

**HACI ÖMER SABANCI HOLDİNG A.Ş.**



**SUSTAINABILITY REPORT 2017**

## CONTENT

ABOUT THE REPORT.....	2	GOVERNANCE.....	7
LETTER FROM THE CHAIRMAN.....	3	ENVIRONMENTAL APPROACH.....	14
LETTER FROM THE CHIEF EXECUTIVE OFFICER.....	4	WORK LIFE.....	21
ABOUT SABANCI HOLDING.....	5	SOCIAL DEVELOPMENT.....	31

## ABOUT THE REPORT

At Sabancı Group, we have a business model trusted by all of our stakeholders that produces social contributions as well as financial values. While contributing to society, we also work to develop financial value we have created. We continue to create value for all our stakeholders with our corporate culture committed to social, environmental, legal and ethical values.

Following the publication of our first sustainability report in 2015, we share our fourth sustainability report covering our 2017 activities with our stakeholders in the light of systematic evaluation of feedbacks and opinions submitted by stakeholders.

We assessed our sustainability performance in light of our commitment to Declaration of UN Women's Empowerment Principles, Equality at Work Platform Policies and GRI Guidelines. This report has been prepared in accordance with the GRI Standards: Core option.

Our annual sustainability report covers Sabancı Holding's, Group companies', Sabancı University's and Sabancı Foundation's Turkey operations and projects for the January 1- December 31 2017 time period. In the report, you may find explanations other than finance made by the Holding and Group companies.

## LETTER FROM THE CHAIRMAN

WHILE CONTINUING OUR ACTIVITIES IN LINE WITH OUR VISION OF "SABANCI OF NEW GENERATION", WE FULFILL OUR SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES WITH HIGH PRECISION IN ALL AREAS WE OPERATE.

Dear Stakeholders,

Creating sustainable values for the future for all our stakeholders is one of our primary goals as Sabancı Group. Our sustainable perspective is one of the essential factors to reach this goal. With this understanding, we closely follow the practices that will develop our understanding of responsible management and carry our Group a step further. While continuing our activities in line with our vision of "Sabancı of New Generation", we fulfill our social and environmental responsibilities with high precision in all areas we operate.

The basis of our sustainability approach and the most important source of our confidence in a better future are our competent, self-sacrificing, passionate and courageous employees. To provide a fair, free of discrimination, safe, healthy and happy work environment, and carry out projects that enable our employees to develop their knowledge, skills and talents are among our main priorities. Moreover, equity at work is always in our focus. Accordingly, we carry out practices aiming at increasing female participation in the working life and to promote gender equality. As Sabancı Holding, we are proud to be the first Turkish company to sign the UN Women's Empowerment Principles Declaration in 2011.

With our belief that economic development can only be achieved through social development, we adopt responsible citizenship in our entire ecosystem. With our Sabancı Volunteers Program, we create a platform where our employees can create solutions to social problems. We continue to meet different social needs in education, culture and arts with the projects we carry out through Sabancı Foundation, SU Sakıp Sabancı Museum, Sabancı University and our



Group companies.

I would like to thank to all stakeholders who contribute to our efforts for a sustainable future.

Kind Regards,

**Güler Sabancı**  
Chairman

## LETTER FROM THE CHIEF EXECUTIVE OFFICER

IN LINE WITH OUR SOCIAL RESPONSIBILITY PRINCIPLES, ALL OF OUR INSTITUTIONS WITHIN SABANCI GROUP MANAGE THEIR ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACTS RESPONSIBLY AND PUT SOCIAL DEVELOPMENT ON THEIR AGENDA WITH PRIORITY.

Dear Stakeholders,

As Sabancı Group, we have been working and producing for more than 90 years to contribute to our country and society. With our vision of "Sabancı of New Generation" that we define as our future design, we shape our current and new business models in line with the dynamics of sustainability.

As in all management functions, Sabancı Holding focuses on creating value for its stakeholders in terms of sustainability. With this understanding, it supports and shares the good examples of the Group companies.

In line with our social responsibility principles, all of our institutions within Sabancı Group manage their economic, social and environmental impacts responsibly and put social development on their agenda with priority. All of our companies adopt a sustainability-oriented management approach in their operations: they act with the understanding of being "pioneering" and "exemplary" in the steps that they take in relation to sustainability as in all other processes. In addition, they support and actively participate in national and international organizations in order to share the social benefits they create more broadly.

Our companies focus on expanding the management understanding and practices responsible for resolving sustainability issues in the entire value chain and thus enriching the value created with stakeholders. As it is today, our companies will continue to work towards this goal unremittingly in the upcoming years.

We completed the year of 2017 with high performance in all the sectors we operate. Our combined net sales of the Group amounted to 66 TRY billion increasing 22% compared to last year. While Sabancı Holding achieved a combined operating income of 15 TRY billion, our consolidated net profit amounted to 3.5 TRY billion. In the same period, we continued our investments without slowing down and we made an investment of approximately 4.5 TRY billion combined.



These successful results are only possible thanks to our sustainable business understanding and operations that we carry out with a high level of awareness.

We thank all our stakeholders, especially our employees, who strive to make the value we create more meaningful.

Yours Respectfully,

A handwritten signature in black ink, appearing to read 'Mehmet Göçmen'.

**Mehmet Göçmen**  
CEO, Sabancı Holding

# ABOUT SABANCI HOLDING

Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding) is the main company which represents affiliates of Sabancı Group, one of Turkey's largest groups and it directs the affiliated companies with a strategical portfolio approach. Holding is responsible for coordinating the functions of group companies including finance, strategy, business development and human resources; and its scope of responsibility includes identification of vision and strategies, and increasing the value offered to shareholders through an intergroup synergy. Group companies are leaders of the sectors they are operating in, and 12 Group companies are processed in Borsa Istanbul (BIST) in addition to Sabancı Holding.

Sabancı Group companies are operating in financial services, energy, cement, retail, and industry areas; maintaining their operations in 13 countries and marketing their products to Europe, Middle East, Asia, North Africa, and North and South America.

Thanks to its brand dignity, brand image, knowledge and experience in Turkish markets, Sabancı Group has obtained a sustainable growth in its main operating areas, and is a key power contributing to Turkish economy. Group acts in strong international partnerships in many sectors it is operating in. Group's international business partners include world's leading brands: Ageas, Aviva, Bridgestone, Carrefour, E.ON, Heidelberg Cement, Marubeni, and Philip Morris.

## → VISION

"Creating sustainable advantage through differentiations"

## → MISSION

"Managing a "competitive strategic portfolio" with sustainable growth potential to create value for all of our stakeholders"

## → GOVERNANCE APPROACH

### RESPONSABILITY AND TRANSPARENCY

"Upholding our core values for modesty, respect and proximity to people, being socially responsible and managing according to the principles of corporate governance"

### INNOVATION

"Creating long-lasting advantages such as brand, patent, technology, design, informatics network, and intellectual and industrial property"

### ACTIVE PARTICIPATION

"Generating a management approach that promotes participation and collective thinking in the decision-making process"

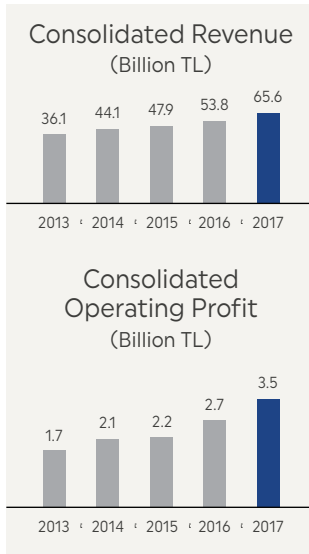
### STRATEGIC APPROACH

"Managing the present with excellence and shaping our future to ensure long-term advantages"



# ECONOMIC VALUE WE HAVE CREATED

Sabancı Group has made great contributions to the Turkish economy and is among the largest actors of the Turkish economy with its activities since its inception. As of the reporting period, Sabancı Group reached 66 billion TL of combined sales revenue and 3.5 billion TL of consolidated operating profit.



The Sabancı Family is Sabancı Holding's major shareholder with 53.9% of the share capital. Sabancı Holding shares are traded on Borsa İstanbul (BIST) with a free float of 42.8%, the largest float percentage among holding companies. Holding's depository receipts are quoted on the SEAQ International and PORTA. You can examine 2017 annual report using investor relations tab in our corporate website for shareholder structure and free float rates based on sectors.

## BANKING

### AKBANK

#### Loans

210 BILLION TL (2016: 179 Billion TL)

#### Capital Adequacy Ratio

15,8%

#### Return on Equity

16%

## INSURANCE

### AKSİGORTA - AVİVASA

#### Combined Net Sales

3.1 BILLION TL (2016: 2.2 Billion TL)

#### Combined EBITDA

324 MILLION TL (2016: 189 Million TL)

#### Consolidated Net Profit

107 MILLION TL (2016: 60 Million TL)

## ENERGY

### ENERJİSA

#### Combined Net Sales

16.5 BILLION TL (2016: 12.6 Billion TL)

#### Combined EBITDA

3.5 BILLION TL (2016: 2.5 Billion TL)

#### Consolidated Net Profit

107 MILLION TL (2016: 147 Million TL)

## CEMENT

### ÇİMSA - AKÇANSA

#### Combined Net Sales

3 BILLION TL (2016: 2.6 Billion TL)

#### Combined EBITDA

680 MILLION TL (2016: 735 Million TL)

#### Consolidated Net Profit

164 MILLION TL (2016: 224 Million TL)

## RETAIL

### TEKNOSA - CARREFOURSA

#### Combined Net Sales

8 BILLION TL (2016: 7.6 Billion TL)

#### Combined EBITDA

94 MILLION TL (2016: -333Million TL)

#### Sales Area

626.000 m<sup>2</sup> (2016: 686 bin m<sup>2</sup>)

## INDUSTRY

### BRİSA - KORDSA- TEMSA - YÜNSA

#### Combined Net Sales

6.6 BILLION TL (2016: 5.2 Billion TL)

#### Combined EBITDA

1.2 BILLION TL (2015: 951 Million TL)

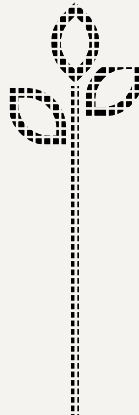
#### Consolidated Net Profit

473 MILLION TL (2016: 450 Million TL)

# GOVERNANCE



Sabancı Group's present and future achievements are based upon our strong governance approach.



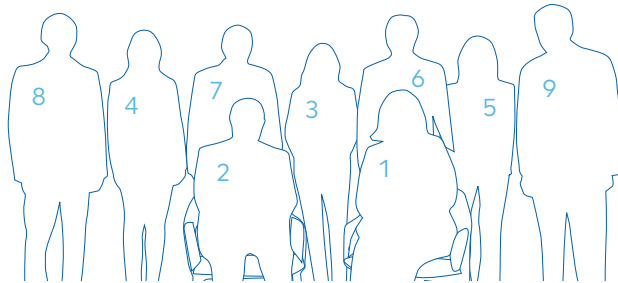
Sabancı Group's present and future achievements are based upon our strong governance approach. The sustainability of our operations is directly related to the effectiveness of our governance practices. With this understanding, Sabancı Holding maintains its operations through a modern, effective and exemplary governance model. Holding and Group companies follow governance models based on modern corporate governance principles; and take a transparent, responsible, innovative, active participatory and strategic management approach as the main principle. The core functions of the Holding are to coordinate finance, strategy, business development and human resource functions among the Group, to determine Group's vision and strategies and to create synergy within the Group to increase the value created for the stakeholders.

You can obtain information about the structure and operating procedures of the Board of Directors through our official website [www.sabanci.com](http://www.sabanci.com) and 2017 Annual Report.



### CORPORATE GOVERNANCE APPROACH AND STRUCTURE OF THE BOARD OF DIRECTORS

Corporate Governance Principles, which are published by Capital Markets Board (CMB), form the basis of Sabancı Holding and Group companies' corporate governance approach which relies on transparency, accountability, equality and responsibility principles. Sabancı Holding complies with all compulsory principles determined by the Corporate Governance Statement.



Güler Sabancı (1) Yönetim Kurulu Başkanı ve Görevli Üye  
Erol Sabancı (2) Yönetim Kurulu Başkan Vekili  
Sevil Sabancı Sabancı (3) Yönetim Kurulu Üyesi  
Serra Sabancı (4) Yönetim Kurulu Üyesi  
Suzan Sabancı Dincer (5) Yönetim Kurulu Üyesi  
Mehmet Göçmen (6) Yönetim Kurulu Üyesi ve CEO  
Nafiz Can Pakar (7) Yönetim Kurulu Üyesi  
Ahmet Erdem (8) Yönetim Kurulu Üyesi  
Zekeriyâ Yıldırım (9) Yönetim Kurulu Üyesi

Board of Directors is responsible for the determination of corporate objectives, ensuring compliance with corporate governance principles, the determination and management of strategic orientations, risk management, and ensuring the operability of control systems.

