

**GERSAN ELEKTRİK TİC. VE SAN.  
A.Ş.**

**2024**

**SUSTAINABILITY REPORT**



Bağımsız  
Denetim ve  
Yeminli Mali  
Müşavirlik A.Ş.



## **INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE INFORMATION PRESENTED WITHIN THE SCOPE OF THE TURKISH SUSTAINABILITY REPORTING STANDARDS**

### **OF GERSAN ELEKTRİK TİCARET VE SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**To the General Assembly of  
Gersan Elektrik Ticaret ve Sanayi A.Ş.,**

We have undertaken a limited assurance engagement on the information (“Sustainability Information”) presented in the Sustainability Report of Gersan Elektrik Ticaret ve Sanayi A.Ş. and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 31 December 2024, prepared 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 cover the other information included in the 2024 Sustainability Report, nor any information associated with the Sustainability Information or the 2024 Sustainability Report.

#### **Limited Assurance Conclusion**

Based on the procedures performed and the evidence obtained, as described under the heading “Summary of Work Performed as a Basis for the Assurance Conclusion”, nothing has come to our attention that causes us to believe that the Sustainability Information included in the Sustainability Report of the Group for the year ended 31 December 2024 has not been prepared, in all material respects, in accordance with the Turkish Sustainability Reporting Standards (“TSRS”) issued by the Public Oversight, Accounting and Auditing Standards Authority (“KGG”).

#### **Emphasis of Matter**

As disclosed in the TSRS Transition Provisions section of the TSRS-compliant Sustainability Report, the Group’s Sustainability Report for 2024 is its first report prepared within the scope of TSRS. In this report, taking into account the exemptions provided under TSRS 1, only information related to climate-related risks and opportunities has been disclosed, and no comparative information for prior periods has been presented.

Our conclusion is not modified in respect of this matter.

#### **Inherent Limitations in the Preparation of Sustainability Information**

Due to the selective nature of testing performed, inherent limitations exist in all assurance engagements. Accordingly, fraud, error, or non-compliance may occur and may not be detected. Accordingly, fraud, error, or non-compliance may occur and may not be detected. In addition, as with non-financial information included in reporting documents, such information is subject to greater inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling, or estimating such information.

Our engagement provides limited assurance as defined in Assurance Standards 3000 and 3410. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, those performed in a reasonable assurance engagement. Accordingly, the level of assurance obtained in a limited assurance engagement is substantially lower than that which would have been obtained in a reasonable assurance engagement.



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

Management of the Group is responsible for:

- The preparation of the Sustainability Information in accordance with the Turkish Sustainability Reporting Standards;
- Designing, implementing, and maintaining internal control relevant to the preparation of Sustainability Information that is free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate sustainability reporting methodologies, and 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.

## **Independent Auditor's Responsibilities for the Limited Assurance Engagement on the Sustainability Information**

Our responsibilities are:

- To plan and perform the assurance engagement to obtain limited assurance as to whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- To express an independent conclusion based on the evidence obtained and the procedures performed, and to report that conclusion to the Group's management.
- Risk assessment procedures have been performed not for the purpose of expressing an assurance conclusion on the effectiveness of the Group's internal control, but to obtain an understanding of the internal control environment and to identify and assess the risks of material misstatement in the Sustainability Information, whether due to fraud or error.
- Areas where the Sustainability Information may be materially misstated have been identified, and procedures have been designed and performed in response to those areas. Because fraud may involve collusion, forgery, intentional omissions, misrepresentations to the auditor, or the override of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.

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

As we are responsible for expressing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information in order to preserve our independence.

## **Application of Professional Standards**

We conducted our limited assurance engagement in accordance with Assurance Standard 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and, with respect to greenhouse gas emissions included in the Sustainability Information, Assurance Standard 3410 "Assurance Engagements on Greenhouse Gas Statements", as issued by the Public Oversight, Accounting and Auditing Standards Authority (KGK).



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## **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), issued by KGK, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Our firm applies the requirements of Quality Management Standard 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent, multidisciplinary team comprising auditors and sustainability and risk specialists. We have utilized the work of our expert team to assist in evaluating the reasonableness of the information and assumptions related to the Group's climate and sustainability-related risks and opportunities. We are solely responsible for the assurance conclusion we have expressed.

## **Summary of Work Performed as a Basis for the Assurance Conclusion**

We are required to plan and perform our work to address the areas where we have identified a higher likelihood of material misstatement in the Sustainability Information. The procedures we performed were based on our professional judgement.

In conducting our limited assurance engagement on the Sustainability Information:

- We conducted interviews with key senior personnel of the Group to obtain an understanding of the processes in place for the preparation of the Sustainability Information for the reporting period; and we used the Group's internal documentation to evaluate and review sustainability-related information;
- We evaluated the disclosure and presentation of sustainability-related information;
- Through inquiries, we obtained an understanding of the Group's control environment and information systems relevant to the preparation of the Sustainability Information. However, we did not evaluate the design of specific control activities, obtain evidence regarding their implementation, or test their operating effectiveness.



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- We assessed whether the Group’s estimation methodologies were appropriate and whether they had been applied consistently. However, our procedures did not include testing the data on which the estimates are based or developing our own estimates to evaluate those of the Group;
- We obtained an understanding of the processes for identifying risks and opportunities that have been determined to be financially material in connection with the Group’s sustainability reporting processes.

The procedures performed in a limited assurance engagement differ in nature and timing from, and are less extensive than, those performed in a reasonable assurance engagement. Accordingly, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had a reasonable assurance engagement been performed.

Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.  
(Associate Member of Praxity AISBL)

(Seal and signature)

Hasan Ersin

Engagement Partner

Istanbul, 30 September 2025

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# 1. TURKISH SUSTAINABILITY REPORTING (TSRS)

## Terms and Abbreviations

Abbreviation / Term	Description
TSRS	Turkish Sustainability Reporting Standards
KGK	Public Oversight, Accounting and Auditing Standards Authority
ESG	Environmental, Social and Governance
CBAM	Carbon Border Adjustment Mechanism
GHG	Greenhouse Gases
RCP 4.5 / RCP 8.5	Representative Concentration Pathways – greenhouse gas emission scenarios developed by the IPCC
CRA	Climate Risk Assessment
IREC	International Renewable Energy Certificate
EPD	Environmental Product Declaration
CSDDD	Corporate Sustainability Due Diligence Directive
IEC/TS EN 61439	International standard for electrical panels
Mode 4	A technical module definition in DC fast charging technology
RT-EE-130a.1, RT-EE-410a.1-3	Sector-specific metric codes aligned with TSRS 2 (for the electrical and electronics sector)
R1, R2, R3	Risk categories (used under Transition or Physical Risks)
UVC LED	LED technology providing sterilization through ultraviolet C radiation
G-Charge / G-Bus / Led-Bus	Sustainability-focused product brands of Gersan
Scenario Analysis	A forward-looking projection method used to assess climate risks

## 1.1 About the Report

As Gersan Elektrik Ticaret ve Sanayi A.Ş., we are proud to present our first Sustainability Report, prepared in alignment with the Turkish Sustainability Reporting Standards (TSRS), through which we disclose our sustainability data and reflect our stakeholder relationships shaped by the principles of transparency, accountability, and sustainable value creation.

This report covers our activities and developments for the period between 1 January and 31 December 2024. The risks and opportunities included in the report have been identified within the framework of a defined financial materiality approach.

This report is the first sustainability report prepared by Gersan within the scope of TSRS. Therefore, a comparison with previous reporting periods is not available. However, the data collection, analysis, and methodologies used for identifying risks and opportunities throughout the reporting process have been documented, and a systematic structure has been established to enable comparative analysis in future reporting periods.

In line with its sustainability policy defined under environmental, social, and governance (ESG) pillars, Gersan adopts a continuous improvement approach to achieve its targets and aims to lead a sustainable transformation in its sector by aligning its operations with environmental, social, and governance principles.

Throughout this report, Gersan Elektrik Ticaret ve Sanayi A.Ş. will hereinafter be referred to as “Gersan” or the “Company.”

## 1.2 Our Business Model and Value Chain

As one of the leading companies in the electrical sector, Gersan Elektrik Ticaret ve Sanayi A.Ş. manufactures systems and technical components that carry, connect, and protect conductors along the entire transmission line—from power plants to end-user outlets. The Company, which commenced its operations in 1980 under the name Gersan Ticaret and has continued its activities since 1985 under the title Gersan Elektrik Ticaret ve Sanayi A.Ş., has established a leading position in its sector today with over 45 years of experience and an R&D-driven approach.

As of 31 March 2025, with an expert workforce of approximately 663 employees, Gersan provides technical services and solutions at every stage, from production to end use. The Company ensures quality through inspections carried out in its modern testing laboratories in compliance with IEC/TS EN 61439 standards. Certified by internationally recognized standards such as GOST, IEC, BS, TSE, EN, ISO, and CE, the Company’s products are used across a wide geographical area, ranging from Vietnam to Chile, Argentina to Sri Lanka, and from Algeria to Qatar.

### *Global Operations and Organizational Structure*

The Company’s subsidiary in Saint Petersburg, Russia, Gersan-R OOO, has reached a shareholding ratio of 99.38% following a capital increase and continues its operations through its facility in Kaliningrad. In addition, the Company has a branch in Sharjah, United Arab Emirates.

Detailed information regarding the Company's capital structure and subsidiaries can be found in the annual report.

### ***Production Portfolio***

Established in 1980 and operating under its current structure since 1985, the Company provides end-to-end solutions in the field of energy transmission and distribution. In addition to manufacturing systems that carry, connect, and protect conductors along the transmission line - from power plants to individual end-users - Gersan specializes in the production of technical equipment.

As of 31 March 2025, with a workforce of 663 employees, Gersan ensures quality through testing processes conducted in accordance with IEC/TS EN 61439 standards and operates in a wide international market with products certified under globally recognized standards such as GOST, IEC, BS, TSE, EN, ISO, and CE, reaching from Vietnam to Chile and from Algeria to Qatar.

The Company's international presence is supported by its subsidiary Gersan-R OOO in Russia, in which it holds a 99.38% share, as well as its branch in Sharjah, United Arab Emirates.

Gersan manufactures the following products and systems in its technologically advanced facilities:

- Cable Management Systems and Suspension Solutions
- Cable Trays and Ladder Systems
- Busbar and Medium Voltage Trunking Systems
- Earthing, Connection Components and Lightning Protection Systems
- Underfloor Trunking and Junction Box Systems
- Electrical Distribution Panels and Rack Cabinet Systems
- Hot-Dip Galvanizing Coating
- G-Charge Electric Vehicle Charging Systems
- G-Bus Automation System
- Led-Bus Lighting Systems
- Smart Torque Bolt
- UVC LED Air Sterilization Systems

These products are used across a wide range of applications, including industrial facilities, airports, shopping malls, hotels, and refineries, providing solutions for both industrial and individual needs. Gersan's integrated business model covers the entire value chain, from product design and R&D to raw material procurement, production, logistics, and after-sales services. This holistic approach is implemented in alignment with current global dynamics such as climate change, digitalization, and sustainability.

Gersan's climate-aligned value chain approach:

- not only enhances resilience against physical and transition risks,
- but also creates new business models and revenue opportunities driven by sustainability.

The raw materials used in Gersan's production processes are of strategic importance in terms of product quality and production continuity. The procurement of these critical inputs, which play a key role in the Company's value chain, must be carefully assessed not only from an operational efficiency perspective but also in terms of the physical and transition risks arising from climate change. In particular, the Marmara Region - where the supply geography is highly concentrated - stands out as a region with elevated disaster risk and logistical vulnerability.

