

W0. Introduction

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W0.1

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**(W0.1) Give a general description of and introduction to your organization.**

Hacı Ömer Sabancı Holding A.Ş., one of Turkey's leading conglomerates, is the parent company of Sabancı Group and manages the Group's companies with a strategic approach. Sabancı Group's main business areas are banking, financial services, energy, industrials, building materials and retail. Sabancı Group companies are market leaders in most of their respective sectors and operate in 14 countries as of year-end 2020, supplying their products in regions across Europe, the Middle East, Asia, North Africa, North and South America.

In 2020, Sabancı Group posted combined net sales of TL 104 billion and consolidated net income of TL 4.8 billion. Sabancı Holding's own shares, as well as the shares of its 11 subsidiaries, are listed on Borsa Istanbul (BIST) and constitute 6.1% of the total market capitalization of the Turkish equity market. The Sabancı Family is collectively Sabancı Holding's majority shareholder. As of year-end 2020, 48.5% of Sabancı Holding's shares are publicly traded.

Sabancı Holding's executive activities are carried out by the Executive Committee, consisting of the CEO, CFO, Strategic Business Unit Presidents and the Group President of Human Resources and Sustainability. The Executive Committee reports to the Board of Directors.

Sabancı Holding considers sustainability as an integral part of its mission and strategy. In 2020, Sabancı Holding increased its efforts to integrate its rapid and exemplary transformation based on technology and sustainability across the organization. As an indicator of its vision on this journey, Sabancı changed its purpose to "We unite Turkey and the World for a sustainable life with leading enterprises." In addition to this, Sabancı Holding launched a 5-year strategy plan in which there are 5 strategic directions that will lead the Group to its purpose: Provide wider customer experience, Transform into an agile/global footprint, Pioneer in sustainability, Lead in digital & material technologies, Adapt to Future of Work. The Group steadily supports and strengthens these 5 strategic directions with its investments in technology and digital.

In 2020, Sustainability Roadmap was created and the potential areas to increase the Group's positive impact were determined. The Sustainability Roadmap, which was approved by the Executive Board and the Board of Directors in 2021, includes Group-wide actions on climate emergency, alongside with other material issues. Moving forward with the goal of achieving Net-Zero Emissions and Zero Waste in all operations by 2050, Sabancı Holding started to take approximately 80 detailed actions to implement the Sustainability Roadmap in 2021. The Holding also began measuring the key performance indicators for each pillar of Sustainability Roadmap in 2021 and received independent assurance services for these data for the entire Group.

At Sabancı Group, we see water as a fundamental natural capital for all sectors in which we operate. We are aware that disruption in water supply will adversely affect all business processes. Accordingly, we define our impact on water resources on an industry basis, and carry out studies focused on efficiency, recovery and savings to manage water in a sustainable manner.

Across the Group, the percentage of water recycled and reused in 2020 was at 19%. In the future, we will continue to give priority to increasing water efficiency through projects, especially in water and emission-intensive sectors.

Detailed information on Sabancı Holding's water management approach is published on 2020 Sabancı Holding Sustainability Report, which can be accessed on Sabancı Holding's Investor Relations Website.

W0.2

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**(W0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date
Reporting year	January 1 2020	December 31 2020

W0.3

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**(W0.3) Select the countries/areas for which you will be supplying data.**

Turkey

## W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

## W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Other, please specify (All figures represent %100 of Hacı Ömer Sabancı Holding A.Ş.'s direct operations.)

## W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

## W1. Current state

### W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Vital	Direct use and its importance for the Holding: The direct use of water in Sabancı Headquarters offices and cafeteria services, which represents 100% of the boundaries determined for this Report, covers operational and maintenance activities for cooling, heating and cleaning/ hygiene purposes. Therefore, it is important for mainly WASH purposes. In 5 years time, as we make our operations more water-efficient, our dependency on water will decrease. On the other hand, taking into account a potential increase in the scarcity of water supply from Marmara Basin in the mid-term, the rating for direct use of water - may be evaluated as "vital" in the future. Indirect use and its importance for the Holding: As a Holding company, which invests in a range of diverse sectors including water intense & manufacturing sectors (energy generation incl. hydropower, building materials, etc.), the availability and quality of water for indirect use of our value chain is vital in terms of continuity of the operations and operational costs of our value chain. Depending on the sector, actions such as increasing water efficiency, investing in non-water dependent energy production technologies such as wind and solar, reusing & recycling water, measuring and better managing water consumption through the use of digitalization and technology, rain water harvesting, detecting and repairing losses and leaks in the lines are carried out. Although the intense efforts of our value chain (mainly investments) to reduce their dependency on water resources through such programs, certain parts of our investments - such as hydropower generation - will still rely on availability of water. Given the fact that climate emergency will deepen the water-related impacts on such activities, the indirect use of water rating will stay as vital in 5 years time.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Vital	Direct use and its importance for the Holding: Since Sabancı Holding does not have any manufacturing activities, the availability of recycled, brackish and/or produced water does not have a significant impact (both from a financial and business continuity perspective) on the Holding's own activities. We believe the importance rating will increase to "important" in 5 years time, since the HQs may need to rely on recycled, brackish and/or produced water instead of tap water due to a potential scarcity in water supply from Marmara Basin in the mid-term. Indirect use and its importance for the Holding: As a Holding company, which invests in a range of diverse sectors including water intense & manufacturing sectors (e.g. building materials), sufficient amounts of recycled, brackish and/or produced water available for use is vital for us in terms of continuity of the operations and operational costs of our value chain. Since water-intense manufacturing technologies may face a number of risks including those that are reputational, physical or those related to changing consumer behavior, our value chain is constantly investing in recycling/reuse processes. As a result of such efforts the rate of water that Sabancı Group companies saved through programs such as recycling and reuse was 19% in 2020 . In 5 years time, the importance of this topic for indirect operations will remain as vital, since the climate emergency will put more pressure on availability of water and the manufacturing facilities will need to intensify their efforts to recycle/reuse water or explore other methods of water production instead of relying on natural water resources.

### W1.2

**(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?**

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	As Sabancı Holding, nearly 100% of our water withdrawal is supplied by a third party, i.e. municipal water supplier/ISKI (Istanbul Municipality Waterworks). The method for water withdrawal measuring is the use of flowmeters and the measurement is cross checked by bills on a monthly basis. The frequency of measurement is monthly and yearly.
Water withdrawals – volumes by source	100%	As Sabancı Holding, nearly 100% of our water withdrawal is supplied by a single source, i.e. municipal water supplier/ISKI (Istanbul Municipality Waterworks). Water and Sewerage Administration entities across Turkey including ISKI discloses information regarding the water withdrawal from each dam and reports annually the dam occupancy rates and monthly on water quality. The method for water withdrawal measuring by source is the use of flowmeters and the measurement is cross checked by bills on a monthly basis. The frequency of measurement is monthly.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	As Sabancı Holding, 100% of our water withdrawal is supplied by a third party, i.e. municipal water supplier/ISKI (Istanbul Municipality Waterworks). Water and Sewerage Administration entities across Turkey including ISKI discloses information regarding the water quality on a monthly basis through lab analysis conducted by ISKI Clean Water Laboratory Office.
Water discharges – total volumes	100%	The wastewater is generated from office and cafeteria services including operational and maintenance activities for cooling, heating, cleaning, hygiene purposes and irrigation of the garden. 100% of water withdrawn is discharged to municipal sewage system and it is monitored on a monthly and annual basis by flowmeters.
Water discharges – volumes by destination	100%	100% of water withdrawn is discharged to a single destination - municipal sewage system and is monitored on a monthly and annual basis. 100% of the water discharge is monitored by flowmeters.
Water discharges – volumes by treatment method	100%	100% of wastewater discharged to municipal sewage system is treated by ISKI, which operates 88 treatment facilities with technologies such as biological and advanced biological treatment. The treatment method and the number of treatment facilities are disclosed on a yearly basis by ISKI, in their official website. The water discharged to sewage system by Sabancı Holding meets the basic requirements of the regulatory discharge quality for the sewage system.
Water discharge quality – by standard effluent parameters	100%	The wastewater is generated from office and cafeteria services including operational and maintenance activities for cooling, heating, cleaning, hygiene purposes and irrigation of the garden. All water withdrawn is discharged to municipal sewage system and 100% of the discharged water is monitored on a monthly basis through lab analysis.
Water discharge quality – temperature	Not relevant	Since Sabancı Holding does not have any manufacturing activities and only discharges to sewage system, water discharge temperature and thermal pollution is not relevant for the Holding itself. We do not expect this aspect to be relevant in the future either, taking into consideration the nature of our operations as the Holding, i.e. the source of water withdrawal.
Water consumption – total volume	100%	The water consumption, which is the difference between our withdrawal and discharge is zero. We frequently make the maintenance of our Sabancı Towers, therefore no incidence for leakage is reported in 2020. Additionally, there is no process to cause evaporation.
Water recycled/reused	100%	We utilize both from the rain water and from the bluff water (clean drain water by obtaining cooling towers in cooling systems ) for irrigation purposes and intend to increase the use of recycled/recovered/reused water. The monitoring is made one a year taking into consideration the volume of the water tank.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Our employees in Sabancı Headquarters are white collar workers and working in one, daytime shift. Although there is no such need for white collar workers, we have a sport center with showers (WASH services) in the building. It is open to use for our employees (except during the COVID-19 pandemic). Cafeteria and cleaning activities are fulfilled by our suppliers. For the sake of fully-functioning WASH services, a 1,500 m3 of fresh water storage reservoir is available for daily use in case of having any trouble in the municipal water system.

