



DOUBLE MATERIALITY ANALYSIS

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DOUBLE MATERIALITY ANALYSIS

From Systemic Impact To Strategic Focus

Sabancı Holding applies a double materiality approach to identify and prioritize the issues that are most relevant to both society and long-term value creation. This approach reflects evolving international standards and ensures that sustainability-related topics are assessed through a comprehensive and balanced lens.

Our double materiality analysis considers two complementary dimensions. Impact materiality reflects the impact of our business activities on people and the environment ("inside-out"). Financial materiality reflects how sustainability matters affect Sabancı Holding's development, performance and position ("outside-in"). A sustainability topic is considered material when it meets the defined criteria for impact materiality or financial materiality, or both.

This framework enables us to understand not only where Sabancı creates or mitigates impact, but also how sustainability-related topics influence resilience, performance, and long-term strategic positioning.

Scope, Framework, And Issue Identification

Establishing The Scope of Analysis to determine material issues, we renewed our materiality analysis aligned with international sustainability reporting standards for the 2025 fiscal year. The objective was to identify material topics from a holistic perspective, ensuring the active participation of both internal and external stakeholders.

The assessment covers Sabancı Holding's own operations as well as its upstream and downstream value chain, spanning our banking, financial services, energy, material technologies, digital and other business areas.

The scope was defined by first identifying the Group's "critical activities". Critical activities and the stakeholder groups connected to them were mapped through a dedicated value chain mapping workshop.

Assessment Process

The assessment followed four successive stages, progressively narrowing the sustainability topics relevant to our value chain and stakeholders:

- Identify – key sectors, business activities, geographies, value chain focus areas, affected stakeholders and key users of the information
- Understand – relevant sustainability topics, impact pathways and financial effect pathways, supported by engagement with stakeholders and experts
- Assess – impacts, risks and opportunities scored against dedicated assessment criteria
- Determine – materiality thresholds applied to identify priority impacts, risks and opportunities and the resulting disclosure requirements

Reference Standards And Guidance

The identification and structuring of potential material issues were informed by widely recognized international frameworks and guidance documents, including:

- European Sustainability Reporting Standards (ESRS) double materiality guidance
- Sustainability Accounting Standards Board (SASB) material topics
- MSCI ESG materiality map
- S&P Global Corporate Sustainability Assessment criteria, including the Dow Jones Sustainability Index
- World Economic Forum Global Risks Report and Strategic Intelligence
- S&P Global Risk Atlas

Through this process, 13 topic areas – 10 ESRS topics and 3 Holding-specific topics – were identified for detailed assessment, together with their sub-topics and sub-sub-topics. The topic structure was realigned with the ESRS framework for this assessment; the broader issue list used in previous cycles was mapped onto these 13 topic areas, with related issues consolidated under the corresponding ESRS and Holding-specific topics. The material issue list is reviewed at least annually, and the double materiality analysis itself was fully renewed.

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Material Topics and Stakeholder Engagement

Topics Assessed

The topics assessed within the double materiality framework cover environmental, social, governance and Holding-specific dimensions:

- E1 Climate Change – climate change adaptation and mitigation, energy
- E2 Pollution – air, water and soil pollution, substances of concern, microplastics
- E3 Water and Marine Resources – water consumption, withdrawal, discharge, marine resources
- E4 Biodiversity and Ecosystems – impact drivers, species and ecosystem condition, ecosystem services
- E5 Resource Use and Circular Economy – resource inflows and outflows, waste
- S1 Own Workforce – working conditions, equal treatment and opportunities, other work-related rights
- S2 Workers in the Value Chain
- S3 Affected Communities
- S4 Consumers and End-Users
- G1 Business Conduct – corporate culture, whistleblower protection, political engagement, supplier relations, corruption and bribery
- X1 Cybersecurity, Data Privacy and Data Governance (Holding-specific)
- X2 Artificial Intelligence and Digital Transformation (Holding-specific)
- X3 Strategic Portfolio Transformation and Sustainable Value Creation (Holding-specific)

Stakeholder Participation

External and internal stakeholders connected to our critical activities were identified and involved in the assessment. Stakeholder groups include investors, financial stakeholders, Holding employees, employees of Group companies, suppliers, customers, Group companies, universities, and thought leaders and professional organizations – with the environment considered as a silent stakeholder.

