



Limak Cement

Sustainability-Linked Finance Framework

May 2025

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Introduction

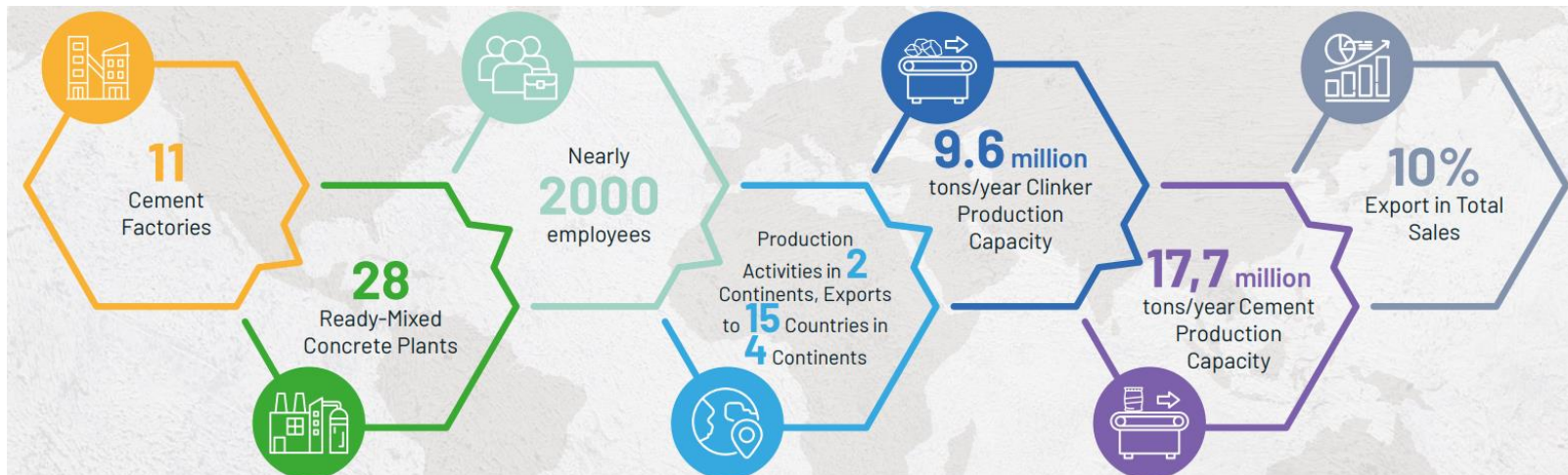
1. Introduction

Limak Holding

Our conglomerate Limak Holding has been effectively operating in 14 countries with over 30 thousand employees since 1976. With its robust organizational structure, effective process management and global business ethics standards, it has maintained a leading position for almost 50 years across its dominant sectors of construction, energy, cement, infrastructure, and tourism.

Limak Cement at a Glance

Limak Cement, a member of Limak Holding, was incorporated in 2000 and, growing through organic and inorganic growth. We strengthen our presence in the industry with our 11 cement factories, 28 ready-mixed concrete facilities¹, 8 sub-brands and nearly 2000 employees, and continue to move forward with advanced technologies and our pioneering steps in the industry by implementing “Best Available Techniques” in line with our strong decarbonization roadmap. In our triple transformation journey, we make it our mission to break new ground in the industry, our country, and even the world on a daily basis by improving our sustainability and digitalization processes, particularly human resources.



¹ The number of ready-mixed concrete facilities may fluctuate over time due to market demand changes and operational adjustments, including but not limited to construction activity, seasonal variations, logistics, cost efficiency, and environmental considerations

On the other hand, Limak Cement has been running its operations in Sub-Saharan Africa since 2016. Limak Cimentos S.A. (Mozambique) and Limak Afrika S.A. (Ivory Coast), affiliates of Limak Cement, have positioned themselves in their respective countries among brands of choice thanks to the loyal customer group that has formed due to their cement and concrete products as well as their stability in service quality and increasing customer satisfaction. Limak Cement FZE, the Foreign Trade company of Limak Cement, has been running its operations in 4 continents since 2017 and reached an annual export volume of 3 million tons.



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Limak Cement's Approach to Sustainability

2. Limak Cement's Approach to Sustainability

As Limak Cement, we are aware of the transformation required by the global climate crisis and rapidly changing environmental conditions. In this direction, we focus on strengthening our company's net zero emission target at national and international standards through our Decarbonization Committee. By modernizing our business processes with digitalization and artificial intelligence-based approaches, we integrate environmental, economic and social sustainability into every stage of our operations.

In line with our goal of creating a positive impact on society, we prioritize projects in the fields of gender equality, education, innovation and culture and aim to increase women's employment at all levels by supporting women's active participation in the workforce. In line with our Human Resources strategy, we contribute to the development of our employees and stakeholders by strengthening the Limak Cement Academy infrastructure. In addition, we design sustainable products, services and business models based on R&D and innovation principles.

Increasing energy efficiency and contributing to the protection of natural resources are among our strategic priorities. While optimizing our energy consumption with renewable energy sources, we develop practices to reduce waste and minimize our environmental impact. We work in close collaboration with our suppliers to spread sustainability awareness throughout our value chain and provide support for them to develop their sustainability understanding. Within the framework of our ethical values and rules, we include our suppliers and business partners in this process and create a fair and responsible supply chain.

