2024

Climate Related Disclosures - TSRS 2

Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.

Contents

Company Introduction

Brisa was established in 1974 through the initiative of Sabancı Holding and its partners with the founding of Lassa. In 1988, it adopted the name Brisa as a result of the partnership formed with Bridgestone Corporation, the world's largest tire manufacturer, under the Sabancı Group, thereby achieving a robust structure for its current operations.Brisa produces a wide range of tires, from passenger cars to heavy commercial vehicles, with a focus on safety, sustainability, and innovation.

While maintaining its leading position in the Turkish market, it exports to over 80 countries under the Lassa and Bridgestone brands, establishing itself as a competitive and respected brand in global markets. In addition to high performance products, Brisa takes a pioneering role in sustainable mobility services, including tire retreading, digital fleet management, and solutions tailored for electric vehicles.

For more information
https://www.brisa.com.tr

In 2024, Brisa's net sales revenue reached 34.5 billion TL, providing employment for over 3,500 individuals. The company transparently reports its climate and sustainability performance in accordance with the Turkish Sustainability Reporting Standards (TSRS). Brisa supports its leadership in reducing carbon emissions and increasing the use of renewable energy through the approval of the Science Based Targets initiative (SBTi) and its success in the Carbon Disclosure Project (CDP) Global A List.

Within the framework of its sustainability vision, Brisa continues to create environmental, social, and economic value in every area, from production to logistics and from product design to services, offering innovative and low carbon solutions to its customers.

Summary of Explanations

Governance

At Brisa, monitoring all environmental management and climate related risks and opportunities is the direct responsibility of the Board of Directors. The Corporate Governance and Early Detection of Risks Committees take an active role in monitoring sustainability performance and managing climate risks; the Senior Leadership Team (SLT), led by the Chief Executive Officer (CEO), and the Sustainability Committee guide the strategic decision making processes. Through 12 task forces structured under the Committee, climate related responsibilities are assigned to all managers. This framework strengthens corporate accountability regarding climate issues and ensures direct involvement from top management.

Strategy

Brisa manages the transition to a low carbon economy by incorporating climate related risks and opportunities into all business strategies.

The 'Climate Transition Plan' completed in 2024 provides a long term roadmap aligned with a 1.5°C target. It includes concrete investments in energy transformation, sustainable raw material usage, and the transition to carbon efficient production systems. More than 70% of the R&D budget has been allocated to sustainability focused projects, with 49% of the revenue generated in 2024 coming from sustainable products.

Risk Management

Brisa addresses climate risks within an ISO 31000 compliant corporate risk management system. The Early Risk Detection Committee ensures the prioritization of all strategic risks, including climate, and reports to the Board of Directors.

Metrics and Targets

Brisa's verified greenhouse gas (GHG) emissions for 2024 are 52,574 CO_2-e for Scope 1, 34,579 CO_2-e for market-based Scope 2, and 91,360 CO_2-e for location based emissions.

The company has committed to a 56% reduction target for Scope 1 and 2 emissions by 2030 with SBTi approval and has adopted a net zero target by 2050. By 2024, the share of renewable electricity usage is projected to reach 63%. It is reported to the Board of Directors through key performance indicator (KPI) panels and SCADA systems. It is committed to continuous improvement and to strengthening its leadership position in the industry.

Introduction

Investors, lenders, and insurers, particularly in the financial sector, demand that companies report their climate related financial risks and opportunities in a comparable, consistent, and transparent manner. In this regard, TSRS was published in the Official Gazette on December 29, 2023, under number 32414, and came into effect on January 1, 2024. The TSRS has been established based on the International Financial Reporting Standards 'IFRS' developed by the International Sustainability Standards Board 'ISSB' and the Explanations Related to Climate 'IFRS S2' documents as two primary standards.

- TSRS 1 – General Provisions for the Disclosure of Financial Information Related to Sustainability
- TSRS 2 – Explanations Related to Climate

The TSRS is structured into three primary categories of disclosures to provide the necessary information for financial capital providers to evaluate and price companies:

- Transition Risks
- Physical Risks
- Climate related Opportunities

Additionally, the explanations within the TSRS framework are organized around four fundamental axes.

- Governance
- Strategy
- Risk Management
- Metrics and Targets

1. Scope of the Report and Compliance with Standards

Brisa Bridgestone Sabancı Tire Industry and Trade Inc. (‘Brisa’ or ‘the Company’) aims to transparently disclose climate related risks and opportunities associated with its sustainability performance through this report. The report has been prepared in accordance with the TSRS published in the Official Gazette by the Public Oversight, Accounting and Auditing Standards Authority on 29 December 2023:

- The minimum reference standard is TSRS 2 – Explanations Related to Climate. TSRS 1 has been adopted as the basis for general reporting principles, utilizing the facilitation provisions provided in the relevant articles.
- For sector specificity, the TSRS 2-Supplementary Volume-62 'Automobile Parts' guidelines have been utilized as supplementary resources.
- Brisa ensures reporting continuity by aligning the data presented within the frameworks of the Global Reporting Initiative (GRI), the Task Force on Climate related Financial Disclosures (TCFD), and CDP with TSRS for the period 2021-2023.
- The information provided has been prepared within the consolidated scope, including Brisa’s parent company and its fully consolidated subsidiary, Arvento Mobile Systems Inc.

2. TSRS Transition Provisions and Scope

Brisa will begin implementing TSRS for the first time with the 2024 reporting period. In this transition year, the focus has been solely on TSRS 2 – Explanations Related to Climate; social and governance related issues have not been disclosed in accordance with the transition exemption. In the first reporting year, an exemption has been granted for Scope 3 emissions calculations under TSRS 2.C4. Brisa's sustainability disclosures, TSRS 1. In accordance with E4, the financial statements for the year 2024 have been prepared and publicly disclosed following their publication.

The reporting scope includes Brisa Bridgestone Sabancı Tire Industry and Trade Inc., along with its wholly owned subsidiary, Arvento Mobile Systems Inc. Since the impacts of Arvento 's indirect subsidiaries (Arvento Mobile Systems Services LLC and Arvento Mobile Systems GmbH) on Brisa's consolidated financial statements remain insignificant throughout 2024, these companies have been excluded from the reporting scope. There are no other companies in which Brisa participated during the reporting period but lacks control.

3. Reporting Period and Currency

The reporting period for 2024 encompasses the period from January 1, 2024, to December 31, 2024. The presentation currency is determined to be Turkish Lira (TL).

4. Time Horizons and Scenarios

Brisa addresses climate related risks and opportunities over three time horizons: short term, medium term, and long term. These definitions align with the Climate Transition Plan approved by the Board of Directors in 2024 and the CDP statement. According to our company's definitions, the short term time horizon is defined as 0-1 year, the medium term as 1-3 years, and the long term as 3+ years. During this period, the effects of Climate Change on business models have been examined within the framework of scenarios based on the projections of the Intergovernmental Panel on Climate Change (IPCC). In our corporate strategies, the anticipated impacts of these scenarios will be considered from both operational and financial perspectives. In this context, the aim is to report climate related changes that may have significant effects on companies.Cash Flows and financial condition in the short, medium, and long term. In particular, the future implications of various climate risks on our business will be revealed through the scenario analysis to be conducted, using Representative Concentration Pathways (RCP) (e.g., RCP 2.6, RCP 4.5, and RCP 8.5 scenarios).

Reporting Boundary

1. Organizational Boundary and Reporting Scope

Brisa has prepared the TSRS disclosures for the reporting period of January 1 – December 31, 2024, based on the same consolidation perimeter as the independent audit of consolidated financial statements in accordance with Türkiye Financial Reporting Standards (TFRS). Accordingly, the scope of the report includes:

- Parent company Brisa Bridgestone Sabancı Tire Industry and Trade Inc.
- Arvento Mobil Sistemler A.Ş. with a controlling share of 88.89%.

Changes in Company Structure During the Period

During the 2024 reporting period, the following changes occurred in Brisa's consolidated structure:

Change in Shareholding of Subsidiaries

For detailed information, please refer to page 115 of the 2024 Activity Report.

Click here for the Brisa 2024 Activity Report.

2. Consolidation Method for the Greenhouse Gas Inventory

Brisa has prepared the greenhouse gas emission inventory for the period from January 1, 2024, to December 31, 2024, in full compliance with the Corporate Greenhouse Gas Standard, and it has been reviewed by DRT Independent Audit and Financial Consultancy Inc. within the framework of GDS 3000. Brisa determines the consolidation boundary for emission reporting according to the operational control principle.

According to this approach, the emissions from all facilities and activities over which Brisa has operational control are included in the company inventory. In terms of financial reporting, since the joint ventures are consolidated under Brisa based on the control principle, the boundary of the greenhouse gas inventory aligns with that of the financial consolidation. By adopting the operational control approach, all areas where Brisa can enact its policies and manage its emissions have been included within the scope.

3. Operational Boundary: Scope 1 and Scope 2 Emissions

Brisa's operational boundary encompasses Direct (Scope 1) and Energy Indirect (Scope 2) greenhouse gas emissions. Scope 1 includes emissions that are directly released from sources owned or controlled by the company. Scope 2, on the other hand, encompasses emissions that are indirectly generated from the use of purchased electricity.

Scope	Market–Based (CO_2-e)	Location-Based (CO_2-e)
Scope 1	52.574	52.574
Scope 2	34.579	91.360
Total (Scope 1+2)	87.153	143.934

All calculations are based on:

- Scope 1: Fuel consumption (natural gas, diesel, gasoline) and process emissions multiplied by IPCC 2021 gross calorific value (HHV) factors.
- Scope 2 (Market-Based): Values calculated based on reductions applied through the International Renewable Energy Certificate (I-REC) and similar renewable energy certificates.
- Scope 2 (Location Based): Average carbon intensity factors of Türkiye's national electricity grid.

Basic Assumptions

All emission factors utilized in the report have been assumed to be constant throughout the year. The accuracy of meter and billing data has been documented by our internal audit and field teams; it has been confirmed that measurement deviations fall within acceptable limits. Scope 3 emissions have not been included in the report during this period under the TSRS transition exemption.

Justification of the Approach

The primary reasons for selecting this method are as follows:

- Comparability & Verifiability: The widespread use of the greenhouse gas protocol in the international arena.
- Data Reliability: The timeliness of meter/bill records and official emission factors.

Overview of the Value Chain

1. General Structure.

As a result of the partnership between the Sabancı Group and Bridgestone Corporation, the company has taken the name Brisa. 43.63% of the company's shares are owned by Sabancı Holding, 43.63% by Bridgestone, while the remaining portion is publicly traded. This robust partnership structure brings together Brisa's technological expertise in the global tire industry (with the support of Bridgestone) and local market experience (with the strength of the Sabancı Group). Brisa establishes an integrated group structure with Arvento Mobil Sistemler, a telematics company in which it holds an 88.89% stake, focusing on vehicle tracking and fleet management.

Brisa's main production facilities are located in Izmit (manufacturing and R&D) and Aksaray. In these factories equipped with smart technology, 14. 4 million tires are produced annually. Brisa has over 1,200 sales points and a service network across Türkiye, and it exports under the Lassa brand to 84 countries. Intra group financial consolidation is managed centrally by Brisa. The activities of subsidiaries are included in the consolidated financials, and intercompany balances are eliminated.

2. Main Areas of Business Operations

Brisa's Main Areas of Operation; including tire production, sales and export, mobility solutions, after sales services, as well as R&D and innovative product development activities. Detailed information regarding the company's position in Türkiye and international markets, including production capacity, brand structure, and sales distribution, can be found on pages 38 and 39 of the Brisa 2024 Activity Report.

Areas of Activity and Their Connection to Sustainability

Brisa's activities are organized around three strategic transformation focuses that encompass both risks and opportunities associated with climate change:

Transition to Low Carbon Mobility: Brisa aims to reduce carbon emissions by 56% by 2030 and to achieve net zero emissions by 2050. In production processes, investments in solar energy, heat pumps systems and energy efficiency projects are being implemented. Tires compatible with Türkiye's first electric and hybrid vehicles, such as Lassa Revola, have been developed, and original equipment supplies have begun to be provided to manufacturers like TOGG.

Circular Economy Approach: Tire retreading services have been developed under the Veloxia brand; The 'Casing World' digital platform has optimized tire recycling processes.

Digital and Low Touch Economy: A widespread service network has been established through Otopratik and Propratik locations; Fleet management and data driven mobility services have been integrated through Arvento's digital solutions. This business model provides customers with fuel savings, extended tire life, and reduced carbon emissions. Positioning in Türkiye and international markets, production capacity, brand structure, sales distribution, and product detail information. The Brisa Activity Report can be found on pages 38-42.

3. Value chain descriptions: Supply and Production (Upstream)

The supply process, which constitutes the first link in Brisa's value chain, is among the areas most directly affected by climate risks. The natural rubber used in production is sourced from regions such as Southeast Asia and West Africa, which are under chronic climate risks. Events such as droughts, heat waves, flooding, and fungal diseases in these areas can cause disruptions in rubber supply and lead to price increases.

Brisa has implemented the following measures to manage this risk:

- Research on alternative raw materials,
- The use of recycled and bio-based content (e.g., synthetic rubber, recovered carbon black),

Developed practices for supplier diversification and inventory management. Specifically regarding the production facilities:

- The Izmit facility has historically faced flood risks, which have been mitigated through drainage infrastructure, flood gates, and flood barriers. These measures are significant from the perspective of physical acute risk management.
- The Aksaray Facility, according to the World Resources Institute Global Water Risk Atlas (WRI Aqueduct) data, is located in a region categorized as having 'very high water stress.'
- For this reason, rainwater harvesting, wastewater recovery, and Membrane Bioreactor (MBR) systems are implemented here to ensure water circularity in the face of water scarcity.

