CLIMATE TRANSITION PLAN

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ABOUT KORDSA

Established in 1973 as a subsidiary of Sabancı Holding, Kordsa is a global player in the tire and composite technologies markets and the leading manufacturer of industrial nylon and polyester yarn, tire cord fabric, and single end cordKordsa operates in 6 countries, namely, Türkiye, Brazil, Indonesia, Thailand, Italy, and the US with 3,617 reinforcers at its 12 production facilities. 2 of these production facilities have also R&D activities.

Kordsa provides high-quality service and end-to-end solutions with a high level of technical competency. Worldwide the company is the acclaimed holder of "The Reinforcer" title, thanks to its market leader position, its strong global footprint, its technological leadership, and its experience in reinforcement. Every one in three automobile tires and every two-in-three aircraft tires are globally reinforced by Kordsa.

Kordsa aims to create sustainable value for all its key stakeholders and society by offering high value-added innovative reinforcement solutions to its customers, with a mission to “Reinforce Life.” In all the businesses we operate, we develop all our products with a sustainability perspective and aim to grow by creating social, environmental, and economic value. With our technologies in the tire reinforcement sector which reduce fuel consumption through decreased rolling resistance, with our composite technologies which reduce carbon emissions by making vehicles lighter and consume less fuel, we work for a sustainable future.

At Kordsa, we are committed to taking decisive and forward-thinking steps to transition to a low-carbon future. As a global leader in advanced material technologies, we recognize our responsibility to address climate change. Our sustainability strategy embeds innovation into our business model to balance economic growth with environmental stewardship.

This Climate Transition Plan outlines the short-term (0 to 1 year), medium–term (1 to 5 years) and long-term (5 to 35 years) strategies we have established to achieve our ultimate goal of carbon neutrality by 2050. By adopting this plan, we are aligning our operations with global sustainability goals, enhancing our competitive edge in the market, and ensuring a positive impact on society and the environment.

PRODUCTS, INDUSTRIES, MARKETS

In the tire reinforcement industry, we manufacture cord fabric and single end cord products that provide flexibility and durability to vehicle tires.

In composite technologies, we produce innovative products and practices for aerospace and aviation, automotive, industrial applications, marine, sports equipment, railway, and health care industries. In our plants in Türkiye, USA, and Italy we provide design, analysis, material library, prototype production services and develop fabric, resin and prepreg, slit tape, toper, honeycomb and sandwich panel in line with our customers' needs.

KORDSA'S STRATEGY

ABOUT THE TRANSITION PLAN

The Kordsa Climate Transition Plan will serve as a living document, regularly updated to reflect progress, changes in the global sustainability landscape, and advancements in technology. Kordsa is committed to ensuring this report remains a transparent, accountable, and actionable guide for our sustainability efforts.

Governance and Accountability

- Board-Level Oversight: The progress of the Climate Transition Plan will be overseen by Kordsa's Corporate Governance Committee, which reports directly to the Board of Directors. This committee will be responsible for ensuring that the plan's targets are integrated into the company's broader strategic objectives. Strategic Leadership Team is responsible to implement this plan.

Frequency of Updates

- Annual Updates: This plan will be reviewed and updated annually, with key performance indicators (KPIs) and emission reduction targets assessed and reported yearly. The updates will ensure that Kordsa remains on track to meet both mid-term and long-term goals, including our interim 2030 target and ultimate 2050 net-zero target.
- Mid-Term Reviews: In addition to annual updates, the plan will undergo mid-term reviews every five years to evaluate progress toward more strategic milestones and make any necessary adjustments based on technological advancements or changes in market conditions.

External Audits and Verification

To maintain transparency and credibility, Kordsa engages independent third-party auditors to verify the emission and energy-related metrics. The reports of these audits are included in our annual sustainability report.

Flexibility and Adaptation

Climate transition plans historically focused almost exclusively on mitigation (decarbonization), but robust frameworks like the TCFD, ISSB (IFRS S2), and the EFRAG/CSRD (ESRS E1) now mandate addressing physical climate risksthrough dedicated adaptation objectives.

While mitigation aims to reduce emissions, adaptation aims to build resilience against both physical acute shocks (e.g., extreme weather events) and chronic shifts (e.g., rising sea levels, changing thermal ranges).