**W1.2b**

**(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?**

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	11	Much lower	Due to the strict measures applied during COVID-19 pandemic for the sake of our employees' health, our water use and wastewater generation were decreased by 54%. On the other hand, we continued our efforts to increase water efficiency and awareness raising activities. In 2021 and 2022, we do not expect a significant increase in total withdrawals mainly due to the continued COVID-19 pandemic measures, efficiency & awareness raising efforts as well as our Future of Work Program which allows a range of flexible working conditions.
Total discharges	11	Much lower	Due to the strict measures applied during COVID-19 pandemic for the sake of our employees' health, our water use and wastewater generation were decreased by 54%. On the other hand, we continued our efforts to increase water efficiency and awareness raising activities. In 2021 and 2022, we do not expect a significant increase in total discharges mainly due to the continued COVID-19 pandemic measures, efficiency & awareness raising efforts as well as our Future of Work Program which allows a range of flexible working conditions.
Total consumption	0	About the same	The water consumption, which is the difference between our withdrawal and discharge is zero, since 100% of water withdrawal is discharged to sewage system and there are no losses such as leakage or a process to cause evaporation. In 2021 and 2022, we estimate that our water consumption will be about the same as 2020, about zero.

**W1.2d**

**(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.**

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	100%	About the same	WRI Aqueeduct	Our water is withdrawn from Marmara basin, where currently there is high water stress. On the other hand, since our total volume of water withdrawn is 11 megaliters, we don't have direct significant water withdrawal effect on water resources. Our identification tool is World Resource Institute's Aqueeduct tool's yearly water stress atlas. We only searched for Marmara basin as our operations are based in Istanbul.

## W1.2h

### (W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	As per the third party assurance we received for water, no amounts of withdrawal from fresh surface water were verified. We assume the total amount as zero for this category, and consequently it is not relevant.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	We do not source water from fresh surface water, therefore our withdrawal from fresh surface water is zero. We supply water from a third party, i.e. municipal water supplier/ISKI (Istanbul Municipality Waterworks). Consequently, it is not relevant.
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	We do not source water from groundwater, therefore our withdrawal from groundwater is zero. We supply water from a third party, i.e. municipal water supplier/ISKI (Istanbul Municipality Waterworks). Consequently, it is not relevant.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	We do not source water from groundwater-non-renewable, therefore our withdrawal from groundwater-non-renewable is zero. We supply water from a third party, i.e. municipal water supplier/ISKI (Istanbul Municipality Waterworks). Consequently, it is not relevant.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	We do not use produced/process water, therefore use of produced/process water is zero. We supply water from a third party, i.e. municipal water supplier/ISKI (Istanbul Municipality Waterworks). Consequently, it is not relevant.
Third party sources	Relevant	11	Much lower	We supply water from a third party, i.e. municipal water supplier/ISKI (Istanbul Municipality Waterworks). In 2020, due to the strict measures applied during COVID-19 pandemic for the sake of our employees' health, our water use and wastewater generation were decreased by 54%. On the other hand, we continued our efforts to increase water efficiency and awareness raising activities. In 2021 and 2022, we do not expect a significant increase in total discharges mainly due to the continued COVID-19 pandemic measures, efficiency & awareness raising efforts as well as our Future of Work Program which allows a range of flexible working conditions.

## W1.2i

### (W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	We don't discharge water to any destinations other than municipal sewage system.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	We don't discharge water to any destinations other than municipal sewage system.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	We don't discharge water to any destinations other than municipal sewage system.
Third-party destinations	Relevant	11	Much lower	We discharge water to municipal sewage system. In 2020, due to the strict measures applied during COVID-19 pandemic for the sake of our employees' health, our water use and wastewater generation were decreased by 54%. On the other hand, we continued our efforts to increase water efficiency and awareness raising activities. In 2021 and 2022, we do not expect a significant increase in total discharges mainly due to the continued COVID-19 pandemic measures, efficiency & awareness raising efforts as well as our Future of Work Program which allows a range of flexible working conditions.

## W1.2j

**(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.**

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There are no manufacturing activities nor large-scale processes within the boundaries determined in this Report (i.e. Sabanci Holding HQs). Also, the quality of wastewater discharged to the municipal sewage system is under the limits defined for municipal wastewater discharge. Consequently, there is no need for a wastewater treatment plant. Since our operations will remain the same in the coming years and no change is expected in discharged water quality; we do not plan to apply tertiary treatment moving forward.
Secondary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There are no manufacturing activities nor large-scale processes within the boundaries determined in this Report (i.e. Sabanci Holding HQs). Also, the quality of wastewater discharged to the municipal sewage system is under the limits defined for municipal wastewater discharge. Consequently, there is no need for a wastewater treatment plant. Since our operations will remain the same in the coming years and no change is expected in discharged water quality; we do not plan to apply secondary treatment moving forward.
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There are no manufacturing activities nor large-scale processes within the boundaries determined in this Report (i.e. Sabanci Holding HQs). Also, the quality of wastewater discharged to the municipal sewage system is under the limits defined for municipal wastewater discharge. Consequently, there is no need for a wastewater treatment plant. Since our operations will remain the same in the coming years and no change is expected in discharged water quality; we do not plan to apply primary treatment moving forward.
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There are no manufacturing activities nor large-scale processes within the boundaries determined in this Report (i.e. Sabanci Holding HQs). 100% of the wastewater is discharged to the municipal sewage system. Consequently, there is no discharge to the natural environment without treatment. Since our operations will remain the same in the coming years and no change is expected; there will not be any discharge to the natural environment with or without treatment moving forward.
Discharge to a third party without treatment	Relevant	11	Much lower	100%	There are no manufacturing activities nor large-scale processes within the boundaries determined in this Report (i.e. Sabanci Holding HQs). 100% of the wastewater is discharged to municipal sewage system which is then treated in municipal wastewater treatment facilities. Also, the quality of wastewater discharged to the municipal sewage system is under the limits defined for municipal wastewater discharge. Consequently, there is no need for wastewater treatment prior to discharge. Since our operations will remain the same in the coming years and no change is expected; there will not be any need for pre-treatment before discharge to sewage system moving forward.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	There are no manufacturing activities nor large-scale processes within the boundaries determined in this Report (i.e. Sabanci Holding HQs). Also, the quality of wastewater discharged to the municipal sewage system is under the limits defined for municipal wastewater discharge. Consequently, there is no need for a wastewater treatment plant. Since our operations will remain the same in the coming years and no change is expected in discharged water quality; we do not plan to apply pre-treatment before discharge moving forward.

