



HEKTAŞ TSRS REPORT

2024

CONVENIENCE TRANSLATION INTO ENGLISH OF
HEKTAŞ TİCARET TRK A.Ş. AND ITS SUBSIDIARIES'
LIMITED ASSURANCE REPORT ORIGINALLY ISSUED IN TURKISH



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**CONVENIENCE TRANSLATION INTO ENGLISH
OF HEKTAŞ TİCARET T.A.Ş. AND ITS SUBSIDIARIES' LIMITED ASSURANCE REPORT
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON THE
SUSTAINABILITY INFORMATION PRESENTED BY HEKTAŞ TİCARET T.A.Ş. AND ITS
SUBSIDIARIES IN ACCORDANCE WITH TURKISH SUSTAINABILITY REPORTING
STANDARDS**

To the General Assembly of Hektaş Ticaret T.A.Ş.,

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

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

Limited Assurance Conclusion

Based on the procedures we have performed as described under the "Summary of the work we performed as the basis for our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information of the Group for the year ended 31 December 2024, is not prepared, in all material respects, in accordance with Turkish Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated 29 December 2023 and numbered 32414(M).

We do not express an assurance conclusion on information in respect of earlier periods or linked to from the Sustainability Information (including any images, audio files, documents embedded in a website or embedded videos).

Inherent Limitations in Preparing the Sustainability Information

Sustainability Information, as discussed in “Strategy” section on page 10-12, is subject to inherent uncertainty due to incomplete scientific and economic knowledge. Greenhouse gas emission quantification is subject to inherent uncertainty due to incomplete scientific knowledge. Additionally, the Sustainability Information includes information based on climate-related scenarios that is subject to inherent uncertainty due to incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future physical and transitional climate-related impacts.

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

The Group Management is responsible for:

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

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

Practitioner's Responsibilities for the Limited Assurance on Sustainability Information

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained and informing the Group management of the conclusion we have reached.
- Performing risk assessment procedures to obtain an understanding of the Group's internal control structure and to identify and assess the risks of material misstatement of sustainability information, whether due to fraud or error, but not for the purpose of expressing an assurance conclusion on the effectiveness of the Group's internal control.
- Designing and implementing procedures to identify and address areas of the Sustainability Information that may contain material misstatements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

Professional Standards Applied

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

Independence and Quality Management

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

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

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise.

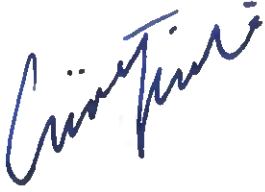
The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information, we:

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

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

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

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



Gülşen Tiryaki Sönmez
Partner

İstanbul, 18 August 2025

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1. INTRODUCTION

1.1. Preparation of the Report

1.1.1. Compliance with the Turkish Sustainability Reporting Standards ("TSRS")

HEKTAŞ Ticaret Türk A.Ş. ("HEKTAŞ" or "the Company") became subject to the reporting obligation as of the financial reporting period beginning on or after 1 January 2024, within the framework of the regulations introduced by the Turkish Sustainability Reporting Standards ("TSRS") published in the Official Gazette on 29 December 2023. The Company is responsible for fulfilling this liability due to being subject to audit by the Capital Market Board ("CMB") and having exceeded at least two of the threshold values set under the TSRS for two consecutive financial years.

This report has been prepared in accordance with the standards titled "TSRS 1: General Requirements for Disclosure of Sustainability-Related Financial Information" and "TSRS 2: Climate-Related Disclosures". In addition to HEKTAŞ's own production and service processes, the entire value chain related to its activities -including affiliated companies and subsidiaries- is within the scope of this report. Unless stated otherwise, all information presented herein covers HEKTAŞ and its subsidiaries that are directly or indirectly controlled by the Company.

The Sustainability Accounting Standards Board ("SASB") Standards, maintained by the International Sustainability Standards Board ("ISSB"), were also recognized as guidance in the preparation of this report. In relation to the Company's activity field, the sector-specific application guidelines recommended under TSRS 2 - namely TSRS 2 Appendix "Volume 20 - Agricultural Products" and "Volume 47 - Chemicals," have been included in the review process. Metrics from these guidelines, such as greenhouse gas emissions, water management, and energy management, are included in the "Climate-Related Metrics" section of the report. Metrics presented in the guidelines but not directly related to HEKTAŞ's activities or not considered a priority in terms of climate risk, have been excluded from the scope.

1.1.2. Connection with Financial Disclosures

This report has been prepared for HEKTAŞ and outlines the activities conducted during the period from 1 January 2024 to 31 December 2024, in alignment with HEKTAŞ's consolidated financial reporting period. The sustainability- and climate-related disclosures in the report should be considered together with the consolidated financial statements publicly disclosed.