Key Categories of Adaptation Objectives

1. Operations & Asset Physical Resilience

- Infrastructure Hardening: Retrofit high-risk physical assets (manufacturing plants, warehouses, data centers) to withstand severe weather events (floods, hurricanes, extreme heatwaves).
- Facility Site Selection: Establish physical risk threshold criteria for all future capital expenditure and site selections (e.g., zero new facilities in 100-year floodplains).
- Operational Continuity: Implement business continuity plans specifically calibrated for climate-induced disruptions (e.g., backup power systems, localized water storage, passive cooling solutions).

2. Supply Chain & Upstream Security

- Geographic & Vendor Diversification: Dual-source critical materials or agricultural inputs currently concentrated in high-climate-vulnerability regions.
- Raw Material Substitution: Transition to drought-resistant agricultural inputs or synthetic alternatives less susceptible to climate-induced price volatility and crop failure.
- Supplier Engagement: Require top-tier suppliers (Scope 3 upstream) to disclose facility-level physical risk assessments and adaptation plans.

3. Financial & Capital Allocation Resilience

CapEx Allocation for Adaptation: Earmark a defined percentage of total annual CapEx explicitly for physical climate adaptation and resilience projects

- Risk Transfer & Insurance: Optimize parametric insurance or alternative risk transfer mechanisms for non-insurable assets located in high-risk zones.
- Asset Valuation Alignment: Incorporate physical climate risk scenario modeling (e.g., SSP1-2.6 vs. SSP5-8.5) into annual asset impairment testing and balance sheet reviews.

4. Workforce & Human Capital Protection

- Thermal Safety Protocols: Implement heat-stress thresholds and mandatory operational adjustments for outdoor or non-conditioned indoor workers.
- Disaster Preparedness & Training: Conduct recurring climate emergency response training across facilities in high-exposure areas.
- Community & Local Infrastructure Engagement: Support community-level resilience initiatives surrounding key operational hubs to ensure off-site infrastructure (power, transit, housing) remains functional during extreme events.

Risk Management

The Climate Transition Plan integrated into Kordsa's enterprise risk management framework. Climate risks, such as regulatory shifts, market disruptions, and physical impacts of climate change, is continuously being assessed, and mitigation strategies is being reviewed to minimize these risks. Early Detection of Risk Committee which is directly reports to Board of Directors reviews climate risk assessments periodically.

SUSTAINABILITY GOVERNANCE STRUCTURE

At Kordsa, the Board of Directors, our highest governing body, holds accountability for our performance within the scope of our sustainability priorities. The Board of Directors considers the environmental-social-economic impacts of the company's activities and the principles in this regard when determining the corporate governance strategy.

Our material sustainability topics and our sustainability targets against those topics are periodically reviewed every two years. These targets are entrusted to the Kordsa Strategic Leadership Team which is composed of our CEO and Chief Officers, for periodic review and renewal as needed. Reporting to the Board of Directors, our CEO, in collaboration with the Kordsa

Strategic Leadership Team, discerns critical environmental, social, and governance (ESG) issues, along with potential risks and opportunities.

Located at the corporate headquarters, the Sustainability and Communication Directorate operates under the leadership of the Chief Global Sales and Marketing Officer. Sustainability and Communication Directorate works in close harmony with both the Sustainability Working Groups and Regional Sustainability Teams spanning various countries. The directorate is pivotal in executing sustainability-driven strategies across the organization. Regional Sustainability Teams diligently monitor the established performance indicators designed to actualize sustainability goals envisioned within our strategic plans. This oversight extends to meticulously tracking and executing projects devised to attain these objectives in collaboration with pertinent regional departments. These teams report site level sustainability performance indicators through the Quarterly Sustainability Performance Tracking Program. Quarterly sustainability performance tracking reports, comprised through the monitoring and evaluation of targets, are crafted by the Sustainability and Communication Directorate.

Stakeholder Engagement

We actively engage with stakeholders, including suppliers, customers, and local communities. We work closely with customers to meet sustainability expectations, such as reducing product carbon footprints and using recycled materials.

We also report on platforms like EcoVadis and CDP, and in accordance with the Türkiye Sustainability Reporting Standards (TSRS), to maintain transparency accountability and regulatory compiance.

We will continue to collaborate with stakeholders to enhance our ambitions and reach targets.

KORDSA'S SCIENCE BASED EMISSION REDUCTION TARGETS

Our fight against climate change is underpinned by science-based targets aimed at reducing our greenhouse gas (GHG) emissions in a transparent and measurable manner.

