PETKİM

We are together with Petkim for 60 years!

TSRS Compliant Sustainability Report
2024

Index

INTRODUCTION 3

Purpose and Scope of the Report 3

Compliance with Turkish Sustainability Reporting Standards (TSRS) 3
Link to Financial Disclosures 4
Reporting Period and Frequency 4
Reporting Limits and Measurement Approach 4

About Petkim 6

Organization Structure and Fields of Activity 6
Business Model and Value Chain 8

GOVERNANCE 9

Bodies or Individuals Responsible for Governance 9

Management's Role and Controls Implemented 13

STRATEGY 15

Climate-related Risks and Opportunities 15

Climate Resilience 29

RISK MANAGEMENT 33

METRICS AND TARGETS 35

Mandatory Metrics Under TSRS 35

Introduction

Purpose and Scope of the Report

Compliance with the Turkish Sustainability Reporting Standards (TSRS)

The Turkish Sustainability Reporting Standards (TSRS), published in the Official Gazette dated 29 December 2023, have entered into force to be applied to fiscal periods commencing on or after 1 January 2024. As Petkim Petrokimya Holding A.Ş. (Petkim) is a publicly listed company subject to the regulation and supervision of the Capital Markets Board of Türkiye, and since it has exceeded at least two of the three threshold values in two consecutive reporting periods, the Company is obliged to report in accordance with TSRS (TSRS 1 and TSRS 2).

The TSRS Compliant Sustainability Report prepared by Petkim has been prepared in accordance with the Turkish Sustainability Reporting Standards, published in the Official Gazette dated 29 December 2023 and numbered 32414(M). In this context, Turkish Sustainability Reporting Standard 1 ("General Requirements for Disclosure of Sustainability-related Financial Information") and Standard 2 ("Climate-related Disclosures") have been adopted as the basis. In addition, the metrics determined by the Sustainability Accounting Standards Board (SASB) have also been taken into consideration in the Report.

In addition to the Petkim Integrated Annual Report published on 11 March 2025, the TSRS Compliant Sustainability Report has been prepared pursuant to the regulatory requirements introduced by the Public Oversight Authority (POA).

For the identification, measurement, and disclosure of climate-related risks and opportunities concerning the parent company, its subsidiaries, and affiliates included in Petkim's consolidated financial statements, the Sector-Specific Application Guidance of TSRS 2 has been taken into account.

In this context, the "Volume 47 – Chemicals" and "Volume 13 – Oil & Gas / Refining and Marketing" sector guides were applied for Petkim; the "Volume 66 – Marine Transportation" guide was evaluated for Petlim Limancılık ve Ticaret A.Ş., and the "Volume 33 – Engineering and Construction Services" guide was evaluated for Petkim Specialities Mühendislik Plastikleri Sanayi ve Ticaret A.Ş. However, due to the limited scale of activities and impacts in these areas, they have not been included in metric-based reporting.

Use of Transition Exemption

The following transitional exemptions are utilised in TSRS 1 Appendix E - Effective Date and Transition and TSRS 2 Appendix C - Effective Date and Transition:

TSRS 1 - APPENDIX E3

In the first year of implementation, no comparative information from previous periods is presented for disclosures required under TSRS; accordingly, no comparative disclosures are provided.

TSRS 1 - APPENDIX E4 (a)

In the first year of implementation, sustainability-related financial disclosures are reported after the publication of the financial statements and, due to the obligation for interim financial reporting, this Report is released concurrently with the interim financial reporting.

TSRS 1 - APPENDIX E5

In the first year of implementation, only disclosures related to climate-related risks and opportunities are provided, while the provisions concerning other topics are not applied. The Report specifies that this transitional exemption has been utilized.

TSRS 1 - APPENDIX E6 (a)

No comparative information is presented for disclosures related to climate-related risks and opportunities under E5.

TSRS 2 - APPENDIX C3

In the first year of implementation, no comparative information from prior periods is presented for disclosures required under TSRS 2; accordingly, no comparative disclosures are provided.

TSRS 2 - APPENDIX C4 (a)

In the first year of implementation, the transitional exemption allowing the continued use of previously applied methodologies for greenhouse gas measurement (methods other than the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004)) is utilized.

Board Decision on the Scope of Application of TSRS - Temporary Article 3

Within the first two reporting periods in which the Company applies TSRS under the scope of application, the disclosure of Scope 3 greenhouse gas emissions is not mandatory. Accordingly, the Company has not reported Scope 3 greenhouse gas emissions data for the year 2024 in this Report.

Link to Financial Disclosures

This Report includes only climate-related disclosures within the scope of TSRS 1 Annex E5 and TSRS 2 Annex C3. These disclosures prepared for Petkim should be read in conjunction with the consolidated financial statements. The Report covers the 12-month fiscal year period ending on 31 December 2024. This is aligned with the reporting period of the consolidated financial statements.

Relevant financial information can be accessed from the link below:

Petkim Integrated Annual Report 2024

Reporting Period and Frequency

The TSRS Compliant Sustainability Report, which will be published annually in the future, covers the period between 1 January - 31 December 2024 and has been prepared in accordance with TSRS.

Reporting Limits and Measurement Approach

Reporting Limits

The Company's reporting boundaries and the sustainability-related information considered and included in this report are summarized in the accompanying table.

Assets and Associates in the Reporting Entity	Trade Name	Note to the Financial Statements	Information Considered and Included
Parent Company and Subsidiaries	Petkim Petrokimya Holding A.Ş. Petlim Limancılık ve Ticaret A.Ş. Petkim Specialities Mühendislik Plastikleri Sanayi ve Ticaret A.Ş.	Note 1	All subsidiaries are included in the scope of the report. Scope 1 and 2 emissions are included.
Affiliates	Rafineri Holding A.Ş. (20%)	Note 33 and Note 6	Rafineri Holding A.Ş. is included in the scope of the report. Scope 1 and 2 emissions are included.*
Financial investments	SOCAR Power Enerji Yatırımları A.Ş. (9.9%)		
Leased Assets (Group is the Lessee)			Outside the scope of reporting.
Leased Assets (Group is the Lessor)			Outside the scope of reporting.
Joint Ventures			Outside the scope of reporting.

Within the scope of this report, Petlim Limancılık Ticaret A.Ş. (93.47%) and Petkim Specialities Mühendislik Plastikleri Sanayi ve Ticaret A.Ş. (100%), two directly owned subsidiaries of Petkim Petrokimya Holding A.Ş., are also taken into consideration. However, the sectoral classification of the activities of these companies differs from the 'Chemicals' and 'Oil & Gas-Refining & Marketing' sectors, which are our core business.

- Petlim Limancılık Ticaret A.Ş. provides port services, which are evaluated within the scope of 'Volume 66 - Marine Transportation' in TSRS guidance, by third parties within the scope of the operating agreement. Petkim has no direct impact on third party operational activities. There is no directing, controlling or being affected from the operations. However, a fixed income is generated within the framework of contracts with third parties and this income is reflected in Petkim's financial statements. Therefore, although sectoral metrics within the scope of Volume 66 will not be presented in this report, the financial effects of these activities are included in the general financial data.

- Although Petkim Specialities Mühendislik Plastikleri Sanayi ve Ticaret A.Ş. can be classified in the 'Volume 33 - Engineering and Construction Services' sector within the scope of TSRS, the subsidiary in question did not carry out any operational activities in the relevant reporting period. Therefore, the sectoral metrics within the scope of Volume 33 are not applicable.

* Petkim's 20% ownership interest in Rafineri Holding A.Ş. corresponds to an indirect ownership interest of approximately 12% in assets with high operational impact such as STAR Refinery and SOCAR Storage. Although Petkim does not have full control over this entity, it has significant influence in accordance with "Turkish Accounting Standards 28 - Investments in Associates and Joint Ventures".

Reporting Limit for Greenhouse Gas Emissions

Petkim's greenhouse gas emissions are reported in metric tons of carbon dioxide equivalent (tCO_2e) covering emissions resulting from activities conducted during the reporting period. Scope 1 emissions are determined pursuant to the calculation methodology defined under the Regulation on the Monitoring of Greenhouse Gas Emissions in force in Türkiye. Scope 2 emissions are calculated using the ISO 14064-1 standard, which is based on the GHG Protocol. Emissions are reported separately under Scope 1 and Scope 2 categories.

The financial control approach is applied to determine organizational boundaries, and Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy sources) emissions of subsidiaries under financial control are included. The financial control approach is applied in cases where Petkim has the authority to establish financial and operational policies over subsidiaries and affiliates fully consolidated in its financial statements. This method ensures alignment between financial reporting and sustainability reporting boundaries, thereby enhancing transparency and auditability.

The greenhouse gas emission data presented in this Report have been determined based on the financial control approach. Rafineri Holding A.Ş., under all subsidiaries and affiliates of Petkim Petrokimya Holding A.Ş. (Petkim), has been included within the scope of this Report.

Scope 1 and Scope 2 emissions are monitored and reported separately. Scope 1 covers direct emissions from fuel use and process-related sources at the facilities, while Scope 2 covers indirect emissions from purchased electricity.

Assumptions and Measurement Uncertainties

In the process of preparing this report, judgement has been made by the Senior Management in various areas such as identifying risks and opportunities related to climate change and sustainability and determining the important issues to be reported. Assumptions and estimates have been used for some data that cannot be directly measured. These assumptions and estimates have been developed by considering the entire value chain and within the framework of forward-looking information and existing data constraints.

The table below sets out the key assumptions and estimates made by senior management and their references to the relevant report sections.

Assumptions and Estimation	Description	Reference Section
Materiality Process	Petkim's sustainability risk management approach also covers all subsidiaries and affiliates consolidated by full consolidation and equity method. As a result of comprehensive assessments, climate risks that may affect the Company were identified. The financial prioritisation threshold is set as 1% of the Company's revenue. Risks exceeding this threshold are categorised as 'significant risk'. Risks that exceed this threshold are categorised as 'significant risks' since they pose a significant financial threat to the Company and are managed through prioritised monitoring and action plans. The Company has chosen not to provide quantitative information as the quantitative information that can be obtained would not be useful due to the fact that the effects regarding the current or projected financial effects of a climate-related risk or opportunity cannot be determined separately or the level of measurement uncertainty involved in estimating is too high; the relevant information is disclosed qualitatively. In addition, a careful evaluation process was carried out in deciding which indicators within the scope of the disclosure topics included in the TSRS sector metrics are applicable to the Company.	**Risk Management** **Financial Materiality**
Organisational Boundary for Greenhouse Gas Emissions	Financial control approach was applied in determining organisational boundaries. Scope 1 (direct emissions) and Scope 2 (indirect energy-related emissions) emissions of subsidiaries with financial control are shared.	**Climate-Related Metrics**
Calculation of Greenhouse Gas Emissions	During the reporting period, greenhouse gas emissions were calculated and reported in metric tons of CO_2 equivalent in accordance with the calculation methodology defined under the Regulation on the Monitoring of Greenhouse Gas Emissions in force in Türkiye for Scope 1, and the ISO 14064-1 standard for Scope 2. The calculations were based on fuel and electricity consumption data, with emission factors derived from national and international sources. Scope 3 emissions were not calculated during this period.	**Climate-Related Metrics**

About Petkim

Organization Structure and Fields of Activity

Petkim Petrokimya Holding A.Ş. was established on 3 April 1965. The Company started its first investment activities in İzmit-Yarımca and commissioned the Ethylene, Polyethylene, Chlorine Alkali, VCM and PVC plants at the Yarımca Complex in 1970, followed by other plants in the following years. In 1985, the Aliağa Complex was established with advanced technologies and optimum capacities. The Company has 14 main production plants, one packaging bag production unit and one solid waste incineration unit. Petkim operates in Türkiye and the Company carries out its activities in the petrochemical sector.

The principal activities of the Company and its subsidiaries are as follows:

- Establishing and operating factories and facilities domestically and abroad in the fields of petrochemicals, chemicals, and other industrial sectors,
- Procuring and processing raw materials, auxiliary materials, equipment, and chemicals required for the production of petrochemical, chemical, and other substances from domestic and international sources, producing such substances, and engaging in their domestic and international trade,
- In accordance with the Electricity Market Law No. 4628 and relevant legislation, primarily to meet its own electricity and heat energy needs, establishing production facilities under an autoproducer license, generating electricity and heat energy, and, in the event of surplus production, selling the generated electricity, heat energy, and/or capacity to other licensed legal entities and eligible consumers in accordance with applicable legislation; and, on a non-commercial basis, carrying out activities related to the provision of all equipment and fuel necessary for electricity generation facilities,
- Engaging, within the scope of applicable legislation, in the import of natural gas from abroad and its domestic procurement, as well as in the utilization and storage of imported and procured natural gas,
- Carrying out pilotage and towage activities, operating ports, cruise ports, passenger terminals, piers, quays, shelters, berths, fuel/liquefied petroleum gas pipelines, buoy systems, and similar coastal facilities, providing port services, ensuring that such services can, when necessary, be offered to third parties through leasing or other arrangements, and acquiring, constructing, leasing, or selling necessary maritime vessels; establishing domestic and international partnerships as required; operating warehouses and providing warehouse services,
- Providing donations and contributions, within the principles determined by the Capital Markets Board, to foundations and associations established for social purposes, educational institutions, and other persons, entities, and organizations.

During the privatization of Petkim, 51% its shares, comprising 44% held by the Privatization Administration of the Republic of Türkiye ("Administration") and 7% held by the General Directorate of the Pension Fund transferred to the Social Security Institution, was sold to SOCAR & Turcas Petrokimya A.Ş. ("STPAŞ") on 30 May 2008.

The transfer of the 10.32% public share held by the Administration in Petkim's capital to SOCAR İzmir Petrokimya A.Ş. ("SİPAŞ"), a subsidiary of SOCAR Türkiye Enerji A.Ş. ("STEAŞ"), the ultimate parent company of the Group, was completed on 22 June 2012.