In line with strategy-based definitions of time frames, HEKTAŞ sets timeframes not only for sustainability- and climate-related risk assessment processes but also for the timing of its metrics and targets, defining these time frames as follows:

TIME FRAMES	
Short Term	0-1 year
Medium Term	2-5 years
Long Term	6+ years

1.1.3. Reporting Period

For the 12-month period ending on 31 December 2024, during which HEKTAŞ applies TSRS 1 and TSRS 2 Standards together, the HEKTAŞ is reporting under the TSRS for the first time for the relevant annual reporting period.

1.1.4. Implementation of Transitional Provisions

Certain exemptions are applied in accordance with the “Effective Date and Transition” provisions outlined in Appendix E of TSRS 1 and Appendix C of TSRS 2. Accordingly, the scope of this report reflects these provisions.

In line with TSRS 1 Appendix E3 and TSRS 2 Appendix C3, entities are not required to present the disclosures mandated by these Standards for periods prior to the initial date of application. Therefore, no comparative information is provided for the initial reporting period (2024), including disclosures related to risks and opportunities, as permitted under TSRS 1 Appendix E6 (a) and (b).

Pursuant to TSRS 1 Appendix E5, during the first annual reporting period, only the information related to climate-related risks and opportunities (in accordance with TSRS 2) may be disclosed. This report therefore includes only risks and opportunities related to climate change. However, information on governance, strategy, and risk management approaches also covers broader sustainability issues.

In accordance with Provisional Article 3 of the Board Decision on the Scope of Implementation of the Turkish Sustainability Reporting Standards, published in the Official Gazette dated 29 December 2023, and numbered 32414, entities are not required to disclose Scope 3 greenhouse gas emissions during the first two reporting periods in which they implement TSRSs; hence this report only covers Scope 1 and 2 emissions.

Finally, in accordance with Provisional Article 2 of the same Board Decision (and also TSRS E4(b)), published in the Official Gazette dated 29 December 2023, and numbered 32414, in the first annual reporting period in which an entity applies these Standards, companies may report on their sustainability reports for the first annual reporting period in which they apply the TSRS after publishing their financial reports for the relevant period. This report has therefore been published in accordance with Provisional Article 2(b), and will not exceed Hektaş’s interim financial reporting date.

1.2. Reporting Boundaries and Measurement Approach

An operational control approach has been adopted in reporting greenhouse gas emissions. According to this approach, the greenhouse gas emissions of subsidiaries are also fully included in the reporting, and accordingly, all such emissions are accounted for in the Scope 1 and Scope 2 calculations.

2. ABOUT HEKTAŞ

2.1. HEKTAŞ Organization and Value Chain

2.1.1. Organization and Operations of HEKTAŞ

HEKTAŞ was established in Adana in 1956. Operating under OYAK through HEKTAŞ Ticaret Türk A.Ş., the Company comprises subsidiaries engaged in agriculture, animal health, and food.

OYAK, the ultimate parent Company of HEKTAŞ, operates in the cement, energy, finance, food, chemical, agriculture, mining, metallurgy, automotive, logistics, and paper industries. Following OYAK's acquisition, HEKTAŞ was listed on the stock exchange in 1981, and its shares have been traded on Borsa İstanbul (BIST) since 1986.

HEKTAŞ's product portfolio consists of over 400 plant protection and plant nutrition products developed to suit Türkiye's ecological conditions and agricultural product diversity, as well as a variety of seed types. The Company continuously develops its product range in line with the needs and expectations of producers, prioritizing human health, the environment, and nature, and ensuring compliance with sustainable agricultural practices. Through this approach, it has become a leading company with the widest range of products in the industry. HEKTAŞ, together with its subsidiaries, offers its products to the market through six regional offices and approximately 1,800 distribution points. The core business areas and effective ownership ratios of the subsidiaries covered by this report are presented below.

