

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Established in 1973 as a subsidiary of Sabancı Holding, Kordsa is a global player in the tire and construction reinforcement as well as composite technologies markets and the leading manufacturer of industrial nylon and polyester yarn, tire cord fabric and single end cord. The success story started in İzmit-Turkey in 1973 with Sabancı Holding's tire cord manufacturing plant investment. Through the years, Kordsa became the market leader in Turkey and accumulated great know-how on reinforcement materials. Kordsa now operates in 6 countries, namely, Turkey, Brazil, Indonesia, Thailand, Italy and the US with 4,542 reinforcers at its 13 production facilities. 2 of these production facilities have also R&D activities. Kordsa started 39 new R&D projects in the reporting year. These projects focus on issues like: sustainable product and process technologies, reducing rolling resistance, eco-design, bio-based materials, chemical recycling, reducing the weight of products, reducing water pollution and GHG emissions.

Kordsa provides high quality service and end to end solutions with a high level of technical competency. The main objective of the company is to "progress with innovative value-added technologies" by continuously investing in its employees and customers. 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 on reinforcement.

"Today, Kordsa, whose story started in Turkey, spread on the whole world with its products. 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 the 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 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 and also with our more durable and practical construction reinforcement solutions, we work for a sustainable future.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1 2022

End date

December 31 2022

Indicate if you are providing emissions data for past reporting years

Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for

1 year

Select the number of past reporting years you will be providing Scope 2 emissions data for

1 year

Select the number of past reporting years you will be providing Scope 3 emissions data for

1 year

C0.3

(C0.3) Select the countries/areas in which you operate.

Brazil

Indonesia

Italy

Thailand

Turkey

United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.
USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.
Operational control

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

| Indicate whether you are able to provide a unique identifier for your organization | Provide your unique identifier |
|--|--------------------------------|
| Yes, an ISIN code | TRAKORDS9182 |

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?
Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

| Position of individual or committee | Responsibilities for climate-related issues |
|-------------------------------------|--|
| Board Chair | <p>The chairman of the Board of Directors has the ultimate overall responsibility at all terms including climate change-related issues with assistance from the Audit, Risk, Sustainability and Corporate Governance Committee.</p> <p>Some of the climate-change related responsibilities of the Chairman of the Board of Directors are as follows:</p> <ul style="list-style-type: none">- Reviewing and guiding climate-related strategies- Identification of targets and approval and financing of projects that will lead the way to achieving the climate targets.- Ensuring the company performs within the limits of the pre-determined energy and water management goals- Management of climate-related risks and opportunities. <p>Examples of climate-related decisions of the Chairman of the Board of Directors during the reporting year;</p> <ul style="list-style-type: none">-The approval of a renewable energy (Solar PV) investment in our Indonesia and Thailand plants.- Approval of the development of a climate transition plan |
| Board-level committee | <p>Corporate Governance and Early Detection of Risk Committees are also responsible for climate-related issues.</p> <p>Both committees are chaired by members of our board. These two committees were established with the purpose of helping the Board of Directors to fulfil their duties and responsibilities in a healthy manner.</p> <p>The Resolutions of the Committees are advisory to the Board of Directors, and the Board of Directors is the final decision maker on related matters.</p> <p>Some of the climate-related responsibilities of Corporate Governance Committee and Early Detection of Risk Committee are:</p> <ul style="list-style-type: none">- Realization of climate-related strategies and roadmaps- Monitoring climate related annual budgets and capital expenditures- Monitoring targets and performance- Assessing and managing climate-related risks and opportunities. <p>In 2022 climate-related decisions approved by those committees;</p> <ul style="list-style-type: none">- Including the risk of wild fires caused by climate change into company's risk portfolio- Climate transition plan development- Preparing a video containing the company's climate strategy and goals regarding climate change and sharing it with all employees at 13 facilities |

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

| Frequency with which climate-related issues are a scheduled agenda item | Governance mechanisms into which climate-related issues are integrated | Scope of board-level oversight | Please explain |
|---|---|--------------------------------|---|
| Scheduled - all meetings | Reviewing and guiding annual budgets Overseeing major capital expenditures Overseeing acquisitions, mergers, and divestitures Reviewing innovation/R&D priorities Overseeing and guiding employee incentives Reviewing and guiding strategy Overseeing and guiding the development of a transition plan Monitoring the implementation of a transition plan Overseeing and guiding scenario analysis Overseeing the setting of corporate targets Monitoring progress towards corporate targets Overseeing value chain engagement Reviewing and guiding the risk management process | <Not Applicable> | The Board of Directors, our supreme governing body, supervises performance on material sustainability topics including climate-related issues. Head of Sustainability, Corporate Governance Committee and Early Detection of Risk committee quarterly reports to the Board regarding progress and activities related to sustainability strategy including climate change issues and mid-term roadmap activities and required budget analysis In 2022 below topics were scheduled agenda items at the Board Meetings: -Progress and strategy towards emission reduction targets for 2023 and 2030. -Scope 3 emission reduction strategy -Draft version of climate transition plan -Sustainable product portfolio transition plan |

C1.1d**(C1.1d) Does your organization have at least one board member with competence on climate-related issues?**

| | Board member(s) have competence on climate-related issues | Criteria used to assess competence of board member(s) on climate-related issues | Primary reason for no board-level competence on climate-related issues | Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future |
|-------|---|---|--|---|
| Row 1 | Yes | We assess the competence of our Board Members using their CV's and previous experiences. According to this assessment, our HR department prepares a Board Competence Matrix, in which the competence of the whole board is assessed on pre-identified topics. One of these topics is ESG, which includes competence on all environmental issues including climate change and water security. Our board has the highest competence score on ESG related issues with 86% of the board members scoring as competent on ESG matters. | <Not Applicable> | <Not Applicable> |

C1.2**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.****Position or committee**

Chief Executive Officer (CEO)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
 Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
 Managing climate-related acquisitions, mergers, and divestitures
 Implementing a climate transition plan
 Integrating climate-related issues into the strategy
 Setting climate-related corporate targets
 Monitoring progress against climate-related corporate targets
 Managing value chain engagement on climate-related issues
 Assessing climate-related risks and opportunities
 Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

CEO is the highest management-level position and has the ultimate responsibility for management strategy and overall management including climate-related issues.

CEO is also the Chair of the Executive Leadership Team (ELT) which consists of Regional Chief Operation Officers who are in charge of plant operations, Chief Strategy Business Development & Integration Officer, Chief Finance Officer, Chief Supply Chain Officer, Chief Human Resources and Corporate Communication, Legal and Communication Officer, Chief Global Sales and Market Officer and Chief Technology Officer. ELT is the highest management-level committee in Kordsa.

The CEO is assisted by the Head of Sustainability to monitor climate-related issues with a focus on actively putting in place new approaches to low-carbon transition. Regional COO's are ultimately responsible of all climate-related issues on a regional level. They inform the CEO regarding progress on climate-related action plans and targets on a regional level. The Chief Technology Officer reports on research and development, manufacturing and business units, decides on which low-carbon products need to be developed.

Position or committee

Chief Operating Officer (COO)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

Regional Chief Operation Officers who are in charge of plant operations, are also involved in ELT (Executive Leadership Team) which is the highest management-level committee in Kordsa.

Regional COO's are ultimately responsible of all climate-related issues on a regional level. They inform the CEO regarding progress on climate-related action plans and targets on a regional level.

Position or committee

Chief Financial Officer (CFO)

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Managing climate-related acquisitions, mergers, and divestitures
Providing climate-related employee incentives
Integrating climate-related issues into the strategy
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

There is a standard risk management process as well as business continuity management process in KORDSA, which are under the sole leadership of the CFO and the CEO respectively. Climate-related issues are reviewed by Early Risk Detection Committee. (which consists of 4 Board Members, 2 of whom are independent Board Members), under all risk types with different dimensions such as loss of revenue under financial risks, loss of market share due to inability to meet customer expectations under strategic risks, production & supply chain disruption under production risks, inability to meet regulatory requirements under compliance risks, loss of brand credibility as well as customers due to inaction on climate change under brand image risks & all environmental aspects under environment, security, health and safety risks.

Position or committee

Risk committee

Climate-related responsibilities of this position

Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

Climate-related issues are reviewed by Early Risk Detection Committee. (which consists of 4 Board Members, 2 of whom are independent Board Members), under all risk types with different dimensions such as loss of revenue under financial risks, loss of market share due to inability to meet customer expectations under strategic risks, production & supply chain disruption under production risks, inability to meet regulatory requirements under compliance risks, loss of brand credibility as well as customers due to inaction on climate change under brand image risks & all environmental aspects under environment, security, health and safety risks.

Position or committee

Other, please specify (Head of Sustainability)

Climate-related responsibilities of this position

Developing a climate transition plan
 Implementing a climate transition plan
 Integrating climate-related issues into the strategy
 Conducting climate-related scenario analysis
 Setting climate-related corporate targets
 Monitoring progress against climate-related corporate targets
 Managing value chain engagement on climate-related issues
 Assessing climate-related risks and opportunities
 Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

In 2021, The Corporate Communication and Sustainability Department was split with a new organizational structure, Sustainability Department started to function as a single department. Head of Sustainability (who reports to the BoD and CEO), leads the Sustainability Department and Regional Sustainability Team (RST). Head of Sustainability ensures the coordination between departments & senior management to achieve the relevant goals while coordinating the preparation of the annual sustainability performance report. The Sustainability Department located at the headquarters works in harmony with the regional sustainability team who are located at the different factories in five countries. In 2020 also Sustainability Working Groups were structured.

Sustainability Working Groups support the implementation of employment, production, products, procurement, and social responsibility projects in line with the company's sustainability strategy. Sustainable Employment, Sustainable Production, Sustainable Products, Sustainable Supply Chain and Community Development working groups started to design the programs and projects of the next five years starting from 2020.

Position or committee

Environment/ Sustainability manager

Climate-related responsibilities of this position

Monitoring progress against climate-related corporate targets
 Assessing climate-related risks and opportunities
 Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Corporate Sustainability/CSR reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

Monthly meetings are held among Regional Sustainability Teams by sustainability manager to discuss energy management activities, status and outcomes as well as potential improvement measures to be implemented.

The sustainability targets, defined as strategic initiatives of Kordsa are monitored over performance indicators. These targets are extended towards all individual targets of the executive team starting from the CEO. Sustainability performance is included in the bonus system through identification and integration to Kordsa Variable Bonus System Based on Performance.

At Kordsa, we create implementation and action plans in line with our short and long-term goals and make them public through our reports.

Position or committee

Energy manager

Climate-related responsibilities of this position

Implementing a climate transition plan
 Monitoring progress against climate-related corporate targets
 Assessing climate-related risks and opportunities
 Managing climate-related risks and opportunities

Coverage of responsibilities

<Not Applicable>

Reporting line

Operations - COO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

Monthly Energy Review meetings are held among each site's Energy Managers to discuss energy management activities, status and outcomes as well as potential improvement measures to be implemented. Energy efficiency projects' progress is being discussed during those meetings. Also planned and ongoing renewable energy procurement activities being reviewed.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

| | Provide incentives for the management of climate-related issues | Comment |
|-------|---|--|
| Row 1 | Yes | The management of climate-related issues are included in the KPI's of key decision-makers. |

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive

Chief Executive Officer (CEO)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary
Salary increase

Performance indicator(s)

Board approval of climate transition plan
Achievement of a climate-related target
Reduction in absolute emissions
Increased engagement with suppliers on climate-related issues

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

The CEO is ultimately responsible of all climate-related issues on a company level. Achievement of business objectives including meeting emission reduction targets, OPEX optimization due to energy reduction etc. Any improvement measures that are proposed by the operational team and approved by the CEO (under ELT) will affect the Company Scorecard, meaning it will have positive impact. As a result of achievement of before-mentioned measures, the CEO fulfils his/her targets and becomes entitled to a monetary reward in the form of an enhanced salary and a bonus.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

This incentive is linked to KPI's like GHG emission reductions, achievement of our targets, and board approval of transition plan, therefore it contributes directly to our climate commitments.

Entitled to incentive

Chief Operating Officer (COO)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary
Salary increase

Performance indicator(s)

Achievement of a climate-related target
Implementation of an emissions reduction initiative
Reduction in absolute emissions
Energy efficiency improvement

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

The COO's of each region are ultimately responsible of all climate-related issues on regional level. Achievement of business objectives including emission reduction targets, OPEX optimization due to energy reduction etc.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

Each region/site COO has a target to contribute to Kordsa's overall GHG reduction target, which is 46.2 % reduction of Scope 1 & 2 GHG emissions until 2030 with respect to 2019 which is our base year. This target is also included in their KPI's. If they meet or exceed this target, they become entitled to a monetary reward in the form of an enhanced salary and a bonus.

Entitled to incentive

Chief Procurement Officer (CPO)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary
Salary increase

Performance indicator(s)

Implementation of an emissions reduction initiative
Increased engagement with suppliers on climate-related issues

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

The position that equals to CPO in our organizational chart is our Chief Supply Chain Officer. Our CPO has supply chain engagement related targets which is also included in his/her KPIs. If the target is met, our CPO becomes entitled to a monetary reward in the form of an enhanced salary and a bonus

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

This incentive contributes especially to our SBTi approved Scope 3 targets. We have a supplier engagement target and one of the KPI's of our Chief Supply Chain Officer is to increase engagement with suppliers.

Entitled to incentive

Other, please specify (Head of Sustainability)

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Salary increase

Performance indicator(s)

Achievement of a climate-related target

Implementation of an emissions reduction initiative

Reduction in absolute emissions

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

Kordsa has a global level Sustainability Roadmap consisting of the Company's medium and long-term sustainability targets and commitments including GHG emissions management, responsible use of raw materials, recycling targets, supply chain sustainability assessment, awareness raising activities on climate-related issues. Head of Sustainability has individual targets in achieving each target in the Sustainability Roadmap. As a result of realization of these targets, Head of Sustainability receives a monetary reward.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

This incentive is linked to KPI's that are closely linked to our organization's climate commitments.

Entitled to incentive

All employees

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Salary increase

Performance indicator(s)

Achievement of a climate-related target

Reduction in absolute emissions

Incentive plan(s) this incentive is linked to

This position does not have an incentive plan

Further details of incentive(s)

Kordsa monitors its performance through progress against annually set targets. All employees are encouraged to share their innovative ideas that can contribute and lead to the achievement of these annual targets. When the Company meets with annually set targets, this affects the Company scorecard positively and therefore results in a monetary award for all employees in the form of an additional bonus. In addition to the performance related monetary reward, Kordsa has a program called Kordsa All Stars. It fosters energy efficiency and sustainability projects. All employees are entitled to a monetary reward if their project offer is deemed worthy. In 2022, a total of 118 applications were received globally, 37 of which have been announced as winners and deemed their monetary rewards.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

This incentive is closely linked to our climate commitments because it is connected to KPI's like Achievement of a climate related target and reduction in absolute emissions.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

| | From (years) | To (years) | Comment |
|-------------|--------------|------------|---|
| Short-term | 0 | 1 | <p>This time horizon aligns with Kordsa's Corporate annual target setting. For short term business units focused on below factors,</p> <ul style="list-style-type: none">- Physical Impacts of climate change related events.- Improvement areas in energy usage at processes, warehouses or offices aiming lower GHG emission.- Ongoing R&D projects on products with lower emission.- Improvement areas in water and waste management.- Initiating potential joint development projects with value chain.- Increase supplier engagement in sustainability. <p>Focusing short-term time horizon improves Kordsa's responsiveness and adoptability skills to the changing risk landscape. This increases awareness across the global organizations in both risk identification and action planning step. Risk owners are collaborating with action owners to manage and reduce the impacts</p> |
| Medium-term | 1 | 5 | <p>This time horizon aligns with Corporate X+5 target setting. For medium-term business units focused on below factors,</p> <ul style="list-style-type: none">- Identify further improvement areas of energy usage at processes, warehouses or offices aiming to achieve medium term GHG emission targets.- Ongoing R&D projects on products with lower emission.- Initiating potential joint development projects with value chain.- Increasing supplier involvement and commitment.- Transition strategies of energy purchasing- Changing macro trends in Automotive, Tire and Aviation Industries.- 2030 targets of Kordsa, related global markets and other Companies. <p>Focusing medium term time horizon also improves responsiveness and adoptability skills to the changing risk landscape and allows Kordsa to maintain its X+5 plan and keep them up to date.</p> |
| Long-term | 5 | 35 | <p>This time horizon aligns with Kordsa's commitment to become net zero by 2050. For long-term business units focused on below factors,</p> <ul style="list-style-type: none">- Physical impacts of climate change for all stages of value chain and direct operations- Transition strategies to Energy purchasing decisions.- Technological limitations to enable further emission reduction.- Monitor and manage suppliers' sustainability commitment.- Follow macro trends in Automotive, Tire and Aviation Industries. <p>Focusing long term time horizon initiate R&D activities from today and enable know-how development to support reaching 2050 targets.</p> |

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Risks are placed in a heat map based on their probability and impact scores. Kordsa defines **substantive financial or strategic impact** if that placement falls within “**Critical**” or “**High**” categories in Kordsa's risk heat map (App4). Once a risk is identified with substantive 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 a risk is still placed in critical or high categories, risk owners are required to implement further actions until the risk score reduces below High category. (Medium or Low)

Description of the quantifiable indicators used to define substantive financial or strategic impact:

The definitions are based on previous experience or industry/operational standards. The impact level of the risk or opportunity is identified to be substantive if the impact is over 1% of PO EBITDA (2022 PO EBITDA 125M USD) hence for the reporting period risks/opportunities with an impact of over 1.25 million USD are classified as substantive risks/opportunities.

Substantive impact thresholds are subject to annual review by the Global Risk Management department and any change requires EDRC approval.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

As defined in Company's Internal SOP, there are 5 steps of the risk management processes practised at Kordsa. (1) Identification, (2) Assessment, (3) Mitigation, (4) Monitoring, (5) Reporting. Climate related risks are naturally subjected to the very same steps and also registered in the same GRC tool. So, they are integrated fully into multi-disciplinary company-wide risk management process.

