

HACI ÖMER SABANCI HOLDİNG A.Ş.



Sustainability Report 2018

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ABOUT OUR REPORT

About

We present this fifth sustainability report of the economic, social and environmental performance of the Sabancı Group to our esteemed stakeholders. By this report we give you the opportunity to examine the value we create for our economy and our society, and the endeavors to measure, monitor and improve our environmental impacts while conducting our operations.

they belong. You can review the list of companies and institutions which are part of this report in the Appendix. All data except the trainings of the subcontractors on occupational health, safety and the environment, refer to the employees of our companies and institutions.

(GRI 102-46)(GRI 102-50)

Scope and Limitations

This report covers the operations conducted and projects realized by Sabancı Holding, its subsidiaries, Sabancı Foundation, Sabancı University and S.U. Sakıp Sabancı Museum in the period between January 1st, 2018 and December 31st, 2018 in Turkey. We present the economic, social and environmental data, sometimes consolidated depending on its content, in their respective chapters by indicating their scope and to which companies

Principles

We have prepared our report in accordance with the core option of the GRI Standards. Next to GRI's principles of materiality, stakeholder engagement, sustainability context and completeness, we ground on the UN Women's Empowerment Principles.

Next Report

We plan to publish our next report in which we will share our 2019 sustainability performance in 2020.

01

LETTERS TO OUR STAKEHOLDERS



LETTER FROM THE CHAIRMAN



Dear Stakeholders,

At Sabancı Group, besides the creation of economic value, our understanding of sustainability encompasses the continuous development of our qualified human resources throughout all our fields of business, our social contributions which we realize through all our institutions, and our environmental consciousness based on the responsible utilization of natural resources and the reduction of our impacts on climate change.

On our voyage for corporate sustainability we continue our operations by bringing the future we have designed in accordance with our defined vision of 'Sabancı of New Generation'. We fulfil our social

and environmental responsibilities surpassing the given legal requirements.

For our country and throughout the globe, the year of 2018 was a period of economic fluctuations, diversity due to digital transformations, political insecurities, and challenges caused by social and environmental factors. Despite all this global volatility and uncertainty, we as Sabancı Group have continued in 2018 to invest in our business and in our country and continued to create value for all our stakeholders in the same way for more than 90 years. In all sectors in which we are active, next to economic expectations we also managed our sensitivities towards our social and ecological environment efficiently. Our group companies realized a multitude of implementations on talent management, social contribution, protection of natural resources and combatting of climate change, which will be 'spearheads' and 'exemplars' for their respective sectors.

The most important factor which will create successes to further improve the competitiveness of our Group and our country is our sincere, participating, courageous

employees, who are committed to their work passionately. It is our privilege to present our employees a fair work environment in which they can work in a healthy and safe way and, to provide them with opportunities in which they can develop their knowledge, abilities and capacities. Within the scope of equal opportunities in business that we always focus on, we are also proud of being the first Turkish company to sign the UN Women Empowerment Principles in 2011.

As a Group we always believed that economic development will be possible together with social development. Through Sabancı Foundation, Sabancı University, S.U. Sakıp Sabancı Museum with the direct participation of our companies, in all our regions of activity we continue to realize a multitude of projects and contributions from education to culture and arts in regard to social necessities. With our Sabancı Volunteers Programme we give our employees the opportunity to contribute socially within the context of 'corporate citizenship'. As we are active in different sectors

our environmental impacts also diversify. Those environmental issues which have the highest impact are managed within the focus of our companies. Climate change and resulting problems are defined as the highest possible risks in the risk map of the World Economic Forum. Leading with industry we manage the environmental impacts of our sectors with the greatest sensitivity.

I would like to thank all our employees, our business partners, our customers and shareholders for the important roles they played in our successes we achieved in 2018, and the support they gave us concerning our targets for a sustainable future.

Güler Sabancı
Chairman and Executive Member

LETTER FROM THE CEO



Dear Stakeholders,

We are proud of publishing the fifth report in which we share with you the sustainability performance of the Sabancı Group. Our priorities of sustainability are to create economic value in all sectors in which we operate, to protect and invest in our human resources, to continue our social contribution in all geographical regions of operation and to manage our environmental impacts.

Despite the volatility and intransparencies in the economy during 2018, we as the Sabancı Group were able to keep up our productivity and our competitiveness by means of making use of digitalization and technology in line with our vision of 'Sabancı of New Generation'. We were also able to successfully manage our businesses due to our flexible and agile approach, our strong equity and our competent human resources.

As Sabancı Group, in all sectors we operate, we were able to achieve many successes in 2018. While we were conducting our businesses with the objective of creating values for all our stakeholders, primarily our shareholders, investors, and employees, we also realized many projects that were targeting the improvement of our impacts in the framework of sustainability. With

the target to reach a level of zero accidents in all our industrial and cement companies, we succeeded in realizing improvements in the frequency of accidents in comparison to the previous year.

With its financial strength and its responsible and secure banking perspective Akbank continues its support to the Turkish economy. As a result of the financing of climate friendly renewable energy projects realized by Akbank, we produced about 13,200 GWh of electricity of in 2018. Because of this, we had our part in the prevention of CO₂ emissions of about 5.8 million tons.

With a record share demand, we have successfully realized the initial public offering of Enerjisa Enerji, which currently is providing the electricity need of about a quarter of the population in Turkey. With Enerjisa Üretim we cover about 4% of the overall electricity production in Turkey. Both of these companies have realized a multitude of projects in 2018 which resulted in operational increases in their energy productivity.

Kordsa is our platform for growth in advanced technology and products with high added value. With the environmentally friendly products which Kordsa produces, it supports the reduction of weight of vehicles

and therefore the reduction in fuel consumption of these vehicles. This again leads to a reduction in greenhouse gas emissions. Our Brisa factory in Izmit is the leader in the Turkish tire sector. For this factory, we have the target to reduce the underground water consumption to zero level until 2023. We undertook many precautions to reach this target and succeeded in reducing our water consumption by 49% when compared to the base year.

Yünsa is the biggest under a single roof integrated woolen cloth producer for the upper segments in Turkey and in Europe. With the projects we conducted at Yünsa we were able to reduce the amount of water needed for each meter of fabric produced. We also took important steps to reduce the utilization of hazardous chemicals. At Akçansa and at Çimsa we succeeded in raising our utilization of alternative raw materials and alternative fuels by 3% and 6% respectively. Due to this, we were on one hand able to reduce the utilization of natural resources and carbon emissions and on the other hand, we were able to make economic use of hundreds of thousands of tons of waste thereby giving proof of our environmental sensibilities. Temsa Ulaşım Araçları is a leader in Turkey and was also able to prove this leadership on the

European and American markets. At Temsa we produce electrical autobuses. We introduced these environmentally friendly vehicles, which have an important impact on the reduction of greenhouse gases resulting from the direct consumption of fossil fuels. At Teknosa we are conducting the project 'Technology for Women'. Within the scope of this project and up to today, we contributed to 17 thousand women in 66 provinces becoming digitally literate. At Carrefoursa, while we continue our activities with a focus on productivity, we started an important project with the objective to reduce food waste in the supply chain and in our stores.

Aksigorta and Avivasa have finished the year 2018 with impressive profitability ratios. At these two companies, we focused on the individual and professional development plans of our employees. We designed and realized training programs targeting long lasting learning with high participation. As regards to technologic solutions, Bimsa has been a success story for 43 years within the Sabancı Group. We restructured Bimsa under the brand name of SabancıDx and we plan to play an effective role in the digital transformation of Turkey.

The activities and products of SabancıDx concerning advanced data analysis will be effective tools for our group companies in order to manage their sustainability targets.

We believe that we will achieve the continuity of this successful tabloid of 2018 by investing in our human resources. With this understanding we set up the Sabancı Advanced Data Analysis Academy in cooperation with the Sabancı University and our first students graduated in 2018.

We would like to thank all our stakeholders, especially our employees for their contribution to the best practices and the performance results we share in our report.

Yours kindly and respectfully,

Mehmet Göçmen
Board Member and CEO

02

CORPORATE
PROFILE

ABOUT SABANCI HOLDING

With an experience of over 90 years, Hacı Ömer Sabancı Holding A.Ş. is the parent company representing the companies of the Sabancı Group, one of Turkey's biggest conglomerates. Hacı Ömer Sabancı Holding A.Ş. manages the group companies with a strategic portfolio approach. The main business areas of the Sabancı Group are banking, insurance, energy, cement, retail and industry, which are fast growing sectors in Turkey. The companies of the Sabancı Group are leaders in their sectors.

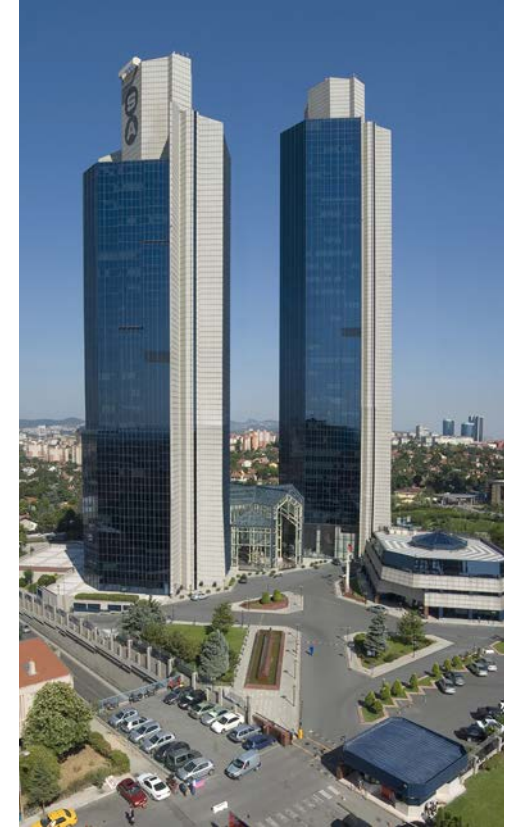
Our companies sell their products in Europe, the Middle East, Asia, North Africa and, North and South America. They are active in 11 countries. The international partners of Sabancı Holding include the globally leading companies in their respective sectors like Ageas, Aviva, Bridgestone, Carrefour, E.ON, Heidelberg Cement, Marubeni and Philip Morris.

At the end of 2017 next to the shares of Sabancı Holding the shares of 11 group companies were listed on the Istanbul Stock Exchange (BIST). With the initial public offering of Enerjisa Enerji A.Ş. for which the equal sale of

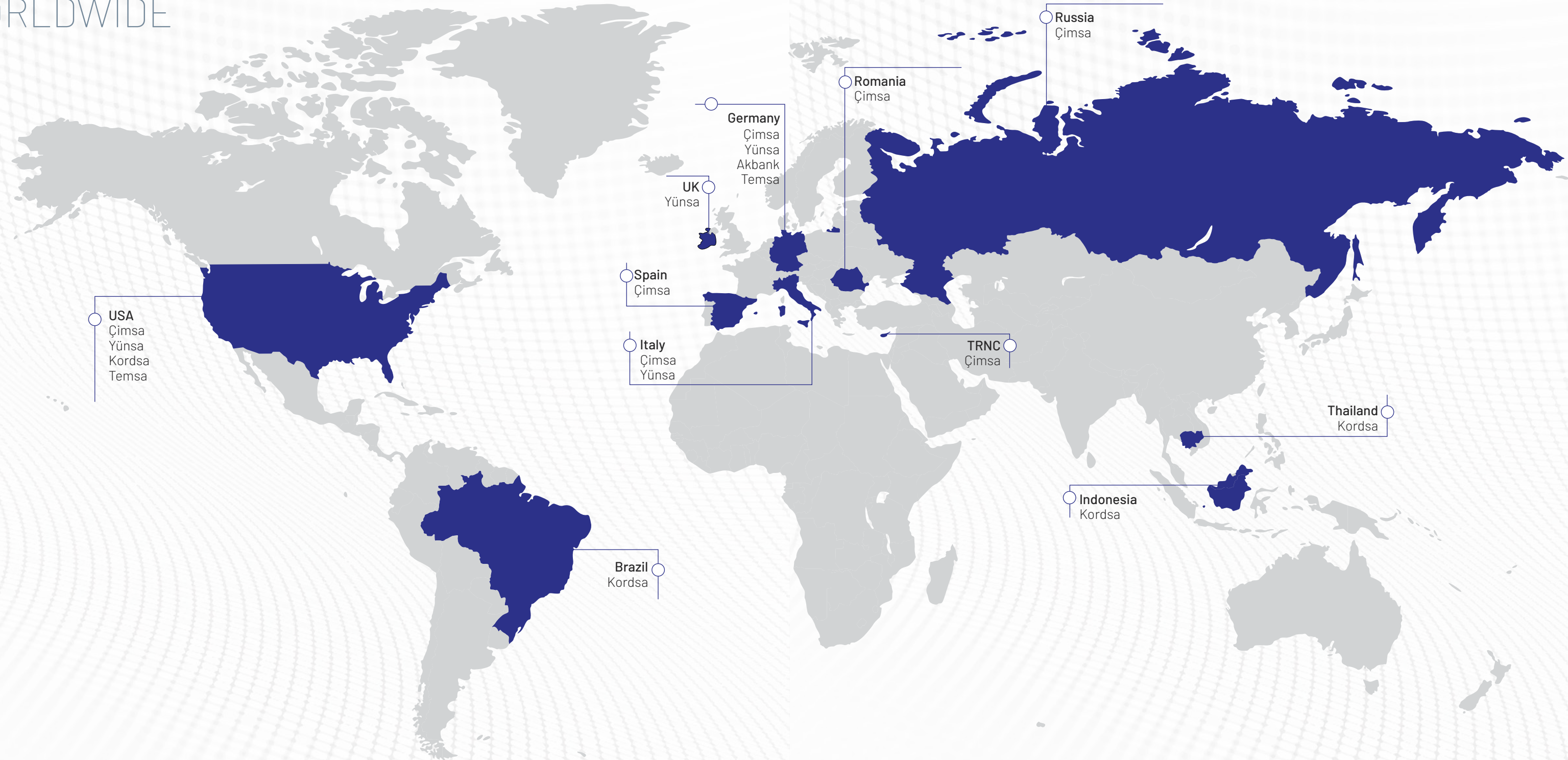
shares by Sabancı Holding and E.ON was completed in 2018, and so the number of companies listed rose to 12.

The prominent shareholder group of Sabancı Holding is the Sabancı family, holding the 53.9% share of the company.

42.8% of the shares of Sabancı Holding are owned by the public.



SABANCI HOLDING WORLDWIDE



03 MANAGEMENT APPROACH



CORPORATE GOVERNANCE

THE STRUCTURE OF THE BOARD OF DIRECTORS

Our Board of Directors is the highest-level strategic decision-making body of our company. The Board is responsible for the definition of the corporate objectives, for ensuring compliance with the corporate governance principles, for the definition and the management of the strategic orientations, for risk management and for providing the functionality of the control systems.

The day to day management activities of Sabancı Holding are attached to the Board of Directors and are conducted by the CEO, the CFO, the President of the Human Resources Group and the Presidents of the Sector Groups which constitute the Executive Board.

At Sabancı Holding, the CEO's and the Chairman's duties are fulfilled by different persons. 33% of our board members are independent members and 44% are women.

THE COMMITTEES ATTACHED TO THE BOARD OF DIRECTORS

In accordance with the Articles of Incorporation of the Company, a sufficient number of committees is to be set up in order to ensure the healthy fulfilment of the duties and responsibilities of the Board of Directors. In this respect and attached to the Board of Directors of Sabancı Holding there are the Corporate Governance Committee, the Early Risk Identification Committee, the Audit Committee, the Portfolio Management Committee, the Committee for the Nomination of Applicants and the Wages Committee.

Within the committees that are attached to the Board of Directors, the number of independent members is, two in the Audit Committee, one in the Early Risk Identification Committee, one in the Corporate Governance Committee, one in the Nomination of Applicants Committee and one in the Wages Committee. There is no independent member in the Portfolio Management Committee.

Corporate Governance Committee

The Corporate Governance Committee aims to maintain the continuity of the management process based on the ethical values of the Company, having internal and external accountability, risk awareness and that is transparent and responsible in its decisions and oversees the benefits of the stakeholders and has a sustainable success goal. The Corporate Governance Committee ensures the implementation of the Corporate Governance Principles within the Company and in case of non-implementation the committee makes suggestions for improvement to the Board of Directors.

The committee oversees the activities of the Investor Relations Department. Alongside the determination of the principles and evaluation of the performance and remuneration of the Board of Directors and Senior Executive Managers, the committee submits the independent candidate member proposals including the candidates nominated by the management and the

shareholders to the Board of Directors by evaluating the independence qualifications of the candidates.

The Corporate Governance Committee also fulfills the responsibilities of the Nomination of Applicants and the Wages Committees. The committee evaluates the principles and evaluation standards concerning the performance and remuneration of the members of the Board of Directors and of the upper management and presents the results to the Board of Directors.

In accordance with the 'Corporate Governance Principles' of the Capital Markets Board the Corporate Governance Committee consists of maximum five members, including the president, and two rapporteurs who are appointed by the Board of Directors of Hacı Ömer Sabancı Holding A.Ş. The President of the committee is appointed by the Board of Directors of the Company among the independent members.

Early Risk Identification Committee

The committee has been set up with the aim to perform activities of early detection of any risks such as strategic, operational, financial, compliance that may jeopardize the existence, development and continuity of the company, to take necessary measures and managing the risk.

At the Sabancı Group we examine risks under seven categories which are compliance, financial, strategic, operational, brand and reputation, reporting and risks of the external environment.

The primary objective of the risk management systems at the Sabancı Group is to manage the risk items which might have a negative impact on the sustainability of the Company.

The risks the group companies are facing, are monitored under the Main Risk Indicators that are set by Sabancı Holding and the Group companies.

These indicators are monitored constantly and reported periodically. The necessary activities in order to manage the risks that are identified by the main risk indicators are realized by the group companies under the coordination of Sabancı Holding.