Sabancı Holding's Board of Directors, which consists of 9 members elected by the General Assembly for definite periods, is the top-level strategic decisionmaking organ of the company. 2 of 9 Board members are nonexecutive members pursuant to the principles set forth by the CMB while three of them are independent members. One of the 4 Executive Board Members is the CEO of Sabancı Holding. The functions of CEO and Chairman are fulfilled by different people. The female representation in the Board of Directors is around 45%.

You can obtain information about risk management approach of Sabancı Group through our official web site [www.sabanci.com](http://www.sabanci.com) and 2017 Annual Report.



### RISK MANAGEMENT

Sabancı Group companies have defined corporate risk management principles in order to keep the value created for its stakeholders at the highest level and ensure the sustainability of the Group. The Group manages potential deflections from the strategic and financial targets in accordance with the stance of the Group on taking risks.

Early Detection of Risks Committee is established within the Board of Directors in order to detect strategic, operational, financial, compliance and other risks, which would jeopardize company's existence, development and continuity; to take the necessary measures in this regard; and to manage these risks. While there are similar organizational units in the Group companies as well, risk management systems vary in parallel with the sectoral requirements. You can obtain detailed information on risk management in the financial and non-financial subsidiaries of the Group in the "Risk Management" chapter of the 2017 Annual Report.

In Sabancı Group, risks are grouped under the following 7 categories: compliance risks, financial risks, strategic risks, operational risks, trademark and reputation management risks, reporting risks and external risks. The main objective of Sabancı Group's risk management systems is to manage the risk factors that may have a negative impact on sustainability of the company. In this regard, sustainability topics such as environment and biodiversity, energy, green gas emissions and climate change, occupational health and safety, human rights, business ethics and anticorruption and supply chain are also managed as part of the risk management systems.



You can reach information regarding Business Ethics Rules and SA-Ethics through <https://www.sabanci.com/tr/sabanci-toplulugu/is-etigi-kurallari/is-etigi-kurallari/i-16>.



## BUSINESS ETHICS

The ethical principles we follow are the greatest guide to our business manner. Sabancı Group companies carry out their operations in accordance with the business ethics and codes of conduct outlined in Sabancı Ethics (SA-Ethics) document. While SA-Ethics are binding for all operations, Board members, executives and employees of Sabancı Holding and Group companies, all suppliers, subcontractors, distributors, business partners and similar stakeholders are expected to act in compliance with these principles.

SA-Ethics is prepared in compliance with the Universal Declaration of Human Rights and the International Labor Organization's Fundamental Employment Principles. Sabancı Holding aims to achieve 100% compliance to SA-Ethics in all its activities.

Sabancı Holding's Board of Directors assumes the primary responsibility on adoption, implementation and compliance to the SA-Ethics throughout the Group. Sabancı Holding Ethics Committee functions in order to help the Board of Directors fulfill this responsibility.

In SA-Ethics, it is clearly stated how to act in the face of violations of business ethics and what measures to take. A notice and help line has been established for Group managers and employees to report non-compliances of related stakeholders in an easy and confidential way. Additionally, they can also report and request information over the internet. Related communication channels are specified in SA-Ethics document and internet site. Individuals noticing the Ethics Committee are under the protection of the Ethics Committee and they cannot be subjected to pressure, constraining or penal sanctions with regards to their actions. Possible appointments and reassignments of the notice owners can only be pursued with the approval of the Ethics Committee.

We publish our ethical principles in internal communication portal, distribute printed booklets to all employees and organize informing trainings in order to adopt and spread the ethical rules. Moreover, in all yearends, employees update their knowledge about

business ethics through an e-learning program and renew their commitment to business ethics through "Business Ethics Declaration of Compliance" they fill in. Employees' knowledge of the issue is updated with trainings that are repeated annually. In 2017, 16.363 employees working in our companies in the reporting scope were provided with business ethics trainings.<sup>1t</sup>

<sup>1</sup>Consolidated data consists of data obtained from Akçansa, AvivaSA, Çimsa, Enerjisa, Enerjisa Üretim and Kordsa.

## ANTI-BRIBERY AND ANTI-CORRUPTION

Bribery and corruption are among the most important problems against which the whole business world must fight together. For the sustainability of the operations, the entire business world should determine the risks in a detailed manner and to struggle against them with a proactive approach. As a result of this understanding, Sabancı Group does not tolerate any corruption and bribery and takes measures to prevent such behaviors. Group's approach to anti-bribery and anticorruption is clearly defined in its Anti-Bribery and Anti-Corruption Policy. Sabancı Holding Board of Directors and Boards of Group companies commit to support the implementation of the Anti-Bribery and Anti-Corruption Policy.

Anti-Corruption and Anti-Bribery Policy is binding for employees and executives as well as all related stakeholders including suppliers, business partners, consultants, lawyers and auditors of the Group.



You can reach information regarding Anti-Corruption and Anti-Bribery Policy document from [www.sabanci.com](http://www.sabanci.com).



In the contract made with business partners, conditions regarding compliance to our ethical rules and policies are given place. Ethical trainings provided to employees include topics present in the Anti-Corruption and Anti-Bribery Policy.

Blacklisted individuals and companies are followed in coordination with public authorities. Hence, suppliers, contractors and customers who are known or doubted to be involved in bribery are detected. Persons who encourage or guide the relevant Group member towards displaying behaviors noncompliant to the ethics, or persons who approve or overlook such behaviors are also imposed the necessary sanctions. No employees are held responsible for the losses arising as a result of compliance to the ethics, i.e. rejecting to pay bribe.

Compliance to Anti-Corruption and Anti-Bribery Policy is a duty of Group all executives and employees. They are expected to inform Ethics Committee in cases of non-compliance. Ethics Committee is responsible to addressing and resolving all reported matters in strict compliance to the confidentiality principle.

#### INTERNAL AUDIT

Another essential principle of creating a sustainable business model is to establish an effective internal auditing mechanism. At Sabancı Holding and Group companies, internal auditing organizations which are designed in accordance with the international principles and standards guarantee the effectiveness and efficiency of the activities. Auditing Committee is the top-level organ that is responsible for internal auditing within the Group. Auditing Committee is responsible for controlling the effectiveness of the internal auditing systems and processes, identification of the organizations that will carry out independent auditing activities and the evaluation and reporting the audit results to the Board of Directors. Auditing units are responsible for the actual implementation of the Internal Auditing activities.

Internal auditing units of the Holding and Group companies periodically audit operations, systems, processes and outcomes based on certain criteria. These units evaluate the effectiveness and integrity of internal controls designed for processes and controls if financial records and reporting processes produce accurate information.

At Sabancı Group, periodical and on demand audits are conducted with regards to compliance with ethical rules, anti-corruption and anti-bribery principles, environment and human policies as well

as corporate policies, working principles and legal obligations. Within the scope of the audits conducted during the reporting period, no incidents of non-compliance were detected in anti-discrimination, human rights, union rights and working norms areas. There were no incidents of infringements within the scope of bribery and corruption audits. In 2017, no complaints or applications were filed to Sabancı Holding.

During the reporting period, no official complaints or legal sanctions were received in connection with compliance to the legal requirements in fields such as noncompliance to competition rules, disclosure and labelling obligations related with the products and services, safe and healthy use of the products and services, customer information confidentiality and supply conditions applicable to products and services.

#### SUSTAINABILITY MANAGEMENT

Sustainability is supported with strong governance practices in Sabancı Group. The key goal of a transparent, accountable and responsible governance approach is to ensure a sustainable business manner. This responsibility is managed through a governance approach that encompasses primarily Sabancı Holding Board of Directors, all administrative bodies in Group companies and even all employees.

Sabancı Holding's Board of Directors is responsible for determining the main strategic approaches for sustainability and objectives as well as the execution of the activities in accordance with these objectives. The strategic decisions taken by the Board of Directors of the Group in general are transmitted to Company groups through Group departments and Sector Group managements. Boards of Directors and senior managements of Group companies render these approaches and targets into company policies, strategies, action plans and targets in accordance with the requirements of the market and competition environment of their industry. The studies undertaken by company managers based on the time and performance objectives are followed. The internal audit function evaluates the performances with regards to objectives and the performance results are reported to company and Group top management and Boards respectively.

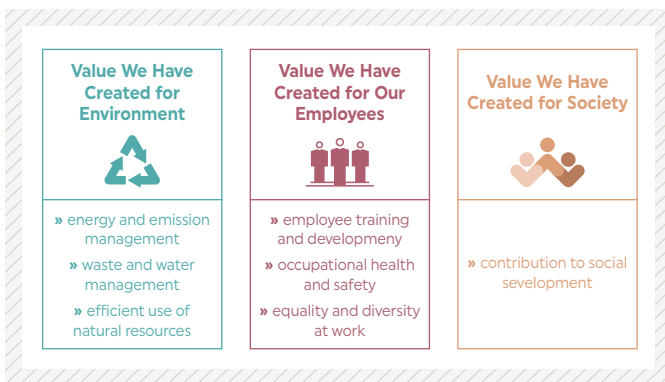
Within the body of the Holding, general policies are formed regarding sustainability themes such as environment and climate change, human rights, business ethics, corporate

management and corporate social responsibility. Group companies translate these policies to company policies according to their sectoral requirements. All Group employees are obliged to act in compliance with these policies while performing their duties.

Sabancı Group adopts it as a principle to determine time-bound, specific, performance based, rational objectives in social, environmental, economic and ethical areas and to evaluate its performance within the scope of sustainability management. Strategic approaches defined by the Board of Directors of the Holding are reflected on the targets of Holding managers and strategic planning of Group Companies, and become performance targets of the company. Results are evaluated with performance evaluation systems and have impact on the remuneration of employees and managers from each level. Performance evaluation of managers and employees is conducted by Human Resources units in Group companies. The performance evaluation and pricing for senior managers and members of the Board is under the responsibility of Corporate Management Committees of the Holding and Group companies.

Sabancı Group's sustainability management activities are primarily based on corporate governance practices and Group Ethical Values. These strategic practices support the related works of national and international initiatives. The sustainability management approach that this strong structure, strategy and policies support, includes assessing social, economic and environmental risks, and reaching a higher performance level.

### Material Issues



As Sabancı Group, we defined our sustainability approach after determining our material aspects, and we developed strategies regarding these aspects to reach a higher performance. Within the scope of our sustainability approach, we put into practice the Sabancı Group Sustainability Management project in 2015. Within the scope of the project, in order to determine our sustainability priorities, we first determined universe of material aspects by evaluating sustainability issues in all the industries we operate and megatrends independent from industries. At this stage, we assessed these issues with senior executives, experts and employees from the Group companies, and we defined the sustainability priorities for each sector. Sabancı Holding Sustainability priorities have been determined by taking into consideration the Group's strategies, our engagements, our targets and the expectations of our stakeholders.

While defining our sustainability priorities, we complied to the prioritization principle of the GRI G4 standards and we followed the suggested process. We have reached the final aspect list by taking into consideration the risk / opportunity grades generated of the discussed aspects, the expectations of the stakeholders from the Group companies, and the relevance of the aspects to the value chain. As a result of this detailed work, we grouped the sustainability priorities of the Sabancı Group under seven main themes. These themes include energy and emission management, waste and water management, employee training and development, contribution to social development, occupational health and safety, diversity and equity at work, and efficient use of natural resources.

### STAKEHOLDER ENGAGEMENT

Our stakeholders play an essential role on shaping our business manner. We maintain a sustainable success by reflecting expectations and opinions of our stakeholders into our business processes. For this reason, we get information regarding the expectations of our stakeholders through various platforms, and actively evaluate them within the scope of the related business processes. We maintain the sustainability of our business by using the inferences we get through these feedbacks to shape our strategies.

Sabancı Group's main stakeholder groups include employees, shareholders, suppliers, dealers and business partners, labor and management unions, professional associations, public institutions, national and international regulatory boards, local authorities, nongovernmental organizations, universities, and press. Sabancı Group establishes a healthy, constructive communication based on mutual respect. Thanks to this healthy dialogue, the opinions, expectations and demands of stakeholders are obtained truly and evaluated in decision-making mechanisms.

While the type and frequency of communication studies vary with regards to the qualities of the stakeholder groups, Annual Report, Sustainability Report, periodic publications press bulletins and special case statements are among the most frequently used tools. Sabancı Group realizes joint projects and collaborations with various stakeholder groups. In choosing the stakeholder group to work with,

the main elements that are taken into consideration are integrity, identical ethical principles and the existence of a common goal.

Sabancı Holding and Group companies Akçansa, Brisa, Çimsa, Enerjisa and Kordsa support the activities of and take charge in the management of Business Council for Sustainable Development.

Sabancı Group establishes a communication with public agencies and institutes based on mutual information exchange and transparency principle. In this regard, information exchange about company operations, and opinion sharing about strengthening international competition and development in the operating sectors are held. Sabancı Group does not lobby for the benefit of the company, is not a party to any political opinions and institutions; and does not provide any direct and indirect monetary or real support to political parties and groups, politicians, and nominees.