**W1.4**

**(W1.4) Do you engage with your value chain on water-related issues?**

- Yes, our suppliers
- Yes, our customers or other value chain partners

**W1.4a**

**(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?**

**Row 1**

**% of suppliers by number**

**% of total procurement spend**

<Not Applicable>

**Rationale for this coverage**

**Impact of the engagement and measures of success**

<Not Applicable>

**Comment**

**W1.4b**

**(W1.4b) Provide details of any other water-related supplier engagement activity.**

**Type of engagement**

No other supplier engagements

**Details of engagement**

<Not Applicable>

**% of suppliers by number**

<Not Applicable>

**% of total procurement spend**

<Not Applicable>

**Rationale for the coverage of your engagement**

As we are an investee company, we don't have direct suppliers, which we could have direct impact on water management. We manage water security throughout our investors.

**Impact of the engagement and measures of success**

<Not Applicable>

**Comment**

<Not Applicable>

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**W1.4c**

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**(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?**

As a Holding company, the most material part of our value chain in terms of environmental impact is our investments, i.e. the companies that we invest in our portfolio (the Group). Therefore, we pioneer and lead the sectors that we operate in via (1) our 5-year Strategic Plan, where "pioneering in sustainability" is among the five strategic directions and is part of our "Purpose" as the Group, (2) our Sustainability Roadmap, which is implemented by the entire Group, (3) performance management in which sustainability is embedded at a rate of 10% in senior management performance goals, (4) our asset allocation strategy in which sustainability is among the key drivers.

In practice, our Sustainability Roadmap is implemented through the Thematic Task Forces, consisting of experts from the Group companies as well as the Sustainability Directorate which resides at Sabancı Holding. The Task Forces operate with an agile working model and ultimately report their work to the Sustainability Leadership Committee consisting of the Holding's Group Presidents.

The success of engagement is measured through Group-wide KPIs such as water intensity or the total percentage of water recycled and reused. Additionally, sustainability related KPIs are embedded in the performance assessment of the senior management in Group companies as explained above.

Detailed information on Sabancı Holding's water management approach is published on 2020 Sabancı Holding Sustainability Report, which can be accessed on Sabancı Holding's Investor Relations Website.

**W2. Business impacts**

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**W2.1**

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**(W2.1) Has your organization experienced any detrimental water-related impacts?**

No

**W2.2**

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**(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

No

**W3. Procedures**

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**W3.3**

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**(W3.3) Does your organization undertake a water-related risk assessment?**

Yes, water-related risks are assessed

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**(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.****Direct operations****Coverage**

Full

**Risk assessment procedure**

Water risks are assessed as part of other company-wide risk assessment system

**Frequency of assessment**

More than once a year

**How far into the future are risks considered?**

3 to 6 years

**Type of tools and methods used**

Enterprise Risk Management

Other

**Tools and methods used**

COSO Enterprise Risk Management Framework

ISO 31000 Risk Management Standard

Internal company methods

External consultants

**Comment**

According to Sabancı Holding's ERM system, risks are categorized based on their nature under the clusters such as strategic risks, financial risks, operational risks and compliance risks. Each cluster is then rated based on parameters such as 'impact', 'likelihood', 'vulnerability' and 'speed of onset'.\* The 'impact' is determined based on multiple dimensions such as financial, operational, legal, reputational, H&S, human resources and environmental impact. The Holding's Early Detection of Risk Committee (EDRC) convenes at least 6 times a year and evaluates the risks. Upon the suggestion of the EDRC, the BoD decides on the mitigation plans on risks that are deemed as high or critical. All mitigation actions are planned by the risk supervisors or department heads and assigned to a risk owner. We evaluate the risks arising from the water crisis by considering their negative effects based on the managed strategic business line and their operational implications. The key external environmental risks are water shortages, failure to meet the water demand in industrial production and operational disruptions in production due to insufficient resources. To reduce water consumption in general, we take certain actions, such as measuring, detecting and repairing the water losses and leaks in the lines, and collecting and recycling of surface waters. The implementation of these actions varies by sector across the Group companies.

**Supply chain****Coverage**

Full

**Risk assessment procedure**

Water risks are assessed as part of an enterprise risk management framework

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

3 to 6 years

**Type of tools and methods used**

Enterprise Risk Management

Other

**Tools and methods used**

COSO Enterprise Risk Management Framework

ISO 31000 Risk Management Standard

Internal company methods

External consultants

**Comment**

According to Sabancı Holding's ERM system, risks are categorized based on their nature under the clusters such as strategic risks, financial risks, operational risks and compliance risks. Each cluster is then rated based on parameters such as 'impact', 'likelihood', 'vulnerability' and 'speed of onset'.\* The 'impact' is determined based on multiple dimensions such as financial, operational, legal, reputational, H&S, human resources and environmental impact. The Holding's EDRC convenes at least 6 times a year and evaluates the risks. Upon the suggestion of the EDRC, the BoD decides on the mitigation plans on risks that are deemed as high or critical. All mitigation actions are planned by the risk supervisors or department heads and assigned to a risk owner. We evaluate the threats arising from the water crisis by considering their negative effects based on the managed strategic business line and their operational implications. The key external environmental risks are water shortages, failure to meet the water demand in industrial production and operational disruptions in production due to insufficient resources. Such risks include those that are related to supply chain. To reduce water consumption in general, we take certain actions, such as measuring, detecting and repairing the water losses and leaks in the lines, and collecting and recycling of surface waters. The implementation of these actions varies by sector across the Group companies.

**Other stages of the value chain**

**Coverage**

Partial

**Risk assessment procedure**

Water risks are assessed as part of an enterprise risk management framework

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

3 to 6 years

**Type of tools and methods used**

Enterprise Risk Management  
Other

**Tools and methods used**

COSO Enterprise Risk Management Framework  
ISO 31000 Risk Management Standard  
Internal company methods  
External consultants

**Comment**

According to Sabancı Holding's ERM system, risks are categorized based on their nature under the clusters such as strategic risks, financial risks, operational risks and compliance risks. Each cluster is then rated based on parameters such as 'impact', 'likelihood', 'vulnerability' and 'speed of onset'.\* The 'impact' is determined based on multiple dimensions such as financial, operational, legal, reputational, H&S, human resources and environmental impact. The Holding's EDRC convenes at least 6 times a year and evaluates the risks. Upon the suggestion of the EDRC, the BoD decides on the mitigation plans on risks that are deemed as high or critical. All mitigation actions are planned by the risk supervisors or department heads and assigned to a risk owner. We evaluate the threats arising from the water crisis by considering their negative effects based on the managed strategic business line and their operational implications. The key external environmental risks are water shortages, failure to meet the water demand in industrial production and operational disruptions in production due to insufficient resources. To reduce water consumption in general, we take certain actions, such as measuring, detecting and repairing the water losses and leaks in the lines, and collecting and recycling of surface waters. The implementation of these actions varies by sector across the Group companies.

**W3.3b**

**(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?**

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. Under ERM system, we closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, physical risks include chronic risks such as drought and access to water and can turn into financial losses due to service interruption, decreased revenues or increased operational expenses. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary.
Water quality at a basin/catchment level	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. Under ERM system, we closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, non-compliance with water quality legislation may result in water-related lawsuits, loss of social license to operate, reputation, as well as loss of investors, market share and customers, ultimately leading to financial losses. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. Under ERM system, we closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, stakeholder conflicts concerning water resources may result in water-related lawsuits, loss of social license to operate, reputation, as well as loss of investors, market share and customers, ultimately leading to financial losses. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary.
Implications of water on your key commodities/raw materials	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. Under ERM system, we closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, physical risks include chronic risks such as drought and access to water and can turn into financial losses due to service interruption, decreased revenues or increased operational expenses. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary.
Water-related regulatory frameworks	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. Under ERM system, we closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, non-compliance with water quality legislation may result in water-related lawsuits, loss of social license to operate, reputation, as well as loss of investors, market share and customers, ultimately leading to financial losses. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary.
Status of ecosystems and habitats	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. Under ERM system, we closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, non-compliance with water quality legislation may result in the damage of ecosystems/habitats, and can ultimately lead to water-related lawsuits and loss of social license to operate, reputation, as well as loss of investors, market share and customers. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	This risk is related to a number of risk categories such as sustainability and occupational health and safety risk category. It is relevant for both the Holding and the Group companies that we invest in, given the high number of employees. For both categories, under the ERM, we conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. The Holding offers guidance for the Group companies to be prepared for these risks and take precautions in their business models against any potential impact.
Other contextual issues, please specify	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. Under ERM system, we closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, transition risks are those arising from policy changes in sustainable development, their impact on reputation and failures to manage market preferences, norms and technological developments. Uncertainties may amplify the impact of transition risks. The faster the transition, the greater the financial impact can be. If water-related issues, alongside with the other environmental issues, are not managed properly, this may result in loss of investors, reduced access to financing and loss of customers due to the inability to respond to changing consumer behavior. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary.

