

# Corporate Social Responsibility Policy and Principles

Sabancı Group considers social responsibility awareness as an unchangeable core element of its management approach in all its activities as a part of its core values of modesty, respect and proximity to people.

With this policy statement, Sabancı Group stresses corporate social responsibility principles as well as the importance and priority given to the topic by the Group.

Sabancı Group considers social responsibility awareness as an unchangeable core element of its management approach in all its activities as a part of its core values of modesty, respect and proximity to people. We expect all our establishments that constitute Sabancı Group to manage the economic, social and environmental impact of their actions with responsibility and to prioritize the development of the society. We do not regard the scope of our social responsibility limited to just our business operations or their impact. We determine our level of social responsibility and its priority on what is good for society and the environment as a whole.

We pursue a pioneering role concerning actions that protect human rights as well as the environment. At Sabancı Group, the SA-ETHICS program, prepared and put into practice following the Principles of Corporate Social Responsibility, constitutes a guide to our business operations.

The basic principles that govern our social responsibility practices are:

Any discrimination within the organization based on race, religion, gender, age, political opinion, language, physical disability or similar reasons is not tolerated.

We strive to ensure that people of different beliefs, views and opinions work together in harmony by creating a positive and cordial work environment that supports cooperation and prevents conflict.

We administer programs that contribute to preserving employee health that we accept as important to ensuring our employees' quality of life and success.

1. At Sabancı Group, we believe that all employees deserve to work in a healthy and secure work environment consistent with human dignity. Our employees are our most valuable assets and we strive to provide employee safety and security as our primary goal.

2. Beyond their legal requirements, we ask our companies to apply the best environmental solutions and support any initiative that will develop and deploy environment-friendly technology and enhance environmental awareness. At Sabancı Group, we fulfill our social and environmental responsibilities towards the society in all places that we operate, in close collaboration with our shareholders, employees, public, non-governmental organizations and other stakeholders.

3. We regard our human capital as the most significant component in creating sustainable growth. We ensure that all employees take advantage of their rights as members of the Group, fully and accurately. We treat our employees with honesty and fairness; we are committed to creating a nondiscriminatory, safe and healthy work environment. We undertake efforts to enable personal development of all employees while pursuing a balance between their private and professional lives.

4. We manage the environmental impact of our activities with a sense of responsibility. All our companies are required to identify and apply the necessary improvements and development activities that minimize or eliminate negative environmental impact.

5. At Sabancı Group, we strive toward the improvement of society pursuant to our sense of corporate social responsibility. We encourage our employees to take part in social volunteering.

6. We develop and implement approaches to ensure that all of our partners and particularly our suppliers, act following the social responsibility standards of the Group.



7. We show sensitivity to the traditions and culture of Türkiye and other countries in which we operate. We comply with all legal regulations currently in effect.

8. We encourage our Group companies to comply with international standards and assure that their operations are certified.

All principles of this policy statement are put into practice in accordance with applicable regulations; relevant units audit the level of implementation. We consider the success of the companies with regard to social responsibility activities as a significant criterion for evaluating overall company performance. At Sabancı Group, we disclose

corporate social responsibility activities realized by our Group with the public via annual reports and on our website.

All our executives and employees, including CEO of Sabancı Holding, undertake accountability for carrying out corporate social responsibility activities.

This policy document has been prepared to share with our employees, shareholders and all other stakeholders our public commitment on the part of Sabancı Group to fulfill our responsibility toward helping to create a better world and a better future.

# Communication Principles

Communications at Sabancı Group are managed in line with the Group's business targets and social responsibilities.

Sabancı Group is committed to maintaining consistent, constant and transparent internal and external communications in order to safeguard and promote the corporate reputation of the Group. Communications at Sabancı Group are managed in line with the Group's business targets and social responsibilities.

Senior management of Sabancı Holding holds public informational meetings at least once a year.

Sabancı Holding shares its first quarter, first half-year, nine-month and year-end financial results with the Capital Markets Board of Türkiye (CMB), Borsa Istanbul (BIST) and the public.

Material disclosures to BIST and press releases are simultaneously posted on the corporate website.

Business activities of Sabancı Holding are disclosed to the public through its website in both Turkish and English. Sabancı Holding also shares information with the public through social media channels.