These targets are aligned with the global goal of limiting temperature rise to 1.5°C above pre-industrial levels, as defined by the Science-Based Targets initiative (SBTi). Science-based targets are greenhouse gas emissions reduction targets that are in line with the level of decarbonization

required to meet the goals of the Paris Agreement to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

Kordsa is committed to achieving the following milestones:

Overall Net-Zero Target

- Kordsa commits to reach net-zero greenhouse gas emissions across the value chain by 2050.

Near-term Targets:

- Kordsa commits to reduce absolute Scope 1 and 2 GHG emissions 46.2% by 2030 from a 2019 base year. Kordsa's Scope 1 and 2 target ambition classified in line with a 1.5 °C trajectory.
- Kordsa commites to reduce absolute Scope 3 GHG emissions from fuel and energy-related activities and processing of sold products (Category 3 and Category 10) 25% by 2030 from a 2021 base year. Kordsa further commits that 64% of our suppliers by emissions covering purchased goods and services (Category 1) will have Science-Based Targets (SBTi) by 2027.

Long-Term Targets:

- Kordsa commits to reduce absolute Scope 1 and 2 GHG emissions 90% by 2050 from a 2019 base year.
- Kordsa commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution,downstream transportation and distribution, and processing of sold products (Category 1, 3, 4, 9, and 10) 90% from 2021 base year.

Kordsa monitors its progress through rigorous data collection and annual emissions reporting, to stay on track to meet mid-term and long-term objectives. Our commitment to transparency and accountability will ensure that all stakeholders remain informed about our progress.

CLIMATE RELATED RISK AND OPPORTUNITIES

As climate change continues to reshape global markets, Kordsa recognizes the critical importance of addressing both risks and opportunities associated with the transition to a low-carbon economy. Through a robust risk management framework, we are actively identifying, mitigating, and leveraging the impacts of climate-related issues on our business.

Risks are assessed based on impact simulation calculations via Monte Carlo analysis. Kordsa defines substantial financial or strategic impact if the risk impact simulation exceeds 1% of consolidated budgeted EBITDA or minimum $1M. Once a risk is identified with substantial financial or strategic impact, it is automatically treated as exceeding the risk appetite or risk threshold. Risk owners are required to come up with an action plan and appoint action owners. Risks are calculated after each action implementation is complete. If the impact simulation for a risk is still calculated as over the threshold, risk owners are required to implement further actions until the impact simulation reduces below the threshold. In case the financial impact is not possible to calculate, there are alternative indicators like reputation, people, legal and environmental.

Climate Related Risks

Kordsa has identified key climate risks that could affect our operations, supply chain, and market positioning:

Operational Risks

Potential risk factors for Kordsa's production facilities in various regions include extreme weather events like floods. Our commitment to property safety and employee well-being aligns seamlessly with our 'Occupational Health, Safety, and Environmental' principles.

As part of our commitment to reducing Scope 3 emissions, there is a risk that some suppliers may be unprepared to meet carbon reduction requirements. This could hinder our ability to accurately track and reduce emissions from purchased goods and services.

Measures Taken and Control Activities

- Every year, we seek guidance from expert risk engineers focusing on different perils including flood, through risk engineer site visits facilitated by insurance companies.

- We foster knowledge sharing between our different facilities, promoting the dissemination of best practices and lessons learned.
- A meticulous assessment of existing security measures is regularly conducted. If necessary, investments are initiated to bolster protective measures and ensure property security remains comprehensive and effective.
- Kordsa developed a comprehensive plan to engage with its suppliers in sustainability topics via various tools to gather data on suppliers' emission reduction strategies.
- Kordsa is working collaboratively with its suppliers to identify and implement emission reduction opportunities:
    - We co-invest with suppliers in cleaner production technologies or renewable energy sources.
    - We collaborate on logistics and transportation practices to improve efficiency and reduce emissions.
    - We integrate sustainability criteria into supplier selection and contract negotiations.

Policy Risks

- The imminent implementation of the emissions trading system (ETS) in Türkiye may pose risks for Kordsa. In the medium term and long-term solution requires joined effort from Research & Development projects for production processes and energy efficiency.