Within this scope sustainability related topics such as occupational health and safety, human rights, business ethics, fight against corruption, climate change and the supply chain are also managed by the risk management systems.

The Chairman of the Early Risk Identification Committee is appointed from among independent members by the Board of Directors of the Company. In the committee; there are maximum two members elected by the Company's Board of Directors except the President. The members of the committee are preferably elected among the non-executive Board Members.

Audit Committee

The duty of the Audit Committee is to supervise the Company's accounting system, financial reporting, disclosure of financial statements to the public, the working and effectiveness of independent audit and internal control systems, all on behalf of the Company's Board of Directors.

The Committee consists two members, one of whom is the President, and are selected among those independent members of the Board of Directors who have sufficient information and experience in financial matters.

Portfolio Management Committee

The Portfolio Management Committee has been established in order to make provisions for a management and development which ensure maximum value and dividend yield of the portfolio of H.Ö. Sabancı Holding A.Ş. and help the Board of Directors to fulfill its duties and responsibilities appropriately.

The members of the committee are appointed by the Board of Directors of the Company. The committee consists of 5 members and a President.



BUSINESS ETHICS AND COMPLIANCE

Sabancı Code of Business Ethics (SA-ETHICS) is based on the values and business principles of the Sabancı Group. Next to protecting the companies and the personnel, in addition to all laws, regulations and internal company procedures for our employees, it acts as a guidance that leads all decisions and operations.

Scope

The SA-ETHICS are binding for all Board members, executives and employees of Sabancı Holding and Group companies. Besides, we expect that all suppliers, subcontractors, distributors, business partners and similar stakeholders act in compliance with these principles.

Principles

SA-ETHICS has been prepared in compliance with the Universal Declaration of Human Rights and the International Labor Organization's Core Labour Standards. At Sabancı Holding we aim to achieve a 100% compliance to SA-ETHICS in all our activities.

Responsibility

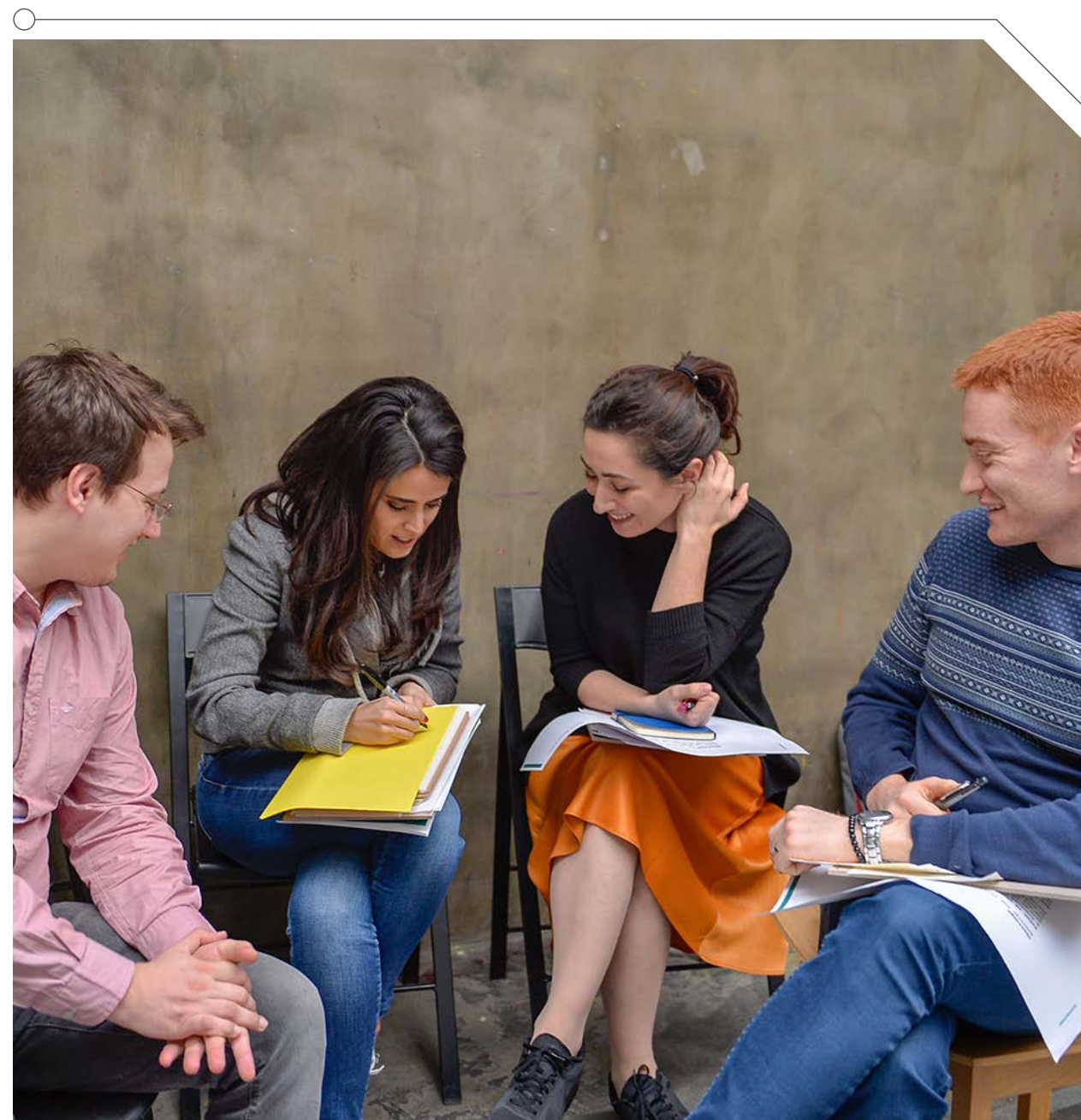
The Sabancı Holding Board of Directors has the primary responsibility on adoption, implementation and monitoring

compliance to SA-ETHICS throughout the Group. Sabancı Holding Ethics Committee is responsible of helping the Board of Directors to fulfill this responsibility.

Implementation

Within SA-ETHICS, actions and precautions to take in case of breaches of the code of ethics are described. There is a notification and support line over which managers and employees of the Group and respective stakeholders may easily and confidentially report irregularities and over which they can get correct information about the rules. Next to this, it is also possible to submit notifications and requests for information over the internet. The respective channels of communication are given in the SA-ETHICS Rules document and on the Company web site.

The person reporting to the Ethics Committee is under the protection of the Ethics Committee and he or she shall not endure any repression, compulsion and penalty due to his or her submission. In case of appointment and the need for change in work and duty concerning the informing person, the Ethics Committee has to give its consent prior to any execution.



Communication

The adoption and dissemination of ethical rules are done by the publishing of the rules in the internal communication portal, the distribution of printed booklets to all employees and the organization of ethics trainings.

Training

Every year, employees update their knowledge about business ethics through an e-learning program and renew their commitment to business ethics through the "Business Ethics Declaration of Compliance" they fill in.

We have the target to keep the respective accumulated information of our employees updated by trainings activities which are repeated every year. In 2018, a total of 27,059 of employees of those group companies that are within the scope of this report, received work ethics trainings.

(The companies which do not take place in the total are: Temsa Ulaşım Araçları, SabancıDx, the Sabancı Foundation and the Sabancı University)

Trainings on the Personal Data Protection Law

In 2018, we started the 'Personal Data Protection' training via the online training platform and executed this for group companies in order to provide information and raise awareness concerning Personal Data Protection.



Our Code of Business Ethics

<https://www.sabanci.com/en/management-approach/sabanci-group-code-of-business-ethics>

ANTI-BRIBERY AND ANTI-CORRUPTION

Bribery and corruption are among the most important problems against which the whole business world must fight together. Sabancı Group does not tolerate any corruption and bribery and takes measures to prevent such behavior. The Group's approach to anti-bribery and anti-corruption is clearly defined in its Anti-Bribery and Anti-Corruption Policy.

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

Besides Group members, the Anti-Corruption and Anti-Bribery Policy is also binding for all related stakeholders including suppliers, business partners, consultants, lawyers and auditors of the Group.

In the contracts with business partners, compliance to our SA-ETHICS Rules and our Anti-Corruption and Anti-Bribery Policy are stated as mandatory. Ethics trainings provided to employees include topics of 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 others towards displaying behaviors noncompliant to ethics, or persons who approve or overlook such behaviors and do not realize the necessary reporting are also faced with the respective sanctions.

It is not possible to hold employees responsible for losses arising as a result of compliance to ethics.



Our Anti-Corruption and Anti-Bribery Policy

<https://www.sabanci.com/en/management-approach/anti-bribery-and-anti-corruption-policy>

Our Performance in 2018

At Sabancı Group, periodical and on demand special audits are conducted with regards to compliance with ethical rules, anti-corruption and anti-bribery, human resources and environment policies as well as corporate policies, vocational principles and legal obligations, under the control of the Audit Committee and by the Audit Presidency in line with International Internal Audit Standards and Ethical Rules.

Within the scope of the audits conducted in 2018, no complaints or notifications were filed to Sabancı Holding regarding any incidents of discrimination or bribery and corruption, nor any other infringements on human rights, union rights and working norms.

SABANCI HOLDING Corporate Risk and Compliance Portal

The legal responsibilities that is a subtopic under the SA-ETHICS Rules frame our compliance management principles. Our aim is 100% compliance to all legislation we are liable to. In order to monitor current developments in regulations and take timely actions when necessary, a corporate risk and compliance portal was established to serve all group companies under the Sabancı Holding leadership and with the support of SabancıDx.

Results and Gains

Economic: We eliminate potential fines due to non-compliance to regulations.

Social: All relevant regulations can be monitored digitally, and for all stakeholders embrace the matter, top management can be informed regularly by the compliance status report.

Environmental: We are able to eliminate potential issues related to non-compliance to environmental laws.

Corporate: With this system, which will enable the realization of our 100% compliance target, we enhance our competitiveness.



SABANCI OF NEW GENERATION

Our new strategic road map which we call 'The Sabancı of New Generation', includes our objective as the Sabancı Group to adapt to global conditions in the quickest and best possible way, where the expression 'new' changes each passing day.

With over 90 years of experience, Sabancı Group operates companies that are industry leaders and rank among Turkey's most reputable enterprises. The Group has forged strong partnerships with world-renowned companies and maintained these with success over long periods. Sabancı Group complies with corporate governance principles and implements strategic portfolio management.

Our mission at Sabancı Group is to manage a competitive strategic portfolio with sustainable growth potential, by creating value for stakeholders.

The strategic priorities which constitute the vision of Sabancı of New Generation consist of three major initiatives.

With Dynamic Portfolio Management we aim to increase the growth potential of our companies and in the same time the creation of cash

and the management of the portfolio of the Sabancı Group in an efficient way.

Through Technology and Advanced Data Analytics, we aim to realize our vision to integrate it into every company and function across Sabancı Group in order to create a competitive edge and to use our capital efficiently while also investing in data analytics, digitalization and fast-growing sectors based on the latest technologies.

By Talent Management we intend to offer extraordinary work experiences for our employees supporting fairness, continuous development, participation, high performance and diversity by giving individuals purpose and the possibility to realize oneself.

The culture as defined in accordance with the vision of Sabancı of New Generation and the strategic priorities listed above, as well as the **values** that identify indispensable standards of conduct expected of all Sabancı employees, are stated below:



THE CULTURE OF SABANCI OF NEW GENERATION

- Putting the needs and expectations of customers & all stakeholders at focus,
- Valuing different perspectives and taking decisions by considering comprehensive inclusion,
- Being the pioneer of innovation,
- Being courageous to make mistakes and seeing it as a learning & development opportunity,
- Focusing on long-term and sustainable value creation.

OUR VALUES

Sincerity

We place authenticity, respect and trust at the heart of our relations with all stakeholders, thus appearing as we are and being as we appear.



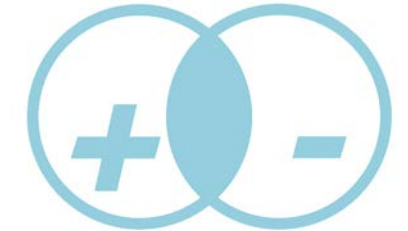
Continuous Development

We question ourselves and our work with a positive curiosity based on excitement about innovation. To get better and better, we learn from our past experiences, develop in line with our vision for the future, and become the pioneer of change.



Inclusion

We build environments that encourage the inclusion of all stakeholders, value different ideas, and deliver the highest benefit through multiple partnerships.



Passion

We approach all tasks with enthusiasm, excitement and perseverance. We mobilize our community with our energy.



Courage

We express our thoughts freely and take risks. We are not afraid to make mistakes. We take the initiative and assume responsibility. We take action.



SABANCI OF NEW GENERATION AND SUSTAINABILITY

The basic principles of sustainability describe a concept which is deeply enshrined in the genes of Sabancı Group from its beginnings until today. We as a Group have always believed that economic development will be possible together with social development and maintained our environmental sensitivities in all our decisions and investments.

At the Sabancı Group we are on a journey to manage our social and environmental responsibilities under the concept of sustainability, which we always bear in mind while doing our business. The road map for Sabancı of New Generation presents us with opportunities to further improve our sustainability performance.

With our technological investments and our operations concerning advanced data analysis, we have the opportunity to increase productivity, to expand our capacities of conducting analysis, and therefore to manage our economic, social and environmental performance more productively. In this way we also get the opportunity to make agile decisions based more on data. Our target intention concerning talent management applications is to render the Sabancı Group the 'Employer of Choice' in the eyes of our current and potential employees.

SUSTAINABILITY MANAGEMENT

Next to the creation of economic value the sustainability conception which we accept in the Sabancı Group includes the continuous development of all our qualified human resources in all our areas of activity; the social contributions which we realize through all our institutions and our environmental sensitivity which bases on one hand on the responsible utilization of natural resources and on the other hand on the reduction of our impacts which we have on climate change.

The performance and the implementations within the frame of the sustainability priorities of our Group are embraced on the level of the Board of Directors which is our highest management body. Each one of the committees that are attached to the Board of Directors have different responsibilities in relation to the sustainability priorities of our Group.

Our Policies

Our social responsibility and environment policies are an open commitment of the Sabancı Group to fulfill all its responsibilities for a better world and future. These policies serve as a guide to define our sustainability management approach and priorities.



Our Social Responsibility Policy

<https://www.sabanci.com/en/social-responsibility/our-social-responsibility-principles>

Our Environmental Policy

<https://www.sabanci.com/en/social-responsibility/our-social-responsibility-activities/environment>

Sustainability Work Group

In order to manage and disseminate our sustainability understanding and implemetations and to strengthen our perspectives on sustainability throughout the entire Group, a Sustainability Work Group that represents all of our companies, is established in 2018. This group conducts its operation basing on the principle of participation. Information, experience and best practices about operations conducted in all fields of sustainability and throughout the Group are shared here. The Human Resources Group President who is the president of the Work Group is also a member of the Executive Committee and reports directly to the CEO. In this way, the sustainability activities within the Sabancı Holding and the Group are monitored and embraced at the highest level of the Holding.

Reporting Group

The sustainability reporting data collection works of our Group is realized by a Reporting Group which is appointed from within the Sustainability Work Group. This committee has the intention to complete the sustainability reporting of the sustainability performances of the group companies on the basis of standardized and comparable indicators and in accordance with the priorities of the Group and herein lead the way for the group companies. Also, there is the intention to ensure transparent and balanced reporting with a content that shall meet the expectations of the most eminent stakeholders. Within the framework of their own areas of operation the group companies continue diverse activities of sustainability management and reporting.

Focus Areas and Topics of Priority

Our first activities aimed at defining the most important and most primary topics of sustainability were originally realized in 2015. All aspects of sustainability which arise from all the sectors in which we are operating were evaluated by participants, who were higher level managers, specialists and employees of the group companies. As a result, priorities of sustainability for each sector were defined. Within the reporting period we received feedbacks from three different stakeholders (MSCI, Vigeo Eiris and SKD). After these feedbacks and the revision works are done by the Sustainability Work Group, we updated the focus areas of sustainability of our Group and the topics of priority. These topics are given on page 27 of this report.

STAKEHOLDER ENGAGEMENT

Through the platforms which we are in constant communication with our stakeholders, we receive feedback on a multitude of topics from governance to environment and from work performance to career opportunities. The communication platforms concerning our stakeholders, the frequency of communication and the feedback we received are given in the Communication with our Stakeholders Table below.

Stakeholders	Engagement Frequency	Engagement Platform	Priorities of Our Stakeholders by Stakeholders
Employees	Regular	Internal communication platforms, trainings, meetings	Business results, compensation, performance management
Shareholders and Investors	Regular	Annual reports, annual meetings, conferences	Financial performance, future 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 Employer Unions	Regular	Collective labor agreements, representative meetings	Employee and human rights
Associations of Professions	Regular	Meetings, panels, mutual projects	Sectoral issues, compliance, benchmarking
Public Institutions	Periodical	Meetings, projects	Compliance, performance, quality
National and International Regulatory Institutions	Periodical	Panels, annual meetings	Compliance and performance, standards
Local Authorities	Periodical	Visits, panels	Social sustainability performance, donation and sponsorship
Non-Governmental Organizations	Regular	Conferences, project partnerships, panels	Sustainability performance on society, environment and work life
Universities	Regular	Career days, project partnerships	Career opportunities
Media	Regular	Press meetings, press statements, special interviews, special news studies	Operations, business targets, sectoral developments, agenda

Stakeholder Engagement and Feedbacks

We receive the expectations and priorities of our stakeholders regularly over different platforms of engagement and we evaluate these during the review of our topics of priority.

We aimed to focus more on the expectations of our stakeholders within this 2018 Sustainability Report. Within the reporting period we have studied the evaluation report of Istanbul Stock Exchange Sustainability Index prepared by Vigeo Eiris, Stock Exchange, which also hosts 12 companies of the Sabancı Holding that are listed and meet their investors here. We have also studied the results of evaluation of the company MSCI (Morgan Stanley Capital International) which scrutinizes the environmental, social and corporate governance performance of our company for investors based on ESG criteria.