SOCAR Türkiye Enerji A.Ş. ("STEAŞ") and SOCAR İzmir Petrokimya A.Ş. ("SİPAŞ"), a wholly owned subsidiary of SOCAR Türkiye Enerji A.Ş. holding the Group's 10.32% share, were merged as of 22 September 2014.

As of 31 December 2024 and 2023, the Group's principal shareholder, SOCAR Türkiye Petrokimya A.Ş., is ultimately owned by the State Oil Company of the Azerbaijan Republic ("SOCAR").

The Group is registered with the Capital Markets Board ("CMB") and its shares have been traded on Borsa İstanbul ("BIST") since 9 July 1990.

The consolidated financial statements were approved for publication by the Board of Directors on 6 March 2025 and signed on behalf of the Board by the General Manager, Mr. Kanan Mirzayev, and the Head of Finance, Mr. Ahmet Gülhan. The Petkim General Assembly and certain regulatory authorities have the authority to make amendments after the publication of the statutory financial statements.

As of the date of preparation of these consolidated financial statements, the Company's registered address is as follows:

Siteler Mahallesi Necmettin Giritlioğlu Cad.
SOCAR Türkiye Aliağa Yönetim Binası No 6/1 Aliağa/İZMİR

As of 31 December 2024, the principal activities of the Company's subsidiaries ("subsidiaries") (hereinafter collectively referred to as the "Group") and their respective business segments are as follows:

Subsidiaries	Direct and indirect controlling interests of the Group (%)
Petlim Limancılık Ticaret A.Ş.	93.47
Petkim Specialities Mühendislik Plastikleri Sanayi ve Ticaret A.Ş.	100

SUBSIDIARIES AND AFFILIATES WITH DIRECT CAPITAL PARTICIPATION RATE EXCEEDING 5%

Subsidiaries and Affiliates

Trade Name	Field of Activity of the Company	Company's Share in Capital (%)
Petlim Limancılık Ticaret A.Ş.*	Port services	93.47
Petkim Specialities Mühendislik Plastikleri San. ve Tic. A.Ş.	Engineering plastic production	100
SOCAR Power Enerji Yatırımları A.Ş.	Energy	9.9
Rafineri Holding A.Ş.	The main purpose of the Company is to participate in the capital and management of companies established or to be established in Türkiye and abroad. It also undertakes their investment, financing, organisation, and management functions within a collective structure and in line with modern business management principles. In line with this purpose, the Company may also engage other activities specified in its articles of association.	20

* Considering the Company's objective to allocate more resources to the petrochemical sector, which is its core business, the sale of all shares in Petlim has been considered in order to alleviate the operational and financial burdens imposed on the Company by the supervision of port processes and to use the resources to reduce the net indebtedness of the Company.

Pursuant to the decision of the Company's Board of Directors dated 30.06.2025, all of the Company's shares in Petlim were sold and transferred to SOCAR Aliağa Liman İşletmeciliği A.Ş. ('SOCAR Terminal').

Business Model and Value Chain

The Company's main activity is the production and sale of petrochemical products. Petkim provides large-scale raw materials to a wide range of sectors in Türkiye and abroad. Petkim, together with its subsidiaries and affiliates, continuously increases its competitiveness in the global market through its export activities.

Detailed information on Petkim's value chain is presented below:

Upstream Operations Downstream

Value Chain	Place in the Value Chain	Description and Definition	Geographical Location
↑	Suppliers	▪ Naphtha, which is the main raw material, is supplied mainly from STAR Refinery in accordance with market conditions; it is also supplied through Tüpraş and imports when necessary.	Aliağa/İzmir and import
↑	Energy and Auxiliary Materials	▪ Inputs such as natural gas, electricity, water, auxiliary chemicals and packaging materials are used in energy and production processes. ▪ All of our electricity needs are met in our own facilities, primarily through the use of natural gas. ▪ In addition, within the scope of the transition to renewable energy, Petkim's Wind Power Plant (WPP) investment has reached a total licensed generation capacity of 43.8 MWe with 17 turbines.	Aliağa/İzmir
Operations	Production	▪ Petkim's integrated petrochemical complex in Aliağa produces large-volume core products, primarily ethylene, polyethylene (HDPE, LDPE), polypropylene (PP), PVC, aromatics (benzene, PX, PTA) and fibre raw materials (MEG, ACN). In addition to these main products, C4-C5 derivatives, plasticisers, solvents and other petrochemical intermediates are also produced.	Aliağa/İzmir
Operations	Auxiliary Functions	▪ Auxiliary functions that support Petkim's operational integrity and sustainability include Procurement and Supply Chain Management, Project Management, Human Resources, Business Excellence, R&D and Innovation, Finance, Technology, Health, Safety and Environmental Management. ▪ In addition to these, within the scope of auxiliary facilities supporting production processes; Power Generation, Tank Farm Operations, Water and Air Production, Waste Treatment and Jetty Operations are also managed in an integrated manner.	Aliağa/İzmir
Operations	Port & Logistics & Warehousing	▪ Port operations, storage and transport processes, logistics planning, and shipment preparation of raw materials and products are carried out.	Aliağa/İzmir
↓	Customers	▪ Petkim's wide range of products includes thermoplastics, fibre raw materials, aromatics, olefins and other petrochemical derivatives. These products are supplied to customers operating in a wide variety of industries such as packaging, construction, automotive, textiles, healthcare, electronics, agriculture, maritime, pharmaceutical, paint and transportation.	Türkiye - Europe, Asia, Africa and America

Governance

Bodies or Persons Responsible for Governance

The governance bodies responsible for overseeing sustainability and climate-related risks and opportunities within Petkim comprise the Early Detection of Risk Committee under the SOCAR Türkiye Board of Directors; the Group Risk Management Committee under the SOCAR Türkiye Executive Board, chaired by the CEO of SOCAR Türkiye; the Refinery and Petrochemicals Business Unit Risk Committee under the Petkim Executive Board, chaired by the Head of the Refinery and Petrochemicals Business Unit and the Petkim General Manager; as well as the SOCAR Türkiye Strategy and Sustainability Department and the Risk and Compliance Group Directorate. This structure forms an integral part of the corporate governance framework, placing climate, sustainability, and risk management processes at the core and directly contributing to strategic decision-making mechanisms.

Duties and authorisation definitions of governance bodies are clearly stated in the relevant policy and/or procedure documents. The committees in charge of risk management are clearly indicated in the diagram below:

Risk Management Committee Structure

SOCAR Türkiye Early Detection of Risk Committee (Board Level)

- Reports directly to the Board of Directors and is composed of its members.
- Makes suggestions and recommendations to the Board of Directors regarding the identification, analysis and management of all kinds of risks that may affect the Company.
- Ensures that risks are assessed, control systems are established and reported in accordance with the corporate risk-taking profile.
- Supports proactive actions through target-based risk analyses and potential impact/likelihood assessments.
- Makes periodic reports in line with its performance and activities.
- Operates under the Board of Directors.

SOCAR Türkiye Group Risk Committee (Executive Committee Level)

- Coordinates the identification, assessment and management of Group-wide risks under the supervision of the CEO of SOCAR Türkiye.
- Provides oversight over all risk categories and operates in accordance with corporate risk management policies.
- Conducts risk management processes to ensure the achievement of strategic objectives within the framework of the Group Risk Appetite.
- Guides risk assessment techniques, analyses the effectiveness of internal control systems and monitors action plans.
- Reviews risk policies regularly and makes suggestions for improvement.
- Encourages the dissemination of risk culture throughout the organisation.
- Reports regularly to the Early Detection of Risk Committee.

Refinery and Petrochemicals Business Unit Risk Committee

- Operates under the supervision of the Head of the Business Unit and assesses risks across the unit with a holistic approach.
- Covers strategic, operational, financial, external and project risks.
- Evaluates the effectiveness of existing control mechanisms, monitors action plans and updates them when necessary.
- Works in line with the Group Risk Appetite; communicates situations that may violate the limits to the senior committees.
- Proactively addresses risks related to operational change and growth opportunities.
- Reports all the work carried out and the results obtained by the Committee to the Group Risk Committee and the Early Detection of Risk Committee.

SOCAR Türkiye Early Detection of Risk Committee (Board Level)

The Early Detection of Risk Committee reports directly to the Board of Directors and its members consist of the Board members. The Committee advises and makes recommendations to the Board regarding the identification and assessment of any risks that may affect the Company, calculation of their likelihood and impact, management of these risks in line with the Company's corporate risk profile, reporting, implementation of necessary actions, integration into decision-making processes, and establishment of effective internal control systems. Within this scope, target-based risk assessments are conducted, potential impact analyses and probability calculations are performed, and necessary actions are taken in a timely manner to achieve objectives, ensuring that resources are allocated according to these criteria. In 2024, the Early Detection of Risk Committee prepared six reports evaluating the Committee's performance and risk management activities, which were submitted to the Board of Directors. Detailed information on the Committee's duties and responsibilities can be found in the Early Detection of Risk Committee Terms of Reference document.

SOCAR Türkiye Group Risk Committee (Executive Committee Level)

The Group Risk Management Committee was established under the supervision of the CEO of SOCAR Türkiye Enerji A.Ş. ("SOCAR Türkiye") and operates to ensure the identification, assessment, and management of risks across the Group. The Committee's primary objective is to effectively manage risks in achieving strategic goals, in line with SOCAR Türkiye's corporate governance principles, mission, vision, and values, and within the framework of the Group Risk Appetite.

The Committee's duties and responsibilities cover SOCAR Türkiye and all Group Companies, encompassing all aspects of risk management. With its composition of senior executives, the Committee provides comprehensive oversight of all risk categories and operates in accordance with the corporate Risk Management Policy.

The Committee is responsible for managing risks across SOCAR Türkiye in a holistic and sustainable manner. In this context, it oversees the identification and monitoring of strategic risks, operational risks such as production, information technologies, and occupational health and safety, as well as financial risks including exchange rate, interest rate, and changes in financial reporting structures. Additionally, external risks such as legal and ethical risks, non-compliance issues, and project-specific risks related to time, quality, and budget are also among the Committee's core responsibilities.

The Committee also provides guidance on the application of techniques for risk assessment and, when necessary, reviews the effectiveness of internal controls and existing action plans. It monitors the progress of action plans and evaluates the feasibility of proposed measures. The Committee ensures that risk levels remain aligned with the Group Risk Appetite and, when needed, serves as a platform for resolving and providing guidance on issues raised by the relevant Business Unit Risk Committees.

Additionally, the Committee regularly reviews existing risk policies and procedures, identifies areas for improvement, and ensures the integration of risk management into business processes and decision-making mechanisms. Monitoring compliance with the Group's risk appetite, overseeing the implementation of risk strategies, and providing recommendations for the improvement of these activities are among the Committee's primary responsibilities.

The Committee regularly reports its evaluations, analyses, and action outcomes to the Early Detection of Risk Committee, which is directly accountable to the Board of Directors. This process ensures that strategically significant risks at the corporate level are made visible and that management actions are supported.

Furthermore, the Committee aims to promote risk awareness throughout the organization and encourage the development of a balanced perspective. In this regard, knowledge sharing, guidance, and training activities are encouraged to strengthen the internal risk culture.

The Refinery and Petrochemicals Business Unit Risk Committee

The Refinery and Petrochemicals Business Unit (RPBU) Risk Committee was established under the supervision of the Head of the Refinery and Petrochemicals Business Unit and operates in alignment with SOCAR Türkiye's corporate governance principles. The Committee's primary objective is to identify, assess, manage, and mitigate all risks across the business unit in a manner that supports the achievement of strategic goals. In pursuit of this objective, the Committee aims to develop a comprehensive perspective on all major risk categories to which the unit is exposed, while remaining within the SOCAR Türkiye Group Risk Appetite.

The Committee operates across a broad spectrum of risks, including strategic, operational, financial, external, and project-related risks. Its scope encompasses the assessment of risks in all areas, from production processes and information technologies to occupational health and safety and financial structures. Additionally, the Committee monitors legal and ethical compliance risks as well as risks associated with critical projects. Within this framework, it reviews the effectiveness of existing control mechanisms, evaluates risk management methods, tracks the progress of action plans, and discusses their feasibility.

The Committee also addresses risks associated with operational plan changes and growth opportunities in a proactive manner. While ensuring that the overall risk level of the business unit remains within the Group Risk Appetite, it is responsible for reporting situations with potential breaches of these limits to higher authorities. Additionally, the Committee provides recommendations for the improvement of both the business unit's and SOCAR Türkiye's overall risk management systems. All activities carried out and outcomes achieved by the Committee are regularly reported to the Group Risk Committee and the Early Detection of Risk Committee.

Competencies of the Committee Members Reporting to the Board of Directors

The relevant competency areas of the members of the Board of Directors are shown in the competency matrix below:

Competency Areas of the Highest Governance Body									
	Anar Mammadov	Kanan Najafov	Zaur Gurbanov	Elchin Ibadov	Ömür Önk	Esra Niğde Şahiner	Bekir Emre Haykır	Naciye Kurtuluş Sime	Sedat Saruhan
Management in Global Organizations	X	X	X	X	X	X	X	X	
Finance	X		X	X	X		X	X	
Corporate Governance	X	X	X	X	X	X		X	X
Supply chain	X	X							
Human Resources, Employee Rights and Remuneration		X	X	X	X	X			X
Marketing and Sales	X	X		X	X				
Sustainable Financing and Investment	X		X	X	X		X	X	
Strategy and Risk Management	X	X	X	X	X		X	X	X
Sustainability		X		X	X				
Audit and Control	X	X	X	X	X		X		X
Digitalisation	X	X	X	X	X				
Employee Rights and Social Security	X		X			X			X
Sectoral Experience	X	X	X	X	X	X	X	X	X
Ar-Ge ve İnovasyon	X			X	X				

Experience Periods of the Members of the Board of Directors (Years)									
	Anar Mammadov	Kanan Najafov	Zaur Gurbanov	Elchin Ibadov	Ömür Önk	Esra Niğde Şahiner	Bekir Emre Haykır	Naciye Kurtuluş Sime	Sedat Saruhan
Experience Periods of the Members of the Board of Directors	>10	>10	>10	>10	>10	>10	>10	>10	>10

The climate and sustainability governance structure is structured to cover different levels of responsibility across the organisation. Professionals working in the Strategy and Sustainability Department and Risk and Compliance Group Directorate are trained according to international standards, especially ISO 31000, and specialised in sustainability and climate risks. These competences are continuously developed through regular technical workshops and following international best practices. This ensures that the governance structure is prepared for current risks and opportunities. Within this structure: The Group Director of Corporate Sustainability and OHS is responsible for the implementation of the sustainability roadmap, monitors the overall success and progress of initiatives and escalates key decisions and obstacles to the Group Sustainability Committee. Sustainability Programme Management communicates sustainability initiatives to the organisation, coordinates those responsible in the ESG matters and monitors the implementation process.

