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**NUH İMENTO INDUSTRY INC.
CLIMATE RISK MANAGEMENT PROCESS**

2024



NUH ÇİMENTO SANAYİ A.Ş. CLIMATE RISK MANAGEMENT PROCESS

CONTENTS

Nuh Çimento Industry Inc. Membership of Business Associations.....	1
Assurance Standards and Level for Emission Verification.....	1
Nuh Çimento Industry Inc. Climate Change Risks and Opportunities Strategy	2
Our Compliance and Commitment to Trade Associations.....	4
Our Decarbonization Strategy	6
Medium and Long Term Transition Plan Measures.....	7
Strategy for Aligning Future Capital Expenditures with Carbon Reduction Targets	8



NUH ÇİMENTO SANAYİ A.Ş. CLIMATE RISK MANAGEMENT PROCESS

Nuh Çimento Industry Inc. Membership of Business Associations

Today, climate change is one of the biggest challenges facing our planet. As Nuh Çimento, we are working on taking responsibility for this important issue and building a sustainable future. In line with this purpose, we aim to reduce our environmental impacts and increase social awareness by collaborating with associations that are sensitive about sustainability and climate issues.

Our collaborations and studies on this subject:

- 1) Nuh Çimento is a member of the Turkish Cement Industrialists' Association. There are committees under this association where environmental sustainability issues and climate change-related issues are carried out. Nuh Çimento is the Vice President of the Environmental Committee and a member of the Carbon Focus Group in these committees. Roadmaps are being created under the roof of Türk Çimento regarding combating climate change and reducing carbon.
- 2) Nuh Çimento is a member of the SKD association and a member of sub-working groups on climate change and circular economy. Studies are carried out on climate change issues in this association.

Assurance Standards and Level for Emission Verification

Accurate and reliable reporting of greenhouse gas emissions is a critical component of achieving sustainability goals. In this context, verification by external auditors enables businesses to transparently report their environmental impacts and increase confidence in their commitment to reduce emissions. External auditors evaluate the methodologies used to calculate and report greenhouse gas emissions from an independent and impartial perspective. This process ensures compliance with reporting standards and data accuracy.



NUH ÇİMENTO SANAYİ A.Ş. CLIMATE RISK MANAGEMENT PROCESS

The verification provided by external audits not only helps businesses comply with legal requirements, but also increases their credibility with investors, customers and other stakeholders. Verified emissions data facilitates monitoring of environmental performance and provides a solid basis for measuring the effectiveness of sustainability strategies. Therefore, verification of greenhouse gas emissions by external auditors is an integral part of environmental responsibility and sustainable business practices.

As Nuh Çimento, we calculate our Scope 1, Scope 2 and Scope 3 emissions and share them in our Integrated Activity Report.

The company's greenhouse gas emissions (Scope 1) have been verified by an external auditor in accordance with limited assurance. The External Auditor is "AURA", an organization accredited by the Ministry and the Turkish Accreditation Agency (TÜRKAK).

Aura, an International Certification and Verification Organization, has become accredited according to the ISO/IEC 17029 Standard with the new version of the ISO 14065 2020 Standard, and on August 19, 2022, it became the first organization in Turkey to be accredited within the scope of the ISO/IEC 17029 Standard in accordance with the Accreditation Standards.

Nuh Çimento Industry Inc. Climate Change Risks and Opportunities Strategy

Nuh Çimento identifies risks related to climate change and develops strategies to manage the effects of these risks. Strategies are grouped into 5 main groups and climate risks are managed under these main strategies.

1) Producing Green Cement

Green cement production is at the center of our sustainability goals. As Nuh Çimento, we aim to produce the same amount and quality of cement using less clinker in this process. Clinker production is one of the stages that consumes the highest energy and causes carbon emissions in cement production. Reduced clinker use allows us to manage climate change risks by reducing energy consumption and carbon footprint. We continue our work to minimize



NUH ÇİMENTO SANAYİ A.Ş. CLIMATE RISK MANAGEMENT PROCESS

environmental impacts while maintaining quality in cement production by using new technologies and alternative raw materials.

