability of the risk or opportunity occurring and the time horizon (short, medium, long term) over which it will become more pronounced.

- **Strategic Importance:** The degree of impact of the risk or opportunity on the Company's strategic objectives, market position, and value chain.

As a result of this holistic assessment, the risks identified as most significant for the Company and detailed in this report are presented to the Sustainability Committee.

The analysis conducted using these inputs and parameters covers the following operations where the Company's most significant climate-related impacts are concentrated:

- The production facility in the Söke Organized Industrial Zone and all production lines, energy, and water infrastructure at this facility

- Upstream supply chain processes where critical raw materials such as clay and feldspar are procured

- Markets where products are offered, particularly the EU market, or the downstream value chain

- Strategic investment and R&D activities such as the SPP investment and sustainable product development

**Risk Monitoring:** Climate-related risk management is treated as a dynamic and continuous process, and accordingly, prioritized risks are regularly monitored within a multi-layered structure. At the governance level, the Sustainability Committee (at least once a year) and the Early Detection of Risk Committee (six times a year) convene to review the validity of current risk assessments, emerging risks, and the effectiveness of adaptation plans. The operational-level monitoring that supports strategic oversight is based on concrete data and technological infrastructure:

The metrics defined for each significant climate risk are regularly tracked. These metrics include quantitative indicators such as energy consumption, water consumption or water intensity per unit of production, greenhouse gas emissions, and waste data. This data is used to measure the evolution of risks over time and the effectiveness of the measures taken.

The Company utilizes technological systems to monitor risks in real time. For example, the "Qua Granite Data Collection System" and the "Transformer Monitoring Program," established to track energy consumption, provide the ability to proactively identify potential inefficiencies and risks.

External mechanisms are used to enhance the reliability and transparency of the monitoring process. As of 2024, Sustainability Assurance Audit services have been engaged to provide assurance over the data presented in the Sustainability Report.

This multi-layered monitoring structure, based on both qualitative and quantitative data, enables Qua Granite to dynamically manage climate-related risks and develop timely strategic responses to changing conditions.

Compared to the previous reporting period, the most fundamental change in the climate risk management processes in 2024 is the shift of analyses from a qualitative framework to a largely quantitative one. This has placed the risk identification, assessment, and prioritization processes on a much more data-driven and strategic foundation.

### 5.2. Management of Climate-Related Opportunities

Qua Granite views climate-related opportunities as an integral part of the risk management process and a fundamental element of strategic planning. A structured and proactive methodology, parallel to the risk management process, is used to identify, assess, prioritize, and monitor opportunities.

- **Identification and Assessment of Opportunities:** The identification of opportunities often begins with viewing them as the "other side of the coin" of identified risks and through the proactive monitoring of market and technology trends. Qua Granite uses climate-related scenario analysis as a fundamental

strategic tool to identify potential opportunities and understand their future potential value. NGFS scenarios, in particular, are used to predict which strategic assets and competencies will become more valuable under different transition pathways. Each identified opportunity is assessed based on four key qualitative factors, similar to the methodology used for risks, in terms of the nature and magnitude of its potential impacts.

- **Prioritization and Monitoring of Opportunities:** Assessed opportunities are prioritized based on criteria such as potential financial return, strategic alignment, and feasibility. Opportunities prioritized by the Sustainability Committee, especially those requiring significant capital expenditure (such as the SPP investment), are presented to the Board of Directors for final approval and resource allocation. The performance of implemented opportunities is regularly monitored through specific Key Performance Indicators defined for each opportunity (e.g., annual financial savings achieved, costs avoided, share of revenue) and reported to the Sustainability Committee.

**Page 24 Graphic**

**1 Identification and Initial Assessment**

Climate-related risks and opportunities are first identified and prioritized under the oversight of the Sustainability Committee using the methodology detailed in the preceding sections of this report.

**2 Transfer to the Overall Risk Management Process**

Climate-related risks identified as significant are directly communicated to the Early Detection of Risk Committee for inclusion in the Company's holistic risk map.

**3 Holistic Assessment and Prioritization**

The Early Detection of Risk Committee holistically assesses climate-related risks along with all other strategic, financial, and operational risks using a common impact and probability matrix.

