

**We unite Turkey and the World  
for a sustainable life  
with leading enterprises.**



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Digital Annual  
Report.

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# ABOUT THE REPORT

 3 min

We are sharing the economic, social, and environmental sustainability performance of H.Ö. Sabancı Holding and the value we create through our activities on an annual basis, transparently with our stakeholders since 2014. As part of our rapid and sharp transformation based on technology and sustainability, we define our Group's purpose as "We unite Turkey and the World for a sustainable life with leading enterprises". To fulfill this purpose, we built our Sustainability Roadmap on the following pillars: Act on Climate Emergency, Maximize Our Positive Impact on People and Society, and Foster Sustainable Business Models.

In 2020 Sustainability Report (Report), we share the performance and best practices of Group companies<sup>1</sup> on their activities in Turkey from January 1, 2020, through December 31, 2020. The report covers our progress toward our goals for 2050 as included in the Sustainability Roadmap and reveals the Group's performance on the Holding and industry level<sup>2</sup> where relevant.

This report has been prepared in accordance with the GRI Standards: Core option. While preparing this Report, United Nations Global Compact (UNGC), Women's Empowerment Principles (WEPs) and the recommendations of Task Force on Climate-Related Financial Disclosures (TCFD) (*Annex 6: TCFD*) are considered. The report also includes the contributions we have made to the United Nations Sustainable Development Goals through our activities.

This year, the selected environmental, social and economic performance indicators serving the long-term goals in our 2020 Sustainability Roadmap have been verified in accordance with the International Standard on Assurance Engagements - "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised) and verified in accordance with International Assurance Audit Standard 3410 - "Assurance Engagements on Greenhouse Gas Statements" ("ISAE 3410")<sup>3</sup> (*Annex 5: Assurance Statement*).



Please send any questions, comments, and suggestions you have related to the Report to [sustainability@sabanci.com](mailto:sustainability@sabanci.com)



Indicates verified data.

<sup>1</sup> Sabancı Group comprises of 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 Skoda Sabancı Ulaşım Araçları A.Ş. (Tema Ulaşım Araçları), Kordsa Teknik Tekstil A.Ş. (Kordsa), and Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (Brisa). Avivasa has been continuing its activities since 05.05.2021 with the partnership of Sabancı Holding and Ageas. As of 02.07.2021, the company name was changed to Ageas Hayat ve Emeklilik A.Ş. Furthermore, Enerjisa Enerji A.Ş. data (Enerjisa Enerji) includes those related to 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 the Enerjisa Doğalgaz Toptan Satış A.Ş. Sabancı Foundation, Sabancı University and the Sabancı Museum (Sabancı University Sakıp Sabancı Müzesi) are covered in the report only as best practices and are not included in the quantitative performance. <sup>2</sup> Grouping of companies: Akbank (Banking), Aksigorta and Avivasa (Financial Services), CarrefourSA and Teknosa (Retail), Akçansa and Çimsa (Building Materials), Enerjisa Enerji and Enerjisa Üretim (Energy), Kordsa, Temsa and Brisa (Industrials) and SabancıDx (Digital). <sup>3</sup> ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410, Assurance Engagements on Greenhouse Gas Statements.

# LETTER FROM THE CHAIR

🕒 2 min

Our Esteemed Investors, Business Partners and Valued Employees,

Due to the Covid-19 pandemic taking the world by storm, we have left behind a challenging year full of extraordinary developments. Climate emergency and social inequalities exacerbated by the pandemic have clearly shown us that we cannot afford to take a break from the fight against the global environmental and societal challenges, even when life comes to a standstill. It is now time to focus on a post-vaccination future. The European Green Deal, the return of the United States to the Paris Agreement and the net-zero emission commitment of countries that account for almost 70% of worldwide carbon emissions, prove that the global economic actors are more than ready to step into the new normal, embracing all the new opportunities. These developments clearly signify that sustainability issues will further gain momentum in every part of the economy, especially in global trade and financial markets.

As we leave behind the most extraordinary period of our lives that lasted well over a year, we, at Sabancı Group, are shifting from crisis management to change management, and heading toward a future full of opportunities. During the pandemic, we continued to integrate sustainability in all areas of our operations, while strengthening our financial

performance with our balanced business lines and solid balance sheet.

Last year, with contributions from our younger employees, we changed our Group purpose as “We unite Turkey and the World for a sustainable life with leading enterprises”. While focusing on making our existing investments more sustainable in our main business lines, such as energy, industrials and banking, we shape our new growth platforms based on our firm commitment on responsible and sustainable investment.

At Sabancı Group, we operate in a huge ecosystem with more than 40 million customers, 60,000 job opportunities and thousands of suppliers in 14 countries. We aim to expand our sustainability vision and our goal of achieving net-zero emissions by 2050 to this entire ecosystem and even beyond.

While accelerating the transition to sustainable business models in all areas that we operate in, we will continue to support all segments of our society that have struggled to keep up with this massive transformation in an inclusive manner. We see the investments made in these lands and people, the sources of our strength, as core to making a difference.

I would like to thank each and every one of our Sabancı employees and all our other stakeholders who strived to ensure that life would not be disrupted under some of the most challenging conditions we have ever faced and contributed to the successful results we achieved in 2020.

**Güler Sabancı**  
Chair



# LETTER FROM THE CEO

🕒 5 min

Dear Stakeholders,

With the Covid-19 pandemic, the year 2020 brought along significant changes for people and businesses all around the world. Despite the recession experienced in the second quarter of the year as production in Turkey faced various challenges, the recent months have seen a recovery in industry and exports as well as an increase in consumer confidence. We successfully defied these challenging conditions and fluctuations with a successful financial performance in 2020. While our Group's combined net sales reached TL 104 billion, our combined EBITDA<sup>4</sup> increased by 22% to TL 20.9 billion and our consolidated net profit increased by 26% to TL 4.8 billion.

Our Group's performance during the pandemic once again demonstrated that companies focusing on sustainability are more resistant to crises. At Sabancı Group, we reflected this focus on our Group purpose in line with our approach "Sabancı of New Generation" and defined it as "We unite Turkey and the World for a sustainable life with leading enterprises". Three of the five main strategic directions under our Group purpose are directly related to ESG<sup>5</sup> management: pioneering sustainability in geographies that we operate, leading in digital and materials technologies, and adapting to the future of work. Within the scope of the

Sustainability Roadmap that we established to successfully implement these areas, we are focusing on acting on climate emergency, maximizing our positive impact on people and society and fostering sustainable business models in line with the ambitious targets that we set in all these areas.

In the transition to a low-carbon and inclusive economy, we continue to build the pathway that will carry the activities of not only our Group, but also our customers into a sustainable future by focusing on areas such as electrification, renewable energy, future of work, circular economy, sustainable finance, technology, and digitalization.

As a response to the climate emergency, we, at Sabancı Group, set a target to achieve Net-Zero Emissions and Zero Waste in all operations by 2050 at the latest. In line with this goal, we are investing in renewable energy generation and new technologies to increase efficiency. We are expanding our charging station network with Eşarj, Turkey's first and fastest charging station network, while producing electric bus and battery technologies for the electrification of public transportation. With light material technologies, we reduce our customers' fuel consumption. We carry out R&D studies on reducing the use of chemicals

harmful to nature or improving recycling technologies for our industrial products. We increase the resource efficiency of our facilities (including water efficiency) through the use of alternative fuel and raw materials as well as tools such as data analytics, machine learning, and internet of things (IoT) to the maximum extent possible.



<sup>4</sup> Earnings before interest, taxes, depreciation and amortization; excluding one-time income and expense. <sup>5</sup> Environmental, social and governance.

As part of our circular economy efforts, the rate of water we brought back to the economy in 2020 was 19%<sup>6</sup>, while the rate of waste we recycled was 87%<sup>7</sup>. Two out of the three leaders in both the CDP Turkey 2020 Climate Change and Water Security programs are Brisa and Kordsa from Sabancı Group, proving our robust performance in this field.

Within the frame of enhancing sustainable business models, combined net sales revenues from more than 800 products and services<sup>8</sup> contributing to the transition to a sustainable economy have reached TL 5.9 billion. We have diversified our funding with instruments such as green bonds, sustainable syndication loans and sustainability-linked loan agreements. Enerjisa Üretim signed Turkey's largest sustainable loan financing agreement worth EUR 650 million with a total of seven banks for renewable energy investments. Meanwhile, Akbank made a commitment to provide our country with TL 200 billion of sustainability-linked loan financing and increase sustainable investment funds to TL 15 billion by 2030.

Digitalization, technology and innovation play a key role in expediting the achievement of our sustainability goals. In 2020, 44% of our R&D and innovation expenditures worth TL 225 million<sup>9</sup> consisted of sustainability-oriented expenditures. With SabancıDx, which plays a major role in digitalization within our Group, we continued to offer next-generation digital solutions such as big data, advanced data analytics, cyber security, IoT, robotic workforce, and artificial intelligence in 2020.

Within the scope of their efforts for the people and society, Sabancı Group companies alone reached out to more than

46,000 people<sup>10</sup> from vulnerable groups in 2020 with their support programs for building sustainable livelihoods. Additionally, Sabancı Foundation awarded grants to 173 projects in 14 years for an inclusive society where all individuals benefit from their rights equally, and touched the lives of nearly 1 million people, while directly reaching out to 223,000.

To spread the culture, values and competencies that comprise the vision for Sabancı of New Generation, we continued to enhance all human resources processes and systems in line with this perspective in 2020. We strove to become a stakeholder-oriented and more agile, resilient and digitally competent organization that is in sync with its corporate culture and philosophy. While preparing our employees for the future of work today, we aim to develop their existing potential and attract the best talents to our Group. We redesign the concepts of success and performance across our entire organization by integrating sustainability into senior management performance goals. As our Sustainability Leadership Committee guides our sustainability journey, our entire Board of Directors closely monitors our performance in this area.

With this transformation, we emphasize the creation of a fair environment wherein we provide equal rights to all our employees. In this context, we focus on increasing the number of female managers in decision-making positions and monitor female-to-male pay ratios.

Thanks to our ESG efforts as Sabancı Group, Sabancı Holding and six of our companies<sup>11</sup> are listed in the BIST Sustainability Index. Our success in increasing our rating by

two notches in the ESG ratings of the international credit rating agency MSCI in just nine months is a testament to the huge progress we made in terms of transparency on sustainability. We are a member of the World Business Council for Sustainable Development (WBCSD), which supports sustainable development and focuses on strengthening the transformation of member companies in this field through cooperation. We are also a part of the global CFO network, which works toward sustainable finance. We are among the founding members of the CNBC ESG Council, which includes 55 senior executives from the world's leading companies.

I would like to take this opportunity to thank all our stakeholders, and especially our employees, who contributed to the preparation of our Sustainability Report sharing the Sabancı Group's ESG performance in 2020. In the transformation journey we began with Sabancı of New Generation, we will continue to work to adapt to the changing world and unite Turkey and the World for a sustainable life with leading enterprises.



**Cenk Alper**

Member of the Board of Directors and CEO

<sup>6</sup> Recycled or reused. Akçansa, Çimsa and Kordsa are included. <sup>7</sup> Recycled or reused. Avivasa, Carrefoursa and SabancıDx are not included. <sup>8</sup> Akbank is not included. <sup>9</sup> Brisa, Kordsa, Temsa, Akçansa, Çimsa, SabancıDx and Teknosa are included. <sup>10</sup> Akbank, Avivasa, Akçansa, Brisa, Carrefoursa, Çimsa, Enerjisa Üretim, Enerjisa Enerji, Kordsa, SabancıDx, Teknosa, Temsa and Sabancı Holding are included. <sup>11</sup> Akbank, Aksigorta, Brisa, Çimsa, Enerjisa Enerji and Kordsa.

# ABOUT SABANCI HOLDING

🕒 3 min

Sabancı Group continues its activities in Europe, the Middle East, Asia, North Africa, North and South America with more than 60,000 employment opportunities in 14 countries. We unite Turkey and the World for a sustainable life with leading enterprises.

## SABANCI GROUP IN NUMBERS

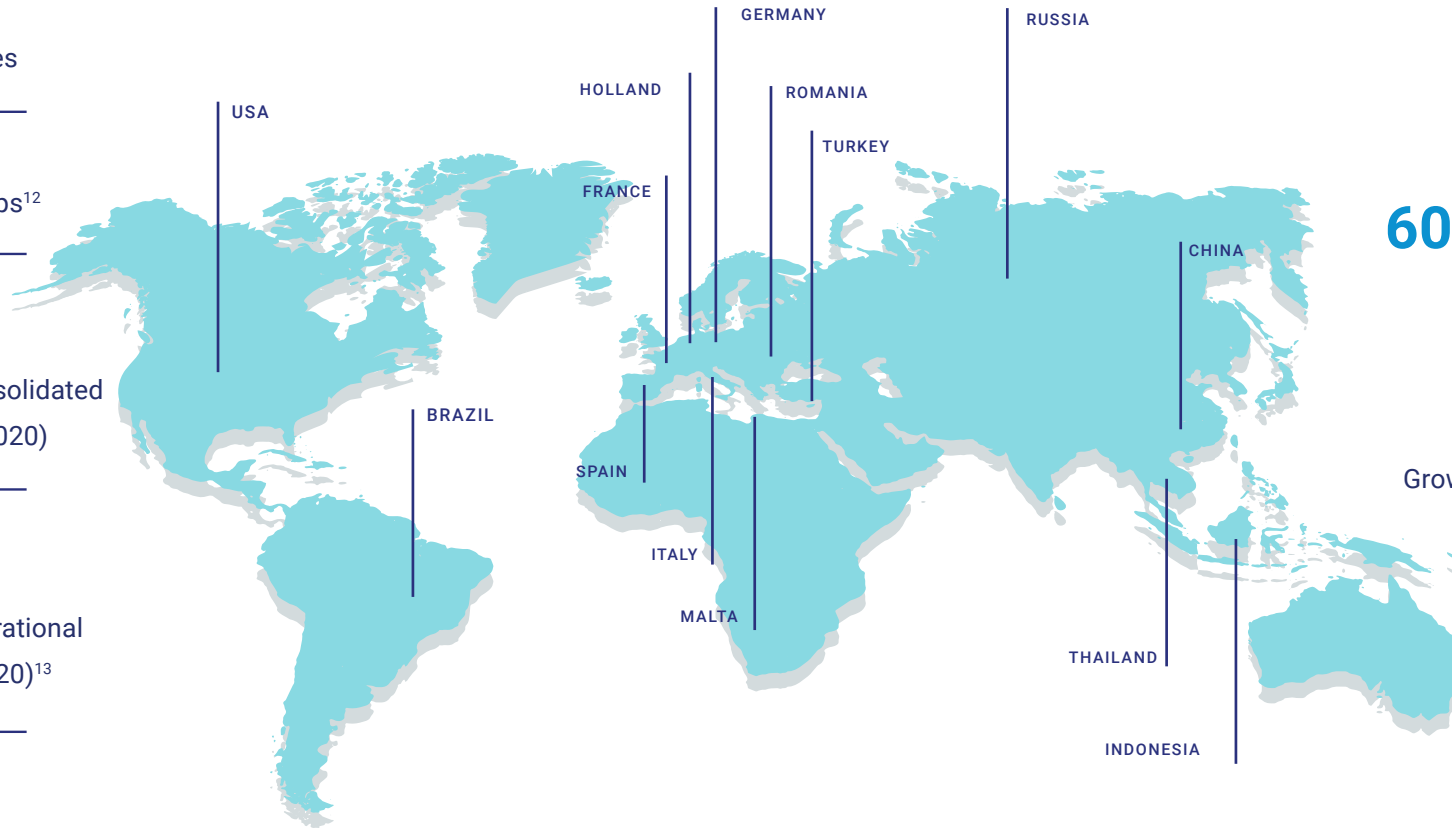
14 countries

9 partnerships<sup>12</sup>

26% Growth in Consolidated Net Income (2020)

13% Growth in Operational Cash Flow (2020)<sup>13</sup>

1.5x Net Financial Debt/EBITDA<sup>14</sup>



40 million+ customers<sup>15</sup>

60 thousand+ employment

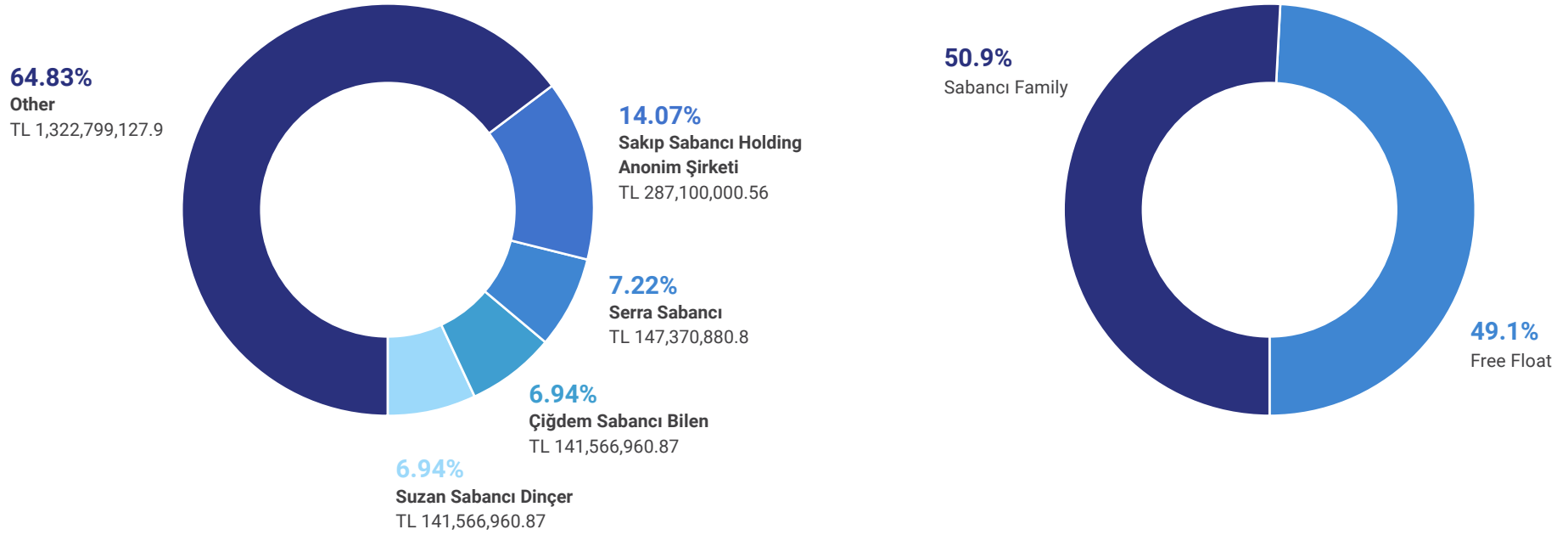
22% Growth in Dividend per Share (2016-2020 CAGR<sup>16</sup>)

7 companies in the Borsa Istanbul (BIST) Sustainability Index, including Sabancı Holding

<sup>12</sup>The number of partnerships is given as of 31 December 2020. As of the publication date of the report, the number of partnerships is 8 due to the termination of Aviva's partnership. <sup>13</sup>Non-bank combined; excluding financial services, banking and other segment. <sup>14</sup>Excluding one-off income/expenses, IFRS16 impact, banking and net cash position of financial services. <sup>15</sup>Valid as of December 31, 2020. Including Enerjisa, Akbank, Teknosa and Carrefoursa customers; excluding joint customers. <sup>16</sup>Compound Annual Growth Rate.



## SHAREHOLDER STRUCTURE<sup>17</sup>

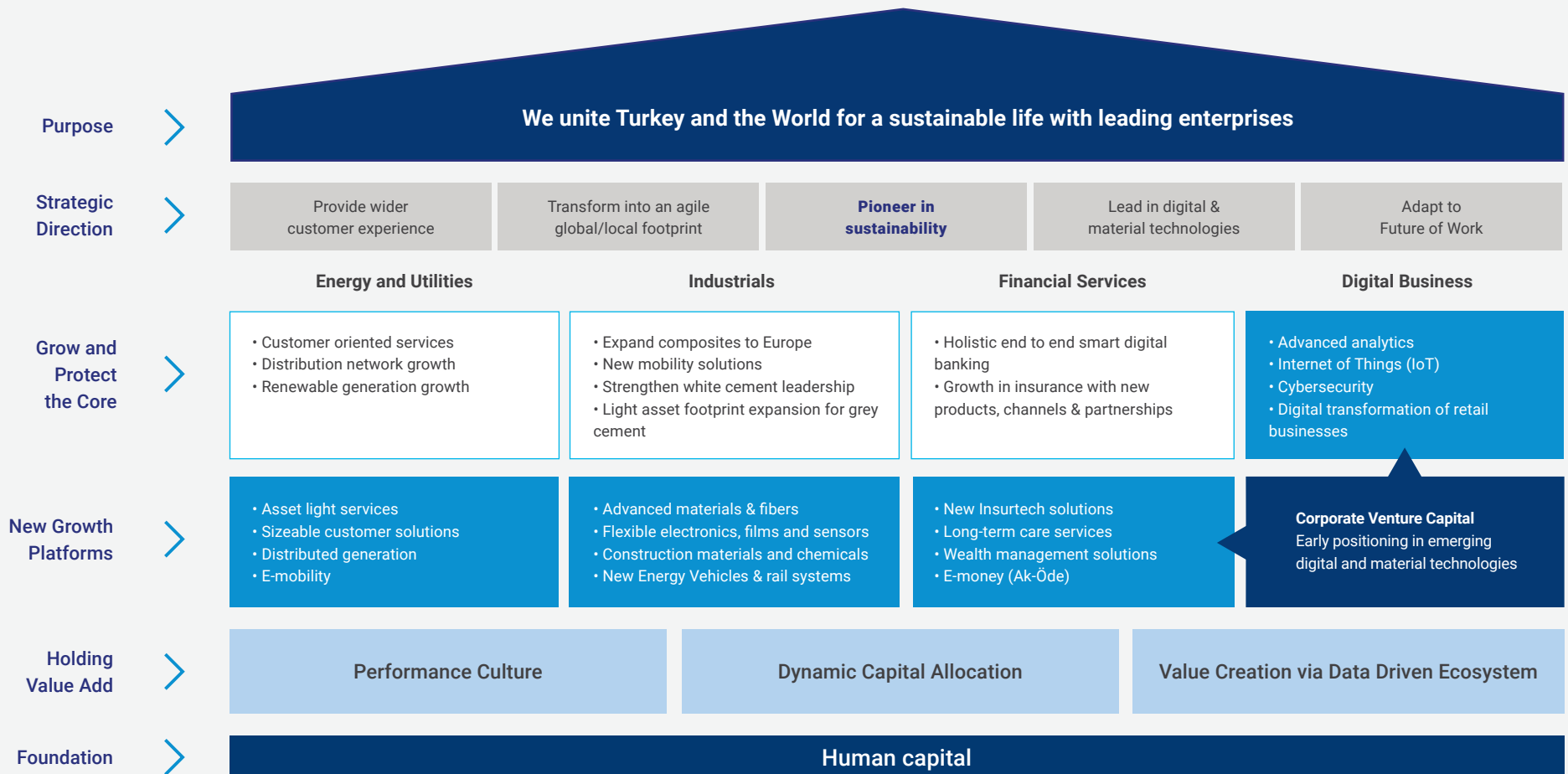


Shareholder Name	Nominal Value (TL)	Share in Capital (%)	Voting Right Share (%)
Sakıp Sabancı Holding Anonim Şirketi	287,100,000.56	14.07	14.07
Serra Sabancı	147,370,880.8	7.22	7.22
Suzan Sabancı Dinçer	141,566,960.87	6.94	6.94
Çiğdem Sabancı Bilen	141,566,960.87	6.94	6.94
Other	1,322,799,127.9	64.83	64.83
<b>Total</b>	<b>2,040,403,931.00</b>	<b>100.00</b>	<b>100.00</b>

<sup>17</sup> Year-end data as of 31 December 2020.

## 2021-2025 STRATEGY HOUSE

Founded 93 years ago, Sabancı today strides confidently towards the future, driven by its historical success and its culture, to become the Sabancı of New Generation. Sabancı Group has continuously strengthened its foundations by hoarding valuable experiences by overcoming various challenges over the years. This effective structure enabled Sabancı Group not only to endure but also to grow in the extraordinary pandemic conditions. Sabancı Group successfully achieved its growth, return and sustainability targets and is recognized as one of the few institutions that come to mind in terms of trust. While making our claim to be Sabancı of New Generation, we unite Turkey and the World for a sustainable life with leading enterprises.



## SABANCI OF NEW GENERATION CULTURE

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

## OUR VALUES



### 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.



### 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.



### Passion

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



### 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.

# PIONEERING SUSTAINABILITY

🕒 1 min

As Sabancı Holding, we pioneer and lead the sectors that we operate in via our sustainability approach which we spread to Group companies, focusing on understanding, and adapting to change. With the best practices we implement in the ESG areas, we contribute that sustainability to be a part of the business model in all sectors.

In our main business lines such as energy, industrials, and financial services, we focus to make our current investments more sustainable, we define our new generation growth areas in the sustainable and high-tech business areas.

By focusing areas such as electrification, digitalization, and circular economy, we aim to ensure the highest level of efficiency within our own organization and our customers' activities.



**In our main business lines such as energy, industrials, and financial services, we focus to make our current investments more sustainable, we define our new generation growth areas in the sustainable and high-tech business areas.**

# OUR SUSTAINABILITY ROADMAP

🕒 5 min



**ACT ON  
CLIMATE  
EMERGENCY**



**MAXIMIZE OUR  
POSITIVE IMPACT ON  
PEOPLE AND SOCIETY**



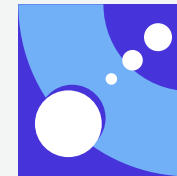
**FOSTER  
SUSTAINABLE  
BUSINESS MODELS**

## ACCELERATORS

to help us reach our  
goals faster



**DIGITALIZATION**



**TECHNOLOGY &  
INNOVATION**

## FOUNDATIONS

of our superior  
performance



**HUMAN  
CAPITAL**



**GOVERNANCE**

## SABANCI GROUP HIGHLIGHTS IN SUSTAINABILITY<sup>18</sup>



Reintroduced to the economy<sup>19</sup>

**87%** of waste<sup>20</sup> ✓

**19%** of water<sup>21</sup>

**~165 thousand MWh** ✓

Annual renewable energy consumption<sup>22</sup>

**100%**

Share of renewable energy in the 565 MW new investment plan<sup>23</sup>

**2**

Number of Group companies that are CDP Turkey Leaders<sup>24</sup>



**46 thousand+** ✓

People reached through inclusion programs in a year<sup>25</sup>

**~2 thousand**

Sabancı Volunteers

**~1 million**

People reached through Sabancı Foundation grant programs<sup>26</sup>

**TL 275 million**

Sabancı University's budget for research projects



**828** ✓

Number of products and services with positive contribution to SDGs<sup>27</sup>

**TL 5,9 billion** ✓

Revenues from products and services with positive contribution to SDGs

**TL 16,4 billion** ✓

Sustainable financing<sup>28</sup>

**43%** ✓

Proportion of environmental expenditure over regulatory compliance

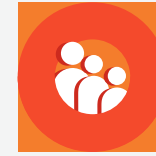


**TL 225 million+** ✓

R&D and innovation investments in one year<sup>29</sup>

**44%** ✓

Rate of sustainability focused R&D and innovation<sup>30</sup>



**30%** ✓

Female employee ratio

**1**

Female-to-male pay ratio<sup>31</sup>

**TL 96 million +**

Occupational health and safety investments<sup>32</sup>

**93%**

The unionization rate of blue-collar employees<sup>33</sup>

**44%**

Ratio of women in the Board of Directors

Share of Sustainability in Senior Management Performance Goals

**10%**

Group Presidents

**15%**

General Managers

**BBB**

MSCI ESG Rating<sup>34</sup>

<sup>18</sup> Amounts and rates stated are for 2020 unless otherwise stated. <sup>19</sup> It defines recycled, recycled or reused. <sup>20</sup> Recovered or reused. Wastes include hazardous and non-hazardous wastes. Avivasa, Carrefoursa and SabancıDx are not included.

<sup>21</sup> Recovered, recycled or reused. Akçansa, Çimsa and Kordsa are included. <sup>22</sup> For Akçansa, Çimsa, Enerjisa Enerji, SabancıDx and Kordsa. <sup>23</sup> Enerjisa Üretim portfolio. <sup>24</sup> Leadership in CDP Turkey Climate and Water Reports. <sup>25</sup> Inclusion programs refer to the community investment programs developed by the group companies. The number of vulnerable groups reached through these programs was followed by the breakdown of women, citizens over the age of 65, youth, children and socio-economically disadvantaged groups. Akbank, Avivasa, Akçansa, Brisa, Carrefoursa, Çimsa, Enerjisa Üretim, Enerjisa Enerji, Kordsa, SabancıDx, Teknosa, Temsa and Sabancı Holding are included. <sup>26</sup> The figure represents the cumulative value for over 14 years. <sup>27</sup> Akbank is not included. <sup>28</sup> Includes cash and non-cash SME (assessed by ESIA – Environmental and Social Impact Assessment System) and renewable Project Finance (PF) loans and ESG type Eurobond purchases, according to the unconsolidated management reporting in 2020. <sup>29</sup> Brisa, Kordsa, Temsa, Akçansa, Çimsa, SabancıDx and Teknosa are included. <sup>30</sup> Brisa, Kordsa, Temsa, Akçansa, Çimsa, SabancıDx and Teknosa are included. <sup>31</sup> This refers to the principle of equal pay for equal work. <sup>32</sup> Holding is not included. <sup>33</sup> This rate only covers the companies stated in the Section About the Report. Other Sabancı Group companies are not included. <sup>34</sup> It was BB in 2020 and rose to BBB in 2021.