RISK IDENTIFICATION

During identification process, Global Risk Management (GRM) reviews the existing risk registers and starts the process by reviewing materials like X+5 strategy, annual plans, publicly available resources like WEF Global Risk Report, SME webinars and market reports. A Materiality survey is conducted for employees and external stakeholders to assess importance and preparedness of material items. In 2022, 17 out of 32 items are reviewed in survey results are sustainability related in which 6 of them is directly related to Climate change.

Based on materiality survey outcome, a draft global risk register list is prepared by Global Risk Management (GRM). Interviews are conducted with entity risk responsables (ERR or risk owners) to discuss the assessment methodology, scenario assumptions and mitigation planning.

As an example, the main raw materials of tire cord fabric (TCF) are petroleum-based products. Technology towards sustainable materials is evolving but it will take couple more years to achieve that transition. Additionally, The TCFs have multi years of active use period. So, the lifecycle of our products is also an important factor in our risk assessments. Considering the large energy requirements to manufacture the TCFs, all 3 value chain stages are focused during risk management identification. All three-time horizons defined in section 2.1a (short medium and long) are considered while identification. We focus on short and medium time horizons for transitional climate-related risks, whereas physical climate risks are identified and assessed in medium to long term time horizons.

RISK ASSESSMENT:

GRM applies both qualitative and quantitative analysis (monte carlo simulation) for risk assessment. Risks are assigned with a probability and impact score to locate it on the heat map. To calculate the impact score, 3 alternative scenarios (min, most likely, max) are assigned for risk and financial result is calculated for each scenario. Later, Monte Carlo simulation is applied to calculate value at Risk (VaR). GRM conducts monthly meetings with ERRs to discuss the latest status scenario assumptions and calculation details. Risk assessment and VaR calculations are reviewed & updated at least monthly or immediately after a material change is observed. As there was no option that reflects monthly assessments, frequency of assessment is selected as "more than once a year".

RISK RESPONSE:

Entity Risk responsables are communicating the risk registers with Entity COOs to discuss the appropriate mitigation action. For HQ departments, the Executive Member of the department is defined as Risk Owner. Risks with substantive impact must have a mitigation action defined for it. Each action is assigned to an action owner to complete the field work. All actions' status is followed by GRM as well. Climate related risk responses are also a part of Kordsa's Climate Transition Plan. So, all actions defined or to be defined are taken from or will be included in Kordsa' roadmap for 2030 and 2050 targets.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

| | Relevance & inclusion | Please explain |
|--------------------|---------------------------|---|
| Current regulation | Relevant, always included | <p>RELEVANCE:</p> <p>Climate change regulation environment is still evolving but still, operating in wide range of geographies, Kordsa is subject to various countries' regulations. Regulative risks may have a direct financial impact in Kordsa's operations. Sustainability Department works closely with regional HSE teams and reviews the regulations in place and communicate any identified risks.</p> <p>Below factors were considered under this category,</p> <ul style="list-style-type: none">- Operated Countries' emission reduction targets or commitments in international agreements.- Industry related targets or commitments.- Regulative challenges of adopting renewable energy sources- Energy efficiency standards of automobile, aviation and tire sectors- Complying with risk disclosure requirements (GHG monitoring, Water management, waste management etc.- Taxation in multiple Countries- EU Taxonomy regulation <p>The regulatory category is also directly integrated in risk identification step, as it is placed as one of the 6 categories in Risk Impact scale (Legal-Compliance Category) defined in Kordsa's SOP.</p> <p>EXAMPLE:</p> <p>According to "The Regulation on Monitoring and Reporting of GHG Emissions" which came into force in Türkiye in 2014, Kordsa's manufacturing facility in Izmit, Türkiye is part of emission intensive sectors and obliged to monitor and report its verified emissions to the Ministry of Environment, Urbanization and Climate Change (MoEUCC).</p> <p>Any non-compliance to this regulation, results in incremental penalty levels. Izmit facility completed required mitigation actions to reduce the risk score, by establishing a GHG monitoring system and periodic reporting structure with verified results. Since the mitigation actions are in place, Izmit facility has been reporting its emissions and receiving positive verification opinions in full compliance of the regulations.</p> |

| | Relevance & inclusion | Please explain |
|---------------------|---------------------------|--|
| Emerging regulation | Relevant, always included | <p>RELEVANCE:</p> <p>Similar to current regulations in place, Kordsa is prone to local or global emerging regulations. Focusing emerging regulation risks from now, enables Kordsa to complete mitigation actions preventing any non-compliance risk and financial impact resulting from it. GRM is working directly with Sustainability department focusing on the below factors under this category;</p> <ul style="list-style-type: none"> - Any material change in operated Countries' emission reduction targets or commitments in international agreements. - Any material change in Industry related targets or commitments. - Any material change in energy efficiency standards of automobile, aviation and tire sectors - Energy usage and efficiency standards - GHG emissions disclosure requirements and reduction targets. - Disclosing publicly available climate transition plan - EU Taxonomy - Taxation in operating Countries <p>EXAMPLE:</p> <p>An important emerging regulation for our operations in Türkiye is the efforts of Turkish regulatory office to implement a Carbon Pricing Mechanism, a Turkish ETS scheme similar to EU ETS. It is expected that in short to medium term, Turkish regulators will give a cap to the emission intensive sectors to control and reduce their emissions. A draft climate regulation was published in the end of 2020 signaling an upcoming ETS system in Turkey. Implementation of an ETS system in Turkey will directly impact Kordsa's operational expenses. Since this risk is assessed to have substantial impact, it is reported as Risk 2 under section 2.3a of this report.</p> |
| Technology | Relevant, always included | <p>RELEVANCE:</p> <p>Technology will be key to success for Kordsa to reach our net zero goals. Kordsa has a strong R&D history in the tire reinforcement market and improves its capabilities in the emerging composite market every year. Technology risk factors focuses on below main trends and related customer needs,</p> <ul style="list-style-type: none"> - Sustainability (Recycle, Reduce, Renewable) - Case mobility (Electrification, connectivity, autonomous) - Digitalization (AI, Business Security) <p>EXAMPLE:</p> <p>Many key players in automotive and tire sectors defined their 2030 and 2050 targets and some of them are dependent on technological advancement. In global markets, the main raw materials of tire cord fabric (TCF) are petroleum-based products. Before switching it with sustainable raw materials, they need to pass several tests for degrading, efficiency, stability, etc. These raw materials also required to pass customer approvals prior to commercialization. Hence Kordsa initiated R&D efforts on both nylon and polyester sustainable raw materials. Since this opportunity is assessed to have substantial impact, it is reported as Opportunity 1 under section 2.4a of this report.</p> |
| Legal | Relevant, always included | <p>RELEVANCE:</p> <p>Similar to current regulations in place, Kordsa is subject to various Countries' laws that differs from one to another. The legal department in Headquarters in TR coordinates legal networks in all operating Countries to follow legal updates closely. Legal is also one of the 6 impact categories that is identified in Kordsa's SOP. Global Risk Management department focuses on the factors below and discusses with risk owners during identification and following risk management stages.</p> <p>EXAMPLE:</p> <p>Any potential non-compliance to ESG related regulation may subject to penalty payment. In case such an incident occurs and Kordsa legal teams find this case disputable, there can be a legal case between Kordsa and the authorities. For instance, State of California, where Kordsa has multiple composite operations, applies stricter ESG regulations than most of the other states and countries. Kordsa follows all the regulations very carefully and they have not been faced a legal case so far.</p> |
| Market | Relevant, always included | <p>RELEVANCE:</p> <p>Kordsa is subject to changing trends in automotive, tire and aviation sectors. Many key players in these sectors including Kordsa announced their 2030 and 2050 commitments. Market risks mainly include the below items;</p> <ul style="list-style-type: none"> - Material change in future carbon price predicts. - Global increasing demand to sustainable product offers. - Impact of climate change on ongoing and future investments. - Changing customer preferences towards more sustainable products - New technologies towards sustainability. <p>EXAMPLE:</p> <p>Kordsa closely monitors the increasing global demand to recycled materials. There are opportunities in the market to reduce the carbon footprint of products by utilizing recycled or biobased materials. Since this opportunity is assessed to have substantial impact, it is reported as Opportunity 1 under section 2.4a of this report.</p> |
| Reputation | Relevant, always included | <p>RELEVANCE:</p> <p>Kordsa is a public company in Turkey and its shares are traded in BIST (Turkish Market) since 1986. Any risk related to investors's perception may result in potential impact on share prices and company value. To focus to the reputation perspective for all risks reputation is kept as one of the 6 impact categories that is identified in Kordsa's SOP. Kordsa monitors the development of events that may impact its Reputation in all geographies that company operates considering below factors,</p> <ul style="list-style-type: none"> - Investor expectations for overall management of climate change risk. - 2030 and 2050 commitments and explore potential joint development areas with customers and suppliers. <p>EXAMPLE:</p> <p>There is an increasing demand from market that Companies in their value chain should show their commitment and show their progress towards 2030 and 2050 targets. Having verified SBTi targets is an important step for Kordsa towards meeting stakeholder expectations.</p> |
| Acute physical | Relevant, always included | <p>RELEVANCE:</p> <p>Climate-related acute physical risks like storms, floods, extreme weather conditions may have significant impact on Kordsa's direct, upstream and downstream operations. As Kordsa operates in 5 countries in very different geographies, each Kordsa site is assessed individually assesses for acute physical risks that may be caused by climate change. Global Risk Management department focuses on the factors below and discusses with risk owners during identification and following risk management stages,</p> <ul style="list-style-type: none"> - Flood in Turkey, Indonesia or Thailand - Extreme Heat for Asia and North America - Water stress in Brazil, Indonesia, North America and Turkey - Wildfires in Turkey, Brazil and North America <p>EXAMPLE:</p> <p>As an example of acute physical risk, Kordsa's production facility in Indonesia, is prone to flood risk Since this risk is assessed to have substantial impact, it is reported as Risk 1 under section 2.3a of this report.</p> |
| Chronic physical | Relevant, always included | <p>RELEVANCE:</p> <p>If not well managed, climate change is expected to cause drastic chronic physical impacts. It is important for Kordsa to understand chronic trends that may impact the facilities globally over time. Chronic physical conditions such as increased temperature and humidity or significant drought are factored in climate-related risk assessment because processes and the product quality, hence the profitability could be directly affected by these changes.</p> <ul style="list-style-type: none"> - At the time of writing this report, no chronic physical risk is identified in short and medium terms. <p>EXAMPLE:</p> <p>At fabric production process line, indoor climate control is important, because the dipping solution is sensitive to particles in the air as well as humidity level and temperature. Therefore, we implement a climate control management system to maintain the process indoor ambient conditions at optimum levels. However, if mean temperatures rise and humidity levels change accordingly, this may cause our climate control management system to malfunction according to the severity of climate conditions, the break response time to restart the control system may be extended, causing production disruption and therefore revenue loss.</p> |

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**Identifier**

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

| | |
|----------------|--|
| Acute physical | Flood (coastal, fluvial, pluvial, groundwater) |
|----------------|--|

Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Kordsa's production facility in Indonesia, accounted for 27% of global production and 31% of global revenue in 2022. This facility serves our global customers' tire production facilities in Asian markets.

Kordsa premises are located inland, far away from the coast. So, flood exposure from the rising tide is non-existent, however, the facility is directly adjacent to the Cikeas river on its North-West border.

The facility is prone to flood risk as the geography may trigger flash floods and the climate is tropical with significant rainfall in most months of the year. The latest incident occurred in 1990 during the construction of Nylon Plant. The probability that precipitation will be observed at this location varies throughout the year, the driest month is July, with 216 mm of rainfall. Most precipitation falls in January, with an average of 442 mm. The warmest month of the year is September, with an average temperature of 25.6 °C. With changing climate patterns, the rain clouds build faster than historically observed and rainfalls occur much faster which causes more significant floods than ever realized.

In the case of a flash flood the facility may be closed from a few days for up to a few months. The primary potential impact would be a decrease in revenues due to reduction of capacity.

There are several steps on mitigation plans since the latest incident happened and the latest major investment was concluded at the end of 2021. However, in the long-term horizon, the threat may increase in frequency and severity. So, Kordsa keeps the long-term impacts of climate change also in its focus.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

3000000

Potential financial impact figure – maximum (currency)

389125000

Explanation of financial impact figure

The financial impact figure was determined from the minimum and maximum scenario analysis.

In minimum scenario, public market data is analyzed by Global Risk Management Department and a model is derived assuming minor flash flood during one of the wet seasons. There will be some cleanup expenses, and the plant will be shut down for 2-3 days mostly for cleaning but assume no sales loss, stocks will cover the customer demand. So, no business interruption (BI) loss will incur and total property damage (PD) is assumed to be 3 m\$. Most of the costs are expected to be due to cleaning activities.

PD loss: 3M USD

No BI damage is assumed: \$ 0

Total loss (minimum financial impact): 3,000,000 USD

In maximum scenario, a catastrophic flooding is assumed. Catastrophic incidents result in not only Kordsa's loss but the geographical region will be impacted. Even companies outside of the flood zone will be impacted due to interruptions in their supply chain. According to the maximum scenario, a flash flood occurs after record rainfalls during one of the wet seasons. Significant property damage (PD) and business interruption (BI) (loss of sales for 3 months) are assumed.

PD loss: \$ 300 Million

BI loss: Annual total revenue: 1.15 billion USD

Indonesia revenue (31%) = 356.2 M USD

3 months of revenue loss = 356.2 M USD / 4 = 89.13M USD

So, in total, Kordsa is subjected to,

300 M + 89.13 M = 389,125,000 USD (Maximum financial impact)

Cost of response to risk

2340000

Description of response and explanation of cost calculation**Situation:**

Our facility in Indonesia was under a risk of business interruption and damage to property due to flash flood events during the rainy season.

Task: Reduce the financial impacts and improve the resilience of the facility.

Actions:

In order to reduce the financial impacts of this risk, our action was to transfer this risk by insuring the facility. Our insurance policy covers flood damage to property and Business interruption as a result of extreme weather events.

To improve the resilience of the facility, our engineering team collaborated with local authorities and completed multiple projects in the last couple of years.

- (1) 5 mt tall concrete fence was constructed around the plant separating the river from facility.
- (2) Manually operated water gates were built in 5 different locations of the premise to prevent high levels of Cikeas river entering facility.
- (3) 5 Sump pits were built in low locations each covering 16m² of area and have 3 flood pumps to discharge the accumulated water. Gate valves are provided to prevent back flow from Cikeas river.
- (4) Water level detection system is also provided in the Cikeas river & accessible from the main guard post.
- (5) Building monitoring systems around the river

There is also an emergency response team present in the facility all time. The team members receive recurring training about climate related threats. Monthly drills also are conducted for water gates and pit pumps.

Timeline & Cost of response:

Insurance policy is renewed every year and costs around 2 M USD.

All 4 projects have started in Q4 2021 and completed within that quarter.

Cost of project 1: \$208k

Total cost of projects 2-3 and 4: \$113k

Cost of project 5: \$20k

Total cost of response = 2.34 M USD

Result:

With the insurance policy, the financial impact of this risk is reduced to policy deductibles (Kordsa's share of loss) which is 10% for property damage and 7 days for business interruption. This way the impact range is reduced to \$300 k to \$31.2 M

Success of the remaining actions is evaluated based on their ongoing performance. Two rainy seasons have passed since the actions are in place. Heavy rains occurred from time to time but there has been no flood event occurred. Current actions seem to be working in good order.

Comment**Identifier**

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

| | |
|---------------------|---------------------------|
| Emerging regulation | Carbon pricing mechanisms |
|---------------------|---------------------------|

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Our plant in Izmit, Türkiye is under the scope of Turkish Monitoring, Reporting and Verification (MRV) regulation. This regulation was an adoption of the EU MRV of GHG Emissions which is the basis of the EU Emissions Trading Scheme (EU ETS) where the emission intensive sectors are given an emission cap to control and reduce their emissions. As Türkiye is following a similar path, there is a very high probability that additional requirements will be implemented in medium term.

Turkey has no regulated carbon market yet. But ETS is expected to be operated in pilot phase in 2024.

The two facilities in Türkiye generates 34% of global revenue.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

15940000

Potential financial impact figure – maximum (currency)

26570000

Explanation of financial impact figure

Approach used to calculate the figure:

2 different cases were studied for good (GEE) and weak economic environments (WEE). Better economic condition has an inverse correlation with carbon prices. With increasing demand in good market conditions, the change in carbon price is expected to be steeper. According to the analysis assumptions made for future carbon prices for each economic environment. Emission forecast data for 2022-2025 period is evaluated, and it is estimated for the rest of the period (2026-2030) according to the growth rate assumption.

Figures used in calculation:

Projected carbon prices:

GEE-2025: \$45.3

WEE-2025: \$27.2

GEE-2030: \$222.3

WEE-2030: \$133.4

2025 Emission Forecast: 43,300 tCO₂e

2030 Emission Forecast: 41,870 tCO₂e

Assumptions made:

Growth rate: 3%.

It is also assumed that Kordsa will apply carbon reduction initiatives during this period and will achieve the SBTi target.

Free allocation % is also assumed to be in line with EU-ETS, starting from 100% in 2024 going down to 28% in 2030.

Financial Impact:

The total cost of Turkish ETS in 2 different cases until 2030 is calculated as \$15.94M and \$26.57M.

Cost of response to risk

107000

Description of response and explanation of cost calculation

Situation:

The regulation is still in the very early phases. Trial sectors are already selected but potential sectors are waiting to be included in the alignment period in the medium-term.

So Kordsa is seeking ways to reduce emissions and implement quick win items as part of its long-term targets.

Task:

Task is to reduce the GHG emissions by completing the implementation of emission reduction projects assigned for the year.

Actions and costs of response:

Mitigation actions include (1) Emission reduction projects, and (2) consultant fees paid during the year.

(1) During the reporting year 1 emission reduction project was implemented. With this project we have installed an O2 Trim system to Dow Heater System in order to reduce the natural gas consumption. The System was installed at the end of 2022 and total cost was 32,000 USD.