Initiative teams manage the initiatives in their areas of responsibility, provide resources, prepare monitoring reports and communicate the risks to be resolved to senior management.

The relevant committees are regularly informed about sustainability and climate-related risks and opportunities, and six separate reports were submitted to the Board of Directors in this context throughout 2024. In addition, for strategic investment requests, critical project phases, and decisions that could significantly impact operations, situation-specific risk assessments are conducted, thereby ensuring that decision-making processes are supported holistically from a risk perspective.

This governance structure adopts a sustainability-focused risk assessment approach in strategic investment decisions, large-scale projects, and annual operational planning processes. These assessments are conducted through impact- and probability-based analyses, supported by target-oriented risk scenarios, action plans, and control mechanisms. In line with this approach, Petkim's Environmental, Social, and Governance (ESG) risk inventory has been comprehensively updated and integrated to include the sustainability dimension.

Petkim's remuneration policies are designed with an approach that encompasses the sustainability performance of its governance structure. Performance criteria, aligned with risk management and sustainability objectives, are particularly integrated into the goals of senior executives, and progress is regularly monitored through tracking these indicators. This approach ensures a strong connection between the corporate sustainability strategy and individual performance targets.

Within the scope of corporate performance management practices, during the 2024 fiscal year, the CEO of SOCAR Türkiye, the Head of the Refinery and Petrochemicals Business Unit and Petkim General Manager, and the Chief Strategy and Sustainability Officer of SOCAR Türkiye undertook multidimensional targets covering environmental, social, and governance areas. These targets included the development of the sustainability roadmap, decarbonization programs, energy management practices, employee turnover rates, evaluation of sustainable product alternatives, occupational health and safety performance, ESG rating scores, and continuous professional development of employees. Accordingly, the performance evaluation of senior executives considers not only short-term financial outcomes but also long-term sustainable value creation and adherence to ESG policies. Relevant KPI dashboards are monitored monthly, reviewed twice a year, and regularly reported to the Executive Board. This approach contributes to establishing a holistic balance between the company's financial performance objectives and its sustainability commitments.

Progress is regularly monitored by the SOCAR Türkiye Executive Board, the Head of the Refinery and Petrochemicals Business Unit and the Petkim General Manager.

At Petkim, climate- and sustainability-focused KPIs for senior executives have been integrated into the corporate performance evaluation system. Metrics related to the development of the sustainability roadmap, decarbonization programs, energy management practices, employee turnover rates, evaluation of sustainable product alternatives, occupational health and safety performance, ESG rating scores, and continuous professional development of employees are tracked as part of managerial performance.

This system is currently in effect. The specified critical performance indicators have been incorporated into the performance review cycles. By company decision, performance criteria related to sustainability and climate targets have been included in the total remuneration of senior executives. However, work regarding the quantitative weighting of these criteria continues within internal processes and has not yet been disclosed publicly.

Management's Role and Controls Implemented

At Petkim, the monitoring of climate-related risks and opportunities at the management level is carried out through the committee structure and internal control mechanisms within SOCAR Türkiye. In this context, the relevant structures, particularly the Group Risk Management Committee and the Petkim Risk Committee, are responsible for monitoring and managing climate risks. The Corporate Governance and Sustainability Committee oversees sustainability issues, provides advice on sustainability strategy, and reports to the Chairman of the Board of Directors of SOCAR Türkiye.

The SOCAR Türkiye Group Sustainability Committee reviews and approves critical sustainability-related issues and decisions; submits to the Board of Directors the proposed solutions that require high-level decision-making; monitors the overall progress of the sustainability roadmap and provides guidance on operational issues. The Committee also reports to the CEO of SOCAR Türkiye.

However, since the mandates of the committees cover all topics of climate and sustainability, only the climate dimension is addressed in this report.

The sustainability governance structure is clearly illustrated in the adjacent diagram:

Corporate Governance and Sustainability Committee (SOCAR Türkiye Board Level)

- Audits sustainability related issues.
- Provides advice and guidance on the Sustainability Strategy.
- Reports to the Chairman of the Board of Directors.

SOCAR Türkiye Group Sustainability Committee

- Reviews and approves critical sustainability-related issues and decisions.
- Communicates solutions requiring high-level decision-making to the Board of Directors.
- Monitors the overall progress of the sustainability roadmap and provides guidance on operational issues.
- Reports to the CEO of SOCAR Türkiye.

Initiative Teams

- Implement different sustainability roadmap initiatives.
- Report to Sustainability Programme Management on the execution progress and performance of the initiatives according to agreed KPIs.
- Inform Sustainability Programme Management about barriers, challenges and execution risks.
- Report directly to Sustainability Programme Management.

Corporate Governance and Sustainability Committee (Board Level)

The Corporate Governance and Sustainability Committee provides advice and recommendations on initiatives that ensure SOCAR Türkiye's adherence to the highest corporate governance standards and contribute to the development of corporate governance on behalf of the Board of Directors. The Committee is responsible for assessing and reporting SOCAR Türkiye's compliance with corporate governance principles. In this context, it reviews the corporate governance practices of all committees and submits recommendations and guidance to the Board of Directors.

The Committee focuses on sustainable practices and aims to enhance the Company's sustainability performance by overseeing the implementation of sustainable policies and practices. It seeks to strengthen SOCAR Türkiye's market position and promote long-term success by encouraging good corporate governance and sustainable development. The Committee provides recommendations and guidance on the nomination of members to all committees reporting to the Board, the development of corporate governance practices regarding the remuneration of Board Members and senior executives, and ensuring that these practices are applied fairly across all employees. Additionally, the Committee monitors sustainability-related matters at the Board level and ensures appropriate governance, offering advice and guidance on the sustainability strategy. The Corporate Governance and Sustainability Committee reports its activities to the Board of Directors once a year.

SOCAR Türkiye Group Sustainability Committee (Executive Board Level)

The SOCAR Türkiye Group Sustainability Committee operates under the Executive Board and defines the sustainability strategy, monitors its implementation, provides guidance on critical issues, and evaluates ESG performance to ensure the Company meets its sustainable development goals. The Committee ensures that environmental, social, and governance matters are integrated into the Company's strategy across all operational areas and systematically monitors sustainability-related risks and opportunities.

The Committee provides comprehensive oversight of a wide range of priority areas, including strategic transformation initiatives, sustainable products and services, emissions and decarbonization, circular economy, air quality, workplace practices, digital responsibility, business ethics, third-party relations, sustainable finance, and reporting. Monitoring climate-related initiatives, such as decarbonization programs, also falls within the Committee's scope of responsibilities.

Chaired by the Group CEO, the Committee meets at least three times a year to evaluate sustainability-related strategic decisions, escalate issues to the Board of Directors when necessary, and ensure that implementation processes are carried out under the coordination of the Strategy and Sustainability Department. The Committee's structure, responsibilities, and meeting procedures are defined in detail in the committee procedure document.

Strategy

Climate-related Risks and Opportunities

Petkim considers combating climate change and advancing sustainability as fundamental elements of long-term value creation. Accordingly, the Company closely monitors the impact of environmental and social developments on its business strategies and aims to transform its operations into a more resilient and low-carbon structure.

Transition and physical risks related to climate change and sustainability are taken into account in Petkim's strategic prioritisation processes. At the same time, energy efficiency, circular economy practices and low-carbon production opportunities play a fundamental role in the Company's sustainability vision. The investments that will be required for the implementation of the determined actions are planned to be met within the framework of the Company's shareholders' equity and existing credit limits. In this context, sustainability strategies and investments are shaped with the aim of both increasing operational resilience and securing long-term value creation.

Petkim addresses climate and sustainability-related risks and opportunities in an integrated manner in corporate risk management processes. In 2024, the climate and sustainability risks included in the ESG risks and opportunities table were updated in accordance with the methodology determined by the Company's risk management team. In this process, risk definitions were made in consultation with internal stakeholder teams, and the contributions of the relevant teams were reflected in the assessments made.

In line with TSRS reporting obligations, these risks have been reviewed based on climate and financial materiality criteria. Since it was decided to disclose only climate-related risks in the first year of the report, other sustainability risks in the table are excluded from the scope. Climate-related risks are categorised and defined as physical and transition risks.

The identified climate risks and opportunities were evaluated by considering their short-, medium-, and long-term effects, and analyzed in terms of their potential impacts on the business model, value chain, financial position, and strategic objectives. In the prioritisation process, the likelihood of occurrence and potential financial impact of each risk were taken into account.

The risks assessed within the scope of financial prioritisation are analysed in detail in the tables below:

* Petkim uses the 'commercial sensitivity exemption' defined in paragraphs B34-B36 of TSRS 1 in relation to climate-related investments that are expected to be disclosed.

Carbon Pricing Risk

Subject of Risk:
Global and regional mechanisms for pricing greenhouse gas emissions pose strategic and operational risks due to their cost impacts on production processes.

Definition of Risk

The European Union's CBAM (Carbon Border Adjustment Mechanism) and Türkiye's preparations for a national Emissions Trading System (ETS) are reshaping the cost structure of companies involved in carbon-intensive production. This development brings with it both direct tax and trading obligations linked to carbon emissions, as well as indirect energy costs.

The Connection Between Risk and Climate

Transition Risk - Policy and Legal Risks

This risk is directly linked to the tightening of carbon pricing mechanisms implemented as part of climate change mitigation efforts. The expansion of national and regional ETS systems, border carbon adjustments such as CBAM, and carbon taxes have the potential to increase operational costs.

Related Scenarios and Projections

In assessing this risk, an increasing carbon price trajectory up to 2030 has been projected in line with the IEA Net Zero by 2050 scenario, while in the short term, the EU's CBAM transition period and Türkiye's ETS transition phase have been taken into consideration.

Time Horizon: Medium-Term (3-10 Years)

Probability: High

Impact: Medium

The Structure of Risk in Business and Its Impact on Decision Making Processes

The establishment of a carbon monitoring infrastructure, the reassessment of the export portfolio, and the prioritization of efficiency projects are directly linked to this risk.

Position of Risk in Business Model and Value Chain

The production of ethylene, propylene, and aromatic products relies on on carbon-intensive processes. Along with energy inputs and production volumes, carbon costs can affect the overall cost of these products. However, during the initial phase of CBAM and ETS, only indirect obligations apply to these products.

Current and Projected Impacts of Risk on Business Model and Value Chain

Although there will be no direct carbon trading obligation until the end of 2025, an increase in indirect energy costs and carbon reporting and monitoring costs for export products within the scope of CBAM are anticipated.

Carbon Pricing Risk

Trade-offs

Expenditures on carbon reporting and monitoring infrastructure create additional costs in the short term, while facilitating access to sustainable markets in the long term.

Risk Management Actions

- Development of an internal carbon pricing mechanism
- Establishment of a carbon accounting infrastructure for the Carbon Border Adjustment Mechanism (CBAM)
- Development of a greenhouse gas inventory compliant with ISO 14064-1
- Product-level carbon footprint calculations
- Definition of emission reduction strategies
- Development of decarbonization roadmaps by evaluating clean energy sources
- Facilitation of technology transfer through R&D projects
- Direct conversion of carbon into valuable products through the CO_2-to-SAF project, conducted in collaboration with SOCAR Türkiye R&D & Innovation and universities
- Close monitoring of the Türkiye Emissions Trading System (ETS) implementation plan
- Development of investment, feasibility, and strategy plans to ensure compliance with national and international regulations
- Prioritization of projects in line with the company's strategic plan and allocation of resources accordingly
- Conducting awareness-raising activities to enhance employee understanding of carbon-related issues

Objectives for Risk Management

- Achieve net zero for Scope 1 and Scope 2 emissions by 2050
- Reduce Scope 1 and Scope 2 emission intensity
- Reduce NOx emissions
- Reduce SOx emissions

Financial Impact of Risk

The implementation of carbon pricing mechanisms at both international and national levels introduces a potential financial liability risk based on Scope 1 emissions. However, due to uncertainties regarding the level and variability of carbon prices, allocation methods, sector-specific application details, and effective dates, the financial impact of this risk cannot be quantified in numerical terms under TSRS 2, Article 16. The uncertainty stems from the lack of clarity in regulations and implementation rules related to carbon mechanisms. This assessment is based on the professional judgment of Petkim's senior management using available data. The risk is expected to qualitatively impact the income statement by increasing Cost of Sales and Operating Expenses, and to increase cash outflows from operating activities in the cash flow statement. No quantitative estimate is provided due to the volatility of carbon prices, market fluctuations, and regulatory uncertainties.

Transition Plan and Assumptions

In 2025, assumptions regarding the carbon price were made using carbon price scenarios, and only products within the CBAM transition period were included in the analysis. Only direct emissions from production sources were considered, while indirect effects were excluded.

Opportunity Created by Risk

- Verified carbon reductions can provide strategic benefits such as marketing low-emission products, access to green financing, and a competitive advantage in the EU market.
- Achieving greenhouse gas emission reduction targets ensures the company's compliance with current and future environmental regulations, preventing potential penalties.
- In the context of increasing environmental and social awareness, improving sustainability performance strengthens the company's reputation, leading to long-term gains in customer trust, brand value, and stakeholder relations.
- The development of a low-carbon and sustainable product portfolio can meet rising demand in both domestic and international markets, boosting sales and market share, thereby supporting the company's competitiveness and growth potential.