COMPANY NAME	REGION OF OPERATION	BUSINESS AREA	2024 EFFECTIVE OWNERSHIP RATE %
FERBİS TARIM TİC. VE SAN. A.Ş.	Türkiye	Manufacturing and marketing of plant protection products	100
AREO TOHUMCULUK AR-GE SAN. VE DIŞ TİC. A.Ş.	Türkiye	Seed breeding and production	100
SUNSET KİMYA TARIM ÜRÜNLERİ VE ALETLERİ İMALAT PAZARLAMA SAN. VE TİC. A.Ş.	Türkiye	Manufacturing and marketing of agricultural products and equipment	100
AGRIVENTIS TECHNOLOGIES PTY. LTD	Australia	Seed breeding and production	51
HEKTAS ASIA LLC.	Uzbekistan	Manufacturing and marketing of plant protection products	100
TAKİMSAN TARIM KİMYA SAN. VE TİC. A.Ş.	Türkiye	Manufacturing and marketing of plant protection products	99.78

2.1.2. HEKTAŞ's Business Model and Value Chain

While preparing its climate-related financial disclosures, HEKTAŞ evaluates not only its own operations and those of its subsidiaries, but also its entire value chain through a holistic approach. HEKTAŞ's ability to offer products that serve agricultural activities depends on various resources and requires engagement with numerous organizations and stakeholders.

These stakeholders include suppliers of raw materials and auxiliary materials used in production processes, customers who use the final products, and its subsidiaries. For that reason, multiple activities and stakeholders are involved in both the upstream (supply) and downstream (customer) segments of the value chains. HEKTAŞ's upstream and downstream value chain relationships are presented below.

		Description and Definition	Geographical Location
Upstream Value Chain	Suppliers	Raw material	United States of America, China, India, Spain, Italy, Hungary, Japan, United Kingdom, Netherlands, France, Turkmenistan, Russia, Domestic
		Auxiliary Materials	Germany, United States of America, Belgium, China, France, India, Netherlands, Spain, Israel, Italy, Domestic
		Packaging Material	Türkiye, Switzerland
		Imported Finished Product	Australia, United States of America, Norway, Jordan, Egypt
Operations	Auxiliary Functions	Central Units (HR, Finance, IT, etc.) Construction, Management, Sustainability, Electricity Natural Gas Water	Kocaeli, Gebze
		R&D	Ankara, Bursa, Kocaeli
	Logistics	Raw materials, auxiliary materials, packaging materials, Product	Kocaeli, Gebze
	Production	HEKTAŞ Headquarters- Plant Protection Products Production Facility	Kocaeli, Gebze
		HEKTAŞ Organomineral Fertilizer Production Facility	Adana

	Subsidiaries	Ferbis Plant Protection Production Facility	Niğde
		Areo Seed Technologies Center	Antalya
		Sunset Kimya Tarım Ürünleri ve Aletleri İmalat Pazarlama Sanayi ve Tic. A.Ş.	Niğde
		Takimsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi	Kocaeli
		Agriventis Technologies Pty. Ltd	Australia
		HEKTAS ASIA LLC.	Uzbekistan
Downstream Value Chain	Customers	Farmers	Türkiye
		Dealers	Türkiye
		Export	Cyprus, Azerbaijan, Georgia, Uzbekistan, Kyrgyzstan, Tajikistan, Iran, Jordan, Qatar, Egypt, Algeria

3. GOVERNANCE

This section discloses the governance processes, controls and procedures used to monitor, manage and oversee sustainability and climate-related risks and opportunities at HEKTAŞ, in line with Turkish Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-Related Financial Information" (**TSRS 1**) paragraphs 26-27, and Turkey Sustainability Reporting Standards 2 "Climate-Related Disclosures" (**TSRS 2**) paragraphs 5-6-7, published by the Public Oversight Accounting and Auditing Standards Authority (Public Oversight Authority - POA) in the Official Gazette dated 29 December 2023 and numbered 32414(M).

3.1. Board of Directors and Committees

At HEKTAŞ, the affairs and administration of the Company are carried out by the Board of Directors. In accordance with the provisions of the Turkish Commercial Code ("TCC") and the Capital Markets Board ("CMB") regulations, the Board of Directors consists of at least 5 and at most 9 members elected by the General Assembly. Independent Board Members are elected for one year term, while other Board Members are elected for a three-year term. Board Members whose term of office has expired may be re-elected. If a membership becomes vacant for any reason, the Board of Directors shall appoint a temporary replacement in accordance with the requirements set forth in the TCC, Capital Markets Legislation, and the Articles of Association, and submit the appointment for approval at the first General Assembly. The newly elected member completes the unexpired portion of the former member's term.

The Chairman and Members of the Board of Directors have the duties and powers specified in the relevant articles of the TCC and Article 15 of the Company's Articles of Association. Detailed information is provided in the Annual Activity Report.

According to Article 20 of the Company's Articles of Association; the provisions of the relevant legislation apply to the formation, duties and working principles of the committees -including the Committee of Early Detection of Risk- that the Board of Directors is required to establish in accordance with the Capital Markets Legislation and within the scope of Article 378 of the TCC, as well as the their relations with the Board of Directors.