## SABANCI GROUP HIGHLIGHTS IN SUSTAINABILITY

## BANK

**AKBANK****TL 16.4 billion**  
sustainable financingRate of renewable energy projects in  
the total energy portfolio is **76%**Share of renewable energy in the  
project finance provided to new  
projects<sup>35</sup> in 2020 is **100%****TL 200 billion** sustainable loan  
financing commitment by 2030Commitment to increase the  
sustainable investment funds to  
**TL 15 billion** by 2030Target to become a  
**carbon neutral bank**<sup>36</sup> by 2025Target to  
**reduce the impact of the loan  
portfolio on climate change** by 2030**USD 50 million** green bond issuance

## FINANCIAL SERVICES

**AKSigorta**Investment of **TL 10 million**  
to the ESG funds in 2020**96** processes and **3 million**  
transactions with the use of  
RPA<sup>37</sup> automation**The IDC CIO Award**  
for pricing with artificial intelligence  
in traffic insurance**Online Health Counseling**  
service during the pandemic**Digital Security Platform**  
for SMEs and individuals**AVIVA SA**Raising the awareness of **6 thousand  
people** with the At All Ages programFood aid to **3,400** household and food,  
health and hygiene aid to **2,300** people  
over the age of 65 during the pandemic<sup>38</sup>**36 trees**<sup>39</sup> and **26 thousand m<sup>3</sup>** in water  
savings for every 100,000 contracts or policies  
with the Bi'Tikla Online Sales Platform<sup>40</sup>

## ENERGY

**ENERJISA**  
Energy of Turkey**Sustainable customer solutions**<sup>41</sup>  
under the Energy of My Business**Contribution to the development  
of electrification** with network  
investmentsTurkey's first and largest  
**e-charging station network**<sup>42</sup>**ENERJISA ÜRETİM****100%** of the **565 MW** new  
investment plan is renewable energy**Turkey's largest private sector  
energy producer** in 2020 with  
a focus on renewable energyTurkey's largest Sustainability-Linked  
Loan Agreement in 2020 in the  
amount of **EUR 650 million**

## INDUSTRIALS

**BRI SA****TL 2.5 billion** in sustainable  
product revenues in 2020**CDP Turkey Climate Leader  
for the 5<sup>th</sup> consecutive year,  
and 2<sup>nd</sup> time global leadership**  
in the CDP Supplier Engagement Rating**Silver Status**  
in the EcoVadis Sustainability Platform**KORD SA**Sustainability comprises **63%**<sup>43</sup>  
of the total R&D expenditures**CDP Turkey Climate and Water  
Program Leader****Gold Status** in the EcoVadis  
Sustainability Platform**TEMSA****Support for public transportation'  
electrification with sustainable  
products** including battery packs and  
software, electric bus production**Silver Status** in the EcoVadis  
Sustainability PlatformGoal of producing **one of the two  
buses electric** in 2025

## BUILDING MATERIALS

**AKÇAN SA**Higher **alternative fuel usage** than  
the industry average in Turkey with **18%****The first company in Turkey**  
to complete the environmental product  
declaration in concrete business line<sup>44</sup>Çanakkale Plant is first factory in Turkey,  
6<sup>th</sup> in the world having certified with  
**Gold Certificate of Responsible  
Use of International Resources**<sup>45</sup>**ÇİMSA****A machine-learning project**  
developed to reduce electricity  
consumption in kilns, cement  
and raw mills**Effective environmental  
and economic solutions**  
with the use of alternative fuels  
and raw materials

## RETAIL &amp; DIGITAL

Carrefour **SA****Food Safety Traceability Platform**Projects on **service without packaging**  
and **food waste prevention****Platinum Zero Waste target**  
in at least 10% of stores by the end of 2023**TEKNOSA****~ TL 149 million** revenues from sustainable  
product and services<sup>46</sup>Digital literacy training for  
**20 thousand+** women<sup>47</sup>**Reducing carbon emissions**  
with a hybrid vehicle fleet**Platinum Zero Waste** target in at least 10%  
of stores by the end of 2023**SABANCI D<sub>x</sub>****~ TL 24 million** revenue from  
sustainable productsThe rate of sustainability-focused  
R&D and innovation is **100%**

<sup>35</sup> Includes project finance loans provided for new electricity generation projects. <sup>36</sup> By eliminating operational emissions. <sup>37</sup> Robotic Process Automation. <sup>38</sup> It refers to the 1-month food aid given to the households of elderly citizens who have difficulties in meeting their basic needs during the pandemic period. <sup>39</sup> The weight of an average tree is 730 kg. Assuming that paper production is made with 50% efficiency, the number of paper obtained from a tree is calculated as 73 thousand. <sup>40</sup> Returns following paper usage reductions. <sup>41</sup> E-charging, energy efficiency, certified green energy, and solar power plant installation services <sup>42</sup> 320 charging sockets (including 109 fast-charging sockets) at 186 public spots. <sup>43</sup> Refers to the share of R&D and innovation expenditures on technologies, materials, products and processes that provide environmental or social benefits. <sup>44</sup> Akçansa has completed the environmental product declaration process carried out by the Global Cement and Ready Mixed Concrete Association and for the first time in the Ready Mixed Concrete Industry, it has made an Environmental Product declaration by sharing its environmental footprint with all its transparency. <sup>45</sup> Awarded by the International Concrete Sustainability Council. <sup>46</sup> Products with A+++ energy efficiency in the category of white goods and air conditioners defined as sustainable products <sup>47</sup> Between 2017 and 2020.





# OUR RESPONSE TO SUSTAINABILITY TRENDS

🕒 4 min

Trend	Current Developments on the Trend	Sabancı Group's Response
<p><b>CLIMATE EMERGENCY AND THE CIRCULAR ECONOMY</b></p>	<p>The European Union (EU) Green Deal and Carbon Border Tax discussions</p>	<ul style="list-style-type: none"> <li>• At Sabancı Group, we set a target to achieve Net-Zero Emissions and Zero Waste by 2050 at the latest.</li> </ul>
	<p>The return of the United States to the Paris Agreement with the new U.S. President Joe Biden</p>	<ul style="list-style-type: none"> <li>• In addition to our 100% focus on renewable energy in new investments, we are also expanding our charging station network with Eşarj, Turkey's first and fastest charging station.</li> </ul>
	<p>Net-Zero Emissions commitments of the countries that account for approximately 70% of the global GDP and carbon emissions (primarily EU countries)</p>	<ul style="list-style-type: none"> <li>• We produce electric bus and battery technologies for the electrification of public transportation. In addition to electric vehicles, we operate in various areas such as autonomous vehicles; power distribution and vehicle-charging units; the use of alternative fuels, such as hydrogen; and charging stations under the roof of TEMSATech.</li> </ul>
	<p>Commitments for Net-Zero Emissions by 2050 from 42 institutional investors across all their portfolios, with investments worth USD 6.6 trillion<sup>48</sup></p>	<ul style="list-style-type: none"> <li>• We contribute to the sustainability of our customers with solutions such as distributed renewable energy, energy efficiency and green energy certification.</li> </ul>
	<p>The European Commission's announcement of a new Circular Economy Action Plan for 2020 that is more comprehensive than the 2015 Action Plan</p>	<ul style="list-style-type: none"> <li>• With light material technologies, we reduce our customers' fuel consumption and emissions.</li> <li>• We increase the resource efficiency of our facilities (including water efficiency) by utilizing data analytics, machine learning, Internet of Things (IoT) solutions, alternative fuel and raw materials.</li> </ul>
	<p>The water strategy and management of Turkey, which has been listed among the countries experiencing water stress</p>	<ul style="list-style-type: none"> <li>• We closely monitor sustainable financing practices and diversify our funding sources with practices such as green bonds, sustainable syndicated loans and sustainability-linked loan agreements.</li> </ul>
	<p>The European Commission Biodiversity Strategy and Action Plan for 2030</p>	<ul style="list-style-type: none"> <li>• We carry out R&amp;D studies on reducing the use of chemicals harmful to nature or improving recycling technologies for our industrial products.</li> <li>• As Sabancı Group, we continue our operations to set examples of good practices and produce innovative solutions by organizing regular Thematic Task Force meetings on various issues such as the Climate Emergency and Sustainable Business Models.</li> <li>• By integrating our biodiversity protection approach into our business processes, we remain on the path to set an example for good practice in the national and international arena.</li> </ul>

<sup>48</sup> Commitments are made under the United Nations-Convened Net-Zero Asset Owner Alliance.





Trend	Current Developments on the Trend	Sabancı Group's Response
<p><b>GROWTH IN GLOBAL POPULATION AND INEQUALITIES</b></p>	<p><i>The increasing global impact of the Covid-19 pandemic on human rights, inequality and discrimination</i></p>  <p><i>The UN revealing that Covid-19 will push an additional 200 million into extreme poverty, with the total rising to as many as 1 billion</i></p> 	 <ul style="list-style-type: none"> <li>• While Sabancı Group companies reached out to a total of more than 46 thousand people from vulnerable groups in 2020 alone with the support of programs for building sustainable living conditions, Sabancı Foundation has reached out to 1 million people, 223,000 of which have been reached out directly, by giving grants to 173 inclusion projects in 14 years.</li> <li>• During the pandemic, we continued to support the most adversely affected people with many projects such as the delivery of food aid to citizens over the age of 65 and Yarın Bizim, a development program for the children and siblings of healthcare workers.</li> <li>• The Composite Technologies Center of Excellence, operating in cooperation with Kordsa and Sabancı University, has worked on the design, analysis and prototype production of medical devices and components used in the treatment of Covid-19, and personal protective equipment for frontline health workers. Ten tons of next-generation disinfectants, developed by Sabancı University and providing hygiene for up to three months on surfaces where it is applied, were donated to the Republic of Turkey Ministry of Health. Sabancı University Nanotechnology Research and Application Center (SUNUM) also provides active support to vaccine and serum development studies by offering its infrastructure.</li> <li>• As part of the Future of Work project, we equip our employees with new competencies and prepare them for the future.</li> <li>• We are moving to new participatory business models with more flexible and remote working options. In addition to increasing our employee diversity and inclusivity efforts, we are creating more equal opportunities and employment for vulnerable groups and talents with different expectations and limitations.</li> </ul>
<p><b>TECHNOLOGICAL TRANSFORMATION AND DIGITALIZATION</b></p>	<p>Digital means of conducting business becoming more prominent following the onset of Covid-19</p> <p>Increasing need for cybersecurity in parallel with the increase in digital business processes</p>	 <ul style="list-style-type: none"> <li>• At Sabancı Group, we invest in innovative ideas, products, services and technologies. We develop next-generation technology solutions, such as big data, advanced data analytics, cybersecurity, industrial IoT, robotic workforce, and artificial intelligence, at Group companies. With transparent, agile, flexible and user-friendly next-generation performance management software, developed with digitalization and data analytics, Group companies can also manage their human resources more effectively, which facilitates competitive advantage and efficiency and increases our growth rate.</li> <li>• We measure indicators such as the impact of digital transformation on EBITDA and the share of sustainability in our R&amp;D activities, and we work on increasing them.</li> <li>• We carry out activities in the financial services industry to ensure that our customers are prepared for the risks of the digital world.</li> </ul>

# EMERGING SUSTAINABILITY RISKS IN 2020

🕒 3 min

Sustainability risks can be categorized as physical risks, compliance risks and transition risks. We have identified some of the prominent risks in 2020. While identifying these risks, we also interpret the impact on the industries of portfolio companies.

Category	Sub Category	Emerging Development	Description	Affected Industries	Group's Response
SUSTAINABILITY	Physical Risks 	<b>GLOBAL PANDEMIC</b>	Combating and adapting to the global Covid-19 pandemic	<b>All industries</b>	Following the World Health Organization's reclassification of the coronavirus epidemic as a pandemic, we formed the Sabancı Holding Emergency Management Committee under the Presidency of the Sabancı Holding CEO to ensure unity of practice within the scope of the agile crisis management approach for Group companies. The committee aimed to balance employee health and business continuity. In addition, as part of the Future of Work project, we design models, such as flexible and remote working, and capitalize on the change in workforce management prompted by the pandemic.
	Compliance Risks 	<b>EU CARBON BORDER TAX</b>	Carbon border adjustment mechanism planned by the European Commission to ensure that the product prices for imports from outside the EU accurately reflect the cost of carbon content	<b>Energy Building Materials</b>	To avoid these risks, Sabancı Holding prioritizes environmentally friendly industries in its growth strategy. It aims to reduce the carbon intensity of its products with its performance in the use of alternative fuels and raw materials, which are above the industry average.  In addition, the Group plans to achieve Net-Zero Emissions by 2050 at the latest, and a significant part of the Sustainability Roadmap announced in 2021 covers the risks of climate change.

Category	Sub Category	Emerging Development	Description	Affected Industries	Group's Response
SUSTAINABILITY	Transition Risks	<b>RISKS INDUCED BY DIGITAL TRANSFORMATION</b>	Consumers leaning toward online sales channels, the emergence and rise of digital tools in logistics and all operations, and the transition to digital business processes and the management of cyber risks	All industries	Next-generation digital solutions, such as big data, advanced data analytics, cybersecurity, industrial Internet of Things (IoT), robotic workforce and artificial intelligence, are being adopted to support digital transformation in the community. The relevant infrastructure provides Group companies with the flexibility to rapidly transform their business models in the face of emergencies, such as the Covid-19 pandemic. For example, the insurance industry digitized all business processes and increased customer satisfaction, while food retail developed its software and hardware capabilities to meet the unprecedented surge in demand through internet services. In addition to the measures taken against cyber risks, we have developed solutions to ensure that our stakeholders are not adversely affected by digital risks with tools such as the Digital Security Platform.
		<b>TALENT RISK<sup>49</sup></b>	The talent risk, which has grown more critical with the Covid-19 pandemic <sup>50</sup>	All industries	<p>We implement a comprehensive model which covers all dimensions regarding future of work and ways of doing business, work environments and workforce. The model is consisted of 7 main heading<sup>51</sup> and 34 sub-heading.</p> <p>In this context, we will make additional investment about TL 200 million in the scope of adaptation to the future of work actions in the next 2-year period.</p> <p><i>For the detailed information, please visit Human Capital section.</i></p>



<sup>49</sup> Business and Operations Continuity, Human Resources and Key Talent risk. <sup>50</sup> The rapid change in the job description and expectations of the workplace and the employee, the acceleration of digital transformation, accordingly the increase in the number of competencies or skills to be acquired, to develop new skills (upskill) or refresh existing skills (reskill), change and narrowing of the time required for development, the threat to the holistic health (physical, mental, psychological) of the employee, decrease in employee loyalty, communication and cooperation between employees due to remote working and other measures, damage to organizational culture, organizational structures to be changed according to new expectations, change and the need for change management, the demand for rapid change expected from leaders to manage today and tomorrow. <sup>51</sup> Remote Working, Mental and Physical Health, Flexible Workforce and High Performance, Talent and Skills Management, Leadership of the Future, Purpose-Oriented Organization and Culture, Digital, Data-Driven and Agile Organization.

# MATERIAL ISSUES

🕒 3 min

In 2020, we determined the the material sustainability issues for Sabancı Holding with a participatory, inclusive and comprehensive approach that is based on international standards. While determining the material issues that guide the development of the Holding's sustainability strategy, we identified the common priorities of both internal and external stakeholders and Sabancı Holding. While determining the materiality of issues for the stakeholders:

- With stakeholder analysis, we received opinions on potential sustainability priorities from both Group company employees and external stakeholders. In this context, we reached out to different groups from universities and suppliers to nongovernmental organizations and investors. In the stakeholder analysis, based on the international stakeholder engagement standard (AA1000SES) and reaching 1,167 people, 44% of the stakeholders contacted participated in the study.
- We evaluated the trends that are decisive in the global agenda and analyzed the material issues that affect business and sustainability by reviewing the literature with external trend analysis.

## Literature Review

- United Nations Sustainable Development Goals, the European Bank for Reconstruction and Development (EBRD) and World Bank Turkey strategies;
- 11. Development Plan;
- World Economic Forum Global Risk Report;
- World Business Council for Sustainable Development (WBSCD) Macrotrends and Disruptive Events Report; and
- Materiality Map for different industries created by the Sustainability Accounting Standards Board (SASB).

Reviewed resources of critical importance for the Holding included the MSCI (Morgan Stanley Capital International) ESG performance material issues, the Vigeo EIRIS assessment methodology, the Dow Jones Sustainability Index criteria and the Task Force on Climate-Related Financial Disclosures (TCFD) principles, and the United Nations Principles for Responsible Investment & Principles for Responsible Banking.

**1,100+**  
people reached for  
stakeholder analysis

**44%**  
participation rate  
of stakeholders

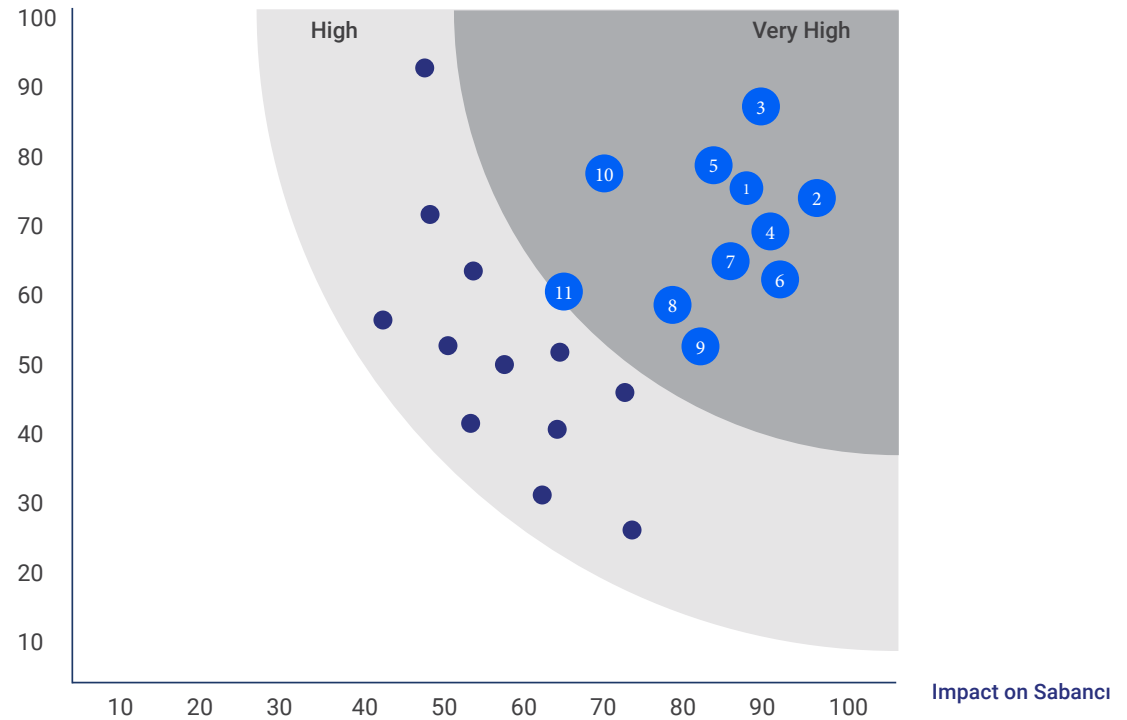
While determining the importance of the subjects for Sabancı:

- We considered the strategic perspective of senior management as obtained through face-to-face meetings.
- We evaluated the five-year business strategy of Sabancı Holding and observed investment areas.
- With the SASB Four-Step Impact analysis, we discussed the issues in terms of financial impact and risks, legal impacts, potential to create competitive advantage and innovation opportunities.

Finally, we reviewed the material issues that emerged following this study in light of the ESG criteria emphasized by investors. We also considered the material issues of companies leading sustainability and companies that were compared within the scope of the Sabancı Holding Sustainability Roadmap. We received the approval of senior management for the relevant material issues.

In this context, among a total of 23 issues, technology and digitalization, innovation, climate emergency, responsible investments, economic performance, risk management, talent management, collaborations and partnerships with stakeholders, corporate governance, the circular economy, equality of opportunity and diversity were identified as most material issues for Sabancı Holding and its stakeholders. Other issues are determined as employee engagement and satisfaction, data privacy and security, human and employee rights, community investment programs, work ethics, occupational health and safety, antibribery and anticorruption, biodiversity, regulation and compliance, sustainability leadership and responsible supply chain.

Importance for Stakeholders









- |                                 |   |                                      |
|---------------------------------|---|--------------------------------------|
| 1 Technology and digitalization | 5 Economic performance                              | 9 Corporate governance               |
| 2 Innovation                    | 6 Risk management                                   | 10 Circular economy                  |
| 3 Climate emergency             | 7 Talent management                                 | 11 Equal opportunities and diversity |
| 4 Responsible investments       | 8 Partnerships and collaborations with stakeholders |                                      |

# SUSTAINABILITY ROADMAP AND GOALS

🕒 4 min

Sabancı Holding focuses on sustainability by following global trends and sustainability agenda in the most effective way possible. In this context, a Sustainability Roadmap was created in 2020, and the value areas that would have a positive impact were determined. The Sustainability Roadmap, which was approved by the Executive Board and the Board of Directors in 2021, is linked to the material sustainability issues and the United Nations Sustainable Development Goals.


















Sabancı Group started to take approximately 80 detailed actions developed to implement the Sustainability Roadmap in 2021. The Holding also began measuring the key performance indicators for each title in the table below in 2021 and received independent auditing services for these data for the first time within the Group.

Roadmap Area <sup>52</sup>	Material Issue and Description	Long-Term Goal	Related SDG
 <p><b>CLIMATE EMERGENCY</b></p>	All risks associated with the climate emergency are of particular interest to our businesses. To contribute to the fight against the climate emergency, we make environmental investments and expenditures, focus on energy efficiency, and strive to reduce greenhouse gas emissions.	Achieving Net-Zero Emissions and Zero Waste by 2050	   
	The climate emergency and environmental pollution (including plastic) are getting out of control, which requires the support of circular business models. Circular economy contributes to the fight against the climate emergency, the reduction of resource consumption and the waste generation. We support innovative technology investments and innovation processes that make circular economy possible. We have incorporated waste management into our approach concerning the efficient use of resources, which forms the basis of our business processes.	Reviewing our processes from a circular economy perspective	

















Please click for the performance



<sup>52</sup> All icons refer to the focus areas, accelerators, and foundations in our Sustainability Roadmap. Please refer to the page 13 for details.

Roadmap Area	Material Issue and Description	Long-Term Goal	Related SDG
 <p><b>PARTNERSHIPS AND COLLABORATIONS WITH STAKEHOLDERS</b></p>	<p>We have a large stakeholder ecosystem. By collaborating with different stakeholders, we conduct impact-oriented studies and benefit from their expertise. In addition, thanks to the platforms on which we communicate regularly with stakeholders, we can receive feedback on many issues.</p>	<p>Implementing measurable, high-impact social programs with continuous improvement efforts (min. SROI<sup>53</sup> ≥ 1)</p>	    <p>Please click for the performance </p>
 <p><b>RESPONSIBLE INVESTMENTS</b></p>	<p>With sustainable business models, we turn to impact-oriented investments primarily in areas that facilitate the transition to a low-carbon economy. We invest in areas of growth, companies, business models, products, services, and projects that are in line with the United Nations Sustainable Development Goals.</p>	<p>Developing sustainable products, services and business models</p>	   <p>Please click for the performance </p>
<p><b>ECONOMIC PERFORMANCE</b></p>	<p>The economic value we create is the most significant tool for us to increase our impact in the determined value areas. We support employment and social development with stable, inclusive and sustainable economic growth. At Sabancı Group, we continuously improve our financial performance and profitability.</p>	<p>Developing sustainable products, services and business models</p> <p>TL 200 billion in sustainable financing by 2030<sup>54</sup> and a sustainable mutual fund balance of TL 15 billion by 2030</p>	  <p>Please click for the performance </p>
 <p><b>DIGITALIZATION</b></p>	<p>To make our business models sustainable with flexibility, simplicity and quality, we invest in digitalization efforts that will make our business more efficient and impact oriented. In this context, we make improvements in areas related to digital process design, particularly in advanced data analytics, big data and industrial IoT applications.</p>	<p>Reaching our Sustainability Goals more quickly by utilizing digitalization for greater flexibility, quality and efficiency</p>	  <p>Please click for the performance </p>

<sup>53</sup> Social Return on Investment. This indicator will start to be calculated from 2022 onwards. <sup>54</sup> Sustainable investment funds and loan financing target provided by Akbank.

Roadmap Area	Material Issue and Description	Long-Term Goal	Related SDG
 <p><b>TECHNOLOGY AND INNOVATION</b></p>	<p>We closely follow technological developments to adapt to today's landscape. By utilizing technology and innovation, we develop sustainable products and services that will solve today's environmental crises and increase social welfare.</p>	<p>Increasing our sustainable product and service potential by combining our strength in R&amp;D and innovation with technology.</p>	  <p>Please <a href="#">click for the performance</a></p> 
 <p><b>TALENT MANAGEMENT</b></p>	<p>Talent management plays a major role for companies seeking to adapt to changing global trends and maintain their competitiveness. We manage our human capital through the Sabancı Competency Model, which specifies behaviors that will ensure Group values, leadership and performance improvement. At Sabancı Group, we aim to retain existing talents and attract new ones in order to work with competent human resources in all the relevant industries.</p>	<p>Providing development opportunities and experiences that will shape the Future of Work</p>	   <p>Please <a href="#">click for the performance</a></p> 
 <p><b>EQUAL OPPORTUNITY AND DIVERSITY</b></p>	<p>The fundamental factors to ensure a successful working environment are closing the gender gap, ensuring diversity in the workplace, and providing equal rights and opportunities to all employees. We offer equal opportunities to all of our employees in all Sabancı Companies from the moment they are recruited and actively benefit from diversity.</p>	<p>Being a leader in Diversity and Inclusion</p>	 <p>Please <a href="#">click for the performance</a></p> 
 <p><b>RISK MANAGEMENT</b></p>	<p>As we operate in various industries, we have a comprehensive risk management approach. We have an integrated risk management perspective that attends to our financial and non-financial risks. Our integrated risk management ensures that we can identify potential risks in our portfolio and operations in advance, and that we can manage these risks effectively by taking preventive measures.</p>	<p>Continuously developing our corporate governance approach</p>	<p>Please <a href="#">click for the performance</a></p> 
 <p><b>CORPORATE GOVERNANCE</b></p>	<p>We adopt a transparent, accountable, fair and responsible corporate governance approach. We consider corporate governance as an approach to protect the interests of our stakeholders, employees, the community in which we operate, and all direct or indirect stakeholders. Corporate governance is essential for ensuring sustainability across the Holding and the Group companies.</p>	<p>Adopting an effective sustainability governance model</p>	



# SUSTAINABILITY GOVERNANCE

🕒 2 min

We established Sabancı Group Sustainability Leadership Committee to effectively manage efforts within the scope of the Sustainability Roadmap. We established Thematic Task Forces under Committee that report to the CEO.

## SUSTAINABILITY LEADERSHIP COMMITTEE

The Sustainability Leadership Committee, chaired by the Human Capital and Sustainability Group President on the Executive Board, ensures that the Holding and Group companies are on the same page in terms of sustainability goals and actions. The Committee is also responsible for monitoring the progress made toward the goals and actions included in the Group’s Sustainability Roadmap, and for monitoring the efforts to manage risks that may adversely affect Sabancı’s reputation and operations in ESG areas. It monitors international developments, public regulations and trends in sustainability, and advises the Thematic Task Forces accordingly. The Committee encourages the deployment of expertise and best practices among Group companies. The Chair of the Committee informs the Holding Board of Directors and the Corporate Governance, Appointment and Remuneration Committee every six months and receives their guidance and approval. With Full Members consisting of all Strategic Business Unit Presidents, the Director of Corporate Communication, and the Director of Investor Relations, the Committee is also

open to the participation of the relevant stakeholders upon invitation.

In addition, a group of experts from the focus areas of the Sustainability Roadmap was created. Its purpose is to provide the technical basis for the Committee’s decisions on critical issues and guide the Committee on global trends. The Sustainability Directorate is responsible for the coordination of works.

## SUSTAINABILITY GOVERNANCE MODEL



## THEMATIC TASK FORCES

We established Thematic Task Forces within the Leadership Committee as supporting structures for the focus areas in the Sustainability Roadmap. Consisting of experts from Group companies, the Task Forces operate with agile working ways. It is responsible for making program and project designs for the implementation of items detailed in the action plan. It reports its work to the Sustainability Leadership Committee through the Sustainability Directorate.

# ACT ON CLIMATE EMERGENCY

🕒 9 min



Every industry in which we operate comes with inherent risks and opportunities in terms of the climate emergency. We adopt the integrated management of portfolio risks for the operations of Sabancı Holding and Group companies and make predictions regarding the effects of the relevant risks. In the fight against the climate emergency, we focus on directly reducing carbon emissions, developing technologies that will support a sustainable future, and investing in products and services that will promote these technologies. We also provide financing for innovative approaches to extend the fight against the climate emergency across the entire value chain. We adopt a circular economic model that will bring a new perspective on waste to ensure that our natural resources, which are decreasing in response to the climate emergency, are used effectively and efficiently, and that projects are developed accordingly.



# CLIMATE EMERGENCY

🕒 4 min

Four of the first five risks announced in 2021 with the *Global Risk Report* published by the World Economic Forum are related to the environment and climate, which illustrates the extent of the climate emergency and the severity of the relevant risks.

In line with the Paris Agreement, the global temperature increase must be limited to 1.5°C to prevent environmental, social and economic damage. In this context, the net-zero targets of countries and companies are critical, particularly those of the European Union (EU) countries per the Green Deal and the United States upon rejoining the Paris Agreement.

At Sabancı Group, we are moving forward with the goal of achieving Net-Zero Emissions in all operations by 2050.

In line with this goal, we are investing in new technologies to increase renewable energy and efficiency. In addition, we produce the transportation technologies of the future and we support the transformation of the value chain with green electricity tariffs and green financing.