In the same manner we took into consideration the evaluations about our prior report which were done within the scope of the Reporting Matters project by the Business Council For Sustainable Development, which is also an important stakeholder for our Group. At the end of these scrutinies we could see that the expectations of the stakeholders were in line with those areas which already were prioritized by ourselves.

(GRI 102-42)(GRI 102-43)

Sabancı Holding sustainability approach is structured in four focus areas and priority topics supporting these areas. We placed in our report the selected best practices and projects which we conducted while managing these topics.

FOCUS AREAS AND TOPICS OF PRIORITY

In All Sectors and Geographies We Operate			
Creating Economic Value	Developing Our Human Resources Continously	Realizing Social Contribution	Being Sensitive to Environment
Economic Performance Responsible Investments Technology Investments Supply Chain Management	Occupational Health and Safety Equal Opportunity and Diversity at Work Employee Satisfaction and Engagement Performance and Total Reward Management Continuous Learning and Development	Social Development Community Engagement	Energy and Emission Management Water Management Waste Management

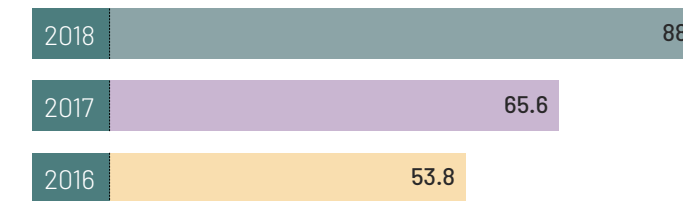
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ECONOMIC VALUE WE CREATE

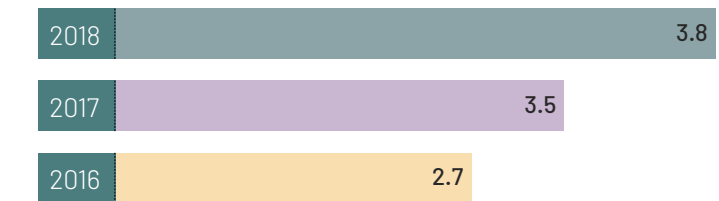


ECONOMIC PERFORMANCE

Combined Net Sales (Billion TL)



Consolidated Net Profit (Billion TL)



SABANCI GROUP IN FIGURES

AKBANK

TL 214 BILLION

LOANS

13.6 %

RETURN ON EQUITY

INSURANCE

TL 4 BILLION

COMBINED NET SALES

TL 157 MILLION

CONSOLIDATED NET PROFIT

ENERGY

TL 23.6 BILLION

COMBINED NET SALES

TL 319 MILLION

CONSOLIDATED NET PROFIT

CEMENT

TL 3.4 BILLION

COMBINED NET SALES

TL 135 MILLION

CONSOLIDATED NET PROFIT

RETAIL

TL 8.7 BILLION

COMBINED NET SALES

601 THOUSAND m²

STORE SALES AREA

INDUSTRIALS

TL 8.8 BILLION

COMBINED NET SALES

TL 361 MILLION

CONSOLIDATED NET PROFIT

RESPONSIBLE INVESTMENTS

AKBANK Environmental and Social Management System

Akbank Environmental and Social Management System (ESMS) is an exemplary application in the area of evaluating the social and environmental impacts which the financial sector has. The system has been set up as part of a credit agreement which has been signed with the International Finance Cooperation (IFC) in 2010. The system is based on the environmental and social standards of the IFC. ESMS is regarded as a point of reference within the Turkish banking system. It contains aspects such as:

- Environmental and social assessment and management, the workforce and working conditions, prevention and reduction of pollution,
- Community health, safety and security,
- The protection of the biodiversity,
- Sustainable natural resources management and
- The protection of the cultural heritage.

This application was set up by our bank in cooperation with the IFC in the field of sustainability. The application has been revised within the year of 2016 and has been further advanced so that now and within the scope of the 'Environmental and Social



Management System' it encompasses all SME banking clients. Next to this, we have undertaken important steps to raise the awareness of our SME clients concerning sustainability by analyzing the environmental and social risks that they carry.

Within the scope of ESMS we are realizing Environmental and Social Risk Analyses for our SME clients!

Since 2017, Akbank has successfully continued to analyze the environmental and social risks of its SME clients within the scope of the ESMS system and has thus made these risks measurable and superviseable. Next to this, Akbank has also successfully further developed the infrastructure of the system. A Decision-Making Matrix has been added to the system. With this matrix a Social and Environmental Risk Score can be attached to each SME client thus making the measuring and evaluation of the risk possible. As a part of the loan allocation process the environmental and social scores of the customers are also decisively taken into consideration and in case of customers operating in banned sectors where the environmental risks are not deemed manageable, loans are not given. In accordance with this, in 2018 a total of 29 loan applications were rejected because of unconformity with environmental and social impact policies. Furthermore, and as part of the loan allocation process, in case of SME customers who are being evaluated as bearing medium level risks, action plans with the measures to be taken are decided upon in cooperation with the customer and with the objective to minimize related risks.

We Take into Consideration the Sensitivities of the Local Community!

In the current situation controls, which are conducted prior to the loan allocation by Akbank, researches are conducted together with independent consultants whether the project in question is in accordance with the Environmental Impact Evaluation Report and or the Environmental and Social Situation Report. Among other subjects it is also researched what the reaction of the local public towards the proposed project is.

We organize meetings with the participation of stakeholders. These meetings shall serve the purpose of informing the local public. Further, we support mechanisms to communicate complaints and take into consideration opinions and expectations concerning the project. Next to this and throughout the course of the project we prioritize topics like compliance with workers' health and safety standards.

The working conditions of workers are audited on site and we give the necessary support to improve conditions. Our bank prefers projects which were prepared within the framework of Environmental and Social Credit Policies that take the opinions of stakeholders into consideration and which try to turn environmental risks into opportunities. Among these, investments in renewable energies, investments in recycling, and investments reducing carbon emissions and increasing productivity are prominent.

TECHNOLOGY INVESTMENTS

DIGITAL TRANSFORMATION WITH SABANCIDx

In the new world order where companies cannot survive without adapting to digitalization and new generation technologies, we at Sabancı Holding have also placed digital transformation into the focus of our corporate sustainability policies.

For 40 years, the Sabancı Group keeps investing in the field of technology. Up to today we have created a business volume of 1.2 billion dollars and a value added of 5 billion dollars with these investments. Now, we have undertaken a further technological investment which Turkey needs, and which will be pioneering the digital transformation of our country by focusing on value added production. Bimsa is a company within the Sabancı Group which has been creating technological solutions for 43 years now. Having added advanced data analysis, robotics and cyber security to its portfolio of services and adapting a brand-new vision, developing services and solutions, its new management structure, its qualified human resources and the support it receives from Sabancı Holding, starting with December 2018 Bimsa continues under the brand name of SabancıDx.



SabancıDx will lead the Advanced Data Analysis and Digital Transformation projects of companies of the Sabancı Group. It will ensure that synergies between Sabancı Group companies in different sectors are managed in the best possible way and it will carry into effect new business

opportunities and will be the driving power for cultural transformation. SabancıDx will continue its operations at the SabancıDx Digital Campus and will keep up its activities which originally started with Advanced Data Analysis in cooperation with the Sabancı University with a higher momentum.

DIGITAL IMPACT ON SUSTAINABILITY OBJECTIVES

With the objectives of management of human resources in accordance with ethical values, of allocating energy and resources to the correct areas, to raise economic benefit to the highest possible levels and to make use of environmental factors in a productive way, all stakeholders of the Sabancı Group regard digital transformation as the first step for the realization of their sustainability objectives.

SabancıDx has accepted the mission to create sustainable benefit through innovative digital ideas and thus carry the companies into the future. By bringing together all its stakeholders and by creating an ecosystem for higher flexibility agility, quality and productivity in the virtual and the real world of production and services SabancıDx designs products which will be transforming business procedures.

SabancıDx creates new tools for sustainable performance management basing on a proactive understanding which is able to determine risks in advance, which is able to foresee the needs of the future, which uncovers new ways to reach productive outcomes with limited resources, which makes



day to day procedures easier and which also increases the mobility of employees.

SabancıDx develops technologies of the new age for its customers to be able to operate in the most productive way possible. SabancıDx also has the objectives by its support of innovation to help at the adaptation of the industry of our country to the necessities of the new age, to create support for a sustainable economy and by the impact of digitalization to turn the world into a better place.

AKBANK Information Risk Management

At Akbank, we are highly sensitive about the protection of the confidentiality and the secrecy of data belonging to all our stakeholders and especially to our customers and employees. Data security has its place among the most important matters of today. To ensure data security we include the latest technological developments into our business procedures, and conduct diverse activities concerning humans, procedures and technology.

The Data Risk Management Presidency which directly reports to the Board of Directors, was set up in order to make sure that data risks could be monitored directly by the Board of Directors. By this model, where data risks get separated from data technology risks, a comprehensive approach concerning data risks becomes possible. Akbank is one of the few companies in the world which applies this model and the bank is the first and only bank in the Turkish banking sector to do so.

In 2018, we continued to organize new trainings and to supply new products in regard to our employees with the objective of making sure



that our employees are precautionous against cybercrimes and that the security of our bank concerning cyber threats is increased. Investments were made in order to increase cyber security by transforming all technologies at our bank and all banking procedures to a more risk focused stance. These investments increase the diversity of our data risk processes and at the same time develop the structures of our Information Technologies.

As Akbank we published our Digital Safety Principles as a part of the digital transformation process in 2018. We also participated at the activities to update the Sustainable Finance Manifesto which we signed in 2017 with the UN Global Compact workgroup.



SABANCIDx Edoksis

SabancıDx's Edoksis application has presented for utilization, its first solution e-Fatura (e-Invoice) in 2014 and has thereafter constantly updated this solution in line with new legal requirements. In 2015, the company has presented e-Defter (e-Ledger) in 2016 e-Arşiv (e-Archive) and in 2018 e-İrsaliye (e-Dispatch) to the use of Group companies and other customers. e-Fatura (e-Invoice) is the form of invoice the data format and standards of which are defined by the Presidency of the Revenue Administration (GIB) and which realizes the invoicing of sales and purchase transactions over the GIB-system. It is of utmost importance that the service we provide is in accordance with legislation and is uninterrupted. Under the security of the brand name SabancıDx we provide services for the processes 7x24.

Results and Gains*

Within 5 years of the Edoksis solutions we achieved:

Economic: We saved 14 million TL concerning paper consumption and 70 million TL concerning the consumption of ink.

We saved another 350 million TL in as a result of prevention of transport costs. We support the elimination of the shadow economy.



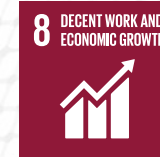
Environmental: We prevented the consumption of 50 million pages and thereby saved 5 thousand trees.

We prevented environmental pollution of ink and toner waste.

Social: Because of speed, controllability, savings in labor and labor productivity in relation to processes we are assisting at the enhancing of employee satisfaction.

Corporate: As invoices are put into digital archives their upkeep was facilitated and they became easily accessible. In this way we realize the protection of the corporate documents.

* These figures are based on estimations.



SABANCIDx Data Management

In today's world, as data is turning into a new economic asset, we are reaching the end of the days in which decisions were made without basing on data. Analytics are at the center of decision-making mechanisms today and we at SabancıDx, have the objective to create a new value model and turn its outcomes into action, to produce new analytical outcomes which are introspectively easy to use and to realize activities concerning analytical modelling, machine learning and artificial intelligence.

With SabancıDx Data Services, we have the objective to make sure that the operations of the companies that we serve can continue without interruptions. In these days cyber-attacks pose threats that grow more serious each day. At SabancıDx, we follow up instantly on the Sabancı Group companies and on the companies which we serve 7 days and 24 hours and take precautions against potential cyber threats and risks way before they materialize.

SUPPLY CHAIN MANAGEMENT

OUR SUPPLY CHAIN

We, as Sabancı Group carry the responsibility to manage a broad value chain of six main sectors. In order to create more added values to the national economy we prioritize the utilization of local suppliers.

We choose our business partners from qualified suppliers who provide opportunities for sustainable cooperation. We treat such business partners equitably and respectfully, we protect their trade confidentialities and we support their development.

CHOOSING SUPPLIERS

At the level of the Holding and also the Group companies we evaluate our suppliers primarily in regard to diverse criteria like their technical and organizational competences, their quality and their cost productivity, their competitiveness, their level of development and their environmental performance. We include such respective expectations into the purchase agreements we conclude.

Concerning the choosing of the companies we purchase goods and services from, next to these technical criteria we also take into consideration whether they have shown a positive ethical stance in the past.

We expect from our supplies that they adhere to the SA-ETICS Rules. In case of detection of non-compliance with ethical rules we take precautions that might even lead to the cessation of business relations with those suppliers. We do not cooperate with companies about whom negative intelligence concerning bribery or corruption exists. Our respective departments conduct the necessary investigations and evaluations prior to the entering of any business relation and report the respective outcomes to the upper management to decide.

Within the reporting period, no major changes occurred concerning our main suppliers.



The Compliance of our Suppliers to Social Legislation

The biggest part of our Group companies attaches importance to generalizing the conception of sustainability throughout the entire supply chain and therefore they apply projects and programs for this matter. We prefer those suppliers who adopt the same common rules as the Sabancı Group especially when it comes to the occupational health, safety and the protection of human and employee rights.

In the same way as applies to our own companies, we expect also from our supply chain that child labor, forced labor and discrimination do not occur at all.

For ensuring compliance with the respective current legislation our companies conduct controls at their subcontractors as regards to work regarding workers' health, safety and employee rights. We also support such subcontractors to further develop and improve of their respective systems and applications. Group companies also support the development of the employees their suppliers through diverse training and implementation programs.

In 2018, we organized occupational health and safety and environmental and professional development trainings for subcontractors at Sabancı Holding, Avivasa, Brisa, Enerjisa Enerji, Yünsa, the Sabancı University and the Sabancı Foundation for a total of 55,748 hours.

The Ratios of Our Local Suppliers

In 2018, we worked with a total number of 13,715 suppliers. The ratio of our local suppliers to our overall suppliers is at 95%.

Our Local Purchasing Ratios (%)

Akçansa	80
Aksigorta	100
Avivasa	98
Brisa	35
Carrefoursa	99.7
Enerjisa Enerji	100
Enerjisa Üretim	82
Kordsa	16
SabancıDx	99
Sabancı Holding	88
Sabancı Foundation	99.9
Teknosa	100
Temsa İş Makinaları	15
Temsa Motorlu Araçlar	25
Yünsa	24

(Companies that are not mentioned in the table are Akbank, Çimsa, Temsa Ulaşım Araçları and Sabancı University.)

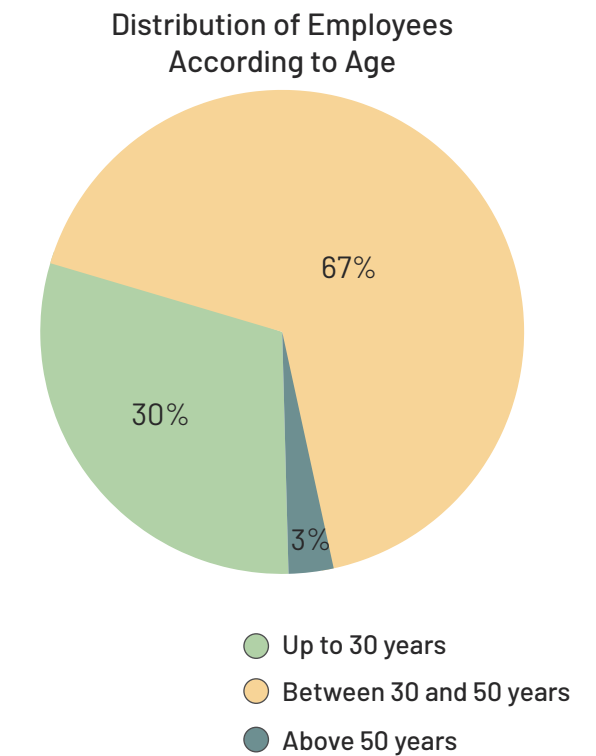
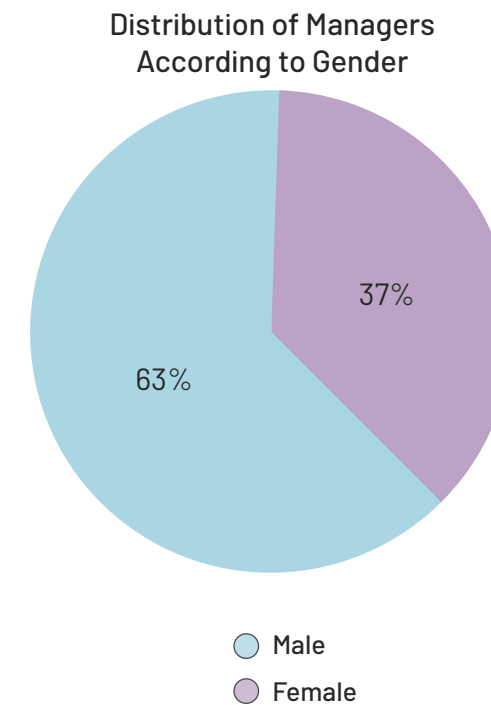
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CONTINUOUS DEVELOPMENT OF OUR HUMAN RESOURCES



PROFILE OF OUR EMPLOYEES

In the overall Sabancı Group as of 2018 end and including subcontractors, we provide employment opportunities to a total number of 64 thousand people. 30% of our employees and 37% of our managers are female employees. Our Group derives its capacities from a qualified human resource with diverse characteristics and abilities.