2) Realizing the Transformation of Green Raw Materials

At Nuh Çimento, green raw material transformation is achieved by adopting the principles of circular economy and industrial symbiosis. While the circular economy approach encourages the reuse and recycling of waste, industrial symbiosis ensures that the waste of one sector is used as raw material for another sector. For this reason, circular economy and industrial symbiosis issues offer effective strategies against climate change. In addition, minimizing environmental impacts provides advantages in terms of achieving our short-medium-long term /2050 Carbon Net Zero Carbon targets.

3) Realizing the Green Fuel Transformation

Green fuel conversion involves using low-carbon and environmentally friendly energy sources. As Nuh Çimento, we reduce our dependence on fossil fuels in energy production by using cheaper and lower-carbon fuels compared to primary fuels such as RDF (Refuse Derived Fuel), SRF (Solid Recovered Fuel) and TDF (Tire-Derived Fuel). In addition, we encourage the use of renewable energy sources by conducting studies on biomass and energy agriculture. These steps make significant contributions to the fight against climate change by reducing carbon emissions.

4) Producing and Using Green Electricity

Green electricity production and use is one of the cornerstones of our energy policies. We are reducing our dependence on fossil fuels by increasing electricity production from renewable energy sources, especially solar and wind energy. We also aim to increase energy efficiency and reduce fossil fuel use with electrification projects. These steps both reduce energy costs and support environmental sustainability by reducing carbon emissions. Our work on green electricity production and use accelerates the transition to clean and renewable energy. This strategy also brings with it the opportunity to fulfill sustainability commitments and make a difference in the market with innovative energy solutions.

NUH ÇİMENTO SANAYİ A.Ş. CLIMATE RISK MANAGEMENT PROCESS

5) Realizing the Green Factory Transformation

The risks brought about by climate change include increasing energy costs and regulatory changes. Becoming a factory that consumes less fuel and electricity per unit of product through continuous efficiency projects is an effective way to manage these risks. Energy efficiency projects aim to minimize energy losses and optimize energy use in production processes. Thanks to this transformation, we both provide economic advantage by reducing energy costs and contribute to environmental sustainability. Our green factory vision supports our environmentally friendly production approach with concrete steps.

Our Compliance and Commitment to Trade Associations

Sustainable Development Association (SKD) is an important association that guides the business world in sustainable development and environmental responsibility. SKD encourages its members to make the “Transition to Low Carbon Economy” and combat climate change. In this context, SKD’s attitudes towards increasing energy efficiency, using renewable energy and reducing carbon emissions are in full compliance with our company’s climate policies. We aim to achieve our environmental sustainability goals in line with SKD’s recommendations by increasing energy efficiency projects and low-carbon fuel use. This common vision contributes to both minimizing our environmental impacts and setting an example in the sector with sustainable business practices.

The Turkish Cement Industrialists’ Association is taking important steps to reduce the environmental impact of the cement sector and combat climate change. The association’s commitments to low-carbon cement production, energy efficiency and the use of sustainable raw materials align with our company’s strategies. In particular, our goals to produce high-quality cement using less clinker and increase electricity generation from renewable energy sources align with the Turkish Cement Industrialists’ Association’s stance on climate change. This alignment allows us to achieve long-term sustainability and competitive advantage while raising environmental standards in the sector.

NUH ÇİMENTO SANAYİ A.Ş. CLIMATE RISK MANAGEMENT PROCESS

This compatibility between the stances of SKD and the Turkish Cement Industrialists' Association on climate change and our company policies not only helps us fulfill our environmental responsibilities, but also enables us to follow best practices in the sector and establish stronger collaborations with our business partners. These collaborations reinforce our commitments to sustainability and contribute to our goal of leaving a more livable world for future generations.

There is no conflict between the approaches of both associations and Nuh Çimento's climate policies.