The material with the highest share in Gersan's raw material portfolio is sheet metal, accounting for 32.82%, and classified as having a "very high" level of criticality. Sheet metal is sourced from suppliers located in Gebze and Osmangazi and is managed under a stock-based procurement model. However, regional concentration of supply and fluctuations in global steel prices pose significant risks in terms of both supply continuity and cost management.

Climate-related disasters such as floods, storms, or earthquakes in the Marmara Region may disrupt transportation networks and cause interruptions in supply processes. Gersan has strengthened its resilience against such risks through its stock-based strategy and a flexible supply network supported by alternative suppliers. This approach contributes to maintaining resilience against potential disruptions in the supply chain.

Aluminum profiles, ranking second with a 23.12% share, are of high supply importance but are rarely stocked. Although sourced from geographically diverse locations such as Ereğli, Hendek, and Sincan, low stock levels and direct integration with production-based deliveries make this input logistically vulnerable. Climate-related events such as heavy rainfall, snow, and landslides may cause delays in the supply process.

Zinc, with a share of 21.54%, is considered a material of moderate criticality. Zinc products, which are procured on a project-specific basis from urban locations such as Şişli, Küçükçekmece, and Gebze, are subject to short-term supply constraints and risks of logistical congestion. In cases where urban transportation is affected by climate-related events such as floods, storms, or similar disruptions, delivery times may be extended, which may directly impact production planning.

Copper, although representing a relatively smaller share at 4.81% compared to other raw materials, is a strategically important input in the production of electrical products. While sourcing from geographically diverse locations such as Gebze, Dilovası, and Arsin provides a geographical advantage, its limited stock availability may create critical bottlenecks in the event of climate-related transportation disruptions.

In light of these assessments, Gersan's raw material procurement process exhibits the following vulnerabilities in the context of climate risks:

- Regional concentration (particularly dependency on the Marmara Region) increases supply risk under disaster scenarios;
- Low inventory levels, especially for critical raw materials such as copper and aluminum, create sensitivity in terms of production continuity;
- Short-term logistical constraints in urban supply sources may adversely affect timely delivery and production planning.

Gersan is planning strategic initiatives to mitigate these risks by increasing geographical diversification within its supply chain, establishing alternative supplier pools for critical raw materials, and restructuring its inventory management practices by incorporating climate risk considerations. In addition, within the scope of its sustainability approach, increasing collaboration with suppliers aligned with green procurement principles and implementing digital supply chain monitoring systems are among its medium-term objectives.

Through these efforts, Gersan aims to enhance the resilience of its production processes against climate change while maintaining operational continuity and supply security.

Gersan conducts its sales and marketing activities through a strong international network, with approximately 65% of its total sales portfolio consisting of export customers. Product deliveries are carried out via road, sea, and air transportation. In this respect, Gersan is positioned not only as a reliable solution partner in the domestic market but also at a global scale.

The Company's export markets include, primarily in Europe, Germany, the Netherlands, Spain, Belgium, and the United Kingdom; in Central Asia, Kazakhstan, Kyrgyzstan, Uzbekistan, and Azerbaijan; in South Asia, Pakistan and Sri Lanka; in North Africa, Egypt, Libya, and Morocco; as well as Ghana, Ethiopia, Tanzania, Uganda, and Kenya across the eastern and western coasts of Africa.

While this broad geographical presence strengthens Gersan's global competitiveness and supply flexibility, it also introduces logistics and supply chain risks arising from climate change. In particular:

- Climate-related disruptions in port infrastructure (such as storms and flooding) affecting maritime shipments;
- Delays at border crossings in countries where road transportation is utilized due to adverse climatic conditions;
- Challenges in maintaining logistics continuity in regions across Africa and South Asia that are highly exposed to climate impacts

are among the key issues that will require careful management in the coming period.

Gersan aims to transform this geographical diversification into an opportunity in line with its sustainability principles by strengthening customer satisfaction through low-carbon transportation methods, low-emission logistics solutions, and digital order management systems. In addition, by implementing tailored planning for customers in regions with high climate risk, the Company ensures service continuity while reinforcing its reliability in the market.

With its integrated solutions in the field of energy transmission and distribution, Gersan stands out not only through product quality and engineering capabilities, but also through its strong commitment to sustainability criteria. The Company's business model is shaped in accordance with environmental, social, and governance principles across the entire value chain, from production to sales. In this context, the European Union's Corporate Sustainability Due Diligence Directive (CSDDD) and the principles of the circular economy have become two key sustainability pillars driving the transformation of Gersan's business processes.

Within the scope of CSDDD, Gersan aims to take responsibility across its supply chain in relation to human rights, labor rights, and environmental impacts. Accordingly, by establishing a transparent and auditable supply structure, the Company enhances oversight against human rights violations and strengthens partnerships grounded in business ethics. In doing so, Gersan gains a competitive advantage among investors and public procurement processes that prioritize ESG compliance.

Waste management and the circular economy form the foundation of Gersan's sustainability strategy. In order to increase resource efficiency and reduce its carbon footprint, the Company minimizes production waste and utilizes recovery and closed-loop systems to manage waste streams. Through integration into metal, plastic, and paper recycling processes, Gersan achieves cost advantages while also facilitating access to sustainability certifications.

These two critical focus areas - CSDDD and the circular economy - not only enhance Gersan's resilience across its value chain in the fight against climate change, but also strengthen its market competitiveness and corporate reputation. By integrating social and environmental sustainability principles, the Company continues to move forward with confidence toward the future through a business model centered on long-term value creation.

Climate-related risks identified across all these areas have subsequently been analysed and prioritized in accordance with the materiality approach under TSRS (see: **Our Materiality Assessment Approach**). Accordingly, the Group's exposure to climate-related risks has been assessed from a comprehensive perspective at both the business model and value chain levels, and management strategies have begun to be developed for the identified priority risk areas.

### 1.3 Statement of Compliance

The accompanying Sustainability Report for the accounting period ended 31 December 2024 has been prepared in accordance with TSRS 1 and is fully compliant with the standards and guidelines issued by the Public Oversight, Accounting and Auditing Standards Authority (KGK).

This report discloses the Company's material sustainability-related information, including its environmental, social, and governance (ESG) impacts, as well as sustainability-related risks and opportunities. Within the framework of TSRS 1, the report aims to provide transparent, reliable, and comparable information.

Gersan has prepared its non-financial sustainability disclosures in accordance with TSRS, following the

guidance provided therein and presenting information on material topics.

This report was approved by the Board of Directors on 30 September 2025 and authorized for issuance.

#### Disclosures under TSRS 1 Annex 3

In accordance with TSRS 1 Annex 3:

- **Materiality Principle:** All information disclosed in this report includes climate-related matters that have a material impact on Gersan's operations and sustainability strategy. The assessment process has included all subsidiaries of the Company, as well as suppliers and operational areas deemed significant in terms of scale and impact.
- **Comparability:** As TSRS 1 has been applied for the first time, the presentation of comparative information for prior periods is not required and has therefore not been included in this report.
- **Transparency and Accuracy:** Disclosures are supported by the most up-to-date and verifiable data to ensure that stakeholders have access to reliable information.
- **TSRS 2 Compliance:** Disclosures regarding climate-related risks and opportunities have been made in accordance with TSRS 2; however, certain exemptions have been applied under the transition provisions. This reporting period represents Gersan's first reporting period under TSRS 1 (General Requirements Standard). In this context, in accordance with TSRS 2 Transition Provision C4(b), no disclosure has been made regarding Scope 3 greenhouse gas emissions.

#### Transition Disclosures under TSRS 1 Annex 5

As Gersan is applying TSRS 1 and TSRS 2 for the first time, the following transition exemptions have been utilized:

- There is no requirement to disclose comparative information regarding climate-related risks and opportunities.
- In the first annual reporting period, the provisions of TSRS 1 and TSRS 2 have been fully applied; however, only climate-related risks and opportunities have been disclosed in this reporting period. Disclosures related to other sustainability topics will be expanded in the second reporting period.

### Risk Classification by Time Horizon

In analyzing climate-related risks and opportunities, Gersan adopts short-, medium-, and long-term time horizons aligned with its strategic decision-making processes. These time horizons are integrated into both operational and strategic planning cycles.

Time Horizon	Scope of Assessment
Short Term (0–3 years)	Extreme weather events, preparation for regulatory changes
Medium Term (3–10 years)	CBAM impacts, carbon pricing, technological transition
Long Term (10+ years)	Increasing demand for sustainable products, infrastructure requirements, climate-resilient products

This classification is aligned with the Company’s strategic planning cycles.

- Short-term analyses guide annual business planning and budgeting processes. Within this scope, impacts such as extreme weather events and water stress are prioritized. In addition, preparations are made for emerging regulations (e.g., ETS and CBAM reporting requirements).
- Medium-term projections are instrumental in the development of strategic roadmaps spanning 3 to 10 years. This includes the acceleration of electrification processes and adaptation to carbon regulations in export markets.
- Long-term assessments, on the other hand, encompass topics such as Türkiye’s 2053 net zero target and infrastructure transformation plans. These plans are implemented in an integrated manner with the Company’s sustainable growth strategy and investment programs.

Gersan’s sustainability report has been structured based on reliable data sources, national and international regulatory expectations, and sectoral reference standards. Within this framework, analysis, evaluation, and projection processes have been supported and conducted using the following methodologies:

- In **financial analyses**, critical threshold values determined based on operating profitability have been used;
- **Physical climate risks** were assessed within the framework of globally recognized scenario-based assumptions.

Gersan’s activities were evaluated within the scope of the electrical equipment sector as defined in the “Industry-based Implementation Guidance” of TSRS 2. However, it is considered that this guidance primarily focuses on general energy transmission materials, whereas Gersan has specialized in the following areas:

- **Busbar and cable management systems** (in compliance with international standards such as IEC 61439-6 and IEC 61537);
- Technical expertise and certification infrastructure in systems such as **earthing and lightning**

**protection systems**, panel and enclosure systems, LED-bus lighting units, and electric vehicle charging solutions.

Therefore, the direct applicability of the metrics set out in the guidance has been tested through a detailed operational assessment, and those indicators that demonstrate a high level of alignment with Gersan's areas of activity have been incorporated into the metrics section of this report.

## 1.4 Our Materiality Assessment Approach

In our first reporting period, a materiality assessment focusing solely on climate-related risks and opportunities was conducted in accordance with the Turkish Sustainability Reporting Standards (TSRS). This study enabled a systematic analysis of climate-related factors that may have an impact on the current and future financial position of our business. Within the scope of the assessment, factors such as physical and transition risks, regulatory changes, and energy and resource costs were evaluated, and their potential impacts on our operations were examined in detail.

### Approach and Methodology

In accordance with the provisions of TSRS 2, only climate-related matters were considered. The materiality assessment process was carried out by our sustainability team and finalized with the approval of the senior body responsible for sustainability oversight. The process was structured within a two-stage methodology:

- Identification of climate-related risks and opportunities that could reasonably affect the Group's future over the short, medium, and long term;
- Determination of material information that requires disclosure in relation to these matters.

The primary objective of the process is to provide transparent and reliable information on climate-related risks and opportunities that could influence the decisions of primary users of general-purpose financial reports, including existing and potential investors, lenders, and other creditors.