Energy Price Fluctuation Risk

Subject of Risk:
Volatility in energy prices, driven by global climate policies and supply-demand imbalances, poses a financial risk to Petkim's operational costs.

Definition of Risk

Within the climate transition process, regulations on fossil fuel supply, carbon pricing, and delays in the shift to renewable energy are causing significant volatility in energy markets. In energy-intensive sectors like Petkim, this volatility directly impacts production costs. Additionally, rising carbon-related electricity costs in the EU may affect import competitiveness.

The Connection Between Risk and Climate

Transition Risk - Market Risk

The transition to a low-carbon economy is driving structural changes in energy markets, creating volatility in electricity prices due to reduced reliance on fossil fuels. This situation can increase production costs, particularly in energy-intensive sectors, and impact strategic planning. Accordingly, this risk is classified as a transition risk, directly linked to the effects of climate policies and renewable energy investments on pricing.

Relevant Scenarios and Projections

IEA STEPS (Stated Policies Scenario) and NGFS Orderly Transition scenarios are taken into account in the assessment of this risk. In this framework, short-term (2025-2027) electricity and natural gas price assumptions are kept within a narrow band in line with regional energy markets.

Time Horizon: Short-Term (1-3 Years)

Probability: High

Impact: Medium

The Structure of Risk in Business and Its Impact on Decision Making Processes

This is driving decisions to increase flexibility in energy procurement contracts, shift toward low-carbon energy sources, and prioritize investments in energy efficiency.

Position of Risk in Business Model and Value Chain

Cost increases are occurring in processes with high energy consumption; in particular, electricity and steam usage in the naphtha cracker and auxiliary operations are highly sensitive. Energy prices can directly impact product margins.

Current and Projected Impacts of Risk on Business Model and Value Chain

Temporary increases in spot natural gas prices have led to prioritizing cost-advantageous products in production planning. This dynamic may continue over the next 1–2 years.

Energy Price Fluctuation Risk

Trade-offs

In the short term, a decrease in gross profit margins is expected for low-margin products produced in energy-intensive processes. This effect is temporary due to rising energy costs and can be mitigated in the long term once planned energy efficiency investments are completed. Long-term recovery is possible through efficiency gains.

Risk Management Actions

- Feasibility studies for equipment and process improvements aimed for the implementation of energy efficiency practices
- Implementation and digitalization of automation and energy monitoring systems
- Efficiency improvements in steam boilers
- Process optimization efforts for electricity and steam efficiency
- Conducting technical and financial feasibility studies for the transition to renewable energy sources
- Prioritizing projects aligned with the company's strategic plan, aimed at increasing energy efficiency
- Increasing renewable electricity generation through the Petkim Wind Power Plant
- Continuously reviewing measures and actions to manage potential risks related to the subject
- Reducing energy consumption through SOCAR Türkiye R&D and Innovation AYPE reactor optimization
- Developing alternative energy carriers and achieving system flexibility via the R&D project by SOCAR Türkiye R&D and Innovation for DME/methanol production technology

Financial Impact of Risk

Sudden increases in energy supply costs can impact the production cost structure. However, due to the regulatory-linked volatility of energy prices, the complexity of supply contract structures, and exchange rate fluctuations, the financial magnitude of this impact cannot be quantified under TSRS 2, Article 16. The uncertainty arises from the inability to reliably estimate volatility in energy markets and details of the company's positions in these markets. This assessment is based on the professional judgment of Petkim's senior management within the framework of the available data set. The risk is monitored through internal scenario analyses and is integrated into the enterprise risk management framework, with financial hedging strategies applied. This risk is expected to have a qualitative effect, potentially increasing the Cost of Sales and Operating Expenses in the income statement and raising cash outflows from operating activities in the cash flow statement. No quantitative measurement is provided because fluctuations in energy markets, contract terms, and exchange rate volatility prevent precise estimation.

Objectives for Risk Management

- Achieve net zero in Scope 1 and Scope 2 emissions by 2050
- Reduce Scope 1 and Scope 2 emission intensity

Transition Plan and Assumptions

The scenarios used in assessing this risk have been taken into account, and within this framework, short-term (2025–2027) electricity and natural gas price assumptions have been maintained within a narrow range, aligned with regional energy markets. These assumptions have been determined in accordance with the company's existing energy supply contracts and market projections; to mitigate the potential impact of price fluctuations on production costs and profitability, a gradual increase in energy efficiency investments and the use of renewable energy sources is planned.

Opportunity Created by Risk

Investments in efficiency, renewable energy projects, and the development of low-carbon products offer potential to turn this risk into an opportunity. Resource allocation in this context is planned in line with the company's equity and existing credit limits.

Increased Demand for Low Carbon Product Risk

Subject of Risk:
Rising demand for low-carbon-footprint products deriving from increasing global sustainability pressures and regulations may pose a threat to the traditional product portfolio.

Definition of Risk

As part of compliance with global sustainability standards, many industrial customers are prioritizing low-carbon products. This shift can weaken the market competitiveness of carbon-intensive products and pose a revenue risk. Petkim's traditional petrochemical products face the need for technical transformation and product renewal in response to this transition.

The Connection Between Risk and Climate

Transition Risk - Market Risk

The increase in demand for low-carbon products across the supply chains of customers aiming to comply with global sustainability standards may create transformation pressure on Petkim's product portfolio. This situation could manifest particularly as a reduced preference for carbon-intensive products or exposure to price pressures.

Relevant Scenarios and Projections

This analysis utilized the NGFS Net Zero 2050 and EU Taxonomy scenarios, with short-term (2025–2026) impacts based on assumed market contraction and the need for alternative products.

Time Horizon: Medium-Term (3-10 Years)

Probability: Medium-High

Impact: Medium

The Structure of Risk in Business and Its Impact on Decision Making Processes

Product life cycle analyses, carbon footprint calculations, and the reprioritization of R&D initiatives are directly related to this risk.

Position of Risk in Business Model and Value Chain

If customers shift toward low-carbon alternatives and reduce demand for traditional products such as polyethylene and polypropylene, capacity utilization rates and product margins may be affected. At this point, new product development and the integration of recycled content become strategically important.

Current and Projected Impacts of Risk on Business Model and Value Chain

After 2028, producers lacking carbon footprint data for their products or without a low-carbon product portfolio may face difficulties competing, especially in regions where sustainability criteria are prioritized, such as the EU market.

Increased Demand for Low Carbon Product Risk

Trade-offs

The costs of developing new products, retrofitting existing facilities, and ensuring quality standards may constrain short-term profitability.

Risk Management Actions

- Studies on product-specific carbon footprint calculations
- Preparation for obtaining sustainable product certification
- Process compatibility studies for integrating recycled raw materials
- Scenarios for integrating recycled content into the development of low-carbon product groups and alternatives for transitioning to bio-naphtha–compatible production
- Low-carbon product production through three new product projects carried out by SOCAR Türkiye R&D and Innovation:
  - Chemical recycling project (waste polyolefins → petrochemical feedstock),
  - BIOlink project for the development of bio-based packaging
  - Green product portfolio expansion through SAF production.
- Achievement of the ISCC (International Sustainability and Carbon Certification) Plus certificate, certifying Petkim's compliance with sustainable production requirements

Objectives for Risk Management

- Achieve net zero for Scope 1 and Scope 2 emissions by 2050
- Reduce Scope 1 and Scope 2 emission intensity
- Reduce NOx emissions
- Reduce SOx emissions

Financial Impact of Risk

The increasing demand for low-carbon products may reduce the market share of high-carbon-intensity products. However, this shift depends on many uncertain factors, such as customer preferences, commercial behavior, and market dynamics. Therefore, the financial impact of this risk cannot be quantified in accordance with TSRS Article 16. The uncertainty mainly arises from differences in behavioral forecasts in target markets. The risk is monitored through product portfolio analysis studies. This risk is expected to have a qualitative impact, potentially narrowing the Cost of Sales, R&D Expenses, and Gross Profit Margin on the income statement, and increasing cash outflows from investment activities on the cash flow statement. Quantitative estimation is not provided due to the uncertainties in product development costs, market acceptance speed, and customer demand.

Transition Plan and Assumptions

In the short term, considering the impact of market contraction, scenarios have been based solely on decline in revenue volumes due to alternative product projects not yet being fully implemented. This approach focuses on a temporary effect and will be updated in line with long-term transformation targets.

Opportunity Created by Risk

Provides important opportunities to create new product segments, enter new markets with sustainability certified products and participate in the green supply chain.

Drought and Water-Related Operational Risk

Subject of Risk:
There is a continuity risk on production activities due to drought and decrease in water resources.

Definition of Risk

Petkim's water-intensive processes are potentially vulnerable to disruptions in water supply due to climate change. Reduced water availability could lead to operational stoppages, increased costs, and quality issues. Climate projections for 2040–2100 indicate that, in the SOCAR Türkiye Refinery and Petrochemicals Business Unit region, a temperature increase of 3.5–5°C could significantly challenge water management, clearly highlighting the potential impacts of this risk.

The Connection Between Risk and Climate

Physical Risk - Chronic

Climate change–induced rising temperatures and shifting precipitation patterns increase the drought risk of the water sources on which Petkim depends. This poses a potential for operational disruptions, particularly in production processes with high water demand. Accordingly, the risk is classified as a physical climate risk with a chronic impact profile. Based on simulations conducted by the relevant ministry on climate change and drought risks for the region, actions should be aligned with key identified variables. For instance, projections indicate that between 2050 and 2100, average air temperatures are expected to rise by 3.5–5 °C. This rise, coupled with reduced precipitation and higher evaporation rates, is projected to lower the annual average water retention capacity of many surface water basins in the region. According to the simulations, the Güzelhisar Dam will remain the relatively most reliable reservoir by 2100. However, this implies that population density in surrounding basins, along with industrial and agricultural water needs, will exert additional demand pressure on Güzelhisar Dam, potentially heightening competition for water resources.

Relevant Scenarios and Projections

According to the NGFS "Hot House World" scenario and the IPCC RCP 8.5 scenario, the İzmir–Aliağa region is at high risk of water stress during the summer months. The assessment is based on a 35% reduction in water flow.

Time Horizon: Medium Term (3-10 Years)

Probability: Medium

Impact: High

The Structure of Risk in Business and Its Impact on Decision Making Processes

A water management policy is included in the management strategy. Critical decisions include the use of alternative water sources and the installation of secondary water systems.

Position of Risk in Business Model and Value Chain

Petkim's business model, which is based on continuous production, is directly affected by short-term disruptions in water supply. In addition, operating licences may be jeopardised due to environmental regulations.

Current and Projected Impacts of Risk on Business Model and Value Chain

Currently, drought and water-related operational risks have no direct impact on the business model and value chain. However, considering the uncertainties regarding the continuity of water resources, it is foreseen that disruptions in production processes may occur for certain periods of time. There is a risk that this duration and frequency may increase in the future. This may have negative impacts on production volume and operational continuity.

Drought and Water-Related Operational Risk

Trade-offs

The implementation of wastewater recovery systems, which require high investment, and reduced water consumption may lead to an increase in operational costs in the short term. However, in the long term, they contribute to reducing water consumption and facilitate compliance with environmental regulations.

Risk Management Actions

- Conducting feasibility studies for wastewater recycling infrastructure by 2026
- Carrying out preliminary analyses on the environmental impacts of seawater treatment
- Commissioning closed-loop cooling systems
- Establishing a meeting schedule with İZSU, Aliağa Municipality, and DSI for alternative water supply
- Biotechnological treatment and recovery of wastewater through the BIOTECH project carried out by SOCAR Türkiye R&D and Innovation, which involves developing new bacterial strains for wastewater treatment and using them in the waste removal unit

Objectives for Risk Management

Reducing net water consumption

Financial Impact of Risk

Drought and water scarcity may lead to interruptions in the supply of water used in Petkim's production processes and reduced operational efficiency. However, due to regional differences in climatic variability, water supply contracts and lack of meteorological data, the financial impact of this effect cannot be quantified in accordance with Article 16 of TSRS 2. Uncertainty arises from extreme climatic changes and seasonal volatility of water resources. This risk is expected to have a qualitative impact that could result in an increase in Operating Expenses and Maintenance and Repair Expenses in the income statement and an increase in cash outflows from operating activities in the cash flow statement. Quantitative measurement is not provided because the frequency and cost of operational interruptions due to climatic conditions cannot be predicted.

Transition Plan and Assumptions

In the modelling, production downtime and capacity impact are considered within the framework of a limited impact scenario.

Opportunity Created by Risk

- Infrastructure investments have the potential to improve environmental performance indicators, increase ESG scores and increase investor confidence.
- Preventing excessive consumption of dam water and avoiding the level from dropping contributes to the sustainability of water resources in the short term, reducing environmental impact and increasing operational safety.
- By supplying seawater to the mobile hose system through seawater pumps, water supply is diversified and water resources are utilised more efficiently in the short term.
- By utilising water resources more efficiently and reducing environmental impact, the company is expected to achieve reputational gains.

Heatwave Risk

Subject of Risk:
Risk of negative impact on employee health, production efficiency and energy consumption as a result of increased heat waves.

Definition of Risk

Petkim's process equipment, which operates in open areas and at high temperatures during the summer months, carries the risk of reduced workforce productivity and equipment performance due to prolonged heat waves. In addition, there is a risk of higher energy demand on cooling systems and potential process deviations.

The Connection Between Risk and Climate

Physical Risk - Acute

Increasing average temperatures and frequent heat waves are likely to negatively affect both employee health and process efficiency. During periods of high temperatures, effects such as reduced production capacity or increased energy consumption can be observed. Therefore, this risk is assessed within the scope of physical climate risks and has an acute impact profile.