Continuously monitoring and improving employee satisfaction as well as occupational health and safety is an integral part of our strategy. In this context, we implement practices that improve occupational health and safety standards, taking into account international performance criteria. We prioritize accountability in our sustainability journey through transparent and regular reporting by keeping feedback management systems up to date for our external stakeholders.

With this holistic approach, we once again demonstrate Limak Cement's commitment to sustainable growth and its leading role in the industry. Our strategy, which we created based on environmental, social and governance (ESG) criteria, contributes to our goal of building a more livable world in the long term.

In March 2025, Limak Cement received an ESG Rating from Sustainable Fitch. With the ESG Entity Rating of 3 and the entity score of 55, Sustainable Fitch recognizes Limak Cement's well-defined sustainability strategy and good governance profile, balanced against the inherent environmental challenges of the cement industry.

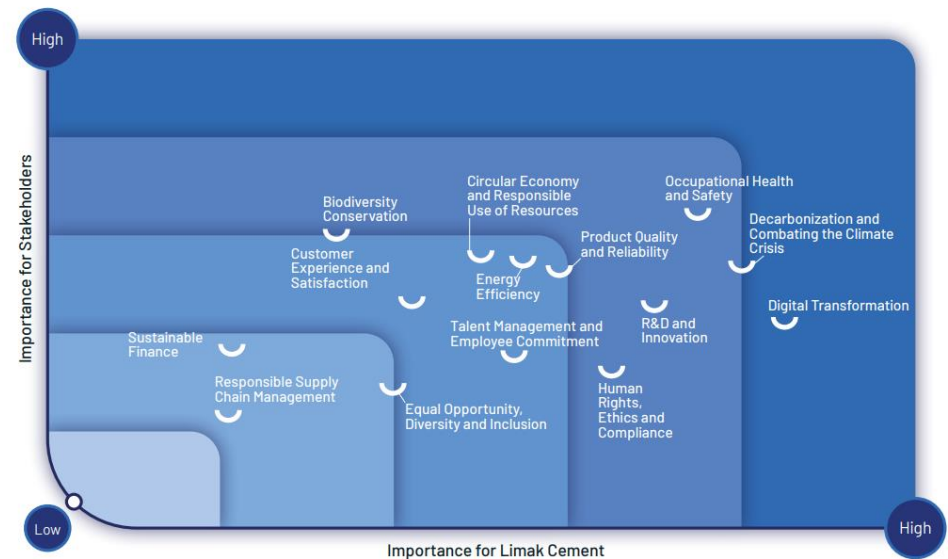
2.1. Limak Cement's Material Topics

In the sustainability materiality analysis process we conducted in 2023, we focused on identifying the issues that have the greatest impact on our business by taking into account the developments in current sustainability reporting standards, global trends, our long-term vision and sectoral studies and gathering the views of our stakeholders. In the prepared survey, we used a scoring scale to evaluate our material topics and asked for further feedback from our stakeholders who gave very low or very high scores. In this process, the results of the survey, which was conducted with the participation of nearly 1000 stakeholders, were shaped in line with the views of different stakeholder groups such as employees, customers, universities, financial institutions, government and regulatory bodies, business partners, non-governmental organizations, local communities, media and senior management.

In line with feedback from our stakeholders, we addressed material sustainability issues with a two-dimensional approach. Thanks to this approach, we shaped our sustainability strategy by analyzing the financial impact of the issues and their Environmental, Social and Governance impacts on our company. We analyzed the topics identified as material by our management and sustainability committees to integrate them into our business processes.

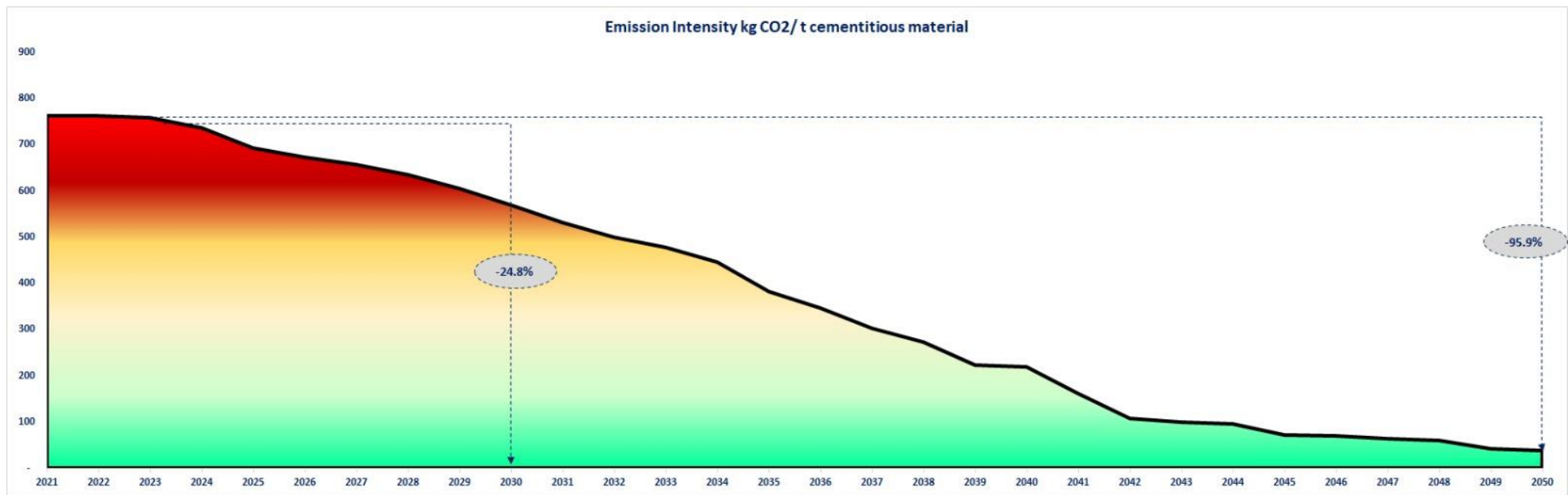
Our Sustainability Committee examined the material topics in detail, aligned them with business processes and submitted them to the Management for approval. This process contributed to the regular monitoring of our sustainability performance and the identification of areas for improvement. In this assessment process, we regularly review our 14 material topics, which we have identified by adopting an approach in line with global and sectoral trends, and implement our actions to improve our sustainability performance.