**45%**

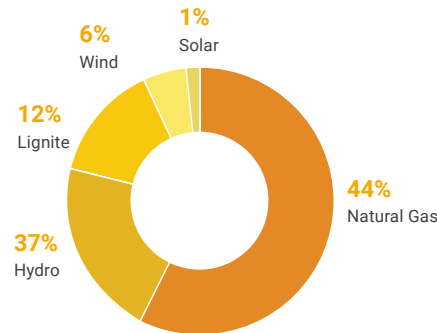
Ratio of renewable energy production in our portfolio

**100%**

Share of renewable energy production in 565 MW new investment plan

## Enerjisa Üretim Portfolio (2020)

Total Installed Power  
3,607 MW

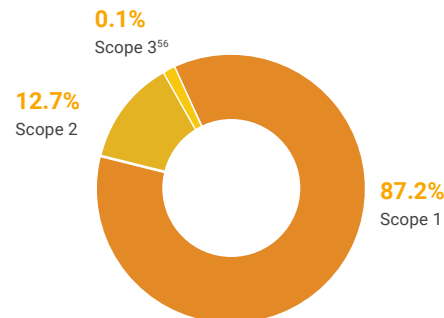


## Emission Intensity by Year<sup>55</sup>



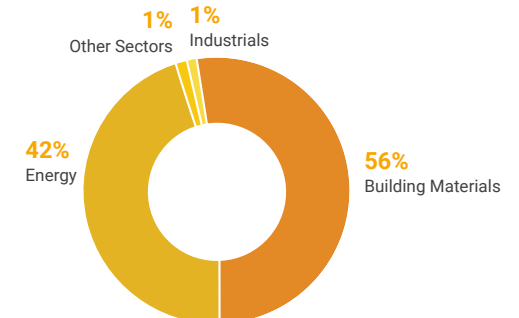
## Emissions by Scope (2020)

Total  
21.3 million tCO<sub>2</sub>e



## Total Scope 1 and Scope 2 Emissions by Sector (2020)

Total  
21.3 million tCO<sub>2</sub>e



<sup>55</sup> tCO<sub>2</sub>e/million TL combined net revenue <sup>56</sup> Only includes business travel and employee commuting.

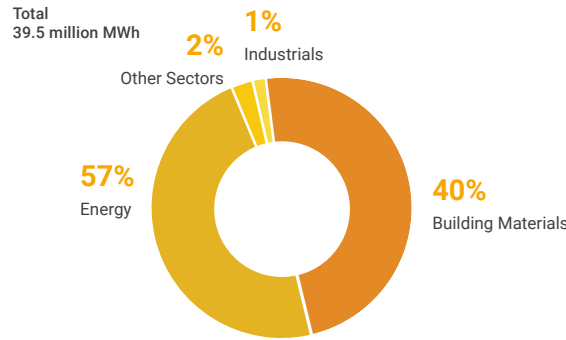
## ENERGY AND GHG MANAGEMENT

At Sabancı Group, our energy intensity stood at 0.38 in 2020, while the ratio of our Scope 1 and 2 emissions to our combined net sales revenue amounted to 0.21 tCO<sub>2</sub>e/million TL. We achieved a total of 12.5 thousand MWh of energy savings with efficiency projects<sup>57</sup> implemented. As a result of carbon emission reduction projects, we prevented approximately 21 thousand tons of CO<sub>2</sub> equivalent greenhouse gas emissions<sup>58</sup>. In addition to these, we procured nearly 165 thousand MWh of our electricity from renewable sources. Kordsa and Brisa are among the three companies that became leaders of both programs of CDP Turkey, Climate Change and Water. Apart from the actions we take to reduce impact of our operations, in order to keep global warming below 1.5°C target, we focus on sustainable products, services and investments to decarbonize the energy and transportation sectors.

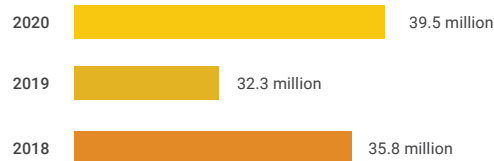
### Energy Group

- Share of renewable energy production in Enerjisa Üretim's new 565 MW investment plan is 100%.
- Enerjisa Enerji is;
  - Expanding its charging station network with Eşarj, Turkey's first and fastest charging station.
  - Supporting our customers' in reducing their greenhouse gas emissions with sustainable energy solutions such as installing renewable energy power plants for self-consumption, implementing energy efficiency measures and providing green energy certifications.
  - Contributing to the development of electrification with grid investments.

## Energy Consumption by Sector (2020)



## Energy Consumption by Year (MWh)



## Energy Intensity by Year<sup>59</sup>



# 12.5 thousand MWh

Energy savings<sup>60</sup>



Leader in both CDP Turkey  
Climate Change and Water Programs

### Industrials Group

- Kordsa and Brisa increase fuel efficiency of their customers by reducing the frictional resistance of tires.
- Kordsa produces composite materials that are lighter and more durable, which are widely used in electric vehicles. Kordsa's carbon fiber fabrics are used by global composite manufacturer TRB Lightweight Structures to reduce the weight of EV battery enclosures.
- Brisa, which develops tires for electric vehicles, also provides e-charging services at Otopratik points.
- Temsa produces electric buses and battery technologies that play a key role in electrification of public transportation.
- In addition to electric vehicles, TEMSATEch works on topics such as autonomous vehicles, power distribution and vehicle charging units, alternative fuel technologies such as hydrogen and charging stations.

<sup>57</sup> Includes Teknosa, Carrefoursa, Kordsa ve Temsa. <sup>58</sup> Includes Brisa, Carrefoursa, Çimsa. <sup>59</sup> MWh/million TL combined net revenue <sup>60</sup> Savings and reductions due to environmental investments.

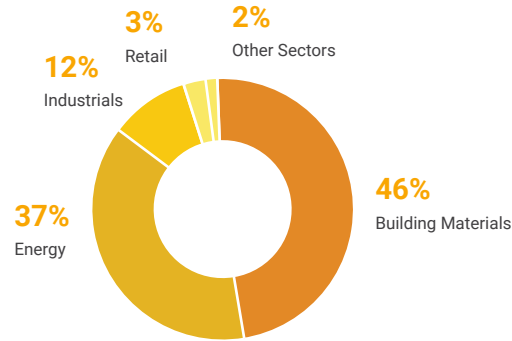
## WATER MANAGEMENT

Changing precipitation regimes and increasing droughts due to climate change are threatening freshwater resources. In addition, *water consumption has doubled in the last 50 years* primarily due to increasing domestic, agricultural and industrial use, further accelerating global water stress.

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

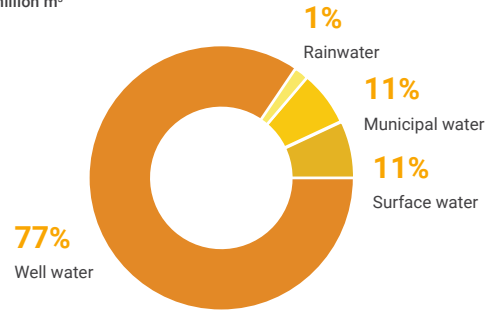
Our total water consumption in 2020 stood at 10.1 million m<sup>3</sup>, while total water discharged reached 3.5 million m<sup>3</sup>. Across the Group, the percentage of water recycled and reused in 2020 was 19%. In the future, we will continue to give priority to increasing water efficiency through projects, especially in water and emission-intensive sectors.

### Water Consumption by Sector (2020)



### Water Consumption by Source (2020) ✓

Total  
10.1 million m<sup>3</sup>

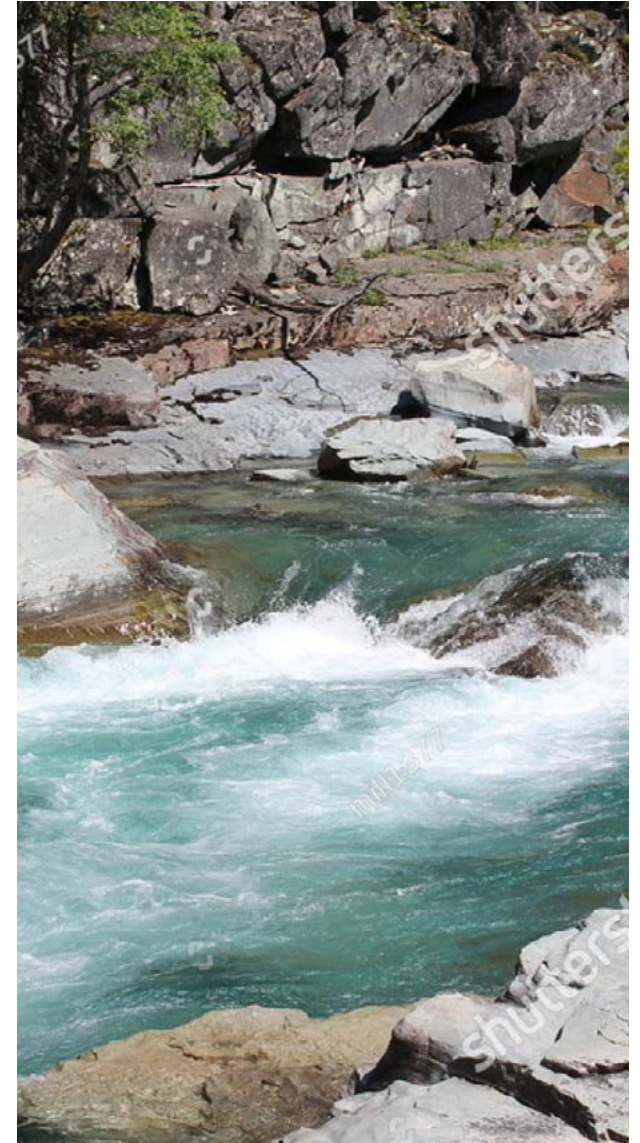


### Water Intensity by Year<sup>61</sup>



19%

Water recycled and reintroduced  
to the economy



<sup>61</sup> m<sup>3</sup>/million TL combined net revenue

# CIRCULAR ECONOMY

🕒 5 min

The increase in population, changing consumer habits and linear business models based on the existing “make-use-dispose” models lead to the inefficient use of resources, as these resources turn into waste and lose all value added. Therefore, adopting circular economic models, which are based on the principle of recycling waste and reintroducing it back to the economy, play a critical role in reducing environmental pollution and carbon emissions.

## WASTE MANAGEMENT

At Sabancı Group, we act with the vision of achieving Zero Waste by 2050 at the latest. We are transitioning to a circular business model in which waste is recycled to ensure the more effective and efficient use of scarce resources.

Our waste intensity, which is the ratio of our combined net sales revenue to total waste generated, decreased to 0.30 compared to 2019. The percentage of waste recycled and reused was 87% of the total waste generated. In addition to the measures, we take to reduce our own operational waste, we aim to reduce waste generation of our customers through effective maintenance and repair services and sustainable products that are resource efficient and durable.

- **Brisa's** tire coating service Bandag increases the lifetime of tires up to three times. In 2020, approximately 100,000 tires were coated, saving 6 million liters of fuel, 1,400 tons of steel and 3,200 tons of rubber. Brisa is currently running recollection and recycling programs that processed over 160 thousand tons of old tires, which adds approximately TL 200 million value to the Turkish economy.
- In waste management, **Akçansa** and **Çimsa** are focusing on developing smart factory processes, data analytics and energy efficiency with their digitalization strategies and they use waste as an alternative energy source.
- **Akçansa's** Çanakkale Plant, was awarded “Responsible Use of Resources the International Sustainability Certificate” by the Concrete Sustainability Council, becoming the first in Turkey and sixth factory globally to ever receive this certificate. Additionally, since 2015, the Büyükçekmece Plant used 1 million tons of waste from İstanbul City as an alternative energy and raw material source.

## Waste by Type (2020)<sup>62</sup>

Total  
31,6 thousand tons



## Waste Intensity by Year<sup>63</sup>



<sup>62</sup> Does not include Avivasa, Carrefoursa and SabancıDx. <sup>63</sup> ton/million TL combined net revenue



We are a member of the Business Plastic Initiative, which was launched by the Business Council for Sustainable Development Turkey (BCSD Turkey) to reduce plastic waste in private sector. We aim to reduce the consumption of disposable plastics by 100% until 2024. In this context, we first aim to prevent the unnecessary use of plastic and switch to the reuse model where possible.

We aim to complete the R&D studies in context of the EU's Hoziron 2020 project, PolynSPIRE (Demonstration of Innovative Technologies towards a more Efficient and Sustainable Plastic Recycling) that Kordsa conducts as one of the project partners, by the end of 2022. In the next phases of our target, we plan to focus on the use of recycled plastics and reduce plastic consumption across the entire value chain. By the end of 2021, we will create a Supplier Sustainability Policy that will cover the entire Group and define our approach to plastic use in our supply chain. By the end of 2023, we will be expecting full compliance with the Supplier Sustainability Policy in all supplier agreements of Sabancı Holding. Additionally, by the end of 2023:

- We will implement a store model that is in line with the Zero Waste Platinum concept in at least 10% of **Carrefoursa** and **Teknosa** stores.
- We will offer our customers reusable packaging in the fresh produce section (bakery, butcher, fish, charcuterie) in all **Carrefoursa** stores, and the option to sell products through containers provided by our customers in at least 10 Carrefoursa stores.

- To reduce the use of packaging in **Carrefoursa**, particularly plastic packaging, we will commission refill stations for select products in at least 10 stores and commence planning to make this practice more common.
- At **Carrefoursa** stores, we will have sustainable products that will serve as alternatives to disposable straws, plastic cutlery, plastic plates, plastic cotton swabs, plastic tea and coffee stirrers, and plastic cups.

#### Food Waste

A total of 931 million tons of food is wasted every year. This amount accounts for 8% of annual global greenhouse gas *emissions*. Thanks to its strategy to prevent and manage food waste, Carrefoursa delivered 550 tons of products from the markets to 22,000 people for eight years in cooperation with the Basic Needs Association (TİDER). With the Friendly Movement project, initiated in cooperation with HayKonFed, the surplus food products were donated to homeless animals.

87% ✓

Waste recycled and reintroduced to the economy

100%

Our target to reduce in-office single-use plastic consumption



## BIODIVERSITY

The change in land use due to human activities is seen as the leading cause of the decline in biodiversity and the negative impact on wildlife. *According to a report*, approximately 1 million species face extinction. Ecosystem services, defined as ecological processes that support human wellbeing, are directly affected by the loss of biodiversity. This poses a risk to all societies, and especially to the continuity of agricultural production. Considering that *the annual financial benefit of ecosystem services is in the range of USD 125–140 trillion*, we must take action to conserve biodiversity. Monitoring studies should be carried out to identify the species, and preventive actions should be taken to protect the identified species.

At Sabancı Group, we strongly value the continuity of ecological processes. We implement projects to conserve biological diversity and natural life and cooperate with local governments and nongovernmental organizations. In addition to monitoring and conservation activities, we initiate communication campaigns to increase social awareness on biodiversity.

- **Brisa** carries out the “Let the Cranes Fly Forever” project in cooperation with WWF-Turkey (World Wildlife Fund). In the project carried out in the Çukurova Delta, approximately 10,000 wintering cranes were identified. In order to protect of future generations, Brisa identified threats to cranes, such as illegal hunting, and completed communication campaigns to raise awareness. Furthermore, booklets containing information about cranes were prepared and

informative signs were placed around the delta. Brisa’s efforts for conserving biodiversity were recognized in the Gold Category in the Bridgestone EMIA region.

- **Enerjisa Enerji** also emphasizes conserving biodiversity in line with its goal of reducing the potential negative effects of its activities on natural life. The company prepared Ecosystem Risk Assessment Reports with the help of flora-fauna experts to determine the current situation in the operational regions and completed the Biodiversity Conservation Action Plan for three distribution regions in 2020 in accordance with the Biodiversity Conservation and Sustainable Management of Living Natural Resources Guide of EBRD. Within the scope of the Action Plan, which also includes the Avian Protection Plan, the goal is to identify the ecosystem diversity and characteristics of the species such as fragility, rarity and conservation status in the distribution regions and to evaluate the potential effects of operational activities on the ecosystem and habitats.

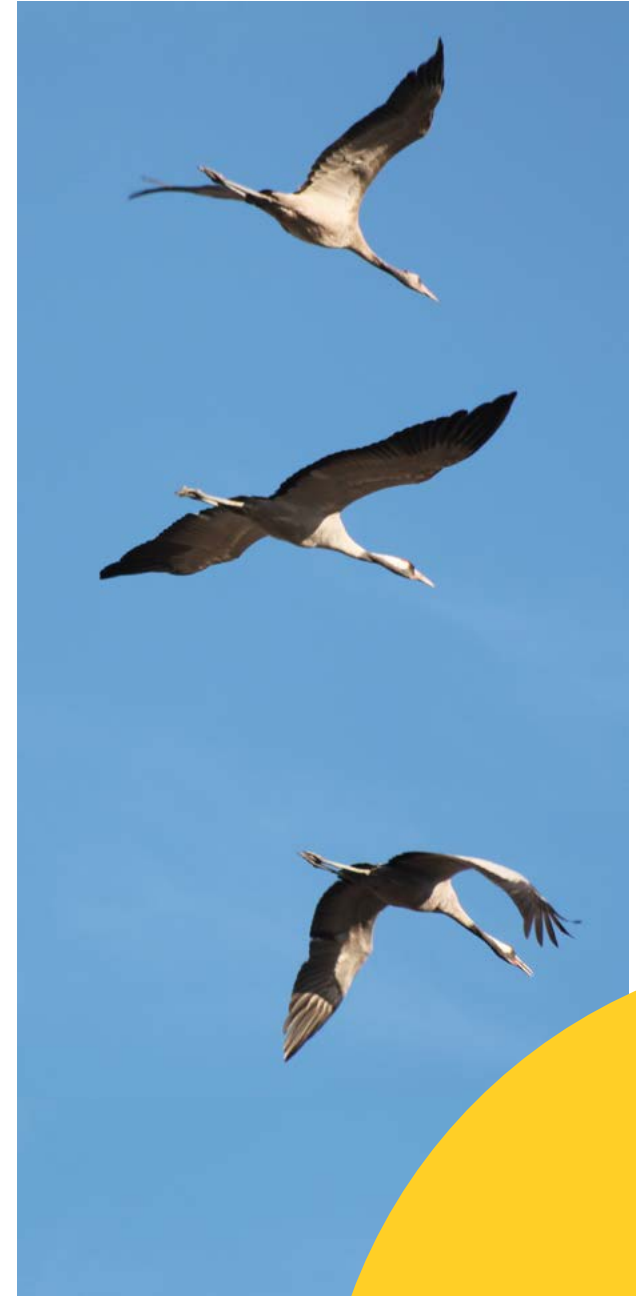


Photo: Ergün Karaaslan

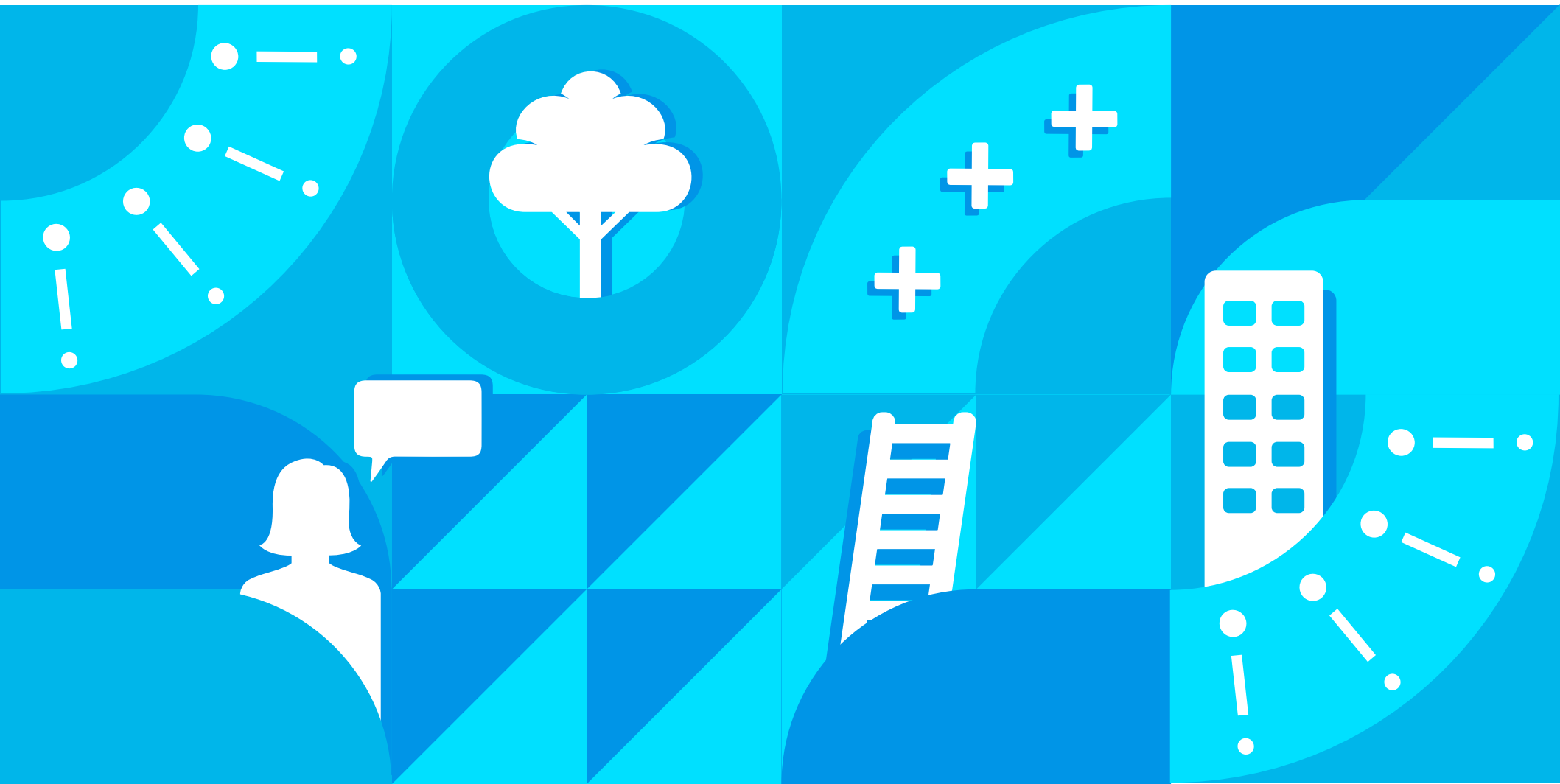


# MAXIMIZE OUR POSITIVE IMPACT ON PEOPLE AND SOCIETY



We adopt the principle of leaving no one behind, as specified in the United Nations Sustainable Development Goals for 2030, and strive to strengthen the most vulnerable and disadvantaged groups with our community investments. We carry out activities for various vulnerable groups such as children, youth, women, elders, people with disabilities, and displaced individuals.

🕒 8 min



# COMMUNITY INVESTMENTS

🕒 8 min

At Sabancı Group, we have acted with the mission of sharing what we have gained from this country with the people of this country, while growing and developing together since our foundation. We aim to maximize our positive impact on people and society. In line with our vision of being a pioneer and setting an example, we create long-term and sustainable value for all our stakeholders with high-impact social projects and partnerships. We believe that finding permanent solutions to social problems is only possible by reducing inequalities.

*Research* has revealed that the negative effects of the Covid-19 pandemic disproportionately affect vulnerable groups. As such, the importance of community investments for these groups in achieving an inclusive recovery has gradually increased. In this context, we carry out activities aimed at improving society thanks to both our influence in the business world and our organizations serving in the fields of education, social change, culture and arts. We support the strengthening of vulnerable groups through projects by Sabancı Foundation, Sabancı University, Sabancı University Sakıp Sabancı Museum and Sabancı Volunteers. With the inclusion programs that Sabancı Group companies carried out in 2020, we reached approximately 46 thousand people, the majority of which were socio-economically disadvantaged citizens, citizens over the age of 65, youth, children and women.

## COMMUNITY INVESTMENT PROGRAMS

It is among the primary goals of Sabancı Holding to realize measurable, high-impact social projects in line with our sustainability strategy and to continuously expand the scope of these projects. The focus areas in our social programs are financial inclusion in the banking industry, seniors in the financial services industry, gender equality and children in the energy industry, accessibility, children and young people in the industrial sector, children and youth in rural areas with no access to education in the building materials industry, and gender equality, children and young people in the retail industry.

Our goal is to maximize the impact of our community investment programs. In line with this goal, we aim to calculate the social return of community investments in accordance with the Social Return on Investment (SROI) methodology and achieve a rate of one and above. In this context, we have commenced work to carry out social impact analyses of the programs.

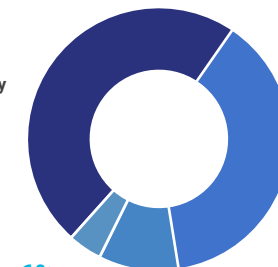
## 46 thousand+ ✓

people supported in a year

### People Reached through Inclusion Programs Carried out by Sabancı Group Companies (2020, excluding Sabancı Foundation)<sup>64</sup>

Total  
46,455 people

51%  
Socio-economically  
disadvantaged  
groups<sup>65</sup>



6%  
Women

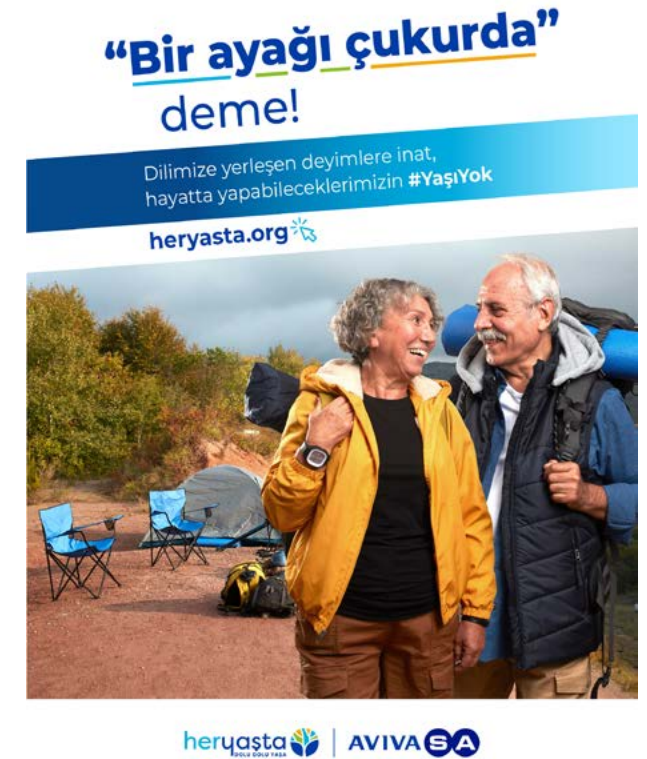
12%  
Citizens aged 65 and over

<sup>64</sup> Akbank, Avivasa, Akçansa, Brisa, Carrefoursa, Çimsa, Enerjisa Üretim, Enerjisa Enerji, Kordsa, SabancıDx, Teknosa, Temsa and Sabancı Holding are included. <sup>65</sup> This group represents people with various social and/or economic disadvantages, and its detailed definition may vary according to each program.

## HIGHLIGHTS FROM GROUP COMPANIES

- **Akbank** aims to support the economy and society in the field of financial inclusion by increasing the number of financially empowered individuals by 2030 with its digital and innovative products and services. Also, with its 101 trainings held in partnership with E-Bursum, Akbank reached university students from many parts of Turkey and raised awareness on today's trending topics such as career, artificial intelligence, cyber security and blockchain.
- With My Neighborhood project, which has been active for five years, **Akçansa** is establishing mobile education centers that are used by more than 35,000 students, teachers and parents. The project, which was moved to a digital environment during the Covid-19 pandemic, continues to contribute to the education of children with expert trainers from the Tuvana Foundation for the Education of Motivated Children (TOÇEV).
- **Aksigorta** carries out activities aimed at raising societal awareness against digital risks with the Digital Security Platform established in cooperation with Boğaziçi University.
- As the first private company to address a social problem within the context of ageism, **Avivasa** aims to raise awareness about aging and old age in Turkey and change the negative societal perception with its At All Ages project.

- In cooperation with the ROBOTEL Association, **Brisa** is working on developing prostheses with 3D Printers for children who cannot use their hands and arms with the cooperation of a team of company volunteers. Within the scope of the BRİKİM project, Brisa success stories are turned into academic case studies and made available to academicians and students to contribute to their work. Over the course of one year, 12 case studies were implemented with the support of 11 academicians and 90 Brisa employees.
- With the Yaz Çocukları project, which has been active for nine years, **Çimsa** aims to support the emotional, social and physical development of children in rural areas, while contributing to the development of teamwork and cooperation skills.
- **Enerjisa Enerji** has been raising awareness about energy efficiency in children for 11 years with the I Protect My Energy project. As of the end of 2020, it provided training to more than 300,000 students from 650 schools in 14 provinces.
- With the Technology for Women project, **Teknosa** not only contributes to cultural and social life with technology, but also carries out activities to facilitate women's access to technology. With the project implemented in cooperation with the Habitat Association, more than 20,000 women across Turkey have become digitally literate.



## SABANCI VOLUNTEERS

The Sabancı Volunteers program, which spreads Sabancı Group's mission of creating social benefit for society through its employees, has been active since 2015. Employees who touch the lives of disadvantaged people in the cities and regions where they operate, design high-impact projects with teams of volunteers; public institutions, NGOs and academics also take part in the projects as stakeholders. Employees who contribute to their personal and professional development while working on the projects increase their bond with the Group companies and their social sensitivity.

Focusing on gender equality in the first three years to contribute to women's access to equal opportunities and empowerment in social life, Sabancı Volunteers has reached more than 2,000 women in the fields of employment, education, personal development, psychosocial support and health. In addition, more than 40,000 Sabancı Group employees have received online training on gender equality. In the second phase of the program, in line with its nine-year goals, the volunteers began carrying out projects that address young people's problems in the fields of personal development, education and employment. Following a move to a digital environment during the pandemic, the volunteers continue to support various nongovernmental organizations with their online volunteering activities.

## 2,000+

Number of women reached in the fields of employment, education, personal development, psychosocial support and health.