STAKEHOLDERS	ENGAGEMENT FREQUENCY	ENGAGEMENT PLATFORM	ASPECTS PUT FORWARD BY STAKEHOLDERS
Employees	Regular	Internal communication platforms, trainings, meetings	Business results, compensation, performance management
Shareholders	Regular	Annual reports, annual meetings, conferences	Financial performance, targets
Suppliers	Regular	Audits, supplier meetings, conferences	Business performance, incentives, quality
Dealers and Business Partners	Periodical	Dealer meetings, field visits, trainings	Business performance, targets
Labor and Management Unions	Regular	Collective bargaining agreements, representative meetings	Employee and human rights
Professional Associations	Regular	Meetings, panels, mutual projects	Sectoral problems, compliance, benchmarking
Public Institutions	Periodical	Meetings, projects	Compliance, performance, quality
National and International Regulatory Boards	Periodical	Panels, annual meetings	Compliance and performance, standards
Local Authorities	Periodical	Visits, panels	Social sustainability performance, donation and sponsorship
Nongovernmental Organizations	Regular	Conferences, project partnerships, panels	Sustainability performance on society, environment and work life
Universities	Regular	Career days, project partnerships	Career opportunities
Press	Regular	Press meetings, press statements, special interviews, special news studies	Operations, business targets, sectoral developments, agenda

**MEMBERSHIPS TO ASSOCIATIONS**

Association	Membership	Membership	Membership	Membership	Membership	Membership	Membership	Membership	Membership	Membership	Membership	Membership	Membership	Membership	Membership
Turkish Industry & Business Association (TUSIAD)	Turkish Industry & Business Association (TUSIAD)	European Round Table Of Industrialists	Global Relations Forum	World Economic Forum (WEF)	Birleşmiş Milletler Global Compact (UNG-C)	Ethics & Reputation Society (TEİD)	Corporate Governance Association of Turkey (TKYD)	Business Council for Sustainable Development	Association of Private Sector Volunteers	The American Turkish Council (ATC) Golden Horn	The American Turkish Society	Institute of Internal Auditors of Turkey	Association of Human Resources Management of Turkey (PERİCN)	Association of Investment Relations	
Responsibility	Membership	Membership	Membership	Membership	Membership	Güler Sabancı – Member of Board of Directors	Membership	Membership	Membership	Membership	Membership	Membership	Membership	Membership	Membership

## SUPPLY CHAIN MANAGEMENT

Sabancı Group manages a large value chain, and create a great value for the country's economy with their local supply expense. While creating this value, we act fair and respectful as expected from a good customer; pay necessary attention to fulfill our liabilities, and meticulously protect confidential information of our business partners.

During the reporting period, for 44.911 suppliers, a total of 10.53 billion TL supply expense was made; 7.29 billion TL corresponding to 69% of the total amount was spent on local supplier.<sup>2</sup>

In the process of selecting companies and business partners to purchase and/or sell goods and services, we pay attention to criteria such as experience, financial performance and technical competence alongside ethical levels and the positive background in ethical issues. Group does not work with companies or business partners that have negative intelligence regarding bribery and corruption, therefore, senior management is responsible for making the necessary research and evaluations before establishing a business relationship. Besides, Auditing Department evaluates whether said aspects are complied with.

It is not permitted to establish private business relationship with Holding/Company customers, subcontractors or suppliers and with persons and/or institutions with which the Holding/Company has a commercial relationship. Besides we do not lend/borrow money and/or goods/services for personal purposes from persons and/or institutions with which the Holding/Company has a commercial relationship.



The following statements are included in agreements and contracts to be signed with companies and business partners who have positive background information and who fulfill other criteria;

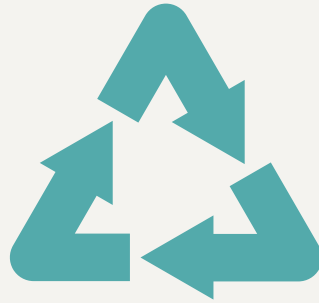
- Full compliance to principles defined in the policy and other related regulations,
- Complete adoption and practice of these principles by all employees,
- Providing related policy trainings for employees at certain intervals,
- Making regular reminders for employees regarding their notification obligations and Ethics Line; and promoting them to notify the management in case of any violation. Practices or agreements can be terminated for justified reasons when above mentioned rules are not fulfilled or in case of any violation of the Policy.

In choosing suppliers, Group companies follow their own purchasing policies; evaluates the suppliers with regards to criteria such as technical and organizational capacity sufficiency, quality and cost effectiveness, environmental performance, competitiveness and development performance. These expectations are included in purchasing contracts. Suppliers are also subjected to audits, and are supported in developing their systems and practices in these fields. In addition, Group companies contribute to the development of supplier employees with various practices and training programs.

Group companies strive for spreading the sustainability understanding throughout the supply chain. Suppliers that adopt Sabancı Group's norms in human rights, business ethics, occupational health and safety and protection of employee rights are preferred. Within this scope, in the supply chain, child labor, forced labor and discrimination are not tolerated and suppliers are expected to support employees' freedom of association and right to collective bargaining agreement. Suppliers are expected to comply with SA-Ethics rules. In cases of noncompliance with the rules, Group companies follow sanctions that might include the termination of business relations, in line with their purchasing policies.

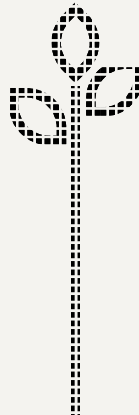
<sup>2</sup>Consolidated data consists of data obtained from Akçansa, Aksigorta, AvivaSA, Brisa, Çimsa, Enerjisa, Kordsa, Teknosa, Temsa, Yünsa, Foundation and Sabancı University.

# ENVIRONMENTAL APPROACH



**As Sabancı Group, we constantly work to improve our environmental performance and to minimize the impacts of our operations. In order to leave a better world to future generations, we evaluate our operations with this perspective, and accordingly we implement solutions and practices regarding this perspective.**

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As Sabancı Group, we constantly work to improve our environmental performance and to minimize the impacts of our operations. In order to leave a better world to future generations, we evaluate our operations with this perspective, and accordingly we implement solutions and practices regarding this perspective.

Sabancı Environmental Committee is responsible for the management of environmental performance. Reporting to Holding's senior management, this Committee closely monitors local and global environmental issues; exchange information with public institutions, institutions representing the sectors and non-governmental organizations; and share its opinions with these groups. Within the scope of committee's activities, sustainable environmental management, compliance with EU's environmental regulations and climate change topics are actively studied. Environmental performance is monitored and managed separately by related departments in Group companies.

In the management of environmental performance, we use nationally and internationally accepted systems and realize solutions with a proactive approach. Besides, we actively examine sectoral developments and global megatrends. We actively evaluate the reflection of the results of our practices to business processes and strive to minimize the potential impacts. All of the facilities (Akçansa, Brisa, Çimsa, Kordsa, Temsa, Yünsa) where our production operations are carried out have ISO 14001 certificate.

Through Sabancı Environment Portal, environmental performance can be monitored at the levels of CEO, SBU and GM within the Business, Company, Sector and Group. Sabancı Environment Portal is prepared using in Group resources in a reviewable, updatable, continuously improvable and developable manner with a technological infrastructure suitable for a transparent and systematic comparison that responds to the requirements of sustainability. Our Group actively manages the process of applying the standards we follow, fulfilling the requirements of these standards, and complying with them.

The most significant directive is our Environmental Policy that enables us to audit, assess and carry our environmental performance to higher levels. In line with our policy, we carry out our operations in compliance with legal obligations and implement necessary practices beyond legal obligations. We always aim to carry our performance further by supporting the

common consciousness among our Group with knowledge and experience sharing among our facilities. During the reporting period, there has been no sanctions for non-compliance with environmental laws and regulations.

The spread of the values created by the companies into value chains and the improvement achieved in this way is an important indicator of a sustainable business manner. Accordingly, a responsible business manner requires the environmental performance to be spread in the value chain, just like other fields. As Sabancı Group, we apply projects in order to expand our values, knowledge and experience in our value chain. The trainings we provide to suppliers and subcontractors are among these projects. Thus, in the reporting period, by providing 4,094,5 person\*hour environmental training to our suppliers, subcontractors and their employees, we raised environmental awareness.<sup>3</sup>

Increasing environmental competency and awareness of our employees who are the most important part of our value chain and who play a crucial role in our performance, is the most important factor in increasing the value we create. Thus, we provided 8,251 person\*hours environmental training to employees in our companies in the reporting period of 2017.<sup>4</sup>

In order to improve our environmental performance, as Sabancı Group, we spend significant amounts of money on environmental investment and management. In the reporting period, the total environmental investment and management expenditure of our companies was about 45.5 Million TL.<sup>5</sup>

<sup>3</sup>Consolidated data consists of data obtained from Akçansa, Brisa, Enerjisa Production, Kordsa, Sabancı Holding, Sabancı University, Teknosa, Temsa, Yünsa.

<sup>4</sup>Consolidated data consists of data obtained from Akçansa, Brisa, Çimsa, Enerjisa, Enerjisa Production, Sabancı University, Teknosa, Temsa, Yünsa.

<sup>5</sup>Consolidated data consists of data obtained from Akçansa, Brisa, Çimsa, Enerjisa, Sabancı Holding, Kordsa, Sabancı University, Teknosa, Temsa.

### Our Corporate Environmental Policy

- We create and apply our environmental standards beyond legal obligations.
- We aim for excellence by sharing knowledge and experience among our facilities.
- We adopt a preventive approach in all our operations in order to improve our environmental performance.
- We identify and manage environmental risks.
- We apply the best available production techniques.
- We contribute to sustainability while observing environmental developments and transforming them into business opportunities.
- We support environmental awareness and knowledge sharing for the development of the society.

### Requirements of the Internal Environmental Policy

#### We respect environmental laws and other regulations.

- We implement environmental practices which are beyond legal obligations and ensure compliance with the regulations.

#### We identify our environmental impacts.

- We identify our environmental impacts, accordingly set targets, develop programs and monitoring systems, and take precautions in order to ameliorate our performance.

#### We manage internal resource use.

- We define organizational roles, responsibilities and competencies in infrastructure, technology, finance and human resources, and support our employees to raise environmental awareness.

#### We systematize our practices, and create synergy within the Group.

- We set our Group standards with a preventive approach; and ensure that all of our employees, suppliers, contractors comply with these standards.
- We proactively identify the potential environmental risks that our operations can cause; and take the necessary precautions at the right time in order to minimize these risks.

#### We continuously strive to improve our environmental performance.

- We set targets regarding energy and waste management, and use of natural resources, and apply them.
- While we continuously aim to reach a higher environmental performance with clean products and production technologies, we take environmental responsibility of our products and services.
- We facilitate access to information by reporting our activities in a simple way.

## ENERGY AND EMISSION MANAGEMENT

Climate change is a serious problem that needs to be tackled decisively. Thus, the whole business world should combat against it all together regardless of sector or capacity. We carry on our operations with the awareness of the risks caused by the climate change and the environmental impacts our operations cause. We identify risks to minimize our environmental impacts, develop proactive solutions to these risks, and realize performance improving practices in order to leave a better world to future generations. In this regard, the basic development subjects include efficient use of energy and elimination of greenhouse gas emissions caused by our operations.

In 2017, total energy consumption of our companies within the scope of reporting was realized as 182.079 TJ<sup>6</sup>, while 2.200 TJ<sup>7</sup> of this amount was supplied from renewable resources.

During the reporting period, total emissions (tons) of our companies within the scope of reporting were as following:

<b>Total Amount of Scope 1 Emissions<sup>8</sup></b>	20,445,939.29
<b>Total Amount of Scope 2 Emissions<sup>9</sup></b>	681,350.95

<sup>6</sup>Consolidated data consists of data obtained from Akbank, Akçansa, Aksigorta, Avivasa, Brisa, Çimsa, Enerjisa, Sabancı Holding, Kordsa, Sabancı University, Teknosa, Temsa, Yünsa.

<sup>7</sup>Consolidated data consists of data obtained from Akçansa, Çimsa, Enerjisa, Sabancı University.

<sup>8</sup>Consolidated data consists of data obtained from Akbank, Akçansa, Avivasa, Brisa, Çimsa, Enerjisa Üretim, Sabancı Holding, Kordsa and Yünsa.

<sup>9</sup>Consolidated data consists of data obtained from Akbank, Akçansa, Aksigorta, Brisa, Çimsa, Sabancı Holding and Yünsa.

### Energy Efficiency in Group Companies

In order to ensure that energy consumption does not increase at the same rate as Akbank's data centers' increasing need for equipment, we prefer products that consume less energy when buying new systems. Accordingly, we abolished the use of systems older than five years and we have started to buy equipment that consume less energy. Video conference and telepresence devices allow Akbank employees to make meetings with their local and international contacts without



### Carbon Disclosure Project (CDP)

As Sabancı Holding, we participate in Carbon Disclosure Project (CDP), which is run by Sabancı University Corporate Governance Forum. Among our Group companies Akbank, Akçansa, Brisa, Çimsa and Yünsa participates in CDP Turkey. In this way, we transparently disclose our performance regarding climate change and protection of natural resources and use opportunities to further improve our performance.