OCCUPATIONAL HEALTH AND SAFETY

For us at the Sabancı Group it is one of our most important responsibilities to create a work environment for our employees in which they can work healthy and safely. We manage the risks concerning Occupational Health and Safety (OHS) which is among the primary issues of all Group companies, within the framework of OHS policies which the Group companies have set up keeping sectoral requirements, the OHS Law number 6331 which has been prepared in reference to the regulations of the World Health Organization and the International Labor Organization and with the target of zero occupational diseases and industrial accidents.

As part of this conception we fully conform to the legislation to which we are bound. We also closely monitor national and international standards and continue works with the objective of expanding OHS implementations and the OHS culture at the level of our Group companies. Akçansa, Brisa, Çimsa, Enerjisa Enerji, Enerjisa Üretim, Kordsa, Yünsa and the Sabancı University (Composite Technologies Center of Excellence), are owners of the OHSAS 18001 Occupational

Health and Safety Management System Standards Certifications.

For these activities that are conducted to reach a broader group of stakeholders, we adopt and realize a diversity of programs targeting the families of our employees, our business partners and the society in general.

The OHS committees which are set up within the Sabancı Group in accordance with legal requirements and in relation to the number of employees, operate independently. These committees report to Sabancı Holding at specific intervals. Respective OHS provisions are given in the respective legislation and in collective labor agreements and we adhere to these in all our Group companies.

The OHS trainings which we provided in 2018 to our employees in the Group totalled 348,088 hours and constituted 32% of all our trainings. In order to increase the OHS related awareness of the Sabancı Group employees and also of employees of our subcontractors we provide OHS trainings on a regular and continuous base. Details concerning these trainings are given in the Supply Chain Management section of this report.



KORDSA Microdip

Quality and R&D Departments at Kordsa monitored high test result variations between internal and external customers at the microdip process and developed a project to install new machinery in order to automate test methods.

Results and Gains

Economic: The operator occupancy dropped by 33% and the number of test steps was reduced. Less usage of material was realized.

Social: The exposure of employees to chemicals was reduced and a reduction in ergonomic and health problems due to the reduced amount of labor that has to be done manually was observed.

Environmental: The risk analysis score dropped by 8%

Corporate: Production, Quality, R&D and Labs at other sites will also benefit from the new system.

Accident Frequency Rates	2017	2018
Akçansa	3.30	3.00
Aksigorta	9.01	9.27
Brisa	3.95	2.69
Carrefoursa	8.42	7.39
Çimsa	7.75	5.99
Enerjisa Enerji	12.70	11.90
Enerjisa Üretim	2.10	2.00
Kordsa	1.15	1.05
Teknosa	2.11	2.49
Temsa İş Makinaları	7.70	10.96
Temsa Motorlu Araçlar	0.00	0.00
Sabancı Holding	1.07	1.66
Sabancı University	3.16	1.51
Sabancı Foundation	0.00	0.00
Yünsa	9.70	5.90

While there were no accidents at 15 companies and 2 institutions in 2018, at 9 companies we were able to realize reductions in the rate of accident frequency.

Only employees of the group are included in the data, employees of subcontractors are not included. For the preparation of this table only accidents with loss of time were included and the calculations were done over 1 million hours.

(Those of our companies which are not included in the table are: Akbank, Avivasa, SabancıDx, Sabancı Holding and Temsa Ulaşım Araçları.)

ÇİMSA OHS PORTAL

With our OHS Portal software we supervise digitally all our accident reports, our risk and near miss reports, root cause analyses, audit plans and actions, monthly and annual accident frequency rates and accident severity rates.

Our white-collar personnel who are appointed by our OHS unit conduct on site auditing every day. The OHS auditors establish OHS contact with the blue-collar employees and share their observations concerning the adaptation of procedures and orders by the blue-collar employees and their OHS behavior on our OHS Portal system in the Audit Applications part digitally.

Our application with which we supervise on the level of blue-collar and subcontractor employees is the digital OHS performance report card. Team leaders prepare the Occupational Health and Safety report cards of the employees within their teams monthly. We share these report cards in the follow up meetings with the factory management and define methods and actions to apply for the improvement of employees.



By using the QDMS-software we include our OHS documents into the corporate memory. Our employees immediately forward all dangerous situations and actions, which they observe to the risk and near miss report boxes which are located at different points in the premises. Concerning the risk and near miss incidents which were reported, a work order is issued over the ERP system and actions are planned in the system.

EQUAL OPPORTUNITY AND DIVERSITY AT WORK

Providing diversity at the workplace and giving equal opportunities to employees have its place among the objectives of Sabancı Holding concerning work life. Within this orientation and in all Group companies we offer equal opportunities to our employees throughout their work lives starting from the first day of their employment, and we actively benefit the potential that arises from diversity and differences.

As of 2018 end, 30% of the overall workforce of Sabancı Group consisted of women. With the objective of enabling the effective participation of women, young people and disabled persons in the business life we create equality of opportunities by putting supportive measures into practice. We create the necessary physical environment for disabled persons to be able to work productively and we regularly review these conditions in order to make them sustainable.

100% of those employees at Sabancı Holding, Akçansa, Aksigorta, Brisa, Carrefoursa, Kordsa, Teknosa and Temsa Motorlu Araçlar who left their employment in 2018 for maternity leave re-entered into employment after their terms expired. This ratio was 99.4% at Akbank, 98% at Yünsa, 95% at Enerjisa Enerji, at Carrefoursa 100% for male employees and 81% for female employees. Akçansa published its Social Gender Equality Policy in 2018.

THE PROTECTION OF TRADE UNION RIGHTS

At all operations of our Group companies we respect the rights of our employees to set up labor unions and to enter into collective labor agreements. There is no kind of restriction of labor union rights neither at our own sites nor at the sites of our suppliers.

We have a neutral stance on the preferences of our employees concerning their choice of union and the processes of union organization. We especially underline this matter in the Human Resources Policy of the Sabancı Group. As of 2018 end, the unionization rate of our blue-collar employees is at 84%.

Collective labor agreements which under the best possible circumstances were in line with sectoral normals were reached in 2018 at Akçansa, Çimsa, Carrefoursa, Brisa and Enerjisa Enerji. These agreements were reached with the aim of securing labor peace and sustainability within the prescribed legal timeframes.

(GRI 102-41)

UN Women's Empowerment Principles

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 the United Nations Women's Empowerment Principles which is one of the primary initiatives in this area.



Business Against Domestic Violence



"The Business Against Domestic Violence" Project is carried out by the Corporate Governance Forum of the Sabancı University in cooperation with TÜSİAD and with the main support of the United Nations Population Fund (UNFPA) and the Sabancı Foundation.

The project has been designed in 2013 by the Corporate Governance Forum of the Sabancı University. It has the objective to establish support mechanisms in work places in case of employees being the subjects of violence in their close relationships. The project also has the objective to make use of the management and organizational capabilities of the business world in order to spread best practices, tools and methods which lead to the decrease of domestic violence.

Within the scope of this project, surveys at twenty companies were conducted in 2014. These had the objective to research the awareness of employees concerning domestic violence and the situation whether they are the victims of such violence. As a result of these surveys it was established that 75% of the white-collar employees, the majority of which has university degrees, had at least one experience of violence. It was established that 40% of working women were exposed to psychological and emotional violence, that 35% were exposed to social violence, that 17% had to suffer from economic violence and that 8% were the victims of physical violence.

In 2015, at the second stage of this project and based on these results, *A Guidebook to the Development and Implementation of Company Policies Regarding Domestic Violence Against Women* was composed. This guide has the objective to support our companies in the establishment of solution mechanisms and the creation of company policies for the prevention of domestic violence which has a negative impact on the employment, the workplace and the effective workforce participation of working women.

In 2016 as part of the project, pilot implementations were initiated. These implementations included support and follow up throughout the 'pilot' period of those companies which voluntarily decided to make use of the implementation guide and to establish a company policy regarding domestic violence.

The main steps of the pilot scheme consist of establishing a policy which is based on the Gender Equality trainings of trainers and the Application Guide.

The companies of the Sabancı Group also participate at the Gender Equality trainings of trainers which are part of the project and they also conduct the processes with the objective of creating their company policies.

2016: Sabancı University completed its own policy.

2017: Sabancı Holding started its preliminary activities for the preparation of its policy.

2018: Akçansa prepared its own policy. Aksigorta, Carrefoursa, Enerjisa and the Sabancı Foundation have continued their preliminary activities for the preparation of their policies.

EMPLOYEE SATISFACTION AND ENGAGEMENT

In order to create the Sabancı of New Generation, the aim of our human resources management and respective applications is to provide an incomparable employee experience which provides targets and the possibility to realize oneself to individuals and supports equitable, sustainable development, participation and bold action, high performance and diversity. The Sabancı Group has the intention to continuously sustain its stance of being "**Employer of Choice**" for all its current and potential future employees.

At the Sabancı Group, proposals and expectations of employees are taken into consideration and approaches which shall strengthen engagement are set up constantly. A working environment is provided, which is safe, healthy, in which ethical values are kept up and where the balance between work and private life is ensured.

A visionary, coaching and participatory leadership style in which the performance and the success of the company is increased, is adopted. It is among the priority targets of all management to create an organizational climate

which supports the Sabancı culture.

It is among our priorities to establish and continue a fair working environment for the employees at the workplace. We do not allow any discrimination among our employees regarding language, race, color, gender, political views, belief, religion, sect, age, physical handicap and other similar reasons, at all.

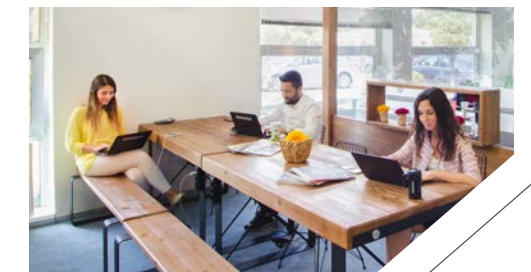
The recruitment procedures we conduct at the Sabancı Group are equitable and they target to evaluate the appropriateness of applicants concerning the Sabancı values and also to measure their potentials and capabilities.

In addition to this and aiming at arousing the interest of talents, we continuously observe talents outside the group. Concerning critical positions, we evaluate interior applicants as well as outside talents.

In order to present diverse career opportunities to our employees in line with their own development targets and in order to facilitate the transfer of talents between Group companies, in case of open employment positions these are communicated to all employees of the Group over the interior communication portal SA-PORT.

Applications are also conducted over this portal.

The employee turnover rate at Sabancı Holding in 2018 was 13.7%. When compared with the results of 2017-2018 Employee Turnover Rates Survey by PERYÖN, our rate is way below the employee turnover rate which was found to be 19.1% for general holding companies in Turkey.



Applications are also conducted over this portal.

EMPLOYEE SATISFACTION AND ENGAGEMENT SURVEYS

Sabancı Holding and its Group companies put into effect a multitude of applications in order to ensure the sustainability of a working environment in which the employees are happy and productive. We conduct employee engagement surveys in order to have a feedback of the perceptions of the employees concerning these applications and in order to specify those activities and actions that might increase employee's engagement.

Apart from these surveys the perceptions of our personnel concerning our organizational climate, which have a direct relation to engagement, are measured by independent institutions every second year and the leadership styles of the upper management, which have an important impact on this climate, are again measured by independent institutions regularly every year.

With the leadership of our Human Resources departments and with the realization of independent companies these engagement surveys measure employee engagement basing on 4 indices (Engagement, Employer Brand, Leadership, Performance Culture) and 14 Employee Experience Categories. According to the surveys conducted at our group companies in the year of 2018 our engagement ratings we received from our white-collar employees were above the average in Turkey.

The fact that the overall participation at the employee engagement survey at our companies exceeds 90% is a proof that our employees have belief in the actions that will be undertaken as a response to their feedback. Those of our companies which realize a survey, their application frequencies and the rates of participation are given in the table below.

Employee Engagement Surveys			
Year of Application	Companies	Rate of Participation (%)	Frequency
2018	Akbank	79	Every year
2018	Aksigorta	97	Every year
2018	Avivasa	95	Every year
2018	Bimsa (SabancıDx)	94	Every year
2018	Brisa	91	Every year
2018	Enerjisa Enerji	94	Every year
2018	Enerjisa Üretim	94	Every year
2018	Kordsa (TR)	99	Every 2 years
2017	Akçansa	91	Every 2 years
2017	Carrefoursa	94	Every 2 years
2017	Çimsa	86	Every 2 years
2017	Sabancı Holding	89	Every 2 years
2017	Teknosa	95	Every 2 years
2017	Temsa İş Makinaları	91	Every 2 years
2017	Temsa Motorlu Araçlar	97	Every 2 years
2017	Temsa Ulaşım Araçları	94	Every 2 years
2017	Yünsa	79	Every 2 years

PERFORMANCE AND TOTAL REWARD MANAGEMENT

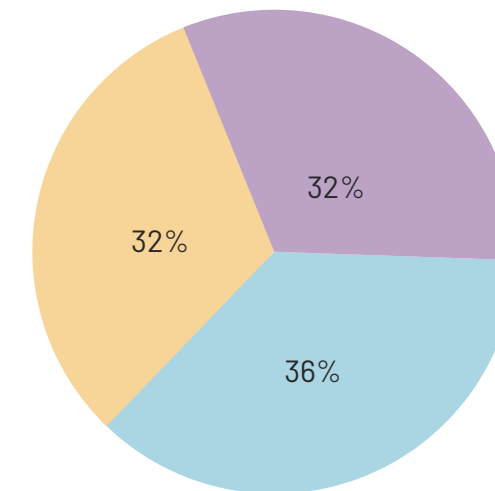
PERFORMANCE MANAGEMENT

Performance Management Process is a process that is conducted with the objective of revealing the successful work results of employees, their behavior that follows the corporate culture and values and their high performances.

Basing on processes which were designed within this scope, the employees at all our companies work for a whole year on their capability development targets on which they intend to focus and their individual professional targets that are in relation to the company targets and are set in the categories of finance, strategy, human resources and organization. At the end of the year they evaluate their performances together with their managers through mutual feedbacks.

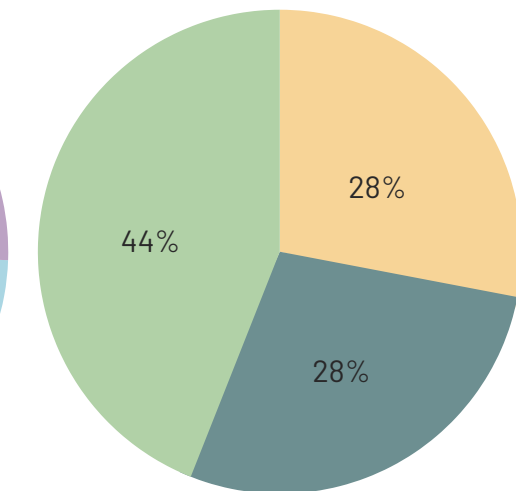
For all our white-collar employees of those 19 group companies and institutions which were included in this report a performance feedback system is applied. Next to this, 47% of all our blue-collar employees of our companies are also included in the performance feedback system.

Distribution of Companies by The Method of Performance Feedback



- Over the System
- Face to Face
- Both Methods Together

Distribution of Companies by The Frequency of Performance Feedback



- Once a year
- 2 Times a year
- 3 Times a year

(All our companies and institutions within the scope of the report are included in the data.)



Our 2018 Annual Report "Talent Acquisition and Employer Brand Management", Page 33

https://yatirimciiliskileri.sabanci.com/documents/raporlar/faaliyet_raporlar%C4%B1/2018-annual-report.pdf

Our 2018 Annual Report "Organizational Design, Planning, Succession and Career Management" Page 33

https://yatirimciiliskileri.sabanci.com/documents/raporlar/faaliyet_raporlar%C4%B1/2018-annual-report.pdf

TOTAL REWARD MANAGEMENT, RECOGNITION AND APPRECIATION

The process of Total Reward Management, Recognition and Appreciation includes base wages which are rewarding, motivating and competitive, a short- and long-term incentive system that is based on performance, side benefits and recognition and appreciation applications which support equitable, objective and high performance, which focus on the contribution to the professional targets of employees and their capabilities.

All applications that are a part of Total Reward Management, Recognition and Appreciation are constantly reviewed and renewed by market analyses and comparative studies. **The fundamental evaluation criteria for the performance and the remuneration of the Board of Directors and the Higher-Level Managers are evaluated by the Corporate Governance Committee and presented to the Board of Directors.**

The work load of all roles within the Group, the basic level of responsibility of the role and its relative contribution to the organization are evaluated by an objective method that takes

into consideration all necessary information/capabilities/experience and capacities that are necessary for the role. At the end of this evaluation the relative values of all the roles are defined. Basing on this definition the work level structure that is itself the basis for the management of wages, incentives and side benefits is set.

The management of wages is affected in line with legal obligations making use of wage policies that take into consideration macroeconomic data, wage policies that are current on the market, the size of the company and its long-term targets and that pay regard to the work load of persons, their performances and the inner-company and outer-company wage balance.

Side benefits are regarded to be an important part of the total reward management. At all companies of the Sabancı Group side benefit applications are realized. These side benefits consider the expectations and needs of the employees and the workloads and the roles all with variable contents and flexibilities as to each group company. As examples, the Individual Retirement Scheme with Company Support

(BES), the Private Health Insurance, Life Insurance, Individual Accident Insurances, Company Vehicles, Flexible Side Benefits and similar applications can be named.

In 2018 short-term and long-term incentive systems basing on the rank structure utilized in the Group and performances were reviewed and redesigned in order to support the competitive structure, to underline the performance culture and to create value for all stakeholders. The Key Performance Indicators utilized in these systems were set up in such a way as to include the sustainability performance.

A short-term incentive system is applied in the Group. This system shall contribute to the realization of the budget targets of the companies and the realization of work results that surpass these targets. This system rewards success supports employees to show high performance and intends to establish a target-oriented performance culture.



For higher management positions next to the Short-Term Incentive System a Long-Term Incentive System is offered. This system has the targets to raise the share values and to make managers take over the viewpoints of shareholders. With this system long term performance and stability is rewarded.