### Scope of Assessment

Within the scope of the study, Gersan's operations and critical processes across its value chain were comprehensively analyzed:

- **Production Process:** It has been identified that our operations largely rely on domestic suppliers; however, there is a high level of foreign dependency for critical raw materials (such as sheet metal, aluminum profiles, zinc, and copper). Analyses of energy and water consumption were also conducted.
- **Distribution and Logistics:** Approximately 65% of our products are delivered to export customers, utilizing road, sea, and air transportation.
- **Regulations:** Existing and anticipated regulations relevant to the electrical and electronics sector were taken into consideration.

In accordance with the aggregation and disaggregation principles set out in paragraph 13(b) of TSRS 2 and paragraphs B29–B30 of TSRS 1, areas within our business model where climate-related risks and opportunities are concentrated have been identified.

## Financial Materiality and Uncertainties

In determining financial materiality thresholds, **operating profitability** - reflecting the Group's operational performance and cash generation capacity- was adopted as the primary criterion. This threshold has served as a reference point for evaluating the financial impacts of climate-related risks and opportunities.

In assessing climate scenarios, RCP 4.5 and RCP 8.5 projections have been utilized; however, it has been acknowledged that projections are subject to limitations due to uncertainties in evolving climate conditions and weather patterns.

## Sectoral Metrics and Monitoring Process

Metrics set out in the Industry-based Implementation Guidance of TSRS 2 (Volume 4 – Electrical Equipment Manufacturing) have been reviewed, and indicators specific to the electrical and electronics sector have been incorporated into the analysis. The outputs of this study have established the foundational building blocks for the management of climate risks and have also enabled the development of a framework for monitoring and reporting processes in line with sector-specific metrics. Through this initial materiality assessment, Gersan has systematically addressed the impacts of climate change on its operations and strengthened financial transparency. The analysis will be expanded in future periods to include ESG topics and has been integrated as a core component of the Company's sustainability strategy.

## 1.5 Sector-Specific Climate-Related Risks and Opportunities

There is a risk that operational activities at Gersan's production and operational sites may slow down or come to a complete halt in the event of climate-related disasters such as flooding and inundation caused by heavy rainfall. Such physical risks may lead to direct production interruptions and financial losses in the short term. In 2023, certain operational disruptions occurred due to heavy rainfall, following which mitigation measures such as improved waterproofing and elevation of structural barriers were implemented. In addition, during the risk assessment process, potential damage to settlements and infrastructure in regions where Gersan operates - arising from extreme weather events such as storms, landslides, and erosion - was also evaluated.

Within the scope of our business model, the following transition risks have been identified:

- a. Regulatory Risks (Carbon taxation, EU alignment, CBAM)
- b. Technological Risks
- c. Market and Customer Preference Risks

The global transition process driven by efforts to combat climate change is bringing about fundamental regulatory changes, evolving market dynamics, and increasing customer expectations across the energy and industrial sectors. Due to the nature of its operations, Gersan is positioned at the center of this transformation and is required to manage multidimensional transition risks, including carbon regulations, technological transformation, and ESG compliance.

The European Union's Carbon Border Adjustment Mechanism (CBAM) and similar environmental regulations have the potential to create significant cost increases and competitive disadvantages for companies engaged in carbon-intensive production. Cable tray systems and connection components, which account for 90.06% of Gersan's production, as well as earthing and connection components containing 0.37% steel, fall within the scope of CBAM.

Today, the transition to energy-efficient, smart, and digitalized systems has become not only a competitive advantage but also a necessity for industrial companies. If R&D investments in this area are insufficient, Gersan's product portfolio may fail to meet rapidly evolving market expectations.

Furthermore, corporate customers and public institutions are placing increasing emphasis on ESG criteria within their supply chains. Companies with weak ESG performance or lacking transparency in their sustainability approach are less likely to be preferred by such stakeholders. For this reason, Gersan must strengthen its sustainability strategies to both mitigate risks and unlock new opportunities.

## 2. GOVERNANCE

### Structure and Composition of the Committee Group

- The Sustainability Committee is composed of representatives from the relevant units of Gersan and reports the outcomes of all its activities to the Chairman of the Board of Directors of Gersan.
- Committee members may be revised at any time depending on changes in role distribution. In the event that a member leaves the Committee, a new member shall be appointed within a maximum of three months to complete the remaining term of the departing member.
- The Committee is chaired by the General Manager of Gersan. In the absence of the General Manager, a Vice Chair may be appointed by the General Manager to assume the role of chairing the Committee.
- Within the scope of the above purpose and framework, the Committee may, where deemed necessary, obtain advisory services from independent experts or institutions at the expense of Gersan and may invite relevant managers and/or experts to its meetings to seek their opinions.
- The Sustainability Committee is accountable to the Board of Directors of Gersan.

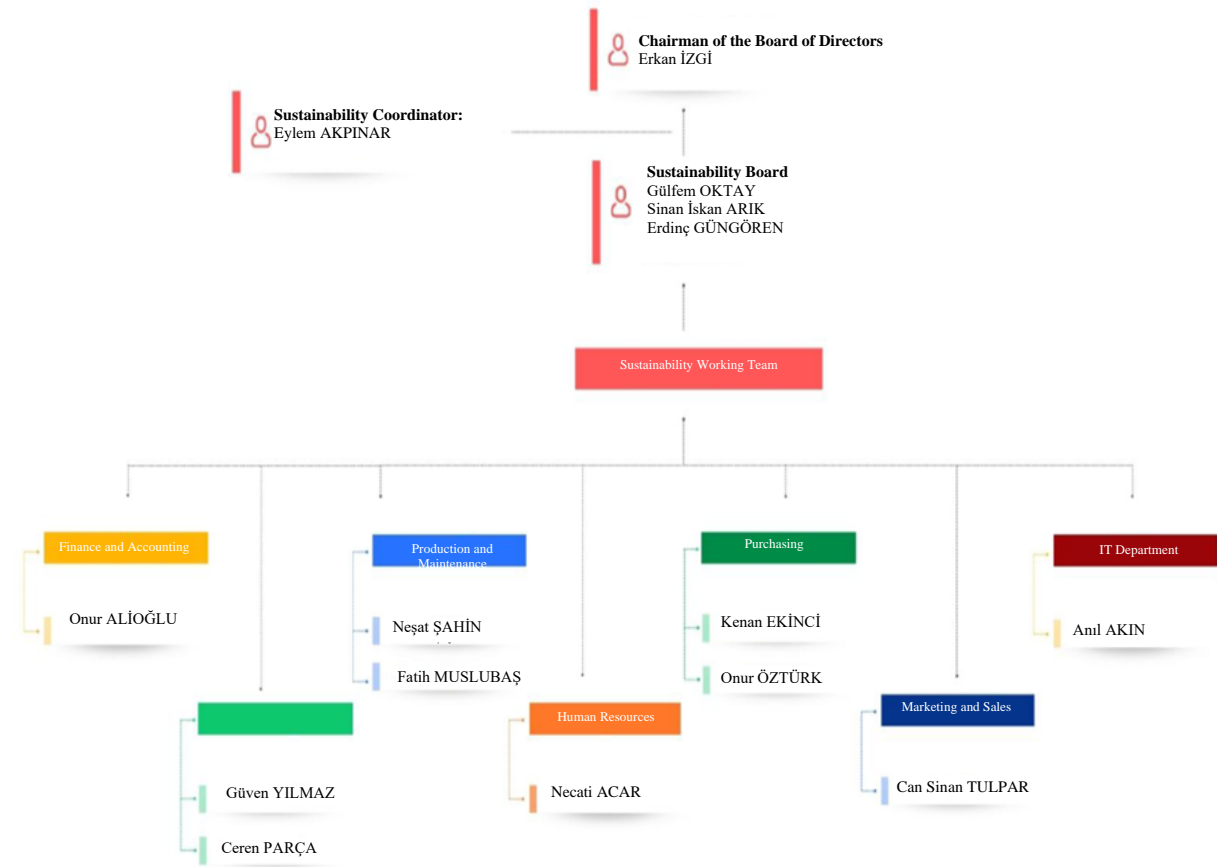
## Sustainability Committee Members

**Committee Chair:** General Manager

Committee Secretariat and Coordinator: QMS Manager

### Committee Members:

- Chairman of the Board of Directors
- Financial Affairs Director
- Advisor to the Chairman of the Board



## Operating Principles and Procedures of the Sustainability Working Group

- The Committee convenes regularly at least three times a year - in March, July, and November - and may also be convened upon the call of the Committee Chair or Vice Chair when required by business needs.
- The meeting agenda is determined by the QMS Manager.

- Meetings are held with the participation of at least a simple majority of the Committee members.
- The Committee adopts decisions regarding sustainability matters affecting the entire Company by a simple majority of votes. In the event of a tie, the proposal is reconsidered at the subsequent Committee meeting. If the vote again results in a tie at the second meeting, the proposal shall be deemed rejected.
- Provided that quorum requirements for meetings and decisions are met, Committee meetings may also be conducted through any technological means that enable remote access.
- The Committee may, where deemed necessary, obtain advisory services from independent experts or institutions at the expense of Gersan. It may also invite relevant managers and/or experts to its meetings and seek their opinions.

### **Duties and Responsibilities of the Committee**

The Sustainability Committee leads Gersan’s sustainability vision and promotes the establishment of sustainability awareness across the organization, fostering its integration into the corporate culture. The main duties and responsibilities of the Committee are as follows:

- **Sustainability Leadership and Cultural Development**  
Implements Gersan’s sustainability strategy and supports all employees in adopting and internalizing this strategy. Raises awareness on sustainability matters and promotes a cultural transformation across the Company.
- **Strategy and Policy Development**  
Determines sustainability priorities and establishes short-, medium-, and long-term targets, roadmaps, and policies. Contributes to the identification of these priorities through stakeholder engagement and regularly evaluates the outcomes.
- **Integration into Business Models**  
Integrates sustainability principles into Gersan’s ways of working and ensures that developed projects are aligned with the Company’s overall strategies.
- **National and International Collaborations**  
Evaluates national and international memberships, platforms, and partnerships in order to support sustainability objectives.

- **Risk and Opportunity Management**

Identifies, assesses, and addresses risks and opportunities in ESG areas. In particular, supports the transition to a low-carbon economy in the fight against climate change and implements projects aimed at reducing carbon emissions.

- **Management of Trade-offs in Decision-Making Processes**

Gersan conducts comprehensive efforts to evaluate more systematically the impacts of climate-related risks and opportunities on its business strategy and decision-making processes. The Sustainability Committee and relevant units recognize that **trade-offs may arise between environmental and social benefits and economic costs in decision-making.**

For example:

- o When certain investments aimed at improving energy efficiency involve high short-term costs, prioritization may be undertaken from a feasibility perspective, and more cost-effective alternatives may be preferred;
- o In transitioning to more sustainable materials or products within the supply chain, **a gradual transformation** approach is adopted, taking into account factors such as lead times, costs, and operational challenges.

The Board of Directors and the Sustainability Committee directly consider these trade-offs in their decision-making processes, maintaining a balance between short-term costs and long-term environmental and financial benefits. In this context, climate-related risks and opportunities, as well as associated trade-offs, are systematically evaluated in investment and strategic decisions, which are taken within this holistic framework. The Committee develops structures and processes to ensure that such trade-offs are addressed in a more transparent and informed manner.

- **Coordination of Working Groups**

Establishes, authorizes, and coordinates Working Groups under the Committee to ensure the effective management of sustainability matters.

- **Reporting and Performance Monitoring**

Oversees the provision of data flows required for sustainability reporting. Regularly reviews and improves targets, policies, practices, and management systems, and prepares performance reports at least once a year.

- **Leadership and Vision**

Gersan delivers its strategic transformation in sustainability not only through its corporate structure but also through the knowledge, experience, and vision of the leaders guiding this structure. The Committee and Working Groups strengthen Gersan's focus on environmental and social impact through their sectoral expertise, academic contributions, and interdisciplinary perspectives.