## 40,000+

Number of Sabancı Group employees who have received online training on gender equality

Employing approximately 2,000 employees and a winner of many awards, the Sabancı Volunteers program was presented as best practice from Turkey at the virtual Global Technical Meeting "Reimagining Volunteering for the 2030 Agenda" organized by the United Nations Volunteers (UNV) programme, and the International Federation of Red Cross and Red Crescent Societies (IFRC) in 2020.



## SABANCI FOUNDATION

As one of Turkey's leading family foundations, Sabancı Foundation has been working since 1974 to share Sabancı Group's industrial and economic strength in social and cultural spheres. With its vision of building a society where all individuals enjoy their rights equally, the Foundation determines its main fields of activity as education, social change and culture & arts, and focuses on women, young people and people with disabilities in its relevant activities.

Sabancı Foundation implements a new sense of understanding and management in the field of philanthropy by supporting nongovernmental organizations with grant programs and making long-term collaborations with various stakeholders to find solutions to today's complex social issues and create lasting impact. To develop the regions in which it operates, Sabancı Foundation has established institutions throughout Turkey such as schools, dormitories, teachers' houses, health institutions, sports facilities, cultural centers as well as social facilities, and most importantly Sabancı University. In addition to long-term support for facilitating access to culture and arts, it provides scholarships to students to support equal opportunity in education. Sabancı Foundation also organizes award programs to encourage individuals and organizations that have achieved national and international success.

In order to help civil society cope with the COVID-19 crisis, Sabancı Foundation prioritized not to interrupt any of its supports and developed cooperations with other institutions in taking actions to meet the needs of women, who are among the vulnerable groups due to the challenges they have faced during the pandemic period. The Foundation also played a pioneering role in signing international pledges regarding the pandemic.



**78**  
Residential  
areas



**173**  
Support for  
projects



**76**  
Grant programs  
in provinces



**120+**  
Institutions



**1,190**  
Awards



Member of  
the European  
Foundation  
Centre (EFC)



Eleven seasons  
with the  
Changemakers  
Program



Member of  
the Council on  
Foundations  
(COF)



**50  
thousand**  
Scholarships



**~1 million**  
People reached with  
grant programs



Zero Project  
impact transfer  
partner

## SABANCI UNIVERSITY

With its vision of being a leading research university in the world and its innovation-based studies, Sabancı University has been contributing to the development of self-confident individuals who are sensitive to the needs of society, focused on creating solutions and open to continuous improvement for 21 years. With its research activities, it supports the strategy of “solving particular global and regional problems and training people to solve them”. It contributes to many areas of sustainability, such as sourcing, operational efficiency, gender equality and climate, thanks to the collaborations it established. Sabancı University maintains its leadership among Turkish universities in the Times Higher Education (THE) and QS rankings, which list the best universities in the world, and is among the universities to receive students with the highest scores.

During the pandemic, Sabancı University continued its contributions to society and science by focusing all its research power, infrastructure and opportunities on combating Covid-19. Thanks to its strong technological infrastructure, Sabancı University has adapted very quickly to the distance education system and is cited as a prime example of online education practices among the universities in Turkey. In addition, as shared in the Council of Higher Education (YÖK) Foundation Higher Education Institutions 2020 Report, it has the highest total research project budget among all of the foundation universities in Turkey.

Sabancı University ranks first among the universities from Turkey that have been included in Times Higher Education Emerging Economies University Rankings 2020, Times Higher Education Young University Rankings 2020 and Times Higher Education Asia University Rankings 2020.



# 525+

Scientific publications



# 14

Patent registrations



# +6,500

Publications



# 250

Patents



# 251

Active research projects



# TL 275 million

Highest total research project budget among the private universities in Turkey



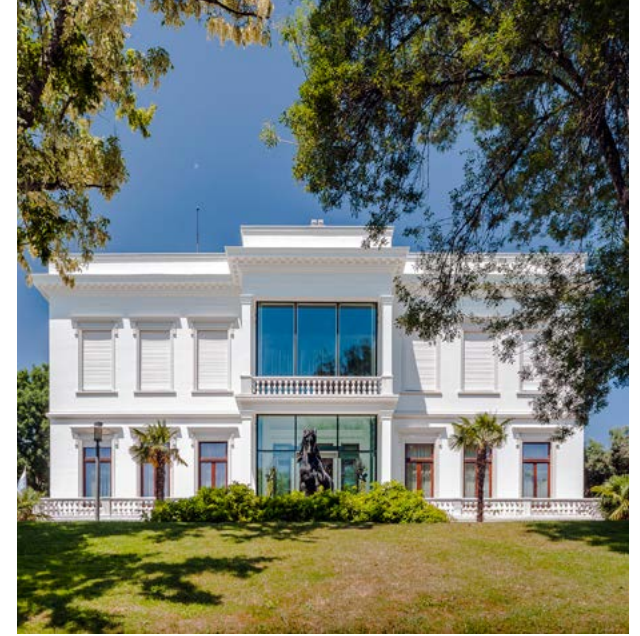
## SAKIP SABANCI MUSEUM

Sabancı University Sakip Sabancı Museum (SSM) has been focusing on sustainability, the preservation of cultural heritage and its transfer to future generations since 2002. Emphasizing the protection, research, development and interpretation of Turkey's holistic artistic heritage with its collections, SSM focuses on digital archiving, digital preservation and transferring technological artworks to the future. With the digitalSSM project implemented in 2013, the museum transfers its cultural accumulation to the digital platform and creates a significant digital art archive that will contribute to the preservation of Turkey's cultural heritage. SSM also introduces international artists, turning points in art history and renowned Turkish artists to the younger generations, and conveys its cultural knowledge to different segments of society.

With the temporary exhibitions it has held since its establishment, SSM hosts the solo exhibitions of some of the world's most important figures such as Picasso,

Dalí, Miro, Monet, Anish Kapoor, Ai Weiwei and Marina Abramović, while presenting art enthusiasts with cultural works from the pioneering names of Turkish art history such as Abidin Dino, Kuzgun Acar, Feyhaman Duran, Selim Turan and Avni Lifij. The museum has continued its activities during the pandemic by making past exhibitions available online.

Offering transformative cultural experiences in physical and digital spaces, SSM implements programs for children and adults with its Learning Programs, while providing areas of interaction with a wide variety of activities such as open-air cinema, concerts, festivals, conferences, and seminars. Meanwhile, SSM Store makes its products and services accessible to everyone with its awareness of sustainability and social responsibility for its collections and temporary exhibitions.



The processes and findings of scientific research and the conservation studies of six paintings in the SSM Painting Collection belonging to Osman Hamdi Bey were transferred to the international culture and art platform Google Arts & Culture with the digitalSSM archive resources.

The project "Protection of Technological Artwork" started under the direction of Sabancı University and in collaboration with Digilogue, continued online in 2020.

Sakip Sabancı Museum licensed its archive and research resources in 2020 in accordance with modern museology standards.

# FOSTER SUSTAINABLE BUSINESS MODELS

🕒 5 min



Innovative and sustainable products, services and business models must be developed to facilitate the transition to a low-carbon, circular and inclusive economic model. Sustainable solutions developed in the banking, financial services, retail, energy, industrial sector and building materials industries help stakeholders and the Group reduce their environmental impacts and benefit the society. By minimizing the negative effects in this area, we design new products, services and processes with a low environmental and a high social impact. We see digitalization, technology and innovation as critical tools for the development of new products and services that contribute to sustainable development.





# RESPONSIBLE INVESTMENTS AND EXPENDITURE

 3 min

The pandemic has made social inequalities and environmental issues more visible than ever. Accordingly, business models must be reviewed and transformed into sustainable models that create value for all stakeholders.

While investor and other stakeholder expectations are changing, there has been a significant increase in the demand for responsible investments. At Sabancı Holding, we strive to make our current activities more sustainable while investing in new areas that provide environmental and social benefits as a part of our responsible investment approach. We are also expanding our portfolio with responsible business models such as e-mobility, renewable energy and sustainable loans. We measure the financial savings, environmental and social benefits we create with these investments.

With our responsible investment approach and sustainability-oriented solutions we aim to create value not only for our Group but also for all our stakeholders who are with us on this journey.

- While Akbank commits to provide sustainable loan financing of TL 200 billion and to increase the sustainable investment funds to TL 15 billion by 2030, the sustainable financing amount including cash and

non-cash SME loans (Environmental and Social Impact assessment) and renewable Project Finance loans and ESG (Environment, Social, Governance) type Eurobond purchases reached TL 16.4 billion in 2020 amount according to unconsolidated management reporting.

- Kordsa, on the other hand, continues to work on Cokoon, a new more environmentally friendly bonding technology that does not contain Resorcinol and Formaldehyde, instead of the formula used in the industry for bonding rubber-based compounds and textile reinforcement materials for nearly a century, developed by combining its R&D power with Continental, with an open innovation approach.



*For relevant examples in areas such as the climate emergency and circular business models, visit the sections under Climate Emergency.*

We monitor environmental investments and revenues from products and services in Group companies by breaking them down based on global and local approaches, such as EU Taxonomy, and report all steps taken toward resolving the climate emergency. All our investments are based on the principle of not harming the environment and society.

## TL 16.4 billion

The amount of Akbank's  
sustainable financing

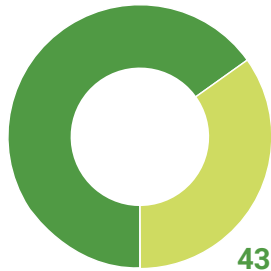


We also categorize environmental expenditures under those for legal compliance purposes (mandatory by law) and those that are not. In 2020, the environmental expenditure of Group companies exceeded TL 35 million. Of these environmental expenditures, 43% consists of those that are not required by law (i.e., those that extend beyond legal compliance).

### Environmental Expenditure related to Current Activities (2020)<sup>66</sup>

Total  
TL 34.5 million

**57%**  
Expenditure  
for legal  
compliance



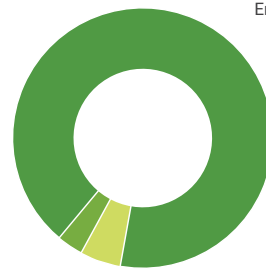
**43%**  
Expenditure beyond  
legal compliance

Environmental investments related to our growth areas approached TL 153 million in 2020 alone. We follow these investments in 3 different categories in terms of their contribution to sustainable development. Accordingly, the largest environmental investment in 2020 was realized in the enabler investments category with 82%.

### Environmental Investments in Our Areas of Growth (2020)<sup>67</sup>

Total  
TL 152.8 million

**8%**  
Mitigation  
Investments



**10%**  
Transition  
Investments

**82%**  
Enabler Investments

**Mitigation Investments:** Mitigation investments include activities that greatly mitigate resource use or greenhouse gas emissions and directly contribute to sustainable development.

**Transition Investments:** Refer to investments in products and services that are resource-intensive and/or carbon-intensive in nature but can be considered a transition to more sustainable technologies, such as cement products produced using alternative raw materials and/or fuels.

**Enabler Investments:** Environmental investments made for enabling purposes refer to investments in products that are not considered direct resource use or carbon emission reduction activities but provide inputs to related industries or enable deployment.

<sup>66</sup> It usually refers to operational expenses (OPEX) or capital expenditures (CAPEX), such as the purchase of energy efficiency equipment or modernization. It is aimed at making existing activities more sustainable. Routine maintenance-repair, environmental measurement, etc. expenses are not included. It expresses expenditures that results reduction in raw materials, waste or carbon emissions. <sup>67</sup> Usually refers to capital expenditures (CAPEX). Growth investments in the company's core business areas are included in this category. This includes the purchase of brownfield sites that fit these categories.

# SUSTAINABLE PRODUCTS AND SERVICES

🕒 2 min

We invest in new products and services to promote sustainable business models. We categorize our products and the services we develop into four areas. We monitor products and services that reduce resource use and carbon emissions, enable the transition to more sustainable technologies, enable the deployment of these technologies, and create positive social impact.

With the agile structures we have established under the Sustainability Leadership Committee, we create the most meaningful definitions for the Group with all companies involved. We identified the products and services developed in these four areas in 2020, and we will continue to monitor the revenue we generate from these products and services in the upcoming period.

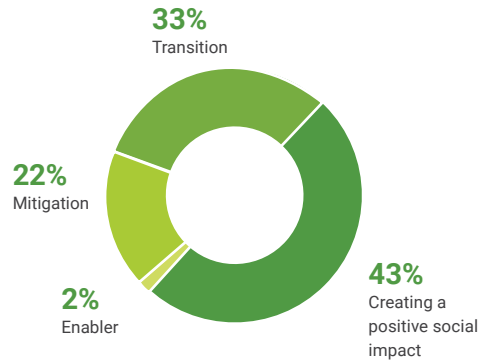
## Supply Chain Management

We act responsibly and transparently in our relations with suppliers. We prioritize local suppliers and support local socio-economic development. Sabancı Holding and Group companies evaluate their suppliers according to criteria such as technical and organizational capacity, quality and cost-efficiency, competitiveness, development, efficient resource management, corporate reputation and environmental performance.



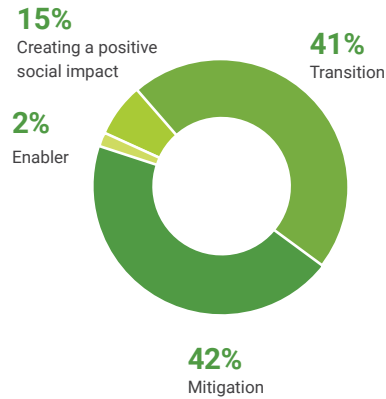
### Number of Products and Services with Positive Contribution to SDGs<sup>68</sup>

Total 828 products

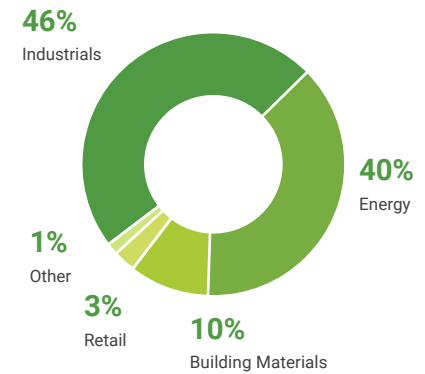


### Distribution of Revenues (2020)

Total TL 5.9 billion



### Sectoral Distribution of Revenues from Products and Services with Positive Contribution to SDGs (2020)<sup>69</sup>



#### Sustainable Products and Services

**Mitigation:** Covers products and services that provide benefits for the direct mitigation of environmental resource use and carbon emissions.

**Transition:** Refers to products and services that are resource-intensive and/or carbon-intensive in nature but are related to the transition to more sustainable technologies.

**Enabler:** Covers products and services that create a positive environmental impact on customer operations or serve as inputs to sustainable industries.

#### Creating a positive social impact

#### Selected Examples from Industries

**Energy:** Green tariffs, renewable energy sales

**Financial services and banking:** Sustainable funds investing in environmentally friendly industries

**Industrials:** Electric vehicles

**Building materials:** Cement products with increased service life

**Energy:** E-charge stations

**Retail:** E-charging facility in the parking lot, in-store repair for electronics in cases where it is difficult to access maintenance and repair services

**Industrials:** Batteries, light materials that reduce carbon for the end user

**Energy:** Customer solutions that provide energy security in businesses such as hospitals or in regions that do not have access to energy and experience frequent interruptions

**Retail:** Sale of products from female producers in retail chain stores

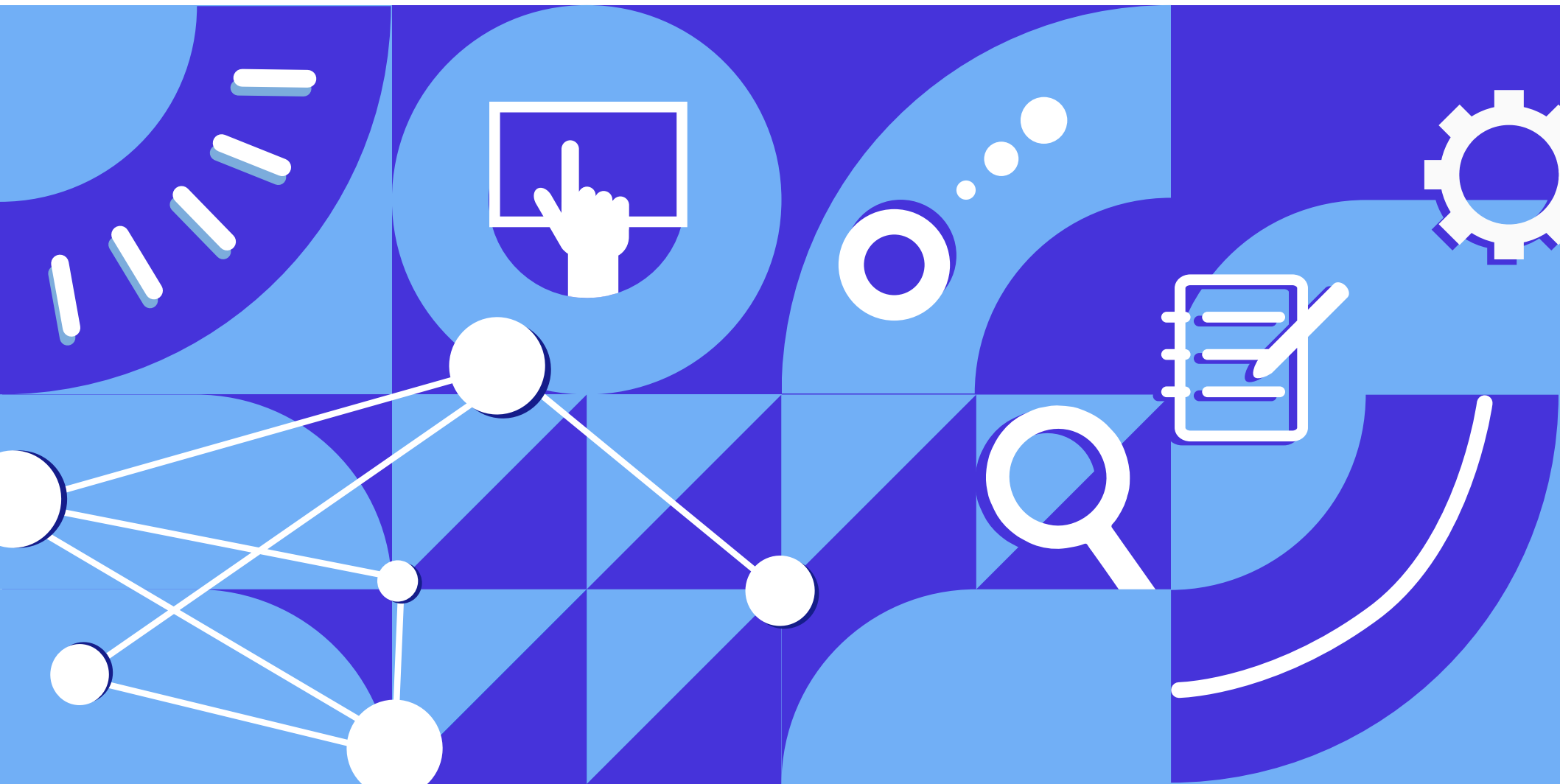
<sup>68</sup> Akbank is not included. Akbank's performance regarding its sustainable business model is monitored under the Sustainable Finance heading. <sup>69</sup> Akbank is not included.

# TECHNOLOGY, INNOVATION AND DIGITALIZATION



Digitalization, technology and innovation bring the Group's Sustainability Roadmap to life and enable to reach long-term goals faster. In our transformation journey we started as a part of Sabancı of New Generation and fostering sustainable business models, technology and innovation are among our most important accelerators.

🕒 4 min



# TECHNOLOGY AND INNOVATION

The ratio of sustainability focused R&D and innovation activities in Sabancı Group was 44% in 2020.<sup>70</sup>

🕒 2 min

Covid-19 has caused significant changes in stakeholder expectations and business processes. Innovation is now in a much more critical position to respond to these expectations and provide a competitive edge during the post-pandemic *recovery*.

Technology and innovation have been positioned as our most essential enablers in the transformation journey we began within the scope of Sabancı of New Generation and in fostering sustainable business models. Innovation, which plays a key role in the transition to a low-carbon economy and circular economy models, brings significant risks and opportunities. Technology and innovation investments are focus areas on our sustainable business model as they will help us seize the opportunities in this field and implement leading practices.



For detailed information on Digitalization, Technology and Investments, visit the 2020 Annual Report.

## Sabancı Ventures

We emphasize supporting the entrepreneurship ecosystem in Turkey. For this purpose, we established the Corporate Venture Capital Fund Sabancı Ventures to gain early access to technological innovations and developments, as well as to create agile and technology-based growth platforms. Thanks to Sabancı Ventures, we do not only aim to contribute to the Sabancı Group but also contribute to the scaling of startups that results both to create mutual value and support Turkey's entrepreneurial ecosystem. We focus on investments in areas such as the Internet of Things, artificial intelligence, new material technologies, sustainability, energy, mobility, and cyber security.

The fund made its first investment in Thread in Motion, which develops wearable technologies and offers solutions that increase operational efficiency specific to industries such as automotive, retail, logistics, and e-commerce. With this investment, we have supported the establishment of an ergonomic, fast and traceable system in industrial environments with smart gloves. Second investment of the fund was Lumnion, which offers advanced data analytics and artificial intelligence solutions. The company, which offers risk pricing products for the insurance sector, offers much more sensitive and easy risk pricing to insurance companies with its easy-to-use interface and advanced algorithms.

**USD 30 million**  
Fund size

## R&D and Innovation Expenditures

44% ✓

Sustainability focused R&D and Innovation Expenditures (TL 99.6 million)

56%

Other R&D and Innovation Expenditures (TL 125.7 million)

<sup>70</sup> Brisa, Kordsa, Temsa, Akçansa, Çimsa, SabancıDx and Teknosa are included

# DIGITALIZATION

🕒 2 min

In addition to making organizations more flexible, agile and competitive, digitized business processes also increase operational efficiency and customer satisfaction with savings in costs, time and resources. The Covid-19 outbreak has accelerated the digitalization processes of companies. It is *predicted* that the pandemic will accelerate the digitalization of customer and supply chain management and internal operations by three to four years. By turning this acceleration into an opportunity, we plan to use digitalization for higher flexibility, quality and efficiency, and reach our sustainability goals more quickly.



*For detailed information on Digitalization, Technology and Investments, visit the 2020 Annual Report.*

SabancıDx, which is one of our most important investments to support digital transformation in the Group, increases the environmental efficiency of its customers with sustainable solutions such as CDx and Edoksis.

## SabancıDx

With SabancıDx, which is one of our most important investments to support digital transformation in the Group, we offer next-generation digital solutions such as big data, advanced data analytics, cybersecurity, IoT, robotic workforce and artificial intelligence and support the expansion of the sustainable product and service portfolio. SabancıDx meets all IT needs in line with the future goals of medium-sized and large companies, ranging from business consultancy to corporate-specific applications, from operation to technical services, and from hardware to software.

CDx: CDx, SabancıDx's advanced data analytics product that reduces production costs and carbon emissions in the cement industry, uses IoT data to optimize electricity use with artificial intelligence algorithms. It increases operational efficiency by providing an energy efficiency rate of up to 7% in mills and 8% in kilns.

Edoksis: Edoksis, which provides services such as e-Invoice, e-Archive and e-Dispatch, prevents the use of approximately 113 million sheets of paper.



# OUR HUMAN CAPITAL



Our human capital is our most fundamental asset. We put our employees at the center of both the Sustainability Roadmap and the 2021–2025 Strategy. To adapt to the future of work, we focus on talent and culture management in all operations across the Group, and focus on equality, diversity, and inclusion. We provide equal, fair and safe work environments that allow our employees to realize their potential in the best way possible.

🕒 27 min





# ADAPTING TO THE FUTURE OF OUR WORK

🕒 2 min

The Covid-19 pandemic, which has caused disruptive changes in many areas, has led us to review our business processes with a long-term approach. All Group companies began the Future of Work (FoW) Project in 2020 to shape the future of the industry and the current ways of conducting business, strategies, and applications. Future of Work goes beyond remote working and aims to predict the future of work in seven core dimensions defined with a holistic perspective, determine the corresponding HR priorities, and create plans for implementation. In this context, each Group company will complete its implementation plans in 2021 to achieve the targets set in seven core dimensions and to create the necessary governance model to implement the relevant plans.

**1,500+**

Number of medium- and long-term actions under FoW among the Group companies

**#1**

Turkey's first in-depth FoW project

## Adaptation Model for the Future of Our Work



### Remote Work

Optimal use of remote working models with digital collaboration and smart workspace arrangements



### Physical and Mental Health

Improve and track employees' health and well-being to promote efficiency and sustainability



### Flexible and High Performance Workforce

Further inquire flexible employment options and improve performance management for the new normal



### New Talent and Skill Paradigm

Attract, acquire, train and retain new talents and skills required in the new normal



### Leadership with Head, Heart and Hands

Develop top-management and frontliner leadership capabilities to derive change for the new normal



### Purpose-Driven Organization and Culture

Support organization with clear vision and values to inspire employees



### Resilient and Agile Organization

Accelerate the revolution off your digital operating model and enable agile ways of working

# EQUALITY AND DIVERSITY

We are a signatory of the Equality at Work Declaration.

🕒 3 min

Ensuring diversity in the workplace and providing equal rights and opportunities to all employees facilitate a successful and productive business environment, while also contributing to socioeconomic development. We do not allow any discrimination among employees at Sabancı Group on the grounds of language, race, color, gender, political opinion, belief, religion, sect, age, physical disability or similar reasons. As a signatory of the Equality at Work Declaration, we consider creating and maintaining a fair working environment for our employees to be among our top priorities. We emphasize inclusion and diversity in the workplace. We implement practices that encourage women, young people, and people with disabilities to take active roles, and we provide equality of opportunity in all Group companies.

We believe that Sabancı derives its strength from qualified employees with unique characteristics and competencies. As of the end of 2020, we create employment for more than 60,000 people, including subcontractors. 30% of our employees and 38% of our managers are women.<sup>71</sup> We encourage employees to take active roles at home and with their families, regardless of their gender. We also facilitate the return of women to work after maternity leave.

## Women's Empowerment Principles

Enerjisa Enerji, Carrefoursa, Teknosa, Akçansa, Çimsa and Kordsa are among the signatories of the Women's Empowerment Principles (WEPs) Platform established in partnership with the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global Compact. They support gender equality in the business world and the economic empowerment of female employees.

### Maternity/Parental Leave (2020)

	Female	Male
Employees granted maternity/parental leave	814	2,043
Employees who returned to work following maternity/parental leave	761	1,741
Employees who returned to work following maternity/parental leave and continued to work for at least 12 months	518	1,401

### Employees by Gender



### Employees in Management



In terms of the rate of female employees in management positions, Sabancı Group is

**16%**

higher than the average in Turkey and at a similar level compared to EU.

■ Female ■ Male

<sup>71</sup> Employees working directly in Turkish operations are included in the number of employees.

We are also working to combat violence against women. At Sabancı Group, we support the Business Against Domestic Violence (BADV) project run by Sabancı University Corporate Governance Forum. Within the scope of the project, Gender Equality Training is provided across the Group.

Companies that employ people across different age groups have demonstrated strong performance. Providing opportunities for new talent plays a key role in ensuring equality, diversity, and business performance. At Sabancı Group, we encourage young talents in business world. Accordingly, we strive to recruit young people across the Group. About 74% of all white collar employees are from Generation Y.

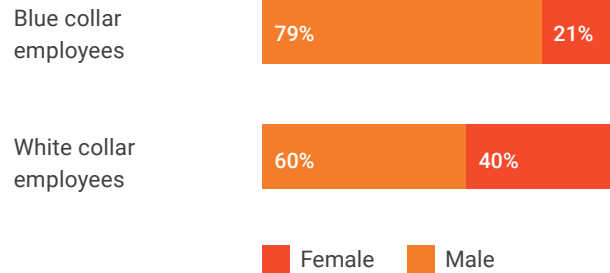
With regular developments and arrangements, we provide physical facilities required by employees with disabilities. 3% of all employees within the Group are employees with disabilities.

We respect the union rights and freedoms of our employees and guarantee this approach under Sabancı Group Human Resources Policy.



You can access Sabancı Group Human Resources Policy [here](#).

### Employees by Category



**93%**  
the unionization rate of blue-collar employees in 2020<sup>72</sup>

As Sabancı Group, we support the Business Against Domestic Violence project run by Sabancı University.

**BUSINESS  
AGAINST  
DOMESTIC  
VIOLENCE**

<sup>72</sup> The rate consists of only the companies stated in the Section About the Report. Other Group companies are not included in the calculation of the rate.

# TALENT AND CAREER MANAGEMENT

🕒 3 min

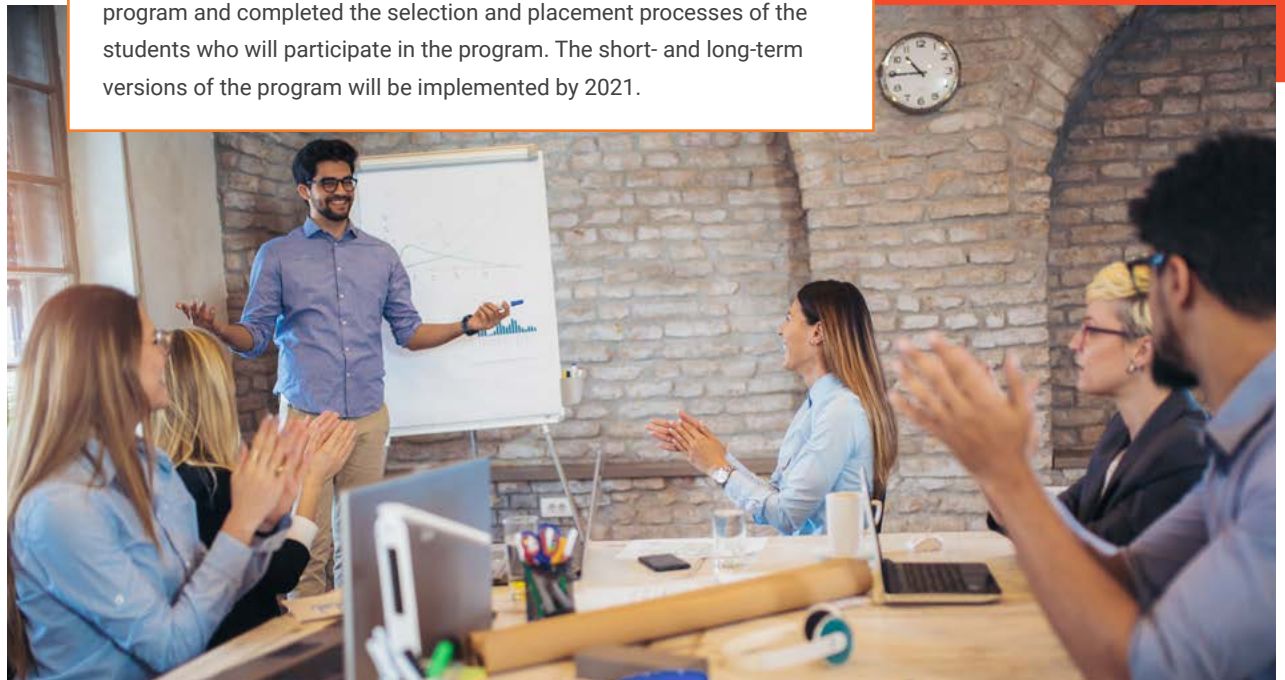
We invest in the continuous development of our employees and the inclusion of new talents within the Group. We have a strong perception as an employer in the eyes of both professionals and university students. According to the results of the World's Most Attractive Employers 2020 Survey by Universum, we remain within the top ranks in all departments in the list of employers preferred by students.