### Sabancı Center

The amount of electric energy saved based on 1994 is 158,836 GJ with a decrease of 25.6%, and the saving in natural gas is 187,656 GJ with a decrease of 45.8% in the same period. This amount corresponds to the prevention of 25,596 Ton CO<sub>2</sub>e emissions. In 24 years -since the Center began to operate- our water use decreased by 46% and we saved 660,978 m<sup>3</sup> of water.

having to travel. Besides video talk, these devices allow employees to share documents and presentations. Thus, we decrease fuel consumption on business trips. In Turkey, Akbank Cash Operations Unit that provides 5,600 service points with cash and cash value, traveled 19.6% less than the previous year and spent 10% less fuel, thanks to geographical positioning technology and efficient route planning and thus increased efficiency significantly.



Akçansa, with the energy saving projects that were carried out during the reporting period, reached a potential of saving 10,249 GJ and 2,464 tons of CO<sub>2</sub> reduction. These projects include Improvement of the pressurized air system of the 3<sup>rd</sup> facility, conversion of 1-2-3 Coal mills' fan motors to controlled motors, LED lighting armatures, high efficiency lighting project, efficient fan change project, high efficiency motor project and mill plate change projects.

Aksigorta aims to finalize the energy efficiency study carried out with Enerjisa during 2017. In addition, the Green Office project initiated with WWF, raised awareness in regards to paper, water and electric consumption. Office heating and cooling systems and office lights are used at optimum levels; dynamic adjustments can be done throughout the day.

At AvivaSA the design and language of the application forms was updated with within the scope of the YHBC project to be customer friendly and understandable, reduced the number of pages and signatures by 40% and recovered 90 trees per year.

Brisa has saved 2,167,940 kWh electric energy, and 5,295 tons of steam through efficiency projects on electric and steam consumption in this reporting period.

CarrefourSA, in order to increase energy efficiency in its operations during the reporting period, built solar water systems in stores that allow it, used LED and sensor lighting in the new stores, and installed signboards that encourage energy saving in all areas.

Çimsa, at the Mersin Plant produced 44,086 MWh of electricity from waste gas during the reporting period. It saved 20,808 tons of CO<sub>2</sub>. Besides, within the scope of the practices aimed to generate electricity from waste heat, it saved energy by generating 158.706 GJ energy.

Enerjisa Energy, monitores energy consumption instantaneously, and manages energy by comparing past consumption amounts and targeted consumption amounts through the system installed in the Maltepe headquarters. The company has taken actions to monitor and manage energy performance at different points from a single platform by analyzing and reporting energy consumption. The system. The authorities were notified about abnormalities in energy consumption instantly by e-mail and thus they were able to interfere immediately. Within the scope of these practices, the company aims to save energy and increase operational efficiency.



Enerjisa Üretim, achieved 88,200 GJ for internal demand and 397,37 GJ for wind power plants with total net energy generated from HEPP in 2017. With the project of HRSG's rapid activation within the scope of energy and emission management and efficient use of natural resources, 2,500 tons of CO<sub>2</sub> emission reduction per year was achieved. It is anticipated that the project will be implemented in the coming years.

Within the scope of Kordsa operations, Pe achieved 12.146 GJ of energy saving in 2017 with projects such as optimization of Pe yarn compressed air and chiller consumption, improvement studies, CC2 machine pot boiler revisions and closure of the finishing chiller lines that provides inverter control.

58 stores of Teknosa are lighted with LED lights and 1,525,000 kWh energy was saved.

Temsa saved 33,525 kWh energy annually by exchanging HDK armatures with LED and high ceiling armatures.

<sup>10</sup>Consolidated data consists of data obtained from Akbank, Akçansa, Aksigorta, Avivasa, Brisa, Çimsa, Enerjisa, Enerjisa Production, Kordsa, Sabancı University, Sabancı Holding, Teknosa, Temsa and Yünsa.

<sup>11</sup>Consolidated data consists of data obtained from Sabancı Holding, Akçansa, Aksigorta, Brisa, Çimsa, Enerjisa, Enerjisa Production, Kordsa, Sabancı University, Teknosa, Temsa and Yünsa.

Sabancı University, saved 150 GJ energy and prevented 19 tons of greenhouse gas emissions by changed 250 armatures during the reporting period.

As a result of saving studies carried out at Yünsa, the company saved 3,613 GJ of energy and thanks to the amelioration activities, it achieved 3.647 GJ of amelioration.

### WATER AND WASTE MANAGEMENT

As Sabancı Group, while carrying out our activities, we attach particular importance to the effective use of natural resources which is a sustainability priority for our Group. Accordingly, we aim to set an example for other sectors with the results we achieve and the projects we carry out, while improving our performance. Our approach to waste management focuses on reducing waste at the source and efficiently recycling water through a series of projects and practices that go beyond legal requirements.

In Group companies, wastewater occurred due to operations are recycled and water that cannot be recycled are discharged according to legal limits. In the reporting period, the total water consumption is 8.938.893 m<sup>3</sup> in Sabancı Group.<sup>10</sup> Our withdrawal or discharge processes significantly affect no water sources during the operations. In the reporting period, the total amount of water discharged is 3.242.844 m<sup>3</sup> in Sabancı Group companies.<sup>11</sup> During the reporting period, main water management practices applied by Group companies are as follows:

With the aim of achieving water savings, depressurizing systems and aerators that mix water with air are used in the taps Akbank branches, the Akbank Head Office (HO) and the Akbank Banking Center (ABC). In addition, in the HO and ABC, photocell taps are used in WCs where water is used in great amounts, in order to achieve water savings.

According to studies conducted for water efficiency at Akçansa, rain water has been accumulated in collecting ponds and used as cooling water; and water in cooling tower and in various units at production line are recycled and reused.

At Aksigorta, with the use of water saving photocell taps and aerators as well as small volume reservoirs, water savings were achieved.

CarrefourSA renewed old installations to reduce water consumption during the reporting period. In addition to this, the consumption amounts of all the stores were reported and monitored.

Çimsa uses treated household wastewater as cooling water in Eskişehir and Kayseri factories. 31.450 m<sup>3</sup> of water was recycled during the reporting period and natural resource consumption was reduced.

Enerjisa Energy has started to monitor water consumption of its facilities during the reporting period within the scope of environmental targets of ISO 14001 Environmental Management System.

Enerjisa Production collects rainwater in the natural gas plants and uses it for pure water production at WTU. The company saves water by directing condensation provided by the plants to the boilers without introducing it into the WTU. By this means, 89,788 m<sup>3</sup> of rainwater was collected in 2017.

Within the scope of its operations, Kordsa saved 29,000 m<sup>3</sup> of water by recovering the air conditioning system wastewater.

Water recycled at Temsa wastewater treatment facility are used as gardening water to obtain almost 10,000 m<sup>3</sup> water saving annually.

In our Yünsa facility, three projects were carried out to reduce water consumption during the reporting period. Within the scope of the project aimed to reduce water consumption of the lavender machine in the finishing section, 8,68 l/m of water consumption was reduced to 5 l/m. In the dyehouse section, the consumption of water in the cone dyeing machine was reduced by 10%. Thus, the water consumption is reduced to 130 lt per kilogram. The project, which was carried out in the bobbin unit of the yarn processing section, is completed in the first months of 2018 and 60 m<sup>3</sup> of water per day is recovered in the fixtures and reused in the process. In addition to these projects, the leakage of defective valves has been eliminated and the use of siphon water has been reduced, and 1,500 m<sup>3</sup> of water per month was saved by renewing the siphons.

<sup>12</sup>Consolidated data consists of data obtained from Akçansa, Akbank, Brisa, Çimsa, Enerjisa, Kordsa, Sabancı University, Teknosa, Temsa and Yünsa.

<sup>13</sup>Consolidated data consists of data obtained from Akçansa, Aksigorta, Brisa, Carrefoursa, Çimsa, Enerjisa, Enerjisa Production, Kordsa, Sabancı University, Teknosa, Temsa and Yünsa.



Sabancı Group companies are constantly improving their performances on waste management and raw material and material efficiency focusing on elimination of wastes at source and their recycling process. In the reporting period, the amount of hazardous wastes is 80.890<sup>12</sup> ton while the amount of non-hazardous wastes is 2.375.263 ton<sup>13</sup>. During the period, main waste management practices applied by Group Companies are as follows:

Akbank has been investing on technology to save paper in 2017 as well. Besides many other projects that helped saving significant amount of paper in previous years, "Credit Card e-abstract" and "Card Acceptor e-abstract" projects were extended through several campaigns. During the reporting period, the Laser Printer Management Application, which has been in use since 2015, has now double-sided printing settings for printers that employees use, and the company saved 9.5% of paper. Significant progress was achieved in 2017 with "Paperless Operation", "Paperless General Directorate" and "Paperless Field" projects. In 2017, in order to recover the waste paper, 934 tons of paper in Kınalı Archive Center where all branch and General Directorate archives were kept, were destroyed and recovered after the legal preservation period was over.

Akçansa provided trainings to students in fourth grade of primary school to teach them to allocate wastes at source, produce energy out of recycled materials and wastes, and methods of conscious use of resources through its project "Children That Transforms Future." Based on this project, recycling containers are placed in school buildings to help students practice their theoretical knowledge. With this project which will be carried out for the 4<sup>th</sup> time in 2017-2018 school year, 34 volunteers provided 5,000 students with trainings.

Brisa supports the practice of collecting worn out tires of Tire Industrialists' Association in compliance with the legislation, and recovering them for environment and economy. Brisa has collected and recycled 163k tons of tires in the reporting period. In accordance with Packaging and Packaging Waste Control Regulations, Brisa is recollecting a certain amount of packaging materials it launches to market via ÇEVKO (Environmental Protection and Packaging Waste Recovery and Recycling Foundation). Again in 2017, Brisa contributed to recycling of 2.42 tons of packaging wastes.

Every year, Çimsa renews its contract with the authorized organization for packaging wastes originating from products that are introduced into the market with packaging. The company reaches the packaging recovery amount specified in the relevant regulations. In this context, the recycling rate for packaging introduced into the market was 54% in 2017.

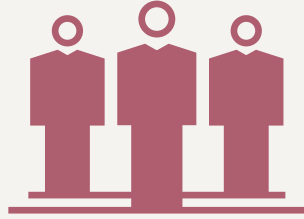
At Enerjisa Enerji, demineralized waste from the electricity distribution activities is recycled. Effective waste management and pollution prevention measures have started to be taken. Hazardous waste sites are made compliant with the provisions of the Waste Management Regulation and Temporary Hazardous Waste Storage Permits are taken.

Kordsa collects a certain number of packages it released to the market and reuse them. Again, during this period, Kordsa achieved a significant amount of saving in paper consumption through workflow practices in electronic environment and centralization of printers.

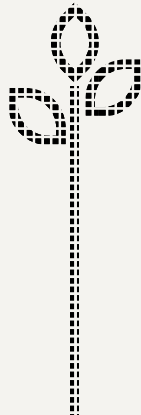
Teknosa collects and recycles electric and electronic devices according to Regulations on Controlling Waste Electric and Electronic Devices (WEED). Teknosa created waste areas in all stores, and sends all wastes collected as 2B or B2C to licensed operational facilities. With an application realized in the reporting period, all printers are controlled for printing with cards and employees have to swipe their cards to be able to print. With this application, unnecessary print-outs are not left in the printers and are not printed at all to save paper.



# WORK LIFE



Our Group's human resources management vision is to attract the best talents to create the "New Generation Sabancı" and to train our employees for the future by providing a unique work environment and culture where employees feel precious and constantly learn.



Our Group's human resources management vision is to attract the best talents to create the "New Generation Sabancı" and to train our employees for the future by providing a unique work environment and culture where employees feel precious and constantly learn. As our vision also emphasizes, existence and success of our employees are key for our Group to reach new generations. Accordingly, our main priorities include providing a fair, non-discriminating, safe, healthy working environment where employees feel happy. We constantly evaluate our human resources policies, principles and systems by taking into consideration employee rights and development issues. Our goal is to maintain the sustainability of our Group as a desirable and privileged workplace.

Thus, our primary responsibility is to invest in the development of our current and prospective employees and gain qualified workforce to our Group. Our goal is to be an employer preferred by qualified workforce, to select and hire workforce that has the most suitable qualifications and that adopts Holding's corporate values, and to meet Holding's future workforce requirements with a global perspective and proactive approach while selecting and hiring employees.

To prepare and manage our HR policy and related practices in accordance with the strategies of our Group and our Group companies is the most important component of our HR vision. Thus, we believe that we create employees and teams with values of transparency, justice, passion, honesty and curiosity within the framework of Sabancı values and culture, and believe that we will maintain a sustainable success by creating the "New Generation Sabancı".