In terms of energy and carbon management:

- Brisa's production is energy intensive, and it is anticipated that it will fall under the Scope of the Emission Trading System (ETS) that will come into effect in Türkiye. In response to this transition risk, Brisa is increasing the proportion of renewable energy in its production (targeting 28% by 2024) and is reducing its carbon footprint through heat pump and waste heat recovery projects.

All of these production activities are ensured by ISO 14001, 50001, and 45001 management systems.

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

Brisa's products are available for sale through a widespread dealer network across Türkiye and the Otopratik–Propratik chain. As of 2024:

- 149 service points are operational,
- 72 locations feature electric vehicle charging stations,
- 55 locations offer maintenance services for electric/hybrid vehicles.

This infrastructure directly facilitates the transition to low carbon transportation systems and supports customers' efforts to reduce their carbon footprint.

Additionally, through digital fleet solutions offered in collaboration with Arvento (Tire Pressure Monitoring System (TPMS), route optimization, fuel efficiency analysis, etc.), Brisa provides its customers with opportunities to reduce both carbon emissions and achieve operational efficiency gains. These activities demonstrate that climate related transition opportunities are directly integrated into the business model.

Stakeholder Relations and Continuous Improvement

With its success on the CDP Climate and Water A List, Brisa continues to lead in sustainability not only in its operations but also in supply chain management and customer relations.

- Customer satisfaction surveys,
- Sustainable product and service development initiatives,
- Through applications such as dealer and service training via the Brisa Transformation Academy, the quality and environmental, social, and governance (ESG) performance are ensured across all links of the value chain.

The effects of relevant risks and opportunities on Brisa's business model, strategic orientation, and decision making processes are detailed in this report under the 'Strategy' section through scenario analyses and illustrative examples.

Financial Impact Assessments

A technical evaluation process has been initiated with the aim of achieving realistic, verifiable, and comprehensible assessments of the financial impacts of climate related risks and opportunities, which can be integrated into decision making mechanisms. However, considering the existing constraints related to climate projections within the scope of TSRS 2, it has not been possible to complete the relevant analyses during the reporting period.

In this context, only qualitative information regarding the relevant risks and opportunities has been provided for the reported period; it is anticipated that the quantitative information obtained by completing the analyses will be shared with the public in subsequent reporting periods.

Raw Material and Supply Chain Data (Rubber)

Natural rubber, which is critical to Brisa's production processes, is a raw material that carries high uncertainty in terms of both production efficiency and the global supply demand balance due to climate change. This situation is causing significant fluctuations in natural rubber prices, which may potentially impact Brisa's gross profit margin, net profitability, and cash flows. However, due to factors such as the geographical diversity of the natural rubber supply chain, Brisa's substantial reliance on rubber supplied by its major partner Bridgestone, and the supply structure that relies on commercial agreements rather than tracking spot market prices, it is not currently feasible to quantitatively model the associated risk.

Due to factors such as the geographical diversity of the natural rubber supply chain, Brisa's significant reliance on rubber supplied by its primary partner Bridgestone, and the supply structure based on commercial agreements rather than following prices in the spot market, it is currently not feasible to quantitatively model the associated risk. Particularly, factors such as the extent to which increases in natural rubber prices can be reflected in selling prices, the effects of currency fluctuations, and the elasticity of customer demand create uncertainty.

Therefore, the financial impacts of Brisa's climate risks related to natural rubber sources (for example, the numerical effect on the gross profit margin or the magnitude of changes in cash outflows) could not be projected for the 2024 reporting period.

Only qualitative descriptions have been provided for this risk, along with strategic measures such as supplier diversification, the use of recycled materials, and product portfolio optimization.

Carbon Pricing and ETS Related Uncertainties

Türkiye's Emission Trading System (TR ETS), which is planned to be implemented in 2029, has the potential to exert financial pressure on Brisa's direct (Scope 1) emissions. The baseline scenario for carbon pricing in China (CP CHN) has been provided by Sabancı Holding. As the scope of the ETS, sector based allocation methodology, free allocation rates, and the development trajectory of the carbon market infrastructure in Türkiye have not yet been clarified the aforementioned predictions involve high levels of measurement uncertainty and have been included in the report solely through scenario based explanations.

EU Deforestation Regulation (EUDR) and Regulatory Compliance Risks

Brisa has initiated a strategic transformation process for its product portfolio and supply chain by achieving early compliance with the EU Deforestation Regulation (EUDR), which will come into force in 2024. By sourcing 40% of
its natural rubber supply from Africa, the traceability and sustainability criteria have been strengthened.

However, the cost elements associated with regulatory risks, such as the EUDR, are not yet fully measurable. The total cost of document requests, laboratory verifications, external monitoring systems, and supplier certifications encountered during compliance processes is unclear. Therefore, the financial impacts could not be quantified; only qualitative descriptions were provided, and a note regarding measurement uncertainty was added.

Projections Based on Long term Climate Scenarios

Physical and transition risk analyses conducted within the framework of IPCC and International Energy Agency (IEA) scenarios are based on scenario based projections pertaining to future floods, droughts, and carbon costs. Although the climate models used in these projections (e.g., IPCC AR6, WRI Aqueduct) are based on reliable sources, the likelihood of these scenarios occurring and the timing of their impacts remain uncertain.

Brisa has adopted a transparent reporting approach in cases involving measurement uncertainty; if these risks are considered strategically significant, qualitative disclosures have been made. In the coming years:

- Improvement of data quality,
- The implementation of sectoral benchmarking indicators,
- Clarification of the legislative framework of the Türkiye ETS system.

With such developments, the aim is to enhance the quantitative analysis capacity to provide more detailed explanations in areas of uncertainty.

Governance

Oversight by the Board of Directors

At Brisa, environmental management and all issues related to climate are treated as an integral part of the company's overall strategy, investment decisions, and risk management processes. The Board of Directors is responsible for the ultimate oversight of sustainability and climate related risks and opportunities and is primarily accountable for the integration of these matters into the company strategy. The oversight duties of the Board of Directors are supported by the Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee, and Risk Committee, in collaboration with the Sustainability Committee.

In this context, it has ensured the management of climate related risks and opportunities through specific responsibility definitions and authority distributions at both the board and executive levels. The Corporate Governance Committee, assuming an oversight role in sustainability and climate matters, ensures the evaluation of the outputs from the Sustainability Committee at the executive level. The Board of Directors also monitors critical risks, including those related to climate change, through the Early Detection of Risk Committee it has established, providing regular reporting and information to the Board. At the executive level, the Executive Committee, consisting of the CEO and senior management, is responsible for executing Brisa's social and environmental sustainability performance. As the highest ranking executive, the CEO ultimately bears responsibility for the overall management strategy, which encompasses climate related issues. Simultaneously by presiding over the SLT, he ensures the monitoring of corporate strategy, objectives and progress in the area of climate. Among the climate related responsibilities of the Board of Directors are the approval of significant investments and strategies, along with the review and guidance of risk management processes. All significant investments related to Climate, new business model transformations, or critical risk actions at Brisa are discussed as a separate item on the Board of Directors' agenda.

Transparency, two way communication, and corporate reporting are fundamental to all processes; Climate actions implemented by the management are evaluated and approved at a strategic level by the Board of Directors. Conversely, Brisa's annual Sustainability Report and Climate Transition Plan function as transparency tools that provide comprehensive information for both internal and external stakeholders. All these regular information practices enable the proactive monitoring of climate related risks and opportunities by the governing bodies.

Competence

Brisa utilizes both inhouse capacity development and information exchange mechanisms with external stakeholders to maintain the high competence of its climate related governance bodies. The Board of Directors consists of 11 members with diverse areas of expertise, including 3 executives (one of whom is the CEO) and 2 Independent Members, with each member responsible for the company's performance.

Each member is accountable for the company's performance.The committees within the Board of Directors (Audit, Corporate Governance, and Early Detection of Risk) consist of members selected for their expertise in their respective fields, providing the Board with support on matters requiring specialization. The Corporate Governance Committee is led by competent members with expertise in sustainability and corporate governance. To bring global best practices regarding climate risks and opportunities to the company's management, Brisa's management leverages the global expertise of Sabancı Holding and Bridgestone Corporation. The CEO and other senior executives participate in the Bridgestone Corporation Global Executive Committee, closely monitoring global developments, including climate focused strategies. This ensures that the management team is continually learning about international approaches and solutions for climate risk management.

One of Brisa's indicators of competence in climate governance is the active roles taken by senior executives in sectoral initiatives. The Chairperson of Brisa's Board of Directors for 2024 also serves as the Chair of the Executive Committee of the Chapter Zero Türkiye Climate Governance Initiative. Additionally, through common platforms and working groups across the Sabancı Group in the field of sustainability and via initiatives such as the Sabancı Holding Sustainability Thematic Task Force Studies, Brisa's management team is regularly informed about new regulations, technological trends, and financial instruments. Brisa can organize training sessions and workshops on climate risks for its Board of Directors members and senior management as necessary, or benefit from the insights of external experts. These methods ensure that the governance bodies maintain up to date competencies related to climate change and apply scientific and strategic approaches in their decision making processes.

Compensation

The Board of Directors also facilitates the integration of sustainability performance into the long term incentive system. The compensation tied to the annual performance evaluations of key executives (CEO, Deputy General Manager of Finance, CFO, Sustainability and Business Development Director, etc.) is evaluated based on environmental indicators such as carbon emission reduction, renewable energy utilization, and advancements in sustainability indices.

Oversight by the Corporate Governance

At Brisa, responsibilities related to sustainability and climate are distributed among various management units and task force leaders through the Corporate Governance Committee, the Early Detection of Risk Committee, and the Sustainability Committee as part of daily operations. The CEO bears ultimate executive responsibility for the formulation and implementation of the company's sustainability and climate strategies; leading the organization in achieving its long term goals and in the holistic management of climate risks. This responsibility is carried out in collaboration with the Senior Leadership Team (SLT), which operates under the leadership of the CEO, with SLT members playing an active role in the processes of strategic decision making, setting operational objectives, and monitoring implementation outcomes.

The Sustainability Committee, chaired by the CEO, operates with 12 Task Forces. These task forces are led by senior executives from areas such as finance, risk management, and product development, thereby integrating climate related responsibilities into the job descriptions of relevant managers. While the CFO sponsors climate initiatives in the areas of financial risk and sustainable finance, the Technical and Operations managers oversee task forces focused on carbon emission management, energy efficiency, and the circular economy. Through this structure, responsibilities related to climate risks and opportunities have been clearly defined at every level of the organization and integrated into the existing authority matrix.

The Director of Sustainability and Business Development coordinates the sustainability committee and task forces, reporting directly to the CEO and the Corporate Governance Committee. The Sustainable Finance and Risk Task Force, sponsored by the CFO, addresses the financial impacts of climate risks and routinely conducts impact and probability scoring for all risks and opportunities; By coordinating with the Risk Committee and the Risk Management Department, it monitors and reports on the impacts of these risks across the organization. The monitoring of climate risks and opportunities is updated in the monthly executive meetings and in the committee meetings held every three months.

The Sustainability Committee ensures the monthly monitoring and evaluation of key metrics and developments. The Corporate Sustainability Working Group, composed of experts from various areas such as the supply chain, energy management, production, logistics and human resources, is responsible for overseeing sustainability practices throughout the company’s various departments. Furthermore, the Risk Management Department is responsible for integrating climate related risks into the company's strategies and processes, as well as identifying and prioritizing climate risks during risk assessment workshops held annually with the participation of all business units. As a result of these workshops, strategic action plans are developed and periodically monitored for identified climate risks (e.g., carbon pricing, extreme weather events, regulatory changes). Thus, climate risks have become an integral part of corporate strategy.

Integration of Risks and Opportunities into Company Strategy

Brisa has adopted a holistic approach by integrating climate change risks and opportunities into its corporate strategy and corporate risk management. Climate risks and opportunities are addressed alongside financial, reputational, compliance, operational, and external environmental risks within Brisa’s Corporate Risk Management System. The Risk Management Department is responsible for integrating climate related risks into the company's strategies and processes, and it identifies and prioritizes these risks in annual risk assessment workshops that involve all business units. As a result of these workshops, strategic action plans are developed for the identified climate risks (e.g., carbon pricing, extreme weather events, regulatory changes), which are then approved by senior management and put into action. Thus, climate risks have become an integral part of corporate strategy planning.

Brisa also integrates opportunities related to climate change into its strategy. One of the three main focal points defined within the sustainability strategy is the 'Transition to a Low Carbon Economy,' which encompasses the reduction of carbon emissions and the shift to low carbon business models in the company's long term growth plans. For example, R&D and Product Development functions evaluate opportunities in the low carbon economy by focusing on sustainable and energy efficient product innovations. By creating a Climate Transition Plan, interim targets and investments aimed at achieving carbon neutrality by 2050 have been integrated into the company's strategy.

Brisa evaluates climate related uncertainties and trade offs by using scenario analyses in its strategic planning. In this context, it utilizes internationally recognized scenarios, including RCP 2.6, 4.5, RCP 8.5, and the IEA Net Zero Emissions 2050 (NZE 2050) scenarios, actively considering the transition plan compatible with the 1.5°C global warming target in defining its business strategy. Analyses are conducted under different scenarios regarding how the risks and opportunities of Climate Change affect our business strategy, leading to the necessary adaptations in our short, medium and long term plans.

Additionally, Brisa comprehensively evaluates trade offs while determining its climate strategy, considering stakeholder expectations and legal requirements. Risk management activities are conducted with the assurance of the ISO 31000 Corporate Risk Management System, and within this framework the effects of measures taken against any climate risk on the company's other risk areas (financial, operational, reputation, etc.) are also assessed.

Internal Control and Audit

The governance system is monitored by an independent internal audit team on an annual and quarterly basis; the findings identified are reported to the Audit Committee and the Board of Directors. The internal control system is continuously updated and improved to monitor whether risks and actions are functioning effectively. All internal control reports and improvement recommendations are shared transparently with the Board of Directors and senior management. The corporate risk management system is equipped with controls capable of proactively identifying and managing climate risks. The company adheres to ISO 3100.