- **Competencies and Development Plan**

Members of the Sustainability Committee possess core competencies in assessing climate-related risks and opportunities, supported by their extensive industry experience in the electrical and electronics sector and their strategic management expertise. In addition, considering the technical nature of topics such as climate risk management and international reporting standards, the Committee regularly engages external experts and consultants for support. The Sustainability Coordinator also participates in regular training programs and transfers acquired knowledge across the organization.

The Board of Directors and the Sustainability Committee treat the setting of climate-related targets and the monitoring of progress toward these targets as an integral part of the corporate governance structure. In this context, initiatives have been launched to link defined targets with performance metrics and to integrate these metrics into the Company's remuneration policies.

Although not yet fully implemented, the development of performance indicators linked to remuneration policies is currently being structured. Through this approach, corporate commitment to achieving climate targets will be strengthened, and managerial accountability will be supported by concrete performance criteria.

The Board of Directors and the Sustainability Committee are committed to completing this integration in the coming periods and to regularly monitoring progress toward targets based on defined metrics.

In summary, the oversight of climate-related risks and opportunities within the Company is directly carried out by the Sustainability Committee, which operates under the chairmanship of the General Manager. The Committee reports its decisions and evaluations to the Chairman of the Board of Directors and operates under the supervision of the Board.

Management is developing procedures integrated with risk management, internal audit, and financial planning functions to ensure effective oversight of climate-related risks and opportunities.

Although not yet fully implemented, efforts are underway to integrate these controls and procedures across all internal functions. Through this approach, climate-related matters will be embedded not only at the committee level but also across the Company's overall strategic decision-making and internal control mechanisms.

### 3. STRATEGY

In our first reporting period, a materiality assessment focusing solely on climate-related risks and opportunities was conducted in accordance with the Turkish Sustainability Reporting Standards (TSRS). Within this scope, climate-related factors that may impact the current and future financial position of our business have been analysed in detail. Physical risks (such as extreme weather events, flooding, and rising temperatures) and transition risks (including carbon regulations, energy costs, and evolving market expectations) have been taken into consideration, and their potential impacts on Gersan's operations have been evaluated.

In order to identify the areas within the Group's business model and value chain where climate-related risks and opportunities are most concentrated, paragraph 13(b) of TSRS 2 has been applied; and during the analysis process, the principles of aggregation and disaggregation have been implemented in accordance with paragraphs B29–B30 of TSRS 1. Through this approach, it has been systematically analyzed at which stages of our value chain (such as raw material procurement, production processes, and distribution) climate risks are more prominent and which areas should be prioritized.

As of the current reporting period, there are no contractually committed or planned asset disposal processes within the scope of Gersan's operations. Although the Company regularly evaluates such divestment options as part of its strategic planning processes, no such decision or initiative has been undertaken during this reporting period.

Gersan contributes directly to energy efficiency, digitalization, and low-carbon technologies through products in its portfolio such as G-Charge electric vehicle charging stations, G-Bus automation systems, and Led-Bus lighting systems, thereby investing in opportunity areas within the climate transition process.

#### **Alignment with Sector Standards and Strategic Approach**

Gersan demonstrates a high level of alignment with the sustainability disclosures and metrics defined in the TSRS 2 Volume 49 guidance for the electrical and electronic equipment sector. Within this framework, energy management, product life cycle management, and operational metrics have been identified as priority areas in the Company's sustainability strategy.

In the area of energy management, total energy consumption, the share of renewable energy, and energy efficiency targets are monitored in accordance with the RT-EE-130a.1 standard. Industry 4.0-aligned digitalization and energy efficiency projects contribute to cost reduction while also lowering the Company's carbon footprint.

In product life cycle management, the IEC 62474 standard is applied to reduce hazardous substances; environmental design, energy-efficient certified products (RT-EE-410a.2), and revenues derived from renewable energy solutions (RT-EE-410a.3) are monitored as key indicators of sustainable innovation.

Furthermore, Gersan's international operations in markets such as Oman and Russia enhance its resilience against climate-related transition and physical risks, while strengthening its compliance with regional regulations.

As a result, by taking into account sector-specific TSRS metrics, Gersan reinforces its leading position in the sector through a strategy focused on sustainable growth, regulatory compliance, and innovation.

In evaluating climate-related risks and opportunities within the scope of TSRS 2, Gersan has considered the following factors:

- Physical and transition risks to which Türkiye is exposed;
- Potential impacts on supply chain and logistics operations;
- Regulatory changes, carbon-related regulations, and stakeholder expectations;
- Renewable energy investments and energy efficiency opportunities.

These analyses have formed the foundation of the Company's climate action plans and corporate risk management system, while enabling the integration of a sustainability perspective into decision-making processes.

In assessing the financial impacts of risks and opportunities, **operating profitability** was used as the primary financial indicator, and only those findings exceeding this threshold were disclosed in the report. Physical and transition risks have been analyzed together with their potential impacts on operational and financial performance across the short, medium, and long term.

The assessment was carried out through a systematic evaluation across Gersan's business model and value chain (procurement, production, and distribution), and the identified risks and opportunities were classified in accordance with TSRS 2 standards.

However, due to the nature of forward-looking assessments, certain uncertainties may exist. These uncertainties arise from variations in climate projections and the inherent unpredictability of weather patterns.

### **Identification of Climate-Related Risks and Opportunities**

In developing its sustainability strategy, Gersan has addressed climate-specific issues relevant to its sector through a multi-stakeholder approach as part of its materiality assessment. In this process, taking into account both the operational and strategic impacts of climate change, risks have been assessed under two main categories: **physical risks** and **transition risks**.

## 1. Physical Risks

The direct impacts of climate change **pose significant threats** to Gersan's production infrastructure, supply chain, and logistics operations **in both the short and long term**:

- **R1 – Operational Disruptions Caused by Extreme Weather Events:**

Extreme climate events such as increased flooding, storms, and heatwaves pose risks to the continuity of production processes, particularly at facilities located in the Marmara Region. These events may result in:

- o Damage to infrastructure,
- o Disruptions in employee access to facilities;
- o Delays in logistics operations; which may ultimately lead to **financial losses**.

Physical risks are monitored under two categories: **acute (sudden and severe)** and **chronic (long-term and gradual)** impacts. Within this scope, the climate resilience of building infrastructure, the adequacy of water management systems, and alternative logistics scenarios are regularly evaluated.

## 2. Transition Risks

Regulatory pressures, evolving market dynamics, and changing customer expectations arising from the transition to a low-carbon economy constitute the primary transition risks for Gersan:

- **R1 – High Energy Consumption and Dependence on Fossil Fuels:**

The energy-intensive nature of production processes and the heavy reliance on fossil fuels create **financial pressures** in the face of increasing energy costs and carbon regulations.

- **R2 – Regulatory Compliance and Product Development Requirements:**

Sector-specific carbon constraints and regulations implemented in markets such as the European Union (e.g., CBAM) may impose **additional cost and time pressures** on new product development and transformation processes.

Based on the materiality analysis conducted, both physical and transition risks have been assessed as high priority in terms of Gersan's corporate strategy, financial sustainability, and operational continuity across its value chain.

As Gersan, we evaluate the current and anticipated impacts of climate-related risks and opportunities on our business model across short-, medium-, and long-term perspectives. These assessments are integrated into our strategic and operational decision-making processes, positioning climate risk management as a core component of sustainability at the corporate level.

### Scenario Analysis

As part of its efforts to respond to uncertainties related to climate change, Gersan has utilized certain internationally recognized climate scenarios. The developed scenarios reflect different levels of intensity and frequency of climate-related events, based on Representative Concentration Pathways (RCPs) used in climate modeling and projections. These RCP levels define future greenhouse gas concentrations (rather than emissions) and have been formally adopted by the Intergovernmental Panel on Climate Change (IPCC).

In this context, we have conducted a scenario analysis taking into account various climate-related scenarios, including the IPCC’s RCP 4.5 and RCP 8.5 pathways.

### IPCC Representative Concentration Pathways (RCPs)

Name	Temperature Increase by 2100	Description (Nickname)
<b>RCP 8.5</b>	~4,3 °C	“Business as usual” → A scenario in which greenhouse gas concentrations continue to rise significantly in the absence of additional mitigation measures
<b>RCP 6.0</b>	~2,8 °C	“Current policies” → A scenario reflecting the continuation of existing climate policies
<b>RCP 4.5</b>	~2,4 °C	Intermediate mitigation scenario → Emissions are expected to stabilize by 2100 through additional measures
<b>RCP 2.6</b>	~2,0 °C	“Paris-aligned” → A scenario based on strong climate policies aimed at limiting global warming to below 2°C
<b>RCP 1.9</b>	~1,5 °C	Most optimistic scenario → Rapid emission reductions leading to the limitation of global warming to 1.5°C

The scenario analyses presented below were utilized in the prioritization of both physical and transition risks.

Scenario	RCP Level Description	Scenario Overview	Impact on the Group
<b>Scenario 1: RCP 8.5</b>	A scenario characterized by the absence of climate mitigation policies and persistently high greenhouse gas emissions, resulting in an estimated global temperature increase of between 3.2°C and 5.4°C by 2100.	Energy costs may become highly unpredictable due to imbalances in fossil fuel supply and demand, geopolitical crises, and the impacts of natural disasters. Gersan’s energy expenditures increase rapidly Heatwaves, failures in energy infrastructure, and water stress threaten production continuity. Grid loads increase, and climate-related power outages become more frequent. Energy-inefficient systems pose a strategic risk.	Under the RCP 8.5 scenario, Gersan faces significant risks, including direct production disruptions, rising costs, and potential loss of investor confidence. As adaptation measures are delayed, these risks further intensify.
<b>Scenario 2 (RCP 4.5)</b>	A transition scenario in which carbon emissions peak and gradually decline, climate policies are implemented, and global temperature increase is limited to approximately +2.4°C by 2100.	Regulatory mechanisms such as CBAM, carbon taxation, and carbon footprint reporting become mandatory. If Gersan does not implement emission measurement and reduction plans, it may lose its export capability. : Companies prioritizing low-carbon transformation benefit from green financing and increased investor interest. If Gersan adapts to this transition at an early stage, it will gain a competitive advantage. Driven by customer expectations and supply chain pressures, the use of renewable energy, I-REC certifications, and solar energy (PV) investments will become increasingly necessary. Accordingly, Gersan’s production model will need to evolve. Energy-intensive processes must be reduced, and energy consumption must be optimized through automation systems. Otherwise, both cost pressures and compliance risks will arise.	The RCP 4.5 scenario creates a <b>political, economic, and legal pressure environment</b> that directs energy-intensive manufacturing companies such as Gersan toward low-carbon production.

