

C0. Introduction

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C0.1

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**(C0.1) Give a general description and introduction to your organization.**

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

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

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

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

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

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

C0.2

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**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

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**(C0.3) Select the countries/areas for which you will be supplying data.**

Turkey

C0.4

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**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

TRY

C0.5

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**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

C-FS0.7

**(C-FS0.7) Which organizational activities does your organization undertake?**

Investing (Asset owner)

C1. Governance

C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The CEO holds the ultimate responsibility for the execution of Sustainability Roadmap. The Chairperson of the Sustainability Leadership Committee(*) informs the CEO quarterly on the progress and the Holding Board of Directors and the Corporate Governance, Appointment and Remuneration Committee (which includes BoD members) in every 6 months and receives their guidance and approval. Example on climate-related decision made by the CEO: Our CEO has approved our Group-wide target to become Net Zero Emissions by 2050 at the latest. (*)The Sustainability Leadership Committee, chaired by the Human Resources and Sustainability Group President in the Executive Board, ensures the alignment of the Holding and Group companies on sustainability goals, targets and actions. The Committee is also responsible for monitoring the progress in the goals and actions included in the Group's Sustainability Roadmap, and monitoring the efforts to manage risks that may adversely affect Sabancı's reputation and operations in ESG areas. It monitors international developments, public regulations and trends in sustainability and advises the Thematic Task Forces as needed. The Committee encourages the dissemination of expertise and good practices among Group companies.
Board-level committee	The Chairperson of the Sustainability Leadership Committee(*) informs the CEO quarterly and the Holding Board of Directors and the Corporate Governance, Appointment and Remuneration Committee (which includes BoD members) in every 6 months and receives their guidance and approval. Additionally, Sabancı Holding established a Board-level Sustainability Committee consisting of three independent BoD members in 2021 with a mandate of oversight on sustainability-related performance of the Holding. Example on climate-related decision made by the BoD: Our entire Board of Directors approved our Group-wide target to become Net Zero Emissions by 2050 at the latest. (*)The Sustainability Leadership Committee, chaired by the Human Resources and Sustainability Group President in the Executive Board, ensures the alignment of the Holding and Group companies on sustainability goals, targets and actions. The Committee is also responsible for monitoring the progress in the goals and actions included in the Group's Sustainability Roadmap, and monitoring the efforts to manage risks that may adversely affect Sabancı's reputation and operations in ESG areas. It monitors international developments, public regulations and trends in sustainability and advises the Thematic Task Forces as needed. The Committee encourages the dissemination of expertise and good practices among Group companies.

C1.1b

**(C1.1b) Provide further details on the board's oversight of climate-related issues.**

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	<ul style="list-style-type: none"> <li>Reviewing and guiding strategy</li> <li>Reviewing and guiding major plans of action</li> <li>Reviewing and guiding risk management policies</li> <li>Reviewing and guiding business plans</li> <li>Monitoring implementation and performance of objectives</li> <li>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</li> </ul>	<ul style="list-style-type: none"> <li>Climate-related risks and opportunities to our own operations</li> <li>Climate-related risks and opportunities to our investment activities</li> <li>The impact of our own operations on the climate</li> <li>The impact of our investing activities on the climate</li> </ul>	Climate emergency issues constitute an important part of Sabancı Holding's sustainability efforts, given its Group-wide long term goal of being net zero emissions and zero waste by 2050 at the latest. Such topics are brought to the agenda of BoD members through a variety of channels including the Corporate Governance, Appointment and Remuneration Committee or the Board-level Sustainability Committee.

C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	More frequently than quarterly
Other C-Suite Officer, please specify (Group President, HR and Sustainability)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	Quarterly
Sustainability committee	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	Quarterly
Other, please specify (Thematic Task Forces)	Other, please specify (Sustainability Leadership Committee)	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Risk committee	Reports to the board directly	Assessing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	More frequently than quarterly
Other, please specify (Sabancı Holding Sustainability Director)	Other, please specify (Group President, HR and Sustainability)	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	More frequently than quarterly
Other, please specify (Sabancı Holding Sustainability Manager)	Other, please specify (Group President, HR and Sustainability)	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	More frequently than quarterly

**C1.2a**

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

**CEO:** The CEO of Sabancı Holding holds the ultimate responsibility for monitoring and assessment of sustainability-related risks and opportunities, including those that are related to climate emergency, as well as the execution of Sustainability Roadmap\*. For instance, the CEO comments on the evaluation of sustainability risks across the Group and suggests on actions to improve during the Risk Coordination Committee meetings. An example to such risks which the CEO commented on can be the impact of Carbon Border Adjustment Mechanism (CBAM) on emission-intensive sectors. ESG performance, including but not limited to those that are related to climate issues, are embedded in senior management's performance goals at the rates of 10-15% ( 10% for Group Presidents; 15% for CEOs).

**Group President, HR & Sustainability and Sustainability Leadership Committee:** Sustainability Leadership Committee, chaired by the HR and Sustainability Group President in the Executive Board, ensures the alignment of the Holding and Group companies on sustainability goals, targets and actions. The Committee is also responsible for monitoring the progress in the goals and actions included in the Group's Sustainability Roadmap, and monitoring the efforts to manage risks that may adversely affect Sabancı's reputation and operations in ESG areas. It monitors international developments, public regulations and trends in sustainability and advises the Thematic Task Forces as needed. The Committee encourages the dissemination of expertise and good practices among Group companies. Sabancı Holding Group Presidents, Head of Corporate Brand management and Communication and Investor Relations Director are the members of the Sabancı Sustainability Leadership Committee. Additionally, the CEOs of the Group Companies, top managers and experts in environmental and social areas from Group Companies are invited to the Committee based on the agenda where relevant. The agenda of the Committee meetings include climate-related topics, as they are among the most critical tasks of the sustainability management. An example to the monitoring and assessment of climate-related issues by the Group President, HR & Sustainability and Sustainability Leadership Committee is the potential impact of climate-related developments under the EU Green Deal, such as CBAM and hydrogen strategy.

**BoD & BoD level Committees:** The Sustainability Leadership Committee meets and reports directly to the CEO (who is also executive member of the board of directors) on a quarterly basis. The Chairperson of the Committee also informs the Holding BoD and the Corporate Governance, Appointment and Remuneration Committee every six months and receives their guidance and approval. Additionally, Sabancı Holding established a Board-level Sustainability Committee consisting of three independent BoD members in 2021 with a mandate of oversight on sustainability-related performance of the Holding. An example to the assessment and monitoring role of the entire BoD is their monitoring of climate-related KPIs such as the change in carbon intensity and their assessment of suggestions on climate goals such as becoming net zero across all the Group.

**Early Detection of Risk Committee (EDRC):** Sabancı Holding and Group companies use the ERM system. This system includes identification and assessment of all risks including the critical and high-level priority risks of Sabancı Group companies, and continuously measures the performance changes of these risks, as well as monitoring and reporting them. Risk study results are evaluated periodically by the Holding BoD, EDRC and Risk Coordination Committee. Sustainability-risks, including those that are related to climate, are among the critical risks that are assessed and monitored at the EDRC level. An example to such risks can be physical and transitional risks related to the climate emergency and their impact on our Group activities.

**Thematic Task Forces, Sustainability Director, Sustainability Manager:** Thematic Task Forces were established under the Sustainability Leadership Committee as a support structure in the focus areas of the Sustainability Roadmap. Task Forces, consisting of experts from Group companies, are responsible for designing programs and projects for the implementation of the action plan. Thematic Task Forces report their work to the Sustainability Leadership Committee through the Sustainability Directorate.

The Holding's Sustainability Directorate undertakes the coordination role for both the Thematic Task Forces and the Committee. An example to the assessment and monitoring role of Thematic Task Forces as well as Sustainability Director and Manager are their monitoring and assessment of progress on the implementation of climate-related actions under the Sustainability Roadmap\*.

\*Sabancı Holding's Sustainability Roadmap, with app. 80 detailed actions, was approved by the Executive Board and the Board of Directors in 2021.

### C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Sustainability targets are embedded in the remuneration of Group Presidents (also members of Sustainability Leadership Committee) and CEOs of Group companies at the rate of 10% and 15% respectively. The targets include climate-related targets directly or indirectly in addition to other metrics.

### C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Company performance against a climate-related sustainability index Other (please specify) (Implementation of Sustainability Roadmap which includes climate-related actions and targets)	ESG performance, including but not limited to those that are related to climate issues, are embedded in senior management's performance goals at the rates of 10-15% (10% for Group Presidents including the CFO; 15% for CEO, who is also a member of BoD).
Chief Financial Officer (CFO)	Monetary reward	Company performance against a climate-related sustainability index	ESG performance, including but not limited to those that are related to climate issues, are embedded in senior management's performance goals at the rates of 10-15% (10% for Group Presidents including the CFO; 15% for CEO, who is also a member of BoD).
Corporate executive team	Monetary reward	Company performance against a climate-related sustainability index Portfolio/fund alignment to climate-related objectives	ESG performance, including but not limited to those that are related to climate issues, are embedded in senior management's performance goals at the rates of 10-15% (10% for Group Presidents including the CFO; 15% for CEO, who is also a member of BoD). 100% of the scorecard of Sustainability Director and Manager is consisting of sustainability criteria, including increasing transparency and the management of climate-related issues across the Group companies (i.e. investment portfolio).