It possesses a Risk Management System document and conducts risk management processes in accordance with this international standard. Climate risks are addressed in conjunction with other strategic and operational risks within this system.Internal audit and control systems assess the effectiveness of climate related processes. Under the oversight of the Audit Committee, Brisa's Internal Audit units perform periodic or as needed audits to evaluate internal practices concerning sustainability and climate issues. All topics covered by the Sustainability Report (environmental performance data, occupational health and safety practices, etc.) fall within the scope of the internal audit and improvement actions are being taken regarding the identified findings.

In this context, Brisa's sustainability and climate related controls are successfully integrated into business processes. Sustainability and Environmental Policies, as well as the Climate Transition Plan, have been implemented as part of the company's quality and environmental management systems. Procedures that all units are required to comply with are communicated through internal communication platforms and task forces in line with this policy. Performance monitoring systems (such as KPI panels and monthly management reports) track indicators such as carbon emissions, energy consumption, and water usage ratios, thereby allowing for continuous observation through internal control systems.

Governance Activities for 2024

The governance activities conducted in sustainability and risk management at Brisa are summarized by committee in the table below. The annual activities of the committees, the frequency of meetings, and the members' competencies are shared with the public in accordance with principles of transparency and audit. Detailed information regarding the corporate governance structure, Board of Directors members, and senior executives can be found in the 2024 Activity Report.

Committee Name	Authority and Responsibilities	2024 Activities / Meeting Frequency	Members and Their Competencies
Audit Committee	• Overseeing the operation of the accounting system, financial reporting, and internal control system • Selection of the independent audit firm and initiation of the audit process • Monitoring the effectiveness of internal audit activities • Approving the accurate and truthful preparation of the financial statements • Reviewing internal audit reports and reporting to the Board of Directors	• Four meetings per year • Presentation of five reports to the Board of Directors • Four additional meetings with the Internal Audit Department; review of six internal audit reports	• Fatma Dilek Yardım (Chair, Independent Member) -Area of Expertise: Financial audit, market regulations, and corporate risk management. -Competencies: ESG focused investment processes, providing the Board of Directors with strategic insights into ethical compliance, and integrating sustainability criteria into financial evaluation processes. -Memberships: Chair of the Audit Committee. • Ahmet Erdem (Member, Independent Member) -Area of Expertise: With experience in senior management and corporate representation in the energy sector,specializing particularly in strategic management, regulations, and public relations. -Competencies: Sustainability projects focused on energy efficiency and carbon management. -Memberships: As of 2024, I serve as a member of the Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee at Brisa.

Corporate Governance Committee	• To monitor compliance with corporate governance principles and provide recommendations for improvement. • To oversee the activities of the Investor Relations Department • To make recommendations to the Board of Directors regarding candidates for independent membership • To establish and oversee the principles and criteria for remuneration. • To conduct compliance activities for the CMB Communiqué II-17.1	• Four meetings per year • Presentation of six reports to the Board of Directors • Compliance with the Capital Markets Board Corporate Governance Communiqué, developing decisions and recommendations regarding candidate nomination, compensation, and oversight of Investor Relations	• Ahmet Erdem (Chairperson, Independent Member) - Expertise, Competencies, and Memberships have been presented in the Audit Committee. • Haluk Dinçer (Member, Non-Executive) -Area of Expertise: He possesses extensive senior management experience in finance, insurance, retail, and digital transformation. In his leadership roles at Sabancı Holding, he has developed profound expertise in strategic planning, corporate governance, and the management of multi stakeholder structures. He possesses comprehensive knowledge of CSR integration, sustainable financing approaches, and digital sustainability solutions. Additionally, he plays an active role in the process of integrating sustainable development goals into corporate strategies, providing guiding contributions in the areas of environmental and social impact management. -Memberships: He serves as a member of the Corporate Governance Committee within the Brisa Board of Directors. In this capacity, he contributes to the Board's adherence to the principles of transparency, accountability, and sustainability. • Tomio Fukuzumi (Member, Executive) -Competencies: Contributed to the implementation of Bridgestone's global sustainability strategy, the E8 Commitment; It has led effective projects in areas such as reducing the carbon footprint, efficient use of natural resources, and implementing circular economic practices. -Memberships: She serves as a member of the Corporate Governance Committee and the Early Detection of Risk Committee within the Brisa Board of Directors. In these roles, she contributes to the development of corporate compliance, strategic risk management, and sustainable governance practices. • Elif Küçükçobanoğlu (Member) – CMB licensed Investor Relations Manager Corporate Governance/Committee Member -Responsibilities: The Investor Relations Manager, Elif Küçükçobanoğlu, who holds a Capital Markets Activities Level 3 License and a Corporate Governance Rating License, is responsible for ensuring compliance with Brisa's obligations arising from capital markets legislation and for coordinating corporate governance practices.

Committee Name	Authority and Responsibilities	2024 Activities / Meeting Frequency	Members and Their Competencies
Early Detection of Risk Committee	• To identify strategic, operational, financial, external environmental, and all other risks at an early stage. • To determine necessary measures and coordinate their implementation. • Monitoring risk management processes • Reporting critical risks to the Board of Directors	• Four meetings per year • Presentation of six reports to the Board of Directors	• Ahmet Erdem (Chairperson, Independent Member) – has been reported in the Audit Committee. • Tomio Fukuzumi (Member, Executive) – has been reported in the Corporate Governance Committee. • Sakine Şebnem Önder (Member) -Expertise: Possesses expertise in law based auditing and internal control systems; Plays an active role in these matters on the Board of Directors at Brisa. As a member of the Early Detection of Risk Committee, contributes to the company's analyses of strategic, operational, and financial risks. -Competencies: As a member of the Early Detection of Risk Committee, Önder has actively participated in this structure, which convenes four times a year, and has contributed to the submission of at least four reports to the Board of Directors for the early detection of strategic risks.
Risk Committee	• The early detection of all risks and their integration into strategies involves assessing all risks, including climate risks, in coordination with the Risk Management Department. • Monitoring climate risks through the BRISK system • Integration of sustainability risks into the risk universe	• Four meetings per year • Monitoring climate risks through the BRISK system • Integration of sustainability risks into the risk universe	SLT Members chaired by the CEO

Sustainability Committee	• Establishing the company's sustainability and climate strategies, targets, and KPIs • Facilitating coordination among 12 Task Forces and relevant functions • Monitoring and evaluating climate risks and opportunities • Reporting sustainability performance on both a monthly and quarterly basis	• Four meetings per year • Task Force meetings are held monthly on a regular basis. • A total of 12 Task Force meetings and 4 Sustainability Committee meetings were held annually. • Presentation of 4 major reports to the Board of Directors and the Audit Committee. • Throughout the year, tracking of risks/opportunities and KPIs in all Task Force areas, along with strategic updates and performance.	• Under the leadership of the CEO, members of the senior leadership team, the Sustainability and Business Development Director, the CFO, and relevant Task Force leaders. • Managers and specialists from various disciplines (operations, finance, human resources, procurement, etc.).

*As a result of the Board of Directors' resolution dated March 31, 2025, numbered 2025/17, effective from April 1, 2025; It has been decided to accept Haluk Dinçer's resignation from the Board of Directors, to submit this to the approval of the first General Assembly to be held in accordance with Article 363 of the Turkish Commercial Code, to appoint Gökhan Eyigün as a member of the Board of Directors, and as a result of Haluk Dinçer's resignation, to elect Gökhan Eyigün as a member of our Company's Corporate Governance Committee.

Strategy

Climate Related Risks and Opportunities

The tables below present Brisa's identified climate related risks and opportunities for 2024. Brisa's current strategies are designed to address medium level climate related risks (refer to the Climate Resilience Section; see RCP 4.5 scenario).

Time horizons have been classified in Brisa's assessment of climate related risks and opportunities based on their likelihood and impact as follows:

This classification has been structured to align with Brisa's CDP and Climate Transition Plan.

Time Horizon	Duration	Definition
Short Term	0-1 year	Covers transition risks that are likely to arise within the upcoming fiscal year. This period includes short term operational impacts such as regulatory changes and temporary disruptions in the supply chain.
Medium Term	1-3 years	It encompasses the company's strategic planning and capital budgeting cycles. In this process, risks and opportunities requiring structural transformation, including technological transition, energy investments, and compliance projects, are evaluated.
Long Term	3+ years	This includes the physical impacts of climate change (e.g., drought, water stress, temperature rise), global climate policies, market trends, and the strategic risks and opportunities shaped in alignment with net zero emission targets.

Brisa utilizes significance threshold criteria based on 2024 financial magnitudes when assessing the financial impacts of climate related risks.

Degree	Financial Impact	December	Explanation
Low	Net sales (under %0.5)	< 172.7 Million TL	It has a limited effect on the company's direct profitability, and monitoring at the operational level is sufficient. Does not require strategic action.
Medium	Net sales (between %0.5 - 1)	172.7 Million TL -345.5 Million TL	It has the potential to affect specific business units or operational processes of the company. It can be managed effectively under proper oversight.
High	Net sales (1% and above)	> 345.5 Million TL	It is at a level that may affect the company's overall operational volume, strategic priorities, or investment plans. This requires executive oversight and a strategic assessment.

Brisa's net sales for 2024, which have undergone independent auditing and inflation accounting, total 34,546,796,748 TL. Consequently, the financial impact magnitudes are: categorized as low impact (<172.7 Million TL), medium impact (172.7–345.5 Million TL), and high impact (>345.5 Million TL). This thresholding has been conducted based on net sales in accordance with Brisa's scale and ensures the qualitative and measurable evaluation of significant financial effects in line with TSRS 2 and BDS 320 standards. The thresholds have been established specifically for Brisa's size under TSRS 1.81 and 1.B58.

Climate related risks

Climate Risk	Risk Area	Type of Risk	Impact on the Company Effect on Term - Short/ Medium / Long	Potential Financial Impact	Probability Score (1-5)	Impact Score (1-5)	Total Risk Score	Risk Level	Risk Management
Disruption in Natural Rubber Supply and Price Increase (Due to Drought and Changes in Precipitation Patterns)	Supply Chain (Natural Rubber)	Physical (Chronic)	Long	Due to data uncertainty and modeling challenges related to natural rubber risk, financial impacts based on defined thresholds could not be quantitatively projected; the risk assessment has been limited to qualitative explanations and strategic responses. See: Financial Impact Assessments.	1	4	4	Medium	•Geographic diversification in rubber supply •Balancing sources from Africa (40%) and East Asia •Increasing critical stock levels •R&D projects for alternative sources (guayule, dandelion) in collaboration with Bridgestone •Increasing the use of recycled and bio- based materials
Extreme precipitation and flood risk (Izmit Facility)	Production Facilities (Izmit)	Physical (Acute)	Long	Low	1	4	4	Medium	•Installation of 800 m flood barriers, pumps, and drainage systems •Periodic infrastructure maintenance and channel cleaning practices •Business continuity and evacuation plans to be implemented during a flood. •Industrial insurance policies and production loss coverages
Water Scarcity Risk (Water Needs in Production) (Aksaray Facility)	Production Processes (Water Resources)	Physical (Chronic)	Long	Low	1	4	4	Medium	•Utilization of closed loop cooling and water recovery systems •Investment in a 14,000 m^3 rainwater pond •Monitoring water leaks

									•Digital monitoring of water consumption using the SCADA system •Emergency plan: Process prioritization and access to alternative resources
Carbon Cost Risk (Increasing Emission Fees due to ETS)	Carbon Pricing (ETS)	Transition Risk	Long	Low	1	4	4	Medium	•Clean energy production of 6,986 MWh with a 4.5 MW capacity photovoltaic renewable energy system •Heat pump and waste heat recovery systems in Izmit and Aksaray •SBTi approved 56% emission reduction target (2030) •Energy efficiency projects in production processes

Climate related Opportunities

Climate Opportunity	Opportunity Area	Financial Impact	Likelihood Score (1 3)	Impact Score (1-3)	Total Score	Opportunity Level	Opportunity Management
Increasing Sustainable Product Demand Response	•Consumer Expectations •Brand Demand and Customer Loyalty •New Market Opportunities	High	2	2	4	Medium	•Development of Lassa Greenways and Electric Vehicle (EV) Compatible Products •Increasing the Share of Sustainability Projects in the R &D Budget •Monitoring the Revenue Share of Sustainable Products •Investments in Next Generation Tires Specifically for the Electric Vehicle Market •Circular Economy Products: Development of Coating and Recycling Solutions
To the EUDR Early Compliance with Competition Advantage	•Legal Compliance •Certification •Transparency in the Supply Chain	Due to the lack of clarity regarding the cost components associated with the documentation requirements, verification processes, and traceability systems anticipated under the EUDR, the financial impacts of this regulatory risk could not be quantified; the assessment has been limited to qualitative explanations and strategic alignment steps. See: Financial Impact Assessments.	2	2	4	Medium	•Increasing Africa's share of the natural rubber supply to 40%. •Enhancing suppliers' EUDR traceability and sustainability audits. •Supplier evaluations on the EcoVadis platform. •Establishing a structure that ensures both supply security and regulatory compliance.

Impacts on Business Model and Value Chain

Brisa's business model is based on an integrated structure that provides tire production and mobility solutions. However, this structure is particularly sensitive to both physical and transition related climate risks due to its high dependence on specific raw material inputs, water, and energy. In this context, four significant climate risks and two strategic opportunities have been identified. These risks and opportunities affect different links in the company's value chain at various levels.

The risk of climate related disruptions and price increases in the supply of natural rubber directly affects the raw material procurement processes at the first link of the value chain. The concentration of rubber production in tropical regions is confronted with risks such as drought, extreme precipitation, disease, and decreased agricultural yield due to climate change. This situation exerts pressure on Brisa regarding supply continuity, cost control, and production planning.
The impact of this situation may manifest throughout the entire business model in the form of increased cost of goods sold, reduced gross profit margin, and disruptions in cash flow. However, as rubber prices are linked to global commodity markets and exchange rates, it is not possible to make a direct financial forecast in TL. Therefore, the risk has been evaluated qualitatively rather than quantitatively and is managed through initiatives involving alternative supply sources, the use of recycled materials, and R&D activities focused on biobased products.