Subsidiaries of Sabancı Holding are expected to inform Sabancı Holding's Corporate Brand Management and Communications Department before implementation of planned communication activities on a monthly and annual basis.

Sabancı Holding and its subsidiaries are required to adhere to the principles set out in the Corporate Brand and Communications Guidelines in all communications activities.

The principles of Sabancı brand usage are outlined in the Sabancı Corporate Identity Guidelines. Sabancı Holding and its subsidiaries are expected to adhere to these principles in all matters relating to the use of the Sabancı brand.

The frequency of communications activities may vary in line with corporate and operational developments.

# Environmental Policy

## Our Corporate Environment Policy

- We develop and implement our own environmental standards that exceed legal requirements.
- We aim for excellence by sharing know-how and experience between our companies.
- We adopt a proactive approach in all our business activities to continuously improve our environmental performance.
- We identify and manage environmental risks.
- We aim to implement the best available production techniques.
- We contribute to sustainability while monitoring environmental developments and turning them into business opportunities.
- We support environmental awareness and information sharing to further society's development.

## Environmental Policy

- Requirements within the Group
- We comply with environmental legislation and other legal and regulatory requirements.

- We implement environmental practices that exceed legal requirements and ensure compliance.
- We identify our environmental impacts.
- We identify all our environmental impacts while we develop, monitor and improve our targets, programs and monitoring systems.

## Manage resource consumption within the Group.

- We determine organizational roles, responsibilities and authorizations in infrastructure, technology, finance and human resources units and we foster environmental awareness among our employees.

We adopt a systematic approach to our practices and create synergy among our businesses.

- We set our business standards with a proactive approach and facilitate compliance for all relevant stakeholders – including our employees, suppliers, and contractors.

- We proactively identify the risks that may harm the environment when we conduct our business activities, and we aim to promptly and fully take measures to minimize these risks.

Continuously strive to monitor and improve our environmental performance.

- We set and implement targets for energy and waste management, and natural resource consumption.
- We aim for continuous improvement with clean products and clean production technologies.
- We undertake the environmental responsibility of our products and services.
- We aim to prevent biodiversity loss in green field investments by following the international standards.
- We report on our business activities and facilitate access to simplified, understandable information.

# Compliance of Corporate Governance and Sustainability Principles

## SECTION I – CORPORATE GOVERNANCE

### 1. Corporate Governance Approach

Sabancı Group has adopted the principle of complying with the 4 main pillars of corporate governance that are Transparency, Fairness, Responsibility and Accountability. The Group acknowledges that good corporate governance practices are essential for sustainable growth in today's economies.

Sabancı Holding, the parent company of Sabancı Group and whose shares are listed on Borsa İstanbul Stars Market, designs its management approach based on these principles and continues to develop its corporate governance practices by taking the best practices in the world as its guide.

### 2. Compliance with Corporate Governance Principles

Sabancı Holding is in full compliance with the 24 principles mandatory to be followed by public companies whose shares are traded on Borsa İstanbul. These principles are specified in the Corporate Governance Principles attached to the Corporate Governance Communiqué (Communiqué) numbered II-17.1 of the Capital Markets Board, which is the securities regulator responsible for the regulation and supervision of corporate governance practices in Türkiye.

On the other hand, Sabancı Holding continued to fully comply with 63 out of a total of 73 discretionary principles, partially comply with 4 while failed to comply with 2 of these principles. Since no activities that fall within the scope of the remaining 4 principles were carried out in 2023, the remaining 4 principles were considered irrelevant and no compliance status could be assessed.

As a result of its efforts, Sabancı Holding achieved 93.5% full compliance and 4.3% partial compliance status while failing to comply with only 2.2% of all Corporate Governance Principles that are relevant and applicable in 2023. Sabancı Holding is committed to continue its efforts to further improve compliance with the remaining corporate governance principles for the benefit of all stakeholders, especially shareholders.