### Sabancı Golden Collar Awards

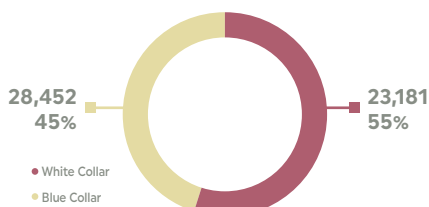
Sabancı Group has been organizing Sabancı Golden Collar Awards since 2009 with an aim to reward achievements of companies and employees and to encourage sharing of good practices. In the reporting period, Sabancı Golden Collar Awards was held for the 8<sup>th</sup> time. With the Award program, critical issues communicated through New Generation's Sabancı, Customer Experience, Digitalization, Innovation and Plain Transformation categories. The Award program aims to highlight and appreciate best practices.

### Number of Employees at the Sabancı Group<sup>14</sup>

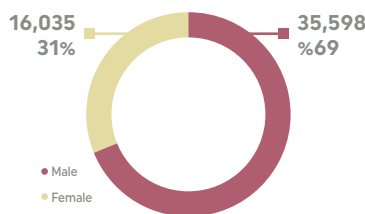
Sabancı Holding works to create and maintain a fair work environment in Sabancı Group. In this objective, there is the "Policy of Creating and Maintaining a Fair Working Environment" which embodies fundamental principles of the Holding on fair working practices. Under this policy, Sabancı Holding is in compliance with all the relevant applicable laws and regulations on employment and work life. In processes of human resources, it does not act in any way that would discriminate race, gender, language, belief, religion, political thought, age, physical disability, and similar other status. It ensures that all practices of human resources such as remuneration, reward, promotion and social rights etc. are fair.

<sup>14</sup>Consists of data obtained from Group companies within the scope of reporting.

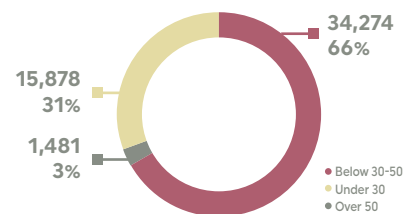
**Employees by Category (Number-%)**



**Employees by Gender (Number-%)**



**Employees by Age**



Sabancı Holding as a supporter of the Fundamental Employment Rights of the International Labor Organization, adopts necessary policies and actions against discrimination at work. It cannot make use of child labor and forced labor, respects the rights of their employees to become a member of any union and puts efforts to make these principles applicable to their value chain. In Sabancı Group 24.796<sup>15</sup> employees in total are under collective labor agreement.

<sup>15</sup>Consolidated data consists of data obtained from Akbank, Akçansa, Brisa, Carrefoursa, Çimsa, Enerjisa, Kordsa, Temsa, Yünsa.

Sabancı Holding is carrying out practices to maintain a sustainable business environment where employees feel happy and productive. In this regard, opinions and feedbacks of employees about current practices are actively collected through satisfaction surveys, and innovative practices are applied based on the necessary action plans. In addition, many recognition and rewarding applications are realized in the Group to increase well-being of employees.

### DIVERSITY AND EQUAL OPPORTUNITIES

Creating diversity and equal opportunities at work are among Sabancı Holding's aims. Accordingly, the Group companies provides employees with equal opportunities since the recruitment process, and actively benefit from the potential that diversity and differences create.

As a result of the understanding of providing diversity and equal opportunities, the Sabancı Group provides employment for employees whose representations in business life are disadvantaged compared

#### Women's Empowerment Principles

- To create senior level corporate leadership for the gender equality,
- To treat women and men fairly at work – respecting and supporting the human rights and non-discrimination principle,
- To ensure the health, safety, and well-being of all female and male employees,
- To encourage the training, professional training and career development of women,
- To adopt such practices as initiative development, supply chain and marketing that empower women,
- To enhance equality through social initiatives and defense,
- To measure and to publicly report the developments to ensure gender equality.

#### Declaration of Equality at Work

- We respect human rights. We treat all our employees based on the fundamental principle of equality. •We ensure the health, safety, and well-being of both our female and male employees without discriminating between genders.
- We especially encourage the female labor force participation.
- We define the equal opportunity criteria for women and men under all our human resources policies. •We act under the policy of equal pay for equal work, and follow it.
- We install the necessary mechanisms for making equal use of career opportunities.
- We create and follow up the training policies, and especially pay attention to female participation. •We create such working environments and practices that maintain the balance between work lives and family lives.
- We disclose the developments related to our plans and achievements on equal opportunity through internal and external communication.
- We ensure that the declaration spreads into all our spheres of influence (our business partners, our suppliers).
- We deploy a leadership team at our company for the follow-up of considerations involved in the declaration.

to other groups. A total of 906 physically-disabled employees are employed in Sabancı Group as of the end of the reporting period.<sup>16</sup>

Since 2017, 31% of all employees are women in Sabancı Group companies that are covered in the report. Women labor force rates in Sabancı Group are two times more than Turkey's average.

The Sabancı Group places special importance on private life and business life in the context of opportunities for the employees. Sabancı Group companies develop practices where employees can have more time for their private life and they organize off-hour activities.

In the reporting period, the rate of male employees who completed their maternity leave and came back to work is 100%; the same rate for female employees is 95% in Akbank and Brisa; 80% in Yünsa, Kordsa, Enerjisa, Aksigorta, Akçansa, Avivasa, Teknosa and Sabancı University; over 70% in Carrefoursa and Temsa, and 50% in Çimsa.

<sup>16</sup>Consolidated data consists of data obtained from Akbank, Akçansa, Aksigorta, Avivasa, Brisa, Carrefoursa, Çimsa, Enerjisa, Enerjisa Production, Kordsa, Teknosa, Temsa, Yünsa, Foundation, University.

In accordance with a focus on diversity and equal opportunities, Sabancı Holding attaches special attention to women's participation to work life and gender-based equality. In parallel to this perspective, the Holding supports domestic and international organizations, and applies pioneer practices in this field. Sabancı Holding is the first Turkish company to sign United Nations Declaration of Women's Empowerment Principles which is one of the primary initiatives.

At the same time, Sabancı Holding is a member of "Equality Platform at Work" under the supervision of the Ministry of Family and Social Policies that is created under the umbrella of World Economic Forum (WEF) to minimize the gender gap within the economic field in Turkey. This platform aims for women to be more involved in labor force, be part of decision mechanisms, benefit from opportunities and resources, increase women within the labor force in Turkish business world in the next three years and decrease the gender gap up to 10%. With this declaration, Sabancı Group is committed to voluntarily complying with the principles which will eliminate gender-based discrimination, transparently reporting the progress made to achieve this goal, and leading Turkey to spread these principles across the country.

#### EMPLOYEE DEVELOPMENT

The Sabancı Group adopts a development policy based on continuous learning that encourages employees to invest on their own development. Accordingly, the Group provides its employees with the necessary development environment and opportunities for a continuous development. The Group supports experimental learning, and makes investments on development considering personal development needs, goals of the employees and their potential.

Thus, creating a qualified, successful, global labor force and leader pool by establishing a culture where employees are responsible for their own development is among the most important goals of Sabancı Group.



#### Employee Development at Sabancı Holding

Young Talents of Sabancı Program, carried out since 2006, to track and steer career development of young employees with high potential. Young employees that have a potential and working in Group companies attend this program. In 2017, 38 young employees were graduated from the program with the experience to run company via simulation and networking opportunities.

Mentorship Program is, as we believe, a practice that contributes not only to personal developments of experienced managers and employees but also to establishing "Coaching Culture" that we want to extend in the Group; and supports our Group in becoming "Contributing to Each Other's Success." We initiated this program 10 years ago; and continued in 2017 as well.

Future Forums; the goal of Future Forums program whose designing process started 11 years ago is to put market and customer oriented perspective that will support sustainable growth objective of Sabancı Holding into the focus of each operation; and to support a mental transformation that enables a thinking beyond the borders of the market. In 2017, participants of 7<sup>th</sup> period were graduated from Future Forums to which Group companies actively attend.

SALT Program; Sabancı Leadership Team (SALT) training program which is a threshold training for all business leaders that are transferred to senior management is a successful program to which managers at General Directorate or higher levels attend, and in which managers confront with themselves and shape their leadership talents according to Sabancı expectations.

SA-EXE Program is carried out at Vice President and Director Levels and improves strategic decision-making skills of managers. 11 managers participated to SAEXE's 4<sup>th</sup> program, supported by simulations, that helps managers perform with effective leadership skills at uncertainties and complex situations.

SA LAB aims to increase awareness about the returns of "value oriented management" initiated for mid-level managers in 2016, to make them focus on "Business Intelligence" enabling them to see the whole picture and their contribution to it. 9 managers graduated from SA LAB program.

E-Executive MBA Program supports to train managers with vision and multi-dimensional overview of company management.



Value-oriented Manager Program aims to provide accumulation of knowledge for activities such as the efficient management of main activities in the value chain, firm management, strategies, structure of organization, human resources management, research and development, and purchases.

Within the scope of the 28<sup>th</sup> Floor Conversations program, employees with high potential met with the senior management of the Holding at lunch. Through this program talented employees were introduced to senior management and senior management answered the questions of the employees and listened to their suggestions. Till now the Group held 13 meetings that hosted 109 talented employees. The program attracted considerable attention and the Group will continue to organize them.

Industry Leaders Program is carried out by Industry Group Presidency and Sabancı University EDU. The purpose of the program is to support the professional development of managers with high potential and engineers in Group's Industrial companies and to enhance knowledge and experience sharing among these employees. The program consists of 19 modules and four of them were held; 17 people joined the program.

The Big Data & Business Analytics Seminars were designed within the framework of Sabancı Group's digital transformation program; the program will consist of seven seminars; the first one was for the senior management of the Group companies. The first three sessions of five sessions, scheduled for the first two seminars, were held. A total of 80 managers participated in these three sessions.

Sabancı Group closely monitors and evaluates developmental requirements of its employees, and offers different opportunities to



improve their talents. As a Group, we attach great importance not only to investment on employees and fair evaluation of employee performances, and also to the processes of appreciating and rewarding of talents and successes.

Based on the approach that organizational development can be achieved through employee development, Sabancı Human Resources aim to continuously review and improve systems and processes, to actively monitor the performance of employees and to conduct practices for sustainable success, to perform the assignment, transfer, and rotation practices in the Group for the development of employees and the organization.

Mechanisms to actively collect and evaluate employee feedbacks and opinions and innovative ideas in this regard are crucial for the development and consolidation of Sabancı Group. A suggestion system collecting information about the innovative ideas of employees and supporting employee participation provides great benefit for reaching sustainability goals in Group companies and increasing the competition. In 2017, 12,443 suggestions were gathered from the employees of the companies in reporting.<sup>17</sup>

#### **Employee Development in Sabancı Group Companies**

Creating the best employee experience is the most important priority of the Group that supports a strong and sustainable Sabancı employer brand. Accordingly, the Group aims to enhance personal development and organizational success by investing on talents of the employees. The Group make a special effort for creating an environment of development and presenting opportunities to constantly improve employees and increase their existing potential, regularly following employee performance and making communications, creating a qualified, successful, global labor force and leader pool by establishing a culture where managers are responsible for employee development.

<sup>17</sup>Consolidated data consists of data obtained from Akbank, Avivasa, Brisa, Çimsa, Enerjisa, Enerjisa Production, Kordsa, Temsa.

<sup>18</sup>Consolidated data consists of data obtained from Akbank, Akçansa, Aksigorta, Avivasa, Brisa, Carrefoursa, Çimsa, Enerjisa, Enerjisa Üretim, Kordsa, Teknosa, Temsa, Yünsa, Foundation and University.



In 2017, a total of 1,361,086 man\*hours of training provided to our blue and white-collar employees of the companies in reporting.

The employee development programs that Sabancı Holding and the Group companies have carried out during the reporting period are as follows:

Akbank Academy has initiated studies to extend personalized and accessible training methods focusing on development areas for employees in 2017. Within this scope, Akbank Training Catalogue Platform, an accessible platform which makes suggestions according to the competencies of the employees, has been implemented.

Akçansa aims the constant improvement of managers on their way to leadership with annual Leadership Meetings, Leadership Style Survey, Organizational Climate Survey and Leadership Development Programs. In 2017, Akçansa aimed to expand leadership development organization to managers at different levels (engineers, executives, managers) through "Akçansa Course Academy."

Aksigorta Academy is founded with the mission of training employees to meet customers' changing needs and expectations with a customer-driven approach and to realize continuous growth by making a difference in the business as well as to ensure product and service quality. In line with its mission, Aksigorta Academy acts under a vision to be the center of development that offers the most effective

and productive training services to all employees, stakeholders and customers. Trainings organized by Aksigorta Academy that aims to bring employees and stakeholders together in various platforms and support their development focus on developing managerial, technical knowledge and talents.