## (W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Not relevant, included	Although Sabancı Holding does not have customers given the nature of its business, the changing behavior of customers of the most important part of our value chain, i.e. Group companies, are factored into our ERM system at the Holding. For instance, transition risks are those arising from policy changes in sustainable development, their impact on reputation and failures to manage market preferences, norms and technological developments. If water-related issues, alongside with the other environmental issues, are not managed properly, this may result in loss of customers due to the inability to respond to changing consumer behavior. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary. Method for engagement with customers are through our Group companies, i.e. investees, by one-to-one meetings.
Employees	Relevant, always included	Occupational health and safety risk is defined as the Company's exposure to compensation obligations, loss of reputation and other unexpected costs due to the failure to provide a healthy and safe working environment for employees including providing proper hygiene & health conditions. Measures in the working environment are taken to manage this risk. The OHS department is responsible for ensuring such conditions in Sabancı Holding HQ. Detailed analyses are made and measures are taken on facility level by our Group companies. Most common method for engagement with employees are through bilateral meetings and surveys.
Investors	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. We closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, transition risks are those arising from policy changes in sustainable development, their impact on reputation and failures to manage market preferences, norms and technological developments. If water-related issues, alongside with the other environmental issues, are not managed properly, this may result in loss of investors. We estimate the potential financial impact between TL 2.3 billion and TL 3.3 billion, which make a considerable impact. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary. Most common method for engagement with investors are through one-to-one meetings and surveys.
Local communities	Not relevant, included	Although local communities are not directly relevant for Sabancı Holding given the nature of its business, it is relevant for the most important part of Sabancı Holding's value chain, i.e. the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. We closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, non-compliance with water quality legislation may result in the damage of ecosystems/habitats and negatively impact local communities. This can ultimately lead to water-related lawsuits, loss of social license to operate and reputation. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary. Method for engagement with local communities are through our Group companies, i.e. investees, by one-to-one meetings.
NGOs	Relevant, always included	NGOs are directly or indirectly relevant for our business, especially for the most important part of Sabancı Holding's value chain, i.e. the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. We closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, non-compliance with water quality legislation may result in the damage of ecosystems/habitats and negatively impact local communities, and can ultimately lead to water-related lawsuits and loss of social license to operate. Such results can be triggered by NGO reactions as well as the local community reactions. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary. Most common method for engagement with NGOs are through memberships, working group meetings, one-to-one meetings and surveys.
Other water users at a basin/catchment level	Not relevant, included	Although other water users at a basin/catchment level are not directly relevant for Sabancı Holding given the nature of its business, it is relevant for the most important part of Sabancı Holding's value chain, i.e. the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. We closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, non-compliance with water quality legislation may result in the damage of ecosystems/habitats and negatively impact other water users at a basin/catchment level. This can ultimately lead to water-related lawsuits, loss of social license to operate and reputation. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary. Method for engagement with other water users at a basin/catchment level are through our Group companies, i.e. investees, by one-to-one meetings.
Regulators	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. We closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, compliance risks are directly related to regulatory bodies. Non-compliance with regulations may result in water-related lawsuits, loss of social license to operate and reputation, ultimately leading to financial losses. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary. Most common method for engagement with regulators are through one-to-one meetings and platforms facilitated by business-led organizations.
River basin management authorities	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. We closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, compliance risks are directly related to regulatory bodies including those that are related to river basin management. Non-compliance with their expectations may result in water-related lawsuits, loss of social license to operate and reputation, ultimately leading to financial losses. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary. Method for engagement with river basin management authorities are through our Group companies, i.e. investees, by one-to-one meetings.
Statutory special interest groups at a local level	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. We closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, compliance risks are directly related to regulatory bodies as well as statutory special interest groups at a local level. Non-compliance with their expectations may result in water-related lawsuits, loss of social license to operate and reputation, ultimately leading to financial losses. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary. Method for engagement with statutory special interest groups at a local level are through our Group companies, i.e. investees, by one-to-one meetings.
Suppliers	Not relevant, included	Although Sabancı Holding's supply chain does not pose significant environmental threats, supply chain related risks are directly impacting the most important part of our value chain, i.e. Group companies and are factored into our ERM system at the Holding. For instance, chronic physical risks such as drought and reduced access to water can impact their supply chain and therefore manufacturing operations of our Group companies. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary. Most common method for engagement with suppliers are through one-to-one meetings and surveys.
Water utilities at a local level	Relevant, always included	The most important part of Sabancı Holding's value chain is the Group companies in our investment portfolio. In this part of our value chain, sustainability risks are categorized as physical risks, compliance risks and transition risks. We closely monitor developments with the potential of these risks turning into financial risks, and conduct analyses on parameters such as impact, probability, vulnerability and speed of onset at Group companies. For instance, compliance risks are directly related to regulatory bodies as well as local water utilities. Non-compliance with their expectations may result in water-related lawsuits, loss of social license to operate and reputation, ultimately leading to financial losses. Detailed analyses on facility level are conducted by our Group companies where relevant and necessary. Method for engagement with water utilities at a local level are through our Group companies, i.e. investees, by one-to-one meetings.
Other stakeholder, please specify	Relevant, always included	Sabancı Holding considers ESG rating agencies among its important stakeholders since many of investors rely on their non-financial assessment of our Holding. We conduct surveys and bilateral meetings with ESG rating agencies in a bid to understand the rating trends and investors' priorities on ESG issues, including those that are related to water security. The method of engagement includes bilateral meetings and surveys where relevant.

## W3.3d

## (W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

**Risk Management:** Sabancı Holding and Group companies use the Enterprise Risk Management (ERM) system.

During the assessment process, the risks are categorized based on their nature under four clusters, i.e. financial, strategic (incl. reputational and sustainability risks),

operational and compliance. Each cluster is then rated based on parameters such as 'impact', 'likelihood', 'vulnerability' and 'speed of onset'.\* The 'impact' is determined based on multiple dimensions such as financial, operational, legal, reputational, H&S, human resources and environmental impact. Holding EDRC convenes at least 6 times a year and monitors the risks by considering their final risk scores and categories. Upon the suggestion of the EDRC, Holding BoD decides on the mitigation plans on risks that are deemed as high or critical.

In principle, all mitigation actions are planned by the risk supervisors or department heads and assigned to a risk owner. Consequently, the action plan is conducted by the risk owner. The Holding's related risk owner and risk supervisor as well as the Holding risk management teams re-evaluate the residual risk level following the completion of mitigation actions.

The Holding offers guidance for the Group companies to be prepared for these risks and take precautions in their business models against any potential impact.

Definition of substantive financial impact\*\* (2020-2021): As per the financial impact, the threshold for the highest risk level is > TL 250 million

Definition of substantive strategic impact (2020-2021): If the cluster of a risk is identified as 'strategic' AND the risk is rated as High or Critical\* on the basis of inherent risks; then it is deemed to pose high strategic risks and prioritized to be reported to the EDRC.

\*Following the calculation of final score based on impact, likelihood, vulnerability, speed of onset, the risks are categorized according to the following classification:

If the final score is:

- equals and higher than 3 than the risk is categories as "Critical",
- equals to 2.6 and between 2.6 and 3 than the risk is categories as "High",
- equals to 2 and between 2 and 2.6 than the risk is categories as "Medium",
- equals and lower than 2 than the risk is categories as "Low".