#### 2.1. The partially complied principles are summarized below with the reasons for not achieving full compliance:

3.1.2. *Effective and rapid compensation should be offered in case the rights of the stakeholders that are protected under the relevant legislation and contracts are violated. The corporation shall make it convenient to provide the utilization of the mechanisms such as compensation provided for the stakeholders as per the legislation. Furthermore, the corporation shall form a policy on compensation towards the corporation's employees and disclose this policy to public via the corporate website.*

Sabancı Holding prioritizes pursuing the rights of all its stakeholders and maintaining a business model based on creating value together. However, there are no compensation policies in place towards Sabancı employees, yet no legal issues have been encountered in this regard.

4.4.7. *Members of the board of directors shall allocate a reasonable time for the business of the corporation. In cases where the member of the board of directors is a manager or board member in another corporation or renders consultancy services to another corporation, in principal this situation should not cause a conflict of interest and the member shall not hinder his/her duty in the corporation. Within this context, external duties that the member conducts shall be conditional on certain rules or become limited. The external duties conducted by the member of the board of directors and the grounds thereof shall be submitted for the shareholders' information, by*

*distinguishing either such corporation is intragroup or out of the group, together with the agenda item regarding election, at the general assembly meeting in which the election is discussed.*

It is important for the members of the Board of Directors to allocate a reasonable time for the Company and to abstain from external duties that may cause a conflict of interest. However, external duties that are out of the Sabancı Group a member conducts are not regulated nor restricted. Additionally, resumés of the members of the Board of Directors were presented in the annual report.

4.5.5. *It shall be noted that any member of the Board of Directors shall not have a duty in more than one committee. Although a specific attention is given to determine committee memberships based on professional experiences of independent directors, due to the limited number of independent Board members and the obligations required by the capital market regulations, the members may be assigned to more than one committee.*

4.6.5. *Remunerations provided for members of the board of directors and executives and all other benefits provided shall be disclosed via the annual report to the public. Principally, public disclosure shall be made on the basis of the persons.*

The remunerations of the members of the Board of Directors are disclosed individually as they are decided by the General Assembly, while the total remunerations provided for the executives are disclosed to public in the notes to the financial statements. Compensations for the executives have been made in accordance with wage policies taking into account performance criteria. Since this information is a personal information, it was not announced on an individual basis.

#### 2.2. The principles that have not been complied are summarized below, with the reasons for not achieving full compliance:

1.3.11. *General Assembly meetings may be conducted open to public including stakeholders and media, provided that those shall not have right to speak and a provision may be included in the articles of association in this respect.*

General Assembly meeting was not held publicly for the sake of efficient time management.

1.5.2. *Minority rights may be defined in the articles of association for shareholders holding less than one twentieth of the capital of the corporation. The scope of minority rights may be enlarged in the articles of association.*

Minority rights are determined in accordance with the relevant legislation, and there is no specific provision for the extension of minority rights in the Articles of Association.

#### 2.3. The principles considered irrelevant since no activities that fall within the scope of these principles were performed in 2023 are as follows:

1.3.7. *Persons who have the opportunity to access information of the corporation in a privileged way shall inform the board of directors to have this item add to the agenda in order to provide information at the general assembly regarding the transactions that they have conducted on their behalf within the scope of the corporation's field of activity.*

1.6.3. *In case the board of directors proposes not to distribute dividends to the general assembly, the reason for such proposal and information as to use of the dividend shall be included into the agenda item regarding dividend distribution.*

4.4.3. *The opinions of a member who does not attend the meeting but who submits his or her opinions to the board of directors in writing are communicated to the other members.*

4.6.4. *Corporation shall not loan money, make credit available, enlarge the term of the loan money or credit, improve conditions, make credit available via a third party as a personal credit or grant securities such as surety to any of its Members of the Board of Directors or executives. However, institutions providing personal loan may make credits and other services available to these persons, within the conditions provided to other persons.*

Sabancı Holding's compliance status with Corporate Governance Principles in 2023 is summarized in the table below:

Status	Full Compliance	Partial Compliance	Non-Compliance	Irrelevant
Mandatory	24	-	-	-
Discretionary	63	4	2	4
<b>Total</b>	<b>87</b>	<b>4</b>	<b>2</b>	<b>4</b>



# Compliance of Corporate Governance and Sustainability Principles

These discretionary principles could not be complied with in 2023 due to the practical difficulties for compliance with the principles, ongoing discussions on the implementation of these principles in international platforms as well as in Türkiye, and the fact that compliance with these principles may not benefit the interests of Sabancı Holding and its stakeholders. Thanks to the importance attached to corporate governance by Sabancı Holding, developments on the matter are closely monitored. Efforts to ensure full compliance with these principles are continuing at full speed.