Materiality Matrix



2.2. Limak Cement's Decarbonization Roadmap

As Limak Cement, we put the combat against the climate crisis at the heart of all our activities in line with our goal of building a sustainable future. We follow a comprehensive decarbonization strategy to minimize environmental impacts in our production processes. This strategy includes a wide range of innovative solutions from raw material and fuel use to energy efficiency, carbon capture and storage technologies. Our goal is to reach Net Zero Emissions level across the value chain by 2050. Our decarbonization strategy, in parallel with our milestones and targets, includes steps such as alternative fuels, green hydrogen use, carbon capture technologies and renewable energy investments. To that end, we have validated our decarbonization targets through the Science Based Targets Initiative (SBTi) in March 2025.



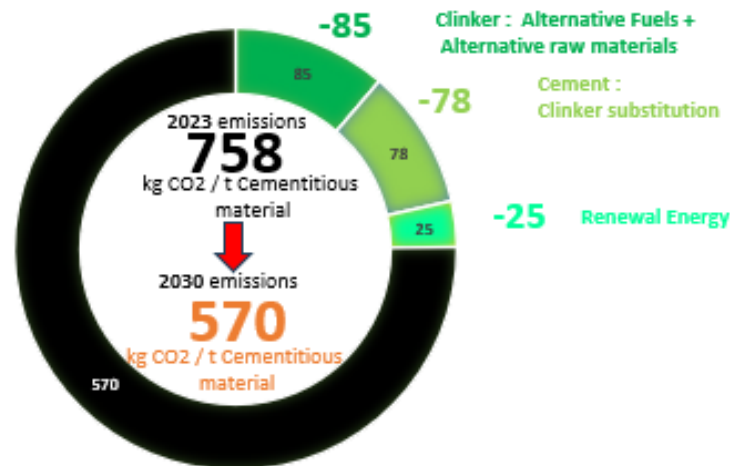
Limak Cement's Decarbonization Targets

As Limak Cement, we follow a comprehensive Decarbonization Roadmap that we have created in order to achieve our SBTi validated 2030 cement emission intensity reduction target according to 2023 base year values and our net zero target in 2050. By 2030, we aim to reduce the gross Scope 1 and 2 GHG emission intensity per ton of cementitious material produced by 24.8% compared to the 2023 base year and by 95.9% by 2050. Among the ways to reach our targets are factors such as clinker substitution, increasing the use of alternative raw materials and alternative fuels, commissioning renewable energy systems and optimization on the concrete side. In the long term, we plan to resort to ways such as the commissioning and use of advanced technologies such as CCUS and H2. Thus, we will be taking firm steps towards our 2050 Net Zero Goal and aim to achieve negative emissions.

Furthermore, in addressing our Scope 3 GHG emissions, Limak Cement is committed to reduce gross Scope 3 GHG emissions from purchased clinker and cement by 22.1% per ton purchased by 2030 compared to the 2023 base year, and to reduce absolute Scope 3 GHG from remaining purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution and downstream transportation and distribution emissions by 42% by 2030 compared to the 2023 base year. Limak Cement ultimately aims to reduce absolute Scope 3 GHG emissions by 90% by 2050 compared to the 2023 base year.

Cementitious Emission Intensity Decarbonization Targets for 2030

Limak Cement Emissions intensity 2030



Limak Cement also keeps track of its clinker emissions intensity, and have developed targets that complement the decarbonization effort. Similar to the measures to achieve our SBTi-validated cementitious emission intensity targets, use of alternative fuels, alternative raw materials, and renewable energy are pivotal in reducing our gross Scope 1 and 2 clinker emission intensity in the short term, and CCUS is also expected to play a key role in the long term.

2.3. Circular Economy and Responsible Use of Sources

We are aware of the critical importance of responsible use of our natural assets and building a sustainable future. With our circular economy approach, we aim to reduce our environmental impact by using our resources in the most efficient way. In all our environmental processes, from waste management to wastewater recovery, we minimize the consumption of natural resources and prioritize recycling. In this scope, we contribute to the protection of natural resources and leave a cleaner environment for the future through sustainable production.

Circular Economy and Industrial Symbiosis

We monitor our processes within the framework of the ISO 14001 Environmental Management System to continuously improve our environmental performance and reduce the environmental impact of our operations. In all our factories that have “Zero Waste Certificate”, we manage the waste generated as a result of our operational activities in accordance with the circular economy model and send it to recovery or disposal facilities in line with our zero waste approach.