\*\* Financial impact scores are as follows:

- 1- No loss
- 2- Up to TL 60 million
- 3- TL 60 million up to TL 125 million
- 4- TL 125 million up to TL 250 million
- 5- More than TL 250 million

The EDRC convened 6 times in 2020 and submitted risk assessments to the attention of the Board of Directors.

**Strategic Portfolio Management:** As a Holding company, the most material part of our value chain in terms of environmental impact is our investments, i.e. the companies that we invest in our portfolio. Therefore, we pioneer and lead the sectors that we operate in via (1) our 5-year Strategic Plan, where "pioneering in sustainability" is among the five strategic directions and is part of our "Purpose" as the Group, (2) our Sustainability Roadmap, which is implemented by the entire Group, (3) performance management in which sustainability is embedded at a rate of 10% in senior management performance goals, (4) our asset allocation strategy in which sustainability is among the key drivers.

We make sure we capture the opportunities and mitigate the risks through these 4 pillars in addition to our ERM system.

In practice, our Sustainability Roadmap, which include water-related actions, is implemented through the Thematic Task Forces, consisting of experts from the Group companies as well as the Sustainability Directorate which resides at Sabancı Holding. The Task Forces operate with an agile working model and ultimately report their work to the Sustainability Leadership Committee consisting of the Holding's Group Presidents.

The success of engagement is measured through Group-wide KPIs such as water intensity or the total percentage of water recycled and reused. Additionally, sustainability related KPIs are embedded in the performance assessment of the senior management in Group companies as explained above.

Detailed information on Sabancı Holding's water management approach is published on 2020 Sabancı Holding Sustainability Report, which can be accessed on Sabancı Holding's Investor Relations Website.

## W4. Risks and opportunities

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### W4.1

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#### (W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

### W4.1a

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#### (W4.1a) How does your organization define substantive financial or strategic impact on your business?

According to Sabancı Holding's ERM system, risks are categorized based on their nature under the clusters such as strategic risks, financial risks, operational risks and compliance risks. Each cluster is then rated based on parameters such as 'impact', 'likelihood', 'vulnerability' and 'speed of onset'.\* The 'impact' is determined based on multiple dimensions such as financial, operational, legal, reputational, H&S, human resources and environmental impact. The Holding's Early Detection of Risk Committee (EDRC) convenes at least 6 times a year and evaluates the risks by considering their final risk scores and categories. Upon the suggestion of the EDRC, the BoD decides on the mitigation plans on risks that are deemed as high or critical.

In principle, all mitigation actions are planned by the risk supervisors or department heads and assigned to a risk owner. Consequently, the action plan is conducted by the risk owner. The Holding's related risk owner and risk supervisor as well as the Holding risk management teams re-evaluate the residual risk level following the completion of mitigation actions.

**Definition of substantive financial impact\*\* (2020-2021):** As per the financial impact, the threshold for the highest risk level is >TL 250 million.

**Definition of substantive strategic impact (2020-2021):** If the cluster of a risk is identified as 'strategic' AND the risk is rated as High or Critical\* on the basis of inherent risks; then it is deemed to pose high strategic risks and prioritized to be reported to the EDRC.

Example of physical risk drivers that are taken into consideration in energy sector are as follows:

- Climate change and drought leading to low water reservoir levels, disrupting electricity generation in hydro power plants

Example to transitional risk drivers that are taken into consideration in building materials sector are as follows:

- Gaps to climate friendly operational baseline leading to higher cost of funding

\*Following the calculation of final score based on impact, likelihood, vulnerability, speed of onset, the risks are categorized according to the following classification:

If the final score is:

- equals and higher than 3 than the risk is categories as "Critical",
- equals to 2.6 and between 2.6 and 3 than the risk is categories as "High",
- equals to 2 and between 2 and 2.6 than the risk is categories as "Medium",
- equals and lower than 2 than the risk is categories as "Low".

\*\* Financial impact scores for 2020-2021 are as follows and are revised on an annual basis:

- 1- No loss
- 2- Up to 60 million TL
- 3- 60 million TL up to 125 million TL
- 4- 125 million TL up to 250 million TL
- 5- More than 250 million TL

## W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	0	Less than 1%	Since Sabancı Holding does not have any production or large-scale operations, we do not envisage any significant water-related situation that will create a substantive financial and strategic impact on the Holding's own operations. Having said that, the companies that we invest in may be impacted from such risks. The high-level risk assessment is conducted by Sabancı Holding for the entire Group and facility-level detailed analyses are conducted by our Group companies.

## W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

### Country/Area & River basin

Turkey	Other, please specify (Marmara Basin)
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### Number of facilities exposed to water risk

0

### % company-wide facilities this represents

100%

### Production value for the metals & mining activities associated with these facilities

<Not Applicable>

### % company's annual electricity generation that could be affected by these facilities

<Not Applicable>

### % company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

### % company's total global revenue that could be affected

Less than 1%

### Comment

Since Sabancı Holding does not have any production or large-scale operations, we do not envisage any significant water-related situation that will create a substantive financial and strategic impact on the Holding's own operations. Having said that, the companies that we invest in may be impacted from such risks. The high-level risk assessment is conducted by Sabancı Holding for the entire Group and facility-level detailed analyses are conducted by our Group companies.

## W4.2

**(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin, Konya Closed Basin, Black Sea South Coast Major, Kocaeli Minor Basin, East Mediterranean Basin, Sakarya Basin, Seyhan Basin, Yesilirmak Basin and Akarçay Basin.)
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**Type of risk & Primary risk driver**

Reputation & markets	Other, please specify (investor exit)
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**Primary potential impact**

Other, please specify (investor exit)

**Company-specific description**

If water-related issues are not properly managed by our Group companies, this may result in investor exit from Sabancı Holding shares. The basins reported in this section are excerpted from 2020 CDP Water Responses of our building materials and industrials group companies.

**Timeframe**

Current up to one year

**Magnitude of potential impact**

High

**Likelihood**

More likely than not

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

2259000000

**Potential financial impact figure - maximum (currency)**

3300000000

**Explanation of financial impact**

The figures represent the amount of exit from Sabancı Holding shares (the exchange rates of the Central Bank of the Republic of Turkey as of H1 2021 are used).

**Primary response to risk**

Introduce/strengthen water management incentives

**Description of response**

Sabancı Holding launched a Sustainability Roadmap which includes actions on the management water-related issues and is implemented by our Group companies.

**Cost of response**

1000000

**Explanation of cost of response**

The cost includes administrative costs of sustainability-related efforts at Sabancı Holding, including those that are related to consultancy costs and excluding staff remuneration.

**W4.2a**

**(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

**Country/Area & River basin**

Turkey	Other, please specify (Marmara Basin and Konya Closed Basin)
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**Stage of value chain**

Supply chain

**Type of risk & Primary risk driver**

Physical	Severe weather events
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**Primary potential impact**

Supply chain disruption

**Company-specific description**

This impact is specific to one of our Group Companies in Industrials Group: Brisa's main suppliers, natural rubber producers, conduct agricultural activities to harvest this raw material. Therefore, severe weather events and resulting impact on their supply chain will ultimately lead to disruption in Brisa's supply chain. This risk is identified as part of a company-wide risk assessment in Brisa. As most of the natural rubber producers are located in areas which are exposed to the impacts of severe weather events (such as Indonesia, Malaysia and Thailand), the impact of this risk can become higher over the long-term horizon.

**Timeframe**

4-6 years

**Magnitude of potential impact**

Medium-low

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1880000

**Potential financial impact figure - minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact**

The primary potential impact of this risk may result in closure of company operations as a result of supply chain related disruption in Brisa's production. For the reporting period, the financial impact of a daily shut off of Brisa's 2 production facility is USD 1.86 mio/day. While making the currency conversion, the exchange rates of the Central Bank of the Republic of Turkey as of H1 2021 are used. (1USD=8.6803 TL)

**Primary response to risk**

Upstream	Increase supplier diversification
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**Description of response**

In order to prevent water as well as severe weather events-related supply chain disruptions in Brisa's production in the absence of sufficient raw material, Brisa diversifies their supply chain by having a pool of suppliers for the same raw material in case one supplier won't be able to supply their required amount of natural rubber. Brisa will always have multiple alternative suppliers from different regions from where they can meet their demand. In the reporting period, Brisa has initiated a comprehensive supplier diversification approach where they took appropriate action to decrease mentioned risks by adding African natural rubber to its approved natural rubber sources list. Not only this initiative helped them diversify their supplier pool, but it has also helped African producers to increase their prosperity.