The [Corporate Governance Compliance Report \(KYUR\)](#) and the [Corporate Governance Information Form \(KYBE\)](#) for 2023 issued in accordance with the CMB's Decision No. 2/49 dated 10.01.2019 and approved by the Board of Directors of Sabancı Holding are made available to public in the links.

### 3. Investor Relations Activities

Sabancı Holding has adopted a meticulous approach to inform all market participants simultaneously on the developments that will affect investment decisions in a transparent, timely, accurate, complete, direct, understandable, adequate and regular manner in accordance with the legislation and in a way to assist analysts and investors to make informed decisions.

For this purpose, Sabancı Holding updates the Public Disclosure Platform (PDP) and the Investor Relations webpage (<https://yatirimciiliskileri.sabanci.com/tr/>) on a regular basis. Investor meetings and conferences were organized to keep the continuous and effective communication with the investors and the analysts. Sabancı Holding participated in a total of 39 roadshows and investor conferences in 2023, and met with 801 investors/analysts.

No issues that may cause conflicts of interests between Sabancı Holding and institutions Sabancı Holding receives services such as investment consultancy, audit and rating agencies have been encountered in 2023.

A more detailed content for investor relations activities in 2023 is provided in the Investor Relations section of this Annual Report.

### 4. Monitoring the Changes in Legislation and Legal Procedures

In 2023, there have been no changes in the legislation that may significantly affect Sabancı Holding's operations. However, the amendments made in 2023 in the legislation, tax and capital markets regulations in particular, and their potential impacts on both Sabancı Holding and Sabancı Group were analyzed in detail. The regulatory changes that may affect Sabancı Group, especially those may affect Sabancı Holding, have been monitored closely in 2023 and necessary actions were taken.

Additionally, collaborations have been made with Turkish Industry and Business Association and other relevant institutions and organizations in order to help legislative changes benefit the interests of Sabancı Group and the development of the Turkish economy and markets. In line with the vision "Sabancı of Rising Türkiye" significant contributions were made to the changes in the financial legislation by prioritizing the interests of the country.

Finally, in 2023, there have been no major pending lawsuits against the Company that may impact the financial position or operations of Sabancı Holding. In addition, Sabancı Holding, Board Members and the Company Executives faced no administrative or legal sanctions due to actions violating the legislation.

## SECTION II - BOARD OF DIRECTORS

### 1. Structure and Composition of the Board of Directors

The procedures and principles concerning the company's Board of Directors' structure, duties, management right and representation authority etc. are decided upon in accordance with the provisions stipulated in the company's Articles of Association.

The Company is managed and represented by a Board of Directors consisting of minimum 7 and maximum 15 members elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code and Capital Market Legislation.

The minimum qualifications to be sought for the Members of the Board of Directors are not provided for in the Articles of Association. However, the qualifications of the Members of the Board of Directors of the company comply with the required qualifications outlined in the relevant articles of the Corporate Governance Principles. Three of the members of the Board of Directors are elected as Independent Members determined in accordance with the CMB Corporate Governance Principles and regulations on corporate governance. Declarations of independence of the Independent Members of the Board of Directors were received prior to their appointment and these declarations remain valid. There is no circumstance eliminating independence as of the related activity period.

The Members of the Board of Directors may be elected for a term of office of one year, and re-election of the members whose term of office has expired is permissible. If a membership is vacated for any reason, at its first meeting, the Board of Directors elects a new member and submits him/her to General Assembly's approval. This member completes the remaining term of his/her predecessor.

Based on the General Assembly's decisions, Board Members are authorized to perform transactions pursuant to the Articles 395 and 396 of the Turkish Commercial Code.

### 2. Operating Principles of the Board of Directors

The Board of Directors convenes as frequently as required to efficiently fulfill its duties. The Board operates in a transparent, accountable, fair and responsible manner, and while doing so it always considers the company's long-term interests.