We are committed to implementing circular economy principles by taking the necessary steps together with our stakeholders through the Business and Sustainable Development Council and Türkiye Circular Economy Platform, which we are affiliated with under the Holding umbrella. We continue to contribute to the achievement of the goals of this platform with our projects that support economic and environmental sustainability.

As part of our zero-waste understanding, we not only manage our own wastes, but also use the wastes produced by facilities from different industries (bottom ash, fly ash, marble waste, molding sand, etc.) as alternative raw materials in our factories within the scope of industrial symbiosis projects we carry out with other industrial organizations in the region. In this way, we both utilize waste and reduce our consumption of natural resources. As part of industrial symbiosis efforts, we contribute to environmental sustainability by using waste from the regions where we are located as both alternative raw materials and alternative fuel.

2.4. Water and Wastewater Management

As Limak Cement, we are aware that water is a limited and valuable resource. Accordingly, ensuring the efficiency and recycling of water resources in our country, which is one of the regions experiencing water stress, is one of the main priorities of our company. In our factories, we mainly use municipal and groundwater for cooling, dedusting, washing and irrigation. In this process, we prioritize the efficiency and recycling of water resources. We ensure a high recovery rate by using water resources in a closed loop in cooling processes. We collect the wastewater released during the cement production process in pools and recycle it through settling and filtration processes. We process the unrecoverable domestic wastewater in wastewater treatment plants, render it compliant with the quality parameters and limit values specified in the discharge standards and discharge it to natural receiving environments. At Limak Cement Group, it is among our priority operations to continuously monitor and improve our water efficiency studies and to renew the existing systems by creating the necessary infrastructure.

In 2022, we initiated water footprint inventory studies in all our factories within the framework of ISO 14046 Water Footprint Standard. In this scope, we conducted studies to optimize our water consumption by monitoring data on green, blue and gray water. All our integrated cement factories' water footprint evaluations for 2023 have undergone third-party verification in line with the ISO 14046:2014 Standard. Adhering to our performance monitoring and measurement procedures, we monitor environmental aspects, significant energy consumption, hazardous events and the extent of water footprint according to set standards.

Through accurate analysis of the water footprint, one of our corporate goals is to reduce the volume of water directly with drawn and included in our system by 28% until 2030.

2.5. Biodiversity Conservation

Conservation of natural ecosystems and biodiversity is one of the most important building blocks of sustainability at both global and local scales. As Limak Cement, we too fulfill our activities by considering the environment and social welfare and keeping the responsibility of conserving biodiversity at the highest level. In this scope, we implement comprehensive strategies to minimize environmental impacts during our activities such as mining and cement production. We create a biodiversity inventory in the areas where we operate and regularly assess the potential impacts of all our operations on biodiversity. With our Biodiversity Policy, we create value by implementing practices in line with Sustainable Development Goals.

When planning our operational activities, we take into account World Heritage sites, International Union for Conservation of Nature (IUCN) Category I-IV protected areas and Key Biodiversity Areas (KBA). In all our work in these vulnerable areas, we take great care to protect rare ecosystems, species and habitats. In addition, we develop scientifically based restoration projects, aiming to increase the biodiversity of these areas wherever possible. In this way, we not only protect existing ecosystems, but also contribute to a sustainable future by further strengthening them.

We develop site-specific Nature Restoration Plans in order to protect and enhance biodiversity values in the operational and post-closure processes of our quarries. These plans enable us to effectively manage rehabilitation works by identifying risks and opportunities before the start of activities in the site. Furthermore, we aim to monitor and continuously improve environmental impacts on biodiversity and ecosystems through risk and opportunity assessments we realize in the factory and quarry areas.

In mining operations, our nature conservation plans, which cover a wide time frame from the selection stage to the closure process, aim to restore the abandoned land to its previous condition or rehabilitate it for alternative uses after the end of operations. This is critical to mitigating the impacts of destruction. We are strengthening our efforts to protect biodiversity by working in partnership with local and international environmental organizations, academia and local communities. We conduct our biodiversity conservation efforts in line with international standards such as the World Bank, Equator Principles and the International Finance Corporation (IFC). Moreover, although there are no restored quarries in our areas of operation, we continuously follow improvement processes in the regions.

As part of our sustainability vision, we are aware of our responsibility to nature and will continue to work with determination. Accordingly, we have started to prepare biodiversity management plans in the regions where our factories are located together with third-party expert companies.

2.6. Our Employees

Employee Rights

As Limak Cement, we adopt an approach that respects employee rights and continuously improves these rights in line with the International Labor Organization (ILO) standards and the United Nations Universal Declaration of Human Rights. As protecting the material and moral rights of our employees is the cornerstone of our organizational responsibility, we take respect for human dignity and equal opportunity as a basis.

Accordingly, we pursue a transparent, fair and competitive remuneration and social rights policy for all our employees. We collaborate with independent consulting firms to ensure that employee salaries are fair, competitive and in line with sectoral standards, and we regularly conduct global and Turkish salary comparisons every year by determining position-based salary scales. Thanks to these efforts, we have created a data-based, sustainable and regularly updated remuneration system.

Our company offers customized fringe benefits for each position. For our blue-collar employees, social rights have been made more comprehensive within the framework of the collective bargaining agreement. In addition, safe working environments are provided in line with the principles of workers' rights set by the ILO and freedom of association and the right to collective bargaining are fully supported.