## TALENT MANAGEMENT

Within the scope of talent management in line with the vision of Sabancı of New Generation, we carry out activities related to acquiring new talents, encouraging the career development of employees, developing existing talents, and increasing employee loyalty by rewarding high performance. In this context, we support employees in their career journeys through career management processes and facilitate their involvement in different areas or higher positions within the Group. We organize training and development programs for all employees to gain the knowledge and skills needed in our continuously changing business. In addition, we carry out performance management to spread a target-oriented performance culture across the Group and ensure that we reward the superior performance of employees from all levels. Through these practices, we aim to increase the loyalty of our employees to Sabancı, while continuously improving our performance at the same time.

### New Generation Career Experience

As part of our efforts to acquire new talents, we launched the **New Generation Career Experience Program**. In 2020, the year that the program was launched, we received 5,476 applications. In this program, which is carried out for the development of junior and senior university students, we organized digital development programs with 36 students, 42% of whom are women, from 16 different provinces. Students received the opportunity to get to know the Group closely by experiencing the Sabancı Ecosystem. We commenced work on a six-month version of the program and completed the selection and placement processes of the students who will participate in the program. The short- and long-term versions of the program will be implemented by 2021.





## CAREER MANAGEMENT

At Sabancı Group, we form the basis of sustainable human resources with the Organizational Success Planning (OSP), and annually evaluate the elements of talent management end-to-end on a company basis. In 2020, we carried out the OSP process in line with the Sabancı Leadership Model, which reflects the vision of Sabancı of New Generation. In this context, we considered criteria such as appropriate potential assessment, succession principles, and organizational health.

With the Sabancı Leadership Model, we reveal the competency model that forms the vision of Sabancı of New Generation, and the personality traits, motives and experiences required to fully exhibit these competencies. In this context, we aim to determine the potential of employees and their readiness more accurately for higher leadership roles across the Group and support the career planning and development of employees with rational criteria.

We conducted the OSP process for the senior management of the Group with the Sabancı People Review (SAPR), used to review the potential and developments of senior managers, and created succession plans for management positions. We carried out regular follow-up of our plans. We included intra-company, inter-company, and inter-functional criteria as well as diversity and inclusiveness indicators, such as female succession rate, in our succession plans.

Career at Sabancı is another practice we carry out to support the career development of our employees. Our employees are the first to learn about the open positions within the Group. We continue the announcement, application and candidate nomination processes on the Sabancı Career Portal. We create opportunities for our employees to gain experience in different companies, industries and units if they so choose. While 78% of the positions opened within the Group in 2020 were filled by internal candidates, a total of 5,709 new employees joined the Group.

While 78% of the positions opened within the Group in 2020 were filled by internal candidates, a total of **5,709** new employees joined the Group.



# EMPLOYEE DEVELOPMENT AND TRAINING

🕒 4 min

We know that our human capital is one of the most critical factors behind our success and do our best for continuous improvement in this area. We prioritize supporting the development of Group employees. We are working to improve the knowledge, skills, and competencies of our employees by organizing various training and development programs and updating existing programs according to the requirements.

We focus on the development of all employees in the Group, regardless of company, unit, and blue-collar, white-collar or subcontractor status. We implement development programs designed by experts. In 2020, we provided a total of 985,230 employee x hours of training to Group employees.<sup>73</sup>

We endeavor to keep our employees up to date on business ethics as well as to develop their skills and performance. We train every new employee in the Group (including part-time and contracted employees) on Sabancı Group Code of Business Ethics (SA-ETHICS), which serves as a guide for employees. We provide annual refresher training for the current employees to keep their knowledge of SA-ETHICS up-to-date and to raise awareness. Since 2019, we have provided training on Personal Data Protection to educate employees on the importance of personal data protection.

The development of Group employees, collaboration between and participation of them are strengthened through initiatives including X-TEAMS Agile Collaboration System, the digital communication platform Sabancı Social, Sabancı Conversation, and Digital and Analytics (DnA) Community.



For more detailed information please refer to the Sabancı Group 2020 Annual Report.



**9,641**

employee x hours  
Ethics training

**9,679**

employee x hours  
Sustainability and environment training

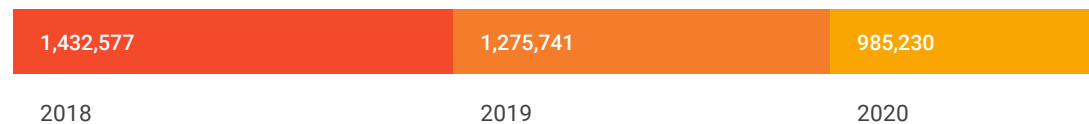
**43,766**

employee x hours  
Anti-bribery and corruption training

**33,851<sup>75</sup>**

employee x hours  
Training provided for sub-contractors

All Training (employee x hours)<sup>74</sup>



<sup>73</sup> Due to Covid-19, some of the in-class training sessions could not be held in 2020, which caused a decrease. <sup>74</sup> OHS training hours are not included. <sup>75</sup> Retail is not included.



During the Covid-19 pandemic, we implemented the X-TEND Online Development Program to analyze potential scenarios and prepare the business and all Group employees both for today and tomorrow. Within the scope of the Program that is open to all Group employees, we included many trainers with national and international success.

Within the scope of X-TEND, all employees received training for an hour under each of the following subjects: Economic Impacts of the Pandemic, Blue Ocean Theory, Post-Pandemic Work Arrangement, Virtual Facilitation and Meeting Management, Team Communication and Anxiety Management in Challenging Times, Being a More Effective Team During the Pandemic, Leadership That Brings Success During and After the Pandemic, Resilience and Flexibility in Challenging Times, and The Pandemic's Impact on Sustainability. The training sessions were attended by 6,500 employees from Group companies.



We are running the In-Lead (Industry Leaders) Program in cooperation with the Sabancı University Executive Development Unit (EDU). With the In-Lead Program, we develop the professional and leadership skills of high-potential technical managers and engineers in Industrial Sector, Building Materials and Energy Group companies.

The third period of the Program was completed in 2020 following a presentation showcasing the results of project studies as they related to real problems within the companies by 21 participants. The fourth period will continue in 2021.



Digitalization is among the critical areas for the sustainability roadmap and 2021–2025 strategy. To support this strategic direction and create sustainable human resources, we run the Sabancı Advanced Data Analytics Academy in cooperation with Sabancı University and the Sabancı University Executive Development Unit (EDU) since 2018.

A total of 56 data scientists from Sabancı received training for their roles as data engineers and data translators for approximately eight months at the Academy, which produced its third-term graduates in 2020.



With the X-CELERATE Program we aim to accelerate the development of senior management in Group companies. We carry out the program within the frame of the strategy, culture, values, and the Sabancı Leadership Model developed in line with the vision of Sabancı of New Generation. Organized online in 2020, the X-CELERATE Program was designed as an eight-month journey consisting of three modules.

Within the scope of the program, many different learning practices are carried out, including virtual classroom training sessions, individual coaching sessions, company experience sharing visits and business simulation applications. In addition, the first module of X-CELERATE NEXT was held in 2020 for the continuation of the development of the managers who graduated from the Program.

X-CELERATE NEXT is designed as a comprehensive four-module program that will continue until 2022. Within the scope of X-CELERATE NEXT, we primarily focused on the theme of Covid-19 and Leadership, and conducted virtual training sessions with local and foreign expert consultants.



We have been developing the leadership potential of mid-level managers across the Group with the X-POSURE Program since 2019. In the program, which was designed as a journey that will take 1.5 years and consists of three modules, we included in-class training sessions, webinar sessions with expert trainers, coaching sessions and business simulation applications.

X-POSURE produced its first graduates in December 2020 with 21 participants. We run a six-month mentoring program to continue supporting program graduates. In 2021, the Program will resume for the second group.



We developed the Talent Pool of Next (TP-X) Program to improve the leadership skills of high-potential talents who have begun their professional careers at Sabancı Group. In the TP-X Program, which is very similar to the X-POSURE Program, we support new talents with webinar sessions, development coaching, and business simulation. We designed TP-X Program very similarly to X-POSURE and support new talent with webinar sessions, coaching sessions and business simulation applications.

We run a six-month mentoring program to continue supporting program graduates. TP-X, which produced its first graduates in 2020 with 20 participants, will resume for the second group in 2021.



# PERFORMANCE AND REMUNERATION

🕒 5 min

## PERFORMANCE MANAGEMENT

Performance culture is one of the major value-adding elements of our strategy. Within the frame of this strategic priority, we adopt a modern performance management system developed with the participation of employees from all Group companies. While developing the performance management system, we ensured that this system supports Group companies' strategies, commitments, and targets; adopts the Objectives and Key Results (OKR) approach; focuses on transparency; stays agile and flexible; supports cooperation; and is fed with open and continuous feedback dialogues. In 2020, 100% of Group employees were subjected to a regular performance evaluation process.



We aim to make performance culture a part of working life and accelerate the deployment of the new performance approach across the Group. Designed for this purpose, the new performance system Perfx was launched in 2020 in cooperation with SabancıDx. In time, all Group companies have adopted Perfx. In 2020, when remote working arrangements became widespread, Perfx's flexibility and technological capabilities allowed the necessary actions to be taken quickly in the performance management process. During the remote working period, we added Task

Management and Instant Mobile Notification Notification functions to the system to reduce the negative effects that may occur in follow-up and to make performance monitoring sustainable. With the Task Management function, we aimed to support employees to manage their work remotely, inform their managers about their duties, and meet their deadlines. We implemented the Instant Mobile Notification function to equip Human Resources to provide instant notifications to white-collar employees without computer access.

## RECOGNITION, APPRECIATION AND TOTAL REWARD MANAGEMENT

Recognition, Appreciation and Total Reward Management process covers competitive remuneration, benefits, recognition and appreciation practices across the Group. We carry out these practices in an objective and motivating manner that supports high performance, focuses on employees' contributions to business targets and their competencies. We regularly review all practices with market analyses and benchmarking studies and update them when necessary. Task sizes of all roles within the Group are evaluated with objective methods, and the task-level structure based on these values forms the basis for the management of remuneration and benefits. In 2020, we reviewed the job grading structure and performance-based bonus systems used in the Group to strengthen the organization's competitive edge.

Thanks to Perfx's flexibility and technological capabilities, we managed to fully conduct performance monitoring and evaluation processes during the pandemic.

**100%**

The rate of Group employees that were subjected to a regular performance evaluation process in 2020

Total Reward	Recognition, Appreciation and Supportive Practices	Flexible Working / Career Development Training Support / Golden Collar Awards / Recognition & Appreciation Programs / Work Environment
	Benefits & Allowances	Private Pension Plans with Company Support / Private Health Insurance / Employee Transportation Support / Fuel Support / Company Car Mobile Phone / Data Line
Total Income Package	Variable Salary	Short-Term Incentives Long-Term Incentives
	Fixed Salary	Base Salary

**11<sup>th</sup> Golden Collar Awards**

In October 2020, we held the 11<sup>th</sup> Sabancı Golden Collar Awards, one of the most critical components of Recognition and Appreciation systems, with live broadcast to all Group companies. A total of 148 projects competed in the following categories: Sabancı of New Generation, Innovation, Customer Experience, Lean Transformation & Continuous Development and Digitalization. Best practices were rewarded with the votes of Group employees. On behalf of the winning projects of the Golden Collar Awards, donations were made to the relevant nongovernmental organizations specified together with Sabancı Foundation.

**REMUNERATION MANAGEMENT AND INCENTIVE SYSTEM**

At Sabancı Group, we create remuneration policies by balancing internal and external factors, and manage remuneration in line with these policies. To support employees with benefits, we carry out benefit practices that are in line with the expectations and needs of employees across the Group.

At Sabancı Group, we strive to establish a target-oriented performance culture. We encourage and reward high performance in the Group with two types of premium systems: Short-Term and Long-Term. When Group companies realize their budget targets, they support the

success of their employees with the Short-Term Incentive System.

We also offer a Long-Term Incentive System for senior management employees to increase share value and help them gain a shareholder perspective, and to reward long-term performance and stability. The Long-Term Incentive System<sup>76</sup> is designed to increase the longer-term value of Sabancı Holding, to encourage the top management on realizing long-term goals of the Group, to help the top management gain long term performance perspective and to maintain top management continuity.

The Long-Term Incentive System focuses on two key parameters, the Net Asset Value and the Relative Total Return on Shareholder (rTSR). Nonetheless, both short- and long-term performance assessment go beyond financial targets, and include targets such as sustainability, equality, operational excellence.

**Gender equality is among the key criteria in our remuneration model. The female-to-male pay ratio is 1.<sup>77</sup>**



<sup>76</sup> The article "Cancellation and Recovery of Variable Fee Payments (Malus & Clawback)" has been put into practice to be valid in both Long-Term and Short-Term Incentive Systems. With this article, in certain cases, such as the employee's failure to act in accordance with the relevant legal obligations and ethical rules, and thus undertaking or being responsible for an action that causes significant damage to the company, some or all of the Long/Short Term Premiums that have not yet been paid can be canceled or in addition, it is possible to return the Long/Short Term Premiums paid to the employee to the company. <sup>77</sup> This refers to the principle of equal pay for equal work.

# EMPLOYEE SATISFACTION AND ENGAGEMENT

 5 min

The actions we plan within the scope of Adapting to the Future of Our Work are based on the satisfaction and wellbeing of our employees. Managed with a model consisting of seven main headings<sup>78</sup> and 34 sub-headings, the program was determined in an inclusive and democratic manner for the purpose of hearing the expectations and needs of our employees from all generations and positions. Within this scope, we held nearly 200 detailed analysis meetings, more than 40 design meetings with the participation of international experts; more than 30 surveys with thousands of participants; and numerous workshops, evaluations and inter-company learning sessions. The actions we have planned and taken in this context:

**Remote Working:** We have made remote working permanent for the post-pandemic period. We have established two models; one of which is the fully remote working model, and the other is the hybrid remote working model where office work is carried out in a balanced manner. After the pandemic, approximately 80% of our white-collar and gray-collar employees will benefit from remote working models, primarily the hybrid model.

**Flexible Working and Workforce Models:** We have expanded our scope of flexible working and workforce models for all our employees, including white-collar and blue-collar

employees, and implemented new practices. We have expanded the scope of our established flexible working options, such as working within the desired time intervals, part-time working, fixed-term working, and planned actions, to make these options more common. In accordance with the legislation, we will also be implementing new practices such as freelance working and compressed working models within the next two years. We are also working on the practice of flexible working locations, where employees of different Sabancı companies can utilize all Sabancı offices.

**Strategic Workforce Planning:** Another matter of emphasis and action is the Strategic Workforce Planning model. This model includes an HR planning approach that anticipates the competencies that will be required by our Group companies in the future to implement their strategic plans and aims to substitute these competencies. With this model, we will use advanced data analytics applications to highlight the needs for change in our workforce well in advance and prepare our employees and organizations for these changes.

**Development Programs:** Investing in employee development has always been a strong suit of the Sabancı Group. In this regard, we have many award-winning development programs and various development alternatives in place.

Our Advanced Data Analytics Academy, which is the first of its kind in Turkey and has produced 300 graduates to date; our Industry Leaders Program, which focuses on the development of our engineers in line with changing technology; and our Young Talent, Mid-Level and Senior Executive development programs, which were designed on a segment basis to develop our current and future leaders, continue to evolve.

**Physical and Mental Wellbeing of Our Employees:** The pandemic has reminded us of the importance of physical, mental and spiritual wellbeing. At Sabancı Group, we have enhanced and will continue to enhance our long-established employee support programs, which are intended for all our employees and their families, with additional physical, spiritual and mental support packages.

These packages include options such as anxiety and stress management, parent-child relationship support, sports-fitness-dietician support, and online psychologist and guidance sessions for our employees and their families.

In addition to all these, we focus on ensuring the satisfaction and wellbeing of our employees with agile working approaches and various changes in the sustainability, health and safety aspects of office and factory designs.

**TL 200 million**  
The estimated value of investments to the human capital within the next 2 years as part of the Adaptation to the Future of Our Work.

<sup>78</sup> Remote Work, Physical and Mental Health, Flexible and High Performance Workforce, New Talent and Skill Paradigm, Leadership with Head, Heart and Hands, Purpose-Driven Organization and Culture, Resilient and Agile Organization

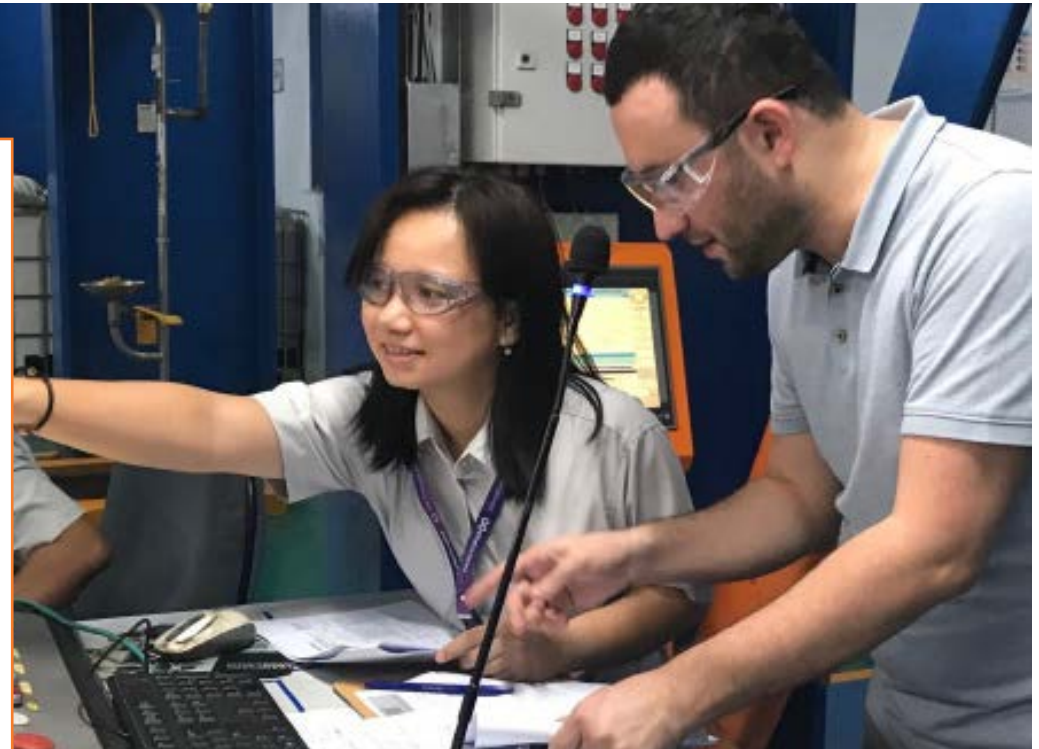
We regularly measure employee loyalty and satisfaction through independent companies to receive employee feedback and determine the actions that will increase employee loyalty. We also utilize the services of independent organizations to annually measure the employees' perceptions of the organizational climate and the leadership styles of the management team, which has the greatest impact on this climate. The results related to leadership styles are included as a criterion in the Senior Management's People and Organization performance target.

**Evaluated based on Loyalty, Agility, Leadership and Employee Experience dimensions, Sabancı Group's employee loyalty results are above Turkish average.**

### Sabancı of New Generation

As the concept of what is new changes daily, we, as Sabancı Group, have revealed our strategic roadmap called Sabancı of New Generation to adapt to change in the best and quickest way possible and to do business at a level that meets the demands and expectations of the new generation. To spread the culture, values and competencies that comprise this vision, we continued to develop all human resources processes and systems with this perspective in 2020. We strive to be a stakeholder-oriented, agile, resilient and digitally competent organization that is in sync with its significance and culture. We aim to ensure that our position as the Employer of Choice is permanent and sustainable. In addition to developing the existing potential, we aim to attract the best talents to the Group. Thanks to the Sabancı Leadership Model, we create career and development plans by managing the performance of our employees with effective planning, succession and career management.

We carried out the Culture and Values Pulse Survey with the participation of different employee groups from each company independent of position and experience to measure the level of deployment, ownership and observability of culture and values. Evaluating the answers of 1,000 people, we measured the general average as 4.2 out of 6. 88% of the employees who participated in the survey gave positive answers to the questions about the deployment, ownership and observability of the Sabancı of New Generation culture and values.



*Please visit other pages in Our Human Capital chapter to read on the rest of our investments for employees.*

# SAFE WORKING ENVIRONMENT

## 229,564

Employee x hours of OHS training

 5 min

At Sabancı Group, we adopt employee health and safety as a natural part of working life and corporate culture and aim to continuously develop this culture. We carry out employee health and safety practices in accordance with the relevant legislation, obligations and standards. We improve our performance by continuously following national and global trends and best practices in the field and adapting them to our business. In all our activities, we analyze potential risks in advance, and adopt proactive approaches to prevent these risks. We provide training regarding employee health and safety at the time of their employment and renew the training at particular periods during their employment. We promote harmony and excellence in employee health and safety practices among employees and stakeholders by maintaining the sharing of knowledge and experience within the Group.

While ensuring employee health and safety, we work in accordance with the international standards, and display this approach with our certification. Among Group companies, **Akçansa, Brisa, Çimsa, Enerjisa Enerji, Enerjisa Üretim, and Kordsa** have received the ISO 45001 Occupational Health and Safety Management System certification.

We believe that ensuring occupational health and safety (OHS) is a multidimensional issue, which is why we support our employees with training, raise their awareness, and update their knowledge and experience. In 2020, we provided 229,564 employee x hours of OHS training to Group employees.<sup>79</sup> We also provide regular OHS training to subcontractors with the same sense of responsibility.

The Group operates independent OHS Committees formed depending on the number of employees and in accordance with the legal regulations. The Committees regularly report to the Holding. We fully implement the OHS provisions contained in the relevant legislation and collective labor agreements at all companies. The ultimate decision-maker on OHS is the Human Resources Manager who reports directly to the Chair of Board of Directors.

We work with the target of zero accidents across the Group. There was a total of 321 accidents<sup>80</sup> in Group companies in 2020, one of which was fatal.<sup>81</sup> The lost days rate (LDR)<sup>82</sup> is 8.79. In 2020, the number and ratio of occupational diseases experienced across the group was zero.

**While ensuring employee health and safety, we work in accordance with the international standards, and display this approach with our certification.**

**Among Group companies, Akçansa, Brisa, Çimsa, Enerjisa Enerji, Enerjisa Üretim, and Kordsa have received the ISO 45001 Occupational Health and Safety Management System certification.**

<sup>79</sup> In 2020, total OHS training hours decreased as in-class OHS training sessions could not be held due to Covid-19. <sup>80</sup> All recorded accidents are included, regardless of their scale. <sup>81</sup> The number in the 2020 Annual Report has been re-stated. <sup>82</sup> The lost days rate is the ratio of the total number of lost days calculated based on all medical reports of sick leaves and injuries to the total number of working days in the relevant year.



### Employee Health and Safety During Covid-19

We have been closely following the national and global developments since the onset of the Covid-19 pandemic. We formed the Sabancı Holding Emergency Management Committee chaired by the CEO of Sabancı Holding to ensure unified implementation across Group companies with an agile crisis management approach. Throughout the process, the committee took measures to combat the pandemic, which poses a threat to employee health and business continuity.

In this period, which has further revealed the importance of global unity and cooperation, we worked with Group companies around a common roadmap. We have made it our priority to provide accurate and timely information about the developments regarding the pandemic, maintain the unity of approach and practice among Group companies, and react quickly to the developments in the fight against the pandemic. We evaluated the occupational health measures declared by national and international institutions and organizations and shared them with Sabancı Center and Group companies in a timely manner. We have carried out many studies from transforming the workplace conditions to implementing the appropriate working models. In this process, which we have followed closely from the beginning, we continue to learn by constantly sharing prominent examples of good practice.

### Group Highlights in 2020

- **Akbank** was deemed worthy of the Employee Engagement Special Achievement award at the Best Employers Awards organized by Kincentric in Turkey.
- **Akbank** offers the development opportunities required by its employees through Akbank Academy, one of the first structured training centers in Turkey.
- In 2020, **Akbank** won gold awards in the “Achievement in Leadership Development,” “Most Innovative Leadership Program” and “Leadership Training” categories at the Stevie Awards, and in the “Best Advance in Leadership Development” and “Best Learning Program Supporting a Change Transformation Business Strategy” categories at the Brandon Hall Group Excellence Awards.
- **Enerjisa Üretim** was deemed worthy of a gold award in the category of “Employer of the Year – Energy” at the Stevie Awards, and a bronze award in the category of “Achievement in Human Resources Administration” with its Premium and Rewarding Systems project.
- **Aksigorta** was deemed worthy of 2 awards at the Stevie Awards; in categories of Sales and Customer Services with human resources projects of Aksigorta Games and Sales Manager Development Program.
- **Akçansa’s** human resources practices were deemed the gold standard by Investors in People (IIP), becoming the first company with the sixth generation at the helm to receive the certificate.
- **Aksigorta** was deemed worthy of the award Turkey’s Best Workplace – Kincentric Best Employer for a second time.
- **Aksigorta** was ranked first in the Best Remote Team category of Turkey Call Center Awards with its “My Customer First” team established before the pandemic.
- With its Design-Oriented Thinking Journey program and innovation efforts, **SabancıDx** was awarded the Great Place to Work (GPTW) certificate in 2020.
- In 2020, **Kordsa** was included in “The Most Amazing Place to Work” list in Brazil, where one of its 12 production facilities is located, thanks to its high employee satisfaction rates. The list was created following a research conducted with 150,000 employees of Brazil’s 100 leading companies by the Institute of Management Foundation (FIA), a subsidiary of Brazil’s most respected university, the University of Sao Paulo, and Universe OnLine (UOL).
- In 2020, **Avivasa** was deemed worthy of a total of 11 awards in the fields of Customer Satisfaction and Experience, Human Resources and Business Technologies at leading award organizations such as Stevie, Brandon Hall and IDC.
- **Enerjisa Üretim** was deemed worthy of the Employee Health and Safety Award in the category of “Value Creating Practices” at the 12<sup>th</sup> Peryön Human Value Awards.
- Group companies continued their activities in 2020 by obtaining the TSE Covid-19 Safe Production/Safe Service Certificate.

# GOVERNANCE

At Sabancı Group, our corporate governance approach, which is based on fair, transparent, responsible and accountable principles, forms the basis of our superior performance. We manage financial and non-financial risks and opportunities by establishing an effective governance mechanism in all our operations. In doing so, we create long-term economic value for our investors and shareholders, as well as for our other stakeholders. The Board of Directors, the highest governing body of Sabancı Holding, sets targets and monitors performance in line with the strategies it has determined for the Holding and Group companies with a holistic approach.

🕒 28 min





# BOARD OF DIRECTORS

🕒 15 min

## GÜLER SABANCI 1

Chair

Güler Sabancı was born in Istanbul. After finishing high school education at TED Ankara College, Sabancı graduated from Boğaziçi University, Department of Business Administration. She has held various executive roles in the Group and currently serves as Chair of Sabancı Holding. She is also the Founding President of Sabancı University, Chair of the Board of Trustees of Sabancı Foundation and Chair of Sakıp Sabancı Museum.

Güler Sabancı has been the first female member in many organizations such as the European Round Table for Industry. She also sits on the External Advisory Board of MIT Energy Initiative and Board of Overseers of Columbia Business School and she is also a member of The Trilateral Commission.

## EROL SABANCI 2

Vice Chair

Erol Sabancı was born in Kayseri in 1938 and completed his undergraduate education at Manchester College of Commerce in the UK. In addition to his position as the Vice Chair of Sabancı Holding, he is also the Honorary Chair



and Consultant to the Board and a Board Member of Akbank where he has been serving since 1967. He is married and has two children.

## SERRA SABANCI 3

Board Member

Serra Sabancı was born in Adana in 1975 and graduated from the University of Portsmouth, and Istanbul Bilgi

University, Department of Economics, where she graduated as the top student in her class. Having served at Temsa, Serra Sabancı participated in the Institute of Directors (IOD) seminars and courses on Board Membership, Mergers and Acquisitions in London after becoming a Board Member of Sabancı Holding. Serra Sabancı currently serves as Board Member at Sabancı Holding. She is also a Member of the Board of the Sabancı Foundation.

**SUZAN SABANCI DİNÇER** 4**Board Member**

Suzan Sabancı Dinçer is the Chair of Akbank. Mrs. Sabancı Dinçer is also a board member of Sabancı Holding and a member of the Board of Trustees of Sabancı University. In 2009, Mrs. Sabancı Dinçer founded the Akbank International Advisory Board and currently serves as its Chair.