(2) We have worked with several different consultancy companies in order to assess our vulnerability to the emerging regulations and also in order to determine our in order to identify the measures we can take to reduce our Scope 1 GHG emissions. Consultant Fees in total: 75,000 USD

Timeline:

The O2 trim system installation project was implemented in November 2022. The impacts on emissions will be more tangible in 2023.

Consultation related to the impacts of Turkish ETS was received between 2022 and 2023.

Consultation related to the measures that can be taken to reduce our GHG emissions was also finalized in 2022.

Results:

(1) In 2023 the Dow Heater O2 System Implementation project is expected to reduce 1.100 MWh of Natural gas reducing around 224.25 tCO₂e of Scope 1 emissions.

(2) With the help of the consultations Kordsa's low-carbon transition plan was finalized and published.

Comment**C2.4****(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

C2.4a**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.****Identifier**

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of recycling

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Tire reinforcement is the core business unit for Kordsa and accounts for more than 2/3 of global sales in 2022. Kordsa has 7 facilities manufacturing for tire customers in Thailand, Indonesia, Turkey, Brazil and United States. The market has been showing signals to lean on sustainable product offers and technology has been evolving for some time. During the last decade the tire sector went down significant challenges. Many key players announced their 2030 and 2050 targets and focused on products with recycled contents. Also, electric vehicles (EVs) penetrated more into the US and EU markets which comes with different tire requirements. Since EVs are heavier due to the battery weights, tire durability should be increased and strengthened against wear. Also, with the upcoming Euro 7 standard, emissions based on tire wear during braking and acceleration will be reduced. To reduce emissions caused by materials used in tire production, tire manufacturers aim to increase ratio of sustainable materials obtained from recycled or bio-based materials. There are opportunities in both polyester and nylon product groups. Kordsa may benefit from increased market share and revenue.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

29670000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Approach used in calculation:

In order to calculate the financial impact of this opportunity, our initial approach is to assume that we will increase our sales in global polyester and nylon products due to the inclusion of recycled products in our product range.

Assumptions made:

It is assumed that Kordsa may gain up to 3% of additional sales according to current projections. This 3% is an illustrative estimate selected in light of uncertainty.

Figures used in calculation:

Annual revenue of Kordsa in 2022 = 1.15 billion USD

Share of tire reinforcement products in Kordsa's revenue = 86%

Tire reinforcement revenue = 1.15 billion USD x 86% = 989 M USD

Projected increase in sales from tire-reinforcement products = 3%

Potential financial impact = 989 M USD x 3% = 29.67 M USD

Cost to realize opportunity

12000000

Strategy to realize opportunity and explanation of cost calculation

SITUATION:

Global customers are announcing their road map for reaching net zero and increasing their ratio of sustainable materials. There is an increasing demand in the market for recycled or bio-based nylon and polyester products. There are more recycled options in polyester products and the transition to recycled nylon is expected to take longer time than PET.

TASK:

Without sacrificing quality and safety, enlarging the sustainable product portfolio.

ACTIONS:

On nylon side, a project started in 2020 for recycled nylon 6.6 chip usage as a laboratory phase. R&D studies are also ongoing on PA66 to increase the recycled flake % of nylon yarn. LCA analysis shows promising results about potential emission reductions.

On polyester side, both mechanical and chemical recycled polyester projects were studied. Recycled polyester market has developed more in the last couple of years.

TIMELINE:

In Kordsa, sustainable product R&D projects started in 2020. Sustainable nylon and sustainable polyester product roadmaps were defined. For nylon project, after completion of lab trials, plant scale trials were done in 2021 and customers samples were sent in 2022. The project has followed by evaluation of samples throughout the year. For polyester project, we follow our engagement plan with recycled polyester suppliers since 2020. R&D activities has been progress in 2021 and 2022.

RESULTS:

There are many completed and ongoing R&D studies with different mechanical and chemical recycled pet and bio pet and nylon products.

Customers' feedbacks are optimistic and there are opportunities for joint development.

The total R&D expenditures for those projects are approximately 12.000,000 USD

Comment**Identifier**

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Reduced water usage and consumption

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Although Kordsa's operation facilities in Asia are prone to flash floods, in the long-term, the geographical area near our Indonesia facility shows high water stress. This plant is responsible for 27% of global production and 31% of global revenue in 2022. This facility serves our global customers' tire production facilities in Asian markets. This facility is also responsible for 14.45% of our total water withdrawals.

To reduce this facility's dependence on fresh surface water, Kordsa launched a project to optimize its water usage for the dipping plant in Indonesia. Besides, Kordsa has committed to reduce water withdrawal per sales tonnage by 6.5% each year compared to previous year until 2024 and in 2030 the reduction commitment is 50% compared to a 2019 base year.

Water is one of the key raw materials in yarn manufacturing and in fabric dipping processes. Unavailability of treated water for operations may result in unplanned stoppages at facilities. To be able achieve the 2024 and 2030 targets Kordsa explored its options to reduce water withdrawal. Advanced technologies for waste water treatment (WWTP) and water treatment plants (WTP) have been investigated to reduce the discharged waste water.

The water used for yarn operations evaporates while it is discharged slowly. In dipping processes, greige fabrics are dipped in a water-based chemical solutions. This water has been treated in waste water treatment plant and discharged by local regulation standards.

However, in the long-term, Kordsa may need that discharged water, in case severe water scarcity occurs in the region. By recycling and treating more water, Kordsa has an opportunity to withdraw less water and reduce its dependency to fresh water resources. Potential unplanned stoppages due to unavailability of water will be greatly reduced.

With the planned WWTP Kordsa will be able to operate during water shortages in dry seasons. And while that drought will affect competitors' facilities nearby, and cause them to stop their production, our Indonesian facility may have the opportunity to increase its revenues due to increased demand for its products. This WTP investment will also help Kordsa improve its resilience against long term physical impacts of climate change.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2971000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Approach & Assumptions used in calculation:

The approach we use in calculation is based on a scenario which assumes significant water stress in long term in the vicinity of our Indonesian facility. Due to unavailability of enough water in the region, government may enforce restrictions on water withdrawals and industrial facilities may be forced to cease their operations for up to a month during a dry season. It is possible that governments may ration the water supplies prioritizing domestic users.

In such a case, this issue will severely impact competitors' facilities whereas thanks to the newly planned investments our dependence on fresh water resources will be much lower, and we will be able to operate even during the times when we are not allowed to withdraw water from fresh water resources.

Without this strategy Kordsa would be much more dependent on the fresh water resources, but now, the facility will be able to operate by increasing its recycling ratio. This may present an opportunity for our Indonesian facility to increase its sales by 10% for a month to support customers' operations. This 10% is an illustrative estimate selected in light of uncertainty.

Figures used in calculation:

Total annual revenue of Kordsa in 2022 = 1.15 billion USD

Share of Indonesian plant in Total Kordsa Revenue = 31%

Annual revenue of Indonesian Plant = 1.15 billion USD x 31% = 356.5 M USD

Average monthly revenue of Indonesian Plant: 356.5 M USD / 12 = 29.71 M USD

Additional 10% sales increase = 28.42 x 10% = 2.97 M USD

Considering the long term physical impacts of climate change to occur more often after 2030. There may be disruptions in available water compared to historical averages. Until that time Kordsa with its global perspective will be able to perform similar projects for other facilities with dipping operations.

Cost to realize opportunity

23914

Strategy to realize opportunity and explanation of cost calculation

SITUATION:

Our Indonesian facility is responsible for 14.45% of our total water withdrawals. There are also many competitors' plants in Asia supporting Chinese and other local markets.

TASK:

Reduce the dependency of the Indonesian plant to nearby water resources.

ACTIONS & TIMELINE:

For the facility in Indonesia, local team found a solution to increase recycling capacity up to 100% for the facility. A contract is signed with one of the qualified service providers. The company will upgrade the WWTP & WTP technology and make some additional improvements in water distribution system and put some additional filters. The investments are done and paid by the service provider company. Kordsa will pay the company on basis of m3 of treated waste water. Project has been started in 2022

and feasibility studies are concluded around end of the year. Company selection is completed in 2023. The field works were started in May 2023 and is expected to end in September 2023.

RESULTS:

The system will be functional after September 2023 and from September to December, for 3 months, the results will be monitored closely. Upon the completion of the project, 80% waste water recycling ratio will be achieved. 70,080 m3 waste water will be recycled annually. This corresponds to up to 13% of annual water withdrawal reduction (for Indonesian site) and zero water discharge to River. This project will be able to be adapted by other facilities in the future.

COSTS:

WTP and WTPP investments are done and paid by the service provider company. Kordsa will pay them on basis of m3 of treated waste water. 540,000 m3 of water treatment per year is assumed since this amount was withdrawn in 2022. So, annual OPEX expenditures are estimated as 23,914 USD. Previously there was no cost related to discharging treated water to river by any local regulators. Although there is an actual cost impact of this project, considering the result of reaching 0 waste water discharge to the river will have a substantive strategic and reputational impact on Kordsa. Considering the long term physical impacts of climate change to occur more often after 2030. There may be disruptions in available water compared to historical averages. Until that time Kordsa with its global perspective will be able to perform similar projects for other facilities with dipping operations.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization’s strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan

Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan

We have a different feedback mechanism in place

Description of feedback mechanism

In the Annual General Meeting, we have shared our low-carbon transition plan and replied the questions of our shareholders. Especially during the AGM held in the reporting year we have received many questions about climate-related performance, our transition plan and also our strategies about the emerging regulation like EU-CBAM, Turkish ETS, etc.

Although the transition plan is shared in the AGM's it was not voted in 2022.

Frequency of feedback collection

Annually

Attach any relevant documents which detail your climate transition plan (optional)

Our climate transition plan can be reached at: <https://www.kordsa.com/en/sustainability/detail/emissions-management/103/84/0>

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future

<Not Applicable>

Explain why climate-related risks and opportunities have not influenced your strategy

<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

| | Use of climate-related scenario analysis to inform strategy | Primary reason why your organization does not use climate-related scenario analysis to inform its strategy | Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future |
|-------|---|--|---|
| Row 1 | Yes, qualitative and quantitative | <Not Applicable> | <Not Applicable> |

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

| Climate-related scenario | Scenario analysis coverage | Temperature alignment of scenario | Parameters, assumptions, analytical choices |
|--------------------------------------|----------------------------|-----------------------------------|--|
| Transition scenarios IEA NZE 2050 | Company-wide | <Not Applicable> | <p>As we have already committed to become net-zero by 2050, we have used IEA NZE2050 scenario to evaluate our climate-related transition risks. This scenario assumes that advanced economies will reach net zero in advance of 2050 and sets out an emissions trajectory consistent with a 50% chance of limiting the global temperature rise to 1.5°C without a temperature overshoot. This is a qualitative scenario.</p> <p>The pathway described in this scenario is designed to maximize technical feasibility, cost-effectiveness and social acceptance while ensuring continued economic growth and secure energy supplies.</p> <p>As we identify our risks and opportunities in short-medium and long-term time horizons, we apply the same time horizons when assessing the climate-related scenarios.</p> <p>All of our operations are included in the scenario analysis. Kordsa operates in 6 countries, all of which have ratified the Paris Agreement.</p> <p>On another level, although we don't have any tire-reinforcement production facilities in Europe and Japan, we have very important customers in those regions, and therefore the transitional policies of these regions are also monitored and included in our climate-related qualitative scenario analysis.</p> |
| Physical climate scenarios | Company-wide | <Not Applicable> | <p>To better understand the worst-case scenarios and physical impacts of climate-change on our operations, we have started using IPCC RCP 8.5 scenario. This scenario contains a combination of negative factors, like high population growth or high economic growth, emissions increase until the end of the century, etc. This scenario is a quantitative scenario.</p> <p>As we identify our risks and opportunities in short-medium and long-term time horizons, we apply the same time horizons when assessing the climate-related scenarios.</p> <p>All of our operations are included in the scenario analysis. Kordsa operates in 6 countries, all of which have ratified the Paris Agreement.</p> <p>On another level, although we don't have any tire-reinforcement production facilities in Europe and Japan, we have very important customers in those regions, and therefore the acute and chronic physical impacts of climate-change are also included in our climate-related scenario analysis for those regions.</p> <p>WRI Aqueduct pessimistic scenario uses this scenario together with SSP3, also it is the only worst-case scenario we were able to reach which was also studied by Turkish Meteorological institution.</p> <p>As water is a vital source for our operations, for our global operations including our supply chain, we focused on water using WRI Aqueduct and analyzed the water stress for the future pessimistic scenarios.</p> <p>We also used Turkish Meteorological Institution's Study titled "Climate Change Projections for Turkey: Three Models and Two Scenarios"</p> |

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

1. What type of transitional impacts can we expect in the long-term (>5 years)
2. What possible water-related impacts we may face in the future (2040)

Results of the climate-related scenario analysis with respect to the focal questions

According to NZE 2050, in order to reach the goals of the Paris agreement there has to be a major shift in the transportation industry. Electric car sales would need to be 18 times more in 2030 than it was in 2020, and by 2050 cars on the road worldwide run on electricity or fuel cells. A shift from aviation to high-speed rail is expected in transport industry. Kordsa's main clients are tire producers and these kinds of shifts in the transportation industry, may present an opportunity or become a risk, depending on how early we position ourselves in the industry. As a result, it is expected that the demand for sustainable products will increase in the not-so distant future.

The results of this scenario analysis have informed the following actions and decisions:

As Kordsa for a long time we have focused on sustainable product development activities in our R&D centers. In 2022 60% of our total R&D budget was allocated to sustainable product development projects. In 2022 our sustainable product revenue increased 5% according to 2021 levels.

2. According to WRI Aqueduct water stress country ratings data set, 2040 pessimistic scenario:

Türkiye ranks 27th on the industrial water stress (Extremely high>80%)

Italy ranks 38th with High industrial water stress (40-80%)

Indonesia ranks 51st with High industrial water stress (40-80%)

United States ranks 53rd with Medium to High (20-40%)

Thailand ranks 77th with Low-Medium water stress (10-20%)

Brazil ranks 108th with Low water stress (<10%)

The results of this analysis have informed the following action:

To be proactive for the future water related impacts that we may face, our ELT decided to start 100% wastewater recycling project in our Indonesia facility. With this project the waste water in our Indonesia facility will be recycled and the plant will have near-zero discharge.

With this project as we will be recycling the water we use; our withdrawal amounts will also decrease.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

| | Have climate-related risks and opportunities influenced your strategy in this area? | Description of influence |
|---------------------------------|---|---|
| Products and services | Yes | <p>As the awareness is raising and the impacts of climate change- are becoming more visual, there is a shift in customer preferences towards more sustainable/ low-carbon products.</p> <p>As a strategic decision influenced by climate-related risks & opportunities, we are constantly working on R&D projects to advance our existing product portfolio and to create new products including recycled or bio-based materials. Our R&D centers each year starts new projects in line with costumers' expectations.</p> <p>These R&D activities mainly focus on; reducing the weight of the final product (which in turn reduces the fuel consumption), usage of recycled or bio-based raw materials and reducing product level carbon footprint. As the GHG emission regulations are becoming stricter throughout the world, these new products will be more attractive for the costumers.</p> <p>Time horizons covered: Short-medium and long term</p> <p>CASE STUDY: Climate-related expectations of our customers has influenced our strategy and encouraged us develop more innovative and sustainable products, which reduce product level carbon footprint</p> <p>Some of these products are; Nylon Yarn and Tire Cord Fabric with 40% nylon recycled content: We produce "rNY66 flake" with the recycled raw material obtained by recycling the by-product during Kordsa's yarn production processes. Yarn and cord fabric were made using 40% recycled raw materials and received customer approval in tire tests. We have tested this new product with recycled content, and the test results are very promising. LCA study shows that compared to using 100% virgin raw materials, the 40 % recycled content provides 33% less carbon footprint. In the future, we also plan to evaluate recycled NY66 from post-consumer sources.</p> <p>Biobased Honeycomb: The use of phenolic honeycomb structures in aviation applications is quite common. However, phenolic resin is quite harmful to both the environment and human health. In addition to the release of formaldehyde gas, which is very toxic during production, it also requires the use of solvents.</p> <p>As Kordsa we developed , a sustainable, safe honeycomb that does not harm the environment and human health by using furan resin obtained from sugar cane wastes.</p> |
| Supply chain and/or value chain | Yes | <p>Description of influence: Our whole value chain is always included in our climate-related risk analysis and the results of the risk analysis are always reflected to our short-medium and long-term strategies. We are aware that if we don't maintain a sustainable supply chain, we may be faced with risk to our business continuity and a risk to achieve our scope 3 emission reduction targets. That's why we started supply chain sustainability assessment program in 2020.</p> <p>Time horizons covered: Short-medium and long term A case-study of most important strategic decisions (medium & long-term): In order to effectively manage supply chain related risks, we have developed a Sustainability Supply Chain Assessment Program. Our supply chain department prepared a Kralij Matrix through which, we request sustainability assessments from the suppliers with purchasing volume over 500,000 USD and have substantive impacts on our scope 3 targets. In 2022, we conducted sustainability assessments for 63 of our suppliers using different tools.</p> <p>We use various tools for supplier sustainability monitoring such as Ecovadis score, Kordsa annual supplier survey results and sustainability audits. The magnitude of this strategic impact is considered to be high as sustainable supply chain is a critical element of our business success. Also in 2021 we started an engagement campaign with our suppliers about GHG emission management. We periodically meet with our suppliers which have a high impact on our Scope 3 Cat: 1 Purchased Goods and Services category emissions.</p> |
| Investment in R&D | Yes | <p>Kordsa considers R&D investments driven by climate-related impacts as an opportunity to create new markets and extend the presence on the existing market. In order to capitalize on this opportunity, Kordsa dedicates an annual budget to R&D activities. In 2022 our total R&D budget's 60% was allocated to sustainable product development projects.</p> <p>Time horizons covered: Short-medium and long term A case-study of most important strategic decisions (short-term): In the reporting period, Kordsa invested around 7.8 million USD in R&D activities to develop low carbon products with lower environmental impact. The magnitude of impact that this area has on our business is considered to be medium.</p> |
| Operations | Yes | <p>Kordsa aims to reduce Scope 1&2 emissions 46.2% by 2030 compared to 2019 base year in line with our approved science-based targets.</p> <p>These targets are the basis of climate transition roadmap that identify actionable levers, costs and timeframe.</p> <p>The most substantial strategic decisions that were influenced by climate-related risks in our operations was to increase renewable energy installed capacity. We have also made agreements for on-site solar panel production in Indonesia and Thailand facilities. In 2022 Kordsa's renewable electricity usage percentage was 31% , Kordsa aims to increase this ratio.</p> <p>Kordsa performs various energy efficiency and water efficiency projects.</p> |