Furthermore, we develop a sustainable approach to contribute to the personal and professional development of all our employees. Our training and development programs have a structure that respects the "The right to work under just and favorable conditions" and the "right to rest and leisure," as stated in Articles 23 and 24

of the United Nations Universal Declaration of Human Rights. While offering individual career development programs for the needs of our employees, we also aim to create an inclusive corporate culture.

Equal Opportunity, Diversity and Inclusion

As Limak Cement, we not only guarantee the rights of our employees, but also prepare a ground for them to fully realize their potential. With this approach, we aim to create a sustainable culture of success and a stronger organizational structure by increasing the motivation of our employees. Improving working conditions and enhancing the welfare of employees is an important part of our company's long-term goals.

We work with determination to build a stronger and sustainable future without compromising the principles of equal opportunity, diversity and inclusion. We accept all diversity elements, especially gender equality, among the cornerstones of our work culture.

We apply a fair, transparent and equitable remuneration policy to all our employees. We evaluate remuneration and fringe benefits in a fair manner, regardless of factors such as gender, age, race or origin of our employees.

2.7. Occupational Health and Safety (OHS)

As Limak Cement, we consider occupational health and safety as a strategic priority at every stage of our operations in order to keep the health and safety of our employees at the highest level. We create the safest working environment for our employees and business partners by effectively implementing the ISO 45001 Occupational Health and Safety Management System in all our facilities. We consider it our primary goal to minimize all kinds of losses by adhering to the Occupational Health and Safety Policy, which covers permanent and temporary employers, contractors and subcontractors working in Limak Cement workplaces, and to continuously improve while fulfilling our responsibilities towards the society, the environment and our employees.

Our OHS Training Program

Every year, we organize comprehensive trainings both face-to-face and online with Limak Academy in order to raise awareness on occupational health and safety and to maintain a safe working environment. In our training programs, we focus on topics such as safe equipment use, emergency management and risk awareness at the work site beyond legal regulations. With the trainings we provide, we aim to prevent occupational accidents and strengthen the safety culture within the organization.

Our Limak Cement Save Program

We created the Limak Cement Save program by focusing on people in order to nurture an organization that is interactive and interconnected, where risk awareness is increased while risk tolerance is minimized, Limak Cement employees and all stakeholders are healthier and safer. The aim of this three-and-a-half-year program is to create a healthier, safer, talking, and constantly improving organization that cares about everyone and everything, everywhere, especially in the area of Occupational Health and Safety, makes a positive contribution to the society in which it operates, and consists of exemplary individuals. We achieve a significant success by reducing our occupational accident severity rate through this program, and we see the positive reflection of the program with our locations that did not experience any lost day accidents throughout the year.

Limak Cement Save - OHS Executive Committee

The Occupational Health and Safety Executive Committee, convenes regularly every month and review OHS practices in our facilities. We continuously evaluate the measures to be taken against possible accidents and emergency action plans. In case there is a severe risk potential or any incident occurs, we convene within 72 hours at the latest, conduct root cause analyzes and quickly implement the necessary corrective actions. Our Limak Cement Save OHS Executive Committee has a broad participation and strategic structure beyond the legally required OHS Committees. This committee, which includes key positions from our CEO to our general managers, relevant unit directors and managers, and managers at locations, aims to continuously improve our OHS performance throughout the company with proactive methods. This committee allows us to carry out tasks like ensuring application-based standardization of locations, spreading best practices across the group, sharing incidents encountered in the industry and their root causes and taking appropriate actions, and starting and following up projects with a proactive perspective through consultation.

2.8. Our Corporate Management Approach

Our corporate management structure serves our goals of continuous development and sustainable growth, we adopt the principles of accountability and fair management in our processes. This approach enables us to manage our economic, environmental and social responsibilities in a balanced manner and to fully comply with national and international legal regulations.

While our management structure is being shaped under the strategic guidance of our Board of Directors and the leadership of our CEO, our organizational structure plays a critical role in achieving our sustainability goals, taking an active role in combating climate change and increasing operational efficiency. By working in coordination with all our departments, we continue to contribute to the long-term growth strategies of Limak Cement.

Our Board of Directors makes strategic decisions to increase the power of Limak Cement in the global arena and to maintain our leading position in the industry and assumes an important role as the highest governance body in the execution and strengthening of our company strategy. Our Board of Directors, which supports our projects we carry out in environmental and social sustainability work to achieve our sustainable growth targets, leads our Limak Cement long-term value creation strategy. Moreover, we reinforce an effective and transparent management approach by incorporating plurality of voices in our decision-making processes through committees and commissions. We make our management processes more participatory and dynamic with a multi-disciplinary structure.



Our Policies

As Limak Cement, we fully comply with Limak Holding's policies on sustainability, corporate management and risk management. Aiming for high standards in environmental, social and governance areas in line with these policies adopted by Limak Holding for all its group companies, we are guided by the principles of responsible business conduct. Within the framework of the Holding's sustainability vision, we prioritize the transition to a low carbon economy, efficient use of natural resources and combating climate change and strictly adhere to these principles in all risk management and operational processes. Furthermore, Limak Cement develops company-specific policies in certain areas.

3

Limak Cement's Rationale for Sustainability-Linked Finance

3. Limak Cement's Rationale for Sustainability-Linked Finance

Limak Cement has established this Sustainability-Linked Finance Framework (the “**Framework**”) to facilitate the issuance of sustainability-linked finance instruments (“**Sustainability-Linked Finance Instruments**”). This Framework upholds our principles for long-term, sustainable value creation. It supports accountability and commitments related to Limak Cement's ESG and decarbonisation strategy and targets.