As indicated by previous experiences at the Izmit production facility, the risks of excessive precipitation and flooding pose threats of production interruptions and physical asset damage. This risk affects the production segment of the value chain and creates uncertainty in production planning. Brisa has invested in flood barriers, drainage infrastructure, and emergency response systems to mitigate this risk. Conversely, the risk of water scarcity directly impacts operational sustainability due to activities in a region experiencing high water stress at the Aksaray factory.

is another physical risk. This risk can lead to a decrease in production efficiency, as well as chain reactions that may cause disruptions in customer deliveries and a decline in revenue. Brisa has established water efficiency targets in response to this risk. It has implemented investments in rainwater ponds, wastewater recovery, and smart monitoring systems.

The carbon cost risk defined under transition risks arises from the anticipated implementation of the ETS system in Türkiye and the European Union's Carbon Border Adjustment Mechanism (CBAM). This risk has the potential to directly impact Brisa's cost structure through the pricing of carbon emissions resulting from energy intensive production processes. Especially emissions from natural gas and electricity sources may result in increased operational costs in the short term; in the medium term, they may affect export costs and competitiveness. Brisa has developed a comprehensive carbon management strategy to transform this transition risk into a strategic opportunity; GHG investments, the usage of renewable electricity, energy efficiency practices, and proactive measures in line with Science Based Targets contribute to a commitment to absolute emission Regarding climate related opportunities, the increase in demand for low carbon products and compliance with the EUDR have positive effects on Brisa's value chain, particularly in the areas of product development and after sales services. Consumer trends and regulations are increasing the shift towards tires produced with low rolling resistance, longer lifespans, and recyclable materials; Brisa has rapidly adapted to this transformation through Lassa Greenways, EV tires, and tire retreading services. It is maintaining its position in the EU market with an EUDR compliant supply chain; It is strengthening brand reliability through investments in product traceability. This transformation is paving the way for strategic gains such as revenue growth and market share expansion.

Strategy and Decision Making

Brisa considers climate related risks and opportunities as a decisive element in both its strategic direction and its investment and resource allocation decisions. Assessments are conducted to encompass not only environmental but also financial, operational, and reputational impacts; Short, medium, and long term strategic decisions are shaped within this framework.

The climate related uncertainties in natural rubber supply and compliance with the EUDR have led to significant changes in Brisa's supply strategy. The European Union's designation of natural rubber as a critical raw material, along with the traceability obligations under the EUDR, has prompted Brisa to restructure its supply chain. In this context, the supply rate of natural rubber sourced from Africa, which was only 5% in 2023, has been increased to 40% in 2024. This change has been regarded as a strategic step to balance regional supply risks and ensure compliance with EU regulations. Brisa participates in R&D projects focused on alternative rubber types such as guayule and biobased materials, in alignment with Bridgestone's global initiatives; it is working to secure sustainable supply sources in the long term. Additionally, sustainability performance tracking has been conducted with 41 critical suppliers included in the EcoVadis evaluation in 2023, and field audits targeting local suppliers have been initiated. Simultaneously, Brisa has made the goal of using 100 % sustainable raw materials by 2050 a strategic priority, advancing the transition to more sustainable materials in tire production.

The product development strategy has been restructured in alignment with the transition to a low carbon economy. Brisa has prioritized the development of tires that have lower rolling resistance, are lighter, and contain more sustainable materials.
In 2024, the share of revenue generated from sustainable products and services reached 49% of total revenue. More than 70% of the R&D budget has been allocated to sustainability focused projects; a 20% reduction in weight and a 5% decrease in rolling resistance have been achieved in tires specifically developed for electric vehicles. Thanks to these innovations, compliance with regulations has been ensured, and proactive responses to changing customer demands have been provided.

R&D and Climate Innovation Financing:

Brisa is making a robust resource allocation to R&D to address climate related risks and capitalize on low carbon opportunities. With an R&D expenditure of 302.7 million TL as of December 31, 2024, 30 new projects and 148 products have been developed; a significant portion of these has focused on low rolling resistance, electric vehicle tires, and sustainable material innovations. This investment not only provides the financial flexibility necessary for short and medium term operational compliance and carbon reduction projects but also serves as the foundation of our strategic transition plan.

The energy and emission strategy has been redefined in the context of carbon pricing and preparation for the transition to the ETS. To mitigate the financial impacts of the ETS planned for implementation in Türkiye, Brisa has set a target to reduce Scope 1 and 2 emissions by 56% by 2030, based on 2020 levels, and this target has been approved by the SBTi. Accordingly, in addition to the existing 3.5 MW power plant at the Aksaray Facility, a new solar power plant with a capacity of 1 MW has been commissioned. By implementing projects such as heat pump systems and waste heat recovery at the Izmit and Aksaray facilities, the emission of 4,079 tons of CO_2-e has been prevented by 2024. Additionally, in 2024, the usage rate of renewable electricity reached 63% These investments have not only reduced carbon emissions but have also supported financial performance by lowering energy costs. ETS cost projections have been based on the CP CHN Base Case scenario, and the assumption that carbon prices will converge towards EU ETS levels in the long term has been integrated into Brisa's transition plan. Brisa's Climate Transition Plan, completed in 2024, presents a strategic roadmap aligned with the 1.5°C scenario. It encompasses key axes such as investments in the transition to low carbon technologies, supply chain transformation, restructuring of production processes, and value creation through sustainable solutions on the customer side. All these activities are carried out with the aim of ensuring both short term operational continuity and long term competitive advantage. Brisa has increased resource allocation for strategies related to climate risks and opportunities; for instance, it has created additional financing sources for R&D investments as well as investments in sustainable raw materials and energy.

Financial Status, Financial Performance, and Cash Flows

All of Brisa's operations and physical assets are vulnerable to both physical (e.g., flooding, water scarcity) and transition risks (e.g., carbon prices, regulatory compliance, changes in customer demand). Consequently, climate related risks have a significant multidimensional impact on financial planning, shaping strategic directions from short term operational continuity to long term investment and capital budgeting decisions.

1. Financial Planning and Strategic Investment Preferences

Brisa has revised its financial planning to transform climate risks into strategic opportunities during the transition to a low carbon economy. Based on the year 2020, and in line with the goal of reducing Scope 1 and 2 greenhouse gas emissions by 56% by 2030, priority has been given to investments in energy transformation; in 2024, more than 60 million Turkish Lira has been allocated exclusively to projects focused on energy efficiency and renewable resources. These investments have been planned to offset any potential increase in production costs resulting from rising carbon prices in the future.

The climate focused transformation is clearly evident in the investment and R&D budgets: by 2024, 70.62% of the R&D budget is allocated to sustainable product and material innovations; this strategic direction has also reflected in net sales revenues, with the share of sustainable products in total revenue reaching 49%. These developments have established a structure that, despite short term cost increases, supports revenue growth and cash generation in the medium and long term.

2. Effects on Cash Flows Related to Carbon and Energy

Türkiye’s Emission Trading System (TR ETS), expected to be implemented in 2029, has the potential to exert cost pressures concerning Brisa's direct (Scope 1) emissions. Based on the scenario 'CP CHN Base Case' provided by Sabancı Holding, the projection indicates that by 2034, it could range approximately between 97 million and 164 million TL. This estimate has been derived from the ETS transition scenarios published by Sabancı Holding, carbon price projections, and Brisa's current emission intensity. The financial items that may be directly impacted by this risk include the cost of goods sold, gross profit, pre-tax profit, and cash flows.

3. Water Scarcity and Flood Risks – Operational Financial Effects

The area where the facility in Aksaray is located is subject to a 'very high water stress' risk, which has the potential to lead to increased water supply costs and operational disruptions in the long term. Brisa has invested in a 14,000 m^3 rainwater pond and water recovery systems to mitigate this risk.

The drainage systems and pump infrastructure implemented after the flood risk experienced in the Izmit facility have minimized production interruptions; Stabilization has been achieved in terms of inventory planning, sales revenue continuity, and workforce costs. These investments have significantly reduced the risk of material damage encountered in previous years and have increased the facility's resilience against unexpected cash outflows.

4. Impact and Risks on the Book Value of Assets

As of the reporting period, there has been no indication that any climate related risk necessitated the revaluation of Brisa’s carried assets or liabilities. However, with the enactment of the TR ETS, the requirement for recognizing provisions related to carbon obligations may arise. Since this situation has the potential to change long term provision accounts and liability items, it will be reassessed in future periods.

Climate Resilience

Climate Scenarios and Strategic Resilience Approach

Brisa has conducted detailed scenario analysis as part of the 2024 strategic planning cycle to evaluate the potential impacts of climate related risks and opportunities on the company's strategy, business model, and financial condition. This analysis considers both physical risks and transition risks; the impacts have been assessed separately across short, medium, and long term time horizons. The scenarios are based on publicly available data from reliable sources, including regional and global climate projections. In this context, regional climate projections from reliable sources such as the IPCC, WRI Aqueduct, and the World Bank Climate Portal have been utilized.

Scenarios Used

In Brisa's analysis, the physical risks considered include the IPCC's Representative Concentration Pathways (RCP) – RCP2.6 (a low emission scenario limiting global warming to approximately 2°C), RCP4.5 (a medium emission scenario), and RCP8.5 (a high emission scenario leading to warming of over approximately 4°C). In the transition risk analysis, data from China's National ETS and the Network for Greening the Financial System (NGFS) are utilized. The CP CHN lower scenario (Lower Base) and higher scenario (Higher Case) price pathways derived from the 'Net Zero 2050' projections have been considered.

The scenario analysis has been conducted within the scope of Brisa's strategic planning cycle for the year ending December 31, 2024. To determine whether updates are necessary for the projected impacts of climate related uncertainties, the scenario analysis is reviewed and detailed at least once a year. Brisa's current strategies are designed to address medium level climate related risks (See the Climate Resilience Section-RCP 4.5 Scenario) .

Scenario Analyses: Natural Rubber

Disruptions and Price Increases in Natural Rubber Supply: Temperature increases due to climate change, drought, and flooding events; pose risks of disruptions in the supply of natural rubber, which is critical for Brisa's production, along with cost fluctuations. (Physical Risk)

Scenario	Scenario description	Impact on Brisa	Impact on Strategy and Business Model
RCP2.6 (Optimistic scenario):	The effects of climate change will remain limited in natural rubber production regions. According to the regional projections of the IPCC AR6, in this scenario, the average temperature increase in Southeast Asia and West Africa is expected to stay within the range of 1–2 °C. This temperature level is within the growth limits of the rubber tree and does not exert significant pressure on photosynthesis, growth, and latex yield. Precipitation regimes will largely remain similar to the current situation. The IPCC AR6 Asia and Africa sections report that changes in precipitation observed under the RCP 2.6 scenario will be limited and that seasonal monsoon patterns will largely be preserved. Although local and seasonal increases may be observed in extreme weather events such as heavy rainfall or drought, the intensity of these increases is considerably lower compared to high emission scenarios. 1. Click Here 2. Click Here	In the low intensity climate impact scenario, Brisa's natural rubber supply chain will not experience significant disruptions. While limited droughts or localized storm and flood events that may occasionally arise in Southeast Asia could lead to temporary supply interruptions, the company can address this through its current inventory management and multiple supplier strategies. The availability of natural rubber will generally continue. Temporary declines in rubber production may only occur during periodic climate anomalies such as El Niño. However, since these declines are expected to manifest as slightly prolonged leaf drop periods for rubber trees and temporary decreases in yield, it is not anticipated that they will significantly disrupt the global supply demand.	Current Brisa strategies will largely be adequate in this scenario. As part of Bridgestone's global sustainable natural rubber policy, measures are being implemented to support smallholders and enhance productivity (such as providing high quality Hevea seedlings and delivering technical training). Moreover, investments are being made in the geographic diversification of supply sources and sustainable material R&D (e.g., synthetic rubber and bio-based alternatives). These efforts are deemed sufficient to make the supply chain resilient to low levels of climate change impacts. Brisa's current supply structure (primarily sourcing from Southeast Asia, with a shift to alternative regions if necessary) and inventory management practices will continue to operate without significant issues in the limited risk environment of the RCP 2.6 scenario. The existing R&D and farmer support programs will also be adequate to minimize yield losses. As a result, it is anticipated that under the low emission scenario, Brisa will sustain its current sustainability and risk management policies without requiring a radical change in its business model. The new action requirements will be minimal and will mainly involve monitoring and ensuring the continuity of existing measures.