Suzan Sabancı Dinçer began her career in banking in 1986 and joined Akbank as Executive Vice President in charge of Treasury in 1989. In 1997, she was named Executive Board Member for Treasury and International Banking Relations. Mrs. Sabancı Dinçer was appointed as Executive Board Member to oversee the bank-wide change and transition program in 2001. She was named Chair in March 2008.

Mrs. Sabancı Dinçer is a member of the Institute of International Finance Board of Directors and Emerging Markets Advisory Board, Harvard University's Global Advisory Council, Harvard Business School's Global Leaders Circle, Harvard Kennedy School Mossavar-Rahmani Center for Business and Government's Advisory Council and an emeritus member of the Harvard Business School's Middle East and North Africa Advisory Board. Suzan Sabancı Dinçer is also co-chair of the New York-based American-Turkish Society, a member of the Global Board of Advisors at the Council on Foreign Relations (CFR) and a member of the Board of Managing Directors of Venetian Heritage, Inc.

From 2010 to 2014, Suzan Sabancı Dinçer served as the Chair of the Turkish-British Business Council for two terms. From 2009 to 2016, Mrs. Sabancı Dinçer sat on the Global Board of Advisors of Chatham House.

Suzan Sabancı Dinçer is strongly committed to corporate social responsibility activities and assumes various positions in the fields of culture, education, and the promotion of entrepreneurship. She is a founding member and board member of the leading high-impact entrepreneurship movement, Endeavor Turkey, and Chair of the Executive Advisory Board and member of the board of patrons of the Contemporary Istanbul Art Fair.

**SAİME GONCA ARTUNKAL** 5**Board Member**

Saime Gonca Artunkal received her undergraduate degree in economics from Oglethorpe University and her master's degrees from the London School of Economics and Boğaziçi University. She started her career in 1991 at Andersen Consulting and worked in investment banking and corporate finance at The Chase Manhattan, Morgan Stanley, Citi, Societe Generale and UBS in both London and Istanbul. She was the CEO and Chairperson of UBS in Turkey until the end of 2018. Saime Gonca Artunkal has extensive risk management experience ranging from credit and market risks to reputational and compliance risks. During her banking career, Gonca has held managerial roles covering various regions including the Middle East, Greece, Israel, Turkey, Central Asia and the Caucasus. She has also worked on transactions in the UK, Europe and the USA. She currently advises Turkish and international companies and families on mergers and acquisitions, corporate finance and corporate governance. She is the Vice Chairperson of FODER - Financial Literacy and Inclusion Association, Member of Audit Committee of KIHP - YC - Women for Women's Human Rights - New Ways and a founding member of 65+ Elderly Rights Association.

**CENK ALPER** 6**Board Member and CEO**

Cenk Alper received his Bachelor's degree in Mechanical Engineering from the Middle East Technical University in 1991. He has a master's degree in Mechanical Engineering from the same university as well as an MBA from Sabancı University. Mr. Alper joined Sabancı Group in 1996 as a Process Engineer at Beksa, later taking on managing positions in Belgium and the USA at Bekaert between 2002 and 2007. In 2007, Mr. Alper returned to Kordsa as the Global Technology Director and completed the establishment of its R&D and Innovation division. After serving as COO at Kordsa, he led Kordsa's transformation and initial public offering as CEO between 2013 and 2017. In 2017, he took on a new role as Sabancı Holding Industry Group President. As of August 2019, Cenk Alper is the CEO and a Board Member of Sabancı Holding. He is a member of the Turkish Industrialists' and Businessmen's Association, the World Business Council for Sustainable Development (WBCSD) and the International Corporate Governance Network (ICGN).

**AHMET ERDEM** 7**Independent Board Member**

Ahmet Erdem received a bachelor's degree in Civil Engineering from Istanbul Technical University and Engineering Management at Istanbul University Institute of Business Administration Erdem, who started working at Shell in 1990, served in the top ranks in Turkey, the Middle East and Europe. After serving as the Investment Manager of Greece and Turkey, the Retail Sales Manager in Turkey; in 2006, he performed a major role in establishing the Shell & Turcas joint venture in which he is also the Chair of

the Board of Directors. After his duties as Retail General Manager and Executive Board Member during the integration of the Joint Venture, he served as the Country President of Kenya that is the operational center of Shell in East Africa and a Member of the Board of Directors at Shell. He participated in Royal Dutch Shell's risk management training in finance and reputation and has experience of 20 years in risk management.

In addition to his role as the Shell Turkish Country President, he also serves as the Chair of the Shell & Turcas and an Independent Member of the Board of Directors at Sabancı Holding. Mr. Erdem served as Chair of the International Investors Association (YASED) for the second term and a Board Member at the World Business Council for Sustainable Development (WBCSD Turkey). He also serves as the Petroleum and Petroleum Products Industry Council President at the Union of Chambers and Commodity Exchanges of Turkey (TOBB); Board Member at United Nations Global Compact Turkey, Oil Industry Association (PETDER) and Energy Efficiency Association (ENVER); and Advisory Board Member at British Chamber of Commerce.

### MEHMET METE BAŞOL<sup>83</sup> 8 Independent Board Member

Mehmet Mete Başol was born in 1957. He received a BSc in Economics from Arizona State University. Mr. Başol started his professional career in 1984 at Interbank in Mid-Term Loans Department by making economic evaluations of various investment projects and preparing sector reports.

In 1988, he was named Treasury, Fund Management and Foreign Relations Manager at Turk Merchant Bank, established as a joint venture between Bankers Trust Co. New York and İşbank. In 1992, he became Assistant General Manager, assuming the responsibility of the Capital Markets Group as well.

Başol was elected to the Board of Directors and Credit Committee Membership after the acquisition of the bank by the Bankers Trust in 1995. From 1997 to 2001, he served as Chair and General Manager of the bank, which was renamed Bankers Trust A.Ş.

Between 2001 and 2003, Mr. Başol took office as Managing Director of the Public Banks Joint Executive Board (T.C. Ziraat Bankası, T. Halk Bankası, T. Emlak Bankası). Subsequently, he provided financial and administrative consultancy services to SMEs at Tridea Consultancy, which he established with two partners. After 2009, Mr. Başol continued to deliver his consultancy services under his own company. He served as Board Member at Galatasaray Sportif A.Ş. (2011-2012), T. İş Bankası A.Ş. (2011-2014), Dedeman Holding A.Ş. (2008-2014) and Dedeman Turizm Otelcilik Yatırım A.Ş. (2012-2014) and Independent Board Member at Coca-Cola İçecek A.Ş. (2012-2018) and Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (2012-2018). Currently, Mr. Başol is a Board Member at Enerji Yatırım Holding A.Ş. (2015), Enerya Gaz Dağıtım A.Ş. (2015), Enerya Gaz Ticaret A.Ş. (2015), Nurol Yatırım Bankası A.Ş. (2014) and Independent Board Member at H.Ö. Sabancı Holding (2018) and ENKA İnşaat ve San. A.Ş. (2018).

### NAFİZ CAN PAKER<sup>83</sup> 9 Independent Board Member

Nafiz Can Paker was born in Istanbul in 1942. He received his undergraduate degree from the Technical University of Berlin, an MBA from Columbia University and his Ph.D. in Mechanical Engineering. Since 1971, Mr. Paker has held top management positions at Türk Henkel A.Ş., serving as General Manager from 1984 to 2004.

Mr. Paker has served as a Member of Sabancı Holding Board of Directors, Sabancı University Board of Trustees, Turkish Industry & Business Association (TÜSİAD) Board of Directors, TÜSİAD Court of Honor, Istanbul Culture and Arts Foundation (İKSV) Board of Directors, Robert College Board of Trustees, and as Chair of the Board of Directors at Turkish Economic and Social Studies Foundation (TESEV). Mr. Paker currently serves as Founder and Executive Shareholder of B.O.Y. Consulting, Chair of the Board of Directors at Inovent Fikri Mülkiyet Hakları Yönetim Ticaret ve Yatırım A.Ş. (Inovent Intellectual Property Rights Management, Trade and Investment) and as a Member of the Board of Directors at Sabancı Holding A.Ş. He is a Member of Akbank's Board of Directors and a Founding Member of the Center for Public Policy and Democracy Studies (PODEM). Mr. Paker is married and has one child.

<sup>83</sup> Nusret Orhun Köstem has been appointed as Chief Financial Officer (CFO), effective from 1 July 2021, due to the resignation of Barış Oran as of 11 May 2021.

## UNIT PRESIDENTS

### BARIŞ ORAN<sup>84</sup>

#### CFO

Bariş Oran is the Group CFO of Sabancı Holding (Industrial Conglomerate) and Chair of Teknosa (Technology Retail & E-commerce). He started his career as an auditor at Price Waterhouse Coopers and from 1998 to 2003, worked at Sara Lee Corp in Chicago IL, in audit, finance and treasury/capital markets. Between 2003 and 2006, he worked as Senior Manager at Ernst and Young initially in Minneapolis, MN and then in Europe, Middle East, Africa and India regions. He started working at Kordsa Global in 2006 and held positions of Internal Audit Director, Global Finance Director and CFO respectively. Oran has started at Sabancı Holding in 2011. He graduated from Boğaziçi University, Department of Business Administration, completed his MBA studies at the University of Georgia and Advanced Management Program at the Kellogg School of Management, Northwestern University. Mr. Oran also serves as the Vice Chair of the Board of Directors in Philip Morris and Philips companies and he is a member of the Board of Directors of Carrefour, Enerjisa Enerji and Enerjisa Üretim. He is also a Member of the Board of TÜSİAD.

### CEVDET ALEMDAR

#### Industry

Between 1993-2002, he worked as Product Leader and then Wire Products Director in Beka, Sabancı Holding-Bekaert Joint Venture. From 1998 onwards, he additionally took over the role of Bekaert's Sales Manager for Construction Materials in the Middle East. From 2002 to 2005, he

worked as Commercial Director in Sakosa. In 2005, he joined Kordsa Global as General Manager of Kordsa Brazil and as Sales and Marketing Director of South America. From 2007 to 2009, based in Bangkok Thailand, he worked as Managing Director for Thai Indo Kordsa and Kordsa Qingdao Nylon Ent., as well as Sales and Marketing Director for the Asia Pacific. In 2009 and 2010, he worked in Shanghai as Global Business Development Director, while maintaining his roles in Kordsa Qingdao Nylon Enterprises and Asia Sales and Marketing. From 2010 to 2013 he took the role of Kordsa Global's Vice President in charge of Technology and Market Development. Between 2013-2017, he was appointed as General Manager of Temsa Construction Equipment. May 2017 onwards, he has been CEO of Brisa, Bridgestone Sabancı JV Tire Company which is the leading tire and mobility solutions company in Turkey serving 80 countries. Alemdar was appointed as Industry Group President effective as of 1<sup>st</sup> of April, 2020. Cevdet Alemdar graduated from Industrial Engineering Faculty of Boğaziçi University in 1992. He also was granted an MBA degree at Sabancı University.

### EYÜP ENGİN

#### Banking

Eyüp Engin joined Akbank in 1978 as Assistant Internal Auditor. Following his auditing assignment, Mr. Engin served as Department Head in Treasury, International Banking and Overseas Financial Institutions. He was appointed Executive Vice President in charge of Corporate Banking in 1996. Subsequently, Mr. Engin served as Executive Vice President in charge of International Banking and Overseas Financial Institutions Marketing.

Eyüp Engin was appointed to the position of Head of Internal Audit in 2007 and during 2007-2019 he served on Boards of Directors of the Bank's subsidiaries as the President of the Audit Committee. He is a graduate of the Middle East Technical University, Faculty of Economics and Business Administration. Engin was elected as Executive Board Member in March 2019 and he was elected as Vice Chair and Executive Board Member in March 2020. He is a member of TÜSİAD. Eyüp Engin has served as Vice Chair of Türk Telekomünikasyon A.Ş. since 2018.

Additionally, Eyüp Engin is Banking Unit President and Executive Committee Member of Sabancı Holding, Board Member of TT Mobil A.Ş. and TT Net A.Ş. and also Chair of Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş.

### HAKAN TİMUR

#### Human Capital and Sustainability

Hakan Timur has a BA degree in Economics from Istanbul University and received his master's degree in Energy and Technology Management from Sabancı University. He started his professional career in 1997 at Marsa-Kraft Foods International and pursued his career journey from Human Resources Specialist to Human Resources Manager level here until 2006. After that, he held various roles in Sabancı Group containing different industries, different companies and international responsibilities. He worked as Human Resources Manager at Sabancı Food Group, Human Resources Manager at H.Ö. Sabancı Holding A.Ş. Global Human Resources Director at Kordsa Global, Human Resources Vice General Manager at Akçansa and Chief Officer, Human Resources and Corporate Capabilities at

<sup>84</sup> Burak Turgut Orhun, who previously served as the Head of the Strategy and Business Development Department, has been appointed as the Head of Construction Materials Group, effective from 12 May 2021, due to the resignation of Tamer Saka as of 11 May 2021.

Enerjisa respectively. He has been working as Sabancı Group Human Capital & Sustainability Group President since February 1<sup>st</sup>, 2018.

In addition to his duty of Human Capital and Sustainability Group President, Hakan Timur also serves as the Executive Committee Member at Sabancı Holding and holding roles of Board member/Vice Chair in companies; Çimsa, Afyon Çimsa, Enerjisa Enerji, Enerjisa Üretim and Sabancı DX. He is also Member/Board Member in several NGOs such as Özel Sektör Gönüllüleri Derneği - ÖSGD, Yönetim Kurulu Üyeleri Derneği - YKÜD, Sürdürülebilir Kalkınma Derneği Türkiye - SKD Turkey and World Business Council for Sustainable Development - WBCSD. Timur serves as Chair at TÜSİAD Employment and Social Security Working Group.

## HALUK DİNÇER

### Finance

After starting his career at General Motors Technical Center in 1985, Dinçer joined Sabancı Group in August 1995, serving initially as Executive Board Member, and then in December 1995, as Executive Vice Chair of Temsa. In October 2001, he assumed responsibilities within the Holding company, first as Food Group Vice President, and six months later, as Holding Executive Board Member and Food Group President. He took over as Food and Retail Group President in September 2004, and after organizational restructuring in March 2011, as Retail and Insurance Group President. In June 2016, Dinçer was named Insurance Group President and later in April 2020, Financial Services Group President. With this role, he currently serves as Chair of the Board of

Aksigorta, Avivasa, Exsa, Tursa and Ankara Enternasyonel Otencilik, as well as Board Member of Brisa. Haluk Dinçer served as President of TÜSİAD - Turkish Industry and Business Association in 2014-15, and as President of Turkish-American Business Council (TAK) in 2008-14. He has been a Board Member of the Global Relations Forum (GRF) since February 2018 and a member of the Geneva Association since June 2019. Dinçer has a BSE degree in Mechanical Engineering and an MBA, both from the University of Michigan.

## KIVANÇ ZAIMLER

### Energy

Kıvanç Zaimler graduated from Istanbul Technical University Industrial Engineering Department in 1991. He started his career in 1992 and until 2008; he worked in various executive positions in the Turkish Electricity Industry, RAM Foreign Trade and Aygaz companies respectively. Kıvanç Zaimler joined Enerjisa in 2008 and served as Trade Director, Distribution Companies General Manager, Sales Companies General Manager and CEO at Enerjisa respectively. As of July 2018, Zaimler was appointed President of the Energy Group at Sabancı Holding. Taking active roles in NGOs, Zaimler serves as Turkish Vice President at World Energy Council; Chair at TÜSİAD Energy Working Group; Board Member at YASED, Elder, Sabancı University Istanbul International Energy and Climate Center (IICEC) and Advisory Council Member at SHURA. He is also Chair of the Board at Enerjisa Enerji and SabancıDX, serves as Deputy Chair of the Board at Enerjisa Üretim and is a Member of the Board of Directors at Aksigorta.

## TAMER SAKA<sup>85</sup>

### Building Materials

Dr. Tamer Saka completed his undergraduate, graduate and postgraduate studies at the School of Business at Istanbul University. Having held the positions of Manager and Senior Manager in charge of Risk Management Consultancy at Arthur Andersen and Ernst & Young, respectively, Tamer Saka joined Sabancı Holding in the year 2004 as the Risk Management Director. He served at Willis London during 2010-2011 as the Managing Director in charge of the business development activities of approximately 20 countries including Turkey. Becoming the Strategy and Business Development Coordinator of Kibar Holding as of December 2011, Tamer Saka held the Automotive and Corporate Functions Group Head and Member of Board at Kibar Holding roles as of May 2012. Since 2014, Tamer Saka was the CEO of Kibar Holding. As of March 2018, he was appointed to SBU-President Cement Group Sabancı Holding. Mr. Saka is Building and Materials Group President at Sabancı Holding since 2020. Currently, Mr. Saka serves as Chair of the Board of Directors at Akçansa and Çimsa; Member of the Board of Directors at Kordsa and Carrefoursa; Chair at Turkish Cement Manufacturers' Association, Deputy Chair at American-Turkish Council (ATC), Deputy Chair at Corporate Governance Association of Turkey (TKYD). He is also a Member of the Board of Directors at Global Cement and Concrete Association (GCCA), Member of the Board at IMSAD (Association of Turkish Construction Material Producers), Member of the Board at CEMBUREAU and Member of TÜSİAD and Member of the Board at Federation of Istanbul Industrialists and Businessmen Associations.

<sup>85</sup> Burak Turgut Orhun, who previously served as the Head of the Strategy and Business Development Department, was appointed on 12 May 2021, instead of Tamer Saka, Head of Construction Materials Group, who had left on 11 May 2021.



## SKILLS MATRIX

We believe that having members on the Board of Directors who possess a diverse range of competencies, knowledge and experience strengthens the Board's functioning and benefits decision-making processes. *Research* shows that companies with a diverse board of directors have 36% more profitability than others. The process of being nominated for the Board of Directors membership is not solely limited to gender equality in terms of diversity and inclusion. We evaluate the competencies of candidates by considering various factors, such as knowledge of the industry, management experience, knowledge in ESG matters, crisis management experience, and global and long-term thinking. We do not tolerate any discrimination among candidates on grounds of gender, age, ethnicity, religion, language, race, etc.

### BOARD OF DIRECTORS SKILLS MATRIX<sup>86</sup>

Explanation	Rate of Related Member of Board
Gender	44% female member
Term (≥15 years)	33%
Independent Member	33%
Audit Experience	33%
Financial Service Experience	44%
Non-Financial Real Sector Experience	67%
Risk Management Experience	56%
Environmental, Social and Corporate Governance Experience	89%
International/Multi Geographical Experience	67%

<sup>86</sup> After the members of the Board of Directors changed in 2021, the Audit Experience rate was 44%, the Non-Finance Real Sector Experience rate was 56%, and the Risk Management Experience rate was updated to 67%, International/Multiple Geography Experience rate to 78%.



**33%**

Ratio of independent  
members on the  
Board of Directors

**44%**

Ratio of female member

# COMMITTEES AND THEIR RESPONSIBILITIES

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The Audit Committee, the Corporate Governance, Nomination and Remuneration Committee, and the Early Detection of Risk Committee operate under the Sabancı Holding Board of Directors. To strengthen the decision-making mechanism of the senior management, the Portfolio Management Committee was abolished in 2020. The duties and responsibilities of the committee were shared between the Board of Directors and other committees.

The Corporate Governance, Nomination and Remuneration Committee aims to maintain the continuity of the accountable management process, which is based on the ethical values of the company, and is risk-conscious with sustainable success targets, and makes transparent decisions to protect the interests of the stakeholders. The Committee makes suggestions and issues recommendations to the Board of Directors to shape the Corporate Governance Principles in line with the Capital Markets Board of Turkey and internationally accepted corporate governance principles.

The Early Detection of Risk Committee operates to complete the early detection of all kinds of risks related to strategies, operations, finances, compliance and similar risks that may

endanger the existence, development and continuation of the Company, taking the necessary precautions and managing the risks.

The Audit Committee oversees the Company's accounting system, financial reporting, public disclosure of financial information, the functioning and effectiveness of the independent audit and internal control system on behalf of the Company's Board of Directors. The Audit Committee presents its activities and its findings & suggestions relating to its area of duty and responsibility to the Company's Board of Directors.



*For the Sustainability Leadership Committee, see the section Sustainability Governance.*



*You can find more information about the committees and their duties in the Sabancı Holding 2020 Annual Report.*





# RISK MANAGEMENT

🕒 7 min

To maximize the value, we create for our stakeholders and ensure the sustainability of the Group, we ensure the early detection, measurement, and continuous and effective monitoring of risks with a corporate risk management approach.

Risk management is carried out in accordance with risk appetite levels/attitudes determined in various breakdowns using quantitative and qualitative measurement metrics. Prioritized in terms of significance and impact, the risks are maintained within the tolerance limits and confidence intervals determined numerically by modeling studies.

Risks prioritized in accordance with the strategic and financial targets determined by the Group are handled within the frame of the risk management strategies, determined as risk avoidance, risk transfer, risk reduction and risk acceptance. Corporate Risk Management is carried out in breakdowns such as deciding and following up on mitigation actions, determining action responsibilities, and making cost-benefit analyses for action plans. Risk study results are evaluated periodically by the Holding Board of Directors, the Early Detection of Risk Committee and the Holding's senior management.

At **Akbank**, one of the Group's subsidiaries, risk management is conducted in conformity with Banking Regulation and Supervision Agency legislation, under the responsibility and supervision of the Bank's Board of Directors. The Board fulfills its oversight responsibility via various committees, such as the Audit Committee, Executive Risk Committee and Credit Committee. The Bank's risk-taking levels are determined by the risk limits that are approved by the Board of Directors. The Bank's executive management is responsible to the Board of Directors for carrying out daily activities related to the prescribed risk management processes and risk limits. The Audit Board, Internal Control Department and Risk Management Department, which report directly to the Board of Directors, conduct their respective activities in coordination with the execution units. Nationally and internationally accepted risk models and parameters are used to detect, measure, and monitor risks at the Bank. Internal methods and models are continuously improved and developed to ensure effective risk management. Under extraordinary circumstances, different scenario assessments are made in order to analyze potential risks the Bank might be exposed to; emergency plans are prepared accordingly. A wide range of techniques to minimize risk are used to limit and safeguard against the Bank's risk exposure.

At Sabancı Group companies operating in non-financial industries, corporate risks are managed by designated risk management officers and company senior management responsible for risk management processes and activities. These efforts are under the supervision of the Board of Directors and company Risk Committees that report to the Board. Group companies determine potential risks that they may encounter. These risks are ranked according to the probability and the size of the damage that they might cause. Prioritized risks are monitored by each company's management, the Early Detection of Risk Committee and the Board of Directors in the form of periodic reports. Risk management processes, which include measures to be taken, are determined; implementation and results are closely monitored. Financial, strategic, operational and compliance risks of subsidiaries are also overseen and supervised by Legal, Risk and Compliance Group and the relevant Group Presidents as well as Finance Group Group at olding level.



*You can find detailed information about risk management and risk categories in the 2020 Annual Report.*

## SUSTAINABILITY RISKS

Sustainability risks can be categorized as physical risks, compliance risks and transition risks. We closely monitor the potential financial impacts of such risks, and conduct analyses on parameters such as impact, likelihood, vulnerability and speed of onset at Group companies.

### Categories under sustainability risks

	1. Physical Risks	2. Compliance Risks	3. Transition Risks
<b>Description</b>	Physical risks are diverse and are predominantly global risks. These include acute risks such as wildfires, hurricanes and floods, as well as chronic risks such as extreme heat, epidemics, pandemics, drought and access to water.	These are risks that may cause non-compliance with the legislation. Companies must go beyond compliance with the legislation and address health and safety, the environment and human rights issues on a broader scale to comply with differing ethical expectations.	Transition risks are those arising from policy changes in sustainable development, their impact on reputation and failures to manage market preferences, norms and technological developments. Uncertainties may amplify the impact of transition risks. The faster the transition, the greater the financial impact can be.
<b>Causes of financial loss<sup>87</sup></b>	<ul style="list-style-type: none"> <li>○ Infrastructure damage</li> <li>○ Service interruption</li> <li>○ Decreasing revenue</li> <li>○ Increasing operational expenses</li> </ul>	<ul style="list-style-type: none"> <li>○ ESG-related lawsuits and loss of SLO<sup>88</sup></li> <li>○ Loss of investors, market share and customers</li> </ul>	<ul style="list-style-type: none"> <li>○ Loss of investors</li> <li>○ Reduced access to financing</li> <li>○ Loss of customers due to the inability to respond to changing consumer behavior</li> </ul>

<sup>87</sup> These are just a few examples, as there are many more risks involved. <sup>88</sup> SLO, social license to operate. Social license to operate refers to the level of acceptance or approval of local communities and organizations by the stakeholders and operations.

Listed below are the sustainability risks with the potential to directly affect the Holding's financial performance, and the necessary measures taken by the Group companies. The Holding offers guidance for the Group companies to be prepared for these risks and take precautions in their business models against any potential impact. For the long-term risks that stand out for 2020, see the section [Emerging Sustainability Risks for 2020](#).



- Climate change:** We perform assessments on issues such as greenhouse gas emissions, renewable energy, and energy resources management to reduce the impacts of climate change in strategic business lines. We also assess the effects of the risks that these issues may cause on operational activities within the Group companies. In addition to many other measures within the scope of risk management, we focus on energy efficiency projects, invest in renewable energy, and encourage the use of alternative fuels.
- Water crisis:** Meanwhile, we evaluate the threats arising from the water crisis by considering their negative effects based on the managed strategic business line and their operational implications. The key external environmental risks are water shortages, failure to meet the water demand in industrial production, and operational disruptions in production due to insufficient resources. To reduce water consumption in general, we take certain actions, such as measuring, detecting and repairing the water losses and leaks in the lines, and collecting and recycling of surface waters. The implementation of these actions varies by sector across the Group companies.
- Talent risk:** Talent risk refers to the loss of knowledge and experience within the employee talent pools of

companies and the inability to find people with the same level of competence and talent. For this risk, Group companies develop various practices to retain the employees they have designated as talent groups.

- Pandemic:** The Group is predominantly handling the threat of the pandemic under the occupational health and safety risk category within the scope of the continuity of business and operations, and the risk of key personnel. The spread of an infectious disease that affects most employees can cause disruptions to the business continuity and the loss of production. To manage this risk, actions such as the monitoring of international and national reports and the taking of necessary measures in the business environment are carried out.
- Environmental health and safety risk:** Environmental health and safety risk refers to the penal liabilities and compensation obligations that may occur due to the Group companies' activities that threaten environmental health and safety, as well as the negative impact on the activities and reputation of the Companies. To manage the risk, Group companies dispose of all hazardous and non-hazardous waste in accordance with the local legislation. Air pollutants and wastewater are measured and analyzed regularly. These values are kept under the legal limits.
- OHS risk:** Occupational health and safety risk is defined as the Company's exposure to compensation obligations, loss of reputation and other unexpected costs due to the failure to provide a healthy and safe working environment for employees. Measures such as ergonomics and ensuring safety in the working environment are taken to manage this risk.

## POLICIES

At Sabancı Group, we regulate the fields of the environment, occupational health and safety, social responsibility and communication with policies that guide the Group companies.

With our [Environmental Policy](#), we set environmental standards beyond the legal obligations of Sabancı Group, monitor our performance in line with our targets and take improvement measures.

With our [Health and Safety Policy](#), we aim to achieve zero work accidents and zero occupational diseases to provide a healthy and safe working environment for Sabancı Group employees.

Within the scope our [Corporate Social Responsibility Policy](#) and Principles, we expect all Group companies to manage the economic, social and environmental impacts of their activities with a sense of responsibility and prioritize societal development.

Within the scope of [Communication Principles of Sabancı Group](#), we aim to create the perception that the Group manages its strategic portfolio with a competitive and sustainable growth potential with an understanding of shared value through internal and external communication tools.

With our [Anti-Bribery and Anti-Corruption Policy](#), we demonstrate our stern intolerance for bribery and corruption across the Group and in our relations with our external stakeholders, and strengthen our position with our measures and sanctions.



[You can find all our policies here.](#)

# BUSINESS ETHICS

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At Sabancı Group, we define the frame of our mutual responsibilities with our employees and stakeholders with Sabancı Group Code of Business Ethics (SA-ETHIC). Based on the principles of honesty and integrity, SA-ETHIC acts as a guide on the laws, regulations and internal procedures that are decisive in all decisions and activities and complies with the Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organization. SA-ETHIC is binding on all Board Members, managers, and employees of Sabancı Holding and Group companies. We also expect all our suppliers, subcontractors, dealers, business partners and similar stakeholders to respect this Code.

👉 You can access the Sabancı Holding Code of Business Ethics here.

Holding and company top management are responsible for the implementation of Code of Ethics namely SA-ETHICS or the rules specifically by the companies and also for the creation of a culture that supports its implementation. Code of Business Ethics and any relevant policy are reviewed, updated, and documented by Human Capital and Sustainability Group Presidency with the recommendations of the Ethics Committee and after the approval of the Holding CEO and Chair of the Board of Directors announced to the Holding and Companies.

Holding and Company Human Resources are responsible from informing all employees (including our part-time and contracted employees) about the Code of Ethics, in order to ensure the clarity of policies and rules providing trainings at least once a year and ensuring constant communication with employees. The Holding and Companies are responsible from its employees to read the ethical rules, to be informed about this matter and to ensure the Employee Statement (Employee Statement) to be signed by them, at the beginning of each year, to ensure all employees to

renew their notifications by signing the Business Ethics Compliance form (Business Ethics Compliance Form).

The Sabancı Holding Ethics Board is responsible for supporting the Board of Directors in fulfilling this responsibility. Group employees can report ethical violations to the Ethics Board by sending an e-mail to [etik@sabanci.com](mailto:etik@sabanci.com) or dialing +90 212 385 85 85 or mailing to the Sabancı Holding Headquarters.



The person reporting to the Ethics Board is under the protection of this Board and is guaranteed that they shall not endure any repression, pressure, or penalty for raising concerns.