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

| | Financial planning elements that have been influenced | Description of influence |
|-------|---|---|
| Row 1 | Revenues Direct costs Indirect costs Capital expenditures Capital allocation Assets Liabilities | <p>Revenues:</p> <p>The demand for low carbon products in the mobility market can influence revenues. In terms of opportunities, however, there are many new and innovative products that we are working on developing, which will in turn give us access to new markets and increase our revenues.</p> <p>Time horizon covered: Short-Medium and Long-term</p> <p>A case study of how climate-related opportunities have influenced our financial planning (short-term):</p> <p>Our R&D team are constantly working on development of new innovative and environmentally friendly products to achieve low-carbon performance both during production and end-usage phases.</p> <p>According to a recent report, the electric vehicle market is expected to grow with a compound annual growth rate of 29% from 2021 to 2026. This presents Kordsa with a new opportunity for our composites business. Lightweight composites are a key element for the development of electric vehicles and sustainable transport solutions.</p> <p>Our carbon fiber fabrics can be used in battery enclosures of EVs, making the EV batteries lighter and more durable.</p> <p>This opportunity has also impacted our medium- and long-term financial planning as we are constantly investing on R&D to improve our low-carbon product portfolio.</p> <p>Direct Costs:</p> <p>Our direct costs planning takes the climate-related risks into account as we are already experiencing price increase on especially fossil fuel derived raw materials. As there is a consistent and increasing trend to divest from fossil fuel intensive sectors, we expect the prices of raw materials to become higher.</p> <p>The risks of acute and chronic physical impacts of climate change are also factored in our financial planning, as it may impact our supply chain operations.</p> <p>Time horizon covered: Medium to long-term</p> <p>Indirect costs:</p> <p>Our indirect cost planning process takes the climate-related risks into account as we are already experiencing energy price increase due to climate-change related taxes and trading obligations. As there is a consistent and increasing trend to divest from fossil fuel intensive sectors, we expect the prices will become higher.</p> <p>Indirect costs are related to the implementation energy efficiency projects and purchasing of renewable energy and IRECs</p> <p>To be able to realize our climate transition plan and reach our targets we'll need to increase our renewable electricity purchase ratio.</p> <p>The risk of not realizing the climate transition plan has been influenced our indirect cost planning.</p> <p>Time horizon covered: Medium to long-term</p> <p>A case study of how climate-related risks and opportunities have influenced our financial planning (medium-term):</p> <p>In one of the countries, we operate in (Türkiye), we are currently monitoring and reporting our CO2 emissions to the national authorities (the Ministry of environment and Urbanization).</p> <p>Turkey is also in the process of assessing the right mechanism to price CO2 emissions, and simulations on an Emission Trading System similar to EU-ETS are currently being performed under World Bank funded Partnership for Market Readiness Program. As we are already included in Turkish MRV, implementation of an ETS will have a considerable impact on our Turkish operations in the mid-term. This impact is foreseen to be around 25 million USD until 2030.</p> <p>Capital expenditures</p> <p>As both the water and energy prices are affected from climate- related root causes, the potential/forecasted increase in our OPEX intensifies our CAPEX to maintain the costs at a feasible level.</p> <p>Time horizon covered: Short-medium and long-term.</p> <p>A case study of how climate-related risks and opportunities have influenced our financial planning (short-term):</p> <p>Our CEO has approved an investment on Solar PV panels in our Indonesia facility. This investment decision is influenced by climate-related risks and included in our short-term capex planning. The investment decision was finalized in 2021, and the investment will be operational in 2022.</p> <p>To realize our climate transition plan, we plan to invest in heat pumps, electrification of current processes and transportation vehicles.</p> <p>Capital Allocation:</p> <p>Capital allocation has also been influenced by climate related risks and opportunities. As a result of our risk assessment, we have a dedicated R&D and energy efficiency budget.</p> <p>Time horizons covered: Short and Mid-term</p> <p>A case study of how climate-related risks and opportunities have influenced our financial planning (short-term): We have allocated a fair amount of capital on various energy efficiency In the reporting year, Indonesia and Thailand plants implemented energy efficiency projects for dipping process to reduce natural gas consumption Indonesia and Thailand has spent around 75,000 USD for the implementation of those projects which resulted in major energy efficiency.</p> <p>Assets:</p> <p>Especially climate related physical risks have already impacted some of our facilities, namely Thailand and Turkey production facilities. As a result of a flooding event took place in both locations, we have experienced damage to our facilities, causing temporary disruption to production increasing capital expenditure as well as operating costs. We consider the impact so far to be low-medium, with a likelihood of an increase over the medium to long-term.</p> <p>Also, acute and chronic physical effects of climate change may result in damaging our assets which influenced our long-term financial planning.</p> <p>Time horizons covered: Medium to long-term</p> <p>Liabilities:</p> <p>Lenders as well as insurers consider ESG risks and opportunities while determining our liabilities. Due to its location (by a river flood plain) our Izmit production facility has experienced insurance cost increase in the recent years. We consider the magnitude of impact to be low. Moreover, as a mandatory reporter to the Turkish Ministry of environment and Urbanization's Regulation on Monitoring GHG Emissions, we may potentially have a future liability if the Country is to introduce a GHG emissions pricing mechanism. Although our GHG emissions intensity is not as high as most of the other mandatory reporters under the same Regulation, this will still be an addition of another low magnitude impact in the future.</p> <p>Time horizons covered: Medium to long-term</p> |

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

| | Identification of spending/revenue that is aligned with your organization's climate transition | Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy |
|-------|--|---|
| Row 1 | Yes, we identify alignment with our climate transition plan | <Not Applicable> |

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.

Financial Metric

OPEX

Type of alignment being reported for this financial metric

Alignment with our climate transition plan

Taxonomy under which information is being reported

<Not Applicable>

Objective under which alignment is being reported

<Not Applicable>

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

496008

Percentage share of selected financial metric aligned in the reporting year (%)

0.6

Percentage share of selected financial metric planned to align in 2025 (%)

1.5

Percentage share of selected financial metric planned to align in 2030 (%)

10

Describe the methodology used to identify spending/revenue that is aligned

Purchasing IRECs is a planned action to realize Kordsa's climate transition plan, in line with 2025 and 2030 emission reduction target Kordsa allocates budget for IREC procurement and energy efficiency projects.

Kordsa also works with consultancy companies for emission reduction projects and calculations. For this consultancy also Kordsa allocates budget.

In Turkey, also an ETS system will be established. Kordsa also allocate budget for costs related to for future CO2 allowances.

Financial Metric

CAPEX

Type of alignment being reported for this financial metric

Alignment with our climate transition plan

Taxonomy under which information is being reported

<Not Applicable>

Objective under which alignment is being reported

<Not Applicable>

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

655433

Percentage share of selected financial metric aligned in the reporting year (%)

0.6

Percentage share of selected financial metric planned to align in 2025 (%)

1.7

Percentage share of selected financial metric planned to align in 2030 (%)

2

Describe the methodology used to identify spending/revenue that is aligned

In line with Kordsa's climate transition plan, planned actions for emission reduction for each facility included in Kordsa's strategic plans. Budget allocation for CAPEX projects are also defined.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

Yes, and this target has been approved by the Science Based Targets initiative

Target ambition

1.5°C aligned

Year target was set

2021

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

<Not Applicable>

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO2e)

129008.83

Base year Scope 2 emissions covered by target (metric tons CO2e)

281374.79

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year total Scope 3 emissions covered by target (metric tons CO2e)

<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

410383.62

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

<Not Applicable>

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

<Not Applicable>

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

46.2

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

220786.38756

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

136010.44

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

221392.73

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)
<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)
357403.17

Does this target cover any land-related emissions?
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]
27.9436832058011

Target status in reporting year
Underway

Please explain target coverage and identify any exclusions
This target is a developed after we have committed to SBTi. This target was developed using SBTi Tool and we commit to a reduction of 46.2% from a 2019 base year until 2030.
This target includes 100% of our Scope 1 and Scope 2 GHG emissions and there is no exclusion.
This target was previously reported as Abs 3 in our 2022 CDP Report, however, as our targets Abs1 and Abs2 were replaced with this target, it is now reported as Abs1.

Plan for achieving target, and progress made to the end of the reporting year
We have ongoing renewable energy investments in our facilities in Thailand and Indonesia. We have a dedicated budget for purchasing renewable energy attribute certificates.
Our low-carbon transition plan relies mainly on renewable energy investments and PPA's with bundled energy attribute certificates. We are investigating renewable energy purchase options in the countries where we operate in.

List the emissions reduction initiatives which contributed most to achieving this target
<Not Applicable>

Target reference number
Abs 2

Is this a science-based target?
Yes, and this target has been approved by the Science Based Targets initiative

Target ambition
Well-below 2°C aligned

Year target was set
2021

Target coverage
Company-wide

Scope(s)

Scope 3

Scope 2 accounting method

<Not Applicable>

Scope 3 category(ies)

Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Category 10: Processing of sold products

Base year

2021

Base year Scope 1 emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 2 emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

137974.34

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

360565.43

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year total Scope 3 emissions covered by target (metric tons CO2e)

498539.77

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

498539.77

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

<Not Applicable>

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

<Not Applicable>

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1:

Purchased goods and services (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

100

| | |
|---|------------------|
| Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e) | |
| <Not Applicable> | |
| Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e) | |
| <Not Applicable> | |
| Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e) | |
| <Not Applicable> | |
| Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e) | |
| <Not Applicable> | |
| Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e) | |
| <Not Applicable> | |
| Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e) | |
| <Not Applicable> | |
| Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e) | 100 |
| Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e) | <Not Applicable> |
| Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories) | 23.85 |
| Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes | 100 |
| Target year | 2030 |
| Targeted reduction from base year (%) | 25 |
| Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated] | 373904.8275 |
| Scope 1 emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 2 emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e) | 109787.19 |
| Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e) | |

<Not Applicable>

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

282502.73

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

392289.92

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

392289.92

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

85.2488458443346

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

This target covers all GHG emissions from fuel and energy related activities and processing of sold products. This target is included in our SBTi submission and it is approved by SBTi.

We also have a supplier engagement target for our Category 1 emissions from purchased goods and services. Both targets together cover 68.54% of our Scope 3 GHG emissions.

In our previous CDP report this target was labeled Abs 4, from this year onwards it will be labeled as Abs2.

Plan for achieving target, and progress made to the end of the reporting year

Category 3 emissions will be automatically reduced when we reduce our Scope 1 and Scope 2 GHG emissions.

Our clients are tire companies who are constantly working on reducing their GHG emissions, their efforts will also help reduce our GHG emissions.

We are also working on a roadmap to further reduce these GHG emissions.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

Target reference number

Abs 3

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

<Not Applicable>

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO2e)

129008.83

Base year Scope 2 emissions covered by target (metric tons CO2e)

281374.79

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

<Not Applicable>

Base year total Scope 3 emissions covered by target (metric tons CO2e)

<Not Applicable>

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

410383.62

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

<Not Applicable>

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

<Not Applicable>

| | |
|---|------------------|
| Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e) | <Not Applicable> |
| Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e) | <Not Applicable> |
| Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories) | <Not Applicable> |
| Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes | 100 |
| Target year | 2050 |
| Targeted reduction from base year (%) | 100 |
| Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated] | 0 |
| Scope 1 emissions in reporting year covered by target (metric tons CO2e) | 136010.44 |
| Scope 2 emissions in reporting year covered by target (metric tons CO2e) | 221392.73 |
| Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |
| Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e) | <Not Applicable> |

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

<Not Applicable>

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

357403.17

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

12.9099816410801

Target status in reporting year

New

Please explain target coverage and identify any exclusions

This is our new long-term target in line with the SBTi net-zero criteria. We will submit this target for validation in the last quarter of 2023.

This target includes 100% of our Scope 1 and Scope 2 GHG emissions and there is no exclusion.

Plan for achieving target, and progress made to the end of the reporting year

We have ongoing renewable energy investments in our facilities in Thailand and Indonesia. We have a dedicated budget for purchasing renewable energy attribute certificates.

Our low-carbon transition plan relies mainly on renewable energy investments and PPA's with bundled energy attribute certificates. We are investigating renewable energy purchase options in the countries where we operate in.

To reduce our Scope 1 emissions, we are currently investigating alternative technologies.

List the emissions reduction initiatives which contributed most to achieving this target

<Not Applicable>

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2019

Target coverage

Site/facility

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2019

Consumption or production of selected energy carrier in base year (MWh)

0

% share of low-carbon or renewable energy in base year

0

Target year

2030

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

31.18

% of target achieved relative to base year [auto-calculated]

31.18

Target status in reporting year

Underway

Is this target part of an emissions target?

Yes, it is part of our Abs 1, Abs 2 and Abs 3 emission reduction targets.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain target coverage and identify any exclusions

This target covers our İzmit, Türkiye, Thailand and Indonesia facilities. The target covers both self-generated and purchased renewable energy.

Plan for achieving target, and progress made to the end of the reporting year

We have started purchasing renewable energy for our operations in İzmit, Türkiye in 2021. We have also invested in a rooftop solar panel in Türkiye. Starting from 2022 we are purchasing renewable energy in the form of bundled iRECs from our energy supplier with a PPA.

Our facility in Indonesia has also started purchasing renewable energy.

In our Thailand plant we are also investing in renewable energy.

List the actions which contributed most to achieving this target

<Not Applicable>

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2022

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

| | |
|---------------------------|--|
| Engagement with suppliers | Percentage of suppliers (by emissions) with a science-based target |
|---------------------------|--|

Target denominator (intensity targets only)
<Not Applicable>

Base year
2021

Figure or percentage in base year
0

Target year
2027

Figure or percentage in target year
64

Figure or percentage in reporting year
0

% of target achieved relative to base year [auto-calculated]
0

Target status in reporting year
New

Is this target part of an emissions target?
No, this target is not part of an emissions target reported under C4.1a.

Is this target part of an overarching initiative?
Science Based Targets initiative - approved supplier engagement target

Please explain target coverage and identify any exclusions
This target covers all of our operations; however, it only includes Scope 3 Category 1 GHG emissions from purchased goods and services. We commit that 64% of our supplier's emissions covering Scope 3 Category 1 Purchased Goods and Services will have science-based targets that meet the latest SBTi criteria by 2027.

Plan for achieving target, and progress made to the end of the reporting year
For the reporting year, Scope 3 Category 1 GHG emissions from purchased goods and services make up 76.29% of our total Scope 3 GHG emissions. Within this category, 2 raw materials have the highest emissions, contributing to 49.44% of our total Scope 3 GHG emissions.

The number of these raw material suppliers is a small figure among the total raw material suppliers. We have already started engaging with the suppliers of these 2 raw materials, and our plan is to work with them and support them in their SBTi journey.

As a part of our engagement plan, we are going to organize trainings to exchange know-how and we have a sustainability department that is ready to guide them whenever they need assistance. We are also planning to include other suppliers in these engagement activities, so that we will have more positive impact towards a low-carbon future.

List the actions which contributed most to achieving this target
<Not Applicable>

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Abs3

Target year for achieving net zero

2050

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Please explain target coverage and identify any exclusions

This target covers all of our operations.

In 2020, our BoD together with our CEO and ELT, have approved the commitment to a net-zero target. We have a target of reaching net-zero emissions by 2050.

In 2022, we have prepared a low-carbon transition plan to help us on our road to Net-Zero, and we are committed to seek validation of this target through Science Based Targets Initiative in the 4th quarter of 2023.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

No

Planned milestones and/or near-term investments for neutralization at target year

<Not Applicable>

Planned actions to mitigate emissions beyond your value chain (optional)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

| | Number of initiatives | Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *) |
|---------------------------|-----------------------|--|
| Under investigation | 0 | 0 |
| To be implemented* | 0 | 0 |
| Implementation commenced* | 13 | 3941.4 |
| Implemented* | 19 | 117855.27 |
| Not to be implemented | 1 | 0 |

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

119.67

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Scope 2 (market-based)

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

5399

Investment required (unit currency – as specified in C0.4)

12236

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

A total of 3 emissions reduction initiatives were implemented in Indonesia, İzmit-Türkiye and US (Chattanooga plant) as part of the initiative category chosen, achieving annual electricity savings equal to 190.4 MWh. The payback period and estimated lifetime are given as average figures. Estimated annual savings figure include Scope 2 and Scope 3 Category 3 savings.

Initiative category & Initiative type

| | |
|---|----------------------|
| Energy efficiency in production processes | Process optimization |
|---|----------------------|

Estimated annual CO2e savings (metric tonnes CO2e)

4372.91

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

396176

Investment required (unit currency – as specified in C0.4)

491173

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

A total of 9 emissions reduction initiatives were implemented in our plants in İzmit-Türkiye, Indonesia, and Thailand as part of the initiative category chosen, achieving annual electricity savings equal to 810 MWh and annual natural gas savings equal to 11,184,225 kWh. The payback period and estimated lifetime are given as average figures. Estimated annual savings figure include Scope 1, Scope 2 and Scope 3 Category 3 savings.

Initiative category & Initiative type

| | |
|---|-------------------------------|
| Energy efficiency in production processes | Machine/equipment replacement |
|---|-------------------------------|

Estimated annual CO2e savings (metric tonnes CO2e)

502.59

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)

Scope 2 (market-based)

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

89000

Investment required (unit currency – as specified in C0.4)

176000

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

1 emission reduction initiative was implemented in our İzmit-Türkiye plant as part of the initiative category chosen, achieving annual electricity savings equal to 821 MWh. Estimated annual savings figure include Scope 1, Scope 2 and Scope 3 Category 3 savings.