The Sabancı Golden Collar Awards Program is one of the most important parts of the Recognition and Appreciation System and is critical for the Sabancı Group. They have the target of communicating

priorities, rewarding successes of employees and supporting the mutual sharing of good practices. The ninth of this award program was realized in May 2018 with the participation of more than 800 employees of different positions within our Group companies. 1,085 employees of group companies who applied with 183 projects competed in the categories “Innovation”, “Customer Experience”, “Elementary Transformation” and “Digitalization”. The best applications were voted for by the Group employees and were rewarded.

Short Term Incentive System KPI Examples:

Turnover, Operational Profitability, Net Profit, Comparative Change in Market Value, Market Share, Cash Flow, Working Capital, Employee Engagement and Satisfaction Rate, Management Style Evaluation Results, Back Up Rate, Rate of Utilization of Alternative Fuels and Raw Materials, Accident Frequency Rate

Long Term Incentive System KPI's:

Total Return on Shares of SAHOL, Net Asset Value Discount of SAHOL

THE BALANCE BETWEEN WORK AND PRIVATE LIFE

At Sabancı Holding we introduced flexible remote teleworking applications. These give our employees opportunities to establish balance between work and private life and in order to adapt to changing circumstances the opportunity to decide on their own and in accordance with their needs over their working hours, working place

and working conditions. Those of our companies which apply flexible and remote working opportunities as of 2018 end are: Avivasa, Enerjisa Enerji, Enerjisa Üretim, and Yünsa. Also at SabancıDx we give our employees the opportunity to work from their homes.

At 85% of all our companies and institutions we employ full time workplace doctors and at 90% we conduct periodical health controls. At Sabancı Holding, Akçansa, Kordsa, Enerjisa Enerji, Enerjisa Üretim, Temsa Motorlu Araçlar, Temsa İş Makinaları, Yünsa, Sabancı University and Sabancı Foundation we provide our employees with the possibility to utilize fitness centers within the premises. At Akbank, Avivasa, Çimsa, Enerjisa Üretim, Teknosa, Temsa Motorlu Araçlar, Temsa Ulaşım Araçları and Yünsa we have coaching services for healthy nourishment. We also conduct healthy life trainings at our companies.

For the year of 2019, we have the intention to purchase consulting and information services from an expert company which is specialized in Employee Support Programs. Sabancı Holding employees and their families shall be able to make use of these programs without costs and on a 24 hours per day 7 days a week basis in all areas of their lives concerning which they feel a need for support. The service will be given in an individualized and confidential manner.

CONTINUOUS LEARNING AND DEVELOPMENT

The training and development policies of the Sabancı Group have the target that employees take over their own responsibility concerning their personal development and that they learn continuously and develop themselves and the work that they are doing. At the same time this basis on the expectation that managers support and guide the ways of their employees by coaching and mentoring procedures.

At the Sabancı Group we intend that the investments made in the training and development of employees lead to the creation of value for the employees as well as the companies and that this is in accordance with the strategic targets of the Group and its companies.

In 2018, we had expenses worth * 29 million TL for trainings for the professional and personal development of our group employees for work health and safety and for environmental trainings. A total of 59,042 employees received trainings of **1 million 719 thousand hours. Our employee development programs are specifically designed for diverse target groups and their diverse needs – be it young professionals or persons of the upper management.

These programs take learning by experience into their focus, apply new learning techniques and are presented by the best specialists in their fields. We implement these training programs at all companies in orientation to the target group including blue- and white-collar employees and the employees of sub-contractors.

At 12 of our companies the number of average training hours in comparison to the previous year increased. We provided average per employee trainings of 22 hours at Sabancı Holding. The yearly average training hours per company are given in the following table.

*(Companies that are not included in the total are: Akbank and Temsa Ulaşım Araçları.)

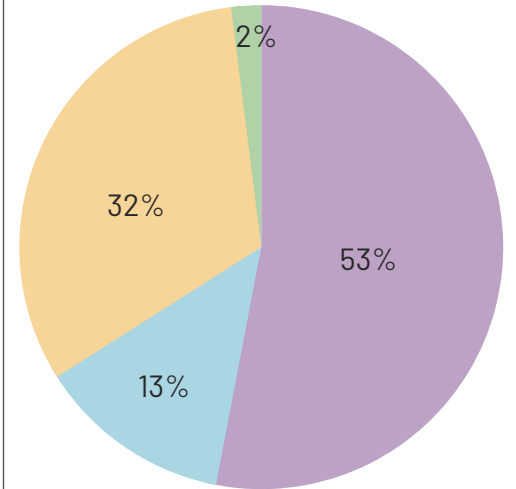
** (Companies that are not included in the total are: SabancıDx and Temsa Ulaşım Araçları.)

Average Training Hours Per Employee	2017	2018
Akbank	44.0	46.0
Akçansa	41.3	31.1
Aksigorta	14.0	48.5
Avivasa	47.1	47.7
Brisa	34.0	44.3
Carrefoursa	17.5	19.0
Çimsa	50.5	39.0
Enerjisa Enerji	40	42
Enerjisa Üretim	18.4	21.8
Kordsa	48.8	35.6
Teknosa	12.3	15.4
Temsa İş Makinaları	28.2	25.7
Temsa Motorlu Araçlar	8.6	15.3
Sabancı University	18.8	36.0
Sabancı Foundation	10.3	22.8
Yünsa	29.5	33.9

(Companies that are not included in the table are: SabancıDx and Temsa Ulaşım Araçları.)

(Only Group employees are included in the data, employees of sub-contractors are not included.)

Distribution of Trainings



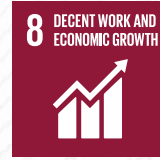
- 5% Professional Development
- 13% Personal Development
- 32% Occupational Health and Safety
- 2% Environment

The averages are calculated over the total training hours.

PARTICIPATION SUPPORT AT POST GRADUATE AND CERTIFICATION PROGRAMMES

For us the continuous development of our employees is of the highest importance. We support their professional and individual development on various platforms. In line with these principles our employees participated in the year of at Postgraduate Training and Certification Programs. This participation was realized in line with specific criteria that were set within the procedures of the companies.

A total of 43 of the employees of our Group companies benefited from the participation support at Postgraduate Training and Certification Programs in 2018.



SABANCI HOLDING LEADERSHIP DEVELOPMENT PROGRAMS

X-CELERATE PROGRAM

The target group/purpose: The Top-Level Management Development Program

Management: The program has been designed in the form of three modules with different learning methods from inter class training to personal coaching sessions, from company experience sharing visits to work simulation applications.

2018: The first module was completed with 21 participants from the General Directorates of all companies.



ADVANCED DATA ANALYTICS ACADEMY

The target group/purpose: Getting competitive advantages through "Technology and Data Analytics"

Method: This is a very comprehensive program that has been specifically designed for the roles of data scientists, data engineers and translators and that includes applicable information, online trainings and is supported by Hacakthon and on-field visits.

2018: 62 employees from 14 different Sabancı Group companies participated at the program.



INDUSTRY LEADERS PROGRAM

The target group/purpose: To realize the professional development of the managers and engineers at our industrial companies.

Method: The program consists of 19 modules. The program has been completed with four different project workgroup presentations that were dealing with real problems at the companies.

2018: The program was realized with the participation of 17 engineers from companies belonging to the Industry Group Presidency, the Energy Group Presidency and the Cement Group Presidency.



GROUP MENTORSHIP PROGRAM

The target group/purpose: To support the individual Development of experienced managers and employees.

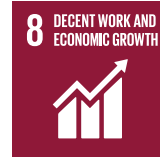
Method: This is a 10 years old application that supports the establishment of a "Realization of Coaching" and "Supporting Each Others' Successes" culture.

2018: 35 of our employees from different companies benefitted from this program.

Distribution of Mentees by Their Companies

Akçansa	2	Kordsa	5
Aksigorta	5	Sabancı Holding	3
Avivasa	3	Teknosa	1
Brisa	2	Temsa	2
Carrefoursa	2	Temsa Makina	3
Çimsa	1	Temsa Motorlu Araçlar	1
Enerjisa Enerji	3	Yünsa	1
Enerjisa Üretim	1	Total	35

TRAINING AND DEVELOPMENT PROJECTS OF OUR COMPANIES



AKBANK Academy!

With Akbank Akademi in 2018, we have continued our works to train the best personnel in the sector, to transform training into an investment instrument for the employees and to further expand easily accessible personalized training methods.

Within this scope the Akbank Training Catalogue Platform which with its rich content makes training proposals in line with the areas of expertise of persons and which is always accessible, has continued supporting the development of employees. In the same time, we have made possible the participation of personnel to summits, conferences and seminars at home and abroad and thereby enabled them to closely follow up global and sectoral developments.

Additionally, in 2018 we have continued to bring together on various occasions like in lunch seminars, on Akademi TV, webinars and spontaneous meetings Akbank personnel and guests with areas of expertise under the concept of 'Meetings with Akbank People'. On these events participants discussed topics from technology to innovation, from psychology to health and from marketing to arts.



Akbank employees too, shared their views in relation to their own areas of expertise and concerning matters of interest for our entire bank. We have also organized 30 events including long term art ateliers and technology and kids' ateliers at which our employees could participate together with their children.



AKÇANSA The Talent Acquisition Program "Let's Shape The Future Together"

In 2018 we started our employment program for new graduates "Let's Shape The Future Together" and finished it at the end of a short period of two months. We expected 1,500 applications for the program of which 50 of them to be women, but we received a total of 5,000 applications. With this program we were able to reach young persons who were self-conscious, who had the intention to turn their dreams into reality, who wanted to shape the future and become a part of Akçansa. This project totally changed the recruiting processes and during the project we made effective use of social media thereby surpassing standards.

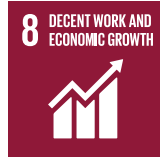
We studied in detail the different experience, voluntary works and targets of the applicants which they presented in their CV's and realized an in-detail evaluation process. In the pre-elimination process an English language and analytics test and interviews focusing on applicants' potentials were conducted. At the end of these, 26 young talents met the upper management of Akçansa and presented their projects. Consequently, 12 young talents of which 9 were women joined the Akçansa family.



These talents joined Akçansa at the end of the orientations week where they learned about Akçansa and all its processes and were they found out about the "Design Thinking" approach. They then worked for a period of six months at all departments of Akçansa from Human Resources to Operations and from Sales to Finance as part of the "Rotation Program" due to which their learning from experience would increase and because of which they would be able to find the field of work in which they would be best able to

express themselves. At the ultimate stage they started to work in their own functions and departments.

Throughout the entire process development mentors supported the personal awareness and the constant development of these talents. They received Design Thinking, Finance and Corporate Image trainings.



AKSIGORTA Individual Development Plans

At Aksigorta we have defined our training priorities for our company by taking into consideration the results of the training needs analysis meetings, the personnel engagement survey and the deficits in the performance system competence measurement.

We defined 16 topics and presented these to Aksigorta's personnel for selection. With these trainings we aim at enhancing the levels of awareness of our employees concerning topics of their own choice and to enable them to get experience and information topics which they want to learn and are curious about. 400 employees participated at these trainings.

Results and Gains

- Managers who observed positive changes for their employees requested respective trainings for all their teams.
- In the training category of employee engagement, the rate of satisfaction rose from 46% to 64%.
- Observing the feedbacks after the trainings we could see that the knowledge of employees about technical matters enhanced and that there were changes in the behavioral dimension concerning soft skill matters.

Future Plans: In line with the updated Aksigorta strategy we have integrated strategic priorities to the training subjects. We plan to increase the number of topics from 16 to 25 in 2019. We also intend to continue the trainings in 2019.



AKSIGORTA MT Program



We have designed a Management Trainee (MT) Training Program with the aim of being able to identify those qualified talents who will enable Aksigorta to reach its strategic goals. We also have the aim of diverting the attention of such persons to Aksigorta, to make it possible that they develop strong relations with the job, with the managers and with Aksigorta in general by giving them a good orientation and training experience. 23 talented persons participated in this training program which we have prepared especially for our new generation employees.

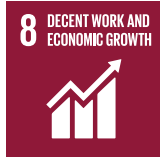
Targeted Gains

We have planned to make available for Aksigorta new talents from Turkey's leading universities, who are well equipped, and have a high self-consciousness and

motivation and to support with these talents the long-term occupancy ratio of the backup lists which we have targeted.

Among our success criteria is to strengthen the employer brand, to enhance the employee engagement for the entrance level roles and to have this program regarded as one of the preferred talent programs.

In the end, our program was one of the Toptalent Top 100 programs which were determined by the votes of students and young professionals. We plan to develop and continue the trainings in the new MT period in 2019.



BRISA Team Leadership Development Program

Within the scope of our top priority to develop leaders and leadership capabilities our Team Leadership Development Program (TLDP) started in the year of 1999 and thereby was the first in our sector.

The target of this program was to support our blue-collar operators on their first step to leadership that is the transition to white-collar team leadership.

As part of our strategic operations to establish and sustain the specific culture of our new factory in Aksaray, in 2018 we have started the sixth program in Aksaray.

The design of this program is continuously adapted in line with the ever-changing necessities since 1999. With LTDP we intend

to educate and develop Team Leaders with enhanced professional knowledge, competence and individual capabilities who will be successful in the development of teams and who will be able to position their teams in the direction of success. The program also includes experiences and trainings that shall contribute to the families of our employees and society in general.

ELYP is extended over a period of two years and consisted of applied trainings and follow up workshops. With the first five programs of LTDP, which we have completed, we were able to reach a total of 116 participants. With 24 new employees who joined our new program in 2018, we will continue our journey in 2019.



AVIVASA “I like Sales” Digital Application

With the active support of 30 persons from the Field Sales Project Team, Corporate Development Training and Talent Management Team and with the aim of establishing a steadily developing fast and easily accessible knowhow platform, we have created the “I Like Sales” application with which all Avivasa’s sales content and all sales processes were moved to the digital environment. While all Avivasa’s sales tactics therefore received a standard, quick and easily accessible quality for all present and new employees, a continuously developing platform emerged with the addition of the tactics that might be added-field. This application is prioritized by the employees and the management as part of the digital and cultural transformation process of the company and is utilized by 838 of our employees. It is among our targets to increase the number of interactions, interpretations, likes and proposals within the application.

Economic Results and Gains

The rise in utilization of these beneficial tactics that are used as part of the sales procedures of our company supports the targets of the company and its profitability ratio. Sales, individual retirement, life and health insurances that are a result of the convincing of contacted

customers by correct methods on one hand, meets customer needs but on the other hand, increases the profitability of the company and with a long-term savings consciousness in our country has a positive impact on the local economy.

AVIVASA “Remind” Mobile Application

Remind is a mobile application which reminds employees about items which they have learned at times when they are right about to forget them, by ways of entertaining interactions to help them stay in their minds permanently. The purpose of this project, which was designed by 7 persons of the Corporate Development Training and Talent Management Teams and which is directed towards our 939 strong staff is to make personnel remember the previously received professional knowledge in a quick and efficient way.

Economic Results and Gains

We can supply our personnel with professional knowledge that has to be repeated without causing additional training expenses. The remembering of information and the correct communication of knowledge to those persons receiving services will positively affect customer benefits and customer continuity in the fields of individual retirement, life and health insurance.



Common Results and Gains of the Projects

Social: These applications primarily support the professional development of employees. They are also projects in which the corporate identity of employees is enhanced by an increase in professional knowledge and therefore support long term employment.




Environmental: As we do not need any printed documents because of the way information is distributed, our paper consumption and therefore our waste production decreased.

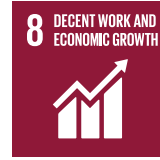


ENERJİSA ENERJİ LEADERSHIP DEVELOPMENT PROGRAMS AND INSTRUMENTS

Name of Program / Instrument	Target Group / Purpose	Number of Participants in 2018
 LEAP (Leadership Acceleration Program)	Upper level managers / Development of Leadership	16
 STEP	Middle level managers / Preparation for a higher position	15
 JUMP	Develop team leaders / Development of basic management and leadership abilities	400
 Young Energy	High potential young talents at the beginning of their careers / Preparation for advanced positions	24

ENERJİSA ENERJİ INDIVIDUAL DEVELOPMENT PROGRAMS AND INSTRUMENTS

Name of Program / Instrument	Target Group / Purpose	Number of Participants
 YODA Mentoring and YODA Reverse Mentoring	Employees of the new generation / Professional and personal development	32
 Wings Up	Female and male leaders / Spreading a balanced and equitable approach	142 Women 110 Men
 EnAkademi	All employees / Personal development	3,104



TEKNOSA TeknoDictionary!

For our employees to easily understand professional terms and abbreviations used in retail sales, electronic trade, shop keeping and information technology and for new employees to be able to more quickly adapt to Teknosa and the retail sector, relying solely on internal resources Teknosa Akademi has developed the TeknoDictionary (TeknoSözlük) project.