- **The RCP 4.5 and RCP 8.5 scenarios encompass transformation dynamics that directly affect Gersan’s areas of operation and present opportunities of different nature.** Both scenarios generate various strategic advantages for Gersan, particularly in light of its energy-intensive production structure, export-oriented sales portfolio, and potential to develop low-carbon technologies.
- **The RCP 4.5 scenario** represents a transition process in which carbon emissions are brought under control, carbon pricing mechanisms become effective, and sustainability-driven policies gain momentum. In this scenario, companies that adopt low-carbon production, transition to renewable energy, and invest in energy efficiency benefit from improved access to financing, increased customer preference, and a competitive advantage through rapid compliance with green regulations. From Gersan’s perspective, existing products and initiatives—such as solar energy (PV) investments, I-REC certifications, energy-efficient products, electric vehicle charging stations, and smart automation systems—directly contribute to this transition and create sustainable growth opportunities in both domestic and export markets. In addition, reducing operational costs through energy efficiency projects and increasing access to green financing opportunities further strengthen Gersan’s long-term corporate resilience.
- **The RCP 8.5 scenario** represents a pathway in which emissions continue to rise, global temperature increases reach approximately +4°C, and the physical impacts of the climate crisis intensify. In such a high-risk environment, rapid transformation becomes imperative across multiple sectors, particularly in infrastructure, energy systems, and logistics. For Gersan, this situation positions product groups such as electric vehicle charging systems, energy-efficient lighting solutions, automation systems, and digital energy management as critical solution areas. Furthermore, in the face of potential disruptions in global supply chains, Gersan’s regional production capabilities may position it as a reliable supplier. This, in turn, enables the Company to secure a preferential position in new partnerships and projects, supported by its R&D strength, domestic manufacturing capabilities, and innovative solutions.
- In conclusion, both the RCP 4.5 and RCP 8.5 scenarios - albeit in different contexts - present significant opportunities for Gersan in the climate mitigation and adaptation process. By acting proactively, accelerating its low-carbon transition, and investing in technology, Gersan can achieve a competitive advantage under both scenarios, enhancing not only its ability to mitigate risks but also its capacity to capitalize on new market opportunities arising from climate-focused business models.

The assumptions used in our scenario analyses are based on internationally recognized sources. In particular:

- **RCP 4.5 Scenario:** It is assumed that carbon emissions will peak after 2040 and subsequently decline, carbon pricing mechanisms (such as carbon taxes and emissions trading systems) will become widespread, and the share of renewable energy in the energy sector will increase rapidly. The economic data underlying this scenario are based on projections from the IEA (International Energy Agency) World Energy Outlook and the IPCC AR6 reports.

- RCP 8.5 Scenario: It is assumed that current policies will continue, dependence on fossil fuels will increase, carbon pricing will remain limited, and global temperature increases will exceed +4°C. The economic data for this scenario have been assessed with reference to OECD global growth forecasts, energy price projections, and World Bank climate risk analyses.

In both scenarios, key economic variables - such as energy prices, carbon costs, supply chain vulnerabilities, and changes in customer demand - have been taken into account, and their impacts on Gersan’s operations have been analyzed accordingly.

## HOW WE MANAGE OUR PHYSICAL RISKS

In assessing the significance of risks, factors such as the magnitude and duration of the risk, the vulnerability of the systems it affects, the current level of crisis preparedness, and overall resilience capacity have been taken into consideration. Accordingly, the physical risks identified as strategically critical for Gersan are presented below.

						Financial Impact of Risks				
Risk Title	Risk Type	Business Model / Value Chain	Impact under RCP 4.5	Impact under RCP 8.5	Potential Impacts	Short Term	Medium Term (4.5)	Long Term (8.5)	Medium Term (8.5)	Long Term (4.5)
R1: High Energy Consumption in Production Activities and Dependence on Fossil Fuels	Physical / Chronic	Business Model	<p><b>*Increased carbon pricing and regulatory pressures</b></p> <p>Under the RCP 4.5 scenario, mechanisms such as carbon taxes and emissions trading systems are expected to become widespread in order to control emissions. Gersan’s dependence on fossil fuels leads to <b>increased production costs</b> due to rising carbon costs.</p> <p><b>*Pressure for energy efficiency and transition to</b></p>	<p><b>*Dominance of physical risks</b></p> <p>Under this scenario, regulatory pressures and carbon pricing remain relatively limited (as countries fail to take sufficient action); however, physical risks such as extreme weather events, heatwaves, and disruptions in energy supply increase rapidly. Gersan’s energy-intensive production is exposed to risks including</p>	Under the RCP 4.5 scenario, Gersan’s fossil fuel-dependent and energy-intensive production model increases exposure to multidimensional transition risks arising from carbon pricing, regulatory changes, market expectations, supply chain pressures, and financing constraints.	Medium	Medium-high	high	high	Medium-high

			<b>renewable energy</b>	power supply interruptions due to extreme heat, damage to energy infrastructure, and increased cooling demand.						
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		<p>RCP 4.5 indicates a pathway in which the transition to renewable energy accelerates in the energy sector and efficiency requirements in energy-intensive industries increase significantly.</p> <p>Due to its energy-intensive production model, Gersan is exposed to this pressure and faces <b>the risk of losing competitiveness if it does not invest</b> in renewable energy or energy efficiency improvements.</p> <p><b>*Supply Chain and Customer Expectations</b></p> <p>In this scenario, both carbon border mechanisms in regions such as the EU (e.g., CBAM) and the demand for low-carbon products from international customers increase. Gersan faces the risk of market and customer loss if it continues with energy-intensive, fossil-based production.</p> <p><b>*Investor and Financing Pressure</b></p> <p>Under the RCP 4.5 scenario, the financial sector begins to price climate risks. Companies with a high carbon footprint face more limited access to</p>	<p><b>*Energy Price Volatility and Security of Supply</b></p> <p>An energy system dependent on fossil fuels becomes more fragile under climate change: Droughts, floods, and extreme weather events may lead to <b>supply shocks</b> in the production and transportation of fuels such as coal and natural gas.</p> <p>Due to this dependency, Gersan is exposed to significant cost increases and operational disruption risks.</p> <p><b>*Corporate Reputation and Market Demand Risk</b></p> <p>Global awareness and consumer expectations continue to increase, even under severe climate scenarios. As a result, <b>market demand shifts toward low-carbon products</b>. If Gersan maintains its dependence on fossil fuels, its competitiveness may weaken.</p> <p><b>*Insurance and Infrastructure Risks</b></p> <p>Increasing physical risks may lead to higher insurance costs for Gersan or restrict access to certain insurance services.</p>						
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			financing or higher financing costs. Gersan will be exposed to this risk unless it undertakes transformation investments.							
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				In addition, critical systems such as production facilities and electrical infrastructure require resilience investments.						
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**Short-Term Impact:**

- Medium

Due to the current stock-based operating model, the impact of operational disruptions on revenue remains limited. However, unexpected cost increases may arise due to infrastructure damage and logistical delays.

**Medium-Term Impact (4.5):**

- Medium-High

An increase in the frequency of extreme weather events and rising insurance costs may create more pronounced financial pressures, alongside a decline in operational efficiency.

**Long-Term Impact (8.5):**

- High

Climate resilience investments (e.g., flood barriers and reinforced infrastructure), increasing repair and maintenance burdens, and potential reputational risks may lead to significant capital requirements and financial pressures in the long term.

**R1: High Energy Consumption in Production Activities and Dependence on Fossil Fuels**

Gersan conducts its operations in the field of energy transmission and distribution systems through an integrated value chain covering all stages from raw material procurement to final product delivery. Many stages of this value chain are based on high energy consumption and involve significant transition risks in the context of climate change.

**a) Risks in Raw Material Procurement**

Approximately 65% of our sales and marketing portfolio consists of export customers. These deliveries are carried out via road, sea, and air transportation. Our main export markets include Germany, the Netherlands, Spain, Belgium, the United Kingdom, Kazakhstan, Kyrgyzstan, Uzbekistan, Azerbaijan, Georgia, Pakistan, Sri Lanka, Egypt, Libya, Morocco, Ghana, Ethiopia, Tanzania, Uganda, and Kenya.

As the production of electrical equipment generally involves energy-intensive processes, energy consumption constitutes a significant input both in production and in the procurement of raw materials. In particular, the following processes are identified as energy-intensive:

- Metal processing and casting: High levels of electricity and thermal energy are consumed in the processing of conductive metals such as copper and aluminium.
- Coating and insulation processes: Surface treatment processes carried out to enhance corrosion resistance increase energy consumption.
- Plastic and polymer injections: These processes, used for insulation and external coating, involve high-temperature melting and forming operations.
- Assembly and testing stages: Automated machinery and testing systems lead to intensive electricity consumption.

The energy demand in these processes largely depends on grid electricity and energy generated from fossil fuels.

#### **b) Impacts on Production Processes**

Energy used in our production facilities is currently not sourced from renewable resources and is primarily based on electricity and natural gas consumption. This increases carbon intensity and makes the Company more vulnerable to fluctuations in energy costs. Data on average annual energy consumption necessitate prioritization of emission reduction and energy efficiency strategies.

Within the scope of the risk titled “High Energy Consumption in Production Activities and Dependence on Fossil Fuels,” Gersan’s current energy consumption structure exhibits significant vulnerabilities. The energy used in production facilities is not yet derived from renewable sources and largely depends on electricity and natural gas consumption. This situation increases carbon intensity and exposes the Company to volatility in energy costs. Accordingly, annual energy consumption data require that emission reduction and energy efficiency initiatives be addressed as priority areas.

At the Tuzla location, electricity consumption was 200,758 kWh in 2022, increased by 7.2% to 215,170 kWh in 2023, and then decreased by 5.1% to 204,233.70 kWh in 2024. At the same location, natural gas consumption was 135,567.73 m<sup>3</sup> in 2022, decreased by 93% to 8,878 m<sup>3</sup> in 2023, and increased by 13.9% to 10,111 m<sup>3</sup> in 2024. **These fluctuations are mainly due to the relocation of certain operational processes to the Çaycuma facility.**

At the Çaycuma location, electricity consumption was 2,045,139.30 kWh in 2022, decreased by 5.8% to 1,925,871.42 kWh in 2023, and increased by 21.6% to 2,341,607.30 kWh in 2024. Natural gas consumption was 881,462 m<sup>3</sup> in 2022, decreased by 10% to 792,727 m<sup>3</sup> in 2023, and increased by 11% to 880,880 m<sup>3</sup> in 2024. These increases are associated with the expansion of production volume at the Çaycuma facility.

In this context, planning a solar power plant (SPP/PV) investment - particularly to meet the increasing electricity demand at the Çaycuma facility - would constitute a strategic step for Gersan in diversifying its energy portfolio and reducing its dependence on fossil fuels.

### **Our Risk Mitigation Strategy**

Gersan addresses climate change mitigation through an integrated approach combining operational efficiency, technological investments, and sustainable growth strategies. Within our short- and medium-term strategic roadmap, the following priority actions have been identified:

- **Transition to Renewable Energy Sources:**

In order to balance electricity consumption and reduce the carbon footprint, feasibility studies are being conducted for solar power plant (SPP/PV) investments. In parallel, the use of renewable energy through I-REC certification is being evaluated. Within this scope, a rooftop solar power plant with a nominal voltage of 33 kV and an installed capacity of 2,000 kWe is planned, with a target to reach a total installed capacity of 2.6 MW upon completion.

- **Energy Efficiency and Emissions Monitoring**

Since 2023, carbon emissions have been measured on a regular basis, and product-based environmental performance targets have been established.

- **Climate-Aligned R&D and Technological Investments**

Gersan aims to enhance operational efficiency by investing in advanced manufacturing technologies and automation systems. In this context, an R&D project has been initiated for the development of “Busbar-Based AC/DC Conversion Systems with DC Fast Charging (Mode 4)” prototypes. The project aims to reduce transmission losses and develop products that meet eco-design criteria.

- **Çaycuma Organized Industrial Zone Modernization Investments**

Between 2020 and 2024, the Company carried out modernization and capacity expansion investments totaling TRY 116.7 million in the Çaycuma Organized Industrial Zone. These investments not only enhance production efficiency but also support climate-resilient infrastructure transformation.