Initiative category & Initiative type

| | |
|--|-----------------|
| Waste reduction and material circularity | Waste reduction |
|--|-----------------|

Estimated annual CO2e savings (metric tonnes CO2e)

8.63

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 3 category 5: Waste generated in operations

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

3000

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

A total of 3 emissions reduction initiatives were implemented in our plants in Izmit-Türkiye, Indonesia, and Thailand as part of the initiative category chosen, achieving annual waste reduction equal to 405 tons. Payback period is selected as no payback as this initiative does not cause any monetary savings.

Initiative category & Initiative type

| | |
|-------------------------------|------------|
| Low-carbon energy consumption | Geothermal |
|-------------------------------|------------|

Estimated annual CO2e savings (metric tonnes CO2e)

110574.32

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

80405

Payback period

No payback

Estimated lifetime of the initiative

<1 year

Comment

In our Izmit, Türkiye plant we have purchased 193,890 MWh of bundled I-REC's certificates from our electricity supplier. Reducing our Market based Scope 2 and Scope 3 Category 3 GHG emissions. This is a part of our goal on increasing our renewable energy consumption. Payback period is selected as no-payback as this investment does not cause any monetary savings.

Initiative category & Initiative type

| | |
|-------------------------------|----------|
| Low-carbon energy consumption | Solar PV |
|-------------------------------|----------|

Estimated annual CO2e savings (metric tonnes CO2e)

2277.15

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

16809

Investment required (unit currency – as specified in C0.4)

61633

Payback period

4-10 years

Estimated lifetime of the initiative

<1 year

Comment

In our Indonesia plant, a Solar PV electricity generation system was installed. This investment is made in collaboration with our electricity supplier and we purchase all the renewable electricity generated by this Solar PV plant directly from our supplier through a PPA. This project is expected to generate 6645 MWh electricity per annum, however as this is accounted as a PPA consumption, only the realized renewable energy savings are taken into account. Via this project we have saved from both Market-based and location-based Scope2 GHG emissions and Scope3 Category 3 GHG emissions.

The renewable electricity purchased from the solar PV plant on our premises is cheaper than the electricity we purchase from the national grid. This is why we have reported an annual monetary saving value. We have reported a payback period, however this is a regular operational expense for us rather than a project that we expect

returns from.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

| Method | Comment |
|---|---|
| Dedicated budget for energy efficiency | Kordsa makes detailed annual budgets including a dedicated budget for continuous implementation of energy efficiency projects. Each Site's Energy Manager presents the feasible potential efficiency projects to the Regional Chief Operating Officer who has the authority to approve project budgets up to 5% of the annual revenue. If the project budget exceeds 5% of the revenue, the project proposal is submitted to the CEO and ELT for approval. In 2022, we have dedicated a total budget of around 840,000 USD for climate and water-related reduction initiatives. |
| Dedicated budget for low-carbon product R&D | Kordsa prioritizes R&D investment as a natural consequence of its "we reinforce life" approach. Accordingly, a dedicated budget for the R&D of low-carbon and eco-friendly products is approved on an annual basis. In the reporting period, Kordsa dedicated 2% of its revenue to R&D projects. In 2022, the share of sustainability-oriented R&D projects in our entire R&D budget is 60%. |

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

The EU Taxonomy for environmentally sustainable economic activities

Type of product(s) or service(s)

| | |
|---------------------------------------|---|
| Buildings construction and renovation | Other, please specify (Kratos Synthetic Fiber Concrete) |
|---------------------------------------|---|

Description of product(s) or service(s)

KraTos Macro PP is a high-performance polymer-based monofilament synthetic fiber reinforcement that can be utilized in concrete by directly replacing steel mesh or steel wire applications in infrastructure projects requiring high structural strength in concrete.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

Other, please specify (Environmental Product Declaration In accordance with ISO 14025 and EN 15804:2012+A2:2019)

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Cradle-to-gate

Functional unit used

1 kg of KraTos Synthetic Fibre Concrete Reinforcement

Reference product/service or baseline scenario used

According to the product life cycle evaluation made within the framework of ISO 14040/44 standards, the carbon footprint of 1 kg of KraTos Synthetic Fiber Concrete Reinforcement is equivalent to 2.92 kg of CO₂ eq. Considering the amount of KraTos used to prepare 1 m³ of concrete, the following conclusion is reached.
Compared to its equivalent steel reinforcement products, the use of Kratos Synthetic Fiber Concrete Reinforcement reduces the carbon footprint of concrete by approximately 40-70%.

Life cycle stage(s) covered for the reference product/service or baseline scenario

Cradle-to-gate

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

0.00205

Explain your calculation of avoided emissions, including any assumptions

The carbon footprint of 1 m² slab with steel mesh reinforcement is 2.92 kg CO₂e which is equal to 0.00292 tCO₂e/functional unit,
The carbon footprint of 1 m² slab with Kratos Synthetic Fiber Concrete reinforcement is 0.87 kg CO₂eq, which is equal to 0.00087 tCO₂e/functional unit.
Therefore, the avoided emissions are equal to:
0.00292-0.00087=0.00205 tCO₂e/functional unit

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

1

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

The EU Taxonomy for environmentally sustainable economic activities

Type of product(s) or service(s)

| | |
|-------|--|
| Other | Other, please specify (Ceramix Matrix Composite) |
|-------|--|

Description of product(s) or service(s)

Lightweight composites are a key element for the development of electric vehicles and sustainable transport solutions. Kordsa's Ceramix Matrix Composite products carbon fiber fabrics are being used in the manufacture of fuel cells that can generate combustion-free, emission-free and carbon-free electricity from hydrogen. Also it is used instead of metal parts in aircraft engines.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

<Not Applicable>

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

<Not Applicable>

Functional unit used

<Not Applicable>

Reference product/service or baseline scenario used

<Not Applicable>

Life cycle stage(s) covered for the reference product/service or baseline scenario

<Not Applicable>

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

<Not Applicable>

Explain your calculation of avoided emissions, including any assumptions

<Not Applicable>

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

1.09

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

The EU Taxonomy for environmentally sustainable economic activities

Type of product(s) or service(s)

| | |
|-------|---|
| Other | Other, please specify (Twixtra (Cord Fabric)) |
|-------|---|

Description of product(s) or service(s)

Virtually the lightest hybrid cord product in the world and achieved expected sales volumes, allowing the tire to be produced with fewer raw materials eventually reducing the tire weight and lighter weight tires allow for reduced fuel consumption.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

<Not Applicable>

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

<Not Applicable>

Functional unit used

<Not Applicable>

Reference product/service or baseline scenario used

<Not Applicable>

Life cycle stage(s) covered for the reference product/service or baseline scenario

<Not Applicable>

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

<Not Applicable>

Explain your calculation of avoided emissions, including any assumptions

<Not Applicable>

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

0.94

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

The EU Taxonomy for environmentally sustainable economic activities

Type of product(s) or service(s)

| | |
|-------|--|
| Other | Other, please specify (Nylon Tire Cord Fabric with %40 Recycled NylonPA66 Flake Content) |
|-------|--|

Description of product(s) or service(s)

We transform our production scraps through our recycle machine into chips and reuse them in the production as recycled input. Production of cord fabric with recycled material, reducing the carbon footprint of the product

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

Other, please specify (Life Cycle Assessment)

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Cradle-to-gate

Functional unit used

1 kg of Recycled PA Flake material

Reference product/service or baseline scenario used

Reference product is 100% Virgin raw material product

Life cycle stage(s) covered for the reference product/service or baseline scenario

Cradle-to-gate

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

0.00367

Explain your calculation of avoided emissions, including any assumptions

According LCA results, %100 virgin raw material product GWP of Raw Material Stage is 9.46 kgCO2e/functional unit = 0.00946 tCO2e/functional unit, our 0% recycled content product's GWP of Raw Material Stage is 5.79kgCO2e/ functional unit = 0.00579 tCO2e/functional unit. Therefore, the avoided emissions are equal to: 0.00946-0.00579=0.00367 tCO2e/functional unit

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

0

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?**Row 1****Has there been a structural change?**

Yes, an acquisition

Name of organization(s) acquired, divested from, or merged with

Microtex Composites, S.r.l.

Details of structural change(s), including completion dates

We have acquired 60% of shares of Microtex Composites S.r.l. gaining operational control on the company.

Date of acquisition: 05 August 2022.

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

| | Change(s) in methodology, boundary, and/or reporting year definition? | Details of methodology, boundary, and/or reporting year definition change(s) |
|-------|---|--|
| Row 1 | No, but we have discovered significant errors in our previous response(s) | <Not Applicable> |

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

| | Base year recalculation | Scope(s) recalculated | Base year emissions recalculation policy, including significance threshold | Past years' recalculation |
|-------|-------------------------|--|--|---------------------------|
| Row 1 | Yes | Scope 1 Scope 2, location-based Scope 2, market-based Scope 3 | In case of any significant changes in boundary or methodology that may impact our Scope 1+Scope 2 GHG emissions more than 5% (i.e. change in calculation methods, etc.) we have a policy that involves recalculation of the baseline, in order to keep better track of our targets. However especially in case of acquisitions if we are able to reach reliable data, and in case of divestments to reflect our progress against our targets in a more transparent way, we have a policy to recalculate the base year emissions regardless of the 5% threshold. | Yes |

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

129008.83

Comment

In the previous years we have reported 2018 as our base year. However in order to be in line with our SBTi approved Scope 1 & Scope 2 GHG emissions reduction targets we have revised our base-year as 2019.

In 2022 we have acquired Microtex in Italy, and we have also included the GHG emissions of Microtex in our base-year calculations.

Scope 2 (location-based)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

288773.75

Comment

In the previous years we have reported 2018 as our base year. However in order to be in line with our SBTi approved Scope 1 & Scope 2 GHG emissions reduction targets we have revised our base-year as 2019.

In 2022 we have acquired Microtex in Italy, and we have also included the GHG emissions of Microtex in our base-year calculations.

Scope 2 (market-based)

Base year start

January 1 2019

Base year end

December 31 2019

Base year emissions (metric tons CO2e)

281374.79

Comment

In the previous years we have reported 2018 as our base year. However in order to be in line with our SBTi approved Scope 1 & Scope 2 GHG emissions reduction targets we have revised our base-year as 2019.

We were also able to reach market-based GHG emission factors for some of our facilities in US, therefore we have revised the market-based Scope 2 emission calculations for our base-year.

In 2022 we have acquired Microtex in Italy, and we have also included the GHG emissions of Microtex in our base-year calculations.

Scope 3 category 1: Purchased goods and services

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

1459457.87

Comment

In 2021 we have extended the scope of our Scope 3 Category 1 "Purchased goods and services" to include raw materials used by our composite sites. There is no change in base-year emissions for Scope 3 Category 1.

Scope 3 category 2: Capital goods

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

Capital goods purchases for the base year was below our materiality threshold. According to our materiality assessment, if a Capex purchase is over 1% of our total capital and operational expenses. In the base year the highest capital expense made up 0.18% of our total Capex and opex.

Therefore, there were no significant capital expenses. We have also made an assessment with Quantis Scope 3 evaluator tool and these emissions are estimated as 18,242 tons which makes 0.87% of our total scope 3 GHG emissions.

This category was assessed to be not relevant and excluded from the base-year calculations.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

137974.34

Comment

Scope 3 Category 3 GHG emissions are revised as we have found an error in the previous years calculations.

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

57573.97

Comment

There is no change in base-year data for Scope 3 Category 4. This category includes all the emissions from transportation of purchased goods and also transportation services purchased by Kordsa for transporting our products to our customers.

Scope 3 category 5: Waste generated in operations

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

1527.78

Comment

There is no change in base-year data for Scope 3 Category 5.

Scope 3 category 6: Business travel

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

612.84

Comment

There is no change in base-year data for Scope 3 Category 6.

Scope 3 category 7: Employee commuting

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

4892.52

Comment

There is no change in base-year data for Scope 3 Category 7.

Scope 3 category 8: Upstream leased assets**Base year start**

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

We don't have any upstream leased assets. All GHG emissions for leased assets are reported under Scope 1 and Scope 2 GHG emissions.

Scope 3 category 9: Downstream transportation and distribution**Base year start**

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

8769.21

Comment

There is no change in base-year data for Scope 3 Category 9.

Scope 3 category 10: Processing of sold products**Base year start**

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

360565.43

Comment

There is no change in base-year data for Scope 3 Category 10.

Scope 3 category 11: Use of sold products**Base year start**

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

There is no change in base-year data for Scope 3 Category 11.

Scope 3 category 12: End of life treatment of sold products**Base year start**

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

57432.11

Comment

We have found an error in our calculation sheet while calculating the GHG emissions for Scope 3 Category 12 for our 2022 inventory. This error caused a significant underestimation for these emissions, therefore Scope 3 C12 emissions for the base year is also revised.

Scope 3 category 13: Downstream leased assets**Base year start**

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

1318.36

Comment

There is no change in base-year data for Scope 3 Category 13.

Scope 3 category 14: Franchises

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

Kordsa does not have any franchises.

Scope 3 category 15: Investments

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

Kordsa has not made any investments that should be reported under this category in the base year. All of the subsidiaries of Kordsa are included in our Scope 1 and Scope2 calculations. We do not have any equity shares in any other company.

Scope 3: Other (upstream)

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

We have no other upstream scope 3 GHG emissions.

Scope 3: Other (downstream)

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

0

Comment

We have no other downstream scope 3 GHG emissions.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

US EPA Emissions & Generation Resource Integrated Database (eGRID)

C6. Emissions data

C6.1

(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

| |
|---|
| Reporting year |
| Gross global Scope 1 emissions (metric tons CO2e) |
| 136010.44 |
| Start date |
| January 1 2022 |
| End date |
| December 31 2022 |
| Comment |
| The Scope 1 emissions figure includes emissions from 13 sites in 6 countries. The sources of emissions are stationary combustion of fossil fuels, mobile combustion in vehicles that are controlled by our company and fugitive gases from our cooling equipment and fire extinguishers. Our gross global Scope 1 GHG emissions are equal to our net global Scope 1 GHG emissions as we have no purchases of offsets in the reporting year. |
| Past year 1 |
| Gross global Scope 1 emissions (metric tons CO2e) |
| 133342.32 |
| Start date |
| January 1 2021 |
| End date |
| December 31 2021 |
| Comment |
| We have found an error in the Scope 1 inventory calculations in our site in Brazil. Therefore, the Scope 1 GHG emissions for 2021 has been recalculated. Our gross global Scope 1 GHG emissions are equal to our net global Scope 1 GHG emissions as we have no purchases of offsets in 2021. |

C6.2

(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.

| |
|---|
| Row 1 |
| Scope 2, location-based |
| We are reporting a Scope 2, location-based figure |
| Scope 2, market-based |
| We are reporting a Scope 2, market-based figure |
| Comment |
| We are reporting a location-based Scope 2 emissions figure, resulting from the use of electricity from the grid. |
| We have also purchased renewable energy from our supplier with i-rec certificates, therefore we are also reporting a market-based figure. |

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
309916.26

Scope 2, market-based (if applicable)
221392.73

Start date
January 1 2022

End date
December 31 2022

Comment

We are reporting location-based Scope 2 emissions resulting from electricity purchased and consumed from the grid for 13 plants in 6 countries. For all location-based figures we use national grid emission factors. All the amount of electricity purchased is included in the location-based figure. The amount of electricity for which there are i-Rec purchases is also included and calculated using the grid EF.

As a part of goal on using renewable electricity, we have purchased 193,890 MWh of i-Rec certificates in our İzmit, Türkiye plant, therefore we are also reporting a market-based figure, where the emissions for the i-Rec certified amount is calculated with an emission factor of zero. The market-based emissions also include our Chattanooga and Laurel Hill plants where market-based emissions are calculated using residual emission factors that we have received from our electricity suppliers.

The rest of the market-based figure is calculated using the national grid EFs as we were not able to reach market-based emission factors.

Past year 1

Scope 2, location-based
301459.32

Scope 2, market-based (if applicable)
258144.66

Start date
January 1 2021

End date
December 31 2021

Comment

In 2022 we were able to reach market-based residual emission factors for our plants in Chattanooga and Laurel Hill US. Therefore, we have also revised the calculations for our 2021 Scope 2 Market-Based GHG emissions.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source of excluded emissions

All of our operations, facilities, activities and emissions sources are included in our Scope 1 and Scope 2 GHG emissions calculations.

There are only minor exclusions as follows:

- 1- Scope 3 Category 1-purchased services are excluded
- 2- Scope 3 Category 2-Capital goods are excluded
- 3- Scope 3 Category 10-Processing of Sold composite products are excluded

Scope(s) or Scope 3 category(ies)

Scope 3: Purchased goods and services

Scope 3: Capital goods

Scope 3: Processing of sold products

Relevance of Scope 1 emissions from this source

<Not Applicable>

Relevance of location-based Scope 2 emissions from this source

<Not Applicable>

Relevance of market-based Scope 2 emissions from this source

<Not Applicable>

Relevance of Scope 3 emissions from this source

Emissions are not relevant

Date of completion of acquisition or merger

<Not Applicable>

Estimated percentage of total Scope 1+2 emissions this excluded source represents

<Not Applicable>

Estimated percentage of total Scope 3 emissions this excluded source represents

0.9

Explain why this source is excluded

Emissions are assessed to be not relevant as follows:

1- Scope 3 Category 1: Purchased Services are included in our calculations depending on the service type. If it is a transportation-related service it is included in one of the 3 upstream transportation related categories (C4, C6 or C7).

Other services we purchase are the consultation services in general which have negligible impact on our Scope 3 Category 1 GHG emissions profile therefore they are not included in our calculations. Scope 3 Category 1 GHG emissions from purchased services are estimated as 2,791 tons using Quantis Scope 3 evaluator tool for the reporting year. This makes 0.12% of our total Scope 3 GHG emissions which is way under our materiality and significance thresholds therefore these emissions are excluded. We do a significance check every year and if these emissions become significant, they will be included in our GHG inventory.