Through this Framework, Limak Cement aims to provide enhanced transparency on the financing and refinancing of projects that are essential for the transition to a low-carbon and climate-resilient economy, aligning with Turkey's Long-Term Climate Strategy.

Additionally, this comprehensive Framework is designed to align Limak Cement's funding strategy with its sustainability objectives, promoting diversification of its investor base and fostering deeper engagement with stakeholders. By doing so, it seeks to attract investors who share Limak Cement's vision of sustainable growth, transition to a low-carbon economy, while ensuring the highest standards of governance, transparency and impact measurement.

4

Limak Cement's Sustainability-Linked Finance Framework

4. Limak Cement's Sustainability-Linked Finance Framework

Limak Cement has established this Framework under which it or any of its subsidiaries may issue senior bonds, subordinated bonds, medium-term notes, promissory notes, commercial papers, and loans with a sustainability-linked feature.

The Framework is aligned with the Sustainability-Linked Bond Principles (“**SLBP**”) published by the International Capital Markets Association (“**ICMA**”) in June 2024² as well as the Sustainability-Linked Loan Principles (“**SLLP**”) published by the Loan Markets Association (“**LMA**”) in March 2025³. These are sets of voluntary guidelines that recommend transparency and disclosure, thereby promoting integrity in the development of sustainability-linked finance instruments.

This Framework adopts the five core components of the ICMA SLBP and LMA SLLP:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Characteristics of the Sustainability-Linked Finance Instruments
4. Reporting
5. Verification

This Framework also follows the key recommendation of the ICMA and LMA principles with regards to External Reviews⁴.

This Framework may be applied to any sustainability-linked finance instruments issued by Limak Cement and will be in force as long as the applicable instruments are outstanding.

² See [here](#)

³ See [here](#)

⁴ See [here](#) and [here](#)

4.1. Selection of Key Performance Indicators (KPIs)

KPI 1: Greenhouse Gas (GHG) Cementitious Emission Intensity (kg CO₂ / ton of cementitious product)

Definition and Methodology

This KPI includes Scope 1 GHG emissions from clinker and cement production (mainly limestone calcination and fuels combustion) as well as Scope 2 – location based GHG emissions (from the power consumption from an interconnected grid), measured in kilograms per ton of cementitious product produced. The KPI encompasses land-related emissions and removals from bioenergy feedstocks.

To collect data and to calculate these emissions, Limak Cement adheres to the following standard, protocol, and methodology:

- Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
- IEA CO₂ Emissions from Fuel Combustion
- IPCC Guidelines for National Greenhouse Gas Inventories, 2006
- ISO 14064-1
- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
- The Greenhouse Gas Protocol: Scope 2 Guidance
- WBCSD: The Cement CO₂ and Energy Protocol

Rationale and Materiality

As part of Limak Cement's action to reduce its impact on climate change, the company is conducting studies to decrease its emissions resulting from production and exploring production methods that produce fewer carbon emissions in its factories. As Limak Cement Group is one of the leading players in the cement industry, the company is committed to propel its decarbonization effort by deploying capital expenditures as part of the Decarbonization CapEx Plan and ultimately contributing to Turkey's 2053 Long Term Climate Strategy and in line with Turkey's Low-Carbon Pathways for the Cement Sector.

Therefore, this KPI is material for Limak Cement's decarbonization effort and for contributing to the reduction of CO₂ emissions from the cement sector whose emissions intensity has been broadly flat while being the second-largest industrial CO₂ emitter according to International Energy Agency (IEA).

This KPI gives a particular focus on addressing Scope 1 and 2 emissions, which are the most material and relevant scopes of emissions for the cement industry as much of the emissions take place in relation to the cement production process. In 2022 and 2023, Limak Cement's Scope 3 emissions⁵ have only accounted for approximately 11.3% and 9.4% respectively. Moreover, this KPI is listed as a core KPI in ICMA Sustainability-Linked Bond Principles' [Illustrative KPIs Registry](#)⁶ for the *Construction Materials – Cement* sub-sector.

Baseline and Historical Performance

Metric	Unit	2021	2022	2023 (Baseline)	2030
GHG Cement Emissions Intensity	kg CO2 / ton of cementitious product	763	762	758	570

Reporting and Data Assurance

KPI performance will be reported semi-annually in the Annual, Sustainability Report and/or any other Sustainability-Linked Progress Report. Limak Cement will engage an external assurance provider to provide a limited assurance regarding such KPI performance information.

⁵ Scope 3 emissions include the following categories: purchased goods and services, upstream transportation and distribution, business travels, employee transportation, downstream transportation and distribution, wastes generated in enterprises, and end-of-life process of sold products

⁶ See [here](#)

4.2. Calibration of Sustainability Performance Targets (SPTs)

SPT 1: Achieving 570 kg CO₂ / ton of cementitious product (24.8% reduction) in Greenhouse Gas (GHG) Emissions Intensity by 2030 from a 2023 baseline

Baseline Year: 2023

Baseline Figure: 758 kg CO₂ / ton of cementitious product

Target Observation Date: 31st of December 2030

External Validation of the SPT

Limak Cement has taken concrete steps to commit to our 2050 Net-Zero target through Science Based Targets Initiative (SBTi). In line with our Decarbonization Roadmap, the 2030 GHG emissions intensity target has been validated by SBTi in line with a 1.5 degree commitment in March 2025.