**4 Reporting to the Board of Directors and Impact on Strategy**

The Early Detection of Risk Committee periodically (six times a year) reports its holistic risk assessment, including climate risks, and its recommendations for measures to be taken against these risks to the Board of Directors.

## 6. METRICS AND TARGETS

To monitor its performance regarding climate-related risks and opportunities and to present it transparently to its stakeholders, Qua Granite discloses the cross-industry and industry-specific metrics required by the TSRS 2 standard, as well as the targets it has set and its performance in line with them.

### 6.1. Climate Strategy and Governance

Qua Granite's climate strategy is holistically assessed against two key external dynamics: Türkiye's 2053 Net Zero Emission target and the requirements of the Paris Agreement. In this context, the Company's decarbonization steps, such as the Solar Power Plant (SPP) investment, aim for alignment with the national vision, while market-oriented targets, such as EPD-certified sustainable products, serve as a proactive response to regulations stemming from the Paris Agreement, such as the European Union's Carbon Border Adjustment Mechanism (CBAM), and to market demands.

Qua Granite's climate-related targets are addressed strategically within the Company's sustainability governance structure. Progress toward targets is regularly monitored by the Sustainability Committee and reported to the Board of Directors.

The Company's strategic approaches related to climate are as follows:

- **Internal Carbon Pricing:** As of the 2024 reporting period, there is no formal internal carbon pricing mechanism used in investment decisions or budgeting processes. Currently, the ceramics industry is not covered by the Carbon Border Adjustment Mechanism (CBAM), and no regulation legally limiting emissions has yet come into force in Türkiye. Despite this current regulatory environment, the Company views future carbon costs as a risk factor. Accordingly, under the NGFS scenarios, the potential impacts of different carbon prices on the Company's financial performance and project returns have been modeled. This analysis serves as a strategic study that quantitatively demonstrates the impact of potential future carbon costs on investment decisions, thereby informing decision-making processes and creating a fundamental framework for transitioning to internal carbon pricing.

- **Remuneration:** As of the 2024 reporting period, there is no direct, formula-based system where climate-related duties and responsibilities are reflected in individuals' remuneration.

### 6.2. 2024 Climate Metrics

All greenhouse gas emission data disclosed by Qua Granite in this report have been measured based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), in compliance with the requirements of the TSRS 2 standard. The calculation and reporting process also meets the requirements of the ISO 14064-1:2019

standard, which provides a framework consistent with this protocol. As of the reporting period, no measurement methodology different from these standards is mandated by the competent authorities where the Company operates or by Borsa İstanbul, where it is listed.

All calculated Scope 1, Scope 2, and Scope 3 emissions have been verified by an accredited third-party organization within the framework of these standards.

**Greenhouse Gas Emissions**

The Company's gross greenhouse gas emissions for the January 1, 2024–December 31, 2024 reporting period, in metric tons of $CO_2$ equivalent ($tCO_2e$), are as follows. In accordance with the requirements of the TSRS 2 standard, Scope 3 emissions have been presented, classified according to the Greenhouse Gas Protocol's 15 categories.

**Operational Greenhouse Gas Emissions**

| **Greenhouse Gas Emissions** | **Unit ($tCO_2e$)** |
|---|---|
| Scope 1 Direct Greenhouse Gas Emissions | 152,723.28 |
| Scope 2 Energy Indirect Greenhouse Gas Emissions | 52,932.58 |

**Value Chain Greenhouse Gas Emissions**

| **Scope 3 Other Indirect Greenhouse Gas Emissions** | **Unit ($tCO_2e$)** |
|---|---|
| Category 1 Purchased Goods and Services | 29,892.23 |
| Category 2 Capital Goods | 2,990.21 |
| Category 3 Fuel- and Energy-Related Activities (Not Included in Scope 1 or Scope 2) | 32,281.62 |
| Category 4 Upstream Transportation and Distribution | 3,896.58 |
| Category 5 Waste Generated in Operations | 5.09 |
| Category 6 Business Travel | 178.88 |
| Category 7 Employee Commuting | 68.72 |
| Category 9 Downstream Transportation and Distribution | 20,218.14 |
| Category 12 End-of-Life Treatment of Sold Products | 477.92 |

The reported greenhouse gas emissions largely originate from the production activities of Qua Granite Hayal Yapı ve Ürünleri San. Tic. A.Ş. (“the Parent Company”) at its facility in the Aydın Söke Organized Industrial Zone. Because Qua Trading Ticaret A.Ş., one of the Company's subsidiaries, conducts only office activities on the same premises, the emissions of this affiliate were included in the Company's total greenhouse gas inventory and, as they were considered immaterial, were not reported separately. The other subsidiary, Qua Home Collection Tekstil Mağazacılık San. ve Tic A.Ş., was not included in the emissions inventory as it had not yet commenced operations during the 2024 reporting period.