The Code of Ethics covers corporate policies, primarily the fight against bribery and corruption, human resources and environmental policies, and compliance with operating principles and legal obligations. To ensure compliance with legal regulations, contracts, company policies and procedures and ethical rules; to prevent errors and irregularities; to protect assets; to ensure effectiveness of the risk management and internal control environment, accuracy and integrity of operational and financial information and to identify opportunities for improvement; periodic or on-demand custom audits are carried out by the Audit Department under the control of the Audit Committee in accordance with the International Internal Auditing Standards and Ethical Rules. Scope of the audits include all Group companies within the scope of this Sustainability Report and the business units to be audited are prioritized from a risk point of view. In addition, the Internal Audit Units of Group companies also carries out regular audits for the same purpose under the supervision of their Audit Committees at least once every three years. Audit activity covers notifications and complaints submitted through ethics hotline or other channels, and special examinations about violation against legal regulations, our code of ethics and the other company regulations. The number of ethical notifications made in 2020 is 565 excluding the bank. 9% of these notifications were made to the Ethics Board and the rest were made directly to the companies. Notifications and violations are divided into the following five categories: administration, abuse, unfair treatment, working conditions, and customers and suppliers. Following the evaluation of

the notifications, all cases were examined, and 50% of them were confirmed as ethical violations. 41% of the violations were abuse related. This is followed by administrative issues at 38%. As a result of the investigations, the employment contracts of 167 employees were terminated in 280 cases with ethical violations. At H.Ö. Sabancı Holding A.Ş. in particular, no ethical notifications or cases have occurred.

### TRAINING ON ETHICS AND PERSONAL DATA PROTECTION

We annually provide refresher training for current employees to keep their knowledge of SA-ETHIC up-to-date and to raise awareness. We ensure that every new employee in the Group receives SA-ETHIC training. This year, the university students participating in the New Generation Career Experience Program also received SA-ETHIC training. At the end of the training, we request a written statement from the employees signifying their willingness to comply with SA-ETHIC. Since 2019, we are providing online Personal Data Protection training to Group companies.

In 2020, we provided 9,641 employee x hours of ethics training and 5,814 employee x hours of Personal Data Protection training.

### ANTI-BRIBERY AND ANTI-CORRUPTION

Sabancı Group does not tolerate bribery or corruption under any circumstance. We expect all Group managers and employees to comply with the duties and responsibilities set out in the Anti-Bribery and Anti-Corruption Policy. The ethics training provided to employees covers Anti-Bribery and Anti-Corruption Policy-related topics. Employees can

report cases of bribery and corruption to the Ethics Board by sending an e-mail to [etik@sabanci.com](mailto:etik@sabanci.com), dialing +90 212 385 85 85 or mailing to the Sabancı Holding Headquarters. The Ethics Board is responsible for reviewing all reports thoroughly according to the privacy policy and resolving them as soon as possible.



*You can access the Sabancı Holding Anti-Bribery and Anti-Corruption Policy here.*

The Anti-Bribery and Anti-Corruption Policy is binding on Group executives and employees, all relevant stakeholders, as well as suppliers, business partners, and consultants. We follow blacklisted individuals and companies in close coordination with public authorities. We blacklist suppliers that are deemed as objectionable or risky by public institutions for any reason, act contrary to our Group culture, or violate our processes, and we terminate our business relationship with them. We can thus identify suppliers, contractors and customers who are known or suspected to be involved in bribery. We apply sanctions on people who urge, encourage, and legitimize violating acts, as well as those who tolerate such acts by not reporting them despite being aware of them. Nevertheless, those suppliers can be re-evaluated every year, and they can be added to the suppliers' list again after they have remedied the violations.

# ANNEXES

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## ANNEX 1: STAKEHOLDER RELATIONS AND COMMUNICATION

Stakeholders	Frequency	Communication Platforms	Stakeholder Priorities
<b>Employees</b>	Daily	Audits, supplier meetings, training	Business results, remuneration, performance and talent management, employee development, leadership, communication between Group companies, digitalization, innovation, ESG performance
<b>Shareholders and Investors</b>	At least monthly	Annual reports, annual meetings, conferences	Financial performance, ESG performance, future targets, a responsible investment approach
<b>Suppliers</b>	Daily	Audits, supplier meetings, training	Business performance, incentives, quality, investment in sustainable business models
<b>Dealers and Partners</b>	At least weekly	Dealer meetings, site visits, training	Business performance, business goals
<b>Professional Associations</b>	Periodically	Meetings, panels, joint projects	Sectoral problems, compliance, benchmarking
<b>Public Institutions</b>	At least monthly	Seasonal meetings, projects	Compliance, performance, quality
<b>National and International Regulatory Bodies</b>	At least monthly	Panels, annual meetings	Adaptation and performance improvement, adaptation to trends
<b>Local Administrations</b>	At least monthly	Visits, panels	Performance, charitable donations, and sponsorship on social sustainability issues
<b>Nongovernmental Organizations</b>	At least monthly	Conferences, project partnerships, panels	Sustainability performance of the issues of society, environment and work-life; innovation
<b>Universities</b>	Project-based	Career days, project partnerships	Contribution to career opportunities, knowledge generation and development, reduction of environmental impact, performance improvement in the value chain
<b>Mass media</b>	Weekly	Press conferences, press releases, exclusive interviews, special news studies, digital communication channels	Business goal development, driving sectoral development, agenda assessment, transparency

## ANNEX 2: CORPORATE MEMBERSHIPS AND INITIATIVES

As Sabancı Holding, we are members of various local and national associations, boards, and communities. We take active roles in varied formations and work shoulder to shoulder with all stakeholders for the development of our country.

Stakeholder	Representation
World Business Council of Sustainable Development	Membership and Representation in Working Groups
The Turkish Industry and Business Association	High-Level Representation and Representation in Various Commissions and Working Groups
The Foreign Economic Relations Board of Turkey	Business Councils Member
The Corporate Governance Association of Turkey	High-Level Representation
The Institute of Internal Auditing of Turkey	High-Level Representation and Ethics Committee Membership
The Turkish Investor Relations Society	High-Level Representation
The Istanbul Chamber of Commerce	Member
The Board of Directors Association	Board Member
The American Turkish Society	Co-Chair
The World Energy Council	Member
The Turkish Cement Manufacturers' Association	Chair
The Cement Industry Employers' Association	Board Member
The Global Cement and Concrete Association	Board Member
CEMBUREAU	Board Member
Business Plastics Initiative	Member
Business Council for Sustainable Development Turkey	Member
The Ethics and Reputation Society of Turkey	Member
The People Management Association of Turkey	Member
The European Round Table of Industrialists	Member



## ANNEX 3: PERFORMANCE INDICATORS

## ENVIRONMENTAL PERFORMANCE INDICATORS

Energy Consumption	2018	2019	2020 <sup>89</sup>
Total energy consumption (MWh)	35,787,733	32,330,950	39,474,981 ✓
Renewable energy consumption (MWh)	138,607	138,927	164,781 ✓
Purchased heat/steam/cooling (kg)	-	-	80,583 ✓
Savings and Reductions Based on Environmental Investments	2018	2019	2020
Energy savings (MWh)	-	-	12,506,295 ✓
Greenhouse gas emission reductions (ton CO <sub>2</sub> e)	-	-	20,636 ✓
Greenhouse Gas Emissions (ton CO <sub>2</sub> e)	2018	2019	2020
Scope 1	17,379,026	16,560,630	18,601,123 ✓
Scope 2	825,188	2,730,255	2,719,439 ✓
Total (Scope 1 and 2)	18,204,214	19,290,885	21,320,561 ✓
Scope 3 <sup>90</sup>	256,617	7,345	13,582 ✓
Total	18,460,831	19,298,230	21,334,144 ✓
Water Consumption (m <sup>3</sup> )	2018	2019	2020
Water consumption	7,955,809	8,895,181	10,051,448 ✓
Water recycled and reused	21%	21%	19%
Total amount of discharged water	1,948,713	1,657,413	3,488,182 ✓
Waste (ton)	2018	2019	2020
Hazardous waste	11,763	7,191	8,109 ✓
Non- hazardous waste	32,223	24,170	23,465 ✓
Total waste <sup>91</sup>	43,986	31,361	31,574 ✓
Percentage of waste reused and recycled	-	-	87% ✓

Air Emissions (kg)	2018	2019	2020
NO <sub>x</sub>	10,340,353	11,365,122	11,634,810
SO <sub>x</sub>	3,951,425	3,318,093	3,675,249
Persistent organic pollutants (POP)	0	0	0
volatile organic compounds (VOC)	120,127	68,797	174,718
Hazardous air pollutants (HAP)	0	1	2
Particulate matter (PM)	92,804	74,736	72,715
Intensity Indicators	2018	2019	2020
Energy intensity (MWh/ million TL)	0.41	0.33	0.38 ✓
Greenhouse gas emission intensity (ton CO <sub>2</sub> e/ million TL)	0.21	0.20	0.21 ✓
Water intensity (m <sup>3</sup> / million TL)	92.00	91.74	97.08
Waste intensity (ton/million TL)	0.51	0.32	0.30
Total Environmental Investments and Expenditures (TL)	2018	2019	2020 <sup>92</sup>
Reduction investments	-	-	12,217,351 ✓
Transition investments	-	-	15,430,444 ✓
Enabler investments	-	-	125,160,338 ✓
Environmental expenditures mandatory by law	-	-	19,605,611 ✓
Environmental expenditures that are not required by law	-	-	15,033,689 ✓

<sup>89</sup> As the environmental data for 2020 was comprehensively audited, there has been a significant change compared to previous years. <sup>90</sup> Scope 3 emissions calculated only using employee commuting and business travel data, but cover all Sabancı Group companies. <sup>91</sup> Does not include Avivasa, Carrefoursa and SabancıDx.

<sup>92</sup> Environmental expenditures and investments were redefined in 2020 for all Group companies, and therefore the data is only provided for the year 2020.

## SOCIAL PERFORMANCE INDICATORS

	2018		2019		2020	
<b>Employees by Category</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
Total number of employees <sup>93</sup>	13,706	21,836	14,051	32,704	14,178 ✓	33,485 ✓
Number of white-collar employees	7,877	11,298	8,907	13,540	8,983	13,716
Number of blue-collar employees	5,829	10,538	5,144	19,164	5,195	19,769
Employees covered by collective bargaining agreements	5,569	11,597	5,010	18,091	4,833	18,341
Number of employees with disabilities	205	795	243	1,006	240	1,015
Number of foreign employees	4	27	3	21	3	17
<b>Employees by Employment Type</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Full-time</b>	<b>Part-time</b>	<b>Full-time</b>	<b>Part-time</b>
Employees by employment type	38,169	86	46,633	110	46,635	1,017
Number of white-collar employees	19,729	21	22,424	11	22,348	340
Number of blue-collar employees	18,440	65	24,209	99	24,287	677
<b>Employees by Age</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
Under 30	5,156	6,169	4,213	6,977	3,922	6,850
30-50 years old (including 30 and 50)	8,601	17,603	9,707	24,783	10,124	25,503
50 and older	85	641	130	933	131	1,122
<b>Number of New Hires</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
Under 30	2,675	3,143	1,874	3,158	1,378	2,436
30-50 years old (including 30 and 50)	742	1,904	681	1,692	545	1,301
Over 50	14	108	9	70	1	48
<b>Number of Employees Who Left</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
Total number of employees who left	3,033	4,657	2,107	4,007	1,424	2,675
Number of employees leaving – under 30	1,861	2,291	1,110	1,657	723	1,166
Number of employees leaving – 30-50 years old (including 30 and 50)	1,156	2,199	966	2,135	680	1,321
Number of employees leaving – over 50	15	168	31	215	21	188
Number of employees left voluntarily <sup>94</sup>	-	-	-	-	855	1,447
Voluntary employee turnover rate <sup>94</sup>	-	-	-	-	0.06	0.04
Total employee turnover rate <sup>95</sup>	0.22	0.21	0.15	0.12	0.10	0.08

<sup>93</sup> Number of employees includes the employees working directly in operations in Turkey. <sup>94</sup> This metric has started to be tracked in 2020. <sup>95</sup> Employee turnover rate: Number of employees who left/Total number of employees

<b>Employees by Years</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
Number of employees working for 0-5 years	6,958	11,278	6,455	14,546	5,797	13,452
Number of employees working for 5-10 years	3,073	5,311	3,302	9,596	3,860	10,659
Number of employees working for more than 10 years	3,811	7,824	4,293	7,479	4,520	9,367
<b>Maternal/Parental Leave</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
Number of employees granted maternal/parental leave	1,006	738	973	1,595	814	2,043
Employees who returned to work after maternal/parental leave	845	473	880	1,234	761	1,741
<b>Performance Evaluation</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
Number of employees subject to regular performance evaluation	9,868	13,683	10,141	14,891	10,100	15,355
<b>Training</b>	<b>2018</b>		<b>2019</b>		<b>2020</b>	
Total training hours	1,432,577		1,275,741		985,230	
Average training hours per employee	40		27		21	
<b>Subcontractors</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>
Number of subcontractors <sup>96</sup>	3,050	6,180	4,244	6,433	4,420	6,534
<b>Occupational Health and Safety Indicators (Employees)</b>	<b>2018</b>		<b>2019</b>		<b>2020</b>	
Number of fatalities	6		3		1	
Number of incidents	1,417		1,304		321	
Number of occupational diseases	4		3		0	
Incident rate (IR) <sup>97</sup>	3.27		3.10		0.81	
Lost day rate (LDR) <sup>98</sup>	8.5		9.1		8.8	
Absentee rate (AR) <sup>99</sup>	918.52		862		1.521	
Total OHS Investments (TL) <sup>100</sup>	91,915,182		143,493,106		96,406,787	
OHS training hours	447,287		469,880		229,564	
Average OHS training hours per employee	13		10		5	

<sup>96</sup> Carrefoursa is not included. <sup>97</sup> Incident rate (IR) for the respective year is calculated as follows: (Number of injuries\*200,000) / Employee hours worked. Total working hours for 2018 and 2019 are updated. <sup>98</sup> Lost day rate (LDR) is the ratio of total lost days, which is calculated based on the medical reports regarding all sick leaves and injuries, to total working days. LDR for the respective year is calculated as follows: Total Number of Lost Days \* 200,000/ Employee hours worked. <sup>99</sup> Absentee rate (AR) for the respective year is the ratio of total absent days to the employee hours worked. <sup>100</sup> Akbank and Holding are not included.

## ANNEX 4: REPORTING GUIDANCE

This reporting guidance (“Guidance”) provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance in the 2020 Hacı Ömer Sabancı A.Ş. (“Sabancı Holding”, “Company”) Sustainability Report (“2020 Sustainability Report”). The indicators include **social indicators**, **environmental indicators** and **economic indicators**. It is the responsibility of the Company’s management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the Guidance.

The data included in this guideline is for the FY 20 (1 January – 31 December 2020), fiscal year ended December 31, 2020, and as detailed in the “Key Definitions and Reporting Scope” section comprises only the relevant operations of listed companies below in Turkey and in the World that are the responsibility of the Company by excluding information about subcontractors.

- Akbank T.A.Ş. (“Akbank”, “Bank”)
- Aksigorta A.Ş. (“Aksigorta”)
- AvivaSA Emeklilik ve Hayat A.Ş. (“Avivasa”)
- Enerjisa Üretim Santralleri A.Ş. (“Enerjisa Üretim”)
- Enerjisa Enerji A.Ş. (“Enerjisa Enerji”)
- Sabancı Dijital Teknoloji Hizmetleri A.Ş. (“SabancıDx”)
- Kordsa Teknik Tekstil A.Ş. (“Kordsa”)
- Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa”)
- Temsa Skoda Sabancı Ulaşım Araçları A.Ş. (“Temsa”)
- CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş. (“Carrefoursa”)

- Teknosa İç ve Dış Ticaret A.Ş. (“Teknosa”)
- Akçansa Çimento Sanayi ve Ticaret A.Ş. (“Akçansa”)
- Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi (“Çimsa”)
- Hacı Ömer Sabancı Holding A.Ş. (“Holding”)

### GENERAL REPORTING PRINCIPLES

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting – to highlight the primary principles of comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

## KEY DEFINITIONS AND REPORTING SCOPE

For the purpose of this report, the Company defines:

Type	Indicator	Scope
Social Indicators	<b>Occupational Health and Safety</b>	
	Number of Accidents	This indicator indicates total number of work accidents occurred during the reporting period.
	Number of Fatal Accidents	This indicator reflects the number of fatal accidents resulted in one or more deaths, occurred during the reporting period.
	Number of Occupational Diseases	This indicator reflects total number of occupational diseases that refer temporary or permanent illness, physical or mental disability, which occur due to the nature of the work, or the operating conditions of the business.
	Injury-related Absenteeism	This indicator refers absenteeism as a result of accidents that are machine/equipment collision, uncontrolled material movement, cutting with blades, getting stuck between machine equipment, falling/sliding/ tripping, car crashes, landings, rubbing, getting stuck between car and equipment, resulting loss of working days.
	Total Working Hours	This indicator reflects total working hours of the reporting period.
	Lost Workday Rate (LWR)	This indicator means the rate of lost workdays due to work accidents during the reporting period.
	<b>Distribution of Female Employment</b>	
	Total Number of Employees	This indicator means the total number of employees working in the Company during the reporting period.
	Distribution of Women Employees	This indicator means the ratio of the total number of female employees of the Company to the total number of employees during the reporting period.

Type	Indicator	Scope
	<b>Energy Consumption by Fuel Type</b>	
	Natural Gas Consumption (m <sup>3</sup> )	This indicator reflects the total purchased natural gas (volume – m <sup>3</sup> ) consumption used for heating, cooking and other business operations that require natural gas, at the relevant locations of the Company during the reporting period. It is reported in MWh on a consolidated basis.
	Diesel Consumption (l)	This indicator reflects the total purchased diesel (volume – l) consumption used for generators and company-owned cars at the relevant locations of the Company during the reporting period. It is reported in MWh on a consolidated basis.
	Coal (tones)	This indicator reflects the total purchased coal (by weight – tones) consumption used for heating at the relevant locations of the Companies during the reporting period.
	Fuel-Oil (tones)	This indicator reflects the total purchased fuel-oil (by weight – tones) consumption used for heating at the relevant locations of the Companies during the reporting period.
<b>Environmental Indicators</b>	Gasoline Consumption (l)	This indicator reflects the total purchased gasoline (volume – l) consumption used for company-owned cars at the relevant locations of the Company during the reporting period. It is reported in MWh on a consolidated basis.
	Others	This indicator refers petroleum coke, waste oil, waste tire, waste-derived fuel (RDF) and waste sludge, which were purchased and consumed at the relevant locations during the reporting period. It is reported in MWh.
	LPG	This indicator reflects the total purchased LPG consumption used for company-owned cars at the relevant locations of the Companies during the reporting period. It is reported in MWh on a consolidated basis.
	Electricity Consumption (kWh)	This indicator reflects the total purchased electricity consumption used for air conditioning, lighting, electrical equipment uses and other business operations that require electricity, at the relevant locations of the Company during the reporting period. It is reported in MWh on a consolidated basis.
	Renewable Energy Consumption (MWh)	This represents the Company's renewable energy consumption figures by the end of the reporting period.



Type	Indicator	Scope	
Environmental Indicators	Purchased Heat/Steam/Cool (kg)	Purchased in the reporting period means the amount of R22 purchased by the Company and the amount of refrigerant gas consumed for cooling purposes.	
	Greenhouse Gas and Energy Density (tCO <sub>2</sub> -e / TL revenues)	It means greenhouse gas emissions per TL within the reporting period. It represents the ratio of the Company's electricity consumption from renewable energy sources purchased during the reporting period to the total electricity consumption.	
	Share of Renewable Energy Consumption in Total Energy Consumption	It represents the total of renewable energy sourced electricity produced by the Company during the reporting period.	
	Renewable Energy Generation (MWh)	This represents the Company's renewable energy consumption figures by the end of the reporting period.	
	Renewable Energy Consumption (MWh)	It means the total kilometers of air travels made by the Company employees during the reporting period.	
	Total Annual Kilometers of Air Travel Made for the purpose of Business (km)	It means the total kilometers covered by the services provided for the Company employees during the reporting period.	
	<b>Scope 1, 2 and 3 Emissions</b>		
	Direct (Scope 1) Greenhouse Gas Emissions (tCO <sub>2</sub> e)	This indicator reflects the emissions of greenhouse gases due to the use of natural gas, diesel, gasoline consumption, SF6 and refrigerant gases and fire extinguishing devices at the relevant locations of the Company during the reporting period.	
	Energy-related Indirect (Scope 2) Greenhouse Gas Emissions (tCO <sub>2</sub> e)	This indicator reflects the emissions of greenhouse gases due to the use of purchased electricity at the relevant locations of the Company during the reporting period.	
	Other Indirect (Scope 3) Greenhouse Gas Emissions (tCO <sub>2</sub> e)	This indicator reflects the emissions of greenhouse gases due to non-company and non-directly controlled sources such as waste disposal, business travel and purchased goods and services, which are not considered under Scope 1 and Scope 2 during the reporting period.	
<b>Waste Management</b>			
Reused / recycled waste rate (%)	It represents the ratio of the amount of waste recycled in the reporting period to the total amount of hazardous and non-hazardous waste.		
Total Hazardous Waste	It means the amount of hazardous waste where the Company's operations take place during the reporting period.		
Total Non-Hazardous Waste	It means the amount of non-hazardous waste where the Company's operations take place during the reporting period.		
Amount of recycled waste (ton)	It means the amount of waste recycled at the locations where the Company's operations take place during the reporting period.		

Type	Indicator	Scope
Environmental Indicators	<b>Water Consumption</b>	
	Total Water Withdrawal (m <sup>3</sup> )	This indicator reflects the total water withdrawal by source (volume – m <sup>3</sup> ) at the relevant locations of the Company during the reporting period.
	Total Water Discharge (m <sup>3</sup> )	This indicator reflects the total water discharge by source (volume – m <sup>3</sup> ) at the relevant locations of the Company during the reporting period.
Economic Indicators	<b>Sustainable Business Model</b>	
	Number of Sustainable Products and Services (#)	It refers to the number of mitigation (Products that directly reduce resource use or carbon emissions. Includes activities that are considered unquestionably sustainable.), transition (Products and services that are not considered entirely environmentally friendly in nature, but can be considered as a transition to more sustainable technologies, such as cement and rubber products produced using alternative raw materials and/or fuels.) and enabler (Products that are not considered as direct source/carbon emission reduction activities, but facilitate the dissemination of related technologies.) products and services offered by the Company during the reporting period that provide environmental and social benefits.
	Sum of Revenues from products and services with positive contribution to SDGs (TL)	It refers to the combined net sales revenue obtained from the products and services offered by the Company during the reporting period, which provide environmental and social benefits, and have a mitigation, transitional and facilitating nature.
	R&D and Innovation Investments (TL)	It refers to the R&D and innovation investments of the Company made during the reporting period.
	Ratio of R&D and Innovation Investment Budget to Total Revenue (%)	It refers to the ratio of R&D and innovation investments in the Company's investment budget to total revenue realized during the reporting period.
	Sustainability Oriented R&D and Innovation Investments (TL)	It refers to the sustainability-oriented R&D and innovation investments of the Company made during the reporting period.
Sustainable Investments/ Financial Savings and Environmental/Social Benefit Through Operations	It refers to the financial savings and environmental/social benefits through sustainable investments and/or operations during the reporting period.	

Type	Indicator	Scope
<b>Environmental Investments &amp; Expenditures</b>		
<b>Economic Indicators</b>	Environmental Investments (TL)	It refers to the mitigation (Products that directly reduce resource use or carbon emissions. Includes activities that are considered unquestionably sustainable.), transition (Products and services that are not considered entirely environmentally friendly in nature, but can be considered as a transition to more sustainable technologies, such as cement and rubber products produced using alternative raw materials and/or fuels.) and enabler (Products that are not considered as direct source/carbon emission reduction activities, but facilitate the dissemination of related technologies.) environmental investments carried out by the Company during the reporting period that provide environmental and social benefits.
	Environmental Expenditures (TL)	It refers to expenditures that are legally required and not legally required in the reporting period.
	Sensitive Groups Reached Through Inclusion Programs	It refers to the number of people of the sensitive groups (youth, women and disabled people, etc.) reached by the Company through inclusion programs during the reporting period.

## Data Preparation

### SOCIAL INDICATORS

#### Occupational Health and Safety (OHS) Indicators

The number of accidents and the number of fatal cases are followed by the tables that list the SGK declarations.

No occupational disease was encountered during the relevant period.

The following definitions and formulas are used in the calculation of occupational health and safety indicators.

Formulas: Lost Working Days Rate = Accidental Absence / Total Working Hours \* 200,000

#### DISTRIBUTION OF FEMALE EMPLOYEES DATA

The total number of employees represents the total number of employees that the companies have as of the end of the reporting year and that are based on the information included in the annual reports or human resources systems published as of 31 December 2020.

The following definitions and formulas are used in the calculation of female employee distribution indicators.

Formulas: Ratio of Female Employees = Number of Female Employees / Total Number of Employees

### ENVIRONMENTAL INDICATORS

#### Energy Consumption by Fuel Type

Within the scope of energy consumption data for Akbank, Aksigorta, Avivasa, Enerjisa Üretim, Enerjisa Enerji,

SabancıDx, Kordsa, Brisa, Temsa, Carrefoursa, Teknosa, Akçansa, Çimsa and the Holding, natural gas, diesel, fuel-oil, gasoline, LPG and electricity primary fuel sources are reported. The data is obtained with the meter, invoice, receipt and maintenance-repair forms of the service providers.

- **Akbank:** Only the Bank's buildings, branches and vehicles are included in the calculations, and consumptions related to subsidiaries or group companies are not included. While calculating these values, the consumptions are obtained from the counters and invoices of the service providers or based on the consumptions in the sample branches.
- **Aksigorta:** Natural gas consumption is obtained by dividing the unit price over the TL amount of the invoices of the service providers. Consumption values for 70% Aksigorta and 30% common area are denominated by the building management.
- **Brisa:** Diesel consumption is derived from service providers' invoices for generators, fire pumps and company-owned vehicles. Gasoline and LPG consumption is obtained from the invoices of the service providers for the vehicles belonging to the company. For natural gas consumption;
  - For the Izmit, Aksaray and Esenler locations, the m<sup>3</sup> value on the invoice is considered.
  - Since the natural gas consumption for the Altunizade location is billed jointly with Temsa, consumption values are obtained by denominator according to the usage areas. The usage share for Brisa is 41%.

● **Carrefoursa:** Natural gas consumption is obtained by dividing the unit price over the TL amount of the invoices of the service providers. The unit price is obtained

by taking the average of the TL unit prices per kWh determined by İGDAŞ for each month for 2020.

- **Teknosa:** Natural gas consumption is obtained by dividing the unit price over the TL amount of the invoices of the service providers. As the unit price, the average TL value per m<sup>3</sup> of the two semesters shared by TURKSTAT has been accepted. Electricity consumption data is obtained by dividing the unit price over the TL amount of the invoices of the service providers. As the unit price, the average value of the contracts signed with Enerjisa and AVM managements, shared by Teknosa Construction and Design Directorate, has been accepted.
- **Akbank, Aksigorta, Avivasa, Enerjisa Üretim, Enerjisa Enerji, SabancıDx, Kordsa, Brisa, Temsa, Carrefoursa, Teknosa and Holding** use the following conversion factors in their energy consumption calculations:
  - Since the electricity supply unit is billed in kWh, a conversion factor of 1 kWh=0.0036 GJ is used for conversion to GJ;
  - Since the natural gas supply unit is billed in m<sup>3</sup>, a conversion factor [1m<sup>3</sup> \* (34.52) MJ/m<sup>3</sup>]/1000 is used;
  - Since the diesel supply unit is billed in liters, the conversion factor [1l \* (35.42) MJ/l] /1000 is used for conversion to GJ;
  - Since the gasoline supply unit is billed in liters, the conversion factor [1l \* (31.98) MJ/l] /1000 is used for conversion to GJ;
  - Since the unit of all fuel consumption is reported as MWh, a conversion factor of 1GJ=0.277777 MWh is used for conversion to GJ.

● **Akçansa, Çimsa:** The company's energy resources calorific values are shared in the table below. The calorific values in the Emission Verification Reports

reported to the Ministry of Environment for 2020 are taken as a basis. It uses the formulas listed below along with these values:

- Since the electricity supply unit is billed in kWh, a conversion factor of 1 kWh=0.0036 GJ is used for conversion to GJ;
- Since Imported Coal and Domestic Coal supply unit is reported in tons, conversion factor of [1ton \* (Net Calorific value) GJ/ton] /1000 is used in conversion to TJ;
- Since the natural gas supply unit is billed in m<sup>3</sup>, a conversion factor [1m<sup>3</sup> \* (Net Calorific Value) GJ/m<sup>3</sup>]/1000 is used;
- Since the diesel supply unit is reported in liters, the conversion factor [1l \* (Net Calorific value) GJ/l] /1000 is used in the conversion to TJ;
- Since the fuel-oil supply unit is reported in liters, the conversion factor [1l \* (Net Calorific value) GJ/l] /1000 is used in the conversion to TJ;
- Since the unit of consumption of petroleum coke, waste oil, waste tire, waste-derived fuel (RDF) and waste sludge, which are evaluated within the scope of other fuels, is reported in tons, in conversion to TJ [1t \* (Net Calorific Value) GJ/t] /1000 conversion factor is used;
- Since the unit of all fuel consumption is reported as MWh, a conversion factor of 1GJ=0.277777 MWh is used for conversion to GJ.

#### Purchased Heat/Steam/Cool

The amount of refrigerant consumed for cooling purposes is reported within the scope of purchased heat/steam/cooling indicator. For this indicator, the total consumption amount of R22 gases and other gases such as SF6, R407C, R134A, R410A and CO<sub>2</sub> gases has been calculated based

on maintenance/repair forms and related invoices.

#### Greenhouse Gas and Energy Intensity (tCO<sub>2</sub>-e / TL)

Greenhouse gas intensity was calculated by dividing the sum of scope 1 and 2 emissions by the total TL revenues in the reporting period.