Every year, the Members of the Board of Directors elect a Chairman and a Deputy Chairman who will be the acting Chairman in the absence of the Chairman for the meetings. The Chairman of the Board of Directors determines the agenda of the Board of Directors' meetings by taking the opinions of the other members and the CEO. The determined agenda and the contents of the agenda items are communicated in writing to the Board Members one week in advance to enable them to carry out the necessary assessments and works. The agenda items of the Board of Directors' meetings are discussed explicitly and in every aspect. The Chairman of the Board of Directors is obligated to show the maximum effort for ensuring effective participation of the non-executive members in the meetings.

The meeting days and agenda are regulated by the Chairman or the Deputy Chairman.

The Board of Directors convenes as necessitated by the company affairs upon the Chairman's or Deputy Chairman's call for the meeting. The meeting date may be determined with the decision of the Board of Directors as well. In case the Chairman or the Deputy Chairman does not call the Board of Directors for the meeting upon the request of one of the Members, then the Members will be entitled to make a call for the meeting ex-officio.

The Board of Directors must convene at least four (4) times a year.

Unless one of the members makes a request for a meeting that will be held physically, the decisions of the Board of Directors can be taken by means of getting the written approvals of the other members for another member's proposal regarding a certain issue.

Meeting and decision quorums of the Board of Directors are subject to the provisions of the Turkish Commercial Code.

The Board of Directors of the Company held 6 physical meetings between 1 January 2023 and 31 December 2023. The participation rate of the Members of the Board of Directors to these meetings is 94%.

# Compliance of Corporate Governance and Sustainability Principles

At the Board meetings, each member had 1 vote, and unanimous consent was sought while resolving matters and the Board always complied with Corporate Governance Principles. Attendance in person of the members without an excuse at the meetings of the Board of Directors was ensured. At the meetings held in 2023, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors and no comments were written down in the minutes. Additionally, there were no additional queries about the agenda items from the Board Members so no matter was materialized.

No opposite opinions were put forward against the resolutions reached by the Board Members at the Board meetings held in 2023.

## 2.1 Skill Matrix Principle of Board of Director

Members on the Board of Directors possess a diverse range of competencies, knowledge and experience strengthens the Board's functioning and benefits decision-making processes. The process of being nominated for the Board of Directors membership is not solely limited to gender equality in terms of diversity and inclusion. The Board of Directors of Company are evaluating the competencies of candidates by considering various factors, such as knowledge of the industry, management experience, knowledge in ESG matters, crisis management experience, and global and long-term thinking. Sabancı Holding has zero tolerance to any discrimination among candidates on grounds of gender, age, ethnicity, religion, language, race, etc., as indicated in its BoD Diversity Policy.

## 3. Number, Structure and Independence of the Committees Established within the Structure of the Board of Directors

According to the Company's Articles of Association, the Board of Directors establishes a sufficient number of Committees ("Committee") to fulfill the required tasks and responsibilities properly.

The liabilities of the "Nomination Committee" and the "Remuneration Committee" stipulated in the Article 4.5.1 of the Communiqué are undertaken by the "Corporate Governance Committee." This Committee was renamed as "Corporate Governance, Nomination and Remuneration Committee." Although care is taken to follow the recommendation of the Article 4.5.5 of the Communiqué; "It shall be noted that any member of the board of directors shall not have a duty in more than one committee," some of our Board Members can be a member in more than one committee due to business expertise in related areas.

### Corporate Governance, Nomination and Remuneration Committee

Corporate Governance, Nomination and Remuneration Committee aims to maintain the continuity of the management process based on the ethical values of the company, having internal and external accountability, risk awareness and that is transparent and responsible in its decisions and oversees the benefits of the stakeholders and has a sustainable success goal.

The duty of this Committee is to make suggestions and recommendations to the Board of Directors with regard to establishing the corporate governance principles in line with the principles of the CMB or other internationally recognized Corporate Governance Principles.

Corporate Governance, Nomination and Remuneration Committee, including the President, is composed of a maximum of five Members, and two Rapporteurs appointed by the Board of Directors of the company in accordance with the "Corporate Governance Principles." The Chairman of the Committee is appointed among Independent Members by the Board of Directors of the company.