The Audit Committee, Committee for Early Detection of Risk, and Corporate Governance Committee carry out their activities in line with CMB regulations and in compliance with their respective obligations. Meeting minutes and assessments will be presented to the Board of Directors.

3.2. Sustainability Governance

Sustainability Committee

The Sustainability Committee is the body responsible for the oversight of sustainability and climate-related risks and opportunities. The Committee, composed of the Company's senior executives, has been established to oversee the effective fulfilment of HEKTAŞ's environmental, social, and governance (ESG) responsibilities, support the achievement of sustainable development goals, and coordinate corporate-level sustainability initiatives. The Committee, which is responsible for

Sustainability Committee (con't d)

development, implementation, and monitoring of the sustainability strategy, ensures that all relevant units are guided in line with sustainability principles to facilitate the smooth execution of processes.

3.3. Committee for Early Detection of Risk

Processes related to risks and opportunities are also reported to the Committee for Early Detection of Risk when necessary. This enables the identification, review, and mitigation of all risks that could threaten the Company's existence, growth, and continuity, along with assessments of their likelihood of occurrence and potential impact.

The Sustainability Committee also carries out activities to ensure the development of sustainability policies aligned with strategic objectives, evaluate the results of their implementation, and provide feedback to top management.

A structure has been established on the premise that committee members possess the necessary competencies, experience, and leadership capacity to oversee strategies designed to respond to address sustainability-related risks and opportunities. Training is provided to enhance competencies, and continuous improvement approach is adopted to ensure their ongoing development. Responsibilities regarding sustainability and climate-related risks and opportunities are defined in **job descriptions** and relevant **process documents** (Sustainability Procedure) and are officially assigned.

The committee convenes **at a minimum frequency of once every four months** and may hold extraordinary meetings when necessary. Meeting dates and agendas are determined in advance and communicated to the members. During the meetings, particular attention is given to ensuring that the sustainability strategy is aligned with the Company's business model and objectives. Decisions and actions arising from the meetings are recorded and shared with the relevant units. **The Board of Directors is provided with reports at least once a year.** In addition, stakeholders are regularly informed about developments in sustainability initiatives.

4. STRATEGY

This section covers the requirements of TSRS 1 paragraphs 29-41 and TSRS 2 paragraphs 8-23 and provides disclosures on risks and opportunities related to sustainability and climate strategy.

4.1. Climate-Related Risks and Opportunities

Climate change is a global crisis that has profound impacts not only on the environment, but also on economic and social structures. HEKTAŞ acts with a clear awareness of its responsibilities in addressing climate change and formulates strategies aligned with its objective of building long-term value.

In the evaluation process, the scope has included the subsidiaries reported in HEKTAŞ's consolidated financial statements as well as all value chain activities. The current and potential impacts of risks and opportunities on the business model, financial position, cash flows, and value chain - together with the geographical areas where these impacts are concentrated - have been analysed. In addition, the responses to relevant risks and opportunities, as well as the measures taken, have been thoroughly evaluated. HEKTAŞ's sustainability and climate strategy is formulated based on stakeholder expectations, prioritization assessments, and sector dynamics. While developing this strategic framework, both existing and potential risk areas are considered, and the identified strategic directions are structured in alignment with risk management processes. Similarly, risk assessment outputs are utilized as a feedback mechanism to enhance strategic updates and improvements. The aim is to ensure a holistic sustainability approach by establishing a two-way interaction between strategy and risk management. As a result of these analyses, no significant climate risk has been identified within the scope of TSRS. However, all monitored climate-related risks and opportunities are reviewed at defined intervals, updated when necessary, prioritised using risk matrices, and changes are tracked on a regular basis.

Detailed explanations regarding the identification and management of risks and opportunities are provided in Section 3.

4.1.1. Risk 1: Impact of Water Stress-Related Drought on Revenue Risk: Water Stress-Related Drought

Risk Title	Impact of Water Stress-Related Drought on Revenue Risk
Risk Category	Financial- Physical- Acute
Risk Description	As a result of shifting weather patterns driven by climate change, a decline in rainfall is anticipated both globally and nationally, which is expected to lead to a water crisis. When evaluating the World Resources Institute (WRI) Aqueduct Türkiye baseline water stress data, according to the 2030 RCP 8.5 scenario, 19 cities in Türkiye region are projected to be under "extremely high" baseline water stress, while 16 cities are under "high" baseline water stress.