Scenario	Scenario description	Impact on Brisa	Impact on Strategy and Business Model
RCP4.5 (Moderate scenario):	In the RCP 4.5 climate scenario, significant but not catastrophic climate impacts are projected for natural rubber production regions. Under the RCP 4.5 medium emission scenario, average temperatures in the natural rubber production areas of Southeast Asia and West Africa are expected to exceed +2 °C. This increase could lead to a rise in the number of days exceeding the optimal temperature range for rubber trees (25–28 °C) and a decrease in photosynthesis and latex yield due to heat stress. According to IPCC projections, extreme heat waves, severe droughts, and flood risks will become more frequent in these regions. Precipitation regimes are expected to become more irregular; It is predicted that monsoon seasons in Southeast Asia will experience more intense rainfall, while dry periods may become prolonged. In West Africa, some regions may experience decreased precipitation, while others may see an increase. These climate conditions pose risks regarding yield loss and disease outbreaks. Prolonged moist periods have been found to contribute to the spread of leaf spot diseases, with temporary yield losses reported to reach up to 30% in certain years. 1. Click Here 2. Click Here 	A medium intensity climate impact scenario may occasionally lead to disruptions and increased costs in Brisa's natural rubber supply chain. In Southeast Asia, if rubber suppliers experience significant drought in certain years, latex supply may decrease, indirectly affecting Brisa's raw material sourcing. Indeed, Brisa sources its rubber raw materials through Bridgestone. An extended period of severe drought may cause some trees in major supplying regions, such as Thailand, to dry up, potentially reducing production for that year. As it will take time for the trees to recover in subsequent years, the effects of the supply disruption may be felt for several seasons. On the other hand, periods of excessive precipitation may lead to an increase in fungal infections (e.g., Phytophthora leaf drop). Such events will cause fluctuations in the supply of raw materials by reducing the production of farmers, who are Brisa's final suppliers. As a result, periodic fluctuations in natural rubber prices are anticipated. In years when the supply demand balance is disrupted, rubber prices may significantly increase. For Brisa, this signifies an increase in raw material costs and a contraction	Under the RCP4.5 scenario, while Brisa's current strategies remain largely effective, there may be a need to enhance supply security and implement stronger measures against the risk of cost increases. The approximately 40% increase in natural rubber prices experienced in 20 24 and the 8-13% drop in production in traditional supply regions such as Thailand and Indonesia clearly illustrate the impact of climate related supply shocks. Therefore, Brisa's current practices should be systematically enhanced in a medium risk environment. In response to the compliance requirements under the EUDR, Brisa has restructured its supply chain by 2024, shifting 40% of its natural rubber procurement to Africa (this figure was only 5% in 2023). This diversification step is regarded as a forward looking initiative in terms of both regulatory compliance and climate risk distribution. In this scenario, further balancing the supply geography and increasing safe stock levels for disaster periods will become critical. In alignment with Bridgestone's global strategy, Brisa is also working on alternative solutions to reduce its dependency on natural rubber. Specifically, R&D projects focused on producing natural rubber from drought resistant plants such as guayule are being advanced with expectations for potential commercialization beyond 2030. Simultaneously, Brisa aims to enhance product circularity by increasing the usage rates of recycled rubber, carbon black, and synthetic materials. Practices aimed at enhancing suppliers' climate resilience will become more systematic in this scenario. Support for small farmers in providing climate resistant seedlings, as well as the widespread dissemination of training on irrigation and soil management techniques, has been prioritized within Brisa's social value chain adaptation framework. These practices not only enhance production efficiency but also meet traceability and sustainability expectations under the EUDR scope. While the current Brisa supply structure and corporate climate strategies are largely sustainable in this scenario, additional measures may be necessary to address fluctuations in raw material costs stemming from climate impacts. As a result, in the RCP 4.5 scenario, Brisa's business model is sustainable at a manageable level; however, this scenario, in which risks are moderate, is managed with an approach of 'scaling existing strategies and developing complementary solutions.

Scenario	Scenario description	Impact on Brisa	Impact on Strategy and Business Model
RCP8.5 (Pessimistic scenario):	In the RCP 8.5 scenario, very serious and widespread climate risks are projected in natural rubber production areas. By the end of the century, an average temperature increase of more than +4 °C is expected in Southeast Asia and West Africa. At this level, rubber trees are exposed to extreme temperatures and heat stress beyond their accustomed climate; serious disruptions in photosynthesis and latex yield may occur. According to IPCC projections, days exceeding 35-4 0 °C and frequent heat waves will become commonplace. Precipitation patterns will become significantly irregular; intense floods will occur in the last seasons, while prolonged rainfall deficiencies will be observed during dry seasons. In West Africa, precipitation may decrease by 30% in some areas, while it could increase by 30% in others. These conditions: This results in production loss, an increase in tree mortality rates, and outbreaks of diseases. In particular, during years of high humidity, outbreaks of fungal diseases become widespread, and in some years, losses in latex yield have been reported to exceed 30%. Analyses by the IPCC and IRSG emphasize that under RCP 8.5, there may be a significant decline in the supply of natural rubber and a risk of global scarcity. 1. Click Here 2. Click Here 3. Click here 4. Click here	The high intensity climate impact scenario has the potential to cause both structural and periodic disruptions in Brisa's natural rubber supply chain. In the major supplier countries in Southeast Asia (Thailand, Indonesia, Vietnam), consecutive occurrences of drought, storms, or disease outbreaks may lead to significant declines in latex production. For instance, in Thailand, prolonged drought can result in the wilting of trees across thousands of hectares of plantations, potentially causing supply shortages not only in that year but also in subsequent years. Since the yield cycle of rubber trees is directly dependent on weather conditions, such a disruption may last for several seasons. Similarly, leaf decaying fungal diseases such as Pestalotiopsis and Phytophthora, which proliferate during extended precipitation periods, will reduce the yields of the small farmers with whom Brisa collaborates. This situation not only constricts the supply of natural rubber; it also creates a persistent source of stress in Brisa's supply planning. When supply is restricted, the price of natural rubber will increase rapidly. The approximately 40% price increase observed in 2024 has demonstrated how quickly costs can fluctuate in similar risk scenarios. In this scenario, Brisa's production costs may increase not only temporarily but also permanently. To ensure supply security, stock levels may need to be raised, and alternative supply regions could be explored, which may result in additional logistics and operational costs. The narrowing of profit margins may challenge product pricing strategies. If there are delays in passing price increases on to customers, Brisa's competitiveness may be adversely affected.	Brisa's current strategies may prove inadequate in a high impact climate scenario such as RCP 8.5. In this scenario, a global temperature increases exceeding 4 °C will result in all geographical regions where natural rubber is produced facing climate uncertainties and extreme events. Long droughts, heat waves, and floods that may occur in traditional production areas could reach a level that threatens the continuity of supply chain. Under these conditions, it is essential for Brisa to develop a supply strategy that includes structural transformation, going beyond mere geographical diversification. For example, increasing the production scales of climate resilient alternative sources (such as guayule and dandelion) will become a strategic necessity for reducing dependence on traditional Hevea Brasiliense's resources. In terms of inventory management, in this scenario where climate related supply disruptions are expected to become more frequent, traditional inventory buffer practices must be exceeded. The support of strategic stocking plans with financial instruments against disasters and market fluctuations (e.g., commodity price insurance, contract flexibility) may become necessary. Brisa should aim to enhance adaptive capacity directly in product design and portfolio structure within its R&D efforts. In this context, efforts to transition to not only alternative rubber sources but also next generation synthetic and bio-based polymers should accelerate. Consequently, the RCP 8.5 scenario creates a level of stress that can be managed not only by scaling up Brisa's current strategies but also by fundamentally redefining its business model. New actions should include controlled production investments, rapid commercialization of alternative raw materials, and the widespread implementation of circular product strategies. In this way, Brisa can ensure supply security and the sustainability of its business model despite high climate risk. 1. Click Here

Scenario Analyses: Flood Risk

Flood Risk (Izmit Facility): The increasing frequency of extreme precipitation and the potential for flooding in the Marmara Region pose risks of production interruptions and operational cost increases at the Izmit factory. (Physical Risk)

Scenario	RCP Level Description	Scenario description	Impact on Brisa	Impact on Strategy and Business Model
RCP2.6 (Optimistic scenario):	This is the optimal scenario in which global warming is limited to 1.5°C by 2100. Along this trajectory, additional warming will be limited to +0.1–0.2°C by 2030, reaching approximately +1.5°C by 2050, and stabilizing by the end of the century.	According to the IPCC AR6 WGI and WGII, in this scenario, a slight increase in the frequency of extreme precipitation is projected for Türkiye's northern regions (Marmara and the Black Sea), while no significant changes in the annual total precipitation amount are expected. Flood risk will remain close to current levels; no significant increase in the frequency of major flooding events is anticipated. Localized floods may occur in industrial regions such as Kocaeli, but such events will remain rare and manageable. 1. Click Here 	In the low impact climate scenario, Brisa's Izmit facility will have limited exposure to flood risk. According to WRI Aqueduct 2024, Izmit currently faces a 'high' river flood risk (high: (6 in 1,000 to 1 in 100)); however, the existing Brisa flood barrier and drainage infrastructure are adequate to manage this level. Thanks to the investments made after past floods (800 m river barrier, pumping systems), production interruptions are not expected during short term heavy downpours. The Emergency Plan and annual drills are prepared for this situation.	In this scenario, Brisa's current strategies and investments are largely considered sufficient. The structural measures (barriers, pumps, equipment layout) implemented in Izmit in the past provide effective protection in a low risk environment. Business continuity plans are kept up to date, and drills are conducted regularly. The establishment of the Aksaray factory in a low flood risk area indicates that the geographical strategy is integrated into resilience. In investments, monitoring and maintenance are prioritized over new infrastructure; there is no significant change required in the supply chain. Ensuring flexibility at a strategic level will be sufficient for the continuity of existing measures.

RCP4.5 (Middle path scenario):	In this scenario, where greenhouse gas emissions peak in 2050 and stabilize by the end of the century, global warming is projected to reach approximately 2.7–3°C by 2100. An increase of about 1°C is expected around 2030, and an increase of approximately 2°C.	According to the IPCC AR6 WGI Europe Regional Information Note, an increase in the frequency of heavy precipitation events (e.g., Rx1d, Rx5d) is forecasted for Marmara and Northwestern Tuürkiye under the RCP2.6, RCP4.5, and RCP8.5 scenarios; The risk of pluvial flooding is expected to rise, particularly in the autumn and spring months. The World Bank's 'Country Climate and Development Report for Türkiye' indicates that Türkiye is highly vulnerable to climate and disaster risks. It highlights that increasing seasonal precipitation irregularities in the Marmara basin have heightened the risk of urban flooding and sewer overflow. In Kocaeli specifically, due to limited infrastructure capacities, these heavy rains present a moderate threat. Short term, high intensity precipitation can increase flow and urban surface runoff in metropolitan areas, leading to sudden water inundations. Click Here Click Here	In the medium intensity flood risk scenario, production at the Izmit facility is being maintained without complete interruption; however, the increased load on the drainage system during flood events may lead to temporary reductions in production efficiency due to infrastructure stresses and the activation of preventive safety protocols. In the RCP 4.5 scenario, a 2% production loss is projected as a result of these types of weather events. Such partial and temporary losses of reliability reduce operational efficiency and increase maintenance costs. The costs associated with equipment protection and restart due to short term flooding can lead to a decrease in the annual profit margin. Additionally, logistics disruptions caused by flooding (port and highway closures) can result in delays in raw material supply.	In this scenario, a significant increase in the frequency and intensity of heavy precipitation is anticipated. It is recommended to strengthen mid term resilience measures for Brisa's operations in the Izmit region. While the existing flood barriers and pump systems currently provide protective effects, the level of protection can be enhanced through complementary measures such as raising barrier heights, constructing additional drainage lines, and integrating early warning systems into the digital infrastructure after 2030. At a strategic level, actions such as plans for backup production capacity, alternative routes in logistics, and the positioning of regional storage centers may also be considered.

Scenario	RCP Level Description	Scenario description	Impact on Brisa	Impact on Strategy and Business Model
RCP8.5 (Pessimistic scenario):	In a scenario where global emissions are rapidly increasing and are projected to reach approximately 4.5°C by 2100, climate conditions will be significantly different from today's start. Even in the 2030s, the global temperature increase may exceed approximately +1.5°C; by 2050, a rise of about +3°C is anticipated.	Under RCP 8.5, according to the IPCC AR6 and WMO assessments, extreme precipitation events in northern and western Türkiye will become much more frequent and intense. In the Black Sea and Marmara regions, the maximum daily rainfall index (Rx1d) and five day cumulative rainfall index (Rx5d) are expected to shift from a 1-in-100-year level to a 1-in-10-year level by the end of the century. Current 1-in-100-year flood events in the Black Sea and Marmara may become 1-in-10-year occurrences by the century's end. According to the data from the Climate Impact Assessment Tool, in the Kocaeli (TR.KC) sub region, under the RCP8.5 scenario, the annual maximum 5-day precipitation value (Rx5day) is projected to increase by 15–25% during the 20 30–2050 period. This increase could heighten the risk of sudden and widespread flooding in city centers, as floods that occur once in a hundred years may increasingly approach a once in a decade frequency. If infrastructure capacity is inadequate, industrial facilities may face production stoppages of up to 5–10 days, resulting in increased maintenance costs and significant financial losses. 1. Click Here 2. Click Here	Brisa's Izmit facility is situated on the floodplain of the Akarca Stream, and it is plausible that the current flood barriers may not suffice during prolonged extreme precipitation events. According to the IPCC, floods that occur once every 100 years are anticipated to occur every 10 years by 2100. In this context, it is projected that the percentage of production loss may rise to approximately 10%. Furthermore, factors such as the risk of damage to factory assets, an increase in maintenance costs, and potential losses that might not be covered by business interruption insurance could directly impact Brisa's EBITDA and net profit. Even if production losses are compensated for delays may still occur in the distribution chain; Operational flexibilities, such as the Izmit-Aksaray transfer, may also fall short in certain. 1. Click Here	Under this scenario, more frequent and intense severe flooding events are anticipated; Structural reinforcements and adaptive planning mechanisms are becoming essential components of Brisa's long term resilience strategy. While the current infrastructure investments provide a significant foundation, advanced applications such as drainage systems with high discharge capacities, redesign of water management areas around the factory, and upgrades of critical equipment should be considered for the post 2035 period. Strategically, the expansion of Brisa's insurance coverage, the review of business interruption guarantees, and the systematic integration of climate resilience investments into investment plans are noteworthy. In a long term perspective (towards 2100), options such as the implementation of multiple production strategies can provide scenario based flexibility.