**Financial Risk and Opportunity Metrics**

Qua Granite primarily monitors its assets and activities exposed to transition risks through the lens of its most significant risks. It measures the magnitude of its activities aligned with climate-related opportunities based on the revenue generated from these activities.

In compliance with the provisions of TSRS 2 Article 29(b), 29(c), 29(d), and 29(e), the Company summarizes in the table below the financial magnitude of its assets and activities exposed to climate-related risks (vulnerable), the magnitude of its activities aligned with opportunities (resilient), and the capital expenditures directed to these areas. With this approach, qualitative disclosures are provided in cases where quantification is not reliably possible. In cases where direct measurement is difficult, alternative metrics are used.

### 6.3. Climate-Exposed Assets, Opportunities, and Capital Investments

| Metric Category | Description | Financial Value (2024) |
|---|---|---|
| **Climate-Related Transition Risks** | The financial magnitude of activities directly affected by the "Carbon Pricing and CBAM" risk is measured based on the export revenue to EU countries in 2024. | TL 2.6 billion |
| **Climate-Related Physical Risks** | All of the Company's production activities and related property, plant, and equipment are located at a single site assessed as having high climate-related physical risks. | TL 3.53 billion |
| | Revenue exposed to risk | TL 8.14 billion |
| **Climate-Related Opportunities** | This is measured based on the revenue generated from EPD-certified, innovative products developed in line with the Company's sustainable product development opportunity. | TL 6.14 billion |
| **Capital Deployment** | Total climate-focused expenditure | TL 247.2 million |
| | Mitigation Investment (SPP Project) | TL 245.9 million |
| | Adaptation Investment ("Roof lantern natural ventilation system) | TL 1.29 million |

- **Financing**

The Company has actively used green financing mechanisms to support large-scale mitigation investments. A Green Lease Certificate limit of TL 200 million was obtained to finance the SPP investment. This demonstrates the Company's capacity to secure dedicated financing for climate-related projects and its commitment in this area.

- **Assets Aligned with the Water Management Leadership Opportunity**

This opportunity is linked to the Company's most critical asset for enhancing its resilience to physical risks. The 100% recycling of treated wastewater from its industrial wastewater treatment plant for use in production is the primary adaptation asset aligned with these opportunities. Thanks to this asset, all of the Company's production activities (100% of total revenue) have become more resilient to the risk of water scarcity. This indicates that all business operations directly benefit from this climate resilience opportunity.

- **Business Activities Aligned with the Circular Economy Opportunity**

This opportunity is an operational capability that improves the cost structure. A financial benefit of TL 40.3 million was created through business activities aligned with these opportunities (reuse of waste). The operational efficiency achieved provides significant optimization within the Company's total cost structure, demonstrating that all production activities have become more efficient in alignment with this opportunity.

### 6.4. Sector-Specific Metrics

To measure its climate-related performance and the effectiveness of its strategy, Qua Granite uses metrics defined for the "Appendix Volume 8: Construction Materials" sector, as set forth in the TSRS 2 Guide on the Sector-Based Application of the Standard, which are relevant to the Company's business model. These metrics reflect the Company's position in the sector and its performance on key climate-related issues.