AvivaSA presented the following trainings in the reporting period: Strategic Management Trainings for Managers, Business-oriented Personal Development for current and potential managers within One Step to Future program, trainings to manage generation Y, and trainings on becoming a team. Employees received trainings on sales, licensing, economy, personal awareness, stress and goal management, relation management and coaching in sales in order to support their occupational and personal developments. Besides these organizations, the company organizes Future Club in order to support the development of the employees who graduated from talent programs.

Brisa, during "Brisa Journey" as referred by employees, supports personal development of its employees, designs and carry out development programs for the future leaders of Brisa according to their competencies. Besides providing employees with competencies related to their career, it carries out projects and activities where employees can transfer their knowledge to the society. With Competency Development Programs, Professional

Programs and Vital Programs, the company provides employees with trainings to ensure competence, knowledge, skills and work-life balance.

CarrefourSA contributed to the professional and personal development of the cashiers by organizing a training program called "Passwords of My Case" in cooperation with Sabanci EDU, in Gourmand Stores in 2017. The training, which is extended by CarrefourSA Academy instructors in Mini, Hyper, Super formats, will continue throughout 2018. All the employees in Super, Mini and Gurme stores were provided by a training called "Everything Starts With Me". The training aims to increase the quality of service and standards. In addition to these practices, the company organizes Retailing trainings for managers / manager candidates who want to pursue a career in the retail sector, in cooperation with Anadolu University AÖF.

The CarrefourSA Akademi E-Learning Platform is a platform where all CarrefourSA employees are offered e-learning for legal, professional, technical, personal and professional development as of the date they start work. All employees are able to access e-learning platform from any media independent of time and place. In parallel with classroom training, e-learning processes are being carried out with interactive archive of e-tutorials, videos, examinations and a rich archive of documents in the portal library, designed with a new generation learning outlook, and the development of employees is continuously supported.

The store staff who have successfully completed appraisal in the promotion process in CarrefourSA are taken to the MAYA (Store Manager Candidate) project. After 1 week theoretical and 7 weeks of practical training and exam practice, these employees are beginning to act as Store Managers or Shopkeepers in stores. In addition, appointment of employees who are recruited in store management positions is also carried out after successfully completing the 2-month orientation-training process and e-learning exams.

At Çimsa, employee development programs have been organized under the following titles: Occupational Information Development Program and Trainings, Management Abilities Development Program and Trainings, Çimsa Mid-Level Development Program, First Level Employees Development Trainings, and Senior Level Employees Development Trainings.

The LEAP Program of Enerjisa Energy and Enerjisa Production, is a development program that lasts for about 18 months, designed with

experiential learning methods to ensure that senior management learns the new tools and methods in order to meet present and future business challenges and accelerate the leadership development process. JUMP, a leadership development program, is a development program designed with mixed learning methodology to help our employees assigned to managerial positions increase their effectiveness in their current roles and develop their leadership skills.

The Wings Up Program is another development program aiming at enhancing male and female leaders of Enerjisa to adopt a balanced and egalitarian approach in all areas of life.

The Yoda Mentorship Programs aim to support employees who are willing to spare time for their professional and personal development, to get feedback, by bringing them together with a role model that will guide them. The Reverse Mentorship program is the development program that brings together the new generation employees with the Senior Management of Enerjisa on the same platform. The program aims to reflect this dynamism to the institution.

The Young Energy Program has been designed with the aim of supporting and accelerating the development of the young Enerjisa employees with high potential at the beginning of their career.

The Enakademi online, individual development platform, continued to present the development world created by different sources to all employees.

The Sales School is a development program aiming at improving the customer focus perspective and sales skills of the Sales Department employees. Similarly, with the Compass program, employees in the distribution business unit have been trained in Personal Development, OHS and technical / professional development, and the educational training and mobile training center project has been highlighted.

The Kordsa Global Development Programs address three different levels; different techniques are being implemented for each level, taking into account the development areas of the participants. Apart from this, each country is designing and implementing its own development programs. The "Global Alignment" program consists of programs for managerial and leadership skills development. Participants develop knowledge

and skills in excellence at management and in creating a winner organization. The "Next Generation" program is a 2-module and 7-day program designed to improve the personal and interpersonal communication skills of experts / engineers. With these two modules, they improve themselves, their relationship management skills, and with the help of the simulations, they improve business-focused competencies. "Global Mentorship" is a program designed for experts / engineers and newly appointed managers to support employees' personal, career and professional development and to share information about Kordsa practices. In the "Reverse Mentorship" program, Y-generation employees started working with the ELT team to strengthen intergenerational work.

In Teknosa Candidate Training Program, the company provides new employees of the stores, after they started the sales process, with a mixed education model supported by e-trainings, videos, reading materials accessible at Teknosa Academy platforms and store trainings given by store managers.

"Teknosaakademi.com" is Teknosa's only platform for learning and development with its technological infrastructure and user experience features, in terms of changing user habits and accessible information. Teknosa Academy conducts learning and development processes on four basic methods. Accordingly, "teknosaakademi.com" is the main channel covering all methods.

The aim of the Mentor-Mentee Program is to support employees to improve themselves with the knowledge and experience of experienced managers, to support their leadership capacities, to expand corporate strategy, positive corporate values, ongoing and / or new initiatives to the whole organization and to enhance interdepartmental communication. In addition, the Corporate Coaching Program aims to create a working environment in which the total success of the employees increases following the target - action plans.

The candidates who are positively evaluated by the Assessment Center, and who can be successful as a Store Manager, are provided with the Store Manager Training Program in Teknosa stores.

Temsa organizes training programs in different fields to support employees' personal development, to develop their skills and competencies, to create an environment where they can share their experiences, and to create awareness and synergy. Temsa Academy conducts training and development activities in order to support its employees' professional development.

The Yünsa Team Leadership Development Program aims to develop leadership skills of the employees who work as (or are candidates for being) a team leader and technician. Textile Vocational Programs aim to provide technical information for basic textile subjects for all employees working in the related processes. The Project Leadership Development Program aims to inform people working in the project activities, about project management methodology and project execution tools.

The Internal Trainer Training Program aims to improve the training skills of the employees who have an active role in the training process or work as internal trainer, by improving their competency regarding adult education. The Turquality Manager Development Program aims to support middle and senior managers in achieving the vision and competencies required for global success.

The Skill Development Program aims to support all operators working in production processes to have multiple skills. The Maintainer Development Programs aim to develop the maintenance skills of the maintainers.

#### **OCCUPATIONAL HEALTH AND SAFETY**

We believe that a healthy and safe environment where the conditions are honorable is one of the main employee rights. Thus, creating a healthy and safe work environment for our employees is among our most important responsibilities. With this understanding, we comply to legal requirements in full,



follow national and international standards, we carry out studies to expand occupational health and safety culture in addition to occupational health and safety practices in our Group companies. With the aim of expanding these studies to larger shareholder groups, we also carry out different programs for employee families, business partners and society.

All the Group Companies aim at zero industrial accidents and occupational diseases through their Occupational Health and Safety Policies. At Sabancı Group, OHS Management is undertaken with the goal of zero occupational accident and disease and within the scope of the law no. 6331 Occupational Health and Safety Law, prepared upon the directives of World Health Organization and International Labor Organization. Furthermore, OHSAS 18001 standards are applied in the fields of risk assessment, machine safety, work permits system and subcontractor management. Turkish Standards Institution's (TSE) standards are used in the hygiene measurements and the equipment controls as part OHS. OHS compliance is also audited as part of ISO quality controls that Group companies receive depending on their field of operation. Also, occupational health safety obligations under legal regulations and contracts are practiced fully.

Besides Sabancı Group employees, there are OHS trainings to increase occupational health and safety awareness of contractors. In this objective, during the reporting period 48,358 Group employees and 18,199 supplier/subcontractor employees got 399,101 person\*hour OHS training.<sup>19</sup>

In Sabancı Group, within legal regulations there are Occupational Health and Safety Rules in accordance with the number of employees. OHS rules work independently and report to Sabancı Holding regularly. Since the reporting period, 115 OHS Committees function in the Group and there are 209 employee representatives.<sup>20</sup>

<sup>19</sup>Consolidated data for employees consist of data obtained from Akçansa, Aksigorta, Avivasa, Brisa, Carrefoursa, Çimsa, Enerjisa, Enerjisa Production, Kordsa, Teknosa, Temsa, Yünsa, Foundation, University, while data for suppliers are obtained from Akçansa, Çimsa, Enerjisa Production, Kordsa, Teknosa, Temsa, Yünsa, Foundation and University.

<sup>20</sup>Consolidated data consists of data obtained from Akbank, Akçansa, Aksigorta, Avivasa, Carrefoursa, Çimsa, Enerjisa, Enerjisa Production, Kordsa, Teknosa, Temsa, Yünsa and University.

Latest technologies and practices are followed and integrated to work processes with the zero-occupational accident goal. Occupational accident, disease and near-miss statistics are recorded and reported to the Holding by companies.

#### Occupational Health and Safety Indicators

Akçansa/Cement (IR)	3.54	Çimsa (IR)	13.479
Akçansa/Aggregate (IR)	4.64	CarrefourSA (IR)	0.21
Akçansa/Ready Mixed Concrete (IR)	4.43	Kordsa (IR)	0.23
Enerjisa (LTISR)	95.5	Temsa (IR)	0
Enerjisa Production (LTISR)	8.3	Yünsa (IR)	1.92
Aksigorta (IR)	9.85		

#### Employee Health Practices at the Sabancı Group Companies

Akbank informs employees on epidemics or important diseases on "Health Corner" in Aksandık website and also, and sends e-mail announcements when there is an emergency. In addition, the company carries out fire and earthquake drills in the bank, as well as organizing natural disaster trainings.

Akçansa employees are provided with health insurance within the frame of the policy of subsidiary rights. Employees are periodically examined by the workplace doctors. Besides, the company organizes trainings with different contents and informative meetings (ergonomics, women's health, quitting smoking, etc.). Moreover, Akçansa offers consultancy services in all health, psychological, social and legal issues through a support line for employees and their families for 24/7 that is called "Don't Bother, Just Make a Call."

At Aksigorta, the workplace doctor examines, plans treatment, prescribes medication and refers employees to the 2<sup>nd</sup> and 3<sup>rd</sup> level health institutions when necessary. The doctor does the regular follow-ups in the presence of chronic illnesses such as diabetes, blood pressure, etc. that need continuous follow-up. For 2 days a week, the company provides laboratory services at work. According to the laboratory results, treatment, follow-up or referral to the relevant physician is planned if necessary.

Institutional prescriptions are written out for medicines that are regularly used by family members of employees or prescribed by non-institutional doctors.

The company provides employees and their family members with health consultancy services and guidance when necessary. Aksam provides employees, subcontracted employees, trainee students and guests with consulting services regarding diagnosis, treatment and health issues. Within the company, through the BİZBİZE platform, the company shares information about health issues. There is an internal emergency hotline within the company with a click-to-call on the desk phone.

At AvivaSA, information has been given in regards to preventing employees' health and potential risks on health during occupational health and safety trainings. Within the scope of the Occupational Disease Prevention project, a plan has been drawn up for the control of the source, the use of personal protectors or equipment, and the designation of medical protection measures. Occupational physicians perform personalized occupational or occupational disease follow-up. Within the scope of protection from Muscle-Skeletal System diseases and detection of threats, the "Control of Equipment Employed by Displayed Vehicles" work is continuing and the ergonomic suitability of the employees is evaluated at workstations. Special follow-up groups are determined and regular inspections are carried out. Employees and their children are insured by private health insurance covered 100% by the employer. Employees can be vaccinated for influenza once a year for free.

In Brisa, employees within / out of the scope of the Collective Labor Agreement are provided with health insurance.

At CarrefourSA, within the scope of Occupational Disease Prevention Project initiated under the leadership of Sabancı Holding, our business physicians were required to take a more active role outside the infirmary and to perform field surveillance activities, workshops were held in policlinic services as well as preventive medicine. Within this scope, special policies have been developed for those at risk for our professional groups. It is decided that periodical health examinations prescribed by the legislation will be renewed within 3 years when the duration is 5 years according to our hazard class (Less Hazardous). Within this scope, in July, 2017, all employees were taken Lung Graph and EKG, Eye and Porter examination, full blood count, fasting blood glucose measurements and Breath Function tests were performed and the tetanus vaccinations of the related department employees were completed. New employees are made to work after they have been directed to contracted health institutions and received the required examinations and examinations within the scope of the entrance examinations. In addition to the Basic Occupational Health and Safety trainings, Ergonomics, Alcohol and Tobacco Use, First Aid are provided to employees.

Çimsa, organizes health awareness trainings for employees and their families. Employees go through medical examinations in every 6 months. Besides these practices, the employees are provided with private health insurance.

Enerjisa Energy ve Enerjisa Production provides special information to its employees in health information seminars and announcements, hygiene audits, health consultancy, smoking, healthy diets, obesity, hypertension, cardiac health, foot health, ergonomics and psychosocial risks in addition to basic occupational health, firstaid and on-the-job trainings.