**Cost of response**

125000

**Explanation of cost of response**

Investments were started in 2018 to reduce the risk of disruption in our supply chain that may arise from severe weather events, and as of the end of 2020, the total investment amount has reached 125,000USD. The cost of response for this risk consists of the installation of a natural rubber testing equipment at Brisa Izmit Production Facility.

**Country/Area & River basin**

Turkey	Other, please specify (Various river basins in the country)
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**Stage of value chain**

Use phase

**Type of risk & Primary risk driver**

Reputation & markets	Changes in consumer behavior
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**Primary potential impact**

Reduced demand for products and services

**Company-specific description**

This impact is specific to one of our Group Companies in Industrials Group: All stakeholders such as investors, NGOs and especially customers demand increasing disclosure of environment related performance including water management as well as water stewardship ownership from companies. Moreover, Kordsa's leading customers, global tire manufacturers are setting ambitious climate and water related targets and expect Kordsa to support them in achieving these targets. Although, Kordsa is actively managing and disclosing its ESG performance and conducting R&D activities to improve the water performance of its products, in the future, this demand will increase and become stricter. In case of Kordsa being unable to meet the stakeholders' demands to maintain water stewardship practices, this may result in a reduced demand for Kordsa's products.

**Timeframe**

More than 6 years

**Magnitude of potential impact**

High

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - minimum (currency)**

112354000

**Potential financial impact figure - maximum (currency)**

280885000

**Explanation of financial impact**

The potential financial impact of this risk is determined with the assumption that 10% of Kordsa's global revenue can be affected from Kordsa's inability to meet stakeholders' (especially customers') demands and set targets. The potential financial impact of this risk is determined with the assumption that 2-5% of Kordsa's global revenue can be affected from Kordsa's inability to meet stakeholders' (especially customers') demands and set targets. Our global revenue in the reporting period was 647.2 million USD. Minimum financial impact is 2% of this figure: 12.94 Million USD and Maximum financial impact is 5% which equal to 32.36 million USD. While making the currency conversion, the exchange rates of the Central Bank of the Republic of Turkey as of H1 2021 are used.

**Primary response to risk**

Direct operations	Increase capital expenditure
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**Description of response**

In order to maintain its position as a reputable brand and commitment to continually increase water efficiency in operations, Kordsa dedicates budget to invest in water-related capital. On a secondary response, Kordsa makes sure to transparently and publicly disclose its performance against set targets on various platforms such as CDP Water Security Programme, EcoVadis, sustainability reporting, ISO 14001 system certification, membership fees paid to sustainability related NGOs. Via these responses, Kordsa makes sure to meet stakeholder expectations at all times.

**Cost of response**

1302000

**Explanation of cost of response**

Cost of response to this strategy includes the realized cost of realized initiatives implemented in the reporting period listed below: - Water-related CAPEX, - Sustainability reporting consultancy, - Reporting to various platforms such as CDP Water Security, Eco-Vadis, BIST Sustainability Index, - Membership fees paid to sustainability related NGO's and active participation in leading sustainability related organisations (BCSD etc.). This is a recurring cost but will change in amount on a yearly basis based on changing circumstances.

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**W4.3**

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes, we have identified opportunities, and some/all are being realized

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**W4.3a**

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

**Type of opportunity**

Markets

**Primary water-related opportunity**

Increased shareholder value

**Company-specific description & strategy to realize opportunity**

Management of climate emergency and water-related issues may lead to an increase in our ESG ratings and can ultimately lead to increased investor ownership of Sabancı Holding shares.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

457000000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

We envisage investors increasing their ownership of Sabancı Holding shares.

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**Type of opportunity**

Products and services

**Primary water-related opportunity**

Sales of new products/services

**Company-specific description & strategy to realize opportunity**

Our Group companies invest in development of new products and services that promote sustainable business models. We monitor the total combined net sales revenues from more than 800 products and services that reduce resource use and carbon emissions, enable the transition to more sustainable technologies, enable the deployment of these technologies, and create positive social impact, on an annual basis. We believe our continuous efforts to diversify our sustainable products and services and tap into emerging green markets will lead to an increase in our revenues.

**Estimated timeframe for realization**

4 to 6 years

**Magnitude of potential financial impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

500000000

**Potential financial impact figure – maximum (currency)**

1000000000

**Explanation of financial impact**

We launched "sustainable products&services taxonomy" for the entire Group in order to identify the growth potential for sustainable business areas and drive innovation for new business areas/markets. We monitor the share of revenues from products and services that contribute SDGs including those that are related to climate on an annual basis (TL 5.9 billion in 2020). We may expect an additional amount of revenues at the range of 8,5% - 17% of 2020 figures, i.e. TL 5.9 billion.

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## W6. Governance

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### W6.1

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**(W6.1) Does your organization have a water policy?**

Yes, we have a documented water policy that is publicly available

#### W6.1a

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**(W6.1a) Select the options that best describe the scope and content of your water policy.**

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Company water targets and goals</p> <p>Commitment to align with public policy initiatives, such as the SDGs</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to water-related innovation</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to water stewardship and/or collective action</p> <p>Recognition of environmental linkages, for example, due to climate change</p> <p>Other, please specify (Incorporated within Group level Sustainability Roadmap &amp; Environmental Policy &amp; Environmental Statements in public reports)</p>	<p>Sabancı Holding Environmental Policy, as well as the Group-wide Sustainability Roadmap is publicly available on our investor relations web site and applies to 100% of Group companies, since the majority of water-related impacts originate from our value chain activities, i.e. the investments. The water management strategy is embedded in both policies where we indicate our intention to spread good practices to stakeholders, promote stakeholder engagement/collective action, go beyond legal compliance and make use of innovation, technology and digitalization. On top of this, we declare both our dependency on water and our impact in our 2020 Sustainability Report, alongside with several breakdowns on our water consumption as the entire Group. Our long term goal on water is embedded in our 2050 goal to become zero waste and net zero emissions through a variety of measures including circular economy practices.</p>

**W6.2**

**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

**W6.2a**

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

Position of individual	Please explain
Chief Executive Officer (CEO)	<p>The CEO holds the ultimate responsibility for the execution of Sustainability Roadmap. The Chairperson of the Sustainability Leadership Committee(*) informs the CEO quarterly on the progress and the Holding Board of Directors and the Corporate Governance, Appointment and Remuneration Committee (which includes BoD members) in every 6 months and receives their guidance and approval. Example of water-related decision made by the individual/committee: Our Sustainability Roadmap includes the encouragement of our Group companies on disclosing their water and climate-related data through CDP. The Roadmap is approved by our CEO and this action is explicitly communicated by our CEO to Group companies in a meeting held with the participation of all CEOs from the Group. (*)The Sustainability Leadership Committee, chaired by the Human Resources and Sustainability Group President in the Executive Board, ensures the alignment of the Holding and Group companies on sustainability goals, targets and actions. The Committee is also responsible for monitoring the progress in the goals and actions included in the Group's Sustainability Roadmap, and monitoring the efforts to manage risks that may adversely affect Sabancı's reputation and operations in ESG areas. It monitors international developments, public regulations and trends in sustainability and advises the Thematic Task Forces as needed. The Committee encourages the dissemination of expertise and good practices among Group companies.</p>
Board-level committee	<p>The Chairperson of the Sustainability Leadership Committee(*) informs the CEO quarterly and the Holding Board of Directors and the Corporate Governance, Appointment and Remuneration Committee (which includes BoD members) in every 6 months and receives their guidance and approval. Additionally, Sabancı Holding established a Board-level Sustainability Committee consisting of three independent BoD members in 2021 with a mandate of oversight on sustainability-related performance of the Holding. Example of water-related decision made by the individual/committee: Our Sustainability Roadmap includes the encouragement of our Group companies on disclosing their water and climate-related data through CDP. The Roadmap is approved by our CEO and the entire Board of Directors. (*)The Sustainability Leadership Committee, chaired by the Human Resources and Sustainability Group President in the Executive Board, ensures the alignment of the Holding and Group companies on sustainability goals, targets and actions. The Committee is also responsible for monitoring the progress in the goals and actions included in the Group's Sustainability Roadmap, and monitoring the efforts to manage risks that may adversely affect Sabancı's reputation and operations in ESG areas. It monitors international developments, public regulations and trends in sustainability and advises the Thematic Task Forces as needed. The Committee encourages the dissemination of expertise and good practices among Group companies.</p>

**W6.2b**

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy	Climate emergency and water-related issues constitute an important part of Sabanci Holding's sustainability efforts, given its Group-wide long term goal of being net zero emissions and zero waste by 2050 at the latest. Such topics are brought to the agenda of BoD members through a variety of channels including the Corporate Governance, Appointment and Remuneration Committee or the Board-level Sustainability Committee.