**Table 1. Sustainability Disclosure Topics and Metrics**

| Topic | Metric | Category | Measurement Unit | Code | Performance in 2024 |
|---|---|---|---|---|---|
| **Greenhouse Gas Emissions** | Gross total Scope 1 emissions, percentage covered by emission-limiting regulations | Quantitative | Metric tons (t) $CO_2$-e, Percentage (%) | EM-CM-110a.1 | **Gross Scope 1 Emissions:** 152,723.28 $tCO_2e$ **Percentage Covered by Regulations:** 0%. (The Company is obligated to monitor and |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | report its emissions under the "Regulation on Monitoring of Greenhouse Gas Emissions." However, as of 2024, there is no mechanism in Türkiye that legally limits or prices emissions (e.g., ETS, carbon tax), so the percentage of emissions covered by limiting regulations is 0%.) |
| | Strategy/plan and performance analysis for managing Scope 1 emissions | Discussion and Analysis | N/A | EM-CM-110a.2 | The Company implements various strategies to manage its Scope 1 emissions. In this context, natural gas consumption is reduced by reusing waste heat from kiln stacks in the pre-drying stage (waste heat recovery). Additionally, various energy efficiency projects are underway (e.g., converting |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | lighting to LED, removing natural gas heaters from polishing lines). Furthermore, feasibility studies are being conducted to further reduce future carbon emissions. |
| **Air Quality** | Emissions of NOx (excluding $N_2O$), SOx, $PM_{10}$, VOCs, Dioxins/Furans, Polycyclic Aromatic Hydrocarbons (PAHs), and Heavy Metals | Quantitative | Metric tons (t) | EM-CM-120a.1 | **NOx (excluding $N_2O$):** 55.66 tons<br>**SOx:** 157.21 tons<br>**VOCs:** 0 tons<br>**Dioxins/Furans, Polycyclic Aromatic Hydrocarbons (PAHs), and Heavy Metals:** 0 tons (Not generated by the production process.) |
| **Energy Management** | (1) Total energy consumed, (2) percentage of grid electricity, (3) percentage of alternative energy, and (4) percentage of renewable energy | Quantitative | Gigajoule (GJ), Percentage (%) | EM-CM-130a.1 | **Total Energy Consumed:** 3,352,175 GJ<br>**Percentage of Grid Electricity in Total Energy Consumption:** 13%<br>**Percentage of Alternative Energy:** 0<br>**Percentage of Solar Power Generation in** |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | **Total Energy Consumption:** 1% |
| **Water Management** | (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High Water Stress | Quantitative | Thousand Cubic Meters ($m^3$), Percentage (%) | EM-CM-140a.1 | All of the Company's production activities are located in a region classified as having high water stress (100%). The breakdown of water use for 2024 is as follows:<br>•**Total Water Withdrawn and Consumed from External Sources (Well Water + Municipal Water):** 354,669 $m^3$<br>•**Water Reclaimed (Recycled) in the Production Process:** 24,799,450 $m^3$ |

| **Topic** | **Metric** | **Category** | **Measurement Unit** | **Code** | **Performance in 2024** |
|---|---|---|---|---|---|
| **Waste Management** | Total amount of waste, percentage hazardous, percentage recycled | Quantitative | Metric Tons (t), Percentage (%) | EM-CM-150a.1 | **Total Waste Amount:** 826.15 tons **Percentage of Hazardous Waste:** 3% **Total Waste Recovery Rate:** 99.99% |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | (This rate includes hazardous waste recovered through licensed companies.) |
| **Product Innovation** | Percentage of products that qualify for credits in sustainable building design and certification | Quantitative | Percentage (%) | EM-CM-410a.1 | Revenue from EPD-certified products in 7 mm and 20 mm thicknesses accounts for approximately 75% of total turnover. |
| | Total addressable market and market share for products that reduce energy, water, or material impacts during use or production | Quantitative | Currency (TL) | EM-CM-410a.2 | Data on the total addressable market size is not available. The Company's revenue from these products is TL 6.14 billion. |

**Table 2. Activity Metrics**

| Activity Metric | Category | Measurement Unit | Code | Performance in 2024 |
|---|---|---|---|---|
| Production by major product group | Quantitative | Metric tons (t) | EM-CM-000.A | 485,275.67 |

## 6.5. Climate-Related Targets and Performance

As part of its strategy to manage climate-related risks and opportunities, Qua Granite has set a series of quantitative targets to measure its performance and promote continuous improvement. The nature and performance of each target presented in the table below are disclosed transparently:

- **Target Type:** All established greenhouse gas targets **are intensity targets** that measure emissions per unit of production.
- **Emission Type**: All targets cover **gross greenhouse gas emissions**. Carbon credit offsetting mechanisms are not used to achieve targets.
- **Performance Assessment:** The "% Reduction" figures in the table indicate the **cumulative (total) improvement** in the respective performance year **compared to the base year.**