**C-FS1.4**

**(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?**

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	No, but we plan to do so in the next two years	Sabancı Holding provides the opportunity to have Private Individual Pension Plan as a retirement plan for its all employees including group companies. The funds in these plans are conducted by a group company and it is planned to create ESG focused funds. Therefore, this option will be offered to our employees in 2020.

**C2. Risks and opportunities**

**C2.1**

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

**C2.1a**

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	1	Time horizons are defined primarily acc. to the definition in Sustainability Roadmap and can vary based on the activities of others functions such as risk management, strategy, etc.
Medium-term	1	3	Time horizons are defined primarily acc. to the definition in Sustainability Roadmap and can vary based on the activities of others functions such as risk management, strategy, etc.
Long-term	3	20	Time horizons are defined primarily acc. to the definition in Sustainability Roadmap and can vary based on the activities of others functions such as risk management, strategy, etc.

**C2.1b**

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

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

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

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

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

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

If the final score is:

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

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

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

**C2.2**

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**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

**Value chain stage(s) covered**

Direct operations  
Downstream

**Risk management process**

Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**

More than once a year

**Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

**Description of process**

Sabancı Holding and Group companies use the Enterprise Risk Management (ERM) system. This system includes identification and assessment of all risks including the critical and high-level priority risks of Sabancı Holding companies, and continuously measures the performance changes of these risks, as well as monitoring and reporting them. We also identify emerging risks for the future (from 3 yrs up to 20 yrs), assess their impact on business and determine the required mitigation actions. Risk study results are evaluated periodically by the Holding Board of Directors, Early Detection of Risk Committee (EDRC) and Risk Coordination Committee led by Sabancı Holding CEO and held with the participation of members consisting of the Holding's senior management. In every step of risk assessment, Sabancı Holding acts with the principle of "every risk may contain an opportunity" and the risk teams coordinate with other functions such as Group Presidents responsible for main industries, investor relations, sustainability and the Group company managers in order to make sure the Group embeds such opportunities in business plans. During the assessment process, the risks are categorized based on their nature under four clusters, i.e. financial, strategic (incl. reputational and sustainability risks), operational and compliance. Each cluster is then rated based on parameters such as 'impact', 'likelihood', 'vulnerability' and 'speed of onset'.\* The 'impact' is determined based on multiple dimensions such as financial, operational, legal, reputational, H&S, human resources and environmental impact. Holding EDRC convenes at least 6 times a year and monitors the risks by considering their final risk scores and categories. Upon the suggestion of the EDRC, Holding BoD decides on the mitigation plans on risks that are deemed as high or critical. In principle, all mitigation actions are planned by the risk supervisors or department heads and assigned to a risk owner. Consequently, the action plan is conducted by the risk owner. The Holding's related risk owner and risk supervisor as well as the Holding risk management teams re-evaluate the residual risk level following the completion of mitigation actions. Under the ERM, sustainability risks (which are evaluated as part of the Holding's strategic risks and which has a transversal impact across other risk groups) are defined as 'risk of failure to comply with sustainability requirements including environmental, social and governance (climate change, carbon tax etc.)' and sub-categorized into different topics such as physical risks, compliance risks and transition risks. It is deemed as a strategic risk as a whole with critical importance given its significant potential impact (e.g. financial impact of all 3 sub-categories collectively has the potential to exceed TL 250 million threshold). Examples of physical risk drivers that are taken into consideration in energy sector are as follows: - Climate change and drought leading to low water reservoir levels, disrupting electricity generation in hydro power plants - Extreme weather-driven irregularity in wind regimes, resulting in losses in power generation via wind turbines Examples to transitional risk drivers that are taken into consideration in building materials sector are as follows: - Failure to comply with sustainability standards (e.g. Carbon Border Adjustment Mechanism - CBAM) - Gaps to climate friendly operational baseline leading to higher cost of funding Definition of substantive financial impact\*\* (2020-2021): As per the financial impact, the threshold for the highest risk level is > TL 250 million Definition of substantive strategic impact (2020-2021): If the cluster of a risk is identified as 'strategic' AND the risk is rated as High or Critical\* on the basis of inherent risks; then it is deemed to pose high strategic risks and prioritized to be reported to the EDRC. \*Following the calculation of final score based on impact, likelihood, vulnerability, speed of onset, the risks are categorized according to the following classification: If the final score is: · equals and higher than 3 than the risk is categories as "Critical", · equals to 2.6 and between 2.6 and 3 than the risk is categories as "High", · equals to 2 and between 2 and 2.6 than the risk is categories as "Medium", · equals and lower than 2 than the risk is categories as "Low". \*\* Financial impact scores are as follows: 1- No loss 2- Up to TL 60 million 3- TL 60 million up to TL 125 million 4- TL 125 million up to TL 250 million 5- More than TL 250 million The EDRC convened 6 times in 2020 and submitted risk assessments to the attention of the Board of Directors.

C2.2a

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	As of today, the only legal obligation directly related to GHG emissions in Turkey is the Regulation on Monitoring, Reporting and Verification (MRV) of GHG Emissions, which is in force since 2015 and applies to emission intensive sectors. The MRV regulation is expected to form the basis for a future legally-binding carbon pricing mechanism which has the potential to impact Sabancı Group companies in various ways, such as reduced revenues in energy intensive sectors in case of exceeding GHG thresholds/allocations. Compliance to MRV law and increasing the internal capacity to monitor and manage GHG emissions is crucial for Sabancı Group in terms of ability to adapt future obligations. In order to mitigate the risk of non-compliance, Sabancı Group takes a proactive approach in aligning with the developments on GHG-related regulations, through (1) undertaking emission reduction initiatives with the ultimate goal of becoming net zero emissions by 2050, (2) increasing its internal capacity to monitor and manage GHG emissions with the use of digitalization and technology where appropriate & feasible and (3) conducting R&D programs on efficient technologies.
Emerging regulation	Relevant, always included	Turkey has not ratified Paris Agreement yet. However the Ministry of Environment and Urbanization has been working on PMR Project (Partnership for Market Readiness) to define the best mechanism for carbon pricing that fits Turkey's sustainable development agenda. Although a legally-binding carbon pricing mechanism is not launched yet and the PMR is still in pilot phase, Carbon Border Adjustment Mechanism (CBAM) may trigger the implementation of a national pricing mechanism in different forms such as carbon tax or ETS, which would bring additional costs to sectors such as building materials and energy. In order to prepare for such scenarios, Sabancı Group has taken a proactive approach and set itself a Group-wide net zero emissions target by 2050 at the latest. With this goal, together with the implementation of its Sustainability Roadmap which includes a wide range of measures on the management of climate-related risks and opportunities, Sabancı Group plans to stay ahead of such developments and mitigate potential risks associated to carbon pricing before they occur.
Technology	Relevant, always included	Technology is developing rapidly, changing production methods and operating models. Transition to green technologies poses a variety of risks (ranging from loss of market share to reduced competitiveness) to companies which do not invest in R&D / innovation and define their growth areas in high-tech sustainable businesses. At Sabancı Group, 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. In order to gain early access to technological innovations and developments, as well as to create agile and technology-based growth platforms, we established a corporate venture capital fund, namely "Sabancı Ventures", through which we focus on investments in areas such as IoT (Internet of Things), artificial intelligence, new material technologies, sustainability, energy, mobility, and cyber security. On the other hand, 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. For instance, 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. In 2020, %44 of R&D and innovation expenses made by Group companies were focused on sustainable solutions.
Legal	Relevant, always included	This risk type includes legal penalties, reputation loss or material damage that may arise in case of not complying with or violating applicable laws, rules or regulations, code of ethics, or a company's internal policies and directives. At Sabancı Holding, we believe 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. Inability to meet such expectations would create loss of social license to operate, reputation, investors, market share and customers beyond legal penalties. In line with this vision, Sabancı Group sets environmental standards beyond legal obligations, monitors its performance in line with its targets and takes measures for improvement. To support Group companies in efficiently managing compliance risks within the determined framework, instructional activities are carried out by the Holding's Legal, Risk and Compliance Group.
Market	Relevant, always included	The Group is exposed to a variety of financial/market risks due to its operations. The financial risks may include exchange (FX) risk, price risk, cash management, interest rate risk, credit risk, liquidity risk, access to capital risk and equity capital markets risks (market capitalization value). The Group's overall risk management program focuses on minimizing the effects of the unpredictability of financial markets and their possible adverse effects on the Group's financial performance. The Group uses financial derivative instruments in order to hedge from various risks. Financial risk management is carried out within the context of policies approved by their Board of Directors for each Group company. Of particular relevance to market related risks on climate change, the Group is proactively working to align with green transition making use of technology, digitalization and innovation in its operations and financial decisions. For instance, 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 as of the end of December 31, 2020. Moreover, Akbank issued a green bond which amounts to USD 50 million during the reporting year.
Reputation	Relevant, always included	Reputational risk includes negative social or conventional media coverage or public sentiment disrupting Sabancı Holding or operating companies' brand image and potentially financial results. Examples to risk drivers include failure to comply with sustainability standards or expectations of investors on ESG performance. Sabancı Group sets environmental standards beyond legal obligations, monitors its performance in line with its targets and takes measures for improvement. For instance, in response to climate emergency, Sabancı Group has taken a proactive approach and set itself a Group-wide net zero emissions target by 2050 at the latest. With this goal, together with the implementation of its Sustainability Roadmap which includes a wide range of measures on the management of climate-related risks and opportunities, Sabancı Group plans to stay ahead of such developments and mitigate potential risks associated to those that are reputational.
Acute physical	Relevant, always included	Physical risks are diverse and are predominantly global risks. These include acute risks such as wildfires, hails, hurricanes and floods, as well as chronic risks such as extreme heat, epidemics, pandemics, drought and access to water. Such risks are clustered under 'operational risks' and may lead to financial losses in case of infrastructure damage, service interruption, increased operational expenses and the like. Management of acute physical risks vary among our Group companies given the nature of this risk and sectors that we operate in. As an example to our Group companies, Kordsa operates in 5 countries with different geographic conditions. Each Kordsa site individually assesses acute as well as chronic physical risks that may be triggered by climate change covering their direct operations. As for the indirect operations, diversification of suppliers' method is used to always have an alternative supplier in cases of disruption. As an example of acute physical risk, Kordsa's Izmit facility in Turkey is located next to a riverbed. Therefore, in cases of extreme precipitation, this may cause flooding and can damage Kordsa's facility or cause production disruption. In order to prevent this risk, Kordsa has developed Flood Emergency Plan to be applied on all Kordsa sites globally (The example used in this section is excerpt from Kordsa 2020 CDP Climate Change Report; please refer to the most up-to-date version of the report for recent updates).
Chronic physical	Relevant, always included	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. Such risks are clustered under 'operational risks' and may lead to financial losses in case of infrastructure damage, service interruption, increased operational expenses and the like. Management of chronic physical risks vary among our Group companies given the nature of this risk and sectors that we operate in. As an example to our Group companies, Brisa's Izmit Production Facility is considered as being exposed to chronic physical risks as it is located in the flood plain of Akarca River and has previously experienced flood related problems. Brisa also has a risk of disruption in their supply chain, especially natural rubber supply shortage, caused by extreme weather events in regions where para rubber tree grows. These risks will lead to lower profit due to higher rubber procurement cost as well as daily shut-off of their production facilities which they consider as a significant financial impact. On a global level, Bridgestone Global Environmental Working Group monitors yearly climate change status in regions of operations (The example used in this section is excerpt from Brisa 2020 CDP Climate Change Report; please refer to the most up-to-date version of the report for recent updates).