Measures to Achieve the SPT

- **Alternative fuel use:** Limak Cement is reducing fossil fuel use and turning to alternative fuels to reduce GHG emissions. Limak Cement's alternative fuel portfolio generally consists of sources such as fuels derived from industrial resources (RDF), end-of-life tires (ELT), bilge and sludge waste. Limak Cement plans to add alternative fuel types consisting of biomass and household waste to the portfolio
- **Alternative raw material utilization:** By increasing the use of alternative raw materials, Limak Cement reduces carbon emissions and natural resource consumption, thus creating a sustainable production cycle
- **Clinker substitution:** Limak Cement aims to optimize clinker substitution in cement production by incorporating calcined clay, carbonated materials, and other pozzolanic materials, thereby increasing the use of supplementary cementitious materials
- **Renewable energy:** As Limak Cement will activate various renewable energy systems in facilities and rapidly increase this utilization rate over time

- **Carbon capture utilization and storage (CCUS)⁷:** The application of CCUS technologies in clinker production processes stands out as a necessity. Given 60% of total emissions from clinker production are generated during the calcination process, the use of alternative raw material sources containing calcined calcium oxide may play an important role in reducing process emissions. However, in today's conditions, the difficulties in the supply of such materials and the structural limitations of the process do not make it possible to completely eliminate process-related CO₂ emissions. It is worth noting that the contribution of the CCUS technologies in achieving the SPT is relatively small compared to that of the aforementioned measures as such technologies become increasingly relevant for the 2050 target.

In addition to above, a family of new cement products (including “Limak CEM PLUS+”, “ECO PLUS+”, and “ECO2 PLUS+”) have been developed, which supports the reduction of the carbon footprint thanks to its mineral additive content. These cement products, produced in our Balıkesir, Ankara and Kilis factories, are used in high concrete class products.

Risks to Achieve the SPT

Although Limak Cement believes that all necessary prerequisites are in place, unforeseen circumstances and/or factors outside of Limak Cement's control may negatively impact Limak Cement's ability to achieve the SPT. Such risks include (but are not limited to):

- **Supply chain risks** – Limited availability and inconsistent supply of necessary resources in relation to alternative fuel use, alternative raw material utilization and clinker substitution
- **Regulatory risks** – Changes in environmental regulations, legislations and/or product quality standards
- **Renewable energy capacity constraints from distribution network**
- **Technological limitations of CCUS** – Given the emerging nature of the technology with limited commercial deployment, deployment may not be economically viable without subsidies or carbon pricing incentives until 2030
- **Global economic uncertainty** such as fluctuations in market conditions, inflation, exchange rates, and/or changes in cement demand

⁷ Carbonation included

4.3. Characteristics of the Sustainability-Linked Finance Instruments

The financial and structural characteristics of the sustainability-linked finance instruments, including the impact of Limak Cement's KPI performance compared to the applicable SPT, will be specified in the relevant transaction documentation (e.g., offering circular, terms and conditions, final terms, facility agreement).

The financial and/or structural characteristics of Limak Cement's sustainability-linked financing instruments may vary depending on whether or not the selected KPI reach the predefined SPT. This may include coupon step-down(s), coupon step-up(s) and/or a higher repayment amount in the case of bonds, or margin adjustments in the case of loans. The relevant transaction documentation might state that the selected SPT subject to recalculation based on specific circumstances, such as changes in the calculation methodology, major events having a material impact on Limak Cement's structure, and/or occurrence of certain events outside Limak Cement's control, will not result in the financial penalty being triggered.

With regards to sustainability-linked loans, annual SPT setting and test dates will be covered in relevant loan documentation (e.g. loan agreement).

Recalculation Policy

The SPT or the baseline may be recalculated or redefined in good faith by Limak Cement and applied to outstanding sustainability-linked finance instruments to reflect material changes.

Significant recalculations of the SPT and/or baseline may be performed on the condition that an external assurance provider independently confirms that the revised SPT and/or the baseline are consistent with, or more ambitious and material than, the initial SPT and/or the baseline.

Instances of material changes may include:

Structural changes:

Changes in Limak Cement's perimeter (e.g., an acquisition, a merger, a demerger, a consolidation or other form of restructuring/reorganisation with similar effect, a spin-off, a disposal, or a sale of assets). Organic changes to the organisation will not trigger a recalculation or update of the baseline.

Methodology changes:

Changes to the calculation methodology of any KPI to reflect changes in the market practice, the relevant market standards, which, individually or in the aggregate, has a significant impact on the level of any SPT or any KPI baseline. Methodology changes include updated assumptions and/or calculation methods. This also covers updates in emission factors, where the update is not related to an actual change in conditions such as annual updates of electricity grid factors.

Regulation changes:

Changes or amendments to any applicable laws, regulations, rules, guidelines, and policies relating to the business of Limak Cement.

Errors and other changes:

Recalculation will be triggered by the discovery of a significant error or multiple cumulative errors, or in case of changes in Limak Cement's ability to calculate its SPT and/or baseline, for instance as a result of the outcome of an external assurance exercise, changes to data accessibility or data quality.