The Sustainability Committee conducts a structured review process to ensure the effectiveness and strategic alignment of the targets. The Committee meets at least once a year to analyze annual performance against targets and evaluates the reasons for any deviations. The Committee also reviews the validity of existing targets in light of changing market or legal conditions, revising them and setting new ones as necessary.

| **Target Area and Strategic Objective** | **Metric (Unit)** | **Base Year** | **Base Year Value** | **Performance (2023)** | **Performance (2024)** | **Future Targets** |
|---|---|---|---|---|---|---|
| **Reduction of Scope 1 Emission Intensity**<br><br>**Objective:** To reduce direct emission intensity from production. | $tCO_2e$ / ton of production | 2022 | 0.333 | 5% Reduction | 6% Reduction | Achieve an 8% Reduction (2035-Medium Term) |
| **Reduction of Scope 2 Emission Intensity**<br><br>**Objective:** To reduce emission intensity from | $tCO_2e$ / ton of production | 2021 | 0.129 | 13% Reduction | 16% Reduction | Achieve a 20% Reduction (2035-Medium Term) |

| | | | | | | |
|---|---|---|---|---|---|---|
| purchased electricity. | | | | | | |
| **Increase in the Share of Renewable Electricity Use**<br><br>**Objective:** To reduce Scope 2 emissions. | Share of renewable electricity in total electricity consumption (%) | 2024 | 7% | - | 7% | Increase Share to 15% (2035-Medium Term) Increase Share to 50% (2050-Long Term) |
| **Reduction of Well Water Consumption per Product**<br><br>**Objective:** To reduce dependency on limited water resources. | $m^3$ / ton of production | 2022 | 0.819 | 0.711 | 0.568 | 0.555 (2030-Short Term) |

**Target Monitoring**

The Company monitors progress toward its targets using two primary approaches: for large, multi-year projects like the Solar Power Plant, specific milestones such as project completion are set, while for other operational targets like water and energy efficiency, an approach of annual performance tracking and continuous improvement is adopted.

**6.6. Calculation, Reporting Methodology, and Assurance**

Qua Granite uses a transparent and verifiable methodology based on internationally accepted standards, which it has **consistently applied for the past three years**, **to calculate** its greenhouse gas emissions.

The **calculation-based** approach used in the Company's 2024 reporting is, as in previous periods, fully compliant with the Greenhouse Gas Protocol (GHG Protocol) and the ISO 14064-1 standard. The Scope 1, Scope 2, and Scope 3 emissions **calculated** within this framework were verified by an accredited third-party organization this year, as they have been for the past three years.

To ensure year-over-year comparability, key assumptions such as emission factors (EF) and Global Warming Potential (GWP) coefficients, as well as activity data inputs, were sourced consistently with previous years. Therefore, there are no significant changes in the emission **calculation** methodology for the 2024 reporting period compared to previous years.

### 6.7. Calculation Approach

The Company's fundamental approach to calculating greenhouse gas emissions is based on multiplying data from emission-generating activities by the relevant emission factors. This methodology allows the Company to report its emissions by classifying them as Scope 1 (direct), Scope 2 (indirect), and Scope 3.

The primary inputs used in the calculations are verifiable activity data obtained from the Company's operational and value chain activities.

**Inputs for Scope 2 Emissions:**

- **Purchased Electricity:** Activity data on electricity purchased from the national grid was obtained from electricity bills and meter readings.

**Reason for Selecting Inputs**

- **Accuracy and Traceability:** To ensure the highest possible level of accuracy, the inputs used in emission calculations were selected from primary activity data obtained directly from the Company's operational records. The use of traceable and auditable data sources, such as invoices and meter readings for natural gas and electricity consumption and fuel purchase records for fuel consumption, ensures that the calculations are based on concrete facts. This is fully compliant with the TSRS principle of "reasonable and supportable information."

### 6.8. Assumptions Used

The following key assumptions were used to ensure the accuracy and consistency of the calculations:

- **Emission Factors:** The emission factors used to convert activity data into emission amounts were obtained from the most current and supportable internationally and nationally recognized sources. These sources include the Intergovernmental Panel on Climate Change (IPCC), the UK Department for Environment, Food & Rural Affairs (DEFRA), and Türkiye-specific national emission factors (from TurkStat, relevant ministry publications, etc.).

