

Sustainability

The commitment of Sabancı Group to sustainability is clearly shown through its investments across various sectors, which play a crucial role in delivering substantial environmental and social benefits.

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The 2023 World Economic Forum Global Risk Report highlights that half of the world’s emerging as the most severe global risks within the next two years, and 60% within a decade, are environmentally driven. These environmental challenges are making societal issues more severe and increasing inequality, significantly changing daily lives and causing wider social disruptions.

At Sabancı Group, we adopt the strategic direction of “Sustainability for a better life” because we see sustainability as a strategic approach to enhance business resilience. Our primary focus is on new investments in key aspects of the new economy: energy and climate technologies, advanced materials technologies, and digital technologies. This approach enhances Sabancı Group’s resilience of current environmental sustainability challenges, while also positioning the Group as a key player to integrating sustainability into the heart of growth strategy.









Decarbonization Strategy

In alignment with its strategic framework, Sabancı Group has formulated a comprehensive decarbonization strategy to address potential risks to achieving the 1.5°C goal. Embarking on this journey in 2021, the Group has elevated its commitment by introducing interim GHG emissions reduction targets within the scope of its Nature Project in 2023.

This effort was vital in identifying key areas for improvement towards our Net Zero Emissions target. Specific measures and actions for both Sabancı Holding and its Group companies were outlined to mitigate their environmental impact. Besides its interim GHG emissions reduction target, Sabancı Holding has determined 15 decarbonization initiatives designed to accelerate the transition process, effectively decarbonizing the various industries in which Sabancı Group is actively engaged.

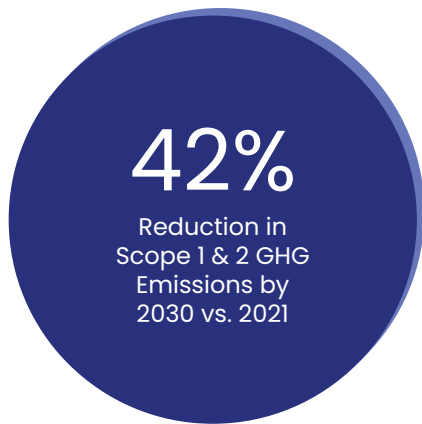


List of Decarbonization Initiatives

- | | | |
|--|---|---|
|  Renewable electricity usage / generation |  Switching away from CO ₂ intensive fuels |  Electrification of kiln/boiler |
|  Fleet EV transformation |  Alternative cooling gas |  Blending of renewable natural gas (RNG) |
|  Grid decarbonization |  Raw material substitution |  Heat pumps |
|  Theft & Loss reduction |  Alternative fuels |  Bio diesel blend |
|  SF6 recovery |  Clinker substitution |  Product/network optimization |

Sustainability

Sustainability is a key pillar of innovation and business development initiatives at Sabancı Group.

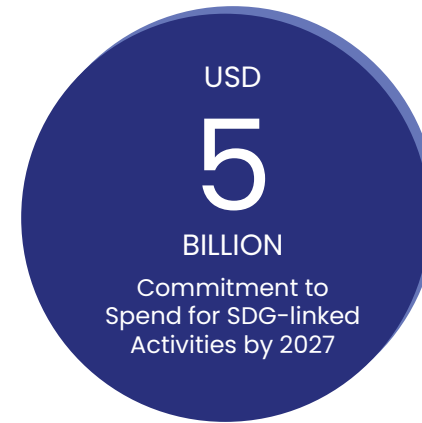


We will reduce our Scope 1 & 2 GHG emissions at least 15% by 2025 and 42% by 2030 vs. 2021 baseline without using carbon offsets.

Sabancı Holding Midterm Targets on Climate

In response to the scientific consensus on limiting global warming to 1.5°C above pre-industrial levels, Sabancı Holding has aligned its emission reduction objectives accordingly. As a strategic investment holding, we have committed to a 15% reduction in Scope 1 & 2 GHG emissions by 2025 and a 42% reduction in Scope 1 & 2 GHG emissions by 2030. Our target is aligned with 1.5°C pathway of the globally recognized Science-Based Targets initiative (SBTi).