Should the position of Chairman of the Committee become vacant for any reason, the Chairman of the Board assigns one of the Committee Members as temporary Chairman until the new Chairman is appointed at the next Board meeting.

The Corporate Governance, Nomination and Remuneration Committee ensures the implementation of the Corporate Governance Principles within the company, and if these principles are not implemented, the Committee makes suggestions for improvement to the Board of Directors. The Committee also oversees the activities of the Investor Relations Department. Alongside the determination of the principles and evaluation of the performance and remuneration of the Board of Directors and Senior Executive Managers, the Committee submits the independent candidate member proposals to the Board of Directors by evaluating the independence qualifications of the candidates, also taking into account the candidates nominated by the management and the shareholders. The Independent Board Member Candidate submits a written declaration to the Corporate Governance, Nomination and Remuneration Committee at the time of nomination.

According to the bylaws, the Corporate Governance, Nomination and Remuneration Committee must convene 4 times at minimum. The Committee convened 8 times in 2023.

Additionally, the Committee has received consultancy services from Korn Ferry International regarding the revision of the bonus system. The costs relating to such service was covered by the Company as there is no conflict of interest between the Company and the consultant or any other relationship between the parties apart from the aforementioned scope of services.

The members of the Corporate Governance, Nomination and Remuneration Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership / Duty
Mehmet KAHYA	Committee Chairman	Independent Board Member
Suzan SABANCI, CBE	Committee Member	Non-Executive Committee Member
Serra SABANCI	Committee Member	Non-Executive Committee Member
Elçin Melisa Sabancı TAPAN	Committee Member	Non-Executive Committee Member
Şerafettin KARAKIŞ	Committee Member	President of Financial Affairs, Accounting and Investor Relations

### Early Detection of Risk Committee

Early Detection of Risk Committee was established in accordance with Article 378 of the Turkish Commercial Code (Law no. 6102) and the provisions of the Capital Markets Board's Communiqué on the Corporate Governance Principles.

The Committee performs activities with the purposes of early detection of any risk such as strategic, operational, financial, compliance etc. that may jeopardize the existence, development and continuity of the company, of taking necessary measures, implementing solutions and managing the risk.

The members of the Committee shall be determined by the Board of Directors of the Company and disclosed to the public. The Chairman of the Committee is appointed among independent members by the Board of Directors of the Company. In the Committee; there are maximum two Members elected by the Company's Board of Directors except the President. The members of the Committee are preferably elected from among the non-executive Board Members.

Committee meetings are held at least six times a year, at a location deemed appropriate by the Chairman. The annual meeting schedule is determined by the Chairman of the Committee and communicated to all committee Members at the beginning of each year.

The term of office of the Committee Members is in parallel to the term of office of the Members of the company's Board of Directors. The Committee is re-established upon the election of the Members of the Board of Directors.

Early Detection of Risk Committee convened 6 times in 2023.

# Compliance of Corporate Governance and Sustainability Principles

The members of the Early Detection of Risk Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership
Hayri ÇULHACI	Committee Chairman	Independent Board Member
Suzan SABANCI, CBE	Committee Member	Non-Executive Committee Member
Serra SABANCI	Committee Member	Non-Executive Committee Member
Elçin Melisa Sabancı TAPAN	Committee Member	Non-Executive Committee Member

## Audit Committee

The duty of the Audit Committee is to supervise the Company's accounting system, financial reporting, disclosure of financial statements, progress and effectiveness of independent audit and internal control systems, on behalf of the Company's Board of Directors. The Audit Committee reports its activities, evaluations and suggestions with respect to its duties and area of responsibility to the Board of Directors in writing.

The Chairman and the Members of the Audit Committee are appointed by the Board of Directors from among the Independent Members.

The Audit Committee held 4 meetings in 2023 and the main agenda items were the review of the independent audit report and the examination of the presentations of the Audit Department.

The members of the Audit Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership
Hüseyin GELİS	Committee Chairman	Independent Board Member
Hayri ÇULHACI	Committee Member	Independent Board Member

## Sustainability Committee

Sustainability Committee helps the Board of Directors fulfill its duties and responsibilities regarding environmental and social issues in a healthy manner.