#### **d) Current and Expected Financial Impact**

Gersan anticipates various financial risks in its operations due to extreme weather events associated with climate change and global policies driving the energy transition. These risks create cost pressures at different levels in the current period as well as in the medium and long term.

#### **Current Financial Risks**

- **Disruptions to Production Continuity:**  
Extreme weather events such as heavy rainfall, hail, and storms may lead to temporary shutdowns of facilities or disruptions to planned production schedules. Based on Gersan's 2024 production data, such interruptions present a potential **short-term revenue loss risk of approximately TRY 10,080,443.**
- **Infrastructure Damage and Additional Repair Costs:**  
Damage to critical components such as roofing systems, drainage systems, and electrical infrastructure has resulted in **emergency repair and maintenance costs of approximately TRY 160,700.**
- **Decline in Operational Efficiency:**  
Operational interruptions and downtime reduce production efficiency. Although the stock-based production model partially mitigates this impact, there remains a **potential revenue loss of approximately TRY 1,768,065.**

#### **Expected Financial Risks (Medium- and Long-Term Perspective)**

- **Carbon Pricing and Taxation Risk:**  
The anticipated implementation of the Emissions Trading System in Türkiye (TR ETS) and the European Union's Carbon Border Adjustment Mechanism (CBAM) will impose costs on emissions arising from fossil fuel-based production, leading to increased direct carbon costs.
- **High Energy Costs:**  
High energy consumption is directly reflected in electricity and fuel expenses. Dependence on fossil fuel-based energy makes the Company particularly sensitive to volatility in global energy markets.
- **Investor and Financing Access Risk:**  
Banks and investors are tightening lending and financing conditions for companies with high carbon intensity. This may result in increased financing costs for Gersan or reduced access to funding sources.
- **Increasing Frequency and Duration of Disruptions:**  
The increasing frequency and duration of extreme weather events driven by climate change may challenge operational resilience, potentially leading to revenue volatility in the long term.



- **Regulatory Reporting and Compliance Costs:**

Physical climate risks are expected to be reported and managed in accordance with TSRS standards, including the development of structured management plans.

In response, Gersan prioritizes energy efficiency investments, plans to transition toward renewable energy sources (such as solar power plant (SPP/PV) investments and the use of I-REC certified energy), and promotes the adoption of circular economy practices to mitigate these risks and convert them into opportunities. This approach not only reduces risk exposure but also aims to create cost advantages and strengthen long-term financial resilience.

**Current and Expected Financial Impact (R1 – High Energy Consumption in Production Activities and Dependence on Fossil Fuels)**

<b>Risk Factor</b>	<b>Short-Term Impact</b>	<b>Medium-Term Impact</b>	<b>Long-Term Impact</b>
<b>Revenue Impact</b>	Medium	Medium-High	High
<b>Balance Sheet Impact</b>	Medium	Medium	High
<b>Energy Costs</b>	High	High	High
<b>Customer Loss and Reputational Damage</b>	Low	Medium	High
<b>Regulatory Reporting and Carbon Costs</b>	Low	Medium-High	High

Gersan manages the financial impacts arising from both physical and transition risks associated with climate change through a holistic approach aligned with operational efficiency and long-term sustainability objectives.

In the short term, potential disruptions to production continuity caused by extreme weather events pose a limited risk of revenue loss, supported by the mitigating effect of the Company’s stock-based production model. However, infrastructure damage and increasing energy costs place pressure on the Company’s balance sheet.

In the medium term, tightening carbon regulations - such as the anticipated Emissions Trading System in Türkiye and the European Union’s CBAM - are expected to impose additional costs on carbon-intensive production processes, resulting in direct financial burdens. At the same time, investors and financial institutions are increasingly tightening financing conditions for carbon-intensive companies, creating risks in terms of Gersan’s access to capital.

In the long term, energy dependency and climate-related physical risks - such as increasing frequency of disruptions, rising insurance costs, and potential customer loss - pose significant threats to the Company’s financial sustainability. In addition, growing market expectations driven by ESG criteria increase the risk that carbon-intensive supply chains may lose their competitive advantage over time.

To manage these risks, Gersan prioritizes energy efficiency investments, advances its transition to renewable energy sources (including solar power plant (SPP/PV) investments and the use of I-REC certified electricity), and implements circular economy practices. This strategic approach aims not only to mitigate cost pressures but also to enhance long-term value creation and financial resilience.

## HOW WE MANAGE OUR TRANSITION RISKS

Due to high energy consumption and dependence on fossil fuels in its production processes, Gersan faces significant financial risks in both its current and future operations. These risks have direct implications for the Company's financial sustainability across a wide spectrum, ranging from energy costs to carbon-related regulations.

### **R1 – High Energy Consumption and Dependence on Fossil Fuels**

Gersan's production processes are based on energy-intensive operations, with the majority of energy sourced from fossil fuels such as electricity and natural gas. This structure creates risks not only across the value chain but also within **the core components of the business model** itself. Rising energy prices, carbon-related costs (e.g., CBAM), and evolving criteria for access to sustainable finance have made reducing this energy dependency a strategic priority for the Company.

In this context, Gersan is **accelerating its transition to low-carbon production** through initiatives such as energy efficiency projects and the integration of renewable energy sources (e.g., solar power plant (SPP/PV) investments and the procurement of I-REC certified electricity), while taking concrete steps to align its business model with emerging climate realities.

### **Current Financial Risks**

- **Energy Cost Risk:**  
High levels of energy consumption directly result in significant increases in electricity and fuel expenses. Volatility in global energy markets - particularly fluctuations in fossil fuel-based electricity and natural gas prices - further intensifies cost pressures.  
As of 2024, Gersan's existing production model imposes a direct burden on operational profitability, with energy expenses amounting to approximately **TRY 34,844,649**.
- **Foreign Exchange Risk:**  
Due to Türkiye's dependence on imported fossil fuels, fluctuations in exchange rates lead to volatility in energy costs, increasing Gersan's expenditures.
- **Energy Supply Disruption Risk:**  
Potential disruptions in regional or national energy infrastructure may interrupt production activities, thereby threatening business continuity. This situation may increase unit costs and place Gersan at a competitive disadvantage compared to firms with higher energy efficiency.

### **Expected Financial Risks (Medium- and Long-Term Perspective)**

- **Carbon Pricing and Regulatory Risk:**  
The planned implementation of the Emissions Trading System in Türkiye (TR ETS) and the European Union's Carbon Border Adjustment Mechanism (CBAM) will impose costs on emissions arising from Gersan's fossil fuel usage, creating a direct **carbon cost burden**.
- **Investment and Transition Obligations:**  
If the current low-efficiency production model continues, Gersan may be required to undertake significant capital investments in order to transition to lower-carbon and more energy-efficient technologies in the coming period.
- **Financing Access and Credit Risk:**  
The tightening of credit and financing conditions for carbon-intensive companies may increase Gersan's cost of funding or limit its access to capital.
- **Market and Customer Loss Risk:**  
Increasing global ESG-driven demand and expectations for low-carbon products may lead to a loss of competitiveness in export markets if Gersan continues its fossil fuel-based production model.
- **Insurance Costs and Business Continuity Risk:**  
Increasing carbon and energy-related risks may lead to higher insurance costs and expose weaknesses in Gersan's business continuity planning.

### **Our Risk Mitigation Strategy**

Gersan **addresses these risks at the core of its business model**, enhancing its resilience through both **direct** and **indirect** actions:

#### **• Direct Actions**

- Increasing investments in energy efficiency and optimizing production processes;
- Integrating renewable energy sources into the business model (e.g., solar power plant (SPP/PV) investments and the use of I-REC certified energy);
- Strengthening energy security and reducing dependence on fossil fuels **through renewable energy projects targeting a total capacity of 50 MW;**

- Supporting the transition to low-carbon production by increasing energy efficiency and reducing carbon emissions through the project to **reconstruct the galvanizing furnace as a hybrid and fully automated system;**
  - Accelerating R&D investments to enable the transition to low-carbon production technologies.
- **Indirect Actions:**
- Developing sustainable procurement policies aimed at reducing carbon emissions across the supply chain;
  - Transforming the product portfolio in response to ESG-driven customer expectations;
  - Evaluating sustainable financing mechanisms (e.g., green loans and sustainability-linked bonds) to mitigate financial risks.

This holistic approach aims not only to reduce cost pressures but also **to strengthen Gersan’s business model against climate-related risks, enhancing long-term resilience and maintaining its competitive advantage.**

**Current and Expected Financial Impact (R1 - High Energy Consumption and Dependence on Fossil Fuels)**

Risk Factor	Short-Term Impact	Medium-Term Impact	Long-Term Impact
Revenue Impact	Medium	Medium-High	High
Balance Sheet Impact	Medium	High	High
Energy Costs	High	High	High
Foreign Exchange Risk (Currency Impact)	Medium	Medium-High	High
Investment and Transition Obligations	Medium	Medium-High	High
Financing Access and Credit Risk	Low-Medium	Medium	High
Market and Customer Loss Risk	Low	Medium	High
Insurance Costs and Business Continuity Risk	Low	Medium	Medium-High
Regulatory Reporting and Carbon Costs	Low	Medium-High	High

Gersan develops projects aimed at reducing carbon emissions across its business processes in order to support the transition to a low-carbon economy. Within this framework, a carbon pricing perspective is being integrated into the Company’s decision-making processes.

The Company incorporates the potential costs of carbon emissions into its strategic evaluations, including investment decisions, scenario analyses, and financial planning processes. Under internal carbon pricing practices, carbon pricing is utilized in cost-benefit analyses of strategic decisions such as new facility investments, energy efficiency projects, and the integration of renewable energy sources. However, no internal carbon price has been formally established to date.

## **R2 – Regulatory Compliance and New Product Requirements**

Gersan’s business model is exposed to a significant risk area driven by the transformation pressure arising from increasingly stringent global environmental and product safety regulations. Regulatory frameworks such as the European Union’s **Carbon Border Adjustment Mechanism (CBAM)** and environmental standards (REACH, RoHS, CE) require products with low carbon footprints, compliance with eco-design principles, and high environmental performance in export markets.

This transition risk affects not only specific stages of Gersan’s value chain but the business model as a whole:

- **Product Design and Development:** Enhancing environmental performance throughout the product life cycle and applying eco-design principles are becoming mandatory.
- **Supply Chain:** Additional processes and controls are required to ensure the procurement of low-carbon and sustainable raw materials from suppliers.
- **Production Processes:** Investments are necessary to ensure environmental compliance in production lines, integrate new technologies, and reduce the carbon footprint.
- **Market and Customer Management:** Failure to meet ESG-driven customer expectations increases the risk of losing export markets.

### **Current Financial Risks**

- **Cost Risk Arising from Non-Compliance:** Failure to comply with applicable regulations may result in penalties, increased audit pressure, and loss of certifications.
- **Compliance Costs:** Expenditures related to audits, reporting, and consultancy services increase operating expenses in the short term.
- **Revenue Impact:** As of 2024, compliance-related costs amounting to approximately TRY 1,038,995.89 have a direct impact on the Company’s profitability.

### **Expected Financial Risks (Medium- and Long-Term Perspective)**

- **New Product Development and Innovation Pressure:** Significant R&D investments may be required to develop low-carbon products that comply with environmental standards.
- **Market Loss and Competitive Risk:** The risk of exclusion from markets increases for products that do not comply with ESG requirements.
- **Investment and Transformation Burden:** The need for production line transformation, material substitution, and the identification of new suppliers may result in additional capital requirements.
- **Financial and Reputational Risk:** A lack of ESG compliance may create a perception of higher risk for Gersan among investors and financial institutions.