Relevant Scenarios and Projections

In line with the NGFS 'Disorderly Transition' scenario, it has been scenario-modelled that heatwaves lasting six consecutive days and average summer temperatures exceeding 38°C may occur. During this period, production constraint and energy consumption increase are assumed.

Time Horizon: Short-Term (1-3 Years)

Probability: High

Impact: High

The Structure of Risk in Business and Its Impact on Decision Making Processes

Management prioritised energy efficiency investments and human intervention plans. Critical decision points include changing the shift structure, improving rest areas and installing remote monitoring systems.

Position of Risk in Business Model and Value Chain

The efficiency of process equipment is directly dependent on temperature variations. Since the production chain is based on continuous operation, process deviations in extreme temperatures and a decrease in capacity utilisation rates can lead to production losses.

Current and Projected Impacts of Risk on Business Model and Value Chain

Currently, no direct impact of heat waves on the business model and value chain has been observed. Accordingly, considering the effects that may lead to loss of efficiency in production processes and increase in energy consumption, a limited production constraint and an increase in energy consumption are assumed within the scope of the sample scenario.

Heatwave Risk

Trade-offs

The increase in the load of process heating and cooling systems increases energy consumption. However, it is considered necessary in terms of occupational safety and process stability.

Risk Management Actions

- Establishment of heat tolerance monitoring systems for critical equipment in order to reduce the operational effects of heat waves, feasibility studies for closed-loop cooling systems
- Development of staff rotation practices with shading for those working in open areas
- Expansion of high temperature resistant equipment projects and occupational health measures
- Detection of leaks in the lines with industrial drones by SOCAR Türkiye R&D and Innovation, early identification and intervention of the risks caused by hot weather and prevention of stoppages

Objectives for Risk Management

- Achieve net zero for Scope 1 and Scope 2 emissions by 2050
- Reduce Scope 1 and 2 emission intensity

Financial Impact of Risk

Heat waves can cause disruptions in production processes, loss of energy efficiency and additional costs. However, the frequency and persistence of these effects and their multidimensional impact on the technical infrastructure cannot be measured precisely. Therefore, the financial impact of this risk cannot be quantified in accordance with Article 16 of TSRS 2. Uncertainty arises from the limitations of meteorological forecasts and the lack of detailed damage scenarios for temperature sensitive equipment. Petkim monitors this risk through technical analyses based on production sites and climate adaptation strategies. This risk is expected to have a qualitative impact that may lead to an increase in Cost of Sales and Energy Expenses in the income statement and an increase in cash outflows from operating activities in the cash flow statement. Quantitative forecasts are not available because spot energy purchase prices and consumption levels are highly uncertain depending on weather conditions.

Transition Plan and Assumptions

The modelling is based on a scenario in which a limited decrease in production capacity and an increase in energy consumption is foreseen, taking into account the effect of increasing temperatures in summer on production processes.

Opportunity Created by Risk

Energy efficiency investments offer potential for a reduction in carbon intensity, improved sustainability ratings and increased operational resilience.

Probability and Impact Based Assessment Methodology of Risks

Time Horizon Classification Approach

The methodological approach used to classify climate-related risks according to time horizons and the assessment of risks as short, medium and long term are directly related to Petkim's strategic governance, investment planning and decision-making processes. Therefore, each time horizon is defined as follows:

Time Horizon Range	Time Description	Justification
Short-Term	1-3 Years	This range reflects the company's current strategic planning cycle, annual investment budgets and short-term market and regulatory changes. Within the scope of TSRS, the 'current impacts' as specified in paragraphs 10(a) and 10(d) are particularly prominent in this period.
Medium-Term	3-10 Years	The Company's medium-term transformation strategies, technology adaptation and regulatory transition periods fall within this range. In addition, the return period of sustainability investments and the timetable for the entry into force of regulations also support this time horizon.
Long-Term	10 Years and Above	It includes longer-term planning such as addressing the impacts of physical climate risks, infrastructure resilience, business model transformation. Article 10(d) of the TSRS emphasises long-term impacts and their implications for strategic decision-making.

These classifications were taken as basis in the time horizon assessment of each climate risk identified by Petkim. In determining the time frames, the duration of risk realisation, sectoral projections, strategic plan cycles and regulatory calendars were taken into consideration. Time Horizon assignments were handled not only chronologically, but also in a holistic manner with strategic impact and decision-making dynamics.

The probability and impact assessments for each climate-related risk identified within the scope of this report have been made with 'Low / Medium / High' classifications based on a systematic methodology in line with Article 22(a)(iii)(2) of TSRS 2. This methodology provides a framework based on a combination of qualitative and quantitative inputs, Petkim-specific analysis approaches, industry practices and international climate scenarios.

Probability Classification

The probability of occurrence of each risk is assessed according to the following thresholds:

- **Low Probability:** The probability of realisation in the next 10 years is less than 20%.
- **Medium Probability:** The probability of occurrence is between 20% and 60%.
- **High Probability:** The probability of realisation is over 60%.

This classification is based on IPCC's probability definitions ("Likelihood", "Very Likely") and the 'uncertainty' principle of TSRS. Probability estimates are based on past climate events, Petkim's operational experience and scenario projections such as SSP and IEA.

Impact Classification

Within the scope of Article 14 of TSRS 2, while determining the impact levels of risks, the duration of impact (short, medium, long term), financial magnitude of the impacts, operational and strategic impacts and the assessments of the management units were taken into consideration together. Impact classification is based on both qualitative analyses and the financial materiality threshold study conducted specifically for Petkim in accordance with TSRS. Impact refers to financial, operational, reputational and regul. However, due to the fact that this is the first year of the report and there are methodological limitations in measuring the direct and quantitative reflection of the impacts of climate-related risks on financial statements, some impacts have been addressed qualitatively. The impact levels in question were assessed within the framework of factors such as the strategic importance of the risks, potential damage scale, impact on sensitive assets and processes, and categorised by taking into account the company's current level of resilience, adaptation capacity and response mechanisms.

Financial Materiality

The financial impact of climate-related risks has been analysed to assess their potential impact on the Company's operating performance in accordance with 2.25(a)(iii) of TSRS 2. However, in the comprehensive assessments made, it was determined that none of the identified climate risks reached a material monetary impact within Petkim's current financial structure, i.e. they remained below the determined threshold value. Therefore, detailed financial calculations have not been made for these risks; however, they have been included in the report at a qualitative level in line with the openness and transparency principles of TSRS.

Petkim bases its rationale for keeping risks below threshold not only on the lack of quantitative data, but also on its operational resilience, risk management capacity and performance in response to similar events in previous years. This approach reflects an understanding based on systematic monitoring and management of risks, rather than ignoring them completely. In this context, probability and impact assessments have been made for each risk, and the results have been categorised transparently in a manner that is both verifiable by supervisory authorities and guiding investor.

Impact Level

Score	Description
Low	Partially affects the achievement of strategic objectives and process flow. **Detail definition:** ▪ Issues that do not pose a significant strategic, operational, compliance, reputation, OHS-E and financial risk.
Medium	Affects the achievement of strategic objectives and process flow. It poses a threat to the correct completion and/or completion of the process. **Detail definition:** ▪ Deficiencies with no significant impact on operations, OHS-E or compliance at the organisation level ▪ Situations that may have a widespread and non-significant reputational impact ▪ Control deficiencies that could result in an immaterial amount of financial loss or an immaterial amount of misstatement ▪ Non-major inconsistencies with company policies/procedures ▪ Non-significant impairment of the achievement of the control's objective due to the inability to effectively perform certain non-key controls or the ineffectiveness of the existing control design
High	Significantly affects and hinders the achievement of strategic objectives, the correct completion of the process and/or the completion of the process. **Detail definition:** ▪ Control deficiencies that could result in significant financial loss or misstatements ▪ Significant control deficiencies related to operations, OHS-E or compliance at the organisation level ▪ Risk of irregularities or fraud ▪ Situations that may cause significant and widespread reputational damage ▪ Serious incompatibilities with Company policies/procedures ▪ Serious disruptions in the achievement of control objectives due to ineffective implementation of key controls or ineffective design of existing controls ▪ Breach of ethical standards
Critical	Events that occur outside the risk capacity of the company (the highest level of risk that the Institution can bear). **Detail definition:** ▪ Any event that stops operations and activities and suspends the authorisation to operate.

Risk	Impact Level	Financial Performance / Cash Flow Impact	Resilience Level
Carbon Pricing Risk	High	Increase in operating costs driven by higher carbon prices	Medium
Increased Demand for Low Carbon Product Risk	Medium	Fluctuation in net cash position due to increasing import-related costs.	High
Energy Price Fluctuation Risk	Medium	Rising energy supply prices leading to higher operating expenses and cost of goods sold.	Medium
Drought and Water-Related Operational Risk	Medium	Increased operational expenses due to increased cooling and maintenance costs	Medium
Heatwave Risk	High	Rising energy supply costs from high-priced spot purchases, driving up operating expenses.	Medium

Climate Resilience

Scenario Analysis and Climate Resilience

Petkim conducted a climate scenario analysis during the 2024 reporting period in order to evaluate the potential impacts of climate change on business strategies, analyze the risks faced on a scenario-based approach, and test its long-term strategic resilience.
This analysis served as a critical instrument for assessing the impacts of both physical and transition risks on the company's value chain.

Within the scope of the study, key financial and operational components—including operational processes, production stoppages, energy use, foreign trade profile, and strategic investment plans—were taken into consideration. The analyses were structured in line with the guidance of TSRS 2.22, based on short, medium, and long-term horizons.

The climate resilience study was carried out under three global temperature scenarios:

- **SSP1–RCP1.9 (1.5°C Scenario):** DIn this scenario, where the low-carbon transition takes place rapidly, it is assumed that carbon pricing will increase and regulations such as CBAM in foreign trade will become stricter. Among the macroeconomic trends considered within the framework of this scenario are carbon pricing, local and international net zero scenarios, and fluctuations in global energy resources. Within this scenario, Petkim has prioritized increasing energy efficiency in its operations, transitioning to low-carbon production technologies, and using renewable energy sources in electricity consumption. The existing energy management system provides a structure suitable for this transition.

- **SSP2–RCP4.5 (2.5°C Scenario):** In this scenario, where moderate regulations are applied, it is anticipated that carbon costs will remain at a manageable level; however, climate risks may occur more frequently. Among the macroeconomic trends considered within the framework of this scenario are political fluctuations, consumer market trends, and the reduction in the current supply capacity of water resources due to decreasing precipitation and increasing evaporation rates resulting from climate change. In this context, Petkim has optimized its production plans according to climate-related downtime risks and has conducted scenario-based sensitivity analyses particularly on the external supply chain.

- **SSP5–RCP8.5 (4°C Scenario):** In this high-risk scenario, where policy implementations are delayed, it is foreseen that the impact of physical risks such as heat waves and floods will increase significantly. Among the macroeconomic trends considered within the framework of this scenario are political, economic, and regulatory uncertainties based on critical variabilities brought by rising temperatures. Within this scenario, Petkim has made plans to enhance the resilience of critical infrastructure and to strengthen operational backup systems against water and energy interruptions.

The selected climate scenarios represent three fundamental transition levels defined within the framework of the IPCC's Global Socio-Economic Pathways (SSP) and internationally recognized. SSP1–RCP1.9, as a rapid and coordinated low-carbon transition scenario, allows for testing high resilience conditions aligned with Petkim's long-term sustainability goals. SSP2–RCP4.5, on the other hand, is a more realistic baseline scenario that foresees moderate policy action and transition costs, and is consistent with current regulatory trends. SSP5–RCP8.5, as a scenario involving low policy intervention and high physical risk, has been included to evaluate potential severe impacts on Petkim's infrastructure and supply chain. Within the scope of TSRS 2 22 b.i.5, the SSP- and RCP-based scenarios used in Petkim's scenario analyses have been selected for the comprehensive assessment of climate-related developments and uncertainties. These scenarios are consistent with the current studies of international authorities such as the IPCC, NGFS, and IEA, and they incorporate both socio-economic and physical risks, thereby enabling a holistic analysis of the transition and physical risks faced by Petkim. The selection of scenarios has been made by taking into account Petkim's strategic planning periods, time horizons, and sector dynamics, and they have been evaluated as the most appropriate tools for managing uncertainties and developing resilience strategies

The assumptions used in the scenario analyses have been shaped based on the IPCC's regional climate projections—which include macroeconomic trends and technological developments—Türkiye's national energy and climate policies, up-to-date foreign trade data, and the company's 2024 production, export, and operational downtime data.

Within the scope of the climate resilience assessment, Petkim takes into account major areas of uncertainty within the framework of physical and transition risks. In terms of physical risks, the impact of heat waves on production processes and the potential reduction of water resources due to drought create uncertainties for operational continuity. On the side of transition risks, the direction of policies related to increase in carbon pricing in energy markets in energy markets, and the impact of increasing demand for low-carbon products on production and marketing strategies are the prominent factors.

The levels of risk exposure for each scenario have been evaluated separately for the short, medium, and long term; and for each scenario, a resilience scoring was conducted for both physical and transition risks. As a result of these analyses, it has been assessed that Petkim can demonstrate high resilience under the SSP1 scenario, while in the SSP5 scenario significant operational and financial vulnerabilities may emerge.

Asset vulnerability analyses will be initiated within Petkim in the upcoming period. This analysis aims to systematically identify equipment and infrastructure that are sensitive to climate risks and to assess their impacts. However, as of this reporting period, since the legislation regarding the relevant data infrastructure is still in development and, accordingly, the analysis methodology has not yet been completed, the said assets could not be reported during this reporting period.

Efforts to strengthen corporate capacity for the development of the related analytical studies and to evaluate the possibilities for implementation are ongoing.