Climate Change Adaptation Strategies

As Nuh Çimento, we are developing comprehensive strategies for the management of these risks by taking into account climate and physical risks. Risks include access to clean water, access to raw material resources with increasing costs, and access to energy resources with increasing energy costs. The following actions are taken for the management of these risks.

1) Water Resources Management

- ✓ Instead of being discharged, treatment water outlets are included in recycling processes.
- ✓ Instead of using well water and creek water alternatives, water supply is diversified through seawater treatment plants.

2) Energy Management

- ✓ Electricity production is provided from waste heat against the risk of restriction of electricity resources.
- ✓ In medium-term plans, wind energy (RES) and solar energy (SPP) investments are foreseen.

3) Raw Material Resources Management

- ✓ The use of alternative raw material sources has been adopted to eliminate the risks of accessing raw material sources that are expected to increase.
- ✓ In this context, wastes are evaluated as raw material sources and reused.



NUH ÇİMENTO SANAYİ A.Ş. CLIMATE RISK MANAGEMENT PROCESS

These strategies aim to take important steps towards a sustainable future and minimize the risks associated with climate change.

Our Decarbonization Strategy

Nuh Çimento is a highly environmentally sensitive company that carries out its activities in line with carbon reduction targets as required by its sustainability strategy, as well as adopting the zero-waste target.

Our decarbonization strategy steps are listed below.

- Production of products with low clinker content (Green Product)
- Renewable energy production with the Waste Heat Recovery (WHR) Facility and alternative energy production with the Hydroelectric Power Plant (HPP) as an additional use,
- Use of alternative raw materials and alternative fuels,
- Reduction of specific energy with efficiency projects.

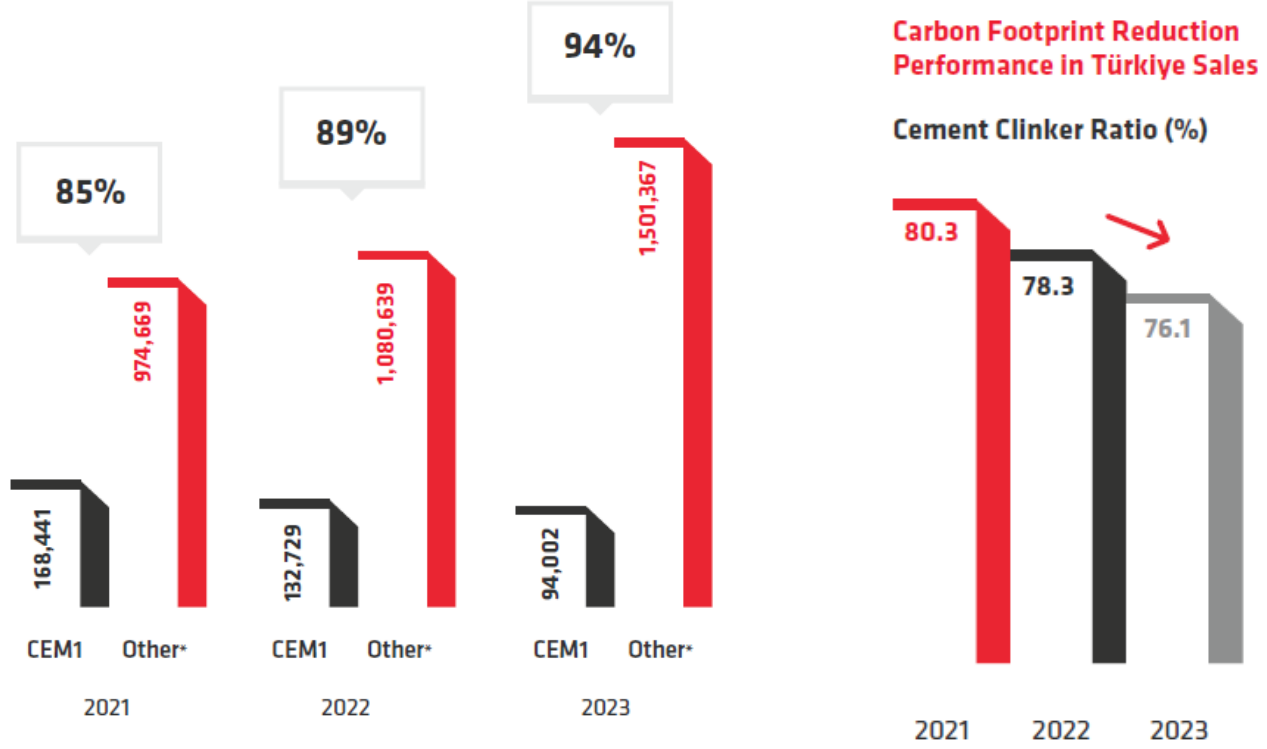
As a result of our ongoing R&D and product development studies on this subject, we have developed environmentally friendly products with lower carbon footprint and higher durability due to less clinker.