C-FS2.2b



**(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?**

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	As a Holding company, the most material part of our value chain in terms of environmental impact is our investments, i.e. the companies that we invest in our portfolio (the Group). Therefore, we pioneer and lead the sectors that we operate in via (1) our 5-year Strategic Plan, where "pioneering in sustainability" is among the five strategic directions and is part of our "Purpose" as the Group, (2) our Sustainability Roadmap, which is implemented by the entire Group, (3) performance management in which sustainability is embedded at a rate of 10% in senior management performance goals, (4) our asset allocation strategy in which sustainability is among the key drivers. We make sure we capture the opportunities and mitigate the risks through these 4 pillars in addition to our ERM system.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Yes	We launched "sustainable products & services taxonomy" for the entire Group in order to identify the growth potential for sustainable business areas and drive innovation for new business areas/markets. We monitor the share of revenues from products and services that contribute SDGs including those that are related to climate on an annual basis (TL 5.9 billion in 2020). This KPI includes non-bank figures since we track the total amount of sustainable financing in banking operations.

**C-FS2.2c**

**(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.**

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	All of the portfolio	Qualitative and quantitative	Risk Management: Sabancı Holding and Group companies use the Enterprise Risk Management (ERM) system. During the assessment process, the risks are categorized based on their nature under four clusters, i.e. financial, strategic (incl. reputational and sustainability risks), operational and compliance. Each cluster is then rated based on parameters such as 'impact', 'likelihood', 'vulnerability' and 'speed of onset'. * The 'impact' is determined based on multiple dimensions such as financial, operational, legal, reputational, H&S, human resources and environmental impact. Holding EDRC convenes at least 6 times a year and monitors the risks by considering their final risk scores and categories. Upon the suggestion of the EDRC, Holding BoD decides on the mitigation plans on risks that are deemed as high or critical. In principle, all mitigation actions are planned by the risk supervisors or department heads and assigned to a risk owner. Consequently, the action plan is conducted by the risk owner. The Holding's related risk owner and risk supervisor as well as the Holding risk management teams re-evaluate the residual risk level following the completion of mitigation actions. The Holding offers guidance for the Group companies to be prepared for these risks and take precautions in their business models against any potential impact. Definition of substantive financial impact** (2020-2021): As per the financial impact, the threshold for the highest risk level is > TL 250 million Definition of substantive strategic impact (2020-2021): If the cluster of a risk is identified as 'strategic' AND the risk is rated as High or Critical* on the basis of inherent risks; then it is deemed to pose high strategic risks and prioritized to be reported to the EDRC. *Following the calculation of final score based on impact, likelihood, vulnerability, speed of onset, the risks are categorized according to the following classification: If the final score is: · equals and higher than 3 than the risk is categories as "Critical", · equals to 2.6 and between 2.6 and 3 than the risk is categories as "High", · equals to 2 and between 2 and 2.6 than the risk is categories as "Medium", · equals and lower than 2 than the risk is categories as "Low". ** Financial impact scores are as follows: 1- No loss 2- Up to TL 60 million 3- TL 60 million up to TL 125 million 4- TL 125 million up to TL 250 million 5- More than TL 250 million The EDRC convened 6 times in 2020 and submitted risk assessments to the attention of the Board of Directors. Strategic Portfolio Management: As a Holding company, the most material part of our value chain in terms of environmental impact is our investments, i.e. the companies that we invest in our portfolio. Therefore, we pioneer and lead the sectors that we operate in via (1) our 5-year Strategic Plan, where "pioneering in sustainability" is among the five strategic directions and is part of our "Purpose" as the Group, (2) our Sustainability Roadmap, which is implemented by the entire Group, (3) performance management in which sustainability is embedded at a rate of 10% in senior management performance goals, (4) our asset allocation strategy in which sustainability is among the key drivers. We make sure we capture the opportunities and mitigate the risks through these 4 pillars in addition to our ERM system.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	All of the portfolio	Qualitative and quantitative	We launched "sustainable products & services taxonomy" for the entire Group in order to identify the growth potential for sustainable business areas and drive innovation for new business areas/markets. We monitor the share of revenues from products and services that contribute SDGs including those that are related to climate on an annual basis (TL 5.9 billion in 2020). This KPI includes non-bank figures since we track the total amount of sustainable financing in banking operations.

**C-FS2.2d**

**(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?**

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	All of the portfolio	As a Holding company, the most material part of our value chain in terms of environmental impact is our investments, i.e. the companies that we invest in our portfolio (the Group). Therefore, we pioneer and lead the sectors that we operate in via (1) our 5-year Strategic Plan, where "pioneering in sustainability" is among the five strategic directions and is part of our "Purpose" as the Group, (2) our Sustainability Roadmap, which is implemented by the entire Group, (3) performance management in which sustainability is embedded at a rate of 10% in senior management performance goals, (4) our asset allocation strategy in which sustainability is among the key drivers. We make sure we capture the opportunities and mitigate the risks through these 4 pillars in addition to our ERM system, and continuously monitor our Group-wide water-related environmental performance. For instance, while the total water withdrawal of Sabancı Group was 10 million m3 in 2020, the rate of water that we brought back to the economy through methods such as recycling and reuse in 2020 was 19% throughout our Group. In the coming years, we will continue to give priority to efficiency projects, especially in our water and emission-intensive sectors.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Yes	All of the portfolio	We launched "sustainable products & services taxonomy" for the entire Group in order to identify the growth potential for sustainable business areas and drive innovation for new business areas/markets. We monitor the share of revenues from products and services that contribute SDGs including those that are related to climate on an annual basis (TL 5.9 billion in 2020). This KPI includes non-bank figures since we track the total amount of sustainable financing in banking operations.

**C-FS2.2e**

**(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?**

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	All of the portfolio	At Sabancı Group, we strongly value conservation of biodiversity. We implement projects to conserve biological diversity and natural life and cooperate with local governments and nongovernmental organizations. For instance, Enerjisa Enerji 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. We also promote the protection of forests through the use of digitalization. Edoksis, a product of SabancıDX, which provides services such as e-Invoice, e-Archive and e-Dispatch, prevents the use of approximately 113 million sheets of paper.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Yes	All of the portfolio	We launched "sustainable products & services taxonomy" for the entire Group in order to identify the growth potential for sustainable business areas and drive innovation for new business areas/markets. We monitor the share of revenues from products and services that contribute SDGs including those that are related to climate on an annual basis (TL 5.9 billion in 2020). This KPI includes non-bank figures since we track the total amount of sustainable financing in banking operations.