At Kordsa, briefings and programs are organized for employees and their families in regards to health discounts, obesity studies, smoking campaigns and women health, in addition to health trainings and health conversations for employees. Health surveillance service is provided to Teknosa employees in accordance with the law No. 6331.

The Workplace doctor is available in 4 workplaces for providing employees with polyclinic and preventive medicine practices. Besides these practices, Teknosa employees are provided with examinations, vaccinations, information seminars, e-learning, face-to-face trainings, mailing and awareness studies. In addition, some employees are provided with discounts such as private health insurance in health institutions, free check-ups as reward or ophthalmological examination, body control programs etc.

Temsa provides employees with periodic examinations every year. Employees are vaccinated against tetanus and influenza and employees at risk are vaccinated against hepatitis B. Employees are informed about current and important diseases via an internal communication portal, and training studies are conducted by experts. Moreover, the company creates awareness regarding occupational accidents by providing employees' families with Emergency Response and First-Aid Training, Responding to Fire Trainings, Accident Prevention and Safe Living Training, Environmental Training, Employees' Health and Safety trainings.

Sabancı University provides employees, relatives, students, subcontractors and guests who apply to Sabancı University Health Center with diagnosis, treatment and ambulance services. Preventive vaccination (Hepatitis A, B, Tetanus) and counseling services are provided for all kinds of health issues.

During the reporting period, Yünsa organized trainings and provided female employees with expert support and counseling regarding breast cancer, prevention methods and cervical cancer. All employees participated in trainings on musculoskeletal disorders.

# SOCIAL DEVELOPMENT



Sabancı Group considers acting with a social responsibility approach in all of its activities; we as an essential and indispensable part of its management mentality.



Sabancı Group considers acting with a social responsibility approach in all of its activities; we as an essential and indispensable part of its management mentality. Within this context, all the institutions that form the Sabancı Group focuses on a responsible management of their economic, social and environmental impacts and contribution to the development of the society. The social responsibility approach of the Sabancı Group is not limited to business activities and influences. The social responsibility approach and priorities in this matter are determined by considering the best for the society and the environment. Thus, the sustainable value created for stakeholders is secured. Based on this approach, we realize social development projects and practices in education, health, culture & art and sports through Sabancı Foundation, Sakıp Sabancı Museum, Sabancı University and Group companies.

You can find Sabancı Group Social Responsibility Policy and Principles here: <https://www.sabanci.com/tr/sosyal-sorumluluk/sosyal-sorumluluk-ilkelerimiz/kurumsal-sosyal-sorumluluk-politikasi-ve-ilkeleri/i-3336>



### Sabancı Volunteers Program

Initiated in 2015, "Sabancı Volunteers" program is Turkey's largest corporate volunteering movement. Based on this Sabancı Volunteers, the primary subjects in the first three years are issues on women. This program is designed in two steps including online trainings and volunteering projects offered to Group employees. In the first step of the program, the following online trainings are prepared in regards to Social Gender Equality for Group employees: "Concept and definitions," "Education and Social Gender," "Business World and Social Gender," "Violence against Women," and "Forced Marriage at an Early Age." These trainings are disabled-friendly and bilingual. Until now, over 10,000 Sabancı employees received these trainings.

### SABANCI FOUNDATION

Sabancı Foundation was established in 1974 to institutionalize charities of Sabancı Family and to organize all their philanthropic activities under one organization based on the late Hacı Ömer Sabancı's life philosophy of "sharing what we have obtained from this land with its people". The Sabancı Foundation's vision is "a society in which all individuals enjoy their rights equally" and its mission is "to contribute to the educational, cultural and social development of Turkey and make a difference in the

lives of individuals." Education, social change and culture & art are the primary operating areas of the Foundation.

It focuses on "women," "young people," and "the disabled" in its operations. In this objective, the foundation organizes activities on lasting works, education, scholarships, awards, culture and art; in recent years with programs developed on "women", "youth" and "disabled", it contributes to the sustainable development of the operational geography.

Throughout 43 years since its foundation, Sabancı Foundation established schools, dorms, health institutions, cultural centres, sports facilities, libraries, teachers' lodge and social facilities in 78 population centres around Turkey, in addition to Sabancı University; and provided over 120 institutions to society.

The construction of the Enerjisa Tufanbeyli Vocational and Technical Anatolian High School, which is being built in Tufanbeyli district of Adana by the Sabancı Foundation on conditional donation of Enerjisa, was almost completed in 2017. The school which is designed for 360 student, with 12 classrooms and workshops will be opened in 2018-2019 school year.

The Foundation supports NGOs with grant programs to overcome complex social issues and create lasting impact. In addition, long-term cooperations with various stakeholders strengthen the influence of social works.

Sabancı Foundation Grant Programs support the creation of equal rights for women, young people and disabled people, and the projects of non-governmental organizations that support active participation of these groups to society. Since 2007, 126 projects that the Foundation carried out in 10 years within the scope of the Sabancı Foundation Grant Programs, touched





directly the lives of 170,000 people; and indirectly more than 700,000.

As of 2017, as a result of the strategy studies, the grant programs have been restructured as open call and invited grant programs.

6 non-governmental organizations that are supported by Sabancı Foundation Open Call Grant Programs and that completed its projects in 2017 shared their experiences in a meeting organized under a theme "Sowing Season" on 25<sup>th</sup> October, 2017. "Sowing Season: Grant Program Stories" book that includes the stories of projects were distributed in the meeting that hosted non-governmental organizations, public and media representatives.

Purple Certificate Program which is a component of UN Joint Program for Promoting the Human Rights of Women completed in 2015 and supported by Sabancı Foundation, is an ongoing gender equality training program for teachers. Following the completion of this program, the Program has been continuing by Sabancı University with the support of Sabancı Foundation. Within the scope of the program, in 2017, a cooperation with Bilgi University was established to include studies regarding potential teachers, primary school teachers and middle school teachers.

Besides, the Foundation started three invited grant programs about "disability rights", "early and forced marriages" and "living together".

Changemakers Program which is designed to highlight the stories and efforts of those who make significant contributions to social development in Turkey and inspire them continued in 2017 as well. Changemakers Program is an awareness project that is striving to create social awareness and encourage people to be more sensitive and active citizens in regards to social issues. Out of more than 2,400 applications, 166 Changemakers were selected and filmed since 2009. Their videos were shared on the program's website, YouTube and social media accounts as well as several news portals. Videos of changemakers watched by more than 17 million viewers in Turkey and abroad through internet and social media.

In the 9<sup>th</sup> season of the Changemakers Program, which started in October 2017, each month two changemakers continued to be featured on the TV show of Cüneyt Özdemir on CNN Türk as well as social media.

The seminars and experience sharing meetings organized by Sabancı Foundation bring together non-governmental organizations, foundations, private sector and public institution representatives with national and international experts and enable knowledge

sharing in regards to new approaches in philanthropy and non-governmental societies. In this context, 10<sup>th</sup> of "Sabancı Foundation Philanthropy Seminars" titled "Innovative Approaches to Education: Curiosity, Imagination, Discovery" was held on 5<sup>th</sup> December, 2017. Prof. Dr. Selçuk Şirin from New York University and the founder of Creativity, Culture and Education Foundation Paul Collard were the lecturers of the seminar.

Sabancı Foundation continued to follow the developments, contribute and form cooperations in international arena, in 2017 as well. The Foundation participated and contributed to studies of the Board of Directors of European Foundation Centre (EFC) to which it is a member of since 1991, and the only foundation from Turkey to be in EFC management in 2011-2016, regarding disabled rights and gender. Moreover, Foundation continued to preserve its mission as an opinion leader by publishing articles on philanthropy in international and prestigious publications.

The Foundation has continued to support State Theatre – Sabancı International Adana Theatre Festival and International Ankara Music Festival in 2017 in regards to culture & art activities. Sakıp Sabancı Mardin City Museum and Dilek Sabancı Art Gallery established by the Foundation has hosted over 670,000 visitors since 1st October, 2009.

80 young people selected from 11 universities attended to Turkey Young Philharmonic Orchestra supported for 9 years by Sabancı Foundation in 2017. Following a 3-week camp in Sabancı University, this Orchestra staged 7 concerts abroad and one concert in Istanbul.

Metropolis Ancient City archaeological excavations initiated in 1990 and supported by Sabancı Foundation since 2003 continued in 2017 as well. Situated in Torbalı, Izmir, Metropolis was opened to visitors in 2015 as an archaeological site. Chamber tombs were revealed in excavations continued in 2017.

Sabancı Foundation Short Film Competition which was initiated in 2016 to create awareness on social issues through art, to establish awareness through creative perspectives of cinema, and to encourage and promote young talents was launched with a motto "Short Film, Long Impact". The theme for its first year was "Refugee Women" and the holders of the first three works selected by the jury received awards in the award ceremony organized in January 2017. Sabancı Foundation 2<sup>nd</sup> Short Film Competition was held in 2017 with the theme "Child Labour".

Sabancı Foundation has provided scholarships to over 45,000 students over 43 years since its foundation, and in 2017, it provided scholarship for almost 1,500 students, about 400 of whom were new ones. It gave over 1,100 awards to persons that gained local and global achievements in education, sports, culture & art in order to promote success.

### SABANCI UNIVERSITY

Sabancı Foundation founded Sabancı University in 1999 and today it is a world university with an interdisciplinary educational structure, quality oriented management system and liberal institutional culture. In the authentic educational system of its academic success, "Common Foundations Development Program" is the base instead of the commonly known "academic department" system. In the first year the students take the same courses together and develop their knowledge infrastructures, capacities for thinking in a critical and interdisciplinary fashion. After that, every student is free to pick the introductory courses for the programs they wish to continue and pick their preferred diploma program from among 13 programs available.

Sabancı University ranks first in the "Interuniversity Entrepreneurship and Innovation Index" which was prepared for the first time by the Ministry of Science, Industry and Technology in October, 2012. In the following years, Sabancı University entered in the index as the most entrepreneurial foundation university, and in 2015, 2016 and 2017 it was selected as Turkey's most entrepreneurial and innovative university with the highest score among all universities.

In 2016, Sabancı University preserved its place in the top 500 universities in the lists covering all the world universities, prepared by prestigious institutions such as Times Higher Education and QS. Moreover, Sabancı University ranked 44<sup>th</sup> in the list of the Top 150 Universities younger

### SABANCI UNIVERSITY SAKIP SABANCI MUSEUM (SSM)

Atlı Köşk (the Equestrian Villa) was acquired by Hacı Ömer Sabancı in 1951 and later housed a collection of his rich calligraphy and painting collection as permanent residence of Sakıp Sabancı. He donated it to Sabancı University in 1998 to transform it into a museum. The exhibition areas of Sabancı University Sakıp Sabancı Museum (SSM), which was opened in 2002, reached international standards in terms of technical qualifications in 2005 with the new gallery section. Managed by a multi-directional museology understanding, SSM hosts temporary international exhibitions, model educational programs, concerts, conferences and seminars as well as rich collections and conservation units.

than 50 years old, prepared by Times Higher Education (THE) taking into account the performance of rising young universities in 2017. Sabancı University increased its rank from 22<sup>nd</sup> to 18<sup>th</sup> in the list of the Best Universities in Fast-Growing Economies, prepared by Times Higher Education (THE) BRICS in 2017.

### SOCIAL RESPONSIBILITY PRACTICES IN GROUP COMPANIES

Sabancı Group companies design and realize projects and practices in accordance to the expectations of their stakeholders with whom they share sectoral and geographic conditions. Group companies contribute to social development with their social responsibility principles and policies as well as studies on various fields such as culture, art, education, sports and environment. Featured projects of the reporting period are listed above:

Akbank has been developing different financial and non-financial projects for 10 years with Endeavor, an international non-governmental organization established to support active entrepreneurs in developing countries and contribute to economic development. In addition to this, Akbank provides entrepreneurs with financial support with the loan pool created for entrepreneurs selected by Endeavor Turkey. In 2017, Akbank expanded the sphere of influence of its "Good Initiative Cities" Project, which was launched in Ankara and İzmir in 2016 in cooperation with Endeavor with the aim of expanding the studies on entrepreneurship in Istanbul to the other cities. Another entrepreneurship study is "CaseCampus." This project aims to offer an innovative education and training opportunity for participants using real stories and dilemmas of leading exemplary entrepreneurs. The project was implemented in two periods in spring and autumn in 2017; in the light of "No Training Can Be as Instructive as a 'Case'" principle, the project aimed to offer an innovative education and training opportunity for participants using real stories and dilemmas of leading exemplary entrepreneurs. Approximately 5,000 applications have been received for the CaseCampus Programs and 305 of them have graduated from the program. 64% of the graduates are male and 36% are female students. Another project that shows the support of Akbank to entrepreneurs is Akbank Entrepreneur Development Program. In 2017, more than 650 candidates applied to Akbank Entrepreneur Development Program which is a training program initiated to support and steer entrepreneurs that are on the bottom of the ladder by Sabancı University School of Entrepreneurship (SUGK) and Akbank.