Group companies have begun establishing their Scope 3 GHG emissions targets and are actively engaging in the SBTi approval process. Currently, 60% of Sabancı Holding's Scope 1 and 2 GHG emissions are either in the process of SBTi evaluation or awaiting approval, underscoring our commitment to this ambitious environmental goal.



We will grow in sustainable businesses to contribute to the transition for a sustainable economy.

As Sabancı Group, we started to track SDG-linked activities in 2022. Our CapEx and OpEx will reach USD 5 billion in SDG-linked activities by 2027, with climate mitigation and adaptation having a share of 70%.

Sabancı Holding's Growing Investments in SDG-linked Areas

Sabancı Holding is dedicated to fostering growth in sustainable businesses and facilitating the transition to a lower carbon economy. This commitment was further strengthened in 2022 with strategic investments in activities linked to the UN Sustainable Development Goals (SDGs). By 2027, Sabancı Holding plans to allocate USD 5 billion in capital expenditures and operational spending towards SDG-linked activities within new economy areas, with a major focus on climate mitigation and adaptation.

To enhance new investments at both startup and scale-up levels, Sabancı Ventures functions as the corporate venture capital arm of Sabancı Holding, serving the needs of both financial and strategic investors. Sabancı Ventures capitalizes on the expertise, operational excellence, and extensive global network of

Sabancı Holding companies, while creating value through commercial partnerships. Sabancı Ventures aligns its investment evaluation process with the Principles for Responsible Investment (PRI)'s six principles. For detailed information on Sabancı Ventures, please refer to page 63 of this report.

Sustainability is a key pillar of innovation and business development initiative at Sabancı Group. Our commitment to sustainability is clearly shown through our investments across various sectors, which play a crucial role in delivering substantial environmental and social benefits.

Key highlights of Sabancı Group's sustainability-related investments for 2023 include:

- Sabancı Renewables has acquired 100% of the shares of Oriana Solar, a US-based solar power plant facility, with an investment comprising 232 MW of solar energy and 60 MW of energy storage.
- Sabancı Renewables secured tax equity financing totaling USD 185 million through Advantage Capital for the Cutlass Solar II Project, which involves a 272 MW solar energy investment.
- Enerjisa Üretim has completed and commissioned the Akköy Wind Power Plant (WPP) with a capacity of 25.2 MW as part of the Aydın Region YEKA-2 projects totaling 250 MW. In addition, field construction activities for power plants with a total capacity of 185 MW have started. The investments aim for the gradual completion and commissioning of the Renewable Energy Resource Area 2 (YEKA-2) projects with a total capacity of 1,000 MW.
- Enerjisa Üretim has completed an M&A, along with an increase in existing plant capacity, providing an additional 40 MW of generation capacity for renewable energy power.
- Preliminary licenses have been obtained for three separate storage WPPs with a total wind power generation capacity of 500 MW and a battery storage capacity of 500 MWh, following applications made to the regulatory authority.
- Enerjisa Enerji has obtained preliminary licenses for Solar Power Plants (SPP) with storage,

consisting of 287 MW of solar-powered electricity generation capacity and 255 MWh of energy storage capacity.

- Eşarj recorded success of over 1,300+ total high speed DC charging stations covering all 81 cities of Türkiye. Based on the number of charging points, Eşarj has a market share of 33% in high-speed charging and is the country's biggest DC charge point operator.
- The Afyon SPP, jointly constructed by Enerjisa Enerji in Çimsa Afyon Plant with an investment of TL 52 million, has started operations. This initiative is a strategic part of the decarbonization efforts, aiming to lower carbon emissions by utilizing renewable energy sources.
- Investment of EUR 2.2 million has been made to open the Technology Center at the Technical University of Munich. The new center will support the development of innovative and environmental products and technologies in advanced building materials, composites, and construction reinforcement.
- Sabancı Building Solutions has planned an investment of EUR 4.2 billion for a SPP project at the Buñol factory. This investment is part of the company's decarbonization initiative, aiming to reduce GHG emissions and promote sustainable energy practices.
- The announcement has been made for a waste heat recovery facility investment at the Eskişehir facility of Çimsa, scheduled for completion in 2024. This project is jointly initiated with Enerjisa Enerji.
- Sabancı Building Solutions has made an investment in the Switzerland-based startup FenX, which produces sustainable insulation materials from waste materials as part of its circular economy practices.
- Temsa is conducting an R&D project to develop Türkiye's first hydrogen-fueled intercity coach.
- Pulsora's sustainable data management journey has received a green boost with Sabancı Climate Ventures joining its USD 20M Series A funding.