	According to the maps of the Turkish State Meteorological Service (TSMS), in 2024, the Mediterranean Region, Marmara Region, Southeastern Anatolia Region, and Central Anatolia Region of Türkiye were observed to be under high and extremely high baseline water stress, the Aegean Region were observed to be under extremely high baseline water stress, and the Eastern Anatolia Region were observed to be under high baseline water stress. This situation is expected to continue in the coming period. Based on the data outlined above, it is estimated that baseline water stress will adversely affect agricultural production yields, resulting in increased agricultural product costs and a reduction in the purchasing power of agricultural producers. Due to their unpredictable nature and dependence on climatic conditions, the effects of drought and baseline water stress on HEKTAŞ's regional revenue have been identified.		
Scenario	SSP5- RCP8.5		
Position in the Value Chain	Downstream Value Chain - Customers		
Impact Time Interval	Short-Term	Medium-Term	Long-Term
Time Interval - Year	0-1 year	2-5 years	6+ years
Impact Level	1 (Low)	2 (Medium)	N/A
Likelihood	1	2	N/A
Current Risk Score	1	4	N/A
Potential & Financial Risk Impacts	As a result of the assessments, the impacts arising from climate-related risks and opportunities were examined on a regional basis within the scope of the Türkiye Drought Map, using data provided by WRI Aqueduct. For the evaluation of the financial statements, a materiality threshold of 1.5% of revenue was applied. HEKTAŞ's value chain was assessed within the scope of baseline water stress risk, and financial impact analysis were conducted. The identified impact was determined to be below the materiality threshold. Evaluation of WRI Aqueduct baseline water stress projections indicates that, under the pessimistic 2030 scenario (RCP 8.5), 19 of the cities in which sales are made are projected to be under "extremely high" baseline water stress, and 16 are projected to be under "high" baseline water stress.		

Uncertainty of Measurement	The WRI Aqueduct data in question covers the period up to 2030. Assumption-based studies have been conducted to measure potential and financial impacts. The measurement uncertainty of the assumptions includes sectoral data, regional sales data, historical correlation data, and climate impact parameters. As a result of the studies, the financial impact calculated under measurement uncertainty conditions remained below the materiality threshold and different results may occur in the relevant values in parallel with changes in the level of measurement uncertainty. Since the financial impact calculated because of the studies remained below the materiality threshold based on the calculations made under current conditions, the relevant values are not included in the report. If other climatic factors affecting water stress changes, the current information will be updated during the periods under review.
Mitigation Measures / Actions	- Monitoring sales data by region and city in locations subject to high baseline water stress levels. - Building a portfolio of products with high tolerance/resistance to drought, baseline water stress, and limited irrigation conditions. - Conducting domestic and international literature research on alternative products with high economic returns that can demonstrate regional compatibility.

In accordance with the requirements of TSRS 1 and 2, the risks and opportunities that are expected to potentially affect the primary users of HEKTAŞ's financial and TSRS reporting have been identified, assessed, and subjected to materiality assessment within short-, medium-, and long-term time frames. The materiality threshold for the reasonably expected impact of sustainability and climate-related risks and opportunities has been set at 1.5% of the total revenue disclosed in HEKTAŞ's consolidated financial statements.

In the process of identifying sustainability and climate-related risks and opportunities and their potential impacts, the subsidiaries consolidated in HEKTAŞ's financial statements, and all value chain activities have been taken into consideration. The current and anticipated impacts of the aforementioned risks and opportunities on the business model, value chain, financial position and performance, cash flows, and decision-making processes -together with the areas where these risks and opportunities are concentrated and the ways in which they are addressed- have been analysed in detail.

The assessments revealed no significant risks that are likely to have a reasonably foreseeable impact on the Company or its stakeholders. Details regarding the identification and management of risks and opportunities are provided in Section 3.

4.2. The Link between Climate-Related Risks and Opportunities and Corporate Strategy

HEKTAŞ's sustainability and climate strategy has been structured in line with industry-based targets, data-driven management approaches, and impact-oriented practices. Sustainability and climate-related issues are also regarded as means to gain a competitive advantage, influence market dynamics, and mitigate long-term risks. Strategic axes have been reshaped considering the analysis of material topics that form the foundation of the business model and strategy, together with insights from stakeholders.

Risk and opportunity analyses, conducted with consideration of all activities across HEKTAŞ's value chain, also serve as a guide for shaping the Company's strategy. Although the risks addressed during the reporting period fall below the materiality threshold, strategic roadmap efforts are being executed to eliminate or mitigate potential future risks. Defining and implementing strategic objectives in line with HEKTAŞ's focus analysis, carried out with stakeholder participation, is of critical importance for enhancing resilience against sustainability- and climate-related changes, developments, and uncertainties. In this context, HEKTAŞ has prepared and published its Sustainability Policy, taking into consideration its sustainability and climate strategies.