Financial Impact

Time Horizon	Risk Development Based on Scenario Assumptions	Potential Financial Impact
Short term (0–1 year)	Although there is no significant climate difference, there is a risk of local flooding due to severe rainfall (with a low probability). The likelihood of severe damage is low; the existing infrastructure measures are generally sufficient.	Not available
Medium term (1–3 years)	Even in a medium emission (RCP4.5) scenario, the frequency of extreme precipitation will increase. In regions like Izmit, a medium scale flood event may occur within 1–3 years.	Not available
Long term (3+ years)	In a high emission (RCP8.5) scenario, the likelihood of large scale flood disasters significantly increases. The increase in risk along the low emission pathway will remain limited. In the long term, managing flood risk will be critical.	High

Scenario Analyses: Water Scarcity

Water Scarcity Risk (Aksaray Facility): The increasing water stress and chronic drought trends in Central Anatolia pose a threat to production continuity and efficiency at Brisa's Aksaray Facility. (Physical Risk)

Scenario	RCP Level Description	Scenario description	Impact on Brisa	Impact on Strategy and Business Model
RCP2.6 (Optimistic scenario):	This is the optimal scenario in which global warming is limited to 1.5°C by 2100. Along this trajectory, additional warming will be limited to +0.1–0.2°C by 2030, reaching approximately +1.5°C by 2050, and stabilizing by the end of the century.	According to projections by the IPCC AR6 WGII (2022) and Climate change post (2023), under the RCP2.6 scenario, the overall structure of the precipitation regime in the northern and western regions of Türkiye (particularly Marmara and the Black Sea) can largely be maintained, whereas other regions are expected to experience decreases of approximately 5–10% in annual total precipitation. This situation could reduce the rate of groundwater replenishment and increase pressure on water resources. However, according to the IPCC Report, with appropriate adaptation measures (such as water efficiency and infrastructure investments), these impacts can largely remain manageable; no critical level of disruption is projected in the hydrological system. 1. Click Here 2. Click Here	Periodic water stress due to drought may occur at Brisa's Aksaray Facility; However, the existing closed loop cooling systems, rainwater harvesting infrastructure and recovery facilities are well equipped to largely offset such temporary difficulties. A severe deterioration in water supply is not anticipated by 2030; therefore, production continuity can be maintained. Although limited groundwater risk is monitored at the Aksaray Facility, the operational impacts remain at a low level due to existing measures. Given its location in the Marmara basin, the Izmit facility is monitoring industrial water competition; however, the sophistication of urban and industrial infrastructure results in a low assessment of critical contamination risk. In this scenario, Brisa's operational resilience is strong, and financial impacts will remain limited.	In this scenario, the effects of climate change on water resources are expected to be limited. Brisa's currently implemented closed loop systems, recovery technologies, rainwater harvesting infrastructure, and water monitoring applications provide significant protection against water scarcity under these conditions. From the perspective of strategy and business model, maintaining existing practices, conducting periodic performance monitoring, and sustaining efficiency improvements are considered sufficient under this scenario. For Brisa, this scenario is one that does not require extreme transformation but necessitates the continuation of existing good practices to support long term environmental sustainability.

Scenario	RCP Level Description	Scenario description	Impact on Brisa	Impact on Strategy and Business Model
RCP4.5 (Middle path scenario):	In this scenario, where greenhouse gas emissions peak in 2050 and stabilize by the end of the century, global warming is projected to reach approximately 2.7–3°C by 2100. An increase of about 1°C is expected around 2030, and an increase of approximately 2°C by 2050	According to the IPCC AR6 WGII and G20 Climate Risk Atlas projections, a decrease of 10-15% in precipitation is expected in Türkiye's semiarid regions, along with an increase in agricultural water demand, leading to a rise in water stress levels. According to G20 data, agricultural drought frequency may increase by 37%, and water demand may rise by 47% by 2050. The IPCC also emphasizes that the renewal process of groundwater will slow down, and if adaptation measures are not taken, water supply security will be jeopardized. In light of this data, a 10–11% reduction in internal water resources and a risk of over a 30% increase in drought frequency can be anticipated. 1. Click Here 2. Click Here	Under the RCP 4.5 scenario, particularly due to changes in precipitation regimes and increased evaporation losses, Brisa's Aksaray Facility is exposed to medium level risk due to groundwater pressure in the Konya Closed Basin. Seasonal water restrictions may occur in this region; issues may arise in water supply for cooling and cleaning processes during the summer months. Production continuity at the facility may also be impacted; This situation may lead to temporary decreases in production volume, losses in productivity, and increases in maintenance costs. Brisa's existing infrastructure mitigates this risk; however, the operational risk level remains in the medium to high range. If compliance measures are not implemented, cost pressure may intensify. Under the RCP 4.5 scenario, the projected production loss is estimated at 2% in the medium term and 10% in the long term.	In this scenario, as pressures on water resources across Türkiye increase, it would be advisable for Brisa to implement additional improvements in certain areas of its business model and strategy. Especially in water stressed regions such as Aksaray, careful assessments may be required regarding the continuity of water supply and investment planning. However, Brisa's current recovery, grey water use, and water saving technologies are powerful tools that mitigate a significant portion of these risks today. In this scenario, it would be effective for the company to further strengthen its strategy by expanding investments in water management, integrating climate resilience performance with CSR indicators, and prioritizing water efficiency in resource allocation. In general, Brisa's current water management practices provide effective protection for the medium term; this situation enables long term strategic decisions to be grounded in more robust foundations.

Scenario	RCP Level Description	Scenario description	Impact on Brisa	Impact on Strategy and Business Model
RCP8.5 (Pessimistic scenario):	In a scenario where global emissions are rapidly increasing and are projected to reach approximately 4.5°C by 2 100, climate conditions will become distinctly different from those today beginning in 2050. Even in the 20 30s, the increase in global temperature may exceed approximately +1.5°C; by 2050, an increase of around +3°C is expected.	According to the G20 Climate Risk Atlas, WRI Aqueduct, and Climate Transparency data, the pressure on water resources in Türkiye, particularly in semi arid regions—especially in Konya and Central Anatolia—is significantly increasing. In these regions, a decrease in water supply of up to 30-35%, a chronic decline in groundwater levels, and an increase in evaporation related losses from surface water resources are expected. According to WRI Aqueduct assessments, the Konya Basin is under 'extremely high baseline water stress.' The Marmara Basin approaches this category periodically. The IPCC AR6 WGII indicates with high confidence that water security is at significant risk in the Southeastern Europe and Eastern Mediterranean region, which includes Türkiye, due to decreasing precipitation, increasing evapotranspiration, declining groundwater replenishment rates, and more frequent droughts. In this context, Türkiye is likely to become one of the most vulnerable countries in the Mediterranean basin regarding water scarcity. 1. Click Here 2. Click Here 3. Click here 4. Click here	In this scenario, Brisa's Aksaray factory becomes the most vulnerable point for the company due to the contraction of water supply in the Konya Closed Basin and the underground water levels falling below critical thresholds. Recurrent droughts in Aksaray may directly threaten production; in some years, staggered production stoppages or high cost solutions for alternative water supply may be necessary. The Izmit facility may be subject to practices such as water allocation restrictions during the summer months, due to the increasing population and industrial demand in the Marmara basin, necessitating operational prioritization. In both facilities, production interruptions, energy inefficiencies, increased maintenance burdens, and product quality risks may arise. Although Brisa is increasing its investments to mitigate these risks, there may be significant pressure on revenue loss, EBITDA contraction and net profit in the periods following 2040. Under the RCP8.5 scenario, operational impacts are high, and financial impacts are also elevated. Accordingly, a 5% decrease in production is projected in the medium term, and a 20% decrease in the long	In this scenario, significant increases in pressures on water resources are anticipated after 2040. For Brisa's operations in more vulnerable regions such as Aksaray, it may be necessary to develop long term resilience strategies. However, under current conditions, Brisa's infrastructure and proactive practices greatly enhance the manageability of risks associated with short and medium term water scarcity. The rainwater harvesting, recycling systems, grey water supply, and SCADA supported water monitoring systems implemented in the facilities demonstrate that the company is providing significant flexibility today. Since high risk scenarios, such as RCP 8.5, will be more effective in the long term, Brisa considers these scenarios in its strategic planning and investment decisions, keeping topics such as the adoption of new technologies and alternative production methods on its agenda as necessary. In this context, Brisa positions its current systems at an adequate level against today's risks, while adopting an adaptable and forward looking strategy to address the climate impacts of future generations.

Financial Impact

Time Horizon	Risk Development Based on Scenario Assumptions	Potential Financial Impact
Short term (0–1 year)	Existing water recycling and conservation measures can largely mitigate the effects of short term drought.	Not available
Medium term (1–3 years)	Periodic droughts are expected even in medium scenarios, and a serious drought may occur within 1 to 3 years; restrictions on water allocation may be considered.	Low
Long term (3+ years)	Chronic water scarcity is likely under the high emission (RCP8.5) scenario.	Medium

Scenario Analyses: Carbon Cost Risk

Carbon Cost Risk (ETS Transition): With Türkiye's transition to the ETS system, the anticipated increase in carbon prices has the potential to impose significant cost pressures on Brisa's energy intensive production processes. (Transition Risk)

Scenario	Scenario description	Impact on Brisa	Impact on Strategy and Business Model
Slow and Manageable Transition (CP-CHN Lower Case compliant)	This scenario posits that the ETS system will be implemented in Türkiye in 2029, in alignment with the country's net zero target for 2053, initially providing a high rate of free allocation and gradually increasing carbon prices until 2034.	Assuming a carbon price of €19.2 per ton in 2034, Brisa's carbon cost under the Türkiye ETS is estimated to be approximately 97.35 million TL. This cost level is considered manageable given Brisa's current emission reduction investments, energy efficiency measures, and renewable energy projects. The risk is limited, and progress can be made in alignment with the existing strategy.	•In this scenario, Brisa can ensure compliance with the ETS system by continuing its current transformation plans as they are. •Internal carbon pricing, energy transition investments and emission monitoring infrastructure enhance the company's preparedness. •Since the emission reduction targets are established in accordance with the SBTi, responses to the EU Carbon Border Adjustment Mechanism (CBAM) and ETS obligations are timely and compliant. •Strategic priorities can be maintained by focusing on GHG investments, heat pump systems, alternative fuel conversion and the optimization of production efficiency. •As the impact on profitability will be limited, a transformation of the business model is not necessary; However, carbon efficiency, supplier selection, and product portfolio are areas where the carbon focused decision making process is enhanced.

Balanced but Tightening Transition (CP-CHN Base Case Compliant)	This medium scenario indicates that Türkiye will enter the ETS system in 2029, but free allocations will rapidly decrease after 2030, and carbon prices will reach €24/ton by 2034.	In this scenario, where carbon prices rise to €24/ton, Brisa's total carbon cost from the ETS is at the level of 121.69 million TL. This cost implies a measurable increase in operational expenses. The impact can be mitigated through measures such as accelerating energy transition investments in processes with high GHG intensity and implementing internal carbon pricing.	Brisa's current GHG reduction investments (GHG, heat pumps, energy efficiency, SBTi compliant targets limit the effects of this cost. •It is expected that the implementation of internal carbon pricing will become more decisive in decision making processes, with integrated risk assessments conducted for carbon portfolios and product costing. •While transformation in Brisa's business model may not be necessary under this scenario, the transition to electric process systems, energy production from waste heat, alternative fuel sources, and the reorganization of energy purchasing strategies will become a priority. •Chain level measures, such as requiring carbon footprint reporting from suppliers and reviewing those with low carbon efficiency, will increase. •Product based emission tracking and export cost simulations must be conducted for the export items included in the CBAM.

Scenario	Scenario description	Impact on Brisa	Impact on Strategy and Business Model
Rapid and High Cost Transition (CP-CHN Higher Case Compliant)	This is an aggressive transition scenario in which Türkiye's ETS system tightens rapidly after 2029, free allocations are quickly reduced to zero, and carbon prices reach €32.4 per ton in 2034.	In this scenario, where carbon prices reach high levels of €32.4 per ton, Brisa's total cost under the ETS is projected to be approximately 164.28 million TL. This situation has the potential to exert pressure on the gross profit margin and cash flow. The advancement of emission reduction targets, as well as strategic measures such as process electrification and carbon portfolio management, may come to the fore	In this scenario, Brisa must accelerate its roadmap for carbon neutral production to enhance its strategic resilience. There needs to be earlier investment in projects such as process electrification, energy production from waste heat, and the transition to alternative fuel systems. Prioritization based on carbon footprint in the supply chain, the evolution of the product portfolio toward carbon efficient products, and the repositioning of certain production steps (for instance, to minimize CBAM risk) form the strategic decision agent.

Notes:

Reference Source: CP CHN scenarios; It was created based on historical price data from the China ETS and GCAM NGFS 'Net Zero 2050' projections.

Implementation: The Türkiye ETS is based on a phased implementation assumption starting in 2029; It has been modeled through three different roadmaps: 'Lower' (low price corridor), ' Base' (base price corridor), and 'Higher' (high price corridor).

Comparison: These scenarios begin at approximately 7% of EU ETS prices between 2029 and 2033, converging to 98% in 2046 and 102% in 2047, with annual increases of 60 169% between 2032 and 2035; and generally, reflects a 94% correlation with the China ETS.

Financial Impact

Time Horizon	Risk Development Based on Scenario Assumptions	Potential Financial Impact
Short term (0–1 year)	The Türkiye ETS system is not yet in effect. The development of the monitoring and reporting system is ongoing.	Not available
Medium term (1–3 years)	With the implementation of the Monitoring, Reporting and Verification (MRV) system and the free allocation system, there will be limited liabilities and preparation costs.	Not available
Long term (3+ years)	With the full implementation of the ETS by 2029, carbon prices will directly affect Brisa's cost structure.	Low

Risk Management

Brisa monitors and manages all its risks at the corporate level in accordance with its Risk Management Policy aligned with the ISO 31000 standard. Climate related risks are identified, assessed, prioritized, and monitored within this system. All risks are comprehensively addressed within the overall risk universe through an integrated framework.

Step 1: Identification and Mapping of Climate related Risks

At Brisa, the process of identifying climate risks is led by the Risk Management Department. Risks are managed together with strategic, financial, operational, and external environmental risks within the company's overall risk management system.