Climate Scenario	Resiliance to Physical Risks	Resilience to Transition Risks	Total Resistance
SSP1–RCP1.9	High	High	High
SSP2–RCP4.5	Medium-High	Medium-High	Medium-High
SSP5–RCP8.5	Medium	Low-Medium	Medium

Under TSRS 2, climate-related risks faced by Petkim have been assessed separately for the short term (0–3 years), medium term (3–10 years) and long term (10 years and above). The analyses conducted within this framework:

Short-Term (0–3 years)
Short-term increases in carbon prices, fluctuations in energy prices, and the impact of current regulatory changes on costs are highlighted. In terms of physical risks, sudden heat waves and regional water-related operational interruptions are the determining factors.

Medium-Term (3–10 years)
The scope of carbon regulations is expected to expand, changes in international trade rules are anticipated, and investments in energy transition are projected to accelerate. In terms of physical risks, the increased frequency of droughts and prolonged temperature anomalies have the potential to exert a higher impact on production continuity and efficiency.

Long-Term (10 years and more)
The permanent effects of climate change, the depletion of water resources, the necessity for infrastructure adaptation investments, and the structural transformation in global carbon markets will play a decisive role.. In the long term, the full transition to a low-carbon product portfolio and the deployment of production technologies with high climate resilience are expected.

This time-horizon analysis is closely aligned with the short-, medium-, and long-term assessments made for each risk in the Physical and Transition Risk Resilience table below. The table presents, in a holistic manner, the impact of each risk across different time horizons and the resilience strategies developed in response to these impacts.

Evaluations of the obtained results regarding their use in updating short-, medium-, and long-term strategic plans at the Board of Directors and Executive Management levels are ongoing. In this context, within the scope of TSRS 2.22, Petkim's capacity to prepare for climate risks has been analyzed from both strategic alignment and financial resilience perspectives and has been linked to governance mechanisms.

Area of Impact	Effect to Petkim	Resilience of Petkim	Impact on the Business Model
Carbon Pricing Risk	Pursuant to TSRS 2 – Paragraphs 10(a), 13(a), and 22, the impact of increases in carbon prices on business strategy and the value chain has been analyzed in detail. The foreseeable short-term impact of this risk remains below the 1% financial materiality threshold defined in TSRS Article 22. Therefore, financial forecasts have not been included in public reporting. Instead, the strategic implications of the risk, the management approach, and the actions taken have been described. In the forecasts, only official carbon price scenarios and limited assumptions were considered, avoiding speculative projections.	Petkim has established a carbon footprint measurement infrastructure in line with CBAM requirements. Currently, a carbon pricing mechanism is not yet implemented at Petkim. However, development work is ongoing within digital systems to integrate internal carbon pricing into decision-making processes. This infrastructure aims to enhance the company's resilience to price fluctuations.	Petkim's current business model relies on carbon-intensive processes, making it highly exposed to carbon risk both in terms of direct emission intensity and the carbon cost of energy inputs. Rising carbon prices, particularly with the expansion of SKDM and ETS coverage, inevitably lead to increased costs in export-oriented operations.
Energy Price Fluctutation Risk	Pursuant to TSRS 2 – Core Content, Strategy, Climate-Related Risks and Opportunities, Paragraphs 10(a), 13(a), and 22, this risk has been evaluated at a strategic level, and its calculated financial impact remains below the 1% financial materiality threshold defined by TSRS. Therefore, under TSRS 2 Article 22, the relevant financial calculations have not been included in the publicly disclosed TSRS-Compliant Sustainability Report. This approach aligns with both the principle of not misleading investors and the avoidance of commercially sensitive information. The impact analysis was conducted based on regional energy price scenarios and Petkim's supply portfolio; however, due to high uncertainty, the analysis was performed with limited assumptions and within a constrained model framework, meaning that the calculations provide only a medium-term perspective.	Petkim continues to enter into long-term supply agreements to balance energy costs, expand energy efficiency projects, and implement optimization measures in energy-intensive processes. In addition, energy risks are monitored within an integrated risk management framework, and financial hedging strategies are applied.	Petkim's production processes are based on energy-intensive operations and are directly sensitive to fluctuations in energy prices. Volatility in global and regional energy markets exerts pressure on production costs. Consequently, Petkim's current business model is highly exposed to energy price risks.
Increased Demand for Low Carbon Product Risk	Under TSRS 2 – Core Content, Strategy, Climate-Related Risks and Opportunities, Paragraphs 10(a), 13(a), and 22, the strategic significance of this risk on Petkim's business model has been identified. However, the financial impact analysis, based on market growth scenarios and domestic demand projections, remained below the 1% threshold. In accordance with TSRS 2 Article 22, the financial effects of this risk have not been presented in detailed calculation format in the report; only the strategic implications for the business model have been described. Since the demand growth risk has both potentially positive and negative impacts, it was assessed using a narrowed approach, focusing solely on its effect on the current product portfolio. In this context, financial figures have not been disclosed to avoid misleading investors.	Petkim conducts R&D and sustainable product strategies to diversify its product portfolio with low-carbon alternatives and to increase the share of recyclable products. In addition, the company has adopted a target to reduce its carbon footprint through product life cycle assessments and supplier collaborations.	Petkim's product portfolio largely consists of traditional, carbon-intensive petrochemical products. With the European Green Deal, the EU Taxonomy, and shifts in global purchasing behaviors, this trend creates transformation pressures on Petkim's current business model.

Area of Impact	Effect to Petkim	Resilience of Petkim	Impact on the Business Model
Drought and Water-Related Operational Risk	Under TSRS 2, Core Content, Strategy, Climate-related Risks and Opportunities, Paragraphs 10(a), 13(a), and 22, this risk has been assessed. The analysis considered Petkim's dependency on water in its production processes; however, modeling of drought-related production interruptions was limited to historical data on local water supply issues and regional meteorological data. Calculations based on this narrow set of assumptions remained below the 1% materiality threshold specified in TSRS, Article 22. Consequently, financial impact calculations are not presented in the report. Instead, the current and potential effects on water-dependent operations are described qualitatively. This approach has been adopted to reflect the strategic implications of the risk without misleading investors and is fully aligned with TSRS transparency and disclosure principles.	Petkim is implementing projects to enhance water recovery rates and improve water efficiency in its production processes. Plans for accessing alternative water sources and an integrated water management approach are also being applied.	Petkim's production facilities especially during summer months have water-dependent processes. The continuous production structure is highly vulnerable to disruptions in water supply. The increase in drought risk may cause interruptions in water supply, stoppages in production processes, and losses in quality. This situation directly poses a threat to the "continuity" principle of the business model and its value creation capacity. The reliability in access to water has become critical not only for operational purposes but also for strategic sustainability.
Heatwave Risk	Under TSRS 2, Core Content, Strategy, Climate-related Risks and Opportunities, Paragraphs 10(a), 13(a), 14(a), and 22, this risk has been assessed. The potential impacts of heatwaves on production processes were analyzed using a limited scope model based on the number of days with temperature anomalies and production downtime observed in previous years at Petkim's site. These calculations focus solely on the short-term and local effects of heatwaves and therefore do not represent the long-term or maximum potential impact of the risk. Within this limited analysis, the financial impact remained below the 1% materiality threshold specified in TSRS, Article 22. Consequently, financial calculation results have not been included in the report. Instead, the effects of this risk on business continuity, plant efficiency, and operational resilience are described qualitatively. This approach, which clearly states the assumptions underpinning the analysis, has been adopted to prevent misleading investors and is presented in full alignment with TSRS transparency and disclosure principles.	Petkim adapts its production planning flexible to cope with high-temperature conditions, updating protective measures for employees, and implementing temperature tolerance improvements for critical equipment.	Petkim's production processes are based on closed-loop systems and equipment designed for high-temperature tolerance. However, heat waves experienced during the summer months negatively affect both human resource productivity and the performance of process equipment. The continuous production structure is sensitive to stoppages that may occur due to high temperatures. Insufficient HVAC systems, increased cooling costs, and process deviations put the continuity, quality, and operational efficiency elements of the business model at risk.

Climate Transition Plan

As of 2024, Petkim does not have a verified climate transition plan. In this context, the key assumptions, policy commitments, decision-support scenarios, and adaptation strategies used in the development of the transition plan have not yet been defined. Within the framework of the Company's long-term sustainability vision, a roadmap, investment plan, or timeline under development has not yet been publicly disclosed.

Suitability and Resilience of Financial Resources

The adequacy and resilience of financial resources are critical for managing the impacts of climate-related risks on Petkim's operations and supporting the transition process. Petkim regularly evaluates the sufficiency of its financial resources against the physical and transition risks identified under climate scenarios. In the company's short- and medium-term investment plans, budget items are allocated to climate adaptation projects, such as water supply infrastructure and energy efficiency investments.

Additionally, within the scope of its strategy to expand the low-carbon product portfolio, Petkim evaluates green financing opportunities and undertakes initiatives to increase access to sustainable financial instruments. Various financial scenario analyses are conducted to enhance financial flexibility, and based on these analyses, the investment prioritization process is made flexible. The company's strong liquidity position and solid equity ratio support resilience against unexpected climate events. Through this comprehensive approach, Petkim's existing financial resources are considered sufficient to support its strategic plans against climate-related short- and long-term impacts. Efforts to strengthen corporate financial resilience will continue in alignment with climate transition planning.

Risk Management

Sustainability-related risk and opportunity management at Petkim is conducted in an integrated manner within the existing corporate risk management structure. In this context, in addition to the traditional risk register, a comprehensive ESG Risk Register covering ESG-based risks has been established. In 2024, following a comprehensive workshop with the participation of all business units, this register was updated specifically for Petkim and restructured from a sustainability perspective.

A comprehensive analytical approach was adopted in the development of the updated risk register. In this context, legal regulations, mechanisms related to carbon markets, sectoral trends, technological developments, operational impacts of climate events, and potential economic outcomes were evaluated holistically. In the 2024 reporting period, there was no significant change in the exposure of the value chain, business model, and sustainability risks and opportunities. Global sustainability agendas, such as the Paris Climate Agreement, the European Green Deal, and Net Zero Carbon targets, were taken into account. At the same time, compliance with TSRS and SASB standards was ensured, and the ISO 31000 Risk Management System Standard framework was applied. Risks were classified under environmental, social, and governance categories; in addition to their definitions, their short-, medium-, and long-term impacts, climate-related links (physical and transition risks), time horizon, severity, likelihood of occurrence, mitigating measures, potential opportunities, associated capital types, and links to priority issues were evaluated in detail.

Petkim's assessments of climate-related risks were initially conducted across a total of 12 risk categories. These categories were identified based on past activity reports, industry insights, and TSRS guidance. During the evaluation process, these risks were grouped according to their internal similarities and consolidated into six main risk categories prioritized for reporting.

Within this structure, some risk groups have been designed to include internal sub-risks under them (for example, under carbon regulation, access to the ETS and carbon capture technologies). In the later stages of the process, Petkim's approximately 12% indirect stake in the STAR Refinery necessitated a reassessment of the scope of the related risks.

The operational exposures of STAR Refinery were integrated into the analysis under the headings of carbon pricing and energy price fluctuations; this integration expanded the content comprehensively without increasing the number of risks.

Ultimately, one of the six main risks was excluded from reporting based on scope assessments and strategic focus, and the TSRS-compliant reporting process continued under five main risk categories. This approach was structured to more effectively reflect the operational impact of climate risks and their role in strategic decision-making processes, within the framework of TSRS materiality and transparency principles. The inclusion of other Petkim subsidiaries in the risk assessment process was analyzed; however, due to the low financial exposure and operational impact of these assets, they were not prioritized within the reporting scope. In this assessment process, a vulnerable asset analysis was used as a fundamental tool, and the prioritization of risks was carried out by considering potential impacts on strategic operational components such as the STAR Refinery, Petkim's integrated energy infrastructure, water management systems, and external supply chain.

Petkim's sustainability risk and opportunity management approach also encompasses all subsidiaries and affiliates consolidated into the financials using the equity method. While conducting the assessment and prioritization of risks and opportunities, the activities of all these companies have been considered from an integrated perspective. Risks and opportunities arising from all operational areas are collected within the centralized corporate risk management system and evaluated together with ESG dimensions, and prioritization is performed accordingly. In this way, sustainability risks and opportunities are managed strategically not only at the level of individual facilities or activities but across the entire value chain.

The identified opportunities have been qualitatively conveyed in the **Strategy** section in relation to the reported risks. The financial impacts of the relevant opportunities are not disclosed due to materiality exemption. The quantity and percentage of assets or operational activities aligned with climate-related opportunities are not available.

Petkim utilizes scenario analysis to identify risks. Through these scenario analyses, the impacts of climate change are assessed using scientific projections. In this context, scenario analyses have been conducted this year based on projections under SSP1–RCP1.9, SSP2–RCP4.5, and SSP3–RCP7.0.

All risks, including sustainability-related risks, are evaluated in three separate categories based on their time horizon: short-term, medium-term, and long-term; subsequently, they are analyzed according to a probability and impact matrix. The impact of a risk is classified in detail according to its potential effects on strategic objectives, operational processes, financial indicators, compliance obligations, reputation, occupational health and safety, and environmental factors.

Risks assessed as low impact partially affect the achievement of strategic objectives and the flow of operational processes. At this level, risks are not considered critical across the organization in terms of strategy, operations, compliance, occupational health and safety, environmental factors, or finance. Medium-impact risks threaten the achievement of strategic objectives and may prevent processes from being properly completed. Examples of risks in this category include insignificant financial losses arising from control deficiencies, situations that could affect reputation but are not widespread, and non-major non-compliance with company procedures. High-impact risks significantly hinder the achievement of strategic objectives and the completion of processes. These risks are classified as substantial financial losses, control weaknesses that could lead to inaccurate financial reporting, and situations where occupational health & safety, compliance, reputation, and ethical risks are elevated across the organization. Critical-impact risks encompass events that may exceed the organization's risk capacity, completely halt operations, and lead to the suspension of the company's license to operate.

In this report, unlike previous reporting processes, five climate-related risks have been evaluated in detail to also meet TSRS expectations, and during the process of calculating their financial impacts, the risk management, sustainability, and financial reporting teams, as well as technical business units, have actively participated in the assessment process. A prioritization approach based on quantitative threshold values has been adopted in the evaluation of financial impacts.