**C-FS2.2f**

**(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?**

	We request climate-related information	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	As a Holding company, the most material part of our value chain in terms of environmental impact is our investments, i.e. the companies that we invest in our portfolio (the Group). Therefore, we pioneer and lead the sectors that we operate in via (1) our 5-year Strategic Plan, where "pioneering in sustainability" is among the five strategic directions and is part of our "Purpose" as the Group, (2) our Sustainability Roadmap, which is implemented by the entire Group, (3) performance management in which sustainability is embedded at a rate of 10% in senior management performance goals, (4) our asset allocation strategy in which sustainability is among the key drivers. We make sure we capture the opportunities and mitigate the risks through these 4 pillars in addition to our ERM system. In 2020, we requested our Group companies to share their ESG performance including those that are related to climate with the Holding. We also suggest third party assurance for the KPIs reported to the Holding. On top of this, we continuously monitor the Group-wide performance through the Thematic Task Force named 'Climate Emergency' at least quarterly and through bilateral meetings throughout the year.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Yes	We launched "sustainable products & services taxonomy" for the entire Group in order to identify the growth potential for sustainable business areas and drive innovation for new business areas/markets. We monitor the share of revenues from products and services that contribute SDGs including those that are related to climate on an annual basis (TL 5.9 billion in 2020). This KPI includes non-bank figures since we track the total amount of sustainable financing in banking operations.

**C2.3**

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

**C2.3a**

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Reputation	Increased stakeholder concern or negative stakeholder feedback
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**Primary potential financial impact**

Other, please specify (Investor exit)

**Climate risk type mapped to traditional financial services industry risk classification**

Reputational risk

**Company-specific description**

Reputational risk includes negative social or conventional media coverage or public sentiment disrupting Sabancı Holding or operating companies' brand image and potentially financial results. Examples to risk drivers include failure to comply with sustainability standards or expectations of investors on ESG performance. If climate-related issues are not properly managed by Sabancı Group, this may result in both loss of reputation and investor exit from Sabancı Holding shares.

**Time horizon**

Short-term

**Likelihood**

More likely than not

**Magnitude of impact**

High

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

2259000000

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

3300000000

**Explanation of financial impact figure**

The figures represent the amount of potential exit from Sabancı Holding shares (the exchange rates of the Central Bank of the Republic of Turkey as of H1 2021 are used). It is calculated based on an assumption on the geographic distribution of foreign investors and the level of their sensitivity on ESG issues given the legal frameworks and market developments in their specific region.

**Cost of response to risk**

1000000

**Description of response and explanation of cost calculation**

At Sabancı Holding, we believe 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, including those coming from investors. Sabancı Group sets environmental standards beyond legal obligations, monitors its performance in line with its targets and takes measures for improvement. For instance, in response to climate emergency, Sabancı Group has taken a proactive approach and set itself a Group-wide net zero emissions target by 2050 at the latest. With this goal, together with the implementation of its Sustainability Roadmap which includes a wide range of measures on the management of climate-related risks and opportunities, Sabancı Group plans to stay ahead of such developments and mitigate potential risks associated to those that are reputational. Our Sustainability Roadmap, which include climate-related actions, is implemented through the Thematic Task Forces, consisting of experts from the Group companies as well as the Sustainability Directorate. The Task Forces operate with an agile working model and ultimately report their work to the Sustainability Leadership Committee consisting of the Holding's Group Presidents. The cost of response to risk includes administrative costs of sustainability-related efforts at Sabancı Holding, including those that are related to consultancy costs and excluding staff remuneration.

**Comment**

As a Holding company, the most relevant impact related to mismanagement of climate issues would be loss of investors, since we do not have any production activities nor have direct customers. Therefore, the estimated cost of such risks is presented as the amount of investor exit.

**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Current regulation	Enhanced emissions-reporting obligations
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**Primary potential financial impact**

Other, please specify (Investor exit)

**Climate risk type mapped to traditional financial services industry risk classification**

Policy and legal risk

**Company-specific description**

As of today, the only legal obligation directly related to GHG emissions in Turkey is the Regulation on Monitoring, Reporting and Verification (MRV) of GHG Emissions, which is in force since 2015 and applies to emission intensive sectors. The MRV regulation is expected to form the basis for a future legally-binding carbon pricing mechanism which has the potential to impact Sabancı Group companies in various ways, such as reduced revenues in energy intensive sectors in case of exceeding GHG thresholds/allocation. Compliance to MRV law and increasing the internal capacity to monitor and manage GHG emissions is crucial for Sabancı Group in terms of ability to adapt future obligations. Non-compliance to climate-related regulations may ultimately result in investor exit from Sabancı Holding shares alongside with other impacts such as reputational impacts and legal penalties.

**Time horizon**

Short-term

**Likelihood**

More likely than not

**Magnitude of impact**

High

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

2259000000

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

3300000000

**Explanation of financial impact figure**

The figures represent the amount of potential exit from Sabancı Holding shares (the exchange rates of the Central Bank of the Republic of Turkey as of H1 2021 are used). It is calculated based on an assumption on the geographic distribution of foreign investors and the level of their sensitivity on ESG issues given the legal frameworks and market developments in their specific regions.

**Cost of response to risk**

19605611

**Description of response and explanation of cost calculation**

In order to mitigate the risk of non-compliance, Sabancı Group takes a proactive approach in aligning with the developments on GHG-related regulations, through (1) undertaking emission reduction initiatives with the ultimate goal of becoming net zero emissions by 2050, (2) increasing its internal capacity to monitor and manage GHG emissions with the use of digitalization and technology where appropriate & feasible and (3) conducting R&D programs on efficient technologies. In 2020, environmental expenditures related to legal compliance has been TL 19.6 million across all the Group companies.

**Comment**

As a Holding company, the most relevant impact related to mismanagement of climate issues would be loss of investors, since we do not have any production activities nor have direct customers. Therefore, the estimated cost of each risk is presented as the amount of investor exit. On the other hand, the cost of mitigating such risks may occur in downstream, i.e. Group companies, rather than at the Holding level.

**Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Emerging regulation	Carbon pricing mechanisms
---------------------	---------------------------

**Primary potential financial impact**

Other, please specify (Investor exit)

**Climate risk type mapped to traditional financial services industry risk classification**

Policy and legal risk

**Company-specific description**

Turkey has not ratified Paris Agreement yet. However the Ministry of Environment and Urbanization has been working on PMR Project (Partnership for Market Readiness) to define the best mechanism for carbon pricing that fits Turkey's sustainable development agenda. Although a legally-binding carbon pricing mechanism is not launched yet and the PMR is still in pilot phase, Carbon Border Adjustment Mechanism (CBAM) is expected to trigger the implementation of a national pricing mechanism in the form of carbon tax or ETS, which will bring additional costs to sectors such as building materials and energy. Non-compliance to climate-related regulations or a portfolio not adequately managed according to GHG related regulatory risks may result in investor exit from Sabancı Holding shares alongside with other impacts such as reputational impacts and legal penalties.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

High

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

Yes, an estimated range

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

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

2259000000

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

3300000000

**Explanation of financial impact figure**

The figures represent the amount of potential exit from Sabancı Holding shares (the exchange rates of the Central Bank of the Republic of Turkey as of H1 2021 are used). It is calculated based on an assumption on the geographic distribution of foreign investors and the level of their sensitivity on ESG issues given the legal frameworks and market developments in their specific regions.

**Cost of response to risk**

15033689

**Description of response and explanation of cost calculation**

In order to prepare for such scenarios, Sabancı Group has taken a proactive approach and set itself a Group-wide net zero emissions target by 2050 at the latest. With this goal, together with the implementation of its Sustainability Roadmap which includes a wide range of measures on the management of climate-related risks and opportunities, Sabancı Group plans to stay ahead of such developments and mitigate potential risks associated to carbon pricing before they occur. In 2020, environmental expenditures that are made voluntarily and beyond legal compliance has been TL 15 million across all the Group companies.

**Comment**

As a Holding company, the most relevant impact related to mismanagement of climate issues would be loss of investors, since we do not have any production activities nor have direct customers. Therefore, the estimated cost of each risk is presented as the amount of investor exit. On the other hand, the cost of mitigating such risks may occur in downstream, i.e. Group companies, rather than at the Holding level.

**Identifier**

Risk 4

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Legal	Exposure to litigation
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**Primary potential financial impact**

Other, please specify (investor exit)

**Climate risk type mapped to traditional financial services industry risk classification**

Policy and legal risk

**Company-specific description**

This risk type includes legal penalties, reputation loss or material damage that may arise in case of not complying with or violating applicable laws, rules or regulations, code of ethics, or a company's internal policies and directives. At Sabancı Holding, we believe 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. Inability to meet such expectations would create loss of social license to operate, loss of investors, market share and customers beyond legal penalties. Non-compliance to climate-related regulations may ultimately

result in investor exit from Sabancı Holding shares alongside with other impacts such as reputational impacts and legal penalties.

**Time horizon**

Short-term

**Likelihood**

More likely than not

**Magnitude of impact**

High

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

2259000000

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

3300000000

**Explanation of financial impact figure**

The figures represent the amount of potential exit from Sabancı Holding shares (the exchange rates of the Central Bank of the Republic of Turkey as of H1 2021 are used). It is calculated based on an assumption on the geographic distribution of foreign investors and the level of their sensitivity on ESG issues given the legal frameworks and market developments in their specific regions.

**Cost of response to risk**

34639300

**Description of response and explanation of cost calculation**

In line with this vision, Sabancı Group sets environmental standards beyond legal obligations, monitors its performance in line with its targets and takes measures for improvement. To support Group companies in efficiently managing compliance risks within the determined framework, instructional activities are carried out by the Holding's Legal, Risk and Compliance Group. In 2020, environmental expenditures that are made voluntarily and for legal compliance has been TL 34.6 million across all the Group companies.