In 2024, through efforts conducted by the Risk Management Department in collaboration with managers from each function, risks were assessed, the corporate risk universe was updated, and, within this scope, climate related risks and opportunities were also analyzed. In the process, operational feedback is collected through department based risk assessment meetings, and data and scenario analyses related to risks are integrated into the process.

The identified climate risks have been classified under both physical and transition risks and have been detailed by the sustainability team to ensure they are trackable. The identification process: The forecasts from international sources such as the IPCC, WRI, World Bank, and WEF, along with the CDP 2023 results, Sabancı Holding sustainability guidelines, and outputs from Bridgestone Global environmental units, have been considered.

Step 2: Strategic Assessment and Scenario Analysis

Climate risks are addressed holistically within the company's strategic decision making processes. Scenario analyses serve as the primary tool for this process. The analyses conducted in 2024 were based on the IPCC RCP scenarios (2.6, 4.5, 8.5) and the IEA scenarios (APS, NZE 2050). These scenarios have been specifically modeled for Brisa's value chain concerning natural rubber supply, water stress, flood risk, and carbon pricing. The analysis outputs have been integrated with the 2024 Climate Transition Plan and risk inventory.

Step 3: Assessing Impact

At Brisa, the assessment of climate related risks is conducted in an integrated manner within the corporate risk management system, systematically analyzing the financial, reputational, compliance, operational, and external environmental impacts of these risks on the company. These analyses are carried out through the annual risk assessment process, the Sustainability Committee, the Risk Committee, and the BRISK digital platform.

Climate risks are scored according to predefined probability and impact criteria alongside all other strategic and external environmental risks, and a total risk score is generated to create a prioritization matrix.

Assessment Methodology

Each climate risk is evaluated based on the following three fundamental components:

- Probability Score (1–5): Indicates the likelihood of the risk occurring. This score is determined based on both historical event data and climate scenarios (e.g., IPCC RCP 4.5 and 8.5).
- Impact Score (1–5): Determined as the reflection of risk on financial, reputational, compliance, operational, and external environment aspects.
- Control Level: Evaluated in comparison to existing policies and practices regarding the current extent to which the risk is under control.

Additionally, during the assessment process, the sustainability accounting standards (SASB) sector metrics specified in TSRS 2 Appendix Volume 62 ' Automobile Parts' Sector Guide (e.g., TR-AP-130a.1: Energy Management, TR-AP-410a.1: Fuel Efficiency Design) have been taken into account.

The results obtained from this structure are scored using the established threshold system, and a risk opportunity prioritization matrix is created.

Probability	Probability Level	Frequency
Very High	5	Daily/Weekly
High	4	At least once a month
Medium	3	At least once a year
Low	2	At least once for two years
Very Low	1	Not having occurred in the past two years

Degree	Financial Impact	2024 Net Sales Ratio
Low	<172.7 Million TL	<%0.5
Medium	172.7 Million – 345.5 Million TL	%0.5-1
High	>345.5 Million TL	>%1

The total score of each risk is calculated as Probability x Impact and categorized as follows:

Level	Risk Score Range	Response Method
Low	1-3	Monitor
Medium	4-8	Monitor, Reduce, Mitigate
High	9-11	Monitor, Reduce, Transfer
Critical	12-25	Reduce, Mitigate

*If the impact has a probability of 1 out of 5, the level of risk is assessed as high.

Through these assessments, Brisa is establishing a prioritized risk matrix and directing its resources toward mitigating the most critical climate risks. Risks are evaluated not only based on historical data but also according to climate scenarios (e.g., chronic declines in natural rubber supply under RCP 8.5 and flood risk) and the cascading effects on the value chain.

Step 4: Response and Monitoring Process

Strategic responses are conducted through the Task Force model. Action plans related to each climate risk are defined and implemented by responsible managers. Investment decisions (e.g., heat pump and GHG investments) are evaluated in relation to carbon cost scenarios. Responses to opportunities are similarly analyzed using a 3x3 matrix and integrated into the strategic plan and annual objectives.

General Risk Management Process

Brisa's Corporate Risk Management process aims to foresee risks that may hinder the company's achievement of its strategic objectives, systematically defining, analyzing, and managing them.
This system classifies risks as strategic, financial, operational, and external environmental risks, evaluating climate related risks and opportunities under the 'sustainability' risk category.

The processes for identifying, assessing, prioritizing, and monitoring climate related risks and opportunities are fully integrated with Brisa's overall risk management mechanism. The risk process includes the following fundamental steps:

- Identification and Assessment: Potential climate risks and opportunities are identified through risk assessment workshops conducted with
- the participation of all functions. The process is managed through a digital risk platform called BRISK, where the type, probability, impact, existing controls, and actions for the risks are documented.
- Response Planning: After evaluating the risk score for identified risks, the risk is accepted, or an action plan is generated based on its degree.
- Control and Monitoring: If an action is required and defined for each identified risk and opportunity, risks are monitored according to the action date. When the action arrives, the action is closed by the risk owner through the BRISK digital platform. The number and current status of risks are reported to the Risk Committee at least once a year. Climate risks are also reported in the first sustainability committee meeting after the action closure date.

Metrics and Targets

Sector Based Metrics

TSRS 2 - Appendix Volume 62		Automotive Parts				Comparative Data
No	Standard Code	Subject	Metric	Unit	Data for the Year 2024	Data for the Year 2023
1	TR-AP-130a.1	Energy Management	Total Energy Consumed	Gigajoule (GJ)	1.689.267,17	1.551.564,68
2			Percentage of Grid Electricity	%	16,35	21,36
3			Percentage of Renewable Energy	%	28,33	24,00
4	TR-AP-410a.1	Fuel Efficiency and Design	Revenue from products designed to enhance fuel efficiency or reduce emissions	Currency	16.876.667.632	13.363.692.346
5	TR-AP-000.A	Activity	Number of Parts Produced	Number	14.339.123,00	13.600.178,00
6	TR-AP-000.B		Weight of Produced Parts	Metric Tons (t)	197.673,00	201.160,00
7	TR-AP-000.C		Area of Production Facilities	Square Meters (m^2)	507.000,00	507.000,00

Climate Related Metrics and Targets

Metric	Data for the Year 2024	Data for the Year 2023
Scope 1 Greenhouse Gas Emissions (tons CO_2-e)	52.574,76	50.962,32
Scope 2 Market-Based Greenhouse Gas Emissions (tons CO_2-e)	34.578,81	40.415,54
Scope 2 Market-Based Greenhouse Gas Emissions (ton CO_2-e)	91.360	84.755

Target	Metric	2024 Achievement	2030 Target	2050 Target	Scope
Emission Reduction	Scope 1 & Market-Based Scope 2 absolute CO_2-e (ton)	87.153,6	Reduce by 56% compared to 2020	Carbon Neutral (0 ton CO_2-e) (SBTi)	Consolidated all facilities
Renewable Electricity Rate	Renewable Electricity / Total Energy (%)	%63	100% Renewable electricity	100% Renewable electricity	Izmit & Aksara Facilities

- All targets are set by the sustainability team and assessed by the sustainability committee chaired by the CEO; The SBTi, CDP, and SASB criteria are referenced.
- The Climate Transition Plan has been prepared and publicly disclosed. Every year, climate related performances are reported in the sustainability report.
- KPI reports are produced through monthly and quarterly data collection along with trend analyses.
- Target revisions are made based on regulatory updates (EUDR, ETS) and technological advancements.

Appendix 1: TSRS Declaration

TSRS Section	TSRS 2 Provisions	Brief Description & Main Idea	Report Section
Governance	6(a)	Describes the governance processes, controls, and procedures that the operation uses to monitor and manage climate related risks and opportunities. The identities of these entities or individuals, their job descriptions and authorities, their qualifications, the frequency with which they are informed, and how they are integrated into strategy and risk management processes are outlined.	Governance
	6(a)-I	It is indicated how the responsibilities related to climate related risks and opportunities are reflected in the job descriptions, authorities, role definitions, and relevant policies of the entities or individuals.	Oversight by the Board of Directors
	6(a)-ii	It is explained whether the entities or individuals possess the necessary authority and qualifications to oversee strategies related to climate related risks and opportunities, or how such qualifications will be developed.	Oversight by the Board of Directors
	6(a)-iii	It is stated how and how often the organization(s) or individual(s) are informed about climate related risks and opportunities.	Oversight by the Board of Directors
	6(a)-iv	It is explained how the organization(s) or individual(s) consider climate related risks and opportunities when overseeing the business strategy, significant operations, risk management, and related policies, and whether they evaluate trade-offs.	Corporate Governance Oversight
	6(a)-v	The extent to which relevant performance metrics are incorporated into the compensation policies (e.g., executive pay); This explains how climate related risk and opportunity targets are determined and how progress toward these targets is monitored.	Oversight by the Board of Directors
	6(b)-a	This outlines the role of management (e.g., a specific senior position or committee) in the oversight processes of climate related risks and opportunities and how upper level oversight is established over this structure.	Board of Directors' Oversight / Governance Activities 2024
	6(b)-ii	The controls and procedures used by management to support the oversight of climate related risks and opportunities; and how these are integrated into other internal functions (e.g., internal audit, operations, finance, legal, etc.) is explained.	Internal Control and Audit

TSRS Section	TSRS 2 Provisions	Brief Description & Main Idea	Report Section
Strategy	9(a)	The operation provides information that helps users understand matters expected to reasonably affect the business in the future, while identifying climate related risks and opportunities. The critical importance of each risk/opportunity is described.	Strategy / Climate related risks and opportunities Table of Climate Risks and Opportunities
	9(b)	It describes the current and expected impacts of climate related risks and opportunities on the operation's business model and value chain. Explanations are provided regarding which stages (geographical/operational) are most affected.	Impacts on Strategy / Business Model and Value Chain
	9(c)	The operation explains the effects of climate related risks and opportunities on decision making processes and strategy. It is indicated which strategic steps (resource allocation, investment, etc.) have been adopted and which objectives and policies have been developed.	Strategy / Strategy and Decision Making
	9(d)	It is clarified how climate related risks and opportunities are reflected in the business's financial planning, detailing the current and anticipated impacts on financial condition, performance, and cash flows in the short, medium, and long term.	Strategy / Financial Status, Financial Performance, and Cash Flows Climate Resilience
	9(e)	The operation describes how it evaluates the 'trade offs' associated with climate related risks and opportunities, including short, medium, and long term strategic choices, scenario analyses, etc.	Strategy / Climate Resilience / Governance
Strategy / Climate related Risks and Opportunites	10(a), 10 (b)	The operation identifies climate related risks and opportunities, specifying which risks are physical (drought, temperature increase, etc.) and which result from the transition (regulations, carbon tax, market trends).	Strategy / Climate related risks and opportunities Climate Risks Table
	10(c)	The operation provides information on the time frame (short, medium, long) in which the identified risk/opportunity will have current and expected effects. The relationship between these time frames and the operation's strategic decision making cycles is explained.	Strategy / Climate related Risks and Opportunities – Definition of Time Horizons
	10(d)	The operation also explains why the short/medium/long term definitions were established in this manner and how these definitions are reflected in strategic decision making processes.	Strategy / Climate related risks and opportunities
	11	The operation considers current conditions, historical events, and reasonable and supportable forecasts for the future when identifying climate related risks and opportunities. All data that can be accessed at a reasonable cost is utilized.	Risk Management – Data Sources and Inputs / Strategy / Climate Resilience Governance

	12	The operation evaluates the disclosure topics defined in the TSRS S2 Sector Based Implementation Guide when identifying risks and opportunities, utilizing them as necessary.	Risk Management - Sustainability Management of Risks

TSRS Section	TSRS 2 Provisions	Brief Description & Main Idea	Report Section
Strategy / Business Model and Value Chain	13(a)	The operation describes the current and expected impacts of climate related risks and opportunities on the business model. It explains to what extent various areas, operations, or stages (e.g., agriculture, production, etc.) in the value chain are affected by climate related risks and opportunities.	Impacts on Strategy / Business Model and Value Chain
	13(b)	It identifies where climate related risks and opportunities are concentrated within the business model and value chain. For example, it describes geographical impacts, risk/opportunity distributions across different asset types, and which sectors are more vulnerable or better positioned.	Impacts on Strategy / Business Model and Value Chain
Strategy / Strategy and Decision Making	14(a)	The operation outlines the strategic responses it has taken and plans to take concerning climate related risks and opportunities. The scope encompasses aspects such as current and anticipated direct and indirect mitigation or compliance efforts, transition plans, and methods for achieving targets.	Strategy / Strategy and Decision Making
	14(a)-I	The current and anticipated changes in the business model of the operation to address climate related risks and opportunities (resource allocation, investment, etc.) are detailed.	Strategy / Strategy and Decision Making
	14(a)-ii	Current and anticipated direct mitigation and compliance efforts (e.g., changes in production processes, facility relocations, new product features, etc.) are detailed.	Strategy / Climate Resilience
	14(a)-iii	The 'current and expected indirect reduction and compliance efforts' (e.g., collaboration with suppliers, customers, and other stakeholders) are detailed.	Impacts on Strategy / Business Model and Value Chain
	14(a)-iv	Information on how the operation has developed its 'transition plan' (transition to a low carbon economy), the assumptions it is based on, and the commitments it has made is included.	Strategy / Strategy and Decision Making / Financial Status, Financial Performance, and Cash Flows
	14(a)-v	The plan outlining how to achieve climate related targets, particularly the metrics and practices established for greenhouse gas emission targets, is described.	Targets Table Strategy / Strategy and Decision Making / Financial Status, Financial Performance, and Cash Flows

	14(b)	The operation describes how it provides resources for the activities mentioned in section 14(a) and how it plans to do so in the future (financing, investment, borrowing, etc.).	Financial Status, Financial Performance, and Cash Flows
	14(c)	The progress of plans announced in previous reporting periods is explained with quantitative and qualitative information. Actions taken in the climate strategy and the status of achieving interim targets, among other factors, are monitored.	Targets Table