2- Scope 3 Category 2 GHG emissions are estimated as 18,250 tons using Quantis Scope 3 evaluator tool. This makes 0.77% of our total Scope 3 GHG emissions which is way under our materiality and significance thresholds (2%) therefore these emissions are excluded. We do a significance check every year and if these emissions become significant, they will be included in our GHG inventory

3- Scope 3 Category 10 Emissions from the processing of sold Composite products are excluded. Composite products make up less than 0.6% of our production by weight. The emissions from the processing of these products are estimated to be around 1,950 tons in the reporting year. This makes 0.08% of our total Scope 3 GHG emissions.

Explain how you estimated the percentage of emissions this excluded source represents

We have estimated the GHG emissions from each source using Quantis Scope 3 evaluator tool for Scope 3 category 1 purchased services (0.12%) and Scope 3 Category 2 Capital Goods (0.77%).

Scope 3 Category 10 emissions from the processing of sold composite products which have diverse applications and may be used in many different industries.

The composite products usually make up an extremely small percentage of the final product, therefore although these products are further processed, their processing emissions cannot be calculated due to complexity of different processing methods.

However, composite products may require further processing which can be energy intensive.

To manufacture parts from carbon, molds are used that correspond to the shape of the final product. The final stage of production is annealing the carbon fiber parts for several hours at a temperature of about 180°C. Once the resin has cured, the parts can then be mechanically processed. This curing process is what makes the process energy intensive.

After your inquiry, to be able to make a rough estimation we made a calculation with the following assumptions:

- All of the composite products are estimated to be carbon fibers which is the product that has the most energy intensive process to turn into the final product
- According to an article in Science Direct, the energy requirement of Autoclave Cure is around 20-22 MJ/kg. To be on the conservative side, the calculations are made using the max energy requirement (22 MJ/kg).
- We assumed all of this energy is coming from natural gas
- We used natural gas emission factors from DEFRA to calculate the emissions.

We have calculated the emissions from sold composite products as 1,950 tons CO₂e, which makes 0.08% of our Scope 3 GHG emissions.

Final percentage is calculated as 0.12%+0.77%+0.08%=0.98%

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1798520.41

Emissions calculation methodology

Average product method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emission Factors:

The emission factors are taken from Ecoinvent 3.6 database and they include cradle to gate GHG emissions.

Activity Data:

The GHG emissions resulting from the production of purchased goods and services are calculated using purchasing data for our raw materials.

Raw materials that make-up more-than 90% of our procurement spend including packaging materials are included in this calculation.

GHG emissions from transportation of these raw materials from our tier 1 suppliers to our facilities are reported under Category 4: Downstream transportation and distribution.

The calculation was conducted according to the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

The raw material consumption data are taken from our purchasing records, this data is cross-checked by the transportation data obtained from each Kordsa facility.

100% of the GHG emissions in this category have been verified by a third party.

Purchased services are excluded from these calculations as they are estimated to be around 0.16% of Scope 3 Category 1 and 0.12% of total Scope 3 GHG emissions.

Details of this exclusion is given under section C6.4a of this report.

Capital goods

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

This category is assessed to be not relevant because there were no significant capital goods purchases during the reporting period. Emissions from the use of capital goods are accounted for in Scope 1.

The calculation was conducted according to the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

According to our materiality threshold, capital expenses that comprise more than 1% of our Capital + Operational Expenses are assessed to be material and further assessment is made using Quantis Scope 3 Evaluator.

In the reporting year the highest capital expense was 0.18% of our total capital + operational expenses so the capital goods purchases were under our materiality threshold.

When we made an assessment with the Quantis Scope 3 evaluator tool the emissions from the capital goods

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

109787.19

Emissions calculation methodology

Supplier-specific method

Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

99

Please explain

Emission Factors:

The GHG emissions resulting from the fuel and energy related activities are calculated using Well to tank emission factors published by DEFRA (Conversion Factors 2022 Full Set for Advanced Users). The fossil fuel consumption figures already compiled for Scope 1 calculations are multiplied with WTT emission factors in order to calculate WTT GHG emissions of the fossil fuels used.

Electricity consumption figures already collected for Scope 2 calculations have been multiplied by WTT UK& Overseas Electricity emission factors published by DEFRA (Conversion Factors 2021 Full Set for Advanced Users these values are not published in 2022 dataset therefore 2021 version is used)

Emissions from line losses are calculated using IEA emission factors.

Activity Data:

Activity data compiled includes the fossil fuel and electricity consumption data that is already compiled for Scope 1 and Scope 2 calculations.

The calculation was conducted according to the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

The electricity and natural gas consumption figures are taken from the invoices of suppliers. GHG emissions resulting from these 2 emission sources make up 99% of the emissions from this category. 100 % of these emissions are verified by a third party.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

93743.1

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emission Factors:

For ground transportation we have multiplied the km data with number of shipments and used emission factors that are published by DEFRA (Conversion Factors 2022 Full Set for Advanced Users) to calculate the GHG emissions.

All the trucks that have an average load over 10 tons are assumed to be 100% laden, and the ones below 10 tones are assumed to be 50% laden.

For rail-air and sea transportation we have used the ton.km data multiplied by number of shipments. We have also used DEFRA EFs for these transportation activities. The emission factors are all taken from DEFRA (Conversion Factors 2022 Full Set for Advanced Users), "Delivery Vehicles" tab.

The WTT emissions for transportation activities are also included in the calculations.

Activity Data:

The GHG emissions resulting from the transportation of the products we have purchased and the transportation services that we have purchased during the reporting year, are reported under this category. We collected the average distance, average load and number of shipment data from all of our sites.

All the transportation services that are purchased by KORDSA are reported under this category as per the GHG protocol Scope 3 standard.

The calculation was conducted according to the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

As this category includes the transportation services purchased in the reporting year and transportation of raw materials from suppliers to Kordsa facilities, we have used data from our own purchasing/sales records.

100% of the GHG emissions in this category have been verified by a third party.

Waste generated in operations

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

1528.78

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emission factors:

The GHG emissions resulting from the waste produced in all Kordsa facilities are calculated using the "Waste Disposal" emission factors published by DEFRA (Conversion Factors 2022 Full Set for Advanced Users).

Activity data:

The total weights of the waste disposed are collected according to the disposal method for each Kordsa facility. This data is then multiplied by corresponding GHG emission factors.

The calculation was conducted according to the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

GHG emissions related to treatment of wastewater in third-party installations is also reported under this category.

100% of the GHG emissions in this category have been verified by a third party.

The GHG emissions from waste generated in operations makes up %0.07 of our total Scope 3 GHG emissions therefore this category is assessed to be not relevant, but included in our calculations to assure the completeness of our GHG inventory

Business travel

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

1828.8

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Emission Factors:

The emission factors for calculation of emissions from business travel are taken from DEFRA's "Conversion Factors 2022 Full Set for Advanced Users" Business Travel-air tab. The EFs with radiative forcing are used for the calculations.

Activity Data:

We obtain flight information from our travel agency. (Departure and destination ports, flight class, number of trips). We then use International Civil Aviation Organisation (ICAO) website to calculate flight distance. This category includes business flight data of Kordsa employees and sometimes the data for their families as well if the flight ticket is paid for by Kordsa. No other means of transport is used for business travel. Some employees use company cars for travel and these figures are reported under Scope 1 emissions.

The calculation was conducted according to the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Flight route and class data are taken from our travel agency.

100% of the GHG emissions in this category have been verified by a third party.

The GHG emissions from business travel makes up %0.08 of our total Scope 3 GHG emissions therefore this category is assessed to be not relevant, but included in our calculations to assure the completeness of our GHG inventory

Employee commuting

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

4892.52

Emissions calculation methodology

Fuel-based method

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

60

Please explain

Emission Factors:

The GHG emission factors for employee commuting are taken from DEFRA (Conversion Factors 2022 Full Set for Advanced Users) both for personnel shuttles and employees' own vehicles.

Activity Data:

We have collected the km and fuel consumption data for personnel shuttles from the service provider companies. We have also prepared a questionnaire to identify the fuel consumption figures of employees commuting with their own vehicles. The data related to the own consumption figures of the employees are extrapolated according to the questionnaire results. In locations where we were not able to collect any data using the questionnaire, we made an estimation of distance of travel, type of vehicle and all vehicles are assumed to be gasoline powered.

All of the activity data required for employee shuttles are taken from the shuttle service providers. As a result, 60% of the emissions are calculated using data obtained from suppliers and employees.

The calculation was conducted according to the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

100% of the GHG emissions in this category have been verified by a third party.

The GHG emissions from employee commuting makes up %0.19 of our total Scope 3 GHG emissions therefore this category is assessed to be not relevant, but included in our calculations to assure the completeness of our GHG inventory.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We don't have any upstream leased assets that needs to be reported under this category. All of the GHG emissions from our leased assets are reported under Scope 1 and Scope 2 GHG emissions as we use operational control approach to compile our activity data.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

12697.47

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Activity data:

The GHG emissions resulting from the transportation of our products are reported under this category. We collected the average distance, average load and number of shipment data from most of our sites for the goods that are delivered to our customers.

Assumptions & Emission Factors:

For ground transportation we have multiplied the km data with number of shipments and used emission factors that are published by DEFRA (Conversion factors 2022 Full Set for Advanced Users) "Freighting goods" tab to calculate the GHG emissions.

All the trucks that have an average load over 10 tons are assumed to be 100% laden, and the ones below 10 tones are assumed to be 50% laden.

For rail-air and sea transportation we have used the ton.km data multiplied by number of shipments. We have also used DEFRA EFs for these transportation activities.

All the transportation services that are purchased by our customers are reported under this category as per the GHG protocol Scope 3 standard.

The calculation was conducted according to the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

WTT emissions for the fuels used in the transportation activities are also included in the calculations.

This category includes the transportation services that are purchased by our customers. 100 % of the GHG emissions in this category are verified by a 3rd party.

Processing of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

282502.73

Emissions calculation methodology

Average data method

Average product method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Activity Data:

We have compiled the production data from all of our plants. Then made research on how much textile is contained in passenger car tires, light trucks, off-road vehicles, aircraft tires and truck tires. In the research we have used published data from US Tire Manufacturers Association, Waste and Resources Action Program, Goodyear and Science Direct.

Emission Factors:

We have used emissions intensity data published in CDP reports of 6 tire producer companies which are also our customers and found an average emission intensity value.

We have also used our customer database to evaluate the percentage of tire types produced with our products.

Finally, we have used the ton of products produced by our facilities to estimate the GHG emissions during the processing of our products.

100% of these emissions are verified by a third party.

Emissions from the processing of sold Composite products are excluded (Scope 3 Category 10). Composite products make up less than 0.6% of our production by weight.

The emissions from the processing of these products are estimated to be around 1,950 tons of CO2e. This makes 0.08% of our total Scope 3 GHG emissions and 0.69% of our Scope 3 Category 10 GHG emissions

Processing of sold construction reinforcement products are also excluded from this category. The processing of construction reinforcement products is not energy intensive as it only involves mixing the product with concrete. There is no further energy intensive process after mixing.

Use of sold products

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

All our products are intermediate products and need further processing (such as tire manufacturing) to be used. Therefore, this category is not applicable to our products.

End of life treatment of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

50887.6

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

We calculated the emissions for the End-of-life treatment based on the mass/volume of the intermediate product itself rather than the end product. We relied on EPA EFs directly on the intermediate product, and there was no need to account for the percentage of the intermediate product from end product. We analyzed the disposal practices of each country that we send our intermediate products to using the worldbank data at: <https://datacatalog.worldbank.org/dataset/what-waste-global-database>.

We calculated an average EF for each country according to their disposal practices using EPA emission factors for the following intermediate products:

- Mixed Plastics
- Polypropylene (PP)
- Polyethylene (PET)

Then we have used the amount and type of intermediate product sold to each country multiplied by the calculated average EF factor for that country to calculate our SC3 C12 GHG emissions.

100% of these emissions are verified by a 3rd party.

Downstream leased assets

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

1339.62

Emissions calculation methodology

Fuel-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

99.83

Please explain

Emission Factors:

To calculate the GHG emissions from downstream leased assets we use the electricity emission factors published by IEA, which we use for our Scope 2 calculations as well.

For the natural gas and diesel oil used in downstream leased assets we use GHG emission factors published by DEFRA (Conversion Factors 2022 Full Set for advanced users) "Fuels" tab.

Activity data:

We only have downstream leased assets in our Turkish sites. In these facilities, the electricity, natural gas and diesel oil (consumed in generators) are paid for by Kordsa and then invoiced to Companies that use Kordsa facilities. Where we have separate meters we use the meter readings for the data, where we don't have separate meters, we allocate the consumption figure according to area. Either way for electricity and natural gas consumption the data are taken from the invoices.

The calculation was conducted according to the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

The electricity and natural gas consumption figures are taken from the invoices of suppliers. GHG emissions resulting from these 2 emission sources make up 99.83% of the emissions from this category.

The GHG emissions from downstream leased assets makes up %0.06 of our total Scope 3 GHG emissions therefore this category is assessed to be not relevant, but included in our calculations to assure the completeness of our GHG inventory

100% of the GHG emissions in this category is verified by a 3rd Party.

Franchises

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Kordsa does not have any franchises, therefore this category is not relevant for us.

Investments

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Kordsa has not made any investments that should be reported under this category in the reporting year. All of the subsidiaries of Kordsa are included in our Scope 1, Scope 2 & Scope 3 calculations. We do not have any equity shares in any other company.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

No additional Scope 3 emission sources are identified.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

No additional Scope 3 emission sources are identified.

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date

January 1 2021

End date

December 31 2021

Scope 3: Purchased goods and services (metric tons CO2e)

1459457.87

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

137974.34

Scope 3: Upstream transportation and distribution (metric tons CO2e)

57573.97

Scope 3: Waste generated in operations (metric tons CO2e)

1527.78

Scope 3: Business travel (metric tons CO2e)

612.84

Scope 3: Employee commuting (metric tons CO2e)

4892.52

Scope 3: Upstream leased assets (metric tons CO2e)

0

Scope 3: Downstream transportation and distribution (metric tons CO2e)

8769.21

Scope 3: Processing of sold products (metric tons CO2e)

360565.43

Scope 3: Use of sold products (metric tons CO2e)

0

Scope 3: End of life treatment of sold products (metric tons CO2e)

57432.11

Scope 3: Downstream leased assets (metric tons CO2e)

1318.36

Scope 3: Franchises (metric tons CO2e)

0

Scope 3: Investments (metric tons CO2e)

0

Scope 3: Other (upstream) (metric tons CO2e)

0

Scope 3: Other (downstream) (metric tons CO2e)

0

Comment

In the 2021 calculations, we have found a human error in our activity data for Scope 1 and Scope 3 Category 3 calculations in our Brazil plant, therefore 2021 Scope 13 Category 3 emissions are revised.

In the Scope 3 Category 12 calculations for the year 2021 we have found an error in the formulas in the excel sheet which resulted in an underestimation of the emissions. We have revised these calculations as well.

Other Scope 3 categories are not revised.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00031

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

357403.17

Metric denominator

unit total revenue

Metric denominator: Unit total

1154124416

Scope 2 figure used

Market-based

% change from previous year

29.75

Direction of change

Decreased

Reason(s) for change

Change in renewable energy consumption
Change in revenue

Please explain

We have increased our renewable energy consumption from 75,912 MWh in 2021 to 195,473 MWh in 2022. This resulted in an 8.71% decrease in our Gross Global Scope1+Scope2 GHG emissions. Our revenue has also increased from 888 Million USD to 1.154 billion USD (29.96% increase).