W6.3

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**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

**Name of the position(s) and/or committee(s)**

Chief Executive Officer (CEO)

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

The CEO of Sabancı Holding (also a member of the BoD) oversees the implementation of Sustainability Roadmap and monitors the progress on a quarterly basis. The CEO holds the ultimate responsibility for the execution of Sustainability Roadmap. ESG performance, including but not limited to those that are related to water issues, are embedded in senior management's performance goals at the rates of 10-15% (10% for Group Presidents; 15% for CEOs)

**Name of the position(s) and/or committee(s)**

Other, please specify (Sustainability Leadership Committee)

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

The Sustainability Leadership Committee, chaired by the Human Resources and Sustainability Group President in the Executive Board, ensures the alignment of the Holding and Group companies on sustainability goals, targets and actions. The Committee is also responsible for monitoring the progress in the goals, targets and actions included in the Group's Sustainability Roadmap, and monitoring the efforts to manage risks that may adversely affect Sabancı's reputation and operations in ESG areas. It monitors international developments, public regulations and trends in sustainability and advises the Thematic Task Forces as needed. The Committee encourages the dissemination of expertise and good practices among Group companies. The Chairperson of the Committee informs the CEO (who is also a member of BoD) on a quarterly basis and the Holding Board of Directors and the Corporate Governance, Appointment and Remuneration Committee every six months and receives their guidance and approval.

**Name of the position(s) and/or committee(s)**

Other C-Suite Officer, please specify (Group President, HR and Sustainability)

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Half-yearly

**Please explain**

The Sustainability Leadership Committee, chaired by the Human Resources and Sustainability Group President in the Executive Board, ensures the alignment of the Holding and Group companies on sustainability goals, targets and actions. The Committee is also responsible for monitoring the progress in the goals, targets and actions included in the Group's Sustainability Roadmap, and monitoring the efforts to manage risks that may adversely affect Sabancı's reputation and operations in ESG areas. It monitors international developments, public regulations and trends in sustainability and advises the Thematic Task Forces as needed. The Committee encourages the dissemination of expertise and good practices among Group companies. The Chairperson of the Committee informs the CEO (who is also a member of BoD) on a quarterly basis and the Holding Board of Directors and the Corporate Governance, Appointment and Remuneration Committee every six months and receives their guidance and approval.

**Name of the position(s) and/or committee(s)**

Other C-Suite Officer, please specify (Risk Committee)

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

According to Sabancı Holding's ERM system, risks are categorized based on their nature under the clusters such as strategic risks, financial risks, operational risks and compliance risks. Each cluster is then rated based on parameters such as 'impact', 'likelihood', 'vulnerability' and 'speed of onset'.\* The 'impact' is determined based on multiple dimensions such as financial, operational, legal, reputational, H&S, human resources and environmental impact. The Holding's Early Detection of Risk Committee (EDRC) convenes at least 6 times a year and evaluates the risks by considering their final risk scores and categories. Upon the suggestion of the EDRC, the BoD decides on the mitigation plans on risks that are deemed as high or critical.

**W6.4**

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	ESG performance, including but not limited to those that are related to water issues, are embedded in senior management's performance goals at the rates of 10-15% ( 10% for Group Presidents; 15% for CEO, who is also a member of BoD)

**W6.4a**

**(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Corporate executive team Chief Executive Officer (CEO) Chief Financial Officer (CFO) Other, please specify (Sustainability Director and Manager)	Other, please specify (Implementation of Sustainability Roadmap which includes water-related actions and targets; Increase in ESG ratings which also include water-related issues, increasing transparency on Climate & Water related issues)	ESG performance, including but not limited to those that are related to climate issues, are embedded in senior management's performance goals at the rates of 10-15% (10% for Group Presidents including the CFO; 15% for CEO, who is also a member of BoD). 100% of the scorecard of Sustainability Director and Manager is consisting of sustainability criteria, including increasing transparency and the management of water-related issues across the Group companies (i.e. investment portfolio).
Non-monetary reward	Other, please specify (Employees) No one is entitled to these incentives	<Not Applicable>	As Sabancı Holding, we hold Sabancı Golden Collar Awards, one of the most critical components of Recognition and Appreciation systems, with live broadcast to all Group companies. A total of 148 projects competed in the Sabancı of New Generation: Innovation, Customer Experience, Lean Transformation & Continuous Development and Digitalization. Best practices were rewarded with the votes of Group employees. In 2021, one of the categories is directly related to sustainability, including but not limited to water-related projects.

**W6.5**

**(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

- Yes, direct engagement with policy makers
- Yes, trade associations
- Yes, other

**W6.5a**

**(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?**

Sabancı Holding takes an active role in national and international business-led sustainability platforms such as WBCSD, BSCD Turkey and the environmental working groups of TUSIAD (The Turkish Industry and Business Association). The Holding makes sure that the outcome of the working group studies and white papers issued in these platforms are in line with its own strategy through its active participation and engagement with those organizations. This is achieved via the Holding's strong representation in the BoD or the working groups, some of which are chaired by the Holding's senior management. The potential inconsistencies between the strategy of the Holding and such platforms are mostly prevented before they occur, through an assessment process prior to the approval of the Holding's membership.

Additionally, our Sustainability Roadmap is reviewed on annual basis in the light of rapidly changing ESG trends including the policies and recommendations of business led sustainability platforms. In case of inconsistency with such trends, our Sustainability Roadmap is updated and Group companies are informed/guided via Thematic Task Forces.

**W6.6**

**(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?**

- Yes (you may attach the report - this is optional)
- 2020-annual-report.pdf

You can find information about Sabancı Groups response to water related risks and action taken about water by pages 39;55;75;121.

**W7. Business strategy**

**W7.1**

**(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	21-30	At Sabancı Holding, we see water as a fundamental natural capital for all sectors in which we operate. We are aware that disruption in water supply due to factors such as draught and water-related extreme events like floods will adversely affect all business processes in our value chain. Accordingly, we define our impact on water resources on an industry basis and our Group companies carry out studies focused on efficiency, recovery and savings to manage water in a sustainable manner. This vision is reflected in our long-term sustainability goals as the Group to become net zero emissions and zero waste by 2050 at the latest and to increase continuously circular economy practices. We also have water related actions including the better identification of water-related risks and increasing the disclosure on water issues in our Sustainability Roadmap, which applies 100% of our Group companies. Our efforts to help tackle climate emergency as well as to manage our waste including wastewater and to increase circular economy practices will result in efficient management of water resources.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	21-30	Our strategy to reach the Holding's long term goals include enhancing sustainability governance, risk and opportunity assessment, increasing the share of products and services that positively contribute sustainability, increasing circular economy practices and the transparency on ESG performance including those that are related to water.
Financial planning	Yes, water-related issues are integrated	21-30	Holding level: One of the key drivers of the Holding's capital allocation decisions is sustainability. As indicated in our Purpose, i.e. We unite Turkey and the World for a sustainable life with leading enterprises, sustainability will continue to drive our investment decisions in the long run. Group-wide: On the other hand, our Group companies' total environmental expenditures, sustainability-focused R&D and sustainable investments have been approx. TL 287 million in 2020. We also have water related actions including the better identification and management of water-related risks and increasing the disclosure on water issues in our Sustainability Roadmap, which applies 100% of our Group companies. The Roadmap influence the financial planning of the Group in terms of operational and capital expenditures.