The financial prioritization threshold was determined as 1% financial materiality threshold, following a process led by the financial reporting team. Risks exceeding this threshold are classified as "significant risks." This threshold aims to base the magnitude of the potential financial impact of risks on the Company on an objective foundation. Risks above this threshold, as they pose a significant financial threat to the Company, are assessed within the "significant risk" category and managed through prioritized monitoring and action plans.

The monitoring of identified risks and the implementation of related action plans are periodically tracked within the corporate risk management framework, and each stage is documented through regular reporting. The current status of the risks, the effectiveness of measures taken, and potential developments are reviewed in coordination with the relevant business units; action plans are updated when necessary. These periodic assessments are conducted through meetings involving the risk management and sustainability teams. During these meetings, both the current status of defined risks and newly emerging sustainability risks are discussed, and the risk list and prioritizations are revised when necessary in light of stakeholder feedback, industry developments, and regulatory changes.

The risk and opportunity identification processes carried out within the Company are integrated with the corporate risk management system, and the outputs obtained are used directly to inform decision-making mechanisms. Sustainability-focused risk and opportunity analyses serve as key inputs that provide data for both strategic planning and the formulation of financial and operational targets. In this context, all analysis processes are conducted in coordination with the relevant governance structures, primarily the Early Detection of Risk Committee.

Additionally, for detailed information regarding the integration of climate-related risk and opportunity processes into the overall corporate risk management framework, as well as the evaluation meetings, reporting conducted during the reporting period, and relevant committees, please refer to the **Governance** section

Metrics and Targets

Metrics Required Under TSRS

Petkim operates in the petrochemical sector, and its reporting processes are based on the "TSRS Volume 47 – Chemicals" sector guide. STAR Refinery, operating under Rafineri Holding A.Ş., is evaluated according to the "TSRS Volume 13 – Oil and Gas – Refining and Marketing" sector guide, and related disclosure topics and metrics are addressed within this framework. These sector guides are used in the reporting processes to support the management of environmental, social, and governance impacts within their respective operational areas.

- Due to the subsidiary Petlim Limancılık ve Ticaret A.Ş., the "Volume 66 – Marine Transportation" sector guide was reviewed; however, no metric reporting was conducted in this area due to the limited scale of operations and low impact.
- Due to the subsidiary Petkim Specialities Mühendislik Plastikleri Sanayi ve Ticaret A.Ş., the "Volume 33 – Engineering and Construction Services" sector guide was reviewed; however, no metric reporting was conducted in this area due to the limited scope of operations.
- SOCAR Depolama, under its operations within Rafineri Holding A.Ş., is evaluated according to the "TSRS Volume 13 – Oil and Gas – Refining and Marketing" sector guide, and related disclosure topics and metrics are addressed within this framework. However, due to the limited scale of operations and the impact remaining low t in this area, no metric reporting was conducted.
- SOCAR Türkiye Petrol Ticaret A.Ş. is evaluated under the "TSRS Volume 13 – Oil and Gas – Refining and Marketing" sector guide; however, no metric reporting was conducted due to the limited scale of operations and low impact.
- AZOİL Petrolcülük A.Ş. is evaluated according to the "TSRS Volume 13 – Oil and Gas – Refining and Marketing" sector guide; however, no metric reporting was conducted in this area due to the limited scope of operations.
- Due to the subsidiary SOCAR Power Enerji Yatırımları A.Ş., the "Volume 32 – Electric Power Plants and Generators" sector guide was reviewed; however, no metric reporting was conducted in this area due to the limited scope of operations.

Metrics Required Under TSRS

Volume 47 | Chemicals

Table 1. Sustainability Disclosure Topics and Metrics

Topic	Calculation Metrics	Category	Unit of Measurement	Standard	Code	Reference	Related Data
Greenhouse gas emissions	Total gross Scope 1 emissions	Quantitative	Ton CO_2e	TSRS/SASB	RT-CH-110a.1	Petkim Integrated Annual Report 2024 Greenhouse Gas Emissions and Air Quality Environmental Performance Indicators	1,704,855.47
	Percentage under emission control regulations		Percent (%)				No emission control regulations are currently applicable.
	Negotiation of long- and short-term strategies or plans to manage Scope 1 emissions and emission reduction targets, and performance analysis against these targets	Negotiation and Analysis	None	TSRS/SASB	RT-CH-110a.2	Petkim Integrated Annual Report 2024 Sustainability at Petkim & Sustainability Vision	Petkim has adopted a strategic approach to directly reducing its emissions (Scope 1) in line with sustainable development goals. Within this framework, the aim is to manage environmental impacts holistically and establish a governance structure that considers stakeholder expectations, aligned with both short- and long-term emission reduction targets. Accordingly, as of 2024, under the Sustainability Roadmap project, a framework has been established to define direct emission targets, monitor these targets, and enable performance evaluations. The roadmap is based on an Environmental, Social, and Governance (ESG) approach that not only ensures sectoral compliance and meets legal requirements but also strategically connects to the company's core business activities. This approach, developed in alignment with SOCAR Türkiye's sustainability strategy, is integrated with global standards and SOCAR Head Office's' guidance. The strategic framework, shaped by prioritization analyses and evolving regulatory requirements, supports systematic decision-making processes for the management and reduction of direct emissions.

Metrics Required Under TSRS

Volume 47 | Chemicals

Table 1. Sustainability Disclosure Topics and Metrics

Topic	Calculation Metrics	Category	Unit of Measurement	Standard	Code	Reference	Related Data
Energy management	Total energy consumption	Quantitative	Gigajoule (GJ)	TSRS/SASB	RT-CH-130a.1	Petkim Integrated Annual Report 2024 Energy Consumption Environmental Performance Indicators	26,986,109 GJ
	Percentage of grid electricity		Percent (%)				1%
	Percentage of renewable energy						0
	Total self-generated energy		Gigajoule (GJ)				17,649,365 GJ [1]
Water management	Total water withdrawn	Quantitative	Thousand cubic meters (m^3)	TSRS/SASB	RT-CH-140a.1	Petkim Integrated Annual Report 2024 Water Management Environmental Performance Indicators	14,230.11
	Total water consumed						8,858.51
	Percentage of each in areas with high or extremely high baseline water stress		Percent (%)				Petkim's operations have been assessed in terms of the sustainable use of water resources, and it has been determined that all of its operations (100%) are located in areas with High or Extremely High Baseline Water Stress.
	Number of incidents of non-compliance with water quality permits, standards and regulations		Number		RT-CH-140a.2		No non-compliance with regulations was recorded in 2024.
	Definition of water management risks and discussion of strategies and measures to reduce these risks	Negotiation and Analysis	None		RT-CH-140a.3	Petkim Integrated Annual Report 2024 Water Management	Water stress risks are considered a priority area within Petkim's environmental risk management approach. Within the scope of Environmental, Social, and Governance (ESG)-focused threat and opportunity analyses, water-related risks have been systematically identified and assessed considering their short-, medium-, and long-term impacts, likelihood of occurrence, severity levels, and connections to climate (both physical and transition risks). Strategies and action plans developed to mitigate these risks have been prepared in accordance with IFRS S1 and S2 standards and integrated into a holistic framework based on the results of the Materiality Analysis.

[1] FG, flammable gas, H^2, and production from renewable sources are included. DG is supplied externally.

Metrics Required Under TSRS

Volume 47 | Chemicals

Table 1. Sustainability Disclosure Topics and Metrics

Topic	Calculation Metrics	Category	Unit of Measurement	Standard	Code	Reference	Related Data
Product design for resource efficiency in the usage phase	Revenue generated from products designed for resource efficiency during the usage phase	Quantitative	Reporting currency	TSRS/SASB	RT-CH-410a.1	Petkim Integrated Annual Report 2024 Sustainable Economic Value Created	TL 310,660,795

Table 2. Operation Metrics

Topic	Calculation Metrics	Category	Unit of Measurement	Standard	Code	Reference	Related Data
	Production by reportable segment	Quantitative	Cubic metres (m^3) or metric tons (t)	TSRS/SASB	RT-CH-000.A	Petkim Integrated Annual Report 2024 Operational Performance Indicators	**Solid Products** 1,373,912 tons **Liquid Products** 673,214 tons

Metrics Required Under TSRS

Volume 13 | Oil and Gas - Refining and Marketing

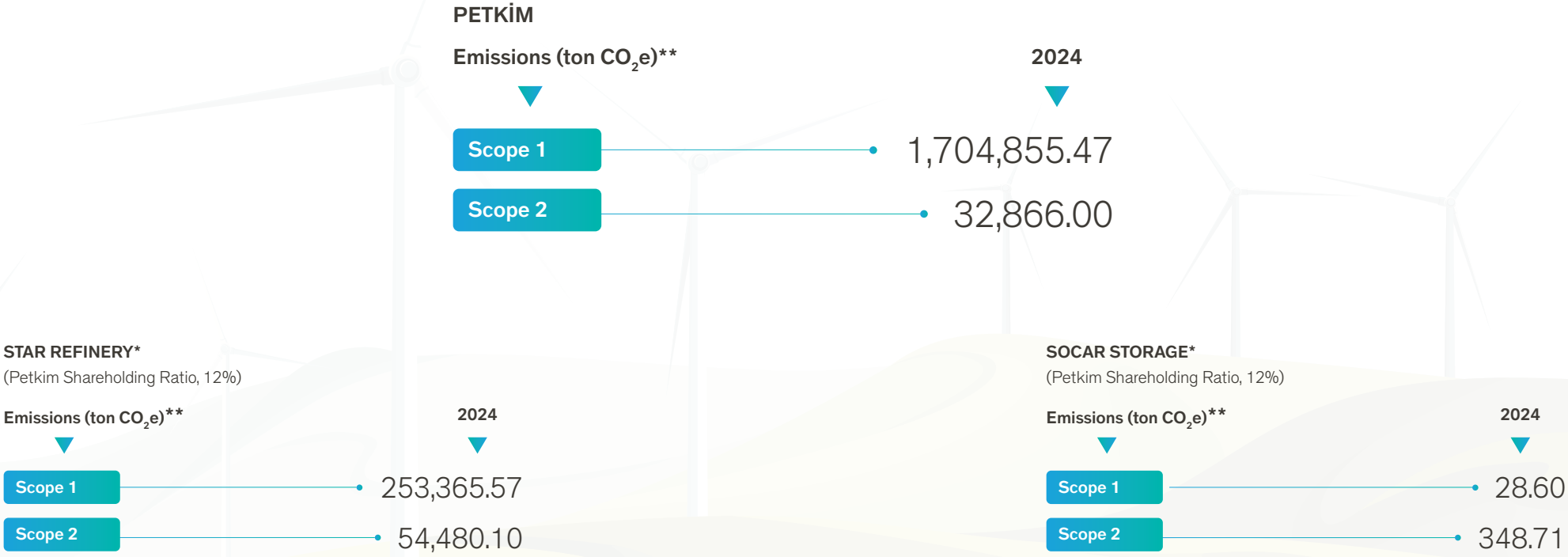
Table 1. Sustainability Disclosure Topics and Metrics

Topic	Calculation Metrics	Category	Unit of Measurement	Standard	Code	Reference	Related Data
Greenhouse gas emissions	Gross total Scope 1 emissions	Quantitative	Metric tons (t) CO_2-e, Percent (%)	TSRS/SASB	EM-RM-110a.1	SOCAR Türkiye Integrated Report 2024 Environmental Performance Indicators	STAR Refinery* (Petkim Joint Venture Share Ratio, 12%) : 253,365.57
	Negotiation of a long-term and short-term strategy or plan to manage Scope 1 emissions and emission reduction targets, and analysis of performance against these targets	Negotiation and Analysis	None		EM-RM-110a.2	Petkim Integrated Annual Report 2024 Sustainability at Petkim & Sustainability Vision	The Company has adopted a strategic approach to reduce its direct emissions (Scope 1) in line with sustainable development goals. Within this framework, it aims to establish a governance structure that ensures the holistic management of environmental impacts while taking stakeholder expectations into account, in alignment with both short- and long-term emission reduction targets. Accordingly, within the scope of the Sustainability Roadmap project carried out as of 2024, a framework has been established to define direct emission targets, monitor their progress, and enable performance evaluations. The roadmap is based on an Environmental, Social, and Governance (ESG) approach that goes beyond sectoral compliance and regulatory requirements, while maintaining a strategic connection to the Company's core business activities. This approach, developed in alignment with SOCAR Türkiye's sustainability strategy, is also integrated with global standards and the guidance provided by the SOCAR Head Office. The strategic framework, shaped by prioritization analyses and increasing regulatory requirements, supports systematic decision-making processes for the management and reduction of direct emissions.
Water management	(1) Total water withdrawn,	Quantitative	Thousand cubic meters (m^3)	TSRS/SASB	RT-CH-140a.1	-	STAR Refinery* (Petkim Shareholding Ratio, 12%): 923.94
	(2) Total water consumed;						STAR Refinery* (Petkim Shareholding Ratio, 12%): 412.524
	Percentage of each in regions with High or Very High Baseline Water Stress		Percent (%)				Petkim's operations are located entirely (100%) in high water stress regions.

Climate-Related Metrics and Targets

Climate-Related Metrics

Petkim's Scope 1 gross emissions amount to 1,704,855.47 tons CO_2e. Its location-based Scope 2 emissions are 32,866.00 tons CO_2e. STAR Refinery's Scope 1 emissions are 253,365.57 tons CO_2e, while its Scope 2 emissions are 54,480.10 tons CO_2e. SOCAR Storage's Scope 1 emissions are 28.60 tons CO_2e, and its Scope 2 emissions are 348.71 tons CO_2e. 12% of STAR Refinery and SOCAR Storage's emission data have been included in the emissions calculations, in line with the equity share method applied in financial accounting. The verification process for Scope 1 and Scope 2 emissions has been completed. Petkim currently does not calculate Scope 3 emissions for STAR Refinery and SOCAR Storage.