These stakeholders evaluated the 13 material topics through structured questionnaires, considering their relevance to daily operations, short-term priorities, and long-term strategic decisions.

Scoring Methodology

Impact Materiality Scoring

Stakeholder responses were scored for scale, scope and irremediability, separately for positive and negative impacts. Each stakeholder group was assigned a weighting reflecting its relevance to our critical activities; the weightings were normalized to a 0–1 scale and applied to the average survey scores.

Weighted positive and negative impact results were consolidated into a single topic score by taking the higher of the two. The score was then combined with the likelihood of occurrence, based on the average likelihood rating assigned by Sabancı Holding and the impact-specific likelihood scores. For topics with potential human rights impacts, severity prevails over likelihood – so that a topic with a severe human rights impact can be material even when the likelihood of occurrence is low.

Financial Materiality Scoring

Risks and opportunities were assessed on the magnitude of the potential financial effect and the likelihood of occurrence. The resulting severity score forms the financial materiality axis of the matrix.

Materiality Thresholds

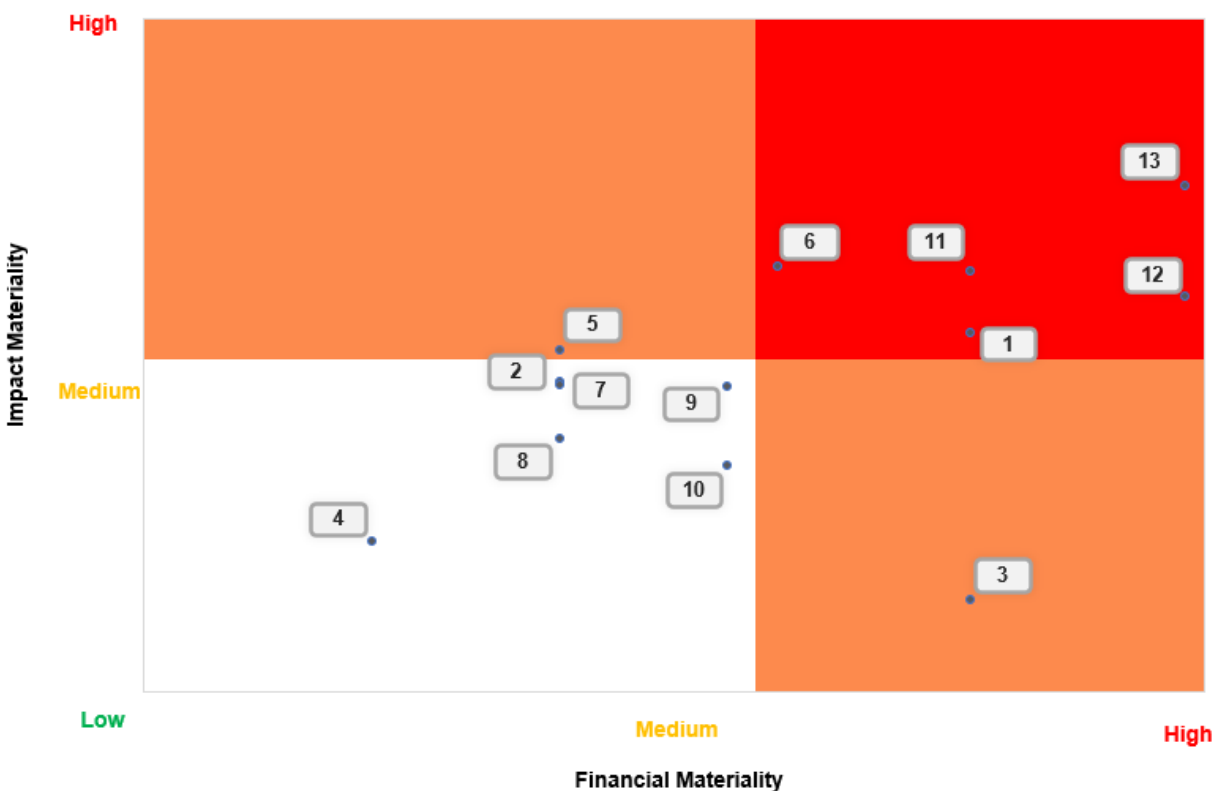
Predefined thresholds were set for both dimensions. A topic scoring at or above the threshold on either axis is determined to be material; topics above the threshold on both axes are material from both an impact and a financial perspective.