5. RISK MANAGEMENT

This section addresses the disclosures required pursuant to TSRS 1 paragraphs 43–44 and TSRS 2 paragraphs 24–26.

5.1. Assessment Process for Sustainability and Climate-Related Risk and Opportunity

Sustainability and climate-related risk and opportunity identification, assessment, prioritisation, and monitoring processes are integrated into overall risk management framework and are conducted and overseen within the scope of the “Sustainability Procedure.”

5.1.1. Determination of Risk Tolerance and Risk Appetite

As the initial step in the risk management process, the defined risk appetite is submitted to the Board of Directors for approval through the Chairperson of the Sustainability Committee. The determination of risk appetite considers the Company’s overall risk philosophy, level of organizational maturity, strategic priorities, financial and operational dynamics, and the expectations of key stakeholders, including regulators and investors; are taken into account, along with an analysis of applicable legal requirements and prevailing industry conditions.

5.1.2. Risk Identification

Risk identification, as the first and most critical step in the risk management process, is performed by considering all internal and external factors that may directly impact the Company’s strategic objectives and sustainability priorities. The process includes a systematic analysis of operational disruptions that may arise from areas of activity, risks related to legal and regulatory compliance, potential cost impacts, and organizational vulnerabilities.

5.1.3. Prioritisation of Risks

To establish appropriate management priorities, the identified risks undergo a systematic and objective prioritization process. The primary goal of this process is to identify which risks have a critical impact on corporate objectives, sustainability priorities, and resource allocation, and to make ensure that appropriate risk response strategies are developed in a timely manner.

In the risk prioritisation process, the **impact** of each risk on corporate objectives, its **likelihood** of occurrence, and the **effectiveness of the existing control environment** are evaluated collectively.

Risks classified as “**Very High**” or “**High**” based on the risk scoring process are closely monitored by the responsible unit managers and followed at the Sustainability Committee level. For these risks, it is essential to develop risk mitigation or avoidance-focused action plans and submit them for senior management approval.

5.1.4. Risk Mitigation

In this process, HEKTAŞ's identified risk appetite and tolerance thresholds are considered; root causes of the risks are examined, existing controls are evaluated, and suitable risk response strategies are formulated.

5.1.5. Monitoring and Reporting of Risks and Opportunities

To ensure the effectiveness of Climate Change and Sustainability Risk Management processes, all identified risks and opportunities are regularly monitored, evaluated, and reported. These activities include monitoring changes in risks over time, measuring the effectiveness of implemented actions, and updating risk responses when necessary.

5.2. Climate Resilience

HEKTAŞ recognises that it may be directly impacted by risks associated with climate change in the agricultural sector in which it operates. In this context, the Company regularly analyses the potential impacts of increasing drought and baseline water stress risks on its operations, value chain, and financial performance.

According to water stress data from the WRI Aqueduct and maps published by the Turkish State Meteorological Service (TSMS), many regions across Türkiye -as well as most of the cities where HEKTAŞ makes sales- are projected to face "high" or "very high" baseline water stress by 2030. This situation is considered to have a direct impact on agricultural production efficiency and producer costs.

In the analyses, the impact of baseline water stress risks on HEKTAŞ's regional sales revenues was examined, and the potential implications of these effects for the Company's financial statements were evaluated. In the materiality assessment based on a threshold of 1.5% of revenue, it was determined that the potential financial impacts under the current scenarios remained below the defined threshold. However, this does not mean that our Company ignores this risk. On the contrary, various preventive and adaptive measures are being taken in line with our sustainability strategy in the context of climate risks such as baseline water stress and drought.

In this context:

- Sales performance in areas with high baseline water stress is tracked on a regional and city basis, and operational strategies are revised in line with the insights derived from the data.
- The diversity of products suitable for organic farming is being increased, and our product portfolio is being developed accordingly.
- To support agricultural producers in adapting to changing climate conditions, domestic and international literature reviews are being conducted to identify alternative products with high economic return and regional adaptation potential.

Furthermore, in response to the unpredictable nature of developments related to climate change, our Company aims to continuously monitor the impacts of water stress, enhance its data analysis infrastructure, and shape its decision-making processes based on up-to-date information.



5.2 Climate Resilience (con't d)

In conclusion, the current strategy and business model, with their flexible and adaptive structure, are resilient to climate change-related water stress risks. HEKTAŞ perceives climate-related risks not only as a threat but also as an opportunity to develop innovative agricultural solutions.



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6. METRICS AND TARGETS

HEKTAŞ plans to undertake sustainability and climate-related actions within the scope of the TSRS to act in alignment with the impacts of climate change, and to manage the potential financial risks that may emerge in this context. In this context, the Company aims to develop sustainable products, optimise product formulations and use resources efficiently in response to the impact of climate change on drought.