The carbon border adjustment mechanism (CBAM) regulation that came into effective in the EU poses a potential risk for Kordsa. Accurately calculating and reducing the embedded carbon footprint of our final product can be complex. This may lead Kordsa to face higher compliance costs when exporting to the EU market. Also, this could make products less available on the EU market due to carbon footprint levels and uncompetitive prices, potentially affecting sales and market share.

Measures Taken and Control Activities

- We planned and implemented various projects for emissions reduction in all Kordsa facilities.We investigate the use of alternative energy sources for production to meet target emissions.
- We explore opportunities for collaboration with other stakeholders.
- We focus Research & Development efforts on improving the performance, costefficiency, and environmental footprint of Kordsa's products and implementing lean manufacturing

principles and flexible production lines to adapt to changing market demands and consumer preferences.

- We validate our emissions reduction targets with SBTi in 2023 to show our commitment to reduce emissions.
- We committed to our implementation for 2050 Net Zero Road Map with guidance from Sabancı Holding.

Climate Opportunities

Opportunities are assessed based on impact simulation calculations via Monte Carlo analysis. Kordsa defines substantial financial or strategic impact if the opportunity impact simulation exceeds 1% of consolidated budgeted EBITDA or a minimum $1M. Once an opportunity is identified with substantial financial or strategic impact, it is automatically treated critical. Risk owners are required to come up with an action plan and appoint action owners to realize the opportunity. They are calculated after each action implementation is complete. In case the financial impact is not possible to calculate, there are alternative indicators like reputation, people, legal, and environmental.

- **Products&Services - Development of new products or services through R&D and innovation**

Alongside risks, the transition to a low-carbon economy offers significant opportunities for innovation and growth:

- There is an increasing demand for sustainable materials and low-carbon products. By advancing our research and development capabilities, Kordsa can create high-performance, sustainable materials that meet evolving customer expectations. Izmit, Indonesia and Brazil facilities have the ISCC Plus (International Sustainability Carbon Certification) certificate. This certification verifies that Kordsa's circular polyester products comply with ISCC's standards for recycled and renewable materials. **Energy Source - Use of renewable energy sources**

Investments in renewable energy and energy-efficient production processes will not only reduce emissions but also lower operational costs in the long term. These advancements will improve Kordsa's resilience in a volatile energy market and align with global sustainability trends.

- **Markets - Increased demand for certified and sustainable**

By proactively addressing climate risks and seizing opportunities for emission reductions, Kordsa strengthens its reputation as a leader in sustainability. This positions the company favorably with customers, investors, and regulators while driving long-term value creation through sustainable innovation and practices.

RENEWABLE ENERGY AND ENERGY EFFICIENCY

A key component of our climate transition plan is the transition to renewable energy sources. Recognizing the importance of reducing our reliance on fossil fuels, Kordsa is setting aggressive targets to increase the use of renewable energy across its global operations.

- We aim to increase renewable electricity consumption across all of our global operations.

We will also invest in energy efficiency technologies to ensure that our processes become more efficient over time. This will include:

- **Mid-Term Projects**:
    - Rooftop solar panel installations at selected facilities, Indonesia, Thailand, and Microtex, to generate on-site renewable electricity. New possible projects in facilities are considered.
    - Power Purchase Agreements (PPAs) to procure renewable energy for our global plants.
    - Energy efficiency projects in our facilities to reduce energy consumption and enhance operational efficiency.

In addition, we plan to incorporate heat pumps, heat recovery systems, and energy monitoring technologies to optimize our energy use and reduce energy intensity. These initiatives will help lower our overall emissions and energy costs, making Kordsa more resilient in a low-carbon economy.

USE OF SUSTAINABLE MATERIALS AND CIRCULAR ECONOMY

As part of our sustainability strategy, Kordsa will accelerate the shift towards sustainable materials. By incorporating bio-based and recycled materials into our production processes, we

will significantly reduce the environmental impact of our products. Our goal is to drive the transition towards a circular economy, where waste is minimized, and resources are reused.

- We will increase the use of bio-based and recycled raw materials.
- Kordsa is investing significantly in sustainable growth and decarbonization. Additionally, we are creating value for stakeholders by focusing on technological advancements in areas like recycled materials and low-carbon technologies.

Through research and development, Kordsa will continue to innovate in creating sustainable, high-performance materials that align with our customers' needs and environmental goals.

INVESTMENT PLAN

Kordsa is investing significantly in sustainable growth and decarbonization. Additionally, we are creating value for stakeholders by focusing on technological advancements in areas like recycled materials and low-carbon technologies.