Total TL income refers to the total income figures of the companies as of the end of the reporting year and stated in the independently audited activity and financial reports published as of 31 December 2020.

Formulas: Greenhouse Gas and Energy Intensity = tCO<sub>2</sub>-e / Revenues in TL

#### Share of Renewable Energy Consumption in Total Energy Consumption

Renewable energy consumption refers to the renewable energy sourced electricity consumption purchased by the Company.

- **Enerjisa Enerji & Kordsa:** It is followed by iREC (Renewable Energy Certificate).
- **SabancıDx:** It is followed by reports received over the system.
- **Akçansa:** Renewable energy consumption refers to the electrical energy obtained from the waste heat generated during the production process and the energy gained from the wind turbine. The electrical energy obtained from the waste represents the data reported to the T.C. Ministry of Energy and Natural Resources.
- **Çimsa:** Renewable energy consumption represents the electrical energy obtained from the waste heat generated during the production process.

Renewable energy generation, on the other hand, refers to the total electricity produced by the Company from renewable energy sources. It is followed by reports received on the system.

Formulas: Share of Renewable Energy Consumption in Total Energy Consumption = Renewable Energy Consumption/ Total Energy Consumption

#### Total Annual Kilometers of Air Travels for the purpose of Business

It represents the total kilometers of air travels made by the Company's employees during the reporting period. Companies are followed up with the information provided by the tourism agency they work for.

#### Total Annual Kilometers of Personnel Services

It represents the total kilometers covered by the services provided for the Company employees during the reporting period. These data are followed in line with the information shared by the tourism agency with which the Company works.

### Scope 1, 2 and 3 Emissions

● Akbank, Aksigorta, Avivasa, Temsa, Carrefoursa, Teknosa, SabancıDx, Enerjisa Üretim, Enerjisa Enerji, Brisa, Kordsa, Holding:

Scope 1, Scope 2 and Scope 3 emissions have been calculated in accordance with ISO 14064-1, with the principle of operational control within the framework of the “Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard”.

In the calculations, CO<sub>2</sub> equivalent factors consisting of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs (SF6 and refrigerant gas) CO<sub>2</sub> equivalent emission factors were used. The emission factors used are detailed in the table below. Global Warming Potential (GWP) coefficients are from 5<sup>th</sup> Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and Greenhouse Gas Protocol (<https://www.gov.uk/government/publications/greenhouse-gasreporting-conversion-factors-2020>) and the resultant ton CO<sub>2</sub>-e value is calculated by multiplying with the appropriate coefficients.

Emission Factors – Scope 1	Total Carbon Factor (ton CO <sub>2</sub> -e)
Natural Gas (m <sup>3</sup> )	0.00194
Diesel (l)	0.00273
Gasoline (l)	0.00227
Emission Factors – Scope 2	Ton CO <sub>2</sub> -e/MWh
Turkey Electricity (from grid)	0.477
Emission Factors – Scope 3	kgCO <sub>2</sub> -e/km
Business Travels (Domestic Flights) (km)	0.00013
Business Travels (International Flights - Europe) (km)	0.00008
Business Travels (International Flights - Overseas) (km)	0.00010
Personnel Services (km)	0.00056

● Akçansa, Çimsa: Scope 1, Scope 2 and Scope 3 emissions have been calculated in accordance with ISO 14064-1, with the principle of operational control within the framework of the “Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard”. Carbon Dioxide Emission and Energy Inventory provided by the World Business Council for Sustainable Development – Cement Sustainability Initiative (WBCSD) for scope 1 and scope 2 emission calculations – Cement Carbon Dioxide and Energy Protocol Version 3.04 (WBCSD Cement) Calculated using the Sustainability Initiative Cement CO<sub>2</sub> and Energy Protocol, Version 3.04 up, CO<sub>2</sub> Emissions and Energy Inventory). For Scope 3 calculations, the Mobile Combustion Greenhouse Gas Emissions Calculation Tool Version 2.6 (Mobile Combustion GHG Emissions Calculation Tool Version 2.6 – GHG Protocol) provided by the Greenhouse Gas Protocol was used. Since the type of fuel used for personnel services is diesel, the mobile combustion-diesel carbon factor was used.

### Water Management

Consumption data for the total water withdrawal and water discharge indicators are obtained by dividing the unit price over the TL amount of the service providers’ invoices. Within the scope of this criterion, the total consumption used as mains water is evaluated as discharged water.

### Waste Management

Hazardous wastes are defined as wastes containing substances that are dangerous for human health and the environment and that have the potential to be harmful, while non-hazardous wastes are defined as wastes that do not cause any harm to human health and the environment. The total amount of hazardous waste and non-hazardous waste is tracked through the waste declaration forms shared by the suppliers.

The amount of recycled waste refers to the amount of waste that goes to the Company’s landfill/solid waste site or is recycled by itself or another organization, recovered for energy purposes and reused. It is followed through the waste declaration forms shared by the providers. Total plastic consumption is followed up with invoices; represents the consumption amount of plastic products, pet bottles, bags and plastic packaging.

Formulas: Reused / recycled waste ratio = Amount of Recycled Waste / (Total Hazardous Waste + Total Non-Hazardous Waste)



## ECONOMIC INDICATORS

The following definitions and formulas are used in the calculation of economic indicators.

### Sustainable Business Model

Products and services identified as sustainable are;

- Products and services that provide benefits related to the direct reduction of environmental resources / carbon emissions (mitigation),
- Products and services related to the reduction of environmental resource use / carbon emissions in technologies and activities that are not considered sustainable in nature (transition),
- Products and services that are not considered as direct source / carbon emission reduction activities, but facilitate the dissemination of related technologies (enabler)
- Grouped as products and services that create positive social impact.

Revenues from products and services were obtained through product-based sales lists, and total revenue from related product types was reported within the scope of this indicator.

Within the scope of the ratio of sustainable product and service revenues to total revenues, total TL revenues represent the total revenues of the companies as of the end of the reporting year, which are stated in the annual reports published as of 31 December 2020 or in the financial reports subject to independent audit.

The total amount reported within the scope of R&D and innovation investment consists of the investments made within the approved budget of the Company. Amounts

reported under R&D and innovation investments represent the total revenue figures of the Companies stated in the annual reports published as of 31 December 2020 or in the financial reports subject to independent audit. The total amount reported within the scope of sustainability-oriented R&D and innovation investment represents the sustainability-oriented investments included in the Company's approved R&D and innovation investment budget.

- **Akbank:** While calculating the number of financed renewable energy projects, the loaned renewable energy portfolio was used. In this context, the financing provided to the Hydroelectric Power Plant (HEPP), Wind Power Plant (WPP), Biomass Power Plant (BES), Waste Power Plant and Solar Power Plant (GES) projects, which are within the scope of renewable energy, is calculated over the number of power plants established on a project-basis. While calculating the installed power (MW) of the financed renewable energy projects, the loaned renewable energy portfolio was utilized. In this context, the Bank's financing rate was not taken into account in the partial financing provided to the Hydroelectric Power Plant (HEPP), Wind Power Plant (WPP), Biomass Power Plant (BES) and Solar Power Plant (GES) projects, which are within the scope of renewable energy, and the calculation was made on the basis of the total installed capacity of the project.
- **Aksigorta:** The number of sustainable products and services consists of 8 products and services that are considered as products that create positive social impact. The 6 services evaluated within this scope, which include online appraisal, online health consultancy, digital/full automation-based damage processes, paperless damage reporting, inspection and

evaluation processes, debris removal in case of debris damage and Akşağlık mobile application, are activities that are not included in the amount of the Company's sustainable product and service revenues. The amount of sustainable product and service revenues represents the products that create a positive social impact, namely the revenues of Solar Power Plant, Hydroelectric Power Plant, Wind Energy Panel Insurances and vehicle insurance products for electric vehicles and is obtained through the relevant policies. "The Sustainability/Social Responsibility Project Projected on Digital Risks" was considered within the scope of the sustainable-oriented R&D budget. The balance reported within the scope of R&D and innovation investments includes the expenses of the projects within the 2020 financial year budget.

- **Avivasa:** The amount of sustainable product and service revenues include non-life insurance and pension technical insurance. The calculation was carried out based on the approved financial statements of the Company.
- **Enerjisa Üretim:** The number of sustainable products and services consists of 21 products and services, which are considered as mitigation and enabler products. Mitigation products are defined as products and services that provide benefits related to the direct reduction of environmental resources and/or carbon emissions. The products evaluated in this context are 19 HPP and WPP power plants. There are 2 services evaluated within the scope of transition products, and they consist of CO<sub>2</sub> emission reduction and hot use return projects.
- **Enerjisa Enerji:** The amount of sustainable product and service revenues has been determined through the sales lists followed under iREC (Green Energy Certificate), Carbon Reduction Certificate, Cogeneration,

energy efficiency products, Solar Power Plant projects for mitigation projects and under Eşarj AC, Eşarj DC for enabler projects and were reported on this basis.

● **SabancıDx:** The number of sustainable products and services consists of 5 products and services, which are considered as mitigation and enabler products. The product Cdx project, which is evaluated within the scope of reduction products, provides energy efficiency to cement companies. There are 4 services evaluated within the scope of converter products and they are considered within the scope of the digital transformation project. The balance reported within the R&D and innovation investments includes the R&D projects capitalized in the 2020 financial year.

● **Kordsa:** Sustainable products categorized by the Company's Sustainable Products and Services models in 2020 include Cord Fabric, Yarn, Resin and Carbon Fiber Fabric. R&D and innovation investments include projects considered within the scope of 4R and well-being projects.

● **Brisa:** The number of sustainable products and services consists of 576 products and services that are considered as transition, enabler and positive social impact products. Products that are not considered as sustainable by their nature are tire products designed with Aspects+mobilfix and product improvements. In the enabler product group, e-charging points for electric vehicles and manufactured tire products were evaluated. In the category of products with positive social impact, wet braking distance (All groups A value & Sound All groups PBN wave-1 value), wet ground braking distance (All groups A value & Sound All groups different from PBN wave-1 value) and wet ground braking distance (All groups different from A value & Sound All groups PBN wave-1 value) products were evaluated.

The projects included within the scope of R&D and innovation investments are the projects carried out at Brisa R&D Center, the reported balance includes R&D projects capitalized in the 2020 financial year.

Total amounts reported within the scope of sustainability-oriented R&D and innovation investments consist of expenditures made within the approved budget of the Company. The projects carried out at the Brisa R&D Center are the projects carried out under the headings of rolling resistance, reducing noise and raw material use, energy saving, recycled material usage and improvement of abrasion life, within the scope of environmental investment.

● **Temsa:** The number of sustainable products and services is discussed under two headings. The products considered within the scope of mitigation products are sustainable electric vehicle models produced by the Company, monitored by the relevant product catalogs and sales invoices. The balance reported within the R&D and innovation investments includes the R&D projects capitalized in the 2020 financial year. Total income for Temsa has been obtained from internal financial reports.

● **Carrefoursa:** The number of sustainable products and services consists of 54 products and services, which are considered as mitigation and enabler products. The products evaluated within the scope of mitigation products are 50 CarrefourSA branded Eco-Bio products. The service evaluated within the scope of enabler products is the e-charging points located at 3 locations for electric vehicles.

● **Teknosa:** The number of sustainable products and services consists of 108 products and services, which are considered as mitigation and enabler products. The products evaluated within the scope of mitigation

products are 104 types are low energy consumption A+++ white appliances and air conditioner models. The service evaluated within the scope of enabler products are Teknogaranti, technology support package, in-store service package and non-warranty repair services. Projects carried out within the scope of R&D and innovation investments are SAP-HYBRIS projects, digital label and electronic label systems projects, the reported balance includes R&D projects capitalized in the 2020 financial year.

● **Akçansa:** The number of sustainable products and services consists of 26 products and services, which are considered as transition products. Transition products refer to cement types that are included in the scope of products related to the reduction of environmental resource use / carbon emissions in technologies and activities that are not considered sustainable by nature. The balance reported within the scope of R&D and innovation investments includes the expenses of the projects within the 2020 financial year budget.

● **Çimsa:** The number of sustainable products and services consists of 10 products and services, which are considered as transition products. Transition products refer to cement types that are included in the scope of products related to the reduction of environmental resource use / carbon emissions in technologies and activities that are not considered sustainable by nature. Sustainability-focused R&D and innovation investment budget represent the R&D and innovation budget allocated by the Company for Alto, New World, Real, H2 – Phoenix projects, which is budgeted by the Company during the reporting period and is also stated in the Çimsa Integrated Annual Report published as of 31 December 2020 and reported as expense in the financial statements.

Formulas: Ratio of Sustainable Product and Service Revenues to Total Revenue = Sustainable Product and Service Revenues / Total Revenue

### Sustainable Investments/ Financial Savings and Environmental/Social Benefit Through Operations

- **Enerjisa Üretim:** It represents the fuel consumption savings achieved as a result of more efficient use of steam energy in the combined cycle electricity generation process and accelerating the activation process of the steam turbine.
- **Kordsa:** Within the scope of the financial savings and environmental and social benefit indicators realized through sustainable investments and/or operations, the Company's electricity savings in kWh and savings in TL are reported. Energy savings are reported based on the outputs of the software used.
- **Brisa:** Within the scope of the financial savings and environmental and social benefit indicators realized through sustainable investments and/or operations, the Company's electricity CO<sub>2</sub> savings in tonnes and savings in TL are reported. The financial and environmental benefits of energy saving projects realized in Izmit and Aksaray locations were evaluated.
- **Carrefoursa:** The financial savings and environmental/social benefit indicators realized through the sustainable operations of the Company during the reporting period include the replacement of fixtures, the use of IFCO RPC and the Linerless Label Application. The savings related to these operations have been evaluated through the emission factors referenced by the Turkey 2020 National Inventory Report (NIR) and the certificates of the applications.
- **Teknosa:** Within the scope of the financial savings and environmental and social benefit indicators realized

through sustainable investments and/or operations, the Company's electricity savings in kWh and savings in TL are reported. The financial and environmental benefits of energy saving projects (LED conversion and Automation system installation) realized in stores are evaluated regarding this indicator.

- **Çimsa:** It represents the environmental benefit achieved by the reduction of CO<sub>2</sub> emissions during the reporting period. The amount of financial savings have been reached over the base value of Tons CO<sub>2</sub>= 20 Euros.

### ENVIRONMENTAL INVESTMENTS AND EXPENDITURES

- **Aksigorta:** It covers the environmental investments and expenditures of the Company during the reporting period. Environmental investments are reported as mitigation investments. The environmental investment made by the Company in the reporting period includes the VESTEL Electronic Green Bond. The total amount reported in this indicator consists of investments made within the Company's approved financial investments. Environmental investment amounts are monitored through the receipt issued for Aksigorta. The total amount reported in this indicator is composed of the expenditures made within the approved budget of the Company. Environmental expenditures are monitored through the receipt issued for Aksigorta.
- **Avivasa:** The total amount reported in this indicator is composed of expenditures made within the approved budget of the Company and monitored through invoices.
- **Enerjisa Üretim:** Non-mandatory environmental expenditure represents expenditure for carbon certificates.
- **Enerjisa Enerji:** Environmental investments are reported as mitigation investments and enabler investments. The total amounts reported in these indicators are constituted by the expenditures made within the approved budget of the Company. Mitigation investments include energy efficiency and cogeneration solutions. Enabler investments include those related to Eşarj, SCADA, OSOS and voltage conversion projects.
- **Kordsa:** Environmental investments are reported as transition investments. The total amounts reported in these indicators are constituted by the expenditures made within the approved budget of the Company. The said expenditures cover the number of products and services related to the reduction of environmental resource use / carbon emissions in technologies and activities that are not considered sustainable by their nature.
- **Brisa:** It covers legally mandatory environmental expenditures and non-legal environmental expenditures including Izmit electric forklift investment, Izmit energy efficiency CAPEX, Aksaray energy efficiency CAPEX expenditures. The total amount reported in these indicators is composed of the expenditures made within the approved budget of the Company and reported to TUIK.
- **Temsa:** Environmental investments are reported as mitigation investments. The total amounts reported in these indicators are constituted by the expenditures made within the approved budget of the Company. The said expenditures are mitigation investments that directly reduce resource use or carbon emissions. It includes the production and sales of Sustainable Electric Vehicles.
- **Teknosa:** Environmental investments are reported as enabler investments. The total amounts reported in these indicators are constituted by the expenditures

made within the approved budget of the Company. In this criterion, investment expenditures made for teknosa.com under facilitating investments within the scope of environmental investment were evaluated, and within the scope of environmental expenditures, the Recycling Contribution Share (GEKAP) and the amounts of LED conversion and automation system installation in Teknosa stores were evaluated. Environmental investments and expenditures are tracked through invoices issued on behalf of Teknosa and GEKAP payments.

● **Akçansa:** Environmental investments are reported as transition investments. The total amounts reported in these indicators are constituted by the expenditures made within the approved budget of the Company. The said expenditures include investment projects in Büyükçekmece, Ladik and Çanakkale Plants, as well as Ambarlı and Yalova locations as transition investments.

● **Çimsa:** It covers the environmental investments and expenditures of the Company, which were realized in the reporting period and stated in the Çimsa Integrated Annual Report published as of 31 December 2020. Environmental investments were evaluated as transition investments (Eskişehir Waste Sludge Feeding System, Afyon Waste Sludge Feeding System) and environmental expenditures (Mersin 3<sup>rd</sup> Facility T23TF1 Oven Bag Filter Bag Change, coal bag change, Niğde DF 2 Raw meal bag filter bag change, AFYON Bag Filter Bag Change, Afyon Farin bag filter bag change) are reported within the scope of legally mandatory expenditures.

#### Sensitive Groups Reached Through Inclusion Programs

It refers to the number of people of the sensitive groups (youth, women and disabled people, etc.) reached by the Company through inclusion programs.

● **Akbank:** It refers to the the number of young people reached through the programs include My e-scholarship supported by the Bank and Center of Excellence in Finance, ScaleUp Ankara, StartUp Campus, Entrepreneurship Program and Good City projects within Sabancı University. The number of participants is tracked through the confirmation letters received.

● **Avivasa:** Sensitive groups reached in 2020 include aid to citizens over the age of 65. The number of people reached is tracked through the receipts for donations made to the Red Crescent.

● **Enerjisa Enerji:** Sensitive groups reached in 2020 include the customer group in the "Patient" Program, who maintain their life dependent on a device. As of 31 December 2020, it represents the number of customers followed under the "Customers whose Energy Will Not Be Cut Off" table over the list created with the details of the number of customers who are connected to the device in the "Patient" Program from the "Customer Number Report" of the software used. The list in question was created based on the health reports of the relevant group.

● **Kordsa:** Sensitive groups reached in 2020 include young people who were offered internship opportunities with the project realized in cooperation with the Association for Supporting Contemporary Life and Kordsa.

● **Brisa:** Sensitive groups reached in 2020 include citizens over 65 years of age that were distributor managers and the number of people reached through the Psychological Counseling Line. Within the scope of youth, the students reached through Brisa Academy and the participant lists registered in the online training given in the courses determined at specific universities. The number of women reached indicates the number

of people reached in the Brisa Online Hackathon for female engineer candidates. It is tracked through the participant lists registered in the online training. The number of children reached was shared by the relevant kindergartens.

● **Temsa:** Sensitive groups reached in 2020 include young people who benefit from university, vocational high school, summer internship and workplace training.

● **Carrefoursa:** Sensitive groups reached in 2020 include youth and people with basic needs. The number of young people reached represents the number of people participating in the MT program held within the Company. The personnel list is followed through the SAP software. The number of people in need was shared by TIDER. The number of children reached through Darüşşafaka was determined by the donation made. It is accepted that one child is reached with every 40.000 TL donation.

● **Teknosa:** Within the scope of the "Technology for Women" project carried out with the Habitat Association, the number of female participants who attended digital literacy trainings was evaluated. The relevant number has been obtained from the Habitat Association.

#### RESTATEMENT

The measuring and reporting of sustainability-related data inevitably involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Company level.


## ANNEX 5: ASSURANCE STATEMENT



**Limited Assurance Report**  
**To the Board of Directors of Hacı Ömer Sabancı Holding A.Ş.**

We have been engaged by the Board of Directors of Hacı Ömer Sabancı Holding A.Ş. ("Group") to perform a limited assurance engagement in respect of the Selected Sustainability Information ("Selected Information") stated in the Sabancı Group 2020 Sustainability Report (the "2020 Sustainability Report") for the year ended 31 December 2020 and listed below.

**Selected Information**

The scope of the Selected Information for the year ended 31 December 2020, which is subject to our limited assurance work, set out in the pages 14, 31, 34, 41, 77, 78, and 79 of the 2020 Sustainability Report with the sign  is summarised below:

**Social Performance Indicators**

- Occupational Health and Safety Indicators (Employees)
  - Number of incidents (#)
  - Number of fatalities (#)
  - Number of occupational diseases (#)
  - Lost Day Rate (LDR) (%)
- Total number of employees
  - Female (#)
  - Male (#)
- Female employees' rate (%)


**Environmental Performance Indicators**

- Energy consumption
  - Total energy consumption (MWh)
  - Renewable Energy Consumption (MWh)
  - Purchased heat/steam/cooling (kg)
- Intensity Indicators
  - Energy intensity (MWh/ million TL)
  - Greenhouse gas emission intensity (ton CO<sub>2e</sub>/ million TL)
- Greenhouse Gas Emissions (ton CO<sub>2e</sub>)
  - Scope 1
  - Scope 2
  - Scope 3
- Water Consumption
  - Water consumption (m<sup>3</sup>)
  - Water recycled and reused (m<sup>3</sup>)
  - Total amount of discharged water (m<sup>3</sup>)

- Waste
  - Hazardous waste (tons)
  - Non - hazardous waste (tons)
  - Percentage of waste reused and recycled (%)

**Economic Performance Indicators**

- Sustainable Business Model
  - Number of Sustainable Products and Services (#)
  - Sustainable product and service revenues (TL)
  - R&D and innovation expenditures (TL)
  - Sustainability focused R&D and innovation investments (TL)
  - The ratio of sustainability focused R&D and innovation activities (%)
- Total Environmental Investments and Expenditures
  - Reduction investments
  - Transition investments
  - Enabler investments
  - Environmental expenditures mandatory by law
  - Environmental expenditures
- Savings and Reductions Based on Environmental Investments
  - Energy savings (MWh)
  - Greenhouse gas emission reductions (ton CO<sub>2e</sub>)
- People reached through inclusion programs in a year (#)

Our assurance was with respect to the year ended 31 December 2020 information only and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with  in the 2020 Sustainability Report and, any other elements included in the 2020 Sustainability Report and, therefore, do not express any conclusion thereon.

**Criteria**

The criteria used by the Group to prepare the Selected Information is set out in section "Sabancı Group 2020 Reporting Guidance" (the "Reporting Guidance") on pages 80-92 of the 2020 Sustainability Report.

**The Group's Responsibility**

The Group is responsible for the content of the Sustainability Report and the preparation of the Selected Information in accordance with the Reporting Guidance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.



### Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Guidance.

In particular, the conversion of different energy measures to megawatt-hour (MWh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Guidance. Our assurance work has not included examination of the derivation of those factors and other third-party information.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Responsibility

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Guidance. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*<sup>1</sup>, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.



A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Group and
- undertook analytical procedures over the reported data.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Sabancı Group's Selected Information for the year ended 31 December 2020, is not properly prepared, in all material respects, in accordance with the Reporting Guidance.

This report, including the conclusion, has been prepared for the Directors of the Group as a body, to assist the Directors in reporting Hacı Ömer Sabancı Holding A.Ş.'s performance and activities related to the Selected Information. We permit the disclosure of this report within the Group Sustainability Report for the year ended 31 December 2020, to enable the Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of Hacı Ömer Sabancı Holding A.Ş. as a body and Hacı Ömer Sabancı Holding A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Cenk Uslu, SMMM  
Partner

Istanbul, 12 July 2021



## Annex 6: TCFD

Area	Recommendations	References
Governance	a Describe the board's oversight of climate-related risks and opportunities.	Sustainability Governance, page 25 Risk Management, page 70
	b Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability Governance, page 25 Risk Management, page 70
Strategy	a Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Risk Management, Sustainability Risks, page 71-72 Act on Climate Emergency, Energy and Emission Management, page 27-28
	b Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	Risk Management, Sustainability Risks, page 71-72 Act on Climate Emergency, Energy and Emission Management, page 27-28
	c Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Risk Management, Sustainability Risks, page 71-72 Act on Climate Emergency, Energy and Emission Management, page 27-28
Risk Management	a Describe the organization's processes for identifying and assessing climate-related risks.	Risk Management, Sustainability Risks, page 71-72
	b Describe the organization's processes for managing climate-related risks.	Risk Management, Sustainability Risks, page 71-72
	c Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Risk Management, Sustainability Risks, page 71-72
Metrics and Targets	a Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Act on Climate Emergency, Energy and Emission Management, page 27-28 Environmental Performance Indicators, page 77
	b Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Act on Climate Emergency, Energy and Emission Management, page 27-28 Environmental Performance Indicators, page 77
	c Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Act on Climate Emergency, Energy and Emission Management, page 27-28

**ANNEX 6: GRI CONTENT INDEX**

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.



GRI Standard	Disclosure	References	Omission
<b>GRI 101: Foundation 2016</b>			
<b>General Disclosures</b>			
	<b>Organizational Profile</b>		
	102-1	4	-
	102-2	8, 15	-
	102-3	95	-
	102-4	8	-
	102-5	9	-
	102-6	8	-
	102-7	2020 Annual Report, page 8 <a href="https://yatirimciiliskileri.sabanci.com/en/images/pdf/2020-annual-report.pdf">https://yatirimciiliskileri.sabanci.com/en/images/pdf/2020-annual-report.pdf</a>	-
	102-8	78	-
	102-9	43	-
	102-10	8-9	-
	102-11	70-72	-
	102-12	76	-
	102-13	76	-
	<b>Strategy</b>		
	102-14	5-7	-
	102-15	70-72	-
	<b>Ethics and Integrity</b>		
	102-16	73-74	-
	102-17	73-74	-
	<b>Governance</b>		
	102-18	25, 69	-
	102-19	25, 69	-
	102-20	25	-
	102-21	75	-
	102-22	63-68	-
	102-23	64-65	-
<b>GRI 102: General Disclosures 2016</b>			

GRI Standard	Disclosure	References	Omission
<b>General Disclosures</b>			
<b>Stakeholder Engagement</b>			
	102-40	75	-
	102-41	51	-
	102-42	20, 75	-
	102-43	75	-
	102-44	75	-
<b>Reporting Practice</b>			
	102-45	4	-
	102-46	22-24	-
<b>GRI 102: General Disclosures 2016</b>	102-47	21	-
	102-48	4	-
	102-49	21	-
	102-50	1 January 2020 - 31 December 2020	-
	102-51	July 2020	-
	102-52	Annual	-
	102-53	sustainability@sabanci.com	-
	102-54	4	-
	102-55	96-100	-
	102-56	93-94	-
<b>GRI 200: Economic Performance Series</b>			
<b>Economic Performance</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	8	-
	103-2	8	-
	103-3	8	-
<b>GRI 201: Economic Performance 2016</b>	201-1	8	-
	201-2	18, 71-72	-

GRI Standard	Disclosure	References	Omission
<b>GRI 300: Environmental Standards Series</b>			
<b>Energy</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	27, 28	-
	103-2	27, 28	-
	103-3	27, 28	-
<b>GRI 302: Energy 2016</b>	302-1	28, 77	-
	302-3	28, 77	-
	302-4	28, 77	-
<b>Water</b>			
<b>GRI 303: Water and Effluents 2018</b>	303-1	29	-
	303-2	29	-
	303-3	29, 77	-
<b>Biodiversity</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	32	-
	103-2	32	-
	103-3	32	-
<b>GRI 304: Biodiversity 2016</b>	304-3	32	-
<b>Emissions</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	27, 28	-
	103-2	27, 28	-
	103-3	27, 28	-
<b>GRI 305: Emissions 2016</b>	305-1	28, 77	-
	305-2	28, 77	-
	305-3	28, 77	-
	305-4	28, 77	-
	305-5	28, 77	-
	305-7	77	-

GRI Standard	Disclosure	References	Omission
	<b>Waste</b>		
GRI 306: Waste 2020	306-1	30, 31	-
	306-2	30, 31	-
	306-3	30, 77	-
<b>GRI 400: Social Standards Series</b>			
	<b>Employment</b>		
GRI 103: Management Approach 2016	103-1	49	-
	103-2	49	-
	103-3	49	-
GRI 401: Employment 2016	401-1	78	-
	401-2	56	-
	401-3	78	-
	<b>Labor Management Relations</b>		
GRI 103: Management Approach 2016	103-1	49	-
	103-2	49	-
	103-3	49	-
GRI 402: Labor Management Relations 2016	402-1	Minimum notice periods regarding operational changes are respected	
	<b>Occupational Health and Safety</b>		
GRI 103: Management Approach 2016	103-1	60	-
	103-2	60	-
	103-3	60	-
GRI 403: Occupational Health and Safety 2018	403-1	60	-
	403-2	60	-
	403-3	60	-
	403-4	60	-
	403-5	60	-
	403-9	79	-
	403-10	79	-

GRI Standard	Disclosure	References	Omission
	<b>Training and Education</b>		
<b>GRI 103: Management Approach 2016</b>	103-1	52-55, 59	-
	103-2	52-55, 59	-
	103-3	52-55, 59	-
<b>GRI 404: Training and Education 2016</b>	404-1	54	-
	404-2	55	-
	404-3	56	-
	<b>Diversity and Equal Opportunity</b>		
<b>GRI 103: Management Approach 2016</b>	103-1	50	-
	103-2	50-51	-
	103-3	50-51	-
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	50-51	-
	405-2	57	-
	<b>Local Communities</b>		
<b>GRI 103: Management Approach 2016</b>	103-1	34	-
	103-2	34	-
	103-3	34-39	-
<b>GRI 413: Local Communities 2016</b>	413-1	34, 35	-

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Trade Name                      Hacı Ömer Sabancı Holding A.Ş.

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Tax Office and Tax ID Number   Major Taxpayers 4540019679

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This report is digital-only.

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