Akçansa organized 8<sup>th</sup> "Concrete Ideas Project Competition" in the reporting period to give university students an opportunity to introduce themselves to the sector and demonstrate their creativity. 1,340 students from 117 different universities participated in this competition. "My Neighbourhood" project that provides training to future generations and parents of these generations, initiated by Akçansa in 2015, with the aim to create happy child, happy family and happy neighbourhood, and establish concrete foundations for future, has continued during the reporting period as well. Within the scope of the project carried out by Büyükçekmece District Directorate of National Education and Tüvana Foundation for Educating Children (TOÇEV), children learn how to communicate better at school, at home and when they are with friends. Parents

receive support from experts in challenging issues and in training their children be happy and healthy individuals. The project reached 25,000 students, parents and teachers from 68 schools. The project aims to reach 30,000 till the end of 2017-2018 Education Period.

The Good Works Club, established by Aksigorta employees in order to carry out social responsibility activities, continued its activities in 2017 as well. In this context, the Club supported people and institutions in need. Moreover, Aksigorta's earthquake simulator, which plays an active role in earthquake education of thousands of children between the ages of 7 and 14, continues to contribute to the education of children in the ITU Science Center. The earthquake simulator shows the effects of earthquakes to children and gives information about what to do before, during and after the earthquake.

AvivaSA also continued their donations to NGOs who work in accordance with corporate social responsibility. In this regard, AvivaSA donated to The Hope Foundation for Children with Cancer (KAÇUV) for employees that have a baby, to the Educational Volunteers Foundation of Turkey (TEGV) when first degree relative of an employee dies, and to TEGV for employees that undergo a serious illness or surgery. AvivaSA supported Life Without Cancer Society with the donations collected in activities such as the theater play of the Theater Club, the company's breakfast organization, the Eurasian Marathon and the Runatolia Marathon. During the reporting period, AvivaSA volunteers supported schools in need within the scope of the social responsibility project.

In 2017, Brisa continued to inform drivers about safe driving as part of Bridgestone's "# 2 Minutes for Our Safety" campaign. Within the scope of the project, tread depths and air pressures of the tires of the vehicles are measured and drivers informed about the for a safe journey.

Within the scope of its campaign titled "#Emniyetimizizin2dk" (2 min. for our safety), Brisa, have kept informing drivers about safe driving. Through the project, drivers were informed about issues that they should pay attention for a safe journey such as measuring the tread depths and air pressures of the tires. Brisa offers free consultancy services to farmers in regards to good agricultural practices, efficient driving and safe driving through its project "Strong Agriculture – Strong Future." Since the beginning of the project, Brisa reached almost 23,000 farmers and provided them with 722 hours of training. Moreover, the company mounted for free more than 20,000 free reflectors in order to increase the visibility of the tractors trailers on the road. During the reporting period, Brisa Academy provided bus drivers of Kamil Koç company with trainings regarding basic tire information and maintenance, mechanical alignment and balance, basic safe driving information, in order to inform them about tire safety. In total, 400 bus drives participated in these trainings.



CarrefourSA acts with the awareness of social responsibility in all its activities and aims to contribute to the development of the society it is in. Within the scope of "Çocuklar Tasarlasın" social responsibility project ,cooperation with Darüşşafaka Society, bags designed with the pattern created by the students studying in Darüşşafaka Educational Institutions in Turkey continues to offer for sale in the gourmet CarrefourSA. All proceeds from sales are also donated to Darüşşafaka. CarrefourSA believes that it will be possible for educated individuals with a high level of prosperity, and as such, takes responsibility for contributing to the development of future generations.

Support to UNICEF's Progressive Research Project CarrefourSA is supporting the "Tarladan Okula" project, aimed at raising awareness on child labor in agriculture. With the project, CarrefourSA aims to contribute to the solution of the problems experienced by children working as seasonal workers in agriculture. In the first year of the project, 5,000 children were reached; to improve the living conditions of children and to make up for their education.

"Dost Hareketi" project, initiated by CarrefourSA and HayKonFed association, shares the excess consumption of edible products with the homeless animals in the barns. This prevents both the destruction of food and the feeding of our little friends. CarrefourSA continued its business alliance in 2017 with TIDER, a nonprofit NGO that works to ensure that people can access their basic needs fairly and equally.

Supporting education projects for children is a priority within Çimsa's corporate social responsibility projects. With the corporate social responsibility project "Summer Children", Çimsa aims to contribute to children in the field of education which is one of the most important subjects of our country. Accordingly, Çimsa Niğde Factory carried out "Summer Children" corporate social responsibility project in 2011. The aim of this project is to support the emotional, cognitive, social and physical development of children with workshops such as sport activities, creative drama and creative writing. The Summer Children project, which has been carried out since 2011, continues as a sustainable corporate social responsibility project for children's education. Çimsa carried out "Mersin Disability Week" corporate social responsibility project in cooperation with the Mersin Metropolitan Municipality in 2015 in order to remove the obstacles for disabled



people. The project aiming at raising awareness about people with disabilities to be included in social life, develops cooperations in order to remove obstacles by focusing on problems faced by disabled people in Turkey and in the world and responsibilities of the different segments of society. Accordingly, Çimsa donated 172 powerchairs in the last 3 years.



Enerjisa Energy's "Protecting My Energy" project, aimed at raising awareness on energy efficiency in children, has been carried out every year since 2010 in EnerjiSA's AYEDAŞ, Başkent and Toroslars power distribution regions in 14 cities. Energy efficiency trainings organized in the primary schools with the support and guidance of the Ministry of National Education are also conducted by "Energetic Volunteers" of Enerjisa, thus the sense of social responsibility is supported within the institutional culture. In addition to the trainings within the project, which has reached more than 250,000, in 550 schools, in 14 cities and 330 volunteers, a theater play called "The Musicians of Bremen" where children can reinforce the information they have learned has been performed. The project has also integrated digital channels to reach more students across the country. Through the website ([www.enerjimikoruyorum.org](http://www.enerjimikoruyorum.org)) of the project and with "Protecting My Energy" mobile application, children can play the energy efficiency game, learn about the world's energy sources and learn how to protect limited resources with the help of games.

Within the scope of Enerjisa Employee Volunteer Activities (Energetic Volunteers) in 2017 includes Special Enerjisa Classroom book donation for autistic children, book donation to schools as a report card gift, donation of carne gift book in primary school,

support for Tufanbeyli women for 'Doll' sale and support to "Hayata Bağıs" and "Kökü Sende" social responsibility programs.

Teknosa, has been organizing free computer training courses for women in different cities of Turkey since 2007 in regards to its "Technology for Women" Project. Based on this project that aims to help women be more active in using technology in social and cultural life, over 15,000 women from 61 cities received free computer training. Teknosa sales wrapping papers and gift cards designed by students of Darüşşafaka in all TeknoSA stores all around Turkey. All revenue of sold wrapping materials and a portion of revenue of gift cards are donated to Darüşşafaka Society. Believing in the importance of sport and power of communication in social development of a society, TeknoSA continued to support National Team during Euro 2016 as the Technology Supplier of National Teams.

Teknosa launched the "Technology for Women" project in 2007 to realize the technological integration required for women to participate in economic and social life. Within this context, the company organizes technology trainings for women in different regions of Turkey, for free. Within the scope of the project carried out with the cooperation of the Habitat Association and the local institutions, women are provided with trainings regarding writing on computer, internet, e-mailing and social media use. The trainings help women to interact with their social environment and the world, to access to information they want, online banking and online shopping.



The project, celebrating the 10<sup>th</sup> anniversary in 2017, has supported 16,000 in 65 cities about digital literacy. Teknosa Volunteers, established by Teknosa employees, are involved in projects as blood and stem cell donation, September Project for children with cerebral palsy, equipment donation to Anatolian Village Schools. Besides they cooperate with foundations and associations working in these issues.

Temsa's "Joint Dream Project" carried out in order provide employees an opportunity to support social projects, organizes charity activities for educational institutions in rural sites in Adana and around.

Sabancı University established a social responsibility project titled "SU Volunteers Knit" under the cooperation of HR and CIP projects (Social Susceptibility Projects) in 2016. In this regard, volunteers knitted scarves and caps to children studying in the East of Turkey. Other gifts were sent along with the scarves and caps. In addition, the CIP (Social Susceptibility Projects) unit carries out various social responsibility projects; 90% of which are carried out by the students, and 10% by the employees.

# GRI CONTENT INDEX



Indicators	Descriptions and Page Numbers	Omissions		
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
<b>Corporate Profile</b>				
102-1	About the Report p.2	-		
102-2	About Sabancı Holding p.5	-		
102-3	Contact p.47	-		
102-4	About Sabancı Holding p.5	-		
102-5	Economic Value We Have Created p.6	-		
102-6	About Sabancı Holding p.5	-		
102-7	About Sabancı Holding p.5	-		
102-8	Work Life p.25	-		
102-9	Supply Chain Management p.15	-		
102-10	GRI Content Index: There are no significant changes	-		
102-11	Risk Management p.7	-		
102-12	About The Report p.2; Governance p.7	-		
102-13	Memberships to Associations p.14	-		
<b>Strategy</b>				
102-14	Message from the Chairman p.3 ; Message from the CEO p.4	-		
<b>Ethics and Integrity</b>				
102-16	About Sabancı Holding p.5	-		
<b>Governance</b>				
102-18	Governance p.7	-		
<b>Stakeholder Engagement</b>				
102-40	Stakeholder Engagement p.13	-		
102-41	Work Life p.26	-		
102-42	Stakeholder Engagement p.13	-		
102-43	Stakeholder Engagement p.13	-		
102-44	Stakeholder Engagement p.13	-		
<b>Reporting Practices</b>				
102-45	About the Report p.2	-		
102-46	About the Report p.2	-		
102-47	Material Issues p.12	-		
102-48	GRI Content Index: No restatements of information.	-		
102-49	GRI Content Index: No restatements of information.	-		
102-50	About the Report p.2	-		
102-51	GRI Content Index: June, 2017	-		
102-52	About the Report p.2	-		
102-53	Contact p.47	-		
102-54	About the Report p.2	-		
102-55	GRI Content Index p.47	-		
102-56	GRI Content Index: Report has not been subjected to external assurance	-		
<b>Material Issues</b>				
Standards	Indicators	Descriptions and Page Numbers	Omissions	
<b>Energy and Emission Management</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Energy and Emission Management p.19	-
	103-2	The management approach and its components	Sustainability Management p.11	-
	103-3	Evaluation of the management approach	Sustainability Management p.11	-
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	Risk Management p.7; Environmental Approach p.17	-
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy and Emission Management p.19	-
	302-4	Reduction of energy consumption	Energy Efficiency in Group Companies pp.20-21	-
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Energy and Emission Management p.19	-
	305-2	Energy indirect (Scope 2) GHG emissions	Energy and Emission Management p.19	-
		Reduction of GHG emissions	Energy Efficiency in Group Companies pp.20-21	-

Standart	Cösterge	Açıklamalar ve Sayfa Numaraları	Hariç Tutulan
<b>Water and Waste Management</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Environmental Approach pp.17-18	-
	103-2 The management approach and its components	Sustainability Management p.11	-
	103-3 Evaluation of the management approach	Sustainability Management p.11	-
GRI 303: Water 2016	303-1 Water withdrawal by source	Water and Waste Management p.22	-
	303-2 Water sources significantly affected by withdrawal of water	Water and Waste Management p.22	-
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	Water and Waste Management p.22	-
	306-2 Waste by type and disposal method	Water and Waste Management p.23	-
<b>Efficient Use of Natural Resources</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Environmental Approach pp.17-18	-
	103-2 The management approach and its components	Sustainability Management p.11	-
	103-3 Evaluation of the management approach	Sustainability Management p.11	-
<b>Employee Training and Development</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Employee Development p.30	-
	103-2 The management approach and its components	Sustainability Management p.11	-
	103-3 Evaluation of the management approach	Sustainability Management p.11	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development p.28	-
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development in Sabancı Group Companies pp.30-34	-
<b>Occupational Health and Safety</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Occupational Health and Safety pp.34-37	-
	103-2 The management approach and its components	Sustainability Management p.11	-
	103-3 Evaluation of the management approach	Sustainability Management p.11	-
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	Occupational Health and Safety p.35	-
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety p.35	-
<b>Equality and Diversity</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Diversity and Equal Opportunities pp.26-28	-
	103-2 The management approach and its components	Sustainability Management p.11	-
	103-3 Evaluation of the management approach	Sustainability Management p.11	-
GRI 401: Employment 2016	401-3 Parental Leave	Diversity and Equal Opportunities p.27	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and Equal Opportunities pp.27	-
	405-2 Ratio of basic salary and remuneration of women to men	GRI Content Index: There is no gender discrimination in remuneration of employees	-
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Internal Audit p.10	-
<b>Contribution to Social Development</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Social Development pp.38-45	-
	103-2 The management approach and its components	Sustainability Management p.11	-
	103-3 Evaluation of the management approach	Sustainability Management p.11	-

## Legal Disclaimer

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