**Comment**

As a Holding company, the most relevant impact related to mismanagement of climate issues would be loss of investors, since we do not have any production activities nor have direct customers. Therefore, the estimated cost of each risk is presented as the amount of investor exit. On the other hand, the cost of mitigating such risks may occur in downstream, i.e. Group companies, rather than at the Holding level.

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**Identifier**

Risk 5

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Technology	Other, please specify (investor exit)
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**Primary potential financial impact**

Other, please specify (investor exit)

**Climate risk type mapped to traditional financial services industry risk classification**

Strategic risk

**Company-specific description**

Technology is developing rapidly, changing production methods and operating models. Transition to green technologies poses a variety of risks (ranging from loss of market share to reduced competitiveness) to companies which do not invest in R&D / innovation and define their growth areas in high-tech sustainable businesses. At Sabancı Group, 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. In order to gain early access to technological innovations and developments, as well as to create agile and technology-based growth platforms, we established a corporate venture capital fund, namely 'Sabancı Ventures', through which we focus on investments in areas such as IoT (Internet of Things), artificial intelligence, new material technologies, sustainability, energy, mobility, and cyber security. On the other hand, 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. For instance, 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. If not managed properly, technology risk may ultimately result in investor exit from Sabancı Holding shares alongside with other impacts such as loss of customers, revenues, market and competition disadvantage at the Group companies level.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

High

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

2259000000

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

3300000000

**Explanation of financial impact figure**

The figures represent the amount of potential exit from Sabancı Holding shares (the exchange rates of the Central Bank of the Republic of Turkey as of 30 June 2021 are used). It is calculated based on an assumption on the geographic distribution of foreign investors and the level of their sensitivity on ESG issues given the legal frameworks and market developments in their specific regions.

**Cost of response to risk**

99620779

**Description of response and explanation of cost calculation**

In 2020, %44 of R&D and innovation expenses, corresponding to TL 99,6 million, made by Group companies were focused on sustainable solutions.

**Comment**

As a Holding company, the only major impact related to mismanagement of climate issues would be loss of investors, since we do not have any production activities nor have direct customers. Therefore, the estimated cost of each risk is presented as the amount of investor exit. On the other hand, the cost of mitigating such risks may occur in downstream, i.e. Group companies, rather than at the Holding level.

**Identifier**

Risk 6

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
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**Primary potential financial impact**

Decreased revenues due to reduced production capacity

**Climate risk type mapped to traditional financial services industry risk classification**

Operational risk

**Company-specific description**

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. Such risks are clustered under 'operational risks' and may lead to financial losses in case of infrastructure damage, service interruption, increased operational expenses and the like. Management of acute physical risks vary among our Group companies given the nature of this risk and sectors that we operate in.

**Time horizon**

Short-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-high

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

Yes, an estimated range

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

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

60000000

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

250000000

**Explanation of financial impact figure**

Figure represents loss of 1/2 day of productive hours to one week of productive hours in our Group companies. Since we operate in diverse sectors, it is not feasible nor relevant to calculate the impact on facility/company level. Therefore, our estimation depends on an impact on ROC given in monetary terms. The figures correspond to a percentage impact on ROC (-0.1% to -0.4% ROC impact).

**Cost of response to risk**

287068213

**Description of response and explanation of cost calculation**

At Sabancı Group, technology and innovation investments are focus areas on our sustainable business model as they will help us seize the opportunities in this field and mitigate climate-related risks including those that are related to acute and chronic physical impacts. In order to protect from climate related risks and seize opportunities, we invest in green technologies and increase the efficiency of our facilities. In 2020, sustainable investments, environmental expenditures as well as R&D and innovation expenses have been TL 287 million, across the Group companies.

**Comment**

As a Holding company, the most relevant impact related to mismanagement of climate issues would be loss of investors, since we do not have any production activities nor have direct customers. Therefore, the estimated cost of each risk is presented as the amount of investor exit. On the other hand, the cost of mitigating such risks may occur in downstream, i.e. Group companies, rather than at the Holding level.

**Identifier**

Risk 7

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Chronic physical	Other, please specify (All weather-related events included)
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**Primary potential financial impact**

Reduced profitability of investment portfolios

**Climate risk type mapped to traditional financial services industry risk classification**

Operational risk

**Company-specific description**

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. Such risks are clustered under 'operational risks' and may lead to financial losses in case of infrastructure damage, service interruption, increased operational expenses and the like. Management of acute physical risks vary among our Group companies given the nature of this risk and sectors that we operate in.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-high

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

60000000

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

250000000

**Explanation of financial impact figure**

Figure represents loss of 1/2 day of productive hours to one week of productive hours per year in our Group companies. Since we operate in diverse sectors, it is not feasible nor relevant to calculate the impact on facility/company level. Therefore, our estimation depends on an impact on ROC given in monetary terms. The figures correspond to a percentage impact on ROC (-0.1% to -0.4% ROC impact).

**Cost of response to risk**

287068213

**Description of response and explanation of cost calculation**

At Sabancı Group, technology and innovation investments are focus areas on our sustainable business model as they will help us seize the opportunities in this field and mitigate climate-related risks including those that are related to acute and chronic physical impacts. In order to protect from climate related risks and seize opportunities, we invest in green technologies and increase the efficiency of our facilities. In 2020, sustainable investments, environmental expenditures as well as R&D and innovation expenses have been TL 287 million, across the Group companies.

**Comment**

As a Holding company, the most relevant impact related to mismanagement of climate issues would be loss of investors, since we do not have any production activities nor have direct customers. Therefore, the estimated cost of each risk is presented as the amount of investor exit. On the other hand, the cost of mitigating such risks may occur in downstream, i.e. Group companies, rather than at the Holding level.

C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Other, please specify (Increased shareholder value)

**Primary potential financial impact**



Increased portfolio value due to upward revaluation of assets

**Company-specific description**

In the transition to a low-carbon and inclusive economy, we continue to plan the steps that will carry the activities of our Group and customers into a sustainable future by focusing on areas such as electrification, renewable energy, adapting to the future of work, the circular economy, sustainable finance, technology, and digitalization. These efforts collectively are envisaged to result in investors increasing their ownership of Sabancı Holding shares.

**Time horizon**

Long-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

457000000

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

<Not Applicable>

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

<Not Applicable>

**Explanation of financial impact figure**

The financial impact takes into account the investors increasing their ownership of Sabancı Holding shares.

**Cost to realize opportunity**

1000000

**Strategy to realize opportunity and explanation of cost calculation**

At Sabancı Holding, we believe 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, including those coming from investors. Sabancı Group sets environmental standards beyond legal obligations, monitors its performance in line with its targets and takes measures for improvement. For instance, in response to climate emergency, Sabancı Group has taken a proactive approach and set itself a Group-wide net zero emissions target by 2050 at the latest. With this goal, together with the implementation of its Sustainability Roadmap which includes a wide range of measures on the management of climate-related risks and opportunities, Sabancı Group plans to stay ahead of such developments and mitigate potential risks associated to those that are reputational. Our Sustainability Roadmap, which include climate-related actions, is implemented through the Thematic Task Forces, consisting of experts from the Group companies as well as the Sustainability Directorate . The Task Forces operate with an agile working model and ultimately report their work to the Sustainability Leadership Committee consisting of the Holding's Group Presidents. The cost of response to risk includes administrative costs of sustainability-related efforts at Sabancı Holding, including those that are related to consultancy costs and excluding staff remuneration.

**Comment**

As a Holding company, the most relevant impact related to better management of climate issues would be gaining investors, since we do not have any production activities nor have direct customers. Therefore, the estimated financial impact of opportunity is presented as the amount of increase in investor ownership.

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**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Development and/or expansion of low emission goods and services

**Primary potential financial impact**

Increased revenues through access to new and emerging markets

**Company-specific description**

Our Group companies invest in development of new products and services that promote sustainable business models. For instance; - 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. - 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 TEMSA Tech. - We contribute to the sustainability of our customers with solutions such as distributed renewable energy, energy efficiency and green energy certification. - With light material technologies, we reduce our customers' fuel consumption and emissions. - We carry out R&D studies on reducing the use of chemicals harmful to nature or improving recycling technologies for our industrial products. We monitor the total combined net sales revenues from more than 800 products and services that reduce resource use and carbon emissions, enable the transition to more sustainable technologies, enable the deployment of these technologies, and create positive social impact, on an annual basis. We believe our continuous efforts to diversify our sustainable products and services and tap into emerging green markets will lead to an increase in our revenues.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

500000000

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

1000000000

**Explanation of financial impact figure**

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

**Cost to realize opportunity**

252428913

**Strategy to realize opportunity and explanation of cost calculation**

In 2020, sustainable investments as well as R&D and innovation expenses in order to expand our sustainable businesses have been TL 252 million, across the Group companies.

**Comment**

TL 5.9 billion represents the combined net sales revenues from products and services that contribute SDGs of our Group companies. This KPI includes non-bank figures since we track the total amount of sustainable financing in banking operations.

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**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Use of more efficient production and distribution processes

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

Our Group companies' continuous efforts to increase their environmental performance of operations result in financial savings due to an increase in efficiency, on top of resource and emission reductions.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

12246561

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

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

The collective amount of financial savings made by our Group companies due to environmental projects resulted in a Group-wide savings of TL12 million in 2020.