In total the GHG emissions intensity per revenue has decreased by 29.75%.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

| Greenhouse gas | Scope 1 emissions (metric tons of CO2e) | GWP Reference |
|----------------|---|---|
| CO2 | 132698.41 | IPCC Fifth Assessment Report (AR5 - 100 year) |
| CH4 | 137.97 | IPCC Fifth Assessment Report (AR5 - 100 year) |
| N2O | 90.58 | IPCC Fifth Assessment Report (AR5 - 100 year) |
| HFCs | 3083.47 | IPCC Fifth Assessment Report (AR5 - 100 year) |

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

| Country/area/region | Scope 1 emissions (metric tons CO2e) |
|--------------------------|--------------------------------------|
| Turkey | 56916.6 |
| Indonesia | 17618.33 |
| Thailand | 8939.98 |
| Brazil | 6954.29 |
| Italy | 266.85 |
| United States of America | 45314.38 |

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.
By facility
By activity

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

| Facility | Scope 1 emissions (metric tons CO2e) | Latitude | Longitude |
|----------------|--------------------------------------|-----------|-------------|
| USA/AHT | 187.01 | 33.137597 | -117.186076 |
| USA/TPI | 27.46 | 33.84857 | -117.972284 |
| USA/FDI | 102.43 | 40.444607 | -75.350456 |
| USA/AXIOM | 901.31 | 33.721894 | -117.840237 |
| USA/CH | 38547.22 | 35.1128 | -85.2476 |
| USA/LH | 5548.96 | 34.81 | -79.5231 |
| KBR/Brazil | 6954.29 | -12.66 | -38.3101 |
| IK/Indonesia | 17618.33 | -6.5019 | 106.8716 |
| TIK/Thailand | 8939.98 | 14.3321 | 100.6421 |
| KTR/Turkey | 55981.11 | 40.7665 | 29.9976 |
| CTCE/Turkey | 935.49 | 40.9188 | 29.3153 |
| MICROTEX/Italy | 266.85 | 43.889 | 10.961 |

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

| Activity | Scope 1 emissions (metric tons CO2e) |
|---|--------------------------------------|
| Stationary Combustion | 131970.17 |
| Mobile Combustion | 953.48 |
| Fugitive Emissions from A/C Units and Refrigerators | 3077.61 |
| Fugitive Emissions from Fire Extinguishers | 9.17 |

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

| Country/area/region | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|--------------------------|--|--|
| Turkey | 89283.55 | 9051.87 |
| Indonesia | 159538.71 | 159538.71 |
| Thailand | 20236.85 | 20236.85 |
| Brazil | 6618.92 | 6618.92 |
| Italy | 547.86 | 547.86 |
| United States of America | 33690.37 | 25398.52 |

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.
By facility

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

| Facility | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|----------------|--|--|
| USA/AHT | 111.44 | 111.44 |
| USA/TPI | 253.57 | 253.57 |
| USA/FDI | 433.59 | 433.59 |
| USA/AXIOM | 659.34 | 659.34 |
| USA/CH | 23454.58 | 15860.03 |
| USA/LH | 8777.85 | 8080.55 |
| KBR/Brazil | 6618.92 | 6618.92 |
| IK/Indonesia | 159538.71 | 159538.71 |
| TIK/Thailand | 20236.85 | 20236.85 |
| KTR/Turkey | 88334.61 | 8102.93 |
| CTCE/Turkey | 948.93 | 948.93 |
| MICROTEX/Italy | 547.86 | 547.86 |

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Not relevant as we do not have any subsidiaries

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

| | Change in emissions (metric tons CO2e) | Direction of change in emissions | Emissions value (percentage) | Please explain calculation |
|---|--|----------------------------------|------------------------------|---|
| Change in renewable energy consumption | 48466.1 | Decreased | 12.38 | <p>Our previous year gross global Scope 1&2 emissions were 391,486.99 t CO2. Renewable energy is generated in the solar PV system in our CTCE building in Istanbul, in Microtex, Italy and in our rooftop solar panels in Izmit. In the reporting year we have generated 462.38 MWh (GHG emissions equivalent: 128.95 tons CO2e) of renewable energy in this Solar PV system.</p> <p>In 2022 we have also purchased 195,010.59 MWh of renewable energy, which resulted in a decrease of 81,100.70 tCO2e in our market-based Scope 2 GHG emissions.</p> <p>In 2021, we have purchased less renewable energy reducing 32,740.85 tons of CO2e, and we have generated only 52.64 MWh of solar electricity which equals to 22.70 tCO2e.</p> <p>The resulting change in GHG emissions due to renewable energy purchases and change in generated and consumed renewable energy = $(81,100.70 + 128.95) - (32,740.85 + 22.70) = 48,466.10$ tons CO2e</p> <p>The decrease of emissions value (%) is calculated as follows: $(48,466.10 \text{ tons CO2e} / 391,486.99 \text{ tons CO2e}) \times 100 = 12.38 \%$</p> |
| Other emissions reduction activities | 4131.98 | Decreased | 1.06 | <p>Our previous year gross global Scope 1&2 emissions were 391,486.99 t CO2. As a result of the emissions reduction initiatives implemented in 2022, we achieved 4,131.98 tCO2 emissions reductions (only for Scope 1 and Scope 2).</p> <p>The stated emissions value (percentage) was calculated with the following formula: $4,131.98 \text{ tCO2} / 391,486.99 \text{ t CO2} \times 100 = 1.06\%$</p> |
| Divestment | 0 | No change | 0 | We didn't have any divestments during the reporting period. |
| Acquisitions | 814.72 | Increased | 0.21 | <p>Our previous year gross global Scope 1&2 emissions were 391,486.99 t CO2.</p> <p>In 2022, we have acquired operational control of Microtex Composites S.r.l. in Italy. Scope 1 and Scope 2 GHG emissions of Microtex is 814.72 tCO2 for 2022.</p> <p>The stated emissions value (percentage) was calculated with the following formula: $814.72 \text{ tCO2} / 391,486.99 \text{ t CO2} \times 100 = 0.21\%$</p> |
| Mergers | 0 | No change | 0 | We didn't have any mergers during the reporting period. |
| Change in output | 17699.55 | Increased | 5.13 | <p>Our previous year gross global Scope 1&2 emissions were 391,486.99 t CO2.</p> <p>Apart from the above-mentioned changes in the reporting period, our sales tonnage increased by 6.67% which resulted in an increase in our emissions.</p> <p>Our GHG emissions increased by 17,699.55 tCO2e when compared to the previous year which is caused by the increase in production volumes.</p> <p>The stated emissions value (percentage) was calculated with the following formula: $17,699.55 \text{ tCO2} / 391,486.99 \text{ t CO2} \times 100 = 5.13\%$</p> |
| Change in methodology | 0 | No change | 0 | There were no changes in methodology. |
| Change in boundary | 0 | No change | 0 | There were no changes in boundary. |
| Change in physical operating conditions | 0 | No change | 0 | There were no changes in physical operating conditions that can be attributed to the change in GHG emissions. |
| Unidentified | 0 | No change | 0 | There are no unidentified changes. |
| Other | 0 | No change | 0 | There are no other changes. |

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

| | Indicate whether your organization undertook this energy-related activity in the reporting year |
|--|---|
| Consumption of fuel (excluding feedstocks) | Yes |
| Consumption of purchased or acquired electricity | Yes |
| Consumption of purchased or acquired heat | No |
| Consumption of purchased or acquired steam | No |
| Consumption of purchased or acquired cooling | No |
| Generation of electricity, heat, steam, or cooling | Yes |

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

| | Heating value | MWh from renewable sources | MWh from non-renewable sources | Total (renewable and non-renewable) MWh |
|---|---------------------------|----------------------------|--------------------------------|---|
| Consumption of fuel (excluding feedstock) | LHV (lower heating value) | 0 | 674264.16 | 674264.16 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 195010.59 | 629300.26 | 674264.16 |
| Consumption of purchased or acquired heat | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired steam | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired cooling | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable> | 462.38 | <Not Applicable> | 462.38 |
| Total energy consumption | <Not Applicable> | 195472.97 | 1303564.42 | 1499037.39 |

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

| | Indicate whether your organization undertakes this fuel application |
|---|---|
| Consumption of fuel for the generation of electricity | Yes |
| Consumption of fuel for the generation of heat | Yes |
| Consumption of fuel for the generation of steam | Yes |
| Consumption of fuel for the generation of cooling | No |
| Consumption of fuel for co-generation or tri-generation | No |

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

We do not use sustainable biomass in our operations.

Other biomass

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

We do not use any other type of biomass in our operations.

Other renewable fuels (e.g. renewable hydrogen)

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

We do not use any other renewable fuels in our operations.

Coal

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment

We do not use coal in our operations.

Oil

| | |
|--|--|
| Heating value | LHV |
| Total fuel MWh consumed by the organization | 7160.38 |
| MWh fuel consumed for self-generation of electricity | 658.91 |
| MWh fuel consumed for self-generation of heat | 4275.18 |
| MWh fuel consumed for self-generation of steam | 2226.29 |
| MWh fuel consumed for self-generation of cooling | <Not Applicable> |
| MWh fuel consumed for self- cogeneration or self-trigeneration | <Not Applicable> |
| Comment | We use Diesel oil and Gasoline in our operations. Diesel oil is used both in generators to generate electricity and in our vehicles (trucks, company cars etc.) which is reported under heat. In 2022 there was a shortage in Natural gas in Türkiye therefore we also used Diesel oil to generate steam. We also use fuel oil in our Chattanooga plant. |

Gas

| | |
|--|--|
| Heating value | LHV |
| Total fuel MWh consumed by the organization | 667103.78 |
| MWh fuel consumed for self-generation of electricity | 0 |
| MWh fuel consumed for self-generation of heat | 356711.9 |
| MWh fuel consumed for self-generation of steam | 310391.88 |
| MWh fuel consumed for self-generation of cooling | <Not Applicable> |
| MWh fuel consumed for self- cogeneration or self-trigeneration | <Not Applicable> |
| Comment | Natural gas and LPG consumption is included. Natural gas is used for heat and steam generation in our plants in İzmit-Turkey, Indonesia and Chattanooga-US. In other plants it is used for heat generation only. LPG is used in Thailand, Brazil and Chattanooga-US plants mainly in forklifts, therefore the LPG consumption is reported here as "consumption for self-generation of heat". |

Other non-renewable fuels (e.g. non-renewable hydrogen)

| | |
|--|--|
| Heating value | Unable to confirm heating value |
| Total fuel MWh consumed by the organization | 0 |
| MWh fuel consumed for self-generation of electricity | 0 |
| MWh fuel consumed for self-generation of heat | 0 |
| MWh fuel consumed for self-generation of steam | 0 |
| MWh fuel consumed for self-generation of cooling | <Not Applicable> |
| MWh fuel consumed for self- cogeneration or self-trigeneration | <Not Applicable> |
| Comment | We do not use any other non-renewable fuels. |

Total fuel**Heating value**

LHV

Total fuel MWh consumed by the organization

674264.16

MWh fuel consumed for self-generation of electricity

658.91

MWh fuel consumed for self-generation of heat

360987.08

MWh fuel consumed for self-generation of steam

312618.17

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Comment**C8.2d**

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

| | Total Gross generation (MWh) | Generation that is consumed by the organization (MWh) | Gross generation from renewable sources (MWh) | Generation from renewable sources that is consumed by the organization (MWh) |
|-------------|------------------------------|---|---|--|
| Electricity | 1121.28 | 1121.28 | 462.38 | 462.38 |
| Heat | 357309.12 | 357309.12 | 0 | 0 |
| Steam | 312618.17 | 312618.17 | 0 | 0 |
| Cooling | 0 | 0 | 0 | 0 |

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

Country/area of low-carbon energy consumption

Turkey

Sourcing method

Physical power purchase agreement (physical PPA) with a grid-connected generator

Energy carrier

Electricity

Low-carbon technology type

Geothermal

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

126890

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2018

Comment

We have purchased renewable energy attribute certificates as part of our agreement with our energy supplier from Efe-7 and Efe-8 Geothermal Energy Power plants. Commissioning date of Efe-7 is given above. Commissioning date of Efe-8 GEPP is 2020.

Country/area of low-carbon energy consumption

Turkey

Sourcing method

Physical power purchase agreement (physical PPA) with a grid-connected generator

Energy carrier

Electricity

Low-carbon technology type

Geothermal

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

67000

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2009

Comment

We have purchased renewable energy attribute certificates as part of our agreement with our energy supplier from Galip Hoca and Efe-8 Geothermal Energy Power plants. Commissioning date of Galip Hoca GEPP is given above. Commissioning date of Efe-8 GEPP is 2020.

Country/area of low-carbon energy consumption

Indonesia

Sourcing method

Purchase from an on-site installation owned by a third party (on-site PPA)

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

1120.59

Tracking instrument used

Contract

Country/area of origin (generation) of the low-carbon energy or energy attribute

Indonesia

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2022

Comment

Rooftop solar panels were installed in our Indonesia plant. These solar panels are located in our facility and we have a direct line to the production, however the panels are owned by a third-party. We have a PPA with the production company and consume all the renewable electricity produced by the Solar Panels.

C8.2g**(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.****Country/area**

Turkey

Consumption of purchased electricity (MWh)

215764.98

Consumption of self-generated electricity (MWh)

180.83

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

267922.06

Total non-fuel energy consumption (MWh) [Auto-calculated]

483867.87

Country/area

Indonesia

Consumption of purchased electricity (MWh)

206844.27

Consumption of self-generated electricity (MWh)

506.41

Is this electricity consumption excluded from your RE100 commitment?

<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
84978.16

Total non-fuel energy consumption (MWh) [Auto-calculated]
292328.84

Country/area

Thailand

Consumption of purchased electricity (MWh)
42451.96

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
39122.89

Total non-fuel energy consumption (MWh) [Auto-calculated]
81574.85

Country/area

Brazil

Consumption of purchased electricity (MWh)
70866.39

Consumption of self-generated electricity (MWh)
5.1

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
29428.02

Total non-fuel energy consumption (MWh) [Auto-calculated]
100299.51

Country/area

Italy

Consumption of purchased electricity (MWh)
2483.16

Consumption of self-generated electricity (MWh)
421.21

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
978.36

Total non-fuel energy consumption (MWh) [Auto-calculated]
3882.73

Country/area

United States of America

Consumption of purchased electricity (MWh)
90848.32

Consumption of self-generated electricity (MWh)
7.74

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
247497.8

Total non-fuel energy consumption (MWh) [Auto-calculated]
338353.86

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

| | Verification/assurance status |
|--|--|
| Scope 1 | Third-party verification or assurance process in place |
| Scope 2 (location-based or market-based) | Third-party verification or assurance process in place |
| Scope 3 | Third-party verification or assurance process in place |

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Kordsa 2023 CDP CC Assurance Report_final.pdf

Page/ section reference

Kordsa 2023 CDP CC Assurance Report

Page 2: Verification Standard

Page 6: Emission values

Relevant standard

ISAE 3410

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Kordsa 2023 CDP CC Assurance Report_final.pdf

Page/ section reference

Kordsa 2023 CDP CC Assurance Report

Page 2:, Verification Standard

Page 6: Emission values

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Kordsa 2023 CDP CC Assurance Report_final.pdf

Page/ section reference

Kordsa 2023 CDP CC Assurance Report

Page 2: verification standard

Page 6: Emission values

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services
Scope 3: Capital goods
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
Scope 3: Upstream transportation and distribution
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting
Scope 3: Upstream leased assets
Scope 3: Investments
Scope 3: Downstream transportation and distribution
Scope 3: Processing of sold products
Scope 3: Use of sold products
Scope 3: End-of-life treatment of sold products
Scope 3: Downstream leased assets
Scope 3: Franchises

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

Page/section reference

Verification Report Page 1 Verification Standard, Reporting Period, Scope, Level of Assurance
Page 4 Verified Emissions,
Verification Statement Page 1-non-relevance of categories 2, 8, 11 14 &15

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

| Disclosure module verification relates to | Data verified | Verification standard | Please explain |
|---|---------------------------|-----------------------|---|
| C8. Energy | Energy consumption | ISAE 3000 | Our total electricity consumption is verified during annual audits performed by PwC. As this year's verification for the sustainability report is still ongoing previous year's assurance report is attached. Kordsa 2021 SR Assurance Report_ENG_signed.pdf |
| C8. Energy | Renewable energy products | ISAE 3000 | Our renewable energy consumption and generation figures are verified during annual audits performed by PwC. Also, ratio of renewable energy to all electricity consumption is verified during our sustainability audit performed by PwC. As this year's verification for the sustainability report is still ongoing previous year's assurance report is attached. Kordsa 2021 SR Assurance Report_ENG_signed.pdf |

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

Among the countries Kordsa operates in, Türkiye is the only country which is in the process of establishing a carbon pricing mechanism. The method is not determined yet but it is expected to be either an emissions trading scheme (similar to EU ETS) or a carbon tax approach. In US, there are emission trading schemes, however none of our facilities are regulated under these systems.

Recently as a part of the World Bank funded "Partnership for Market Readiness" project, simulations of an ETS system were studied. The results of this study were also published on Turkish Ministry of Environment and Urbanisation website. We anticipate being regulated under the Turkish ETS system until 2025.

Our strategy for complying with this system is following up our regular monitoring and reporting obligations until this system is operational, and also trying to calculate the impact of this regulation by applying an internal carbon price, so that we can include the impacts of this regulation on our financial planning.

Case study of how this strategy is applied:

Situation:

Turkish Ministry of Environment, Urbanization and Climate Change is working on an emissions trading system. It is anticipated that our facility in İzmit, Türkiye will be regulated under this system after 2025.

Task:

To reduce our vulnerability against the extra financial burden this system may bring, while making sure that we are 100% in compliance with this system.

Actions:

KTR Kordsa İzmit production facility in Turkey is currently reporting its stationary emissions on a mandatory basis as part of the Regulation on Monitoring GHG Emissions (Turkish MRV). We prepare our monitoring reports annually and these reports are verified by a 3rd party verification company which is accredited under Turkish MRV and also authorized by Ministry of Environment and Urbanization.

We are aware that the introduction of a carbon pricing mechanism in Turkey or any other country that we operate in, will result in future liabilities and possible financial burden for us. Therefore, we have identified an internal price on carbon and included this price on our risk assessments.

Each year we revisit our risk assessments, taking into consideration the recent developments in Turkey.

With the use of an internal carbon price, we are able to calculate the financial burden of this emerging regulation on our business. We are also constantly working on energy efficiency and reducing the GHG emissions that are under the scope of Turkish MRV.

In 2022 we have implemented one emission reduction project installing an O2 trim system to Dow System in order to reduce our Natural gas consumption.

Results:

Thanks to our risk team and their effective use of the internal carbon price we are able to identify the financial impact of this emerging regulation and focus more on reducing our Scope 1 GHG emissions that are a part of this regulation.

With the emission reduction project that was implemented in 2022, we have reduced 224.25 tons of Scope 1 GHG emissions.

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Type of internal carbon price

Shadow price

How the price is determined

Alignment with the price of allowances under an Emissions Trading Scheme

Objective(s) for implementing this internal carbon price

Change internal behavior
Drive energy efficiency
Drive low-carbon investment
Identify and seize low-carbon opportunities
Navigate GHG regulations

Scope(s) covered

Scope 1
Scope 2

Pricing approach used – spatial variance

Differentiated

Pricing approach used – temporal variance

Evolutionary

Indicate how you expect the price to change over time

The internal carbon price used is determined by our consultants via mathematical modeling.

For the EU-ETS mechanism, the mathematical modelling has been executed according to the historical relation regarding the most effective parameters like EU-ETS CAP, free allocations, verified emissions and electricity price on carbon price. 3 Cases were studied (Good, Simple and Weak economic environment) For good economic environment the price effect is expected to be steeper and the allowance prices are expected to rise up to 223.04 USD/ton by 2030 which is also taken as our maximum internal carbon price. (These prices are also used to calculate the impacts of EU-CBAM on our operations)

Our consultants also made a similar analysis for the upcoming Turkish ETS and for a weak economic environment where less steep price effect is expected allowance prices are expected to be around 13.67 USD/ton which is taken as our minimum internal carbon price. Turkish ETS is expected to be effective after 2024.