6.1. Activity Metrics

Production Facility	Location	Production Amount (tons) ¹
HEKTAŞ - Plant Protection Production Facility	Kocaeli	10,417.86
HEKTAŞ - Organomineral Fertilizer Production Facility	Adana	13,781.46
FERBİS - Plant Protection Production Facility	Niğde	3,645.86 ²
AREO- Seed Breeding and Production Facility	Antalya	386.43 ³
Total		28,231.62

¹: refers to the amount of finished products produced as of the end of 2024.

²: refers to the amount of finished products produced, including technical material, as of the end of 2024. (Finished product production alone is 2,868.77 tons.)

³: refers to the amount of finished products harvested in 2024.

6.2. Climate-Related Metrics¹

2024 Emission Amount (ton CO ₂ eq.)				
Company	Location	Scope 1	Scope 2	Total (Scope 1 and 2)
HEKTAŞ - Organomineral Fertilizer Production Facility	Adana	880.15	426.11	1,306.25
Areo - Seed Breeding and Production Facility	Antalya	70.50	111.21	181.71
Arma - High Technology Center	Ankara	75.77	135.45	211.22
Ferbis – Plant Protection Production Facility	Niğde	721.85	779.70	1,501.55
Takimsan - Plant Protection Production Facility	Kocaeli	1,783.45	1,793.09	3,576.55
HEKTAŞ - F.A.R.M	Bursa	966.26	1,134.13	2,100.39
Agriventis	Australia	31.83	6.33	38.16
Total HEKTAŞ Inc.		4,529.81	4,386.02	8,915.83

* The Uzbekistan operations have been excluded from the scope, as only land assets exist within the territory, and no operational activities are performed.

HEKTAŞ's greenhouse gas emission calculations were carried out in accordance with the GHG Protocol and ISO 14064-1:2018 standard. The control approach defined in the GHG Protocol and section 5.1(a) of the ISO 14064-1 standard was adopted to determine the organizational boundaries of emissions. Within this scope, all facilities and areas of operation under the financial and operational control of HEKTAŞ have been included in the emission calculations.

The emission calculations cover HEKTAŞ's operation locations in Gebze, Adana, Niğde, Bursa, Antalya, and the Ankara High Technology Center, along with Agriventis, the Company's subsidiary in Australia. The activity data used in the calculations were obtained directly from invoices, official consumption and maintenance documents.

In calculating HEKTAŞ's location-based Scope 2 emissions, the national emission factor published in 2024 by the Ministry of Energy and Natural Resources of the Republic of Turkey was used, as presented

¹ This section includes metrics that are applicable in 'TSRS 2 Industry-based Guidance on Implementing Climate-Related Disclosures, Volume 47 - Chemicals.'

6.2 Climate-Related Metrics (con't d)

in the document titled “Turkey Electricity Production and Electricity Consumption Point Emission Factors Information Form (2022)”.

During the reporting period, HEKTAŞ did not purchase any carbon credits as it was not covered by the CBAM. However, if regulations are updated in the upcoming periods, it will be possible to evaluate carbon credit applications within the scope of emission reduction strategies.

In accordance with the TSRS transitional provisions, an entity is not required to disclose Scope 3 greenhouse gas emissions in their first two reporting periods. Accordingly, the exemption right has been exercised and HEKTAŞ's Scope 3 emissions have not been included in this report for the current reporting period. In the future, once the relevant data collection processes have been completed, Scope 3 emissions will also be incorporated into the calculations and disclosed accordingly.

In the current reporting period, no asset or operational area within HEKTAŞ has been identified as vulnerable to climate-related transition risks or physical risks. For assets and operations aligned with climate-related opportunities, as well as within the scope of capital allocation, plans are in place to undertake modernization initiatives aimed at optimizing resource use in the coming periods. Given that Türkiye's national Emissions Trading System has not yet been implemented, and the Company is not presently subject to mandatory emissions regulations, HEKTAŞ does not currently apply an internal carbon pricing mechanism. Remuneration processes and long-term objectives for the Company's Board members and senior executives are managed by the Corporate Governance Committee, in alignment with HEKTAŞ's sustainable growth strategies and risk management framework. The Corporate Governance Committee conducts regular evaluations of the remuneration framework for senior management, placing emphasis on the development of performance-based systems and decision-making in accordance with the principles of transparency and fairness. Beginning in 2025, sustainability-oriented long-term targets will also be incorporated into remuneration proposals for Board members and senior executives. This approach will ensure that HEKTAŞ's short-, medium-, and long-term strategic objectives concerning sustainability, as well as climate-related risks and opportunities, are embedded into the performance evaluation processes of the teams responsible for implementing, managing, and monitoring these objectives and related projects.