**Cost to realize opportunity**

34639300

**Strategy to realize opportunity and explanation of cost calculation**

In 2020, environmental expenditures that are made voluntarily and for legal compliance has been TL 34.6 million across all the Group companies. Part of these efforts resulted in financial savings.

**Comment**

The financial savings figure may include programs that fall out of the scope of the efforts under environmental expenditures (i.e. TL 34.6 million) or vice versa.

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## C3. Business Strategy

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### C3.1

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**(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, but we intend it to become a scheduled resolution item within the next two years	We are currently working on Sabancı Group low-carbon transition plan and it will be subject to approval of AGM as a scheduled resolution item upon its completion.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
Other, please specify (CBAM Impact Scenarios developed by Sabancı Holding)	i) Selection of scenarios: Although a legally-binding carbon pricing mechanism is not launched in Turkey yet, Carbon Border Adjustment Mechanism (CBAM) is expected to trigger the implementation of a national carbon pricing mechanism in the form of a carbon tax or an ETS in many countries, bringing additional costs to sectors such as building materials, iron & steel and energy. Even though the details of CBAM is not announced at the time this report was prepared, Sabancı Holding developed scenarios based on the following assumptions to understand the potential financial impact of CBAM on different sectors in Turkey. The model were based on the following scope and assumptions (1) only the share of production exported to EU countries were affected; (2) 100% of the production in all emission-intensive sectors were affected regardless of their exports to EU, assuming that Turkey becomes part of a wider carbon-tax/ETS mechanism, (3) Both scenarios cover Turkey operations. The calculation of impact is based on the following methods: - Introduction of an emissions intensity threshold to selected emission-intensive sectors, - EU Taxonomy thresholds used to calculate the amount of excess emissions subject to carbon pricing. ii) A carbon price corridor was created based on an analyst survey conducted by Reuters. Given the fact that there are many uncertainties around the future price on carbon and that the introduction of CBAM may significantly alter the current supply and demand balance across many different geographies, we have taken into consideration 3 years time horizon as a pilot. iii) We have identified building materials and energy as the potential sectors to be directly or indirectly affected from at least one of the scenarios. We also made a qualitative assessment of the impact on financial services. The results of our analysis have led to the following conclusions: (1) In order to avoid these risks, Sabancı Holding will continue to give priority to sectors that are sustainable, high-tech and compatible with the EU taxonomy in its growth strategy, and will intensify its efforts to implement the majority of actions in its Sustainability Roadmap across all sectors in less than 5 years. (2) Sabancı Holding has set a net zero emission target by 2050 at the latest, covering the entire Group. Since this target is more ambitious than the current mitigation obligations brought by mechanisms such as the EU ETS, it can be assumed that the Holding has taken measures to hedge carbon tax risk at the border in 5-8 years and >8 years.
IRENA IEA Sustainable development scenario BNEF NEO	Please find a scenario analysis from one of our Group companys', which is in the energy sector. Currently Enerjisa Enerji is in a transition stage and on the path to developing quantitative climate change scenarios. Enerjisa Enerji conducts qualitative climate-related impact assessments, including comprehensive identification of risks and opportunities, and scenario analyses based on Turkey's NDCs and several scenarios from BNEF NEO, IRENA and IEA. Due to their detailed analysis focusing on the energy sector specifically, these scenarios are selected. As an energy distribution company, Enerjisa Enerji follows the most recent developments regarding renewable energy technologies and distributed generation to prepare its distribution network to potential disruptive technologies and cost related developments. Enerjisa Enerji assesses the impact of increasing distributed energy resources and technological advancements on our network. The analysis and assessments also include extreme weather scenarios to measure the impact on both distribution grids from an operational perspective and customer payment behaviour from a financial perspective. As a result, the outcomes feed into the company's sustainability strategy & roadmap. Scenario analysis are mostly conducted at a 5-year timeline, in line with Enerjisa Enerji's investment and financial plans. In 2020, Enerjisa Enerji developed its sustainability strategy, which incorporates all key areas of ESG performance and reporting guidelines including international standards, the requirements of global indices and investor expectations. Internationally recognized best practices and peer performances were also assessed as part of Enerjisa sustainability strategy study. With participation from all related business units, Enerjisa Enerji further discussed its strategy and set ESG key performance indicators (KPIs) for high level management. Sustainability strategy and qualitative scenario analysis had a direct impact on Enerjisa's sustainability scorecard. Climate-related KPIs were included in the remuneration of C-level executives. In addition, performance evaluations of operational units include climate-related KPIs including data collection & reporting and awareness building. Aforementioned studies such as qualitative scenario analysis and sustainability strategy will continue to guide our managerial and operational KPIs, which in turn will improve our reporting performances on platforms such as CDP and sustainability report. Enerjisa Enerji has been working with 3rd party consultants to assess and improve its data quality, to increase organizational awareness of climate-related issues and to develop its sustainability strategy and roadmap. As a result, an impact map will be prepared along with relevant scenario and stress test analysis on Enerjisa Enerji's electricity distribution network and retail operations. In addition, Enerjisa Enerji also plans to set emission reduction targets. Therefore we are actively researching quantitative climate scenario analyses that are best suited for our aim to set these targets, in line with scenarios such as the below 2 degrees and well-below 2 degree scenarios.

C3.3

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Sabancı Group considers sustainability as an integral part of its mission and strategy. Last year, we changed our Group's purpose to "We unite Turkey and the World for a sustainable life with leading enterprises". Accordingly, as Sabancı Group, we see sustainability as a goal, not a tool. In addition to this, we have prepared a 5-year strategy plan in which we have introduced 5 strategic directions that we believe will lead us to our Group's purpose: Provide wider customer experience, Transform into an agile/global footprint, Pioneer in sustainability, Lead in digital & material technologies, Adapt to Future of Work. We steadily support and strengthen these 5 strategic directions with our investments in technology and digital. Within the scope of these 5 strategic directions, we shape our business areas and future objectives on the basis of the sustainable growth. We position sustainable business areas such as e-mobility, advanced material technologies, renewable energy generation in our core business lines such as energy, industry and financial services as the next generation growth area of Sabancı Group. Accordingly, one of the key drivers of our asset allocation strategy is ESG performance. We also developed our Sustainability Roadmap which applies across all the Group companies for a 5 years time horizon with actions distributed to different time-scales, i.e. <12 months, 1-3 years, >3 years. The Roadmap is created (1) to better identify climate-related opportunities and risks and (2) to address them in all our business lines. In line with that, in order to determine the Group's position in terms of seizing climate-related opportunities, we conducted a group-wide study to understand key parameters of performance such as the share of sustainability-oriented R&D and the share of revenues from products and services that contribute SDGs. For instance 44% of our all R&D investments during the reporting period was sustainability oriented. Also, we created a sustainable product & services taxonomy and identified that TL 5.9 billion of our combined net sales revenues during the reporting year were related to products and services that contribute SDGs. As part of better management of risks, Sabancı Holding conducted a scenario analysis on the impact of CBAM on various sectors and set itself a Group-wide Net Zero Emissions target.
Supply chain and/or value chain	Yes	Sabancı Group considers sustainability as an integral part of its mission and strategy. Last year, we changed our Group's purpose to "We unite Turkey and the World for a sustainable life with leading enterprises". Accordingly, as Sabancı Group, we see sustainability as a goal, not a tool. In addition to this, we have prepared a 5-year strategy plan in which we have introduced 5 strategic directions that we believe will lead us to our Group's purpose: Provide wider customer experience, Transform into an agile/global footprint, Pioneer in sustainability, Lead in digital & material technologies, Adapt to Future of Work. We steadily support and strengthen these 5 strategic directions with our investments in technology and digital. Within the scope of these 5 strategic directions, we shape our business areas and future objectives on the basis of the sustainable growth. We position sustainable business areas such as e-mobility, advanced material technologies, renewable energy generation in our core business lines such as energy, industry and financial services as the next generation growth area of Sabancı Group. Accordingly, one of the key drivers of our asset allocation strategy is ESG performance. We also developed our Sustainability Roadmap which applies across all the Group companies for a 5 years time horizon with actions distributed to different time-scales, i.e. <12 months, 1-3 years, >3 years. The Roadmap is created (1) to better identify climate-related opportunities and risks and (2) to address them in all our business lines. In line with that, in order to determine the Group's position in terms of seizing climate-related opportunities, we conducted a group-wide study to understand key parameters of performance such as the share of sustainability-oriented R&D and the share of revenues from products and services that contribute SDGs. As Sabancı Group, we divide our sustainability-related investments and products & services into categories such as (1) mitigation, (2) transition, (3) enablers and (4) positive social impact. The 3rd category called 'enablers' cover products and services that create a positive environmental impact on customer operations or serve as inputs to sustainable industries, i.e. downstream of our value chain. On top of that, our Roadmap includes actions to better identify and manage the impact of our supply chain.
Investment in R&D	Yes	Sabancı Group considers sustainability as an integral part of its mission and strategy. Last year, we changed our Group's purpose to "We unite Turkey and the World for a sustainable life with leading enterprises". Accordingly, as Sabancı Group, we see sustainability as a goal, not a tool. In addition to this, we have prepared a 5-year strategy plan in which we have introduced 5 strategic directions that we believe will lead us to our Group's purpose: Provide wider customer experience, Transform into an agile/global footprint, Pioneer in sustainability, Lead in digital & material technologies, Adapt to Future of Work. We steadily support and strengthen these 5 strategic directions with our investments in technology and digital. Within the scope of these 5 strategic directions, we shape our business areas and future objectives on the basis of the sustainable growth. We position sustainable business areas such as e-mobility, advanced material technologies, renewable energy generation in our core business lines such as energy, industry and financial services as the next generation growth area of Sabancı Group. Accordingly, one of the key drivers of our asset allocation strategy is ESG performance. We also developed our Sustainability Roadmap which applies across all the Group companies for a 5 years time horizon with actions distributed to different time-scales, i.e. <12 months, 1-3 years, >3 years. The Roadmap is created (1) to better identify climate-related opportunities and risks and (2) to address them in all our business lines. In line with that, in order to determine the Group's position in terms of seizing climate-related opportunities, we conducted a group-wide study to understand key parameters of performance such as the share of sustainability-oriented R&D and the share of revenues from products and services that contribute SDGs. For instance 44% of our all R&D investments during the reporting period was sustainability oriented. Also, we established a corporate venture capital fund, i.e. Sabancı Ventures (fund size USD 30 million), to gain early access to technological innovations and developments, as well as to create agile and technology-based growth platforms. We focus on investments in areas such as the Internet of Things, artificial intelligence, new material technologies, sustainability, energy, mobility, and cyber security.
Operations	Yes	Sabancı Group considers sustainability as an integral part of its mission and strategy. Last year, we changed our Group's purpose to "We unite Turkey and the World for a sustainable life with leading enterprises". Accordingly, as Sabancı Group, we see sustainability as a goal, not a tool. In addition to this, we have prepared a 5-year strategy plan in which we have introduced 5 strategic directions that we believe will lead us to our Group's purpose: Provide wider customer experience, Transform into an agile/global footprint, Pioneer in sustainability, Lead in digital & material technologies, Adapt to Future of Work. We steadily support and strengthen these 5 strategic directions with our investments in technology and digital. Within the scope of these 5 strategic directions, we shape our business areas and future objectives on the basis of the sustainable growth. We position sustainable business areas such as e-mobility, advanced material technologies, renewable energy generation in our core business lines such as energy, industry and financial services as the next generation growth area of Sabancı Group. Accordingly, one of the key drivers of our asset allocation strategy is ESG performance. We also developed our Sustainability Roadmap which applies across all the Group companies for a 5 years time horizon with actions distributed to different time-scales, i.e. <12 months, 1-3 years, >3 years. The Roadmap is created (1) to better identify climate-related opportunities and risks and (2) to address them in all our business lines. In line with that, in order to determine the Group's position in terms of seizing climate-related opportunities, we conducted a group-wide study to understand key parameters of performance such as the share of sustainability-oriented R&D and the share of revenues from products and services that contribute SDGs. For instance the environmental expenditures related to our existing operations were TL 34.5 million during the reporting year. On the other hand, environmental investments in our growth areas were TL 152.8 million across all Sabancı Group operations.