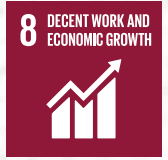
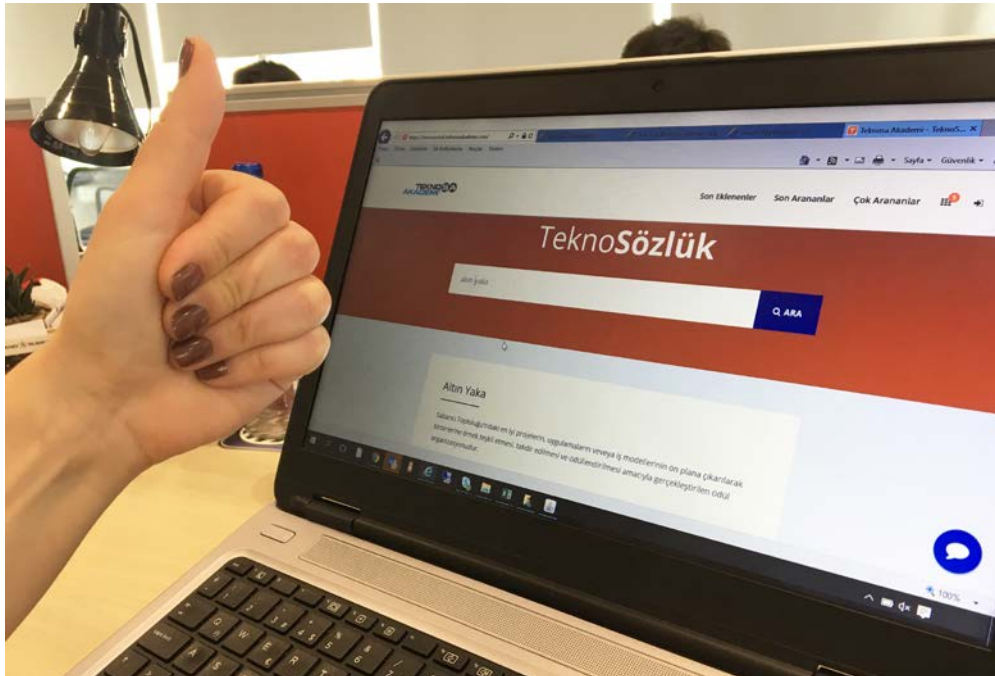
During the Teknosa Call Conference of November 2018 all managers including the upper management agreed on extending the use of professional terminology which energized the project. We conducted the project with 3 co-workers for software development and 13 co-workers for enhancing content and planned to support to a total of 2,200 employees.

The TeknoDictionary (TeknoSözlük) platform is independent of the device on which it is used, and it can be accessed from anywhere. The platform includes a long-term perspective and an innovative approach. In future stages of the project we intend to receive at least two proposals per month from our co-workers in order to enrich the word/abbreviation pool.

Results and Gains

As the platform is giving quick answers our co-workers constantly give us positive feedback. We observe that their satisfaction has increased.

We will continue to develop its content next year, too.



TEMSA MOTORLU ARAÇLAR Field Development Program

In order to be able to manage our dealers and service teams more efficiently and productively and to develop the management capabilities of our teams in the field we designed modular trainings covering the entire year.

We prepared these modules under the headings of 1. Efficient Management Techniques, 2. Coaching Team Members by Questions, 3. The Interpretation of Economic Data, 4. Finances for Non-Financial Persons, 5. Body Language and Presentation Skills, 6. Negotiation Techniques, 7. Meeting Management and 8. Local Marketing. We plan to continue different versions of this program within the company.

Results and Gains

Economic: By more efficient management of the dealers we created positive results regarding our business activities.



Social: The Field Development Program was a training program which lasted 10 months. 15 of our employees participated at 8 different trainings. We monitored the developments our employees showed and after the training programs we received feedback from each of them by face to face meetings.

06

CONTRIBUTIONS TO
SOCIETY

SABANCI FOUNDATION

Sabancı Foundation was established in 1974 basing on the principle of “Sharing what we have obtained from this land with its people”. The foundation has an effect on the lives of people everywhere in Turkey with its institutions, its projects, which it realizes in various areas of everyday life and the grant programs it conducts. With its activities in the areas of education, social change and in culture and arts, Sabancı Foundation continues to contribute to social development and sustainability.

Our Vision

A society in which all individuals enjoy their rights equally

Our Mission

To contribute to the educational, cultural and social development of Turkey and make a difference in the lives of individuals

Our Areas of Activity

Education, social change, culture and arts

Our Focus

Women, youth and persons with disabilities

SABANCI FOUNDATION IN FIGURES

IN **44**
YEARS

1,100+
AWARDS

47,000+
SCHOLARSHIPS

74
PROVINCES
BENEFITING FROM
GRANT PROGRAMS

120 INSTITUTIONS

38 EDUCATIONAL
INSTITUTIONS

19 DORMITORIES

17 SOCIAL
FACILITIES

16 TEACHERS' CENTERS

16 CULTURAL
CENTERS

5 SPORTS
FACILITIES

4 HEALTHCARE
FACILITIES

4 LIBRARIES

1 UNIVERSITY



For detailed information about the activities of Sabancı Foundation:
<http://www.sabancivakfi.org/en>

EXAMPLES FROM THE PROJECTS OF SABANCI FOUNDATION IN 2018

Sister's Lab

This project was realized in Mardin with the support of the grant programs of the Sabancı Foundation and by the Mardin Culture Association. The program continued in the period of October 2017 to September 2018 and had the intention to develop the capabilities of female students in the field of science and technology. During this time, a three days science and technology workshop was conducted together with 28 female students from high schools located in 4 districts of Mardin. 11 students which were selected among those students who participated in the workshop then participated at a trainers' training workshop that went on for 4 days at the Robert College. During this trainers' training they learned about the subjects in which they could teach their own sisters. Those students who received the trainers' training then realized new science and technology workshop together with 33 female middle school students from Mardin. The Head of the Astrophysics Committee of NASA Prof. Dr. Feryal Özel then conducted an interview with the title "New Horizons in Astronomy" in Mardin at which 400 persons were present.



Results and Gains

Even surpassing the aim of establishing basic contact with science and technology these 11 female high school students have started their own expertise in this area. Especially after having conducted the workshops together with their sisters their self-confidence has risen sharply. Consequently, their families also started to support them, and it was possible to observe a change in the way these families perceived and evaluated gender roles. Basing on the results of the project today, the Mardin Culture Association has the intention to broaden the



geographical scope of the project in the region and also to be able to work with more girls. The association wants to apply the science - technology module which has been created in the neighboring provinces, too.



My Voice, My Society

With the target of training people with Down syndrome to be self-advocates, and for the overthrowing of social prejudices, the Down Syndrome Association has with the support of Grant Programs of the Sabancı Foundation conducted a project in Istanbul between October 2017 and September 2018. As part of this project the Down Syndrome Association, together with its project partner Down Syndrome International, has prepared a training set which shall enable young persons with Down syndrome to be self-advocates.

In Istanbul, Tokat, Izmir and Ankara 9 young persons with Down syndrome were selected who shall be self-advocates. Those young people that were selected met every two week in Istanbul and received trainings in respect to their rights. The self-advocacy group visited the Grand National Assembly of Turkey on



March 21st. They participated at a press conference that was held in parliament and held a speech at the Committee on Health, Family, Labor and Social Affairs. On the same date one member of the self-advocacy group held a speech about the work life at the United Nations New York office.

Results and Gains

In the follow up of the advocacy related works at the project, on November 18th, the decision about the establishment of a Parliamentary Investigation Commission for the persons with Down syndrome to be able to live independently and under equal conditions with everybody else in society, has been published in the Official Gazette. The project has



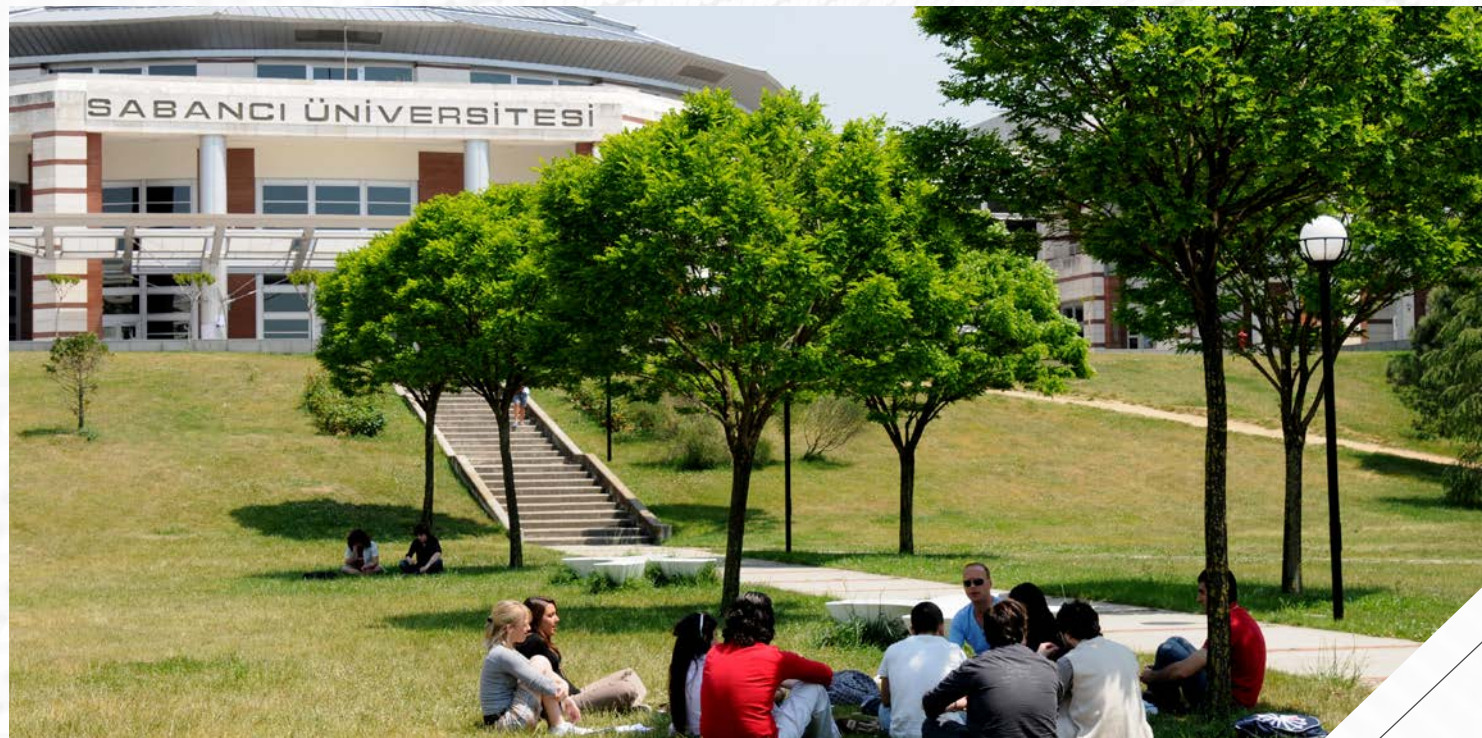
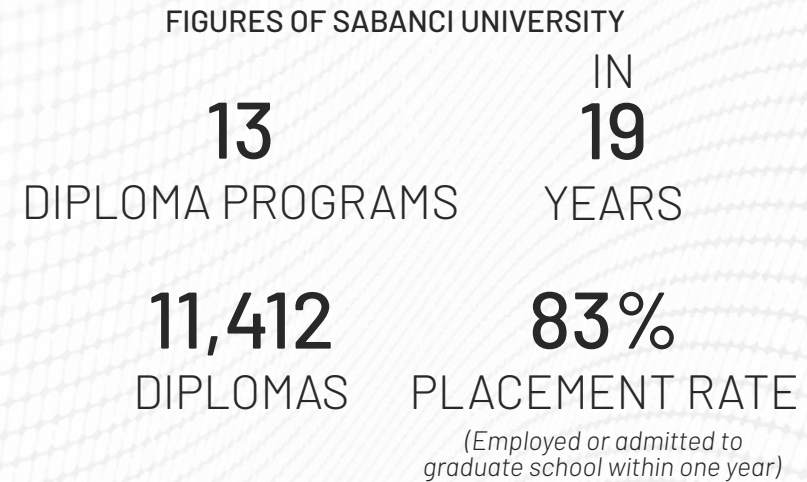
played a very important role as to the fact that it becomes observable that individuals with Down syndrome are able to speak for themselves.

Especially after the speeches in the parliament and the establishment of the commission, the news reflected a language of rights-based approach when the issue was persons with disabilities. Previously the tone of the language was pitiful and merciful. The most important gain of the project was having the media to utter that persons with mental disabilities too, were demanding education, health, employment rights and independent living, like everybody. The self-advocates were invited to many venues to hold speeches.



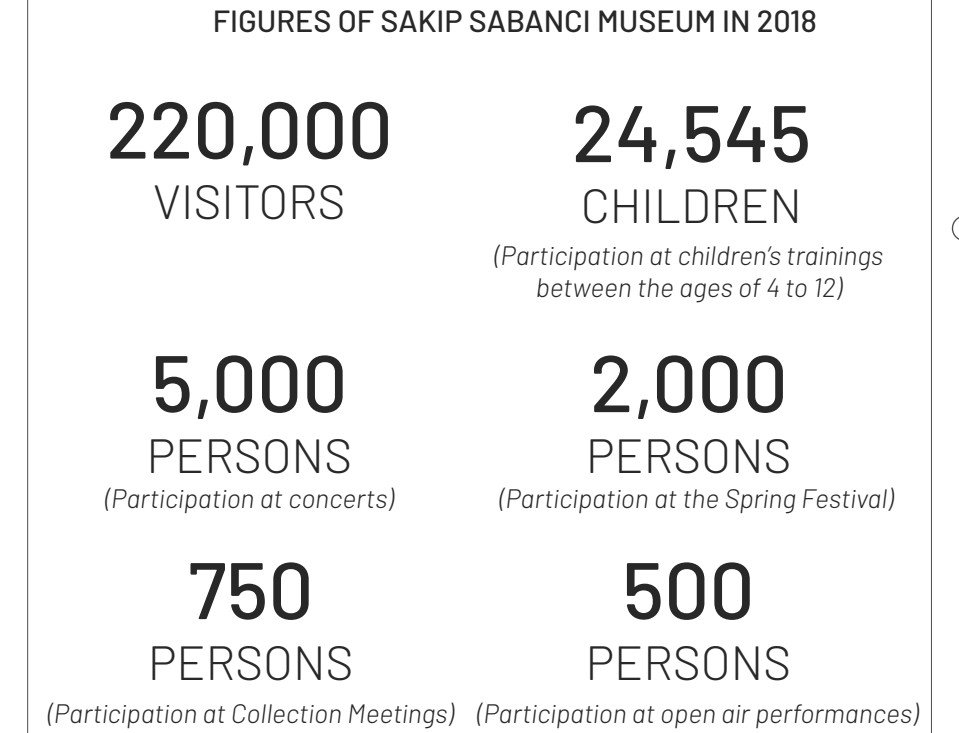
SABANCI UNIVERSITY

Sabancı University opened its doors for students in the year of 1999 and as of today has become one of the most respected universities throughout the world. With all its scientific innovative research and training activities that have a transformative impact on science and the society and its practices which it conducts in cooperation with industrial partners the Sabancı University contributes to many different areas in connection with sustainability within our Group. These areas reach from operational productivity to utilization of resources.



S.U. SAKIP SABANCI MUSEUM

Sabancı University Sakip Sabancı Museum (SSM), which first opened its doors for visitors in 2002 is the proud owner of rich collections, hosts national and international temporary exhibitions, conducts quintessential training programs for children and grownups, owns conservation units, realizes archiving activities that fulfil international standards, and organizes diverse events like conferences, seminars and concerts. With all these activities the museum is an example for a multi-faceted concept of museum management. The SSM works basing on the mission to protect the cultural heritage and to pass this heritage on to future generations. In line with this understanding the SSM is an institution which places sustainability at the focus of its activities.





SABANCI VOLUNTEERS

In order to increase the social awareness of the Sabancı Group employees and to create social value, under the leadership of the Corporate Communication Directorate of Sabancı Holding we started a program in 2015 at which 400 of our employees have participated actively.

Up to today 500 employees of the Sabancı Group in 4 provinces received team leadership trainings on the topics of Project Cycle Management, Volunteering and Civil Society. With the support of the Gender Forum of the Sabancı University, an online training application for social gender equality has been created. This training reached a total of 40,000 Sabancı employees. The volunteers generated 45 projects in the 11 provinces of Istanbul, Ankara, Izmir, Adana, Kahramanmaraş, Kocaeli, Osmaniye, Eskişehir, Mersin, Tekirdağ and Balıkesir at 12 Sabancı Group companies.

Sabancı Volunteers entered into cooperation with a multitude of



civil society associations focusing on diverse aspects of women's problems across Turkey and were able to support a total number of 2,000 women in Turkey.

Sabancı Volunteers have been working on projects in the field of women's problems for three years

now and have a target work period of nine years. In the second period of three years they intend to create projects to the benefit of young people in Turkey.

SOCIAL CONTRIBUTION PROJECTS OF OUR COMPANIES



BRISA Soil is our Beloved, Tomorrow is our Shared!



We have assigned agricultural engineers under the communicative framework of "Soil is our Beloved and Tomorrow is Our Shared" in the regions of Konya, Adana and Izmir, where agricultural activity has a high importance. They will have the task to educate farmers about good agricultural practices, to make sure that the productivity in the respective agricultural activities increases and that the security equipment the farmers use in their tractors is faultless. Additionally, there is also the task to inform farmers about the relation between agricultural tires and productivity.



Results and Gains

Economic: As a result of the good agricultural practices trainings the productivity of farmers increased and their per unit income grew, too. With this project, we as Brisa realized a direct support to the growth of the sector.

Social: By directly developing the productivity of the farmers in their regions agricultural consultants also have a positive effect on the overall national economy. With the good agricultural practices trainings which the agricultural consultants from the start of the project up to now have given to close to 10,000 farmers, we also support the overall sector.

Environmental: The trainings the agricultural consultants provide especially concerning the use of fertilizers and medicine and the advantages of drip irrigation resulted in the discontinuance of the unnecessary use of fertilizers and medicine, and in the reduction of water consumption.



ENERJİSA ENERJİ The Mobile Training Center and the Project for the Support of Professional Education

We conduct this project in cooperation with and participation of the General Directorate for Professional and Technical Education of the National Ministry for Education, universities and vocational high schools. The main reasons to start the project was the insufficient number of overall qualified workforce in the sector of electricity distribution and the high number of industrial accidents due to this insufficiency.

Awareness and consciousness in regard to this matter have to be raised at an early age. Therefore, we defined students as the target group of our trainings.

Here the vision of our company to add value to our country and the importance it attaches to human resources investments worked together and resulted in our project. The project targets students of vocational high schools, junior technical colleges colleges and universities who will be the future employees of the energy-electricity sector and includes trainings which we realize in the Mobile Training Center.