In our sales in Tukey, the clinker Ratio in cement has decreased steadily over the years. In domestic market sales, our environmentally friendly new generation cement sales Ratio has increased from 89% to 94%.

Eco - Friendly Products

As Nuh Çimento, we aim to switch to CEM II type cements with low carbon emission coefficients instead of CEM I type cements with high carbon footprints. In this context, we increase our sales rate of cement with additives in the domestic market every year.

NUH ÇİMENTO SANAYİ A.Ş. CLIMATE RISK MANAGEMENT PROCESS



*Cement Types with Low Carbon Footprint

Medium and Long Term Transition Plan Measures

As Nuh Çimento, we aim to achieve a 22% emission reduction in 2030 and 35% in 2050, in line with the targets we have determined based on our 2017 emissions with the awareness of sustainability and environmental responsibility.

Carbon net zero target has been set by 2050 by capturing the remaining emissions with Carbon Capture.

In line with these goals, we aim to increase our alternative fuel usage rate to 20% by 2030. 25% of this rate will be provided by biomass. By 2050, we plan to increase our alternative fuel usage rate to 40% and provide 50% of this rate from biomass.

We aim to provide our electricity production from renewable energy sources. In 2030, we aim to meet 40% of our electricity needs (with 55 GW RES, 25 GW HES, 150 GW WHR investment capacities) from renewable energy sources, and in 2050, we aim to increase this rate to 100% and obtain it entirely from RES-GES sources.



NUH ÇİMENTO SANAYİ A.Ş. CLIMATE RISK MANAGEMENT PROCESS

Among our medium and long-term goals, we plan a significant change in CEM I production. We aim to reduce our CEM I production, which is currently 3.8 million tons, to 1,000,000 tons in 2030 and to completely abandon CEM I production in 2050 and switch to the low-carbon environmentally friendly CEM II group.

Phasing Out Carbon-Intensive Assets

As a company, we are committed to gradually reducing sales of CEM I Group cement, which is our carbon-intensive product. In this context, we are committing to restricting CEM I production to a maximum of 1 million tons in 2030 and completely abandoning CEM I group production in 2050. Instead of this cement type, we will produce and market our products with a lower carbon footprint.

Strategy for Aligning Future Capital Expenditures with Carbon Reduction Targets

Nuh Çimento calculates the amount of carbon reduction after the investment and considers the carbon reduction potential of each investment. After these studies, the carbon reduction amounts of the investments direct the investment strategies and timing. Carbon reduction costs are considered in the implementation of the investments and actions determined in the carbon roadmap.

This process is carried out meticulously to minimize the environmental impacts of capital investments and to achieve sustainability goals. The company prioritizes low-carbon and energy-efficient technologies in new investments and renewal of existing assets. In addition, expenditures made to increase the use of alternative fuel and energy sources are directed to biomass and other renewable energy sources.

In the evaluation of projects, the potential to reduce carbon emissions is considered as an important criterion and all projects are analyzed in terms of their environmental impacts. It is planned to phase out carbon-intensive products and assets and to switch to more environmentally friendly alternatives. Thanks to this comprehensive evaluation process, the company's capital expenditures and projects are managed in line with carbon reduction targets.