**C3.4**

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures Capital allocation	Climate-related risks and opportunities influence our financial planning at different levels. Capital Allocation: At the Holding level, it affects our capital allocation decisions as one of the key drivers of our strategy is ESG performance, including climate-related risks and opportunities. In line with that, in our 2021-2025 Strategic Plan, we defined our growth areas in sustainable businesses such as e-mobility, renewable energy and advanced material technologies, and our capital allocation is determined accordingly. This approach is also embedded in investment decisions of our Group companies. For instance, Akbank commits to provide sustainable loan financing of TL 200 billion and to increase the sustainable investment funds to TL15 billion by 2030. In the long term (2021-2050), we also set ourselves a Group-wide Net Zero Emissions and Zero Waste goals. Therefore, our capital allocation decisions will continue to focus on ESG performance, especially to GHG-intensity, in the long run (2021-2050). Direct costs & CAPEX & Revenues: At the Group level, in addition to KPIs to monitor progress on long-term goals such as GHG intensity and the rate of waste recovery, we monitor CAPEX and OPEX under (1) sustainable investments in our growth areas, (2) environmental expenditures and (3) sustainability-related R&D expenditures. During the reporting year, the total amount of all three categories were TL 287 million. On top of that, our combined total net sales revenues from products and services that contribute to SDGs have been TL 5.9 billion during the reporting year (non-bank figures).

**C3.4a**

**(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

Technology, digitalization and innovation have been positioned as our most essential enablers in the transformation journey we began within the scope of "Sabancı of New Generation", in fostering sustainable business models.

For this purpose, we established a corporate venture capital fund, i.e. Sabancı Ventures, to gain early access to technological innovations and developments, as well as to create agile and technology-based growth platforms.

We focus on investments in areas such as the IoT (Internet of Things), artificial intelligence, new material technologies, sustainability, energy, mobility, and cyber security. The fund with a size of USD 30 million, 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.

Also 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. The rate of sustainability-focused R&D and innovation is at SabancıDX was 100% in 2020. Some examples to its solutions are provided below:

*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.

### C-FS3.6

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**(C-FS3.6) Are climate-related issues considered in the policy framework of your organization?**

Yes, both of the above

### C-FS3.6a

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**(C-FS3.6a) In which policies are climate-related issues integrated?**

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Risk policy Sustainable/Responsible Investment Policy Investment policy/strategy	All of the portfolio	Sabancı Holding's investment portfolio covers industries such as banking, financial services, building materials, energy, retail and digital. As a result of a variety of analyses (incl. peer, regulation and trends analysis, etc.) made in 2020 in order to determine the scope of climate-related policies and actions, it was decided that all of these sectors will directly be impacted from climate emergency in terms of risks, opportunities or both. Sustainable/Responsible Investment Policy: At Sabancı Holding, we regulate the fields of environment, occupational health and safety, social responsibility and communication with policies that guide Group companies. Our Corporate Environmental Policy can be summarized as follows, - Create and implement our environmental standards beyond legal obligations. - Aim for excellence by sharing knowledge and experience between businesses. - Adopt a preventive approach in all of our activities in order to continuously improve our environmental performance. - Identify and manage environmental risks. - Try to apply the best available production techniques. - Contribute to sustainability while monitoring environmental developments and turning them into business opportunities. - Support environmental awareness and information sharing for the development of society. Examples to Environmental Policy Requirements within the Group: - We continuously strive to monitor and improve our environmental performance. - We set and implement targets for energy and waste management, and natural resource consumption - While we aim for continuous improvement with clean products and clean production technologies, we undertake the environmental responsibility of our products and services. For more information, please visit: <a href="https://yatirimciiliskileri.sabanci.com/en/sustainability/detail/Sabancı-Group-Environmental-Policy/164/460/0">https://yatirimciiliskileri.sabanci.com/en/sustainability/detail/Sabancı-Group-Environmental-Policy/164/460/0</a> Investment Policy/Strategy: On top of that, we changed our Group purpose to 'We unite Turkey and the world for a sustainable life with leading enterprises' and identified one of our 5 strategic directions as 'Pioneer in Sustainability' in our 2021-2025 Strategy. We also identified our Group-wide Sustainability Roadmap which includes 80 actions and includes "Act on Climate Emergency" and "Foster Sustainable Business Models" as two of the key pillars. Under these pillars we set our Group wide targets on Achieving Net-Zero Emissions and Zero Waste by 2050, and monitor performance through Group-wide KPIs. We also embed climate and other sustainability related KPIs in the performance assessment of Group company CEOs. We also set one of the key capital allocation criteria as ESG performance. Risk Policy: Moreover, we defined "sustainability" as one of the strategic risks and coordinate all the efforts through our Early Detection of Risk Committee (EDRC). Therefore, our risk and investment strategies are in full compliance with climate-related concerns.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Other, please specify (Sustainable Products and Services Taxonomy)	All of the portfolio	Sabancı Holding's investment portfolio covers industries such as banking, financial services, building materials, energy, retail and digital. As a result of a variety of analyses (incl. peer, regulation and trends analysis, etc.) made in 2020 in order to determine the scope of climate-related policies and actions, it was decided that all of these sectors and the majority of their products and services will directly be impacted from climate emergency in terms of risks, opportunities or both. Climate-related issues throughout the entire product & services portfolio of the Group were analyzed and categorized by their impacts, i.e. mitigation, transition, enabler and positive social impact. (1) 'Mitigation' category covers products and services that provide benefits for the direct mitigation of environmental resource use and carbon emissions. Examples from (i) Energy sector include green tariffs, renewable energy sales; (ii) Financial services and banking include sustainable funds investing in environmentally friendly industries; (iii) Industrials include Electric vehicles. (2) 'Transition' category 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. Examples from building materials sector include cement products with increased service life. (3) 'Enabler' category covers products and services that create a positive environmental impact on customer operations or serve as inputs to sustainable industries. Examples from (i) Retail sector include E-charging facilities in the parking lot, in-store repair for electronics in cases where it is difficult to access maintenance and repair services; (ii) Industrials include batteries, light materials that reduce carbon for the end use; (iii) Energy sector include e-charge stations.