TSRS Section	TSRS 2 Provisions	Brief Description & Main Idea	Report Section
Strategy / Financial Condition, Financial Performance, and Cash Flows	15(a)	The impacts of climate related risks and opportunities on the operation's financial condition, performance, and cash flows for the reporting period are explained.	Strategy / Financial Condition, Financial Performance, and Cash Flows
	15(b)	The integration of climate related risks and opportunities into the company's financial planning, along with their anticipated impacts on financial condition, performance, and cash flows in the short, medium, and long term, is described.	Strategy / Financial Condition, Financial Performance, and Cash Flows
	16(a)	The effects of climate related risks and opportunities on financial condition, financial performance, and cash flows for the reporting period are detailed with both quantitative and qualitative information.	Strategy / Financial Condition, Financial Performance, and Cash Flows
	16(b)	Climate related risks and opportunities that present a significant risk of requiring major adjustments to the book values of assets and liabilities for the reporting period are identified.	Strategy / Financial Condition, Financial Performance, and Cash Flows
	16(c)-I	When considering the strategy for managing climate related risks and opportunities, it describes how the business expects its financial condition to change over the short, medium, and long term.	Strategy / Financial Condition, Financial Performance, and Cash Flows
	16(c)-ii	Within the same strategic framework, it summarizes how financial performance and cash flows are expected to change over the short, medium, and long term.	Strategy / Financial Condition, Financial Performance, and Cash Flows
	16(d)	In the transition to a low carbon economy, it specifies how the company's cash flows will be affected by factors such as changes in production, new business models, or the decommissioning of assets.	Strategy / Financial Condition, Financial Performance, and Cash Flows
	18(a)	While quantitatively explaining the current or expected financial effects of climate related risks and opportunities, the operation utilizes all reasonable and verifiable data available without incurring excessive costs or effort.	Strategy / Financial Status, Financial Performance, and Cash Flows / Climate Resilience
	18(b)	The operation emphasizes that it adopts a proportionate approach, in relation to the skills, capabilities, and resources it possesses, when preparing these quantitative disclosures.	Governance Strategy / Financial Condition, Financial Performance, and Cash Flows

	19(a)	When the operation cannot separately identify financial effects or when measurement uncertainty is too high to be considered useful, it may refrain from providing quantitative information.	Financial Impact Assessments Strategy / Financial Condition, Financial Performance and Cash Flows Table of Climate Risks and Opportunities
	19(b)	Moreover, the operation may refrain from quantitative disclosure if it believes the obtained information will not be useful due to reasons such as high measurement uncertainty or lack of appropriate skills or resources.	Financial Impact Assessments Strategy / Financial Condition, Financial Performance and Cash Flows Table of Climate Risks and Opportunities
	20	The operation may choose not to present this information in cases where it cannot provide meaningful quantitative information due to a lack of appropriate skills, resources, or competencies.	Financial Impact Assessments Strategy / Financial Condition, Financial Performance and Cash Flows Table of Climate Risks and Opportunities

TSRS Section	TFRS 2 Provisions	Brief Description & Main Idea	Report Section
Strategy / Financial Condition, Financial Performance and Cash Flows	21(a)	In cases where quantitative information cannot be provided regarding a risk or opportunity situation, the business shall explain the reasons for the lack of quantitative information.	Financial Impact Assessments Strategy / Strategy and Decision-Making Climate Risks and Opportunities Table
	21(b)	Additionally, it specifies with qualitative descriptions which financial statement items (including totals and subtotals) may potentially be affected.	Strategy / Financial Status, Financial Performance and Cash Flows / Cli- mate Resilience
	21(c)	In situations where it is feasible to provide aggregated quantitative information about combined financial effects, the business may present data combined with other risks and opportunities.	Strategy / Financial Status, Financial Performance, and Cash Flows
	22, 22(a)-I, 22(a)-ii	The operation indicates that it evaluates the climate flexibility of its strategy and business model through climate related scenario analysis. In evaluating the operation's climate flexibility, the findings regarding how the business model will respond to the effects of scenarios and key areas of uncertainty are outlined.	Strategy / Climate Resilience
	22(a)-iii, 22(a)-iii-1, 22(a)-iii-2, 22(a)-iii-3	The operation assesses its strategy and business model regarding climate change adaptation capacity over short, medium, and long terms through climate related scenario analysis. In this assessment, results and key areas of uncertainty are explained by addressing three fundamental dimensions: financial flexibility and resource availability arising from scenarios (iii-1), capabilities for asset relocation, transitioning to a higher model, or decommissioning (iii-2), and the strategic impact of current and planned climate investments (iii-3).	Strategy / Climate Resilience
	22(b), 22(b)-i-1, 22(b)-i-2, 22(b)-i-3, 22(b)-i-4, 22(b)-i-5, 22(b)-i-6, 22(b)-i-7	The operation explains how and when the climate related scenario analysis is conducted. The specifically selected inputs, time frames, and the scope of operations, among others, are specified	Strategy / Climate Resilience
	22(b)-ii-1, 22(b)-ii-2, 22(b)-ii-3, 22(b)-ii-4, 22(b)-ii-5	The operation details how inputs such as production volume, energy consumption, and technological advancements are taken into account in the scenario analysis.	Strategy / Climate Resilience
	22(b)-iii	It is specified in which reporting period the scenario was conducted and the frequency of updates.	Strategy / Climate Resilience

	23	The operation assesses the connection with both inter sectoral and sector specific criteria and guidelines while implementing the provisions in paragraphs 13 to 22.	

TSRS Section	TSRS 2 Provisions	Brief Description & Main Idea	Report Section
Risk Management	25(a)	Describes the processes and related policies for identifying, assessing, prioritizing, and monitoring climate related risks.	Risk Management
	25(a)-I	Explains the inputs and parameters used by the operation (e.g., data sources, scope of operations covered in the process, etc.).	Risk Management
	25(a)-ii	Describes whether the operation employs scenario analysis when identifying climate related risks and how it is utilized.	Risk Management
	25(a)-iii	Describes how the operation evaluates nature, likelihood, and magnitude of the impacts of the risks (e.g., qualitative or quantitative criteria, threshold values).	Risk Management
	25(a)-iv	The operation explains how it prioritizes climate related risks in relation to other types of risks (financial, legal, reputational, etc.).	Risk Management
	25(a)-v	The operation describes how it monitors climate related risks (e.g., monitoring frequency, established KPIs, alert mechanisms).	Risk Management
	25(a)-vi	It clarifies whether any changes have been made to the processes compared to the previous reporting period and specifies what those changes were.	Risk Management
	25(b)	It describes the processes for identifying, assessing, prioritizing, and monitoring opportunities. It is explained whether these processes are addressed within the same framework as climate related risks or separately, and how they are integrated.	Risk Management
	25(c)	The extent to which the processes of identifying, assessing, prioritizing, and monitoring climate related risks and opportunities are integrated into the company's overall risk management process, and how this process is informed, is explained.	Risk Management

TSRS Section	TSRS 2 Provisions	Brief Description & Main Idea	Report Section
Climate related Metrics	29(a)-I	The extent to which the processes of identifying, assessing, prioritizing, and monitoring climate related risks and opportunities are integrated into the company's overall risk management process, and how this process is informed, is explained.	2. For the greenhouse gas inventory Consolidation Method
	29(a)-ii	In emission calculations, it is essential to act in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (20 04). If another method is employed, the rationale for it is provided.	3. Operational Boundary: Scope 1 and Scope 2 Emissions
	29(a)-iii	The operation describes the approach, inputs, and assumptions it utilizes to measure greenhouse gas emissions, the reasons for their selection, and any changes that may occur over time.	3. Operational Boundary: Scope 1 and Scope 2 Emissions
	29(a)-iv	Scope 1 and Scope 2 greenhouse gas emissions must be differentiated between the consolidated group (the parent company and consolidated subsidiaries in enterprises applying TFRS) and other investments excluded from the disclosure (associates, joint ventures, etc.).	2. For the greenhouse gas inventory Consolidation Method
	29(a)-v	Scope 2 greenhouse gas emissions are also explained through location-based calculation. Additionally, information is provided about the contractual tools necessary for users to comprehend these emissions.	3. Operational Boundary: Scope 1 and Scope 2 Emissions
	29(a)-vi	When calculating Scope 3 emissions, the categories outlined in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) are considered. If the operation involves asset management, commercial banking, or insurance, additional information about Category 15 financed emissions is disclosed.	3. Operational Boundary: Scope 3 Emissions and Transition Exemption
	29(b)	The operation describes the amount and percentage of vulnerable assets or operational activities related to climate related transition risks.	Strategy / Financial Status, Financial Performance, and Cash Flows
	29(c)	The operation describes the amount and percentage of vulnerable assets or operational activities related to climate related physical risks.	Strategy / Financial Status, Financial Performance, and Cash Flows
	29(d)	The operation describes the amount and percentage of assets or operational activities that are aligned with climate related opportunities.	Strategy and Decision-Making
	29(e)	The operation outlines the amount of capital, financing, or investment allocated to climate related risks and opportunities.	Strategy and Decision-Making R&D and Climate Innovation Financing

	29(f)	The operation explains whether it applies an internal carbon price and how it implements this (e.g., investment decisions, transfer pricing, scenario analysis), as well as the price assigned to a unit ton of greenhouse gas emission	Strategy / Climate Resilience
	29(g)	The operation provides an explanation of whether climate related issues are included in executive compensation, how they are incorporated, and the extent to which executive compensation recorded in the financial statements during the current period are linked to climate related matters.	Governance
	30	The operation utilizes all reasonable and supportable information available as of the reporting date when preparing disclosures to meet the obligations set forth in paragraph 29(b)-(d), without incurring excessive costs or efforts.	Additional information
	31	When preparing disclosures to meet the obligations outlined in paragraph 29(b)-(g), the operation references paragraphs B64–B65.	Additional information
	32	The operation explains sector specific criteria required by a business model, activities, or common characteristics relevant to the sector. In selecting these criteria, it refers to the TSRS S2 Sector Based Application Guide and assesses their applicability.	Climate related Metrics and Targets

TSRS Section	TSRS 2 Provisions	Brief Description & Main Idea	Report Section
Climate related Objectives	33- 33(a) 33(b) 33(c) 33(d) 33(e) 33(f) 33(g) 33(h)	The operation defines all climate related quantitative and qualitative objectives, including greenhouse gas emission targets, as well as the obligation targets it must achieve under applicable legislation; It describes the metrics used for each objective, the purpose of the objective, the scope (unit/geography), the applicable period, the base period, interim milestones, whether the target is absolute or intensity based, and how the latest international agreement commitments shape the objective.	Metrics and targets related to the Climate Targets Table
	34- 34(a) 34(b) 34(c) 34(d)	The operation outlines how each target is determined, how it is reviewed, and the criteria and methods used to monitor progress towards the targets; it also explains, if applicable, the justifications for any modifications to the targets.	Metrics and targets related to the Climate Targets Table
	36- 36(a) 36(b) 36(c) 36(d) 36(e)	The operation transparently explains the scope of each greenhouse gas emission target (including Scope 1-2-3), the gross/net structure, sectoral compliance, and any details regarding the use of carbon credits (type, verification program, offsetting method).	Climate related Metrics and Targets Metrics Table
	37	The operation ensures that the criteria used to monitor progress towards its established climate targets comply with the provisions of TSRS 1 and include applicable criteria based on both intersectoral and sector specific metrics.	Metrics and targets related to the Climate Targets Table

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CONVENIENCE TRANSLATION INTO ENGLISH OF PRACTITIONER'S LIMITED ASSURANCE REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY INFORMATION PRESENTED BY BRISA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES IN ACCORDANCE WITH TURKISH SUSTAINABILITY REPORTING STANDARDS

To the General Assembly of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.,

We have undertaken a limited assurance engagement on Sustainability Information of Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. 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).

Deloitte.

Inherent Limitations in Preparing the Sustainability Information

Sustainability Information, as discussed in "Reporting Boundary" section on pages 6 to 8, is subject to inherent uncertainty due to incomplete scientific and economic knowledge. Greenhouse gas emission quantification is subject to inherent uncertainty due to incomplete scientific knowledge. Additionally, the Sustainability Information includes information based on climate-related scenarios that is subject to inherent uncertainty due to incomplete scientific and economic knowledge 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 are responsible for overseeing the Group's sustainability reporting process.

Practitioner's Responsibilities for the Limited Assurance on Sustainability Information

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;

- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained and informing the Group management of the conclusion we have reached.

- Performing risk assessment procedures to obtain an understanding of the Group's internal control structure and to identify and assess the risks of material misstatement of sustainability information, whether due to fraud or error, but not for the purpose of expressing an assurance conclusion on the effectiveness of the Group's internal control.

- Designing and implementing procedures to identify and address areas of the Sustainability Information that may contain material misstatements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Deloitte.

Practitioner's Responsibilities for the Limited Assurance on Sustainability Information (cont'd)

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.

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 Management

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 management 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.

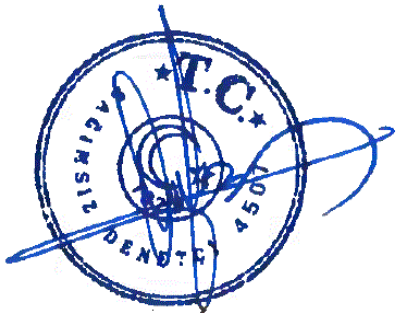
The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information, we:

- Conducted 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 our own estimates against which to evaluate Group's estimates.
- Obtained understanding of process for identifying risks and opportunities that are financially significant, along with the Group's sustainability reporting process.

Summary of the Work We Performed as the Basis for Our Assurance Conclusion (cont'd)

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Osman Arslan
Partner

İstanbul, 6 August 2025