* 12% of the emission data from STAR Refinery and SOCAR Storage has been included in the emissions calculations in line with the Equity Share Method applied in financial accounting (based on Petkim's shareholding ratio).
** Scope 1 and Scope 2 emission data are presented on a gross basis.

Calculation of Greenhouse Gas Emissions

Petkim's greenhouse gas (GHG) emissions are reported in metric tons of carbon dioxide equivalent (tCO_2e), covering emissions generated from activities carried out during the reporting period. Scope 1 emissions are determined based on the calculation methodology defined in the Regulation on the Monitoring of Greenhouse Gas Emissions currently in force in Türkiye. For Scope 2 emissions, the ISO 14064-1 standard, developed in accordance with the GHG Protocol, is applied. Emissions are reported separately under Scope 1 and Scope 2 categories. During this period, Scope 3 emissions were not calculated, and value chain–related emissions are excluded from the scope.

Scope 1 Emissions:
Direct emissions include emissions from stationary fuel consumption (natural gas, fuel gas) at the facilities as well as process-related emissions under Scope 1. During the reporting period, total Scope 1 emissions were calculated as 1,704,855 tCO_2e. This calculation is based on verified Emission Report data.

Scope 2 Emissions:
Indirect emissions arise from grid electricity consumption in the operations. Scope 2 emissions were calculated using a location-based approach and reported as a total of 32,866 tCO_2e. Annual average emission factors specific to the Turkish electricity grid ($kgCO_2e/kWh$) were used. Electricity consumption data were obtained directly from invoices.

The market-based alternative calculation method is not applied. The main reason for this is that green energy certificates (such as I-REC, YEK-G) or other emission offsetting instruments are not utilized during the current reporting period. In future periods, with diversification of renewable energy procurement strategies and evaluation of the suitability of related certification processes, the market-based calculation method may also be implemented.

Emission Calculation Approach and Inputs Used:
In determining organizational boundaries for emission calculations, the financial control approach is applied. Accordingly, Scope 1 (direct emissions) and Scope 2 (indirect energy-related emissions) of the subsidiaries fully consolidated in Petkim's financial statements and under its financial control are included in the reporting. Additionally, in line with the equity method applied in financial accounting, 12% of the emission data of STAR Refinery and SOCAR Storage (corresponding to Petkim's ownership share) are included in the emission calculations.

The main inputs and methods used are as follows:

- Fuel consumption: Natural gas and fuel gas consumption are based directly on actual consumption data.
- Electricity consumption: Data obtained from facility-based monthly electricity bills have been used.
- Emission factors: For Scope 2 emissions, grid-based electricity emission factors from Turkish Statistical Institute (TÜİK) data were applied; for Scope 1, emission factors from the IPCC 2006 Guidelines were used due to their international validity and high reliability.
- Units of measurement and conversion factors have been adapted according to methodologies compliant with the Regulation on Monitoring of Greenhouse Gas Emissions, ISO 14064, and the GHG Protocol.

Changes During the Reporting Period:
No significant methodological changes have been made compared to the previous period. However, updated versions of the emission factors have been used. This has therefore increased the accuracy of the calculations.

Scope 3 Emissions:
In this reporting period, Scope 3 emission calculations have not been conducted. Efforts to collect data and establish methodologies for indirect emissions that may arise from sources such as the supply chain, service procurement, waste management, transportation, capital goods, and product life cycle are ongoing. It is targeted that these emission categories will be reported in future periods.

As the legislative process regarding carbon pricing in Türkiye is still ongoing, Petkim is not currently subject to any carbon pricing system. Petkim aims to develop an internal carbon pricing approach in its future investments in order to effectively integrate decarbonization and to mitigate the risks posed by potential regulations. The Company plans to implement internal carbon pricing to its investment decisions.

As of the 2024 reporting period, Petkim has not used any carbon credits in voluntary or mandatory markets.

Climate-Related Goals

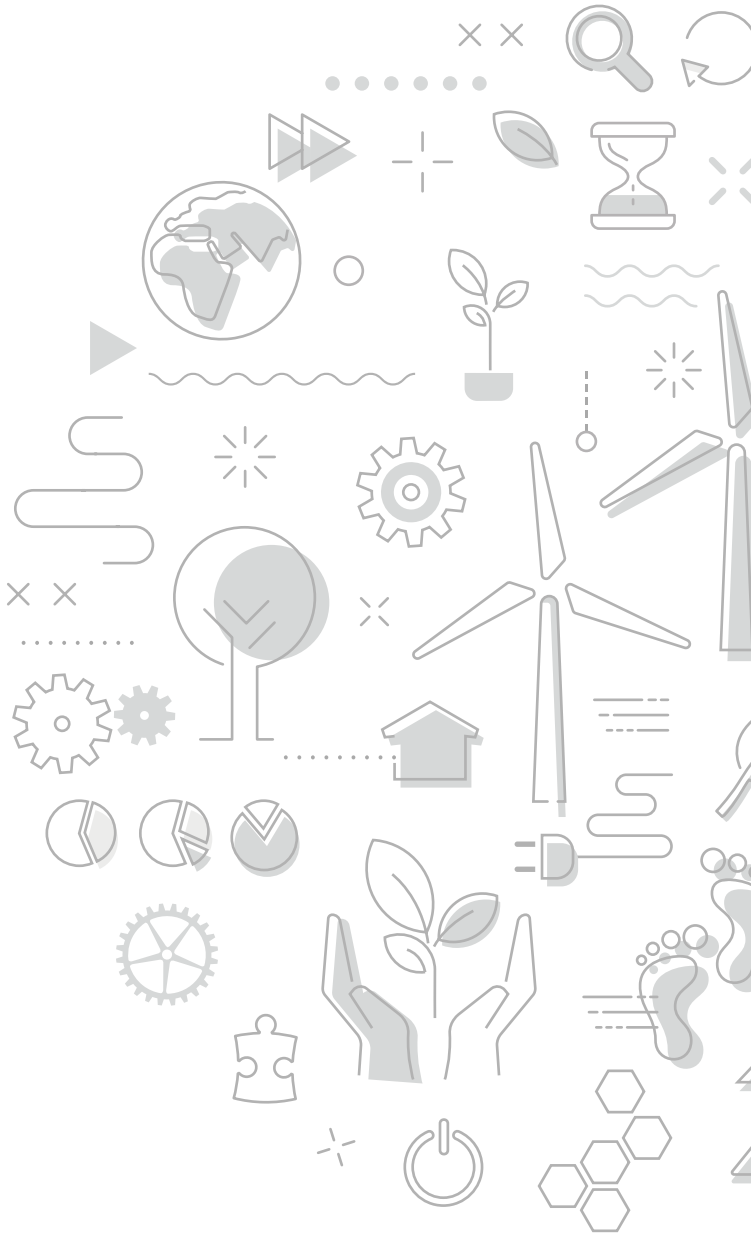
Petkim's sustainability approach has been shaped in alignment with the environmental, social, and governance (ESG) priorities defined by SOCAR Türkiye, and its sustainability roadmap has been designed around these priority areas. In order to elevate sustainability and climate-related targets to a sector-aligned level, a multi-dimensional analytical approach was adopted during the process of setting new targets, with decision-making based on various national and international reference points.

First, internationally recognized frameworks and scoring methodologies widely used in the measurement and reporting of environmental, social, and governance performance were considered, and alignment with the United Nations Sustainable Development Goals (SDGs) was ensured. Competitor companies within the sector were examined to understand which topics were prioritized across the industry, and these evaluations were integrated into Petkim's context.

The process of defining sustainability and climate-related targets was structured in line with Petkim's long-term strategic direction and under the direct guidance of senior management. At this stage, senior management played an active role in shaping the targets that guide the company's sustainability and climate strategy, ensuring that the process aligned with strategic priorities and corporate risk appetite. Internal stakeholders' operational realities and assessments of institutional capacity were taken into account, while external stakeholders' demands for transparency and evolving preferences were incorporated into the target-setting framework.

Sustainability- and climate-related risks and opportunities were evaluated, and these assessments contributed to shaping the targets. Alongside all these components, Petkim's commitment to achieving net-zero emissions by 2050 forms the ultimate framework of its climate goals.

This reporting scope, prepared with a focus on climate related topics, performance indicators and targets have been defined for each priority area. The sustainability journey has been approached as a long-term process, and in order to manage it systematically, a roadmap progressing in phase has been prepared. In this context, the first phase covering the 2024–2025 period is designed to establish the foundational structures, achieve quick wins, and initiate core initiatives. In the following years, should there be any changes to the targets within the roadmap will be disclosed in the report.



Related Risk	Related Priority Issue	Related Targets*	Related Metrics
Carbon Pricing Risk	Greenhouse Gas Emissions	▪ Reduce Scope 1 and 2 emissions intensity ▪ Achieve net zero Scope 1 and Scope 2 emissions by 2050 ▪ Reduce NOx emissions ▪ Reduce SOx emissions	Scope 1 and 2 Emissions ($M\ tCo_2e$)
Energy Price Fluctutation Risk	Greenhouse Gas Emissions	▪ Achieve net-zero Scope 1 and Scope 2 emissions by 2050 ▪ Reduce Scope 1 and Scope 2 emissions intensity	Renewable Energy Production (MWh) Renewable energy ratio (%), Energy efficiency (GJ/tonne of product)
Increased Demand for Low Carbon Product Risk	Greenhouse Gas Emissions, Product Compliance and Hazardous Substances	▪ Achieve net-zero Scope 1 and Scope 2 emissions by 2050 ▪ Reduce Scope 1 and 2 emission intensity ▪ Reduce NOx emissions ▪ Reduce SOx emissions	Low carbon product share (%), emission intensity per product (tCO_2e/product)
Drought and Water-Related Operational Risk	Water Management	Reduce net water consumption	Net water consumption ($M\ m^3$), Recovery Rate (%)
Heat Wave Risk	Greenhouse Gas Emissions, Product Compliance and Hazardous Substances	▪ Achieve net zero Scope 1 and Scope 2 emissions by 2050 ▪ Reduce Scope 1 and 2 emission intensity	Share of investment allocated to adaptation

Petkim aims to reduce CO_2 emission intensity by 2025, achieve net zero in Scope 1 and Scope 2 emissions by 2050, evaluate decarbonization initiatives in strategic investments, utilize potential alternative energy sources (such as bio-naphtha), collaborate with alternative energy ventures through Corporate Venture Capital, and apply internal carbon pricing in investment decisions.

This approach, which is focused on supporting sustainable development across all operations, seeks to proactively manage social, economic, and environmental impact areas and contribute to the United Nations Sustainable Development Goals (SDGs).

The validity period for these targets has been set as the year 2050. For measuring progress towards the emission targets, the base year has been determined as 2022, with the year 2035 defined as a milestone for interim targets.

SOCAR, Petkim's main shareholder, became a signatory to the Oil and Gas Decarbonization Charter (OGDC) published at COP28 in 2023. In this context, there are global climate targets undertaken by SOCAR Head Office.

Specifically for Petkim, efforts are ongoing to establish a roadmap for greenhouse gas emission reductions aligned with global climate targets. Within this scope, evaluations continue regarding the determination of company-specific reduction targets covering the period until 2035 and the public disclosure of these targets. With the progress of the relevant studies, more detailed information on these issues may be provided in subsequent periods.

Within the scope of the "Değer Benim Program" the Company implemented more than 10 sustainability projects in 2024, preventing approximately 17 thousand tons of CO_2 emissions.

* Scope 1 and 2 emission targets are provided on a gross basis.

Appendixes

Limited Assurance Report under TSRS

(Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish)

Shape the future with confidence

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION PRESENTED UNDER THE TURKISH SUSTAINABILITY REPORTING STANDARDS OF PETKİM PETROKİMYA HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

To the General Assembly of Petkim Petrokimya Holding Anonim Şirketi,

We have undertaken a limited assurance engagement on Sustainability Information of Petkim Petrokimya Holding Anonim and its subsidiaries ("the Group") for the year ended 31 December 2024 in accordance with Turkish Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Turkish Sustainability Reporting Standards 2 "Climate-Related Disclosures".

Our assurance engagement does not extend to information in respect of earlier periods or linked to the Sustainability Information including (any images, audio files, documents embedded in a website or embedded videos).

Limited Assurance Conclusion

Based on the procedures we have performed as described under the "Summary of the work we performed as the basis for our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information of the Group for the year ended 31 December 2024, is not prepared, in all material respects, in accordance with Turkish Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated 29 December 2023 and numbered 32414(M). We do not express an assurance conclusion on information in respect of earlier periods or linked to from the Sustainability Information (including any images, audio files, documents embedded in a website or embedded videos).

Inherent Limitations in Preparation the Sustainability Information

Sustainability Information is subject to inherent uncertainty due to incomplete scientific and economic knowledge. Greenhouse gas emission quantification involves inherent uncertainty due to limitations in scientific knowledge. Additionally, the Sustainability Information includes information based on climate-related scenarios that is subject to inherent uncertainty due to lack of data about the likelihood, timing or effect of possible future physical and transitional climate-related impacts.

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

The Group Management is responsible for:

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

Those charged with Governance is responsible for overseeing the Group's sustainability reporting process.

Responsibilities of the Independent Auditor Regarding the Limited Assurance on Sustainability Information

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained and informing the Group management of the conclusion we have reached.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information in order to ensure that our independence is not compromised.

Shape the future with confidence

Professional Standards Applied

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

Independence and Quality Control

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

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

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

- Conducted face-to-face and online inquiries with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- Used the Group's internal documentation to assess and review sustainability-related information:
- Evaluated the disclosure and presentation of sustainability-related information.
- Through inquiries, obtained an understanding of Group's control environment, processes and information systems relevant to the preparation of the Sustainability Information. However, we did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether Group's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Cem Ucarlar, SMMM
Partner

07 August 2025
İstanbul, Türkiye


PETKiM