- In 2025, 51% of total R&D budget was allocated to sustainability-focused projects. In 2025 Kordsa have dedicated 2.01% of its revenue to R&D projects. In 2023, we have dedicated a total budget of around 728,106 USD for climate and water-related reduction initiatives.
- In 2025, 3,287 MWh/year of energy was saved through electricity and natural gas saving projects.

SUPPLY CHAIN ENGAGEMENT

Reducing Scope 3 emissions is critical for our overall decarbonization strategy, as these emissions represent the indirect emissions generated across our supply chain.

Kordsa is committed to working closely with suppliers to address these emissions and to drive industry-wide improvements. As Kordsa we have a Sustainable Supply Chain program. Using different assessment and monitoring tools, Kordsa monitors its supply chain’s performance on climate change related issues.

Our primary Scope 3 target is to ensure that by 2027, 64% of our suppliers' emissions in Category 1 (Purchased Goods and Services) will have science-based targets aligned with the latest SBTi

criteria. Key suppliers of raw materials, which contribute 76.47% of our Scope 3 Category 1 GHG emissions, are prioritized for engagement.

We have already initiated engagement plan with suppliers of key raw materials and plan to support them on their journey to adopting science-based targets (SBTi). As part of our strategy, we conduct training sessions to exchange expertise in setting these targets. Our sustainability department is also provide ongoing guidance and support. Additionally, we plan to extend this engagement to other suppliers to increase our collective impact on achieving a low-carbon future.

We engage with our suppliers through Sustainable Supply Chain Program, providing them with the support they need to adopt renewable energy and improve their sustainability practices. Our engagement will also include:

- Supplier Training: Kordsa organizes supplier training programs to help them meet their emission reduction targets and share best practices in sustainability.

These efforts will ensure that Kordsa's decarbonization journey extends beyond our own operations to include our entire value chain.

OUR CARBON NEUTRAL ROADMAP

Kordsa’s long-term ambition is to achieve carbon neutrality across all of our global operations by 2050. To achieve this goal, we will focus on transforming our production processes through electrification and the adoption of low-carbon technologies.

- Electrification: We will work on electrification of our production processes, reducing our dependence on fossil fuels and cutting emissions from energy-intensive operations.
- Technological Investments: Kordsa will review investment opportunities for cutting-edge technologies such as heat pumps and energy-efficient machinery, ensuring that our production becomes more sustainable and less energy-intensive.
- Alternative fuels technology feasibility research: As part of our efforts to reduce reliance on fossil fuels, Kordsa is conducting feasibility research on alternative fuel technologies to explore cleaner energy options that can replace natural gas in our production processes. This research will evaluate the potential of biofuels, hydrogen, and other low-carbon alternatives to support our transition to a more sustainable energy mixThese

strategies will help us move closer to achieving our carbon neutrality goal, making Kordsa a pioneer in sustainable industrial practices.

TRANSPARENCY AND REPORTING

Kordsa believes that transparency is crucial in building trust with stakeholders and ensuring the credibility of our sustainability efforts. We will continue to report on our progress through recognized frameworks such as:

- Quarterly Sustainability Performance Tracking: Kordsa's sustainability performance is monitored through Quarterly Sustainability Performance Tracking reports. These are reviewed by the Strategic Leadership Team, ensuring that sustainability targets are incorporated into individual performance targets.

- Annual Reporting: We will provide regular updates to the CDP (Carbon Disclosure Project) and align our disclosures with the Task Force on Climate-Related Financial Disclosures (TCFD) guidelines. We also comply with the Türkiye Sustainability Reporting Standards (TSRS), ensuring that our sustainability reporting meets applicable regulatory requirements and enhances the transparency and comparability of our disclosures.

These initiatives will ensure that we remain accountable to our stakeholders and continue to make measurable progress towards our climate goals.

Kordsa is fully committed to reducing its carbon footprint and leading the way in sustainability within its industry. Kordsa's Climate Transition Plan is a comprehensive roadmap that outlines our path to net-zero emissions by 2050.

With science-based targets, renewable energy investments, and a strong focus on innovation and supply chain engagement, we are positioning ourselves as a leader in the global transition to a sustainable future. By taking these steps, we will not only achieve our climate goals but also create long-term value for our stakeholders and contribute to a more sustainable world.

ANNEX 1 – TARGET APPROVAL LETTER FROM SBTi