Sustainability Committee comprises of a Rapporteur and maximum three members including Chair who is appointed by Sabancı Holding Board of Directors. The Chair of the Committee is selected among the independent Board Members and appointed by Sabancı Holding Board of Directors. The Committee meets in ordinary session at least twice a year.

Sustainability Board Committee convened 5 times in 2023.

The Committee, in coordination with Sabancı Holding's Human Capital and Sustainability Group Presidency, monitors the following activities which are under the responsibility of other Management functions related with the Sustainability Leadership Committee, follows up developments and performance, provides guidance for improvement to Holding Management in case of need. The Committee also briefs the Board of Directors and makes suggestions as needed. Sustainability topics are as follows:

### a) Sustainability Governance

- Structure and functioning of sustainability governance which was established to implement sustainability initiatives in accordance with expectations of internal and external stakeholders,
- Treating all risks which may arise in environmental and social issues, and which may transform into financial risks at times, including reputation risks, with the coordination of Early Detection of Risk Committee (EDRC),
- Having the necessary knowledge level to comply with all local and international developments to execute managerial duties of Sabancı Holding executive level in sustainability areas,

### b) Sustainability Performance

- Keeping performance indicators and targets of Sabancı Group up-to-date,

### c) Transparency

- Disclosure of Sustainability Report and environmental and social performance at the Investor Relations web site or other platforms suggested by Human Capital and Sustainability Group Presidency.

### d) Policies

- Establishment of environmental and social policies, which should be treated at the Board of Directors level, primarily Responsible Investment principles, and updating of current policies.

The members of the Sustainability Board Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership
Hüseyin GELİS	Committee Chairman	Independent Board Member
Hayri ÇULHACI	Committee Member	Independent Board Member
Mehmet KAHYA	Committee Member	Independent Board Member

## 4. Risk Management and Internal Control Mechanism

Sabancı Group holds the position that every risk brings an opportunity, and considers that "sustainable growth" may be achieved by effectively identifying, measuring, and managing risks. The Group places a great importance on risk management in order to "create value for its stakeholders," which is a crucial part of its mission. As one of Türkiye's leading institutions, the Sabancı Group continues to implement a defined risk management system throughout the Group with its strong risk management infrastructure.

To maximize the value created for Sabancı Group stakeholders and ensure the sustainability of the Group, Sabancı Group ensure the early detection, measurement, and continuous and effective monitoring of risks with a corporate risk management approach.

In Sabancı Group, the risk is seen as a concept that incorporates opportunities as well as threats and corporate risk management is applied as a continuous and systematic process in all Group companies to manage these risks most efficiently. Efforts are being made to cultivate the risk culture throughout the Group, and assurance is provided to ensure that the right activity is carried out taking the right amount of risk. The risks faced by the Group companies are monitored via Key Risk Indicators (KRI) determined by Sabancı Holding and Group companies. These indicators are continuously monitored and periodically reported. The necessary actions to manage the risks indicated by the Main Risk Indicators are taken by the Group companies under the coordination of Sabancı Holding.

Risk management is carried out in accordance with risk appetite levels/ attitudes determined in various breakdowns using quantitative and qualitative measurement metrics. Prioritized in terms of significance and impact, the risks are maintained within the tolerance limits and confidence intervals determined numerically by modeling studies. Risks prioritized in accordance with the strategic and financial targets determined by the Group are handled within the frame of the risk management strategies, determined as risk avoidance, risk transfer, risk reduction and risk acceptance. Corporate Risk Management is carried out in breakdowns such as deciding and following up on mitigation actions, determining action responsibilities, and making cost-benefit analyses for action plans. Risk study results are evaluated periodically by the Holding Board of Directors, the Early Detection of Risk Committee and the Holding's senior management.

# Compliance of Corporate Governance and Sustainability Principles

Ceaselessly continuing to create shareholder value in 2023 owing to the importance it attaches to risk management, Sabancı Group displayed a sustainable growth performance. Sabancı Group commits to manage the potential risks in all business lines in 2024 thanks to its strong capital and effective management understanding.