4.4. Reporting

Limak Cement will communicate semi-annually on the relevant KPI, providing up-to-date information and reporting available on its corporate website through:

- Limak Cement's Annual, Sustainability Report and/or any other Sustainability-Linked Progress Report covering the performance of the selected KPI, including recalculation statements where relevant, covered by an assurance statement of an auditor, if required by applicable agreements
- Qualitative and/or quantitative explanation for the main contributing factors (e.g., M&A activities) behind the evolution of the KPI performance
- Illustration of the positive sustainability impacts of the performance improvement
- Any information in relation to any change to the levels of the KPI used as a baseline, to the baseline date, and/or of the SPT in the event of any recalculation made in accordance with the terms and conditions of the sustainability-linked finance instruments
- Updates on new or proposed regulations from regulatory bodies relevant to the KPI and the SPT

In case of a sustainability-linked loans, Limak Cement will communicate to lenders on KPI performance in relation to the SPT in line with the agreements in place for each specific sustainability-linked finance instrument.

4.5. Verification

Pre-issuance Review

Limak Cement obtained an independent second party opinion (“**SPO**”) from Sustainable Fitch to review the alignment of this Framework with the ICMA SLBP 2024 and the LMA SLLP 2025, including an assessment of the relevance, robustness, and reliability of the selected KPI; the rationale and level of ambition of the proposed SPT; the relevance and reliability of selected benchmarks and baselines; and the credibility of the strategy outlined to achieve them, based on scenario analyses, where relevant. The SPO will be made available on Limak Cement’s website.

Post-issuance Review

A limited assurance report by an external assurance provider on the KPI information in the Annual and/or Sustainability Report and/or any other Sustainability-Linked Progress Report. The verification will be conducted on an annual basis by a qualified reviewer with relevant expertise with limited assurance.

5. Disclaimer

The information and opinions contained in this Limak Cement's Sustainability-Linked Finance Framework (the "Framework") are provided as at the date of this Framework and are subject to change without notice. Limak Cement and any of its affiliates, subsidiaries, or related entities (all together will be referred as the "Group") do not undertake any obligation to update or revise the information or statements contained in this Framework to reflect subsequent events or circumstances. None of Group entities assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current the Group policy and intent, is subject to change and is not intended to create, nor should it be relied upon to create, any legal relations, rights, or obligations. This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the Group and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Group as to the fairness, accuracy, reasonableness, or completeness of such information. This Framework may contain statements about future events and expectations that are "forward-looking statements". All statements other than statements of historical facts may be forward-looking statements. Words and expressions such as commitment, ambition, expect(ed)/(s), will, further, growth, throughout, strategy, plan to, aims, reduction, ensure, position, could, can, supporting, aim, believe, drive, estimate, expect, goal, may, plan, project, strategy, target, should, opportunities, continue(d)/(ing), leading, working towards, future, accelerate, potentially), assumptions, progress, remain, stay, ensure, continuity, reach or other similar words or expressions are typically used to identify forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and that may cause the actual results of the Group to differ materially from future results expressed or implied by such forward-looking statements. Forward-looking statements reflect the current views and assumptions of the Group Management based on information currently available. Forward-looking statements speak only as of the date they are made, and Limak Cement does not assume any obligation to update such statements, except as required by law. None of the forward-looking statements, expectations, estimates, prospects or Sustainability Performance Targets (SPTs) in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. Any such statements should be understood as aspirational only, and not as a representation or undertaking that they will be met. No assurance is given that any SPTs or environmental or sustainability benefits described in this Framework will be achieved. No representation is made as to the suitability of any sustainability-linked finance instruments to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of sustainability-linked finance instruments should independently determine the relevance of the information contained or referred to in this Framework or the relevant sustainability-linked finance instruments documentation for such sustainability-linked finance instruments, including, but not limited to, the relevant prospectus. However, nothing in this Framework is intended to modify or add to any covenant or other contractual obligation undertaken by the Group in any sustainability-linked finance instruments that may be issued in accordance with this Framework. This Framework does not create any legally enforceable obligations against the Group; any such legally enforceable obligations relating to any sustainability-linked finance instruments are limited to those expressly set

forth in the indenture and notes governing such sustainability-linked finance instruments. Therefore, unless expressly set forth in the terms and conditions governing such sustainability-linked finance instruments, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such sustainability-linked finance instruments if the Group fails to adhere to this Framework, whether by failing to meet an SPT described in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on such SPT. In addition, it should be noted that all of the expected benefits of an SPT as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy, changes in laws, rules or regulations, could limit the ability to achieve some or all of the expected benefits of these initiatives. Each environmentally focused potential investor should be aware that an SPT may not deliver the environmental or sustainability benefits anticipated and may result in adverse impacts. The Group expressly disclaims any liability for any loss or damage howsoever arising, directly or indirectly, from the use of or reliance upon this Framework or any information contained herein by any person. Any views or opinions expressed in this Framework are solely those of the Group and are subject to change without notice. Such views should not be construed as financial, legal, or investment advice. This Framework does not constitute a recommendation regarding any securities of the Group. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by the Group. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. This Framework has not been reviewed or approved by any regulatory authority. It is not, and does not purport to be, a recommendation or certification of the Group's environmental, social or governance performance. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Each recipient of this Framework is solely responsible for making its own independent appraisal of and investigations into the Group and the Framework and should not rely on any information in this Framework as the basis for any investment decision. Any decision to purchase or otherwise invest in any sustainability-linked finance instruments should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such sustainability-linked finance instruments. Prospective investors are required to make their own independent investment decisions.