- **Global Warming Potentials (GWP):** To calculate the impact of different greenhouse gases such as Methane ($CH_4$) and Nitrous Oxide ($N_2O$) in terms of

carbon dioxide equivalent, the 100-year Global Warming Potential (GWP) values specified in the IPCC's Fifth Assessment Report (AR5) and DEFRA values were used.

- **Operational Boundaries:** The emissions inventory was prepared to cover all activities and emission sources under the operational control of the Company's facility in the Söke Organized Industrial Zone.

These methodological choices aim to ensure that Qua Granite's greenhouse gas emission reporting is not merely a compliance exercise but also a robust and reliable management tool that provides input for strategic decision-making processes.

### 6.9. Additional Information on Targets and Reporting

**Nature of Targets:** All greenhouse gas emission targets set by the Company are gross greenhouse gas emission targets. There is no practice or plan to use carbon credit offsetting mechanisms to achieve these targets.

As of the publication date of this report, due to the absence of legally binding emission-limiting regulations in Türkiye, disclosures for the following sub-items of TSRS-2 Article 36.e have not been made for the 2024 reporting period:

**Greenhouse Gases Covered by Targets:** The Company’s emission reduction targets are tracked based on total carbon dioxide equivalent, covering all major greenhouse gases required by the GHG Protocol. Accordingly, the greenhouse gases covered by the targets are: Carbon Dioxide ($CO_2$), Methane ($CH_4$), Nitrous Oxide ($N_2O$), and Hydrofluorocarbons (HFCs). This comprehensive approach ensures that the established targets reflect the Company's overall impact on the climate.

**Sectoral Approach:** The established targets have not yet been derived based on a specific sectoral decarbonization approach. However, The Company will consider incorporating sectoral decarbonization policies into its target-setting processes in future reporting periods, in line with its goal of enhancing the maturity of its climate reporting.

**Page 29 Text Box**

- **Scope 1 Greenhouse Gas Emissions:** Refers to direct greenhouse gas emissions from sources owned or controlled by the Company. Included are natural gas used in production processes, diesel used in on-site generators, LPG, fuels used in company-owned heavy machinery and passenger vehicles, refrigerant gases, and process emissions. To reduce Scope 1 emissions, efforts have begun to transition from diesel-powered forklifts to electric ones.

  Source of emission factors used in calculations: Gas Chromatography, DEFRA, National Inventory, and IPCC.

- **Scope 2 Greenhouse Gas Emissions:** Includes emissions generated during the production of electricity purchased from the national grid for manufacturing activities, lighting, and other operational processes. The strategy for reducing Scope 2 emissions focuses on direct renewable energy generation for self-consumption through projects and reducing emissions at the source, rather than offsetting them by purchasing certificates.

  Source of emission factor used in calculations: Türkiye Electricity Generation and Electricity Consumption Point Emission Factors Information Form.

- **Scope 3 Greenhouse Gas Emissions:** Covers all other indirect emissions that occur in the value chain but are not included in Scope 2. Include emissions outside Scope 1 and 2 (WTT), covering raw material transportation, product transportation, waste transportation, employee commuting, business travel, accommodations, purchased goods, water consumption, procured fuel and electricity, capital assets, waste disposal, and end-of-life activities of sold products.

  Source of emission factors used in calculations: EPA and DEFRA.

**Page 34 Graphic**

**Inputs for Scope 1 Emissions:**

**Stationary Combustion:** Activity data for fuel quantities (natural gas, diesel, LPG) used in stationary combustion units were obtained from invoices, facility management records, and meter readings.

**Mobile Combustion:** Activity data for the amounts of fuel (diesel) used in the Company's vehicles and heavy machinery were obtained from invoices, facility management records, and fuel purchase records.

**Process Emissions:** Activity data for raw materials used in production (clay, kaolin, feldspar, etc.) were obtained from facility management records, purchase records, and inventory records.

**Refrigerant Gases:** The type and quantity of refrigerant gases used in cooling and air conditioning systems (air conditioners, refrigerators, etc.) were obtained from facility management records, supplier label information, and maintenance records.

**Page 35 Graphic**

**The extent to which achieving targets relies on the use of carbon credits,**

**Which third-party program will verify the carbon credits,**

**The type of carbon credit planned for use,**

**Other factors related to the credibility of carbon credits.**

# 7. APPENDICES

## 7.1 Limited Assurance Report