Sustainability

In 2023, Sabancı Holding's ESG rating was upgraded from 'A' to 'AA' by MSCI, marking a notable four-notch increase within a span of just four years.

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Sabancı Group for People and Society

Community investment programs are connected to the core strategy and business operations of Sabancı Group. Investing in communities aligns with the Group's commitment to maximizing positive impact on people and society. Sabancı Group develops and implements strategic community investment programs above an SROI (Social Return on Investment) value of 1.

Sabancı Holding contributes to societal development via various initiatives, including institutional support, social projects, and corporate social responsibility activities, involving both the Holding and the Group companies.

One notable example is Sabancı Holding's organization of Türkiye's largest social responsibility campaign – Sabancı Republic

Day Campaign. This year, the campaign focused on mitigating the effects of the devastating February 6th earthquake in South Anatolia. Numerous participants from Group companies had a valuable impact across several disaster-affected cities. For detailed information on Sabancı Republic Day Campaign, please refer to page 61 of this report.

In addition to the Group's efforts, Sabancı Foundation operates with the vision of building a society where all individuals enjoy their rights equally. The Foundation directs its activities toward key areas that include education, social change, culture and the arts. Sabancı Foundation places a special emphasis on women, young people, and individuals with disabilities in its various initiatives, underscoring its commitment to fostering inclusive opportunities and equitable rights through its programs. For detailed information on Sabancı Foundation, please refer to page 109 of this report.

For 24 years, Sabancı University, with the vision of ranking among the world's leading research universities with its innovation-based studies, has contributed to the development of self-confident individuals who are sensitive to the needs of society, focused on creating solutions and open to continuous improvement. For detailed information on Sabancı University, please refer to page 115 of this report.

ESG-related Indices Management and Communication with Stakeholders

In 2023, Sabancı Holding's ESG rating was upgraded from 'A' to 'AA' by MSCI, marking a notable four-notch increase within a span of just four years. MSCI is one of the most widely used ESG rating firms for responsible investment worldwide. Sabancı Holding is also included in the BIST 25 Sustainability Index whose constituents are BIST-listed companies with the top corporate sustainability performance in Türkiye. Sabancı Holding has been listed in Global A List for CDP Climate Change and increased its total score to A- for CDP Water programs. In addition, out of the 11 Sabancı Group companies that reported to the CDP Climate Change Program, an impressive nine have ascended to leadership levels, with grades of A or A-.

Sabancı Holding received an 'A' rating, representing "Excellent Performance," among more than 50 companies in the Investment Holdings category in accordance with the Refinitiv ESG Assessment. In addition, Sabancı Holding was assessed as "Low Risk" for the ESG risk metrics in the Diversified Financials category by Sustainalytics ESG Rating, placing the Holding among the world's leading companies on ESG

matters. Finally, Sabancı Holding was listed once again in the 2023 Bloomberg Gender-Equality Index. The Holding was the only conglomerate from Türkiye included in the ranking.

Beyond its own internal ESG-related efforts, Sabancı Holding participates in local and international sustainability platforms and initiatives that advocate for further change to environmental and social policy frameworks.

Sabancı Group is a member of the United Nations Global Compact (UNGC), World Business Council for Sustainable Development (WBCSD), World Economic Forum (WEF), 30% Club

Türkiye and CNBC ESG Council. The Group also supports local associations and committees to accelerate the transition of Türkiye's economy to a more sustainable model and enhance the resilience of society and economy to sustainability risks. For example, Sabancı Group has high level representation on various commissions and working groups in the Turkish Industry & Business Association (TÜSİAD), which plays a major role in Türkiye's economy.