**W7.2**

**(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?**

**Row 1**

**Water-related CAPEX (+/- % change)**

0

**Anticipated forward trend for CAPEX (+/- % change)**

0

**Water-related OPEX (+/- % change)**

-54

**Anticipated forward trend for OPEX (+/- % change)**

0

**Please explain**

During the COVID-19 pandemic, there had been no significant CAPEX made by the Holding on water, since we do not have large service operations nor manufacturing activities. On the other hand, COVID-19 restrictions in offices resulted in a decrease in water-related OPEX in 2020, which consists of water withdrawal. In the coming years, a new concept of working model will be launched including the renewal of offices to make them more eco-efficient within the scope of our Group-wide Future of Work Program. Having said that, we do not expect a major OPEX/CAPEX increase specific on water given the size of our operations at the HQs and due to our assumption that remote working conditions will remain.

**W7.3**

**(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?**

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Climate/water-related scenario analyses are made by some of our Group companies. Such analyses include the long term changes in precipitation, drought and extreme water-related weather events.

**W7.3a**

**(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?**

Yes

**W7.3b**

**(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?**

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	Other, please specify (Group wide scenario analysis)	Indirect impact: Our Group companies may be affected in several ways such as reduced revenues, increased OPEX due to reduced access to water resources or service interruption due to extreme weather events.	Our strategy in the short and long term (up to 30 yrs) to manage such outcomes include enhancing sustainability governance including risk management, increasing the share of products and services that positively contribute sustainability, increasing circular economy practices in a bid to achieve greater water efficiency and better measurement of ESG performance including those that are related to water. On top of this, sustainability will remain as a key driver of our capital allocation decisions and will ensure such risks are properly managed in our new generation growth areas.

**W7.4**

**(W7.4) Does your company use an internal price on water?**

Row 1

**Does your company use an internal price on water?**

No, but we are currently exploring water valuation practices

**Please explain**

Our company does not use an internal price on water at the moment, but we are exploring water valuation practices.

**W8. Targets**

**W8.1**

**(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.**

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals Country level targets and/or goals Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Group-wide targets and goals include becoming net zero emissions and zero waste (incl. waste water) by 2050 at the latest and increasing circular economy practices including water reuse. We monitor the progress towards these goals and targets with activity and/or country-level KPIs such as the share of sustainability driven R&D, share of revenues from products and services that positively contribute sustainability, share of water recycled/reused and the like. Detailed targets such as those that are facility-specific are set by our Group companies, since the Holding's own operations does not have significant water impact.

**W8.1a**

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

**Target reference number**

Target 1

**Category of target**

Water withdrawals

**Level**

Site/facility

**Primary motivation**

Reduced environmental impact

**Description of target**

Water target of Brisa, one of our Group Companies, is to reduce the absolute water withdrawals from groundwater sources in Izmit Production Facility by 75% until 2025 against a baseline year of 2008 fiscal year.

**Quantitative metric**

Absolute reduction in total water withdrawals

**Baseline year**

2008

**Start year**

2013

**Target year**

2025

**% of target achieved**

73.3

**Please explain**

Brisa has approved budget for installing a Wastewater Recovery Plant in Izmit Production Facility which will become operational in 2020 and will considerably contribute to achieve this facility-based target. Additionally, Aksaray Production Facility (began production in 2018) has been design in a way to treat and store amount of water that is needed to meet its own water demand. This will have a positive impact on our water consumption per unit production and will enable us to successfully complete our target.

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**Target reference number**

Target 2

**Category of target**

Product water intensity

**Level**

Business activity

**Primary motivation**

Water stewardship

**Description of target**

This target covers all Kordsa (i.e. one of our Group Companies) global production activities. Their target is to reduce water consumption per ton of product by 50% by the year 2030. The base year is 2019.

**Quantitative metric**

% reduction per unit of production

**Baseline year**

2019

**Start year**

2019

**Target year**

2030

**% of target achieved**

27.29

**Please explain**

In 2020, due to disruptions in production sourcing from pandemic, both Kordsa's production levels and the volume of water withdrawal have decreased, especially in our most water intense plant in Chattanooga-US. Beyond decrease in production, Kordsa's efforts and projects implemented to save water projects, were effective. In addition to these projects, Kordsa completed the process to change its air permit allowing to turn off the water to our cyclonic separators. This improvement allows reducing the water demand significantly during production process. As a result of these efforts, Kords's water withdrawal per ton of tire-reinforcement product by 13.64% in the reporting year.

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**Target reference number**

Target 3

**Category of target**

Water withdrawals

**Level**

Site/facility

**Primary motivation**

Reduced environmental impact

**Description of target**

Brisa Aksaray Facilities water target is to reduce the intensity water withdrawals from sources in Aksaray OIZ Production Facility by 70% until 2030 against a baseline year of 2019

**Quantitative metric**

% reduction per product

**Baseline year**

2019

**Start year**

2021

**Target year**

2030

**% of target achieved**

26.14

**Please explain**

Aksaray Production Facility began production in 2018 has been design in a way to treat and store amount of water that is needed to meet its own water demand. This will have a positive impact on our water consumption per unit production and will enable us to successfully complete our target. By the end of 2020, we have reduced our water footprint & consumption by 18.3% compared to 2019 in total

**W8.1b****(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.****Goal**

Other, please specify (Increase circular economy practices in business activities of Group companies)

**Level**

Company-wide

**Motivation**

Climate change adaptation and mitigation strategies

**Description of goal**

Group-wide targets and goals include becoming net zero emissions and zero waste (incl. waste water) by 2050 at the latest and increasing circular economy practices. We monitor the progress towards these goals with activity and/or country-level KPIs such as the share of sustainability driven R&D, share of revenues from products and services that positively contribute sustainability, share of water recycled/reused and the like. Detailed targets such as those that are basin-specific are set by our Group companies, since the Holding's own operations does not have significant water impact.

**Baseline year**

2020

**Start year**

2020

**End year**

2050

**Progress**

The rate of water recycled/reused across all group companies has been %19 in 2020. Our goal is to increase this rate in the long run.

**W9. Verification****W9.1****(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**

Yes

**W9.1a****(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Water discharge	ISAE 3000	Our main economic, environmental and social indicators including water related data are verified by independent third party in ISAE 3000 standards.
W1 Current state	Total water consumption	ISAE 3000	Our main economic, environmental and social indicators including water related data are verified by independent third party in ISAE 3000 standards.
W1 Current state	Surface water (river/lake)	ISAE 3000	Our main economic, environmental and social indicators including water related data are verified by independent third party in ISAE 3000 standards.
W1 Current state	Rain water	ISAE 3000	Our main economic, environmental and social indicators including water related data are verified by independent third party in ISAE 3000 standards.
W1 Current state	Well/Brackish water	ISAE 3000	Our main economic, environmental and social indicators including water related data are verified by independent third party in ISAE 3000 standards.
W1 Current state	Mains water	ISAE 3000	Our main economic, environmental and social indicators including water related data are verified by independent third party in ISAE 3000 standards.

## W10. Sign off

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### W-FI

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**(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

With the launch of our 2020 Sustainability Report with KPIs that represent not only the Holding itself but also our value chain (i.e. investments/Group companies) and which are assured by a third party, we significantly increased our transparency on water and climate-related issues. As Sabancı Holding, we are committed to enhance the scope and depth of our climate and water-related disclosure in the coming years.

More information on our sustainability performance can be found in 2020 Sabancı Sustainability Report, publicly available at <https://yatirimciiliskileri.sabanci.com/en/>

### W10.1

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**(W10.1) Provide details for the person that has signed off (approved) your CDP water response.**

	Job title	Corresponding job category
Row 1	CEO	Chief Executive Officer (CEO)

### W10.2

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**(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].**

Yes

## Submit your response

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**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

**Please confirm below**

I have read and accept the applicable Terms