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The Double Materiality Matrix

The results of the analysis are presented in the double materiality matrix.

- The vertical axis reflects impact materiality – the impact of Sabancı Holding’s business activities on people and the environment (inside-out).
- The horizontal axis reflects financial materiality – the effect of sustainability matters on Sabancı Holding’s business operations and financials (outside-in).



Double Materiality Results

Our Material Issues

- 1 Climate Change
- 2 Pollution
- 3 Water and Marine Resources
- 4 Biodiversity and Ecosystems
- 5 Resource Use and Circular Economy
- 6 Own Workforce
- 7 Workers in the Value Chain
- 8 Affected Communities
- 9 Consumers and End-Users
- 10 Business Conduct
- 11 Cybersecurity, Data Privacy and Data Governance
- 12 Artificial Intelligence and Digital Transformation
- 13 Strategic Portfolio Transformation and Sustainable Value Creation

Material Topics

Seven topic areas were determined to be material:

Material from both an impact and a financial perspective

- 1 Climate Change
- 6 Own Workforce
- 11 Cybersecurity, Data Privacy and Data Governance
- 12 Artificial Intelligence and Digital Transformation
- 13 Strategic Portfolio Transformation and Sustainable Value Creation

Material from a financial perspective (outside-in)

- 3 Water and Marine Resources

Material from an impact perspective (inside-out)

- 5 Resource Use and Circular Economy

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Risk Integration, Governance, and Assurance

Risk And Opportunity Assessment

Beyond topic prioritization, Sabancı Holding conducts a comprehensive sustainability-related risk and opportunity assessment. Risk and opportunity inventories maintained by Group companies were analysed and complemented by SASB, WEF Strategic Intelligence and S&P Global Risk Atlas research, producing a long list of 76 risks and opportunities. Overlapping and duplicated entries arising from the multi-company structure of the portfolio were then consolidated, and the remaining items were prioritized against the assessment criteria, resulting in a short list of 33 risks and 12 opportunities assessed in detail across the 13 topic areas. The material risks and opportunities are concentrated under climate change, water, own workforce, business conduct, consumers and end-users, cybersecurity, artificial intelligence and strategic portfolio transformation.

Integration Into Enterprise Risk Management

Sustainability impacts, risks and opportunities were assessed across the entire value chain. Impact materiality was evaluated based on scale, scope, irremediability of negative impacts and likelihood of occurrence. Financial materiality assessments considered the potential financial effect and its likelihood. These evaluations are integrated into Sabancı Holding's Enterprise Risk Management process with the input of the Risk Department, strengthening the link between sustainability priorities and risk governance.

Governance, Continuity and Assurance

The results of the double materiality analysis are reviewed and approved by the Holding Executive Committee and the Board Sustainability Committee. The material issue list is reviewed at least annually to confirm its continued relevance, and the analysis is renewed through a comprehensive assessment – most recently for the 2025 fiscal year.

The materiality assessment process is verified by an independent third-party assurance provider to ensure accuracy, credibility and transparency. This verification affirms alignment with international standards and reinforces stakeholder confidence in the robustness of Sabancı Holding's materiality determinations.



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