Similarly, the Internal Control Mechanism has been available since the company was established. At Sabancı Group companies operating in non-financial industries, corporate risk management is carried out by executives responsible for the relevant process and activities and the senior management of the companies under the supervision of the relevant Boards of Directors and their affiliated risk committees. Companies identify the risks they may encounter and prioritize them according to the probability of the risks and the size of the losses they may cause. Prioritized risks are monitored by the Company Management, the Early Detection of Risk Committee and the Company's Board of Directors with periodic reports. Risk management processes, including the measures that will be taken accordingly, are decided, and the implementation and results of these processes are monitored. The management of the financial, strategic, operational and compliance risks of the Group subsidiaries are also monitored and directed by the Holding's relevant Strategic Business Unit Presidents, the Office of the Chief Financial Officer, and the Legal, Risk and Compliance Group.

## 5. Company's Strategic Goals

Having determined the vision and the mission of the company, the Board of Directors incorporated them in writing in the Annual Report and announced to the public on the company's website, [www.sabanci.com](http://www.sabanci.com) and company's long-term strategies are built on these principles.

The Board of Directors, together with the CEO and Group Presidents, sets three-year strategic goals which are updated each year. Whether the targets are achieved or not are monitored by executive reports prepared at the end of each month. Whether the Company achieved its targets or not constitutes the basis for performance evaluation at the end of the year.

## 6. Financial Rights

The terms and conditions of any right, fee, and benefit granted to the company's Board Members are laid down in detail in the Articles of Association. The General Assembly determines the payments to be made to the Chairman and Members of the Board of Directors as well as the attendance fee. The payments made to the senior executives are disclosed to the public in the footnotes of our financial statements.

In 2023, the Company did not lend any money or extend any credit to the Board Members; did not extend the maturity or improve the terms and conditions of existing debts or credits; did not extend any individual loan through third persons, or did not offer guarantees.

## SECTION III – SUSTAINABILITY

### 1. Sustainability Approach

Sabancı Holding integrates sustainability principles at the core of its business and ensures compliance with the regulations and ethical rules on the environment, consumers and public health. The Company supports and respects international human rights.

### 2. Compliance with Sustainability Principles

Aiming for full compliance with the Sustainability Principles Compliance Framework, compiled in line with the amendment dated 02.10.2020 in the Corporate Governance Communiqué of the Capital Markets Board, Sabancı Holding achieved a significant level of compliance thanks to efforts made in this field by the Holding and the Group companies.

Sabancı Holding's ESG rating has been rated AA by MSCI which is one of the most reputable ESG rating companies regarding responsible investment all over the world. Sabancı Holding also has achieved to be listed in the Global A List through CDP Climate Change and scored with A- for CDP Water. In 2023, 9 out of the 11 Sabancı Group companies that reported to the CDP Climate Change Program were elevated to leadership level with an A or A- score. Sabancı Holding is also included in BIST 25 Sustainability Index where constituents are shares of companies with high performance on corporate sustainability in Türkiye.

Sabancı Holding has been rated with A for 2023 LSEG (Refinitiv) Excellent Performance within more than 50 Companies in Investment Holdings Category and received 14.1 rating which shows Low Risk level from Morningstar (Sustainalytics) in Diversified Financials Category.

Besides that, Sabancı Holding became one of 484 companies across various countries in Bloomberg Gender Equality Index 2023 which adopts transparency in gender data report and aims to monitor performance of publicly traded company.

Following the promulgation of the Sustainability Principles Compliance Framework in 2020 for the first time by CMB, a world-class sustainability compliance standard has been adopted in Türkiye. This year, Sabancı Group fully complied with 48 out of a total of 50 discretionary principles and partially complied with 1 principle and not relevant for the remaining principle. The efforts to achieve 100% compliance with these principles across Sabancı Group will continue in 2024 as well.

Sabancı Holding's compliance with the Sustainability Principles in 2023 is summarized in the table below

Type	Full Compliance	Partial Compliance	Non-Compliance	Not Relevant
General	10	-	-	-
Environment	22	1	-	-
Social	14	-	-	1
Corporate Governance	2	-	-	-
<b>Total</b>	<b>48</b>	<b>1</b>	<b>-</b>	<b>1</b>

2023 Sustainability Compliance Report, which shows the compliance status of Sabancı Group with the principles in the Sustainability Principles Compliance Framework of CMB is available to public in the [link](#).