### **Our Risk Mitigation Strategy**

#### Direct Actions

- Establishing a product responsibility policy aligned with environmental standards;
- Developing innovative products with low carbon footprints based on eco-design principles within the product portfolio;
- Optimizing processes and implementing technical training programs for employees to ensure compliance with environmental and product safety regulations.

#### Indirect Actions

- Implementing sustainable procurement policies aimed at reducing the carbon footprint across the supply chain;
- Evaluating green financing alternatives (e.g., sustainability-linked loans and green bonds);
- Revising marketing and communication strategies to address ESG-driven customer expectations.

Through this approach, Gersan views regulatory compliance not merely as a burden, but as an opportunity to create a competitive advantage.

## **Current and Expected Financial Impact (R2 – Regulatory Compliance and New Product Requirements)**

<u>Risk Factor</u>	<u>Short-Term Impact</u>	<u>Medium-Term Impact</u>	<u>Long-Term Impact</u>
<u>Revenue Impact</u>	<u>TRY 1,038,995.89</u>	<u>Medium</u>	<u>Medium-High</u>
<u>Balance Sheet Impact</u>	<u>Medium</u>	<u>Medium-High</u>	<u>High</u>
<u>New Product Development and Innovation Pressure</u>	<u>Medium</u>	<u>Medium-High</u>	<u>High</u>
<u>Market Loss and Competitive Risk</u>	<u>Low-Medium</u>	<u>Medium</u>	<u>High</u>
<u>Investment and Transformation Burden</u>	<u>Medium</u>	<u>Medium-High</u>	<u>High</u>
<u>Financial and Reputational Risk</u>	<u>Low-Medium</u>	<u>Medium</u>	<u>Medium-High</u>
<u>Legal Sanctions and Loss of Certification</u>	<u>Low</u>	<u>Medium</u>	<u>Medium-High</u>
<u>Compliance Costs (Audit, Reporting, Consultancy)</u>	<u>Medium</u>	<u>Medium</u>	<u>Medium-High</u>

## **HOW WE MANAGE OUR CLIMATE-RELATED OPPORTUNITIES**

### **Low-Carbon Production and Green Product Portfolio**

The growing global awareness of sustainability, the need to reduce carbon footprints, the shift toward environmentally friendly products, and increasing regulatory expectations are transforming into a strategic market opportunity for Gersan. Products with high environmental performance - energy-efficient, certified, and manufactured using recyclable materials - not only deepen collaboration with existing customers but also enable access to new markets.

In particular, electric vehicle charging solutions developed under the G-Charge brand position Gersan strategically within a rapidly expanding market aligned with environmentally friendly mobility policies. In line with regulations such as the parking regulation enacted in Türkiye and the expectations under the EU Green Deal, the growth potential of this product group continues to increase.

### **Opportunity Management Strategy**

To capitalize on this opportunity, Gersan has implemented the following direct and indirect actions:

#### **Direct Product and Investment Actions:**

In 2024, R&D expenditures amounting to TRY 8,905,520 were made for electric vehicle charging systems, leading to the development of technical prototypes and the establishment of production infrastructure;

High-speed AC/DC conversion charging stations have been developed in line with environmentally friendly design and energy efficiency principles;

Production lines have been modified to enable the use of low-carbon and recyclable materials;

Certification processes have been initiated for Environmental Product Declarations (EPD), carbon footprint measurements, and sustainability labeling of products.

**Indirect Systemic and Financial Actions**

Sustainable supply chain policies have been established, and cooperation with suppliers holding environmental compliance certifications has been strengthened.

ESG-aligned reporting infrastructure has been enhanced to facilitate access to green financing sources (e.g., sustainability-linked loans and incentive programs);

Brand positioning and customer relationship strategies have been developed and supported through communication campaigns highlighting the environmentally friendly product portfolio.

<b>Financial Indicators</b>	<b>Short-Term Impact</b>	<b>Medium-Term Impact</b>	<b>Long-Term Impact</b>
Revenue Growth (Charging Systems)	Low (1%)	Medium (%10-15)	High (50%+)
Return on Investment (ROI)	Medium	Medium-High	High
Financial Resilience (Margin Improvement)	Low	Medium	High
Access to ESG-Aligned Financing	Low-Medium	Medium	Medium-High
Competitiveness (Domestic and Export Markets)	Medium	High	High
Brand Value and Reputation Gains	Medium	Medium-High	High

The Company supports its investments in renewable energy, energy efficiency, R&D, and modernization - undertaken to mitigate climate-related risks and capitalize on opportunities - through both equity financing and green financing instruments. The financing of these investments is aligned with the Company's long-term sustainable growth strategy and directly contributes to climate-resilient infrastructure transformation.

### **Gersan Transition Plan**

As Gersan, we view transition risks arising from climate change - such as regulatory developments, carbon-related policies, energy costs, and evolving customer expectations - not merely as compliance obligations, but also as opportunities for sustainable production and competitive advantage.

Operating in the field of electrical transmission systems and technical infrastructure solutions, the Company has positioned the reduction of its carbon footprint and the improvement of energy efficiency among its strategic priorities. In line with Türkiye's green transition targets, the European Union's Carbon Border Adjustment Mechanism (CBAM), and sectoral expectations, we are restructuring our production and supply processes to align with the requirements of a low-carbon economy.

Within this framework:

- Energy-efficient equipment is being introduced across our production lines;
- Solar power plant (SPP/PV) investments are being planned for our factory rooftops;
- I-REC certification processes are being evaluated to increase the share of electricity sourced from renewable energy.

**A sustainability-focused transformation has been initiated across our supply chain**, with the use of low-carbon materials and the optimization of logistics processes identified as key priorities. In addition, we are increasingly adopting product designs with high recyclability, taking into account the full product life cycle.

**In this context, we are redefining our expectations from suppliers by introducing the use of electric vehicles in outsourced transportation services as a contractual requirement, while aiming to carry out operational services such as personnel transportation directly through electric buses. Through these initiatives, concrete steps are being taken to reduce our Scope 3 emissions.**

Furthermore, we are prioritizing our R&D investments in energy efficiency, smart system integration, and carbon footprint reduction. The transition risk assessment process carried out under TSRS 2 extends beyond internal operations to encompass the entire value chain, including supplier regions, production activities, and customer deliveries.

During the current reporting period, no risks or opportunities requiring adjustments to the financial statements have been identified. However, it is anticipated that these impacts may become more pronounced in the medium and long term, and our analyses are regularly updated and integrated into management processes.

As Gersan, we aim to embed sustainability as an integral part of our entire business model in the transition to a low-carbon economy, reducing environmental impacts while enhancing corporate resilience and competitiveness. On this transformation journey, we are committed to building a responsible and resilient future together with our stakeholders.

## 4. RISK MANAGEMENT

As a fundamental pillar of its management approach, Gersan addresses risk management through a holistic perspective as an integral component of its sustainability strategy. In line with the Enterprise Risk Management (ERM) methodology, we systematically identify, assess, and manage all risks that are critical to the Group’s reputation, operational continuity, and sustainable growth.

Our risk management processes encompass strategic, operational, financial, regulatory, and environmental dimensions, with the aim of identifying at an early stage any factors that may threaten our short-, medium-, and long-term objectives. Within this framework, by applying the Enterprise Risk Management (ERM) methodology, Gersan ensures the systematic identification, measurement, and management of all risks that are critical to the Company’s reputation, operational continuity, and sustainable growth.

### Identification of Managerial Risks and Opportunities

As a method for identifying managerial risks and opportunities, a 5x5 risk matrix approach is utilized. In this context, risks are scored based on defined likelihood and impact criteria. Following the scoring process, an overall risk score is calculated. Based on this score, the level of materiality is determined. Subsequently, appropriate action plans are developed.

Risk = Likelihood × Impact

SCORE	PROBABILITY			SEVERITY
5	Certain, inevitable, frequent	>=90%	Every day	Irreversible damage to corporate reputation, irreversible customer loss, and very high financial penalties
4	Highly probable	51-90%	Weekly	Severe impact, including legal sanctions, unusable materials, reversible reputational damage, customer loss, and significant financial losses
3	Possible, occasional	11-50%	Monthly	Significant impact, including administrative sanctions, financial losses, customer complaints, service disruptions, and system errors

2	Unlikely	3-10%	A few times a year	Low impact, including non-conformities and out-of-tolerance production; acceptable financial losses and minor system disruptions not affecting delivery of products/services
1	Very unlikely, almost impossible	<=3%	Once a year	Insignificant impact; can be monitored, rework possible, no financial loss, no customer complaints

Risk Name	Risk Value	Action
<b>INTOLERABLE RISK</b>	<b>20 &lt; R</b>	<b>Discontinue the activity / Take immediate action and mitigate the risk score within a <u>max 3 months</u> .</b>
<b>SUBSTANTIAL RISK</b>	<b>16 &lt; R &lt; 20</b>	<b>Control/Take immediate action, and mitigate the risk score <u>within 6 months</u> .</b>
<b>SIGNIFICANT RISK</b>	<b>12 &lt; R &lt; 15</b>	<b>Control/take action as soon as possible, and mitigate the risk score <u>within 1 year</u> .</b>
<b>POSSIBLE RISK</b>	<b>5 &lt; R &lt; 10</b>	<b>Control/ No urgent measures required, the current practice continues as is. In the long term, if action is taken, the risk score may be mitigated.</b>
<b>INSIGNIFICANT RISK</b>	<b>1 &lt; R &lt; 5</b>	<b>Accept-Monitor/ The current practice continues as is.</b>

### Identification of Climate-Related Risks and Opportunities

Climate-related risks are treated as one of the core risk categories within our Enterprise Risk Management (ERM) system and are analyzed within an integrated framework alongside other risk types. However, in recent years, driven by increasing regulatory pressures, financial impacts, and stakeholder expectations, climate-related risks (both physical and transition risks) have been classified as a strategically prioritized risk category. Accordingly, the likelihood and impact of these risks are assessed comparatively against other risk factors and prioritized based on their potential to affect our short-, medium-, and long-term business objectives.

In the prioritization process of climate-related risks, parameters such as potential financial impacts, regulatory compliance requirements, impacts on the supply chain, and reputational risks are taken into consideration. The outcomes of the prioritization process are evaluated at the Board level and reported to the relevant committees, thereby shaping the prioritization of risk mitigation strategies.

- In identifying climate-related risks and opportunities, managerial risk management considerations are also taken into account, and assessments are carried out by the departments and responsible individuals defined in the governance structure;

- Identified risks and opportunities are categorized based on whether they relate to the business model or the value chain; Climate-related risks are then classified as either physical or transition risks. In addition, the risk type is defined (financial, reputational, compliance, environmental, human, operational, and strategic); Following this process, a 5×5 risk matrix methodology is applied to determine the magnitude of the risk.

$$\text{Risk} = \text{Impact} \times \text{Likelihood}$$

SCORE	LIKELIHOOD	IMPACT
1	Unlikely	Minor
2	Very Frequent	Minor
3	Possible	Medium
4	Highly Likely	Significant
5	Expected	Severe / Catastrophic

- Once the risk score is determined, risks are classified across short-, medium-, and long-term horizons. The time horizons are defined as follows: short term (up to 1 year), medium term (1 to 3 years), and long term (3 to 10 years).
- Each identified risk is reviewed to assess whether it has financial impacts, and accordingly, whether it contains material information.
- In the process of assessing risks and opportunities, sector-specific standards published by the Public Oversight Authority (KGK) as well as SASB sector standards have also been reviewed. Based on this evaluation, two key focus areas have been identified:

- \* Energy management

- \* Product Life Cycle Management

### *Assessment of Scenario Analyses*

Our evaluation of identified climate risks is conducted in light of scientific data based on climate scenarios, and our strategic actions are determined accordingly. In this context, assessments have been carried out in line with the RCP 4.5 and RCP 8.5 scenarios defined by the Intergovernmental Panel on Climate Change. Detailed assessments are presented in the Strategy section.