Results and Gains

In 2018 and within the scope of the Professional Education Support

Project, we provided trainings to 1,517 students of vocational high schools, 30 teachers and 668 students of universities and junior technical colleges in 14 provinces which include 3 of distribution regions.

Social: With this project we invest into the future of the energy sector. These trainings are provided for those professions which are among the very dangerous ones. Because of these trainings we believe that we will be able to raise the service quality and its productivity and prevent industrial accidents.

Environmental: Photovoltaic panels and wind turbines owned by the Mobile Training Center produced all the electrical energy which was needed during the trainings. This played an important role in raising the awareness of participants concerning renewable energies.

Corporate: Within the scope of the project, we do not only invest into our present employees but also into the future of the sector. This directly supports the employer brand of Enerjisa Enerji. We received applications for apprenticeships and employment from those students of universities and vocational high schools for which we provided the trainings.



ENERJİSA ÜRETİM Vocational and Technical High School of Tufanbeyli



In order to make possible that our youth receives the education they deserve and in order to provide our country and our sector with a qualified workforce, Sabancı Foundation had constructed in 2018 the Vocational and Technical High School of Tufanbeyli. This high school consists of 12 classrooms and has a capacity for 408 students. The school was established in the district of Tufanbeyli in Adana relying on a conditional grant from Enerjisa Üretim and on the support of the Provincial National Education Directorate of Adana.

The Technical High School started service in the educational year 2018-2019. It consists of the main building of the school, ateliers, laboratories, a library, a multipurpose hall for 100 persons and a basketball field.

The school which will be a regional center for education for those young persons who in future will want to self-improve in the areas of science and technical subjects and be of support in the sector, registered 189 students in its first year. We believe that with the population of the region developing a preference for vocational training our school will also support the future development of the entire region.



ENERJİSA ÜRETİM Development Program for 600 Households

At Enerjisa Üretim we are aware of the importance that working with social and environmental sensitivities and being a good neighbor have for a sustainable future.

We had the target to provide employment opportunities with constant income and social security coverage to the population living in rural areas of the regions in which we are active and present them alternative sources of income to help raise their standards of living.

Another important priority for us is the strengthening of the social standing of women living in rural areas. For this to happen,

we organized diverse training sessions concerning subjects like bee breeding, egg poultry, canned food and needlecraft. We hope to embolden our women to become able to support the livelihood of their families by conducting business activities.

Exemplary projects which we realized in the Tufanbeyli region:

- Trainings in the subjects of health and household economy targeting women were realized.
- 8 greenhouses and 30 poultry houses were set up in the region.
- Bee breeding support for 14 households was provided.

- Artificial insemination support for about 800 cattle was given.
- Health checks for 1,050 animals and the treatment for 500 sick animals was done.
- There has been an increase in the income sources and the standards of living of the regional population.

We plan to continue our activities with new projects which we will determine in accordance with the needs of the regional population.



TEKNOSA Technology for Women

We believe that women making technology part of their lives not only supports their own personal development but also provides important support to the development of our society in general. In line with this belief we have started to support the project called Technology for Women with the objective to contribute with technology to our cultural and social life and to facilitate the access to technology for those women who are disadvantaged.

We laid the foundations of this project in 2007 when according to data by TÜİK the rate of computer usage for women was 23%. At this point Teknosa took over an important responsibility by setting the target of making in total 25 thousand women digitally literate until 2023.

The partner and executor of the project is the Habitat Association. In cooperation with Habitat and through the support of employees of the company and representatives of the association and the additional support of 50 voluntary trainers of several universities up to today a total of 17 thousand women in 66 provinces have become digitally literate.



In our age, technology is one of the most important vehicles providing women with freedom and the equality of opportunities. The Technology for Women project enables women to bravely confront technology and data processing. Women participating at the trainings primarily state that they earned "self-confidence". The increasing attention and interest of women for technology indirectly also positively supports the sector and the economy in general.

The women after the trainings:

- Can get hospital appointments and use the e-government website all by themselves without the help of anybody.
- Can follow up the current situation of their children at school by respective online sites.

- Can write texts by using the keyboard and are able to prepare petitions etc.
- Can make use of search engines all by themselves and therefore reach the information they look for.
- Can open social media accounts like Facebook or Instagram and can present the food they cook or the handiwork they produce.
- Can follow the events, courses or downloads they are interested in.
- Can find the recipes and knitting descriptions they are looking for all by themselves.

In the periods to come, we plan to develop and enrich the content of the trainings and their format in line with the speed of development of technology and the needs and expectations of the women.



TEMSA MOTORLU ARAÇLAR The Farm Anatolia

We at Temsa Motorlu Araçlar have decided to support the documentary The Farm Anatolia which is made up of 10 episodes in order to support agricultural production, which has a very important role to play in the regional development of our country and to bring to fore in the eyes of our customers the environmentally responsible identity of Mitsubishi Motors. The Farm Anatolia tells the story of the agricultural production potential of Turkey. The documentary carefully registers all-natural beauties of Turkey and its incomparable geography.

Anatolia produces like a giant farm in which innumerable wheels, which are connected to each other are operating in company. The name of the project is derived from this notion. In 10 conceptual items that are in relation to each other the documentary intends to tell the story of this giant industrial production site.

Besides the necessity of protecting natural resources, the water, the soil and the species it is one of the most important contents of The Farm Anatolia to see how a world of innovative and more productive production might be possible. The worries arising because of climate

change, pollution and the quick decline in natural resources are analyzed comprehensively in the series.

In its purest form the project intends to create a strong awareness for a better protection of Anatolia which consists of soil that is among the most productive soils in the world. We as Temsa Motorlu Araçlar are aware of this, and for around two years now we support The Farm Anatolia as their vehicle sponsor, as with the characteristics of its superior equipment and its 4x4 traction system a tough landscape is easily becoming manageable with the Mitsubishi L200.

By supporting this project, we have the intention to create a long term and sustainable value and we wish for the outcomes of this project to reach all people who work, live, produce and contribute in this geography. Our biggest target is to make available this visual feast and picture of collective production to the masses and to be able to tell all viewers from the age of 7 to 70 how amazing the potential of Anatolia is.



Introduction film for
The Farm Anatolia Project

<https://www.youtube.com/watch?v=gdBr4wbQZWI>



TEMSA ULAŞIM ARAÇLARI We Removed Obstacles in Careers

We have started this project in 2014 in order to change the existing prejudices in society concerning the existence and employment of disabled persons in professional and social life, to raise social awareness concerning this matter and in order to show that no obstacles concerning careers are in effect real obstacles. Within the scope of this project we organize each year a different event.

Under the leadership of our Human Resources Department and in relation to the content of the activity and basing on voluntary participation we organize events in cooperation with our stakeholders like the University of Çukurova, the Adana Sports Club for disabled persons, engelsizkariyer.com, the Çağ University, İşkur and the Human Resources platform of Adana.

Result and Gains

In the sense of a corporate social responsibility project and within the scope of the project, different events were organized in the Adana region like the 360 Degrees Communication with Disabled Persons Seminar,



Training on Proper Negotiation Techniques with Disabled People, and Awareness Training for the Health and Security of Disabled Employees which were conducted throughout the years. Participation at and requests concerning these events further increased in time. This corporate social responsibility project enshrined itself in the minds of observers.

We conducted these activities with hotels, universities and public institutions in order to raise social awareness. As a result, it was our greatest achievement to see that even if tiny a positive contribution concerning the employment of disabled persons was made.

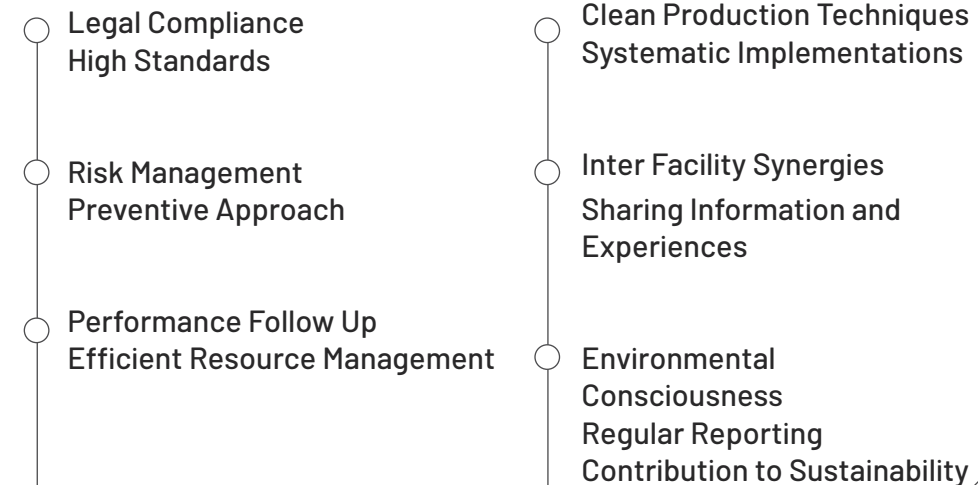
06

ENVIRONMENTAL
SENSITIVITY

ENVIRONMENTAL PERFORMANCE

Depending on the respective sectors and areas in which the companies and institutions which constitute the Sabancı Group are active, the environmental impact of these companies and institutions shows differences, too. Especially for our industrial companies' environmental aspects are prominent. Nevertheless, in all sectors in which we operate it is of the highest importance for us that natural resources and the environment are protected.

In the risk map of the World Economic Forum of the year 2018 climate change and other risks that are caused by climate change are described as those global threats which will possibly have the highest impact for the whole world. We spread this consciousness throughout all our companies and we conduct a multitude of projects in order to increase resource efficiency and reduce our emissions. In this part of our report some selected good practices of our companies are presented.

BASIC PRINCIPLES OF OUR
ENVIRONMENTAL POLICIESCARBON
DISCLOSURE
PROJECT (CDP)

Carbon Disclosure Project (CDP) is conducted by the Corporate Governance Forum of the Sabancı University. From our companies, Akbank, Akçansa, Avivasa, Brisa, Çimsa, Kordsa and Yünsa participate at the project. Thus, we present more transparently our performance concerning climate change and the protection of natural resources. We see this reporting as a chance to improve our performance.



Environmental Policy

<https://www.sabanci.com/en/social-responsibility/our-social-responsibility-activities/environment>



ENERGY AND EMISSION MANAGEMENT

Concerning the procurement of its energy needs at a level of 70%, our country depends on imports. Therefore, independent of the sector, the issue of energy remains to be an important factor. For instance, in cement production fuels and energy make up close to 60% of all operational costs. The fossil fuels which have a specific share in the fuel mix which is used and the greenhouse gases that are emitted as a result of the consumption of electricity have a direct impact on climate change. Our primary objectives in our environmental policies are to be in conformity with the current legislation, to spread the responsible consumption of resources, to raise the utilization of alternative fuels and sources of energy to the maximum possible level, to reduce the overall consumption of energy, to enhance energy productivity and as a result of all of these endeavors to reduce our carbon emissions.

WATER MANAGEMENT

Water maybe is an even more important and vital natural resource than energy. There is no natural water resource which either by water usage or by water discharge during our operations is affected negatively. Despite this fact we still regard it as a priority concerning the environmental endeavors at the Sabancı Group companies to make more efficient use of water, whenever it is possible to make sure that water is recycled or can be reused, and that water is disposed as waste in such methods that create no damages on the environment.

WASTE MANAGEMENT

In all our activities, we act with the responsibility to protect the environment in which we live and work. We believe that the most effective method to do so is the reduction of the volume of waste generated. In all our operational processes from the design of the products and services to their production, from products being packaged to the respective logistics and transport to the customer we work on the reduction of waste generation and to dispose of waste at its source and therefore to avoid environmental pollution.

OUR ENVIRONMENTAL EXPENDITURES AND INVESTMENTS

In 2018, our expenses in relation to environmental protection and environmental management increased 11% compared to the previous year and reached the amount of nearly *7.5 million TL.

The total amount of expenses occurred due to waste and waste water management, waste water treatment, the recycling of waste packaging, the disposal of wastes and their recovery, chimney cleanliness, the measurement of outside weather quality, noise reduction, the protection of biodiversity, research and development works and the environmental cleaning tax.

Next to these expenses, a fixed environmental investment of **50.3 million TL was realized. Parts of this investment were emission reduction systems, maintenance of waste water treatment facilities, recycling bins for 5 different waste classifications and an odor control system.

(*Consolidated data: Akçansa, Aksigorta, Avivasa, Brisa, Carrefoursa, Enerjisa Enerji, Enerjisa Üretim, Kordsa, Teknosa, Yünsa and Sabancı University)

(** Consolidated data of Akçansa, Brisa, Carrefoursa, Çimsa, Enerjisa Enerji, Enerjisa Üretim, Kordsa)

Sabancı Center Environmental Improvements

Energy Savings	Emission Reductions	Water Savings	Waste Reduction 2018
47,397,000 kWh Electricity Savings 4,886,665 m³ Natural Gas Savings Total Energy Savings 229,140 GJ	47.984 Ton CO₂e * Year 2018 Scope 1 GHG: 733 t CO ₂ e (IPCC) Scope 2 GHG: 3,632 t CO ₂ e (IEA)	618.158 m³ * The rate of all recycled and reutilized amounts of water in the overall water consumption in 2018 (water cooling tower and garden watering) 11%	Hazardous Waste: 3,816 tons (Herbal oil and medical waste) 9% Reduction Non-Hazardous Waste: 25,710 tons (Electronic waste) 40% Reduction
* These amounts were calculated on the basis of the electricity and water consumption of 1994 and the natural gas consumption of 1996. The difference between the consumption in the base years and the consumption in 2018 is the amount of savings: 13,013 GJ. This saving has a value of 1.45 million TL.			Above reduction rates are results of comparison to 2017.

Energy Savings of Sabancı Group Companies

Total Annual Energy Savings (TL)	Akçansa	Brisa	Teknosa	Kordsa	Yünsa
	495,000	1,666,880	240,000	1,049,364	1,794,851
Explanations	An important increase was realized in the usage of alternative fuels.	As a result of energy efficiency projects, decrease in the consumption of fuel and electricity was realized.	At 44 shops and logistical centers we introduced LED lighting.	As a result of the opex projects fuel consumption decreased by 23% and electricity consumption decreased by 15%.	Total energy consumed per meter of production (electricity and heat) was reduced by 3%.

Together with Sabancı Holding, at our Group companies, we realized 6.7 million TL worth of energy savings of in 2018.

Greenhouse Gas Emissions (t CO ₂ e)	2018	Consolidated Data (Scope 1 – Scope 2):	
Scope 1 Direct	17,211,458	Akbank (6,970 - 33,153) Akçansa (5,611,429 - 246,137) Aksigorta (44 - 199) Avivasa (32 - 660) Brisa (49,537 - 84,514) Çimsa (5,218,962 - 296,900)	Kordsa (39,038 - 84,094) Sabancı Holding (733 - 3,632) Temsa İş Makinaları (63 - 156) Temsa Motorlu Araçlar (20,340 - 27,000) Yünsa (9,205 - 13,565) Sabancı University (31,190 - 1,571)
Scope 2 Indirect	791,581		

In the reporting year the Scope 1 emissions were calculated over the emission factor which was derived from the fuel and raw material specimen analyses.

Emission Reduction Performance in Sabancı Group				
Greenhouse Gas Emissions (t CO ₂ e) Changes Compared to Previous Year	Akçansa	Kordsa	Yünsa	Brisa
Direct Greenhouse Gas (GHG) Emissions (Scope 1)	Reduction %7.3	Reduction %16	Reduction %2	Increase %65
Indirect Greenhouse Gas (GHG) Emissions (Scope 2)	Reduction %9.6	Reduction %15	Reduction %2	Reduction %20
Explanations	As a result of the changing of fans, the modernization of gas pipes, the application of variable fan speeds in the cement and coal mills our emissions were reduced.	Due to energy efficiency, maintenance and recycling projects our fuel and electric consumption was reduced.	Total emissions increased on average 7%. Total CO ₂ e emissions per meter produced were reduced 2%.	As a result, ending the supply of steam from Enerjisa Üretim's cogeneration plant the consumption of natural gas increased.
Greenhouse Gas Emissions (t CO ₂ e) Changes Compared to Previous Year	Avivasa	Çimsa	Sabancı University	Aksigorta
Direct Greenhouse Gas (GHG) Emissions (Scope 1)	Reduction %58.4	Increase %26	Increase %0.6	Increase %4.5
Indirect Greenhouse Gas (GHG) Emissions (Scope 2)	Increase %8.4	Increase %14	Increase %1.2	Increase %1.3
Explanations	Because of the renewal of the heating-cooling system it was possible to reduce CO ₂ emissions on an important scale. Electrical consumption increased.	Afyon Çimento is not included in the data for 2017. The emissions for the year of 2018 were calculated with the inclusion of Afyon Çimento.	The data of the Composite Technologies Center of Excellence and the Ankara office were included. The Maçka building was transferred after 5 months.	Due to seasonal changes the need for climatization and the consumption of electricity increased.
Enerjisa Üretim	In 2018, with its renewable power plants (hydroelectric, wind, solar) located in various regions of Turkey, mitigated 2.43 million tons of CO ₂ emissions, when compared to other power plants generating the same amount of energy using fossil fuels.			

ENVIRONMENTAL PROJECTS OF OUR COMPANIES



AKBANK Climate Friendly Loans

At Akbank, we provide project finance loans with investment amounts of 20 million USD and over, and investments loans of 50 million USD and over, regardless of maturity limits and basing on detailed analyses measuring the environmental and social impacts the projects will have.