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)

13.67

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)

223.04

Business decision-making processes this internal carbon price is applied to

Capital expenditure
Operations
Risk management
Opportunity management

Mandatory enforcement of this internal carbon price within these business decision-making processes

Yes, for some decision-making processes, please specify (for decisions related to capacity increase, for mergers and acquisitions, for investments related to renewable energy and energy efficiency)

Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan

The internal carbon price study was made in more detail with the help of external consultants. As a result of this study, especially our facility in İzmit, Türkiye was assessed to be high risk, our Thailand facility is assessed to be medium risk.

As a result of this study, we have seen the risks and financial impacts we may face in our Turkish operations. To reduce this risk we started investigating alternative sources of energy. This way we can both decrease the impact of this risk while also reducing our GHG emissions in order to achieve our emission reduction targets.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers/clients
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Provide training, support, and best practices on how to set science-based targets

% of suppliers by number

3.5

% total procurement spend (direct and indirect)

54.5

% of supplier-related Scope 3 emissions as reported in C6.5

50.78

Rationale for the coverage of your engagement

In 2022 we have submitted our targets to SBTi, and within the second quarter of 2023 our targets were approved. For the reporting year 76.29% of our Scope 3 GHG emissions come from Scope 1 Category 1: Purchased Goods and Services. Therefore, our main Scope 3 targets is a supplier engagement target where we commit that 64% of our supplier's emissions covering Category 1 Purchased Goods and Services, will have science-based targets that meet the latest SBTi criteria by 2027.

Therefore, our supplier engagement strategy is based upon this commitment.

Within this category, 2 raw materials, namely adipic acid and HMD have the highest emissions, contributing to 49.44% of our total Scope 3 GHG emissions.

We procure these raw materials from a very few number of suppliers, therefore, these suppliers are prioritized in our climate change related engagement activities. For the reporting year % share of those suppliers within all raw material suppliers by number is 3.5%. The GHG emissions from these targeted suppliers make up 50.78% of our total Scope 3 GHG emissions, as we also procure other raw materials from these suppliers, the GHG emissions related to these suppliers are slightly higher than the GHG emissions related to these raw materials.

We have already started engaging with the suppliers of these 2 raw materials, and our plan is to work with them and support them in their SBTi journey.

As a part of our engagement plan, we are going to organize trainings to exchange know-how and share our experience on setting science-based targets. We also have a sustainability department that is ready to guide and support them whenever they need assistance. We are also planning to include other suppliers in these engagement activities, so that we will have more positive impact towards a low-carbon future.

Impact of engagement, including measures of success

The identified measure of success for this engagement activity is reaching our SBTi approved Scope 3 target by 2027. Therefore, we will use the following metric as a success measure:

(1) Number of the targeted suppliers that have set a science-based emission reduction target,

DIVIDED BY:

(2) Total number of the targeted suppliers

For the reporting period, as this engagement activity is very new, none of our targeted suppliers have set science-based targets, therefore the metric is 0%.

The expected impact of this engagement strategy according to our measure of success is as follows:

Considering all of the targeted suppliers commit to having Science Based Targets by 2027, we would expect our Scope 3 Category 1 GHG emissions to decrease. Based on an estimated average emission reduction of 20% per supplier involved in this engagement activity achieving their goal, we estimate the absolute emissions impact on our Scope 3 GHG inventory would be a reduction of 250,000 tCO₂e per annum.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

| | |
|----------------------------|---|
| Collaboration & innovation | Run a campaign to encourage innovation to reduce climate change impacts |
|----------------------------|---|

% of customers by number

31

% of customer - related Scope 3 emissions as reported in C6.5

56

Please explain the rationale for selecting this group of customers and scope of engagement

Tire reinforcement products make up about 83% of our total sales. Any activity we perform to reduce the climate change impacts of our products, impacts the climate-performance of our costumers. For this engagement activity, we aim to engage with customers which have targets to increase sustainable material ratio in their products. We sent samples of our recycled content product to customers which are about 31% of our target customers, these customers also make up about 30% of our tire reinforcement sales volume. Also 56% of our Scope 3 emissions are related to products that are produced for these customers. This is why we focus on this group of customers.

Scope of engagement:

We have developed new nylon yarn fabric with 20% and 40% recycled content and sent these products for tire testing to our customers which would like to test our products.

As part of yarn production (one of our 3 main product groups along with Single end core and greige fabric), we have nylon by-products. Our R&D team developed a project to use these by-products in our own production to produce recycled content nylon yarn & fabric. According to LCA results, 40% recycled yarn ratio decreased product level CO2 emissions by 33%.

This innovative product has multiple benefits as reprocessing N66 chips not only helps us reduce our waste generation but also helps us implement the basis of a circular economy by using the side-product of our production process as a raw material to produce nylon yarn with recycled content.

The recycled nylon content products that were produced by Kordsa, has also been certified by Global Recycled Standard, and if also approved by the industry.

Customer related Scope 3 emissions % are estimated according to share of these costumers in our production volumes.

Impact of engagement, including measures of success

The new technology needs to be tested to meet customer specifications.

In 2022 we have sent samples of this product for testing to our customers. By 2030 we assume there can be transition to recycled or sustainable nylon.

Since this engagement activity is a breakthrough innovation in our sector, it's not very easy to identify measure of success at that point. At this stage, our most important success indicator is that our customers to whom we have sent samples to perform tire tests and share the test results with us. Two of our customers already finalized tire tests. Test period takes a long time, that's why we assume there will be improvement about this innovation in the upcoming years.

On the other hand, we observe new standards such as the ISCC Plus certification developed for recycled products. In this context, we started working to carry out ISCC Plus certification studies.

Type of engagement & Details of engagement

| | |
|----------------------------|---|
| Collaboration & innovation | Run a campaign to encourage innovation to reduce climate change impacts |
|----------------------------|---|

% of customers by number

23

% of customer - related Scope 3 emissions as reported in C6.5

89.94

Please explain the rationale for selecting this group of customers and scope of engagement

83% of our customers by sales volume are tire manufacturers with targets to reduce the rolling resistance of their products, which in turn will reduce the fossil fuel consumption of vehicles and reduce their GHG emissions. Our products are one of the three main components of tires, and in order to reduce the rolling resistance of the final product, our customers also need to have lighter fabrics in their tires. We constantly invest on R&D projects to contribute to the targets of our customers, with the aim of developing products that will reduce the rolling resistance of the final product.

We organize innovation days with our customers which have targets to increase sustainable material ratio in their products, in order to discuss these R&D projects and to collaborate on development of these innovative products.

Customer related Scope 3 emissions are estimated according to share of tire-reinforcement clients in our production volumes. (Employee commuting, business travel and downstream leased assets are not included in the customer related scope 3 emissions % calculations)

Impact of engagement, including measures of success

These engagement activities are seen as a major success, as we are able to reach our tire customers and share the technologies and developments with them.

Success measure is the number of customers which held a meeting or workshop regarding sustainability R&D projects. In 2022 we held meetings or organized workshops with 23% of our customers which have targets to increase sustainable material ratio in their products. We are also receiving positive feedback from our customers regarding these innovation and R&D projects.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

While striving for sustainable growth at Kordsa, we aim to render the benefits we create for all of our stakeholders. Kordsa annually publishes its Sustainability Report as part of which, periodic stakeholder engagements are held via one-on-one meetings and workshops in order to regularly update Kordsa's material sustainability topics. This engagement covers our key stakeholder groups; employees, customers, investors, shareholders.

The engagement activities during 2022 is listed below.

- Kordsa Executive Lead Team / Sustainable Development Goals and Focused Targets Determination Meetings
- Employees / Sustainability Performance Evaluation and Materiality Survey and Sustainable Supply Chain Training
- Customers / Online Sustainability Materiality Survey
- Suppliers/ Sustainability Assessment Survey
- Kordsa Climate Strategy Video

Additionally, to be able to maintain active communication with its value chain covering sustainability topics such as climate change and water management, Kordsa actively participates in Business Council on Sustainable Development (BCSD Turkey). Measure of success for value chain engagement covers the continuation of our communication efforts. As a result of our performance disclosure and direct as well as indirect engagements, we continued our success to be in the BIST Sustainability Index (BIST SI). Also we involved in BIST 25 Sustainability index in which only top performing companies are involved. We measure our success on value chain engagements regarding sustainability (including climate-relate) performance via maintaining our position in the BIST SI.

International Collaborations:

PolynSPIRE:Kordsa became a partner of PolynSPIRE Demonstration of Innovative Technologies Towards A More Efficient and Sustainable Plastic Recycling Project, under the European Union's "Horizon 2020" R&D and innovation program along with twenty-two partners. The project is initiated to strengthen research and technology-development capabilities in Europe while encouraging university-industry collaboration.

In the 48-month period of the PolynSPIRE project, three innovation pillars covering the TRL7 level will initiate and it is expected to recycle/reuse 60 kilotons of plastic waste, to reduce 300 kilotons equivalent CO2 emissions, and to save 70 kilotons oil equivalent fossil resources. Targeted impacts in 20 years are treating annually 4.5 million tons of residue, 45 million tons of CO2 emissions reduction per year and 10 million tons of oil equivalent of fossil fuel recovery per year.

The polynSPIRE project, which consists of three periods in total, completed its second period as of September 2021. Relevant updates were shared with the European Union.

Kordsa has carried out the polymerization studies of adipic acid and hexamethylene diamine obtained by chemical recycling of PA66 polymer with microwave technology by the relevant technology developer partners throughout the project, at lab scale and fulfilled the validation task.

With this project, the applicability of innovative, sustainable and cost-effective recycling technologies related to the recycling of plastics (PA and PU) was tested and a deep knowledge was gained. In addition, efforts to reintroduce mixed plastics into the value chain have been successful.

Whitecycle : Kordsa is a member of WhiteCycle project. The main goal of this project is to develop a circular solution to convert complex waste containing textile made of plastic into products with high added value. Co-funded by Horizon Europe, the European Union's research and innovation program, this unprecedented public/private European partnership includes 16 organizations and will run for four years.

WhiteCycle envisions that by 2030 the uptake and deployment of its circular solution will lead to the annual recycling of more than 2 million tons of the third most widely used plastic in the world, PET. This project should prevent landfilling or incineration of more than 1.8 million tons of that plastic each year. Also, it should enable reduction of CO2 emissions by around 2 million tons.

Complex waste containing textile (PET) from end-of-life tyres, hoses and multilayer clothes are currently difficult to recycle, but could soon become recyclable thanks to the project outcomes. Raw material from PET plastic waste could go back into creation of high-performance products, through a circular and viable value chain.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

Yes, climate-related requirements are included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization’s purchasing process and the compliance mechanisms in place.

Climate-related requirement

Complying with regulatory requirements

Description of this climate related requirement

As Kordsa we require all of our suppliers to operate in accordance with the principles in the supplier’s code of conduct, which is a part of our contracts. Within our operating principles all of our suppliers are expected to comply with the regulatory requirements including requirements of any applicable climate-related regulation.

% suppliers by procurement spend that have to comply with this climate-related requirement

100

% suppliers by procurement spend in compliance with this climate-related requirement

46.5

Mechanisms for monitoring compliance with this climate-related requirement

First-party verification
Supplier scorecard or rating

Response to supplier non-compliance with this climate-related requirement

Retain and engage

Climate-related requirement

Climate-related disclosure through a public platform

Description of this climate related requirement

Kordsa has a sustainable supply chain program. Using various tools, Kordsa evaluates its suppliers’ current situation and performance on sustainability related topics annually. Climate change is an important pillar in this assessment. Kordsa uses 3 different evaluation tools;

- 1- Ecovadis scorecard
- 2- Kordsa annual supplier sustainability survey
- 3- Supplier Audit

As a result of the CSR risk assessment study, the scope of this supplier sustainability assessment program was established as follows;
Kordsa’s tier 1 suppliers with an annual spent of \$500,000 or more, the suppliers with a significant impact on Kordsa’s scope 3 targets and the suppliers which have a substantive impact on water security are within the scope of the sustainability assessment program. Kordsa evaluates its suppliers sustainability performance in line with the following sustainability criteria;

- Governance
- Social Issues (Ethics - Employee and Human Rights - Occupational Health and Safety - Conflict Minerals)
- Environmental Issues (Environmental Management - Energy & Carbon Management - Waste Management - Material Management- Water Management)
- Sustainable SC

% suppliers by procurement spend that have to comply with this climate-related requirement

69.2

% suppliers by procurement spend in compliance with this climate-related requirement

46.5

Mechanisms for monitoring compliance with this climate-related requirement

First-party verification
Supplier scorecard or rating

Response to supplier non-compliance with this climate-related requirement

Retain and engage

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

We have signed the commitment letter to SBTi and our pledge to SBTi and commitment to limiting the Global Warming to 1.5C, is also referred in page 15 of our 2022 annual report. Turkish version of the 2022 Annual Report is attached. English version is not published yet.

Kordsa21_Faaliyet_ENG-20.07.23.pdf

Business-Ambition-Pledge_V1.4 Kordsa.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

Kordsa's climate change strategy is very well known by our employees, especially the Management Level employees as they are the first to be briefed about any changes/development in the company strategies.

All communication activities to be carried out with individuals, organizations and state institutions outside the company are determined by Kordsa's company rules. According to these rules, all the information that will be presented outside of the company is subject to approval of Corporate Communication Department.

From Management levels to our Board Members, whenever someone is going to represent Kordsa in any kind of event or meeting sustainability-related topic, their presentations are either prepared or approved by the Sustainability Department. The Sustainability and Corporate Communication Departments work in harmony for such events or meetings.

Our communication activities for sustainability-related topics are led by our Sustainability Department which is responsible for all our sustainability, climate change and water related studies, from developing strategies to preparation of our CDP report and water policy. As all of these communication activities go through both Corporate Communication and Sustainability Departments there is very little risk that there will be any kind of activity that conflicts with our water policy/water commitments.

However, if such a conflict occurs, the event is taken to our ethics board, and the employee receives a warning from our CEO. Also, a suitable corrective action is implemented immediately upon recognition of such a conflict.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

<Not Applicable>

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify (TÜSIAD)

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

One of TÜSIAD's core focus areas is climate change. TÜSIAD has a roundtable called "The Energy, Environment and Climate Change Roundtable", Leader of which is Kordsa's Board Chairman. This roundtable aims to contribute to embedding sustainable development principles and to the environmental protection and spreading out the principles of low carbon economy into the business practices.

There is a specific Environment and Climate Change work space that works under this roundtable.

As our Board Chairman is the Leader of this roundtable, we can proudly say that our position is consistent with TÜSIAD's and we publicly promote their current position.

The funding figure provided to TÜSIAD only includes membership fees, we do not provide any other funding.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

6100

Describe the aim of your organization's funding

The funding figure given above is paid in 2022 for membership fees.

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
Kordsa21_Faaliyet_ENG-20.07.23.pdf

Page/Section reference
Kordsa 2022 Annual Report
Pages 12-17
Our CDP report is also linked to our annual report (Page 16)

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

| | Environmental collaborative framework, initiative and/or commitment | Describe your organization's role within each framework, initiative and/or commitment |
|-------|--|---|
| Row 1 | Business Ambition for 1.5C Race to Zero Campaign UN Global Compact We Mean Business World Business Council for Sustainable Development (WBCSD) | Through our commitment to SBTi on 02.09.2021 we have also committed to Business Ambition for 1.5C, We Mean Business and UNFCCC Race to Zero Campaign. UN Global Compact: Kordsa is a signatory of UN Global Compact since 2014. Each year we disclose our COP report. We also participate in UN Global Compact's climate change related programs. World Business Council on Sustainable Development: Kordsa is a member of WBCSD Turkey since 2010. Kordsa also actively takes part in WBCSD Turkey's working groups. |

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

| | Board-level oversight and/or executive management-level responsibility for biodiversity-related issues | Description of oversight and objectives relating to biodiversity | Scope of board-level oversight |
|-------|--|--|--------------------------------|
| Row 1 | Yes, both board-level oversight and executive management-level responsibility | Kordsa's Board of Directors and Executive Board has responsibilities related to ESG (Environmental, Social and Governance) Biodiversity falls under Environmental pillar of ESG and is among the responsibilities of the BoD and Executive Board. Some of the responsibilities include: ensuring compliance with biodiversity related regulation and reviewing and approving investment decisions after thoroughly examining the Environmental Impact Assessment reports of the proposed investments. | <Not Applicable> |

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

| | Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity | Biodiversity-related public commitments | Initiatives endorsed |
|-------|---|---|----------------------|
| Row 1 | Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity | Commitment to No Net Loss | SDG |

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Direct operations

Portfolio activity

<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity

Other, please specify (Environmental Impact Assessments)

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

Environmental Impact Assessments are carried out during the establishment of new facilities and capacity increases of existing ones, and biodiversity is also addressed as a topic in these assessments.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

No, but we plan to within the next two years

Value chain stage(s) covered

<Not Applicable>

Portfolio activity

<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity

<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

<Not Applicable>

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

No

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

| | Have you taken any actions in the reporting period to progress your biodiversity-related commitments? | Type of action taken to progress biodiversity- related commitments |
|-------|---|--|
| Row 1 | No, we are not taking any actions to progress our biodiversity-related commitments | <Not Applicable> |

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

| | Does your organization use indicators to monitor biodiversity performance? | Indicators used to monitor biodiversity performance |
|-------|--|---|
| Row 1 | No | Please select |

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

| Report type | Content elements | Attach the document and indicate where in the document the relevant biodiversity information is located |
|--|---|--|
| In voluntary sustainability report or other voluntary communications | Content of biodiversity-related policies or commitments Impacts on biodiversity Biodiversity strategy | Kordsa Türkiye Environmental Impact Assessment Report. Pages 57 -83 KORDSA Türkiye Environmental Impact Assessment Report-57-83.pdf |

C16. Signoff

Please confirm how your response should be handled by CDP
C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Our I-REC certificates are attached.
IREC_Kordsa 2022.pdf
IREC_Kordsa 2022_2.pdf

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

| | Job title | Corresponding job category |
|-------|-----------|-------------------------------|
| Row 1 | CEO | Chief Executive Officer (CEO) |