These scenarios enable us to consider a future in which strong measures against climate change are not fully implemented, thereby allowing for a comprehensive analysis of both acute risks (sudden and severe weather events) and chronic risks (long-term climate shifts). Our evaluations are not limited to Gersan’s operations alone but also take into account the exposure and sensitivity of our supply chain partners to climate-related risks.

The risks identified under these scenarios form the basis for operational, strategic, and infrastructural actions aimed at enhancing our resilience to climate change.

***Risk Assessment and Prioritization***

Within the scope of TSRS 2, Gersan has adopted 2024 as the base year for its risk assessment process. Accordingly, the assessment approach prioritizes qualitative analysis over purely quantitative evaluation.

During the evaluation and prioritization stages, departments and responsible individuals defined in the governance structure consider issues that may pose significant financial and operational risks, analyzing their impacts across short-, medium-, and long-term horizons. Risks with potentially high impact are prioritized and incorporated into the core content and strategy sections of this report.

Opportunities are prioritized based on their potential impact, feasibility, and alignment with strategic business objectives. They are assessed in relation to their relevance to Gersan and its subsidiaries’ core operations, stakeholder interest, and value creation potential. Priority is given to initiatives aligned with commitments to achieving net-zero emissions and expanding renewable energy capacity. Trade-offs between potential risks and opportunities are evaluated based on the scalability of renewable projects and prevailing market uncertainties.

In summary, climate-related risks and opportunities are identified and structured in line with the framework outlined below.

<b>Risk Matrix</b>	<b>Scenario Analysis</b>	<b>Evaluation</b>
Identified risks are categorized using a risk matrix that considers both likelihood and impact, enabling the prioritization of climate-related risks alongside traditional operational and financial risks. This holistic approach ensures that climate risks are evaluated in relation to other critical business risks.	The Company conducts climate-related scenario analyses based on different temperature pathways to stress-test its business strategy and financial planning, assessing potential impacts across operations and supply chains over various time horizons.	Risks are re-evaluated using both qualitative factors (e.g., stakeholder sentiment, regulatory environment) and quantitative thresholds (e.g., projected financial losses, operational disruptions).

***Risk Monitoring***

Identified risks are subject to periodic review by the governance team, taking into account their short-, medium-, and long-term implications.

- The Sustainability Committee evaluates risks, related actions, and ongoing projects at least three times per year.
- At least once a year, committee members convene under the leadership of senior management. Within the scope of sustainability matters and risk/opportunity management, performance reporting is prepared. Potential risks and corresponding mitigation actions are assessed.
- The financial impacts of risks and opportunities are reviewed.
- New risks are identified in line with stakeholder expectations and evolving priorities.
- Annual action plans and KPIs are established accordingly.

## 5. METRICS AND TARGETS

In line with Türkiye's 2053 Net Zero Emissions Target, Gersan is developing its emission reduction strategies to make its business model more sustainable and to take concrete steps toward a carbon-neutral future. Within this framework, we have initiated the process of establishing science-based targets for the management and reduction of greenhouse gas (GHG) emissions. One of our key priorities is to develop a comprehensive GHG emissions inventory to accurately measure our carbon footprint and to establish a robust sustainability roadmap. In this process, we aim to identify the primary emission sources across our value chain and implement effective long-term carbon reduction projects. In preparing the emissions inventory, the financial control approach has been adopted. Accordingly, while measurements are carried out, the **operational control** approach is applied for the consolidation of emissions within organizational boundaries.

Gersan has initiated the development of a comprehensive GHG emissions inventory to ensure the systematic measurement, management, and reporting of greenhouse gas emissions in line with its sustainability strategy. This process aims to ensure accurate identification of emission sources, establish a transparent and comparable reporting structure, and provide a solid foundation for long-term emission reduction targets. In preparing the emissions inventory, **the financial control approach** has been adopted as **the measurement boundary**. This approach covers all subsidiaries and operations under Gersan's financial control and is highly aligned with the Group's corporate organizational structure. The primary rationale for selecting the financial control approach is to enable a clearer definition of management responsibilities, ensure the integration of emission data into operational decision-making processes, and maintain consistency in consolidated reporting.

Gersan has defined the organizational boundaries of its GHG emissions inventory to include the physical boundaries of its own operations. Direct greenhouse gas emissions are classified as Scope 1 emissions, while energy-related indirect emissions are classified as Scope 2 emissions. The base year for greenhouse gas calculations has been determined as 2024.

In the preparation of Gersan's greenhouse gas report, a calculation-based inventory approach has been adopted instead of a direct measurement-based methodology. The calculation methodologies are generally defined by internationally recognized greenhouse gas frameworks, such as the GHG Protocol (Greenhouse Gas Protocol) and the Intergovernmental Panel on Climate Change (2006 Guidelines). Under this approach, emissions are calculated by multiplying activity data related to identified emission sources (e.g., diesel consumption in liters per month) by the relevant emission factors (e.g., diesel CO<sub>2</sub> emission factor in tCO<sub>2</sub>/TJ) to determine total emissions.

Accordingly:

- Category 1: Direct greenhouse gas emissions
- Category 2: Indirect greenhouse gas emissions from imported energy

The emissions reported in this GHG Report include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and HFC-PFC gases.

A quantitative assessment has been conducted for the facilities included in the calculation, and a materiality evaluation has been performed to define the reporting scope. Following the quantitative assessment, emission categories deemed immaterial were further evaluated in terms of their emission reduction potential and subjected to a qualitative materiality assessment.

In the quantitative assessment, emission values calculated across all categories are ranked from highest to lowest. Cumulative percentages are then calculated, and categories representing less than 5% of total emissions are excluded from reporting and classified as "not material." Emission sources accounting for 95% of total emissions are included in the reporting scope and classified as "material."

### ***Assumptions***

Category 1:

- In the calculation of emissions from mobile combustion, the amount of diesel consumed by forklifts has been determined by deducting the quantity used in generators from the total diesel purchased.
- The net calorific value of thinner has been assumed as "White Spirit and SBP" in accordance with the Intergovernmental Panel on Climate Change Volume 2, Chapter 1, Table 1.2.

Category 2:

- Two missing electricity invoices in Dubai have been estimated using the annual average consumption value.

## Reported Emission Sources

Emission Scope	Emission Type	Emission Source	Activity Data Reference	Emission Factor (EF) Source	GHG Type
<b>Direct Emissions (Category 1)</b>	Stationary Combustion	Natural Gas Boiler	Natural Gas Consumption Data Record Form	IPCC 2006	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O
	Stationary Combustion	Stationary Generator	Other Fuel Consumption Data Record Form	IPCC 2006	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O
	Stationary Combustion	Fire Fighting Drill	Other Fuel Consumption Data Record Form	IPCC 2006	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O
	Stationary Combustion	Cafeteria Oven	Other Fuel Consumption Data Record Form	IPCC 2006	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O
	Mobile Combustion - On-Road	Diesel	Vehicle Inventory and Fuel Consumption Data Record Form	IPCC 2006	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O
	Mobile Combustion - On-Road	Gasoline	Vehicle Inventory and Fuel Consumption Data Record Form	IPCC 2006	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O
	Mobile Combustion - Off-Road	Diesel	Vehicle Inventory and Fuel Consumption Data Record Form	IPCC 2006	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O
	Mobile Combustion - Off-Road	Gasoline	Vehicle Inventory and Fuel Consumption Data Record Form	IPCC 2006	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O
	Fugitive Emissions	Refrigerant Gas Leakage	Refrigeration Unit Inventory Data Form Circuit Breaker Inventory Data Form Fire Suppression System Inventory Data Form	IPCC 6th AR	CO <sub>2</sub> eq

Emission Scope	Emission Type	Emission Source	Activity Data Reference	Emission Factor (EF) Source	GHG Type
<b>Indirect Greenhouse Emissions from Purchased Energy (Category 2)</b>	Purchased Electricity		Electricity Consumption Invoices	National Inventory, The Climate Transparency Report	CO2 eq

## Metrics

### Greenhouse Gas Emissions Inventory

Table of greenhouse gas emissions for the reporting period:

#### GHG Emissions Table (2024)

Main Category	Sub-Category	2024 (tCO <sub>2</sub> e)
Category 1: Main Category Sub-Category 2024 (tCO <sub>2</sub> e) Category 1: Direct GHG Emissions and Removals	1.1 Direct emissions from stationary combustion	1,716.21
	1.2 Direct emissions from mobile combustion	294.26
	1.3 Direct process emissions and removals from industrial processes	-
	1.4 Direct fugitive emissions from anthropogenic systems	9.73
	1.5 Direct emissions and removals from land use, land-use change and forestry (LULUCF)	-
Category 2: Category 2: Indirect GHG Emissions from Imported Energy	2.1 Indirect emissions from purchased electricity	1,139.10
	2.2 Other indirect emissions from imported energy	-

<b>Total Production</b>	<b>16,778.56</b>
<b>Scope 1 + Scope 2 Emissions</b>	<b>3,159.30</b>
<b>Total Emissions</b>	<b>3,159.31</b>

## Objectives

Risks	Metrics	2024 Value	Target
R1 – High Energy Consumption and Dependence on Fossil Fuels	Scope 1 & 2 emissions (tCO <sub>2e</sub> )	6,035.09	10% reduction through energy efficiency projects by 2026
R2 – Regulatory Compliance and New Product Requirements	Annual innovation expenditure (TRY)	1038995.89 TL	Completion of life cycle assessments for at least 4 product groups by 2030
F1 – New Markets through EV Charging Stations	Number of charging units produced	359	Annual 10% increase in charging unit production

The Company has established both quantitative and qualitative targets to effectively manage climate-related risks and opportunities. In this context, total emissions of 3,159.31 tCO<sub>2e</sub> (Scope 1 and Scope 2) were reported for 2024, which has been designated as the base year. Key strategic targets include achieving a 10% reduction in emissions by 2026 through energy efficiency projects, completing life cycle assessments for at least four product groups by 2030, and achieving a 10% annual increase in electric vehicle charging unit production. These targets have been defined in alignment with Türkiye’s 2053 Net Zero Emissions commitment and the Paris Agreement.

The metrics used in setting these targets (such as CO<sub>2e</sub>, innovation expenditure, and production volume) are aligned with international standards, and progress is monitored on a regular basis. The monitoring process is carried out by the Sustainability Committee and reported to the Board of Directors. Within this scope, the Committee utilizes the GHG inventory, sector-specific metrics (RT-EE codes), and performance indicators to measure progress. Targets are reviewed when necessary, and any deviations or changes are duly reported.

Priority in achieving these targets is given to renewable energy investments, energy efficiency projects, and low-carbon technologies. Although the Company does not currently utilize carbon credits, it plans to evaluate internationally recognized, third-party verified, and credible carbon credit mechanisms in the future to support emission reduction targets that may be difficult to achieve. Through this approach, progress toward targets will be ensured both through internal actions and, where necessary, through complementary mechanisms.

Progress against these targets is regularly monitored through performance reporting and disclosed to stakeholders in line with the Company’s principles of transparency and accountability.

## 6. EVENTS AFTER THE REPORTING PERIOD

No transactions, events, or circumstances have occurred between the end of the reporting period and the date on which this report was approved for issuance that would require disclosure in this report.