6.3. Other Sustainability Metrics

6.3.1. Energy Management

Energy Management	2024
Total Energy Consumed (Giga Joules)	101,802.8
Grid Electricity (%)	32.4
Natural Gas (%)	67.5
Total Fuel Consumed (Giga Joules)	4,003.2
Diesel (%)	87.2
Gasoline (%)	12.8

6.3.2. Water Management

Water Management	2024
Municipal Water Consumption (m ³)	62,610.0
Groundwater Consumption (m ³)	27,340.0
Total Water Consumption (m³)	89,950.0

6.3.3. Supply Chain Management

HEKTAŞ manages its supply chain in line with its sustainability targets. Reflecting its motto "Pioneer of Smart Agriculture", the Company aims to ensure customer satisfaction while contributing to economic and social development through the efficient use of natural resources and the provision of high-quality, sustainable products. HEKTAŞ, in all activities, expects all its suppliers to adopt an approach that respects human rights, is environmentally conscious, prioritises occupational health and safety, and adheres to ethical values. Accordingly, HEKTAŞ, as part of its commitment to national and international regulatory compliance, expects its suppliers to adhere to these principles as well. Accordingly, HEKTAŞ carries out evaluations in line with defined standards across critical areas including environmental sustainability, occupational health and safety, adherence to ethical principles, information security, and regulatory compliance as part of its supply chain management practices.

The significant presence of local suppliers in HEKTAŞ's supply chain structure contributes to the reduction of logistics-related emissions, the shortening of delivery times, and the support of local economic development. In this regard, HEKTAŞ aims to establish long-term, mutually trusting relationships with local suppliers and to develop sustainability performance together. In this way, it integrates responsible supply chain management into its corporate values.

6.4. Strategic Goals and Transition Plan

HEKTAŞ plans to implement specific measures aimed at improving resource efficiency, reducing emissions and optimising product life cycles as part of its sustainability and climate-related activities. The Transition Plan aims to reduce environmental impacts through short-, medium- and long-term measures. In this context, HEKTAŞ began to carry out certain studies and has developed systematic strategies to increase resource efficiency, reduce water consumption and greenhouse gas emissions, and monitor the sustainability of products throughout their entire life cycle. In line with corporate sustainability goals;

Short Term:

- In the first phase, energy-intensive businesses will be identified, and energy assessment will be conducted. ISO 50001 Energy Management System Certification will be obtained for facilities exceeding 1,000 TEP.
- As part of efforts to combat climate change, Scope 1 and 2 emissions will be calculated, and water management will be assessed in accordance with the ISO 14046 Water Footprint Standard.
- Life Cycle Assessment (LCA) studies will be initiated to evaluate the environmental impact of products.
- Project work on awareness training will be carried out for raising farmers' awareness on waste management, and supplier evaluation processes will be updated in terms of social and environmental risks.

Medium term:

- Transition to efficient energy equipment will be provided.
- Carbon and water footprint verification projects will be initiated.
- LCA data infrastructure will be established, and regular training programmes will be planned for farmers.

Long term:

- The feasibility of renewable energy sources will be evaluated.
- Scope 3 emissions will be monitored, and ISO 14046 verification processes will be carried out.
- The product portfolio to be included in the LCA study will be grouped, and the necessary preparations will be made for at least 1% of the portfolio.
- Farmer training programmes will be conducted, and a sustainability-focused supplier awareness programme will be implemented.

6.4.1. Sustainability in Product Components

In line with the sustainability of its products and strategies, HEKTAŞ ensures that bio-based and biodegradable alternatives are preferred in the selection of auxiliary raw materials other than active ingredients, as far as possible. In addition to solvent-based products, the Company also offers water-based and vegetable oil-based products that pose less risk to users and the environment. HEKTAŞ contributes to the circular economy by incorporating recycled scrap copper wires as raw materials in the manufacturing of specific products.

6.4.2. Formulation Optimization and Resource Efficiency

HEKTAŞ's formulation studies combine multiple active ingredients into a single product, helping farmers consume less fuel in the field and thereby reducing emission generation. In addition, through efforts to extend product shelf life, it is aimed to optimise resource efficiency throughout the production process and to minimise the number of products disposed of prior to end use.

6.4.3. Energy Efficiency and Management System

In the field of energy efficiency, it is planned to initiate works to establish an ISO 50001 Energy Management System thus enabling to conduct regular energy audits, identify energy-intensive areas, and evaluate renewable energy opportunities in the long term.