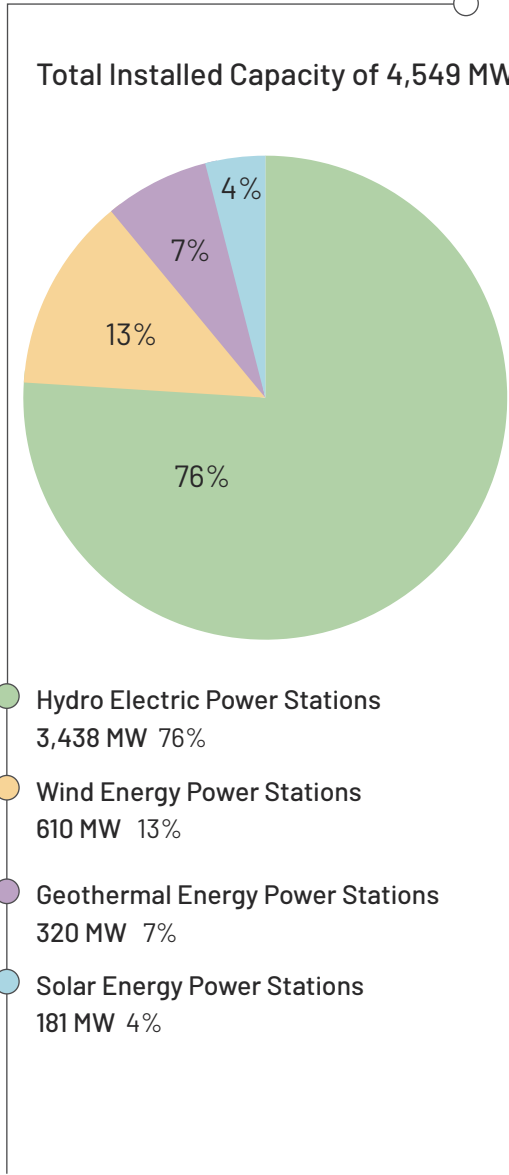
Apart from that we analyze all loans within the framework of the “Akbank Environmental and Social Policies” without taking amount limits into consideration. In case of all our loans which have a business quality we evaluate whether the purpose of the loan is included in our “list of activities that will not be credited” which is a part of the environmental and social policies of our bank.

In addition to this, we give priority to projects which have a positive environmental impact like renewable energy investments, investments reducing greenhouse gas emissions and investments increasing efficiency. In case of projects the potential negative environmental impacts of which cannot be perceived beforehand, we support our customers in the improvement of their project plans.

The total amount of renewable energy projects with a project amount of 10 million USD and more which were financed by Akbank reached the volume of 2,408 million USD as of December 31, 2018. The share of renewable energy projects loans reached a share of 82% in overall energy generation project.

Those renewable energy projects financed by Akbank turned out a total annual electricity generation of about 13,200 GWh and prevented a total CO₂ emission of 5.8 million tons in 2018.

The breakdown of renewable energy projects that currently are in the portfolio of our bank is given in the following table.





AKÇANSA Emission Management and the Responsible Utilization of Resources

We instantaneously monitor the emissions that result from the cement production process through the Constant Emission Measuring System devices set up in our process chimneys. All data is forwarded again instantaneously to the Ministry for Environment and Urban Development and is reported regularly to the related institutions.

In 2018, we finalized our Selective Non-Catalytic Reduction investments at the Akçansa Çanakkale and Ladik factories.

With this system we reduce the nitrogen oxide (NOx) emissions which result from the burning process. Due to sensors which function together with the Constant Emission Measuring System, the SNCR is activated automatically and at specific points of the process injects 25% diluted ammoniac solution. The ammoniac which interacts with the burn emissions thereby reduces the NOx emissions which are emitted to the atmosphere.

Certificate for the Responsible Utilization of Resources

Akçansa became the first cement company in Turkey which received the Certificate for the Responsible



Utilization of Resources. This document is respected all over the world and is given by the Concrete Sustainability Council – CSC to producers of cement, concrete and aggregates who have a special focus on the efficient utilization of natural resources. Our cement factory in Büyükçekmece and our ready mixed concrete facility in Gebze were scrutinized in accordance with rules set by the CSC in relation

to four distinct areas, that were management, environment, social and economic, as part of an independent audit. At the end of this process these facilities were able to achieve the right to receive said document. The certificate provides additional points during the green building certification processes like BREEAM and DGNB and therefore is advantageous at projects including the green building certification.



BRİSA Reduction of Underground Water Consumption

We had the target to decrease the impact we had at the Brisa Izmit factory on neighboring water sources. Therefore, and in line with this target we started the efficient water management project with OHS and Environment, Auxiliary Facilities and Construction Departments' leadership. As a result of this project we have the intention to reduce the amount of water we consumed in 2008 at a level of 61% until 2020.

Results and Gains

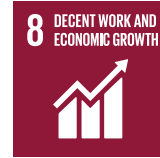
As a result of our improvements we realized concerning the closed cycle cooling system, addition of a second reverse osmosis system to the exit of the reverse osmosis treatment system, improvements at the household waste water system, operations to prevent losses a leakage and to raise awareness concerning water consumption, we saved an annual total of 400,000 USD of waste water costs. As of the end of 2018 we realized a reduction of 49%.

With pride we can claim, that with this project we were the first company in Turkey as well as in Europe which had the ISO 14046 Standard concerning the calculation of its Water Footprint verified. About 450,000 tons of water per year now remain unextracted from the underground and the underground water level remained untouched.

In the same time the energy necessary for extracting this amount of water and the necessary water preparation operations remained unused and the emission of a respective carbon amount was prevented.

We have the objective to bring the underground water consumption to zero until the year of 2023.





CARREFOURSA Project to Reduce Losses

In the agricultural sector in Turkey and especially regarding the production and marketing of fruits and vegetables, large scale loss of products occurs mainly during the harvesting, preparation, conservation and transporting processes.

We have conducted a project under the sponsorship of our Supply Chain Department and in cooperation with the Sales and Category departments. The projects especially take the impact of waste and losses on the profitability of the company into account and for the year 2018 we targeted a reduction in inner-store losses from 2.3% to 2,1%.

In order to be successful, the most crucial part of this project was to convince more than 600 co-workers in the stores to follow the same objective. In order to reach this objective, we set up strong communication channels with the sales representatives and tried to include everybody in the strongest way possible.

Results and Gains

We managed to reach a performance above our objectives. The ratio of products lost materialized as 1.8%. The cash equivalent of this improvement is 23.6 million TL.



CARREFOURSA Transport and Route Planning Optimization

With the number of our stores rising and the objective of improving the service quality of our stores in the same time combined with the need to reduce costs, we targeted the setup of an end-to-end integrated transport management system. Through the cooperation of the Supply Chain Directorate and the Logistical Operations Group Directorate we started a project that includes 8 of our depots and 625 stores. We started and succeeded in the integration of route planning and optimization, delivery and delivery follow up, agreement and invoicing, reporting and data management over the same system.

Before the project vehicle planning processes for deliveries from depots to stores was realized by the depot employees manually. The main challenge of the project was the existence of an operation including more than 400 journeys each day.

Results and Gains

We were able to reduce the average amount of kilometers per journey from the depots to the stores at a rate of 15%. Because of this



we also were able to reduce fuel consumption and emissions at comparable rates.

We reached a total reduction of transport costs of 8%.

The planning duration dropped to just 30 hours a month from 450 hours.

The ratio of on-time-delivery increased from 50% to 85%.

The annual savings we were able to achieve because of the project reached 4 million TL. The investments our company made returned within the first year.



ÇİMSA Utilization of Alternative Raw Materials and Alternative Fuels

In the cement sector the utilization of raw materials and fuels take a large part in the overall production process. Decrease in the consumption of natural resources therefore is of critical importance concerning resource utilization and the sustainability of the circular economy.

Next to hazardous or non-hazardous industrial alternative fuels, we at Çimsa also conduct operation in order to make use of fuels that are produced from the solid waste of the respective municipalities of the provinces where we operate.

We conduct the necessary operations so that these fuels which are derivatives of waste can be used in rotary furnaces. In regard to achieving this objective and under the auspices of the Ministry for Environment and Urbanization, our communication with metropolitan municipalities continues.

Apart from that an instead of natural raw material we utilize alternative raw materials that are a by-product from other factories of diverse sectors and which are part of industrial symbiosis at our concrete factories.



Through the utilization of alternative raw materials instead of natural raw materials at Çimsa we achieved the following:

Economic: By increasing our industrial symbiosis applications which we conduct together with diverse sectors we were able to achieve resource efficiency.

Environmental: In the last three years instead of an annual utilization of 362,514 tons of natural raw materials and by the utilization

of alternatives, we protected the natural habitat and were able to prevent that a total waste of the same amount.

Social: We achieved material recycling at our Eskişehir Cement factory through the use of alternative raw materials and therefore were able to prevent industrially induced environmental problems.



ENERJİSA ENERJİ Energy Efficiency

At Enerjisa we optimize our corporate clients' electricity price lists and hereby generate financial benefit for them. Without investing any amounts for neither our customers nor for our company, we still create return for both sides. Under the heading of energy efficiency and by developing projects for the renewal of illumination which have the objective to decrease the energy consumption of our customers, we support our customers in achieving reductions in their greenhouse gas emissions.

Sustainable Transportation

On the other side one of our companies, Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş., assumes an innovative and pioneering role and provides sustainable transport solutions. Within the scope of the fight against climate change, which has become one of the globally leading trends, we support the proliferation of electrical vehicles which have a low environmental impact.

EŞarj has the widest infrastructure of electricity charging stations in the sector and plays an important role in the proliferation of electrical vehicles. In line with digitalization the company is developing charging stations network management software solutions, which will take part in shaping the future.





KORDSA Materials Recovery

At our Kordsa factory in İzmit we convert technological byproducts which stem from our Nylon 6.6 yarn production sites into chips which again will be used in the engineering plastics industry. By this conversion, we add higher value to the side products of our yarn plants.

Results and Gains

The Nylon 6.6 raw material imports which producers of engineering plastics products in Turkey realize, were reduced and by the decrease in their raw material costs they increased their profitability.

By turning Nylon 6.6 yarn byproducts into a high value-added product, we increased its profitability. Annually we are reprocessing approximately 1,000 tons of by products and save around USD 1.7 million.



YÜNSA Chemical Management System

In order to reduce and terminate by 2020 the use of restricted hazardous chemicals during the production and usage stages of fabrics, chemicals which as wastewater have harmful impacts on human health, international brands including some of our clients collectively signed a program.

As Yünsa is a fabric manufacturer and for those chemicals that are listed on the MRSL (*Manufactured Restricted Substance List*) which is part of the ZDHC program (*The Zero Discharge of Hazardous Chemicals Program*) which has a direct effect on our activities, we conduct wastewater controls, tests and trainings and we chose our chemicals from positive lists.

Within the scope of the program we make sure that the controls of those chemicals which only may be utilized in our facilities in a restricted manner are done and they are only used within allowed limits. Thereby we reduce the chemical load in discharged water. We take one sample a year from our waste water for the ZDHC Gateway Module and register the chemicals we use.



Results and Gains

Economic: We prevent harm for our personnel and our customers by non-utilization of chemicals which have negative effects on the health of persons and the environment.

Social: We increase our competitiveness by meeting customer requests through increasing awareness concerning the use of chemicals in the textiles industry and by meeting regulatory exigencies.

Environmental: We reduce the possible damages caused to the environment by the reduction of the hazardous chemical content in waste water.



YÜNSA Water Efficiency and Waste Water Reduction

The source of water at our facility are the wells that are located within the facility. The quality of the water and its being accessible are of critical importance for the continuity of our operations. In line with the strategy of our company to make efficient use of natural resources and to increase profitability by decreasing input costs we set up a project for the reduction of water consumption at our finishing facility.

All the water we use in our facility comes from subterranean sources (wells). The quality of the water and its being accessible are of critical importance for the continuity of our operations.

In line with the strategy of our company to make efficient use of natural resources and to increase profitability by decreasing input costs we set up a project for the reduction of water consumption at the Yünsa Finishing Facility.

We focused on the machine that consumed the highest amount of water in the finishing process and implemented a series of technical arrangements and updates that provided a switch from manual to automatic operation.



We carried out many analyses throughout the project to see the effects of water reduction on the quality of fabric and created awareness across the facilities by providing trainings on the subject.

Run by a team of eight over the period of June-December 2017, the project lifted The Honourable Mention Award among The Most Environmentally Friendly Projects in Yünsa internal awards.

Results and Gains

Economic: We started to save TRY 57,000 annually through water

saving.

Social: We started a project that supports our social responsibility of using natural resources more effectively.

Environmental: We contributed to the effective use of natural resources through reducing the waste water per meter fabric by 3.27 liters.

Future Plans: We are aiming to spread the project on the other machinery.

08

APPENDICES



CORPORATE MEMBERSHIPS

Name of the Institution	Membership Status and Level of Representation
Turkish Industry and Business Association (TUSIAD)	High Level Representation and Representation at Diverse Commissions and Workgroups
Council for Foreign Economic Relations	Membership at Business Councils
European Round Table of Industrialists	High Level Representation
World Economic Forum (WEF)	High Level Representation
Economic Development Foundation (IKV)	Supporter of the Foundation and Member of the General Assembly
Ethics & Reputation Society (TEID)	High Level Representation
Corporate Governance Association of Turkey (TKYD)	High Level Representation
Turkish Business Council for Sustainable Development (TBCSD)	Member of Board of Directors and Participation at Workgroups
Association of Private Sector Volunteers	Member of Board of Directors
Institute of Internal Auditors of Turkey (TIDE)	High Level Representation and Member of Ethics Council
Association of Investor Relations (YID)	Member of Board of Directors and Workgroups
Istanbul Chamber of Commerce (ITO)	Member of Parliament and Workgroups
Association of Board Members (YUD)	Member of Board of Directors
Association of Human Resources Management of Turkey (PERYON)	High Level Representation
The American Turkish Society	Vice Presidency and Membership at Committee of Directors

OUR MANAGEMENT SYSTEM CERTIFICATES

Management System Standards Certificates	Akbank	Akçansa	Aksigorta	Avivasa	Brisa	Çimsa	Enerjisa Enerji	Enerjisa Üretim	Kordsa and CTCE**	Temsa İş Makinaları	Temsa Motorlu Araçlar	Yünsa	Sabancı University
OHSAS 18001 Occupational Health and Safety		✓			✓	✓	✓	✓	✓			✓	✓
ISO 14001 Environmental		✓			✓	✓	✓	✓	✓			✓	✓
ISO 27001 Information Security	✓				✓	✓	✓	✓	✓			✓	
ISO 50001 Energy*		✓				✓		✓	✓			✓	
ISO 9001 Quality		✓	✓		✓	✓	✓	✓	✓		✓	✓	✓
ISO 10002 Customer Satisfaction			✓	✓			✓				✓		
ISO 14046 Water Footprint Calculation					✓	✓							
ISO 14064 Greenhouse Gas Accounting and Verification System					✓								
ISO 17025 Testing and Calibration Laboratories (CTCE**)									✓				
ISO 15838 Customer Contact Centers							✓						
ISO 22301 Business Continuity							✓						
CSC Responsible Resource Use Document		✓											
AS 9100 Aviation, Space and Defense Quality									✓				

(* Valid for the Çimsa Kayseri factory.)
(** CTCE: Composite Technologies Center of Excellence)

SCOPE OF THE REPORT

COMPANIES COVERED IN THIS REPORT

H.Ö. Sabancı Holding A.Ş. (Sabancı Holding)
Akbank T.A.Ş. (Akbank)
Aksigorta A.Ş. (Aksigorta)
Avivasa Emeklilik ve Hayat A.Ş. (Avivasa)
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (Carrefoursa)
Teknosa İç ve Dış Ticaret A.Ş. (Teknosa)
Sabancı Dijital Teknoloji Hizmetleri A.Ş. (SabancıDx)
Akçansa Çimento Sanayi ve Ticaret A.Ş. (Akçansa)
Çimsa Çimento Sanayi ve Ticaret A.Ş. (Çimsa)
Enerjisa Enerji A.Ş. (Enerjisa Enerji) *
Enerjisa Üretim Santralleri A.Ş. (Enerjisa Üretim) **
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş. (Temsa İş Makinaları)
Temsa Motorlu Araçlar Pazarlama ve Dağıtım A.Ş. (Temsa Motorlu Araçlar)
Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş. (Temsa Ulaşım)
Kordsa Teknik Tekstil A.Ş. (Kordsa)
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (Brisa)
Yünsa Yünlü Sanayi ve Ticaret A.Ş. (Yünsa)

INSTITUTIONS COVERED IN THIS REPORT

The Sabancı Foundation (S. Foundation)
The Sabancı University (S. University)
The S.Ü. Sakıp Sabancı Museum (S. Museum)

* The data of Enerjisa Enerji A.Ş. (Enerjisa Enerji) includes Başkent Elektrik Dağıtım A.Ş., İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Toroslar Elektrik Dağıtım A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Toroslar Elektrik Perakende Satış A.Ş. and Enerjisa Müşteri Çözümleri A.Ş.

** The data of Enerjisa Üretim Santralleri A.Ş. (Enerjisa Üretim) includes Enerjisa Enerji Üretim A.Ş., Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. and Enerjisa Doğalgaz Toptan Satış A.Ş.

(GRI 102-45)

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For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

The service was performed on the Turkish version of the report.

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102-48	Restatements of information	Management approach.
102-49	Changes in reporting	SabancıDx is added.
102-50	Reporting period	2018
102-51	Date of most recent report	2017
102-52	Reporting cycle	Annual
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THE GLOBAL GOALS

For Sustainable Development

2030 Sustainable Development Goals are launched with the signatures of 193 countries in 2015 at the Sustainable Development Summit of United Nations in its headquarters in New York.

Global Sustainable Development Goals is a call to action with the aim to end poverty in the world, protect our planet and provide the people of the world to live in resilience and peace.

At Sabancı Holding and the Group companies, we have projects and implementations that directly and indirectly support each of these 17 goals. In all our operations, we commit to follow these goals and prioritize the actions that support these goals.



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HACI ÖMER SABANCI HOLDİNG A.Ş.



Sustainability Report 2018