**C-FS3.6b**

**(C-FS3.6b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.**

Type of exclusion policy	Portfolio	Application	Description
Coal	Investing (Asset owner)	New business/investment for new projects	In Sabancı Holding's 2021-2025 Strategy, energy and utilities business is focusing on renewable electricity generation growth, which is also in line with our Group-wide Net Zero Emission Target. Also please see below an excerpt from Akbank's ESG presentation, dated July 2021 and available on <a href="https://www.akbankinvestorrelations.com/tr/images/pdf/akbank_esg_presentation.pdf">https://www.akbankinvestorrelations.com/tr/images/pdf/akbank_esg_presentation.pdf</a> : "Non-financing activities (1) scope expanded to include: - New coal (thermal) power plant projects - Coal mining, coal transportation and power plants operating with coal for SMEs." Since these policies include all new business/investment for new projects related to coal power plants, the threshold for revenues, capacity, etc. is zero.

**C-FS3.7**

**(C-FS3.7) Are climate-related issues factored into your external asset manager selection process?**

Not applicable, because we don't have externally managed assets

**C4. Targets and performance**

**C4.1**

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Both absolute and intensity targets

**C4.1a**

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

**Target reference number**

Abs 1

**Year target was set**

2020

**Target coverage**

Business division

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Base year**

2020

**Covered emissions in base year (metric tons CO2e)**

130088.43

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2030

**Targeted reduction from base year (%)**

30

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

91061.901

**Covered emissions in reporting year (metric tons CO2e)**

130088.43

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

Yes, and this target has been approved by the Science-Based Targets initiative

**Target ambition**

1.5°C aligned

**Please explain (including target coverage)**

This target covers one of our Group companies', i.e. Brisa's (covering İzmit, Aksaray Production Facilities', Altunizade, Esenler, Profilo Management Offices in İstanbul) Scope 1 and Scope 2 emissions (base year is 2020 and target year is 2030). The target is to reduce Brisa's absolute CO2e emissions (Scope 1 and 2) by 30% and aspire to reduce by 50% by 2030.

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**Target reference number**

Abs 2

**Year target was set**

2020

**Target coverage**

Site/facility

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Base year**

2020

**Covered emissions in base year (metric tons CO2e)**

130088.43

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2050

**Targeted reduction from base year (%)**

100

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

0

**Covered emissions in reporting year (metric tons CO2e)**

130088.43

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

Yes, and this target has been approved by the Science-Based Targets initiative

**Target ambition**

1.5°C aligned

**Please explain (including target coverage)**

This target covers one of our Group companies', i.e. Brisa's, İzmit Production Facility's Scope 1 and Scope 2 emissions as base year 2020 and target year 2050. In line with global Bridgestone's and Sabancı Group's long-term environmental vision for 2050 and beyond, "Contribute to globally-agreed target (towards carbon neutral society)" Brisa recognizes that the international community aims to become carbon neutral society based on the Paris Agreement, IPCC reports, and subsequent international debates. The Number "100" written in "Targeted reduction from base year (%)" is the number of target of international society which Brisa's target refers to. This target covers Scope 1 and Scope 2 emissions. As base year 2020, it is planned to develop a target regarding decreasing Scope 3 emissions including Brisa's value chain emissions to be a carbon neutral until 2050.

**Target reference number**

Abs 3

**Year target was set**

2018

**Target coverage**

Business division

**Scope(s) (or Scope 3 category)**

Scope 1

**Base year**

2017

**Covered emissions in base year (metric tons CO2e)**

4148165

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

69

**Target year**

2025

**Targeted reduction from base year (%)**

20

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

3318532

**Covered emissions in reporting year (metric tons CO2e)**

4237076

**% of target achieved [auto-calculated]**

-10.716907355421

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Target ambition**

<Not Applicable>

**Please explain (including target coverage)**

Çimsa produces three types of (Grey, White, and CAC) cement and ready-mixed concrete. Their total emissions occurred from all types of their products. The target is set for the gross Scope 1 emissions of grey cement production which covers 69% of their total gross Scope 1 emissions. Their gross grey cement Scope 1 emissions for 2017 is 4,148,165 tCO2 and Çimsa aimed to decrease it to 3,940,757 tCO2 by 5% reduction. Çimsa's grey cement Scope 1 emissions are 4,237,076 for the year 2020. The grey cement production has increased by %22 compared to baseline, therefore actual emissions are increased.

**Target reference number**

Abs 4

**Year target was set**

2019

**Target coverage**

Business activity

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2018

**Covered emissions in base year (metric tons CO2e)**

435281.77

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2025



**Targeted reduction from base year (%)**

17.5

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

359107.46025

**Covered emissions in reporting year (metric tons CO2e)**

357057.41

**% of target achieved [auto-calculated]**

102.69126199729

**Target status in reporting year**

Achieved

**Is this a science-based target?**

Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

The target covers all Kordsa's gross-global Scope1 and Scope 2 GHG emissions. Kordsa has submitted their commitment to SBTi, and Kordsa will also submit this target. This target is in set to be in line with the well below 2 degrees scenario. Kordsa targets a reduction of 17.5 % from their gross-global Scope1 and Scope 2 GHG emissions, over a period of 7 years, which translates to 2.50 % reduction per year on average. The target is also checked using the target setting tool of SBTi, which resulted in the same reduction figure to be in line with the IEA WB2C using the absolute contraction approach.

---

**Target reference number**

Abs 5

**Year target was set**

2020

**Target coverage**

Business activity

**Scope(s) (or Scope 3 category)**

Scope 2 (location-based)

**Base year**

2020

**Covered emissions in base year (metric tons CO2e)**

3191

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2022

**Targeted reduction from base year (%)**

100

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

0

**Covered emissions in reporting year (metric tons CO2e)**

3191

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**Target ambition**

&lt;Not Applicable&gt;

**Please explain (including target coverage)**

As Sabancı Holding, we aim to supply all of our electricity from renewable sources by the end of 2022. In this way, we aim to contribute to the net zero emission target by 2050 and reduce our carbon emissions by reducing the scope 2 emissions from electricity. The target covers Holding (business) activities only. Consuming renewable energy was one of our mid-term targets, but with our pledge to conducting sustainable business, we decided to achieve this target as soon as possible and planned it to meet in 2022.

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**Target reference number**

Abs 6

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Base year**

2020

**Covered emissions in base year (metric tons CO2e)**

21320562

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2050

**Targeted reduction from base year (%)**

95

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

1066028.1

**Covered emissions in reporting year (metric tons CO2e)**

21320562

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**Target ambition**

&lt;Not Applicable&gt;

**Please explain (including target coverage)**

In 2020, we set a net zero emissions target by 2050 at the latest. In the coming 2 years, we will conduct a detailed assessment including those that are related to technology gaps and residual emission management strategies and set our interim targets accordingly, based on international methodologies. After this assessment we will launch a transition pathway towards our net zero emissions goal.

---

**Target reference number**

Abs 6

**Year target was set**

2020

**Target coverage**

Business activity

**Scope(s) (or Scope 3 category)**

Scope 1

**Base year**

2020

**Covered emissions in base year (metric tons CO2e)**

4237076

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

75

**Target year**

2025

**Targeted reduction from base year (%)**

4.6

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

4042170.504

**Covered emissions in reporting year (metric tons CO2e)**

4237076

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Target ambition**

&lt;Not Applicable&gt;

**Please explain (including target coverage)**

There are limited ways to provide emission reduction in cement production with the existing technologies. One of them is increasing the use of alternative fuels. Based on Sabancı Holding's commitment to being net-zero Cimsa also started to define its low carbon transition plan. The first phase is the target set to increase the use of alternative fuel by 23%. 1% increase in alternative fuel use provides a 0.2% reduction in Scope 1 emissions. Therefore, 23% increase in alternative fuel use will lead to about 4.6% emission reduction. Cimsa produces three types of (Grey, White, and CAC) cement and ready-mixed concrete and all types of our products are included in Cimsa's total emissions. The target is set for the gross Scope 1 emissions of grey cement production which covers 75% of total gross Scope 1 emissions. Cimsa's gross grey cement Scope 1 emissions for 2020 is 4,237,076 tCO2 and it is targeted to decrease it to 4,042,171 tCO2 by 4.6% reduction.

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**Target reference number**

Abs 7

**Year target was set**

2020

**Target coverage**

Site/facility

**Scope(s) (or Scope 3 category)**

Scope 3 (upstream)

**Base year**

2020

**Covered emissions in base year (metric tons CO2e)**

125468.23

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

84.61

**Target year**

2030

**Targeted reduction from base year (%)**

14.2

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

107651.74134

**Covered emissions in reporting year (metric tons CO2e)**

125468.23

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

Yes, and this target has been approved by the Science-Based Targets initiative

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

This target covers Brisa (İzmit Plant, Aksaray Plant, Altunizade sales office, Esenler and Profilo technical service) Facilities Scope 3 emissions as base year 2020 and target year 2030. Brisa commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution and franchises 14.2% within the same timeframe. Total scope 3 emissions amount of Brisa 148.282,89 t-CO2e in 2020. Total emissions covered by target (purchased goods and services, fuel and energy related activities, upstream transportation and distribution and franchises) is 125.468,23 tCO2e namely 84,61% of total scope 3 emissions. 14.2% reduction target is belong to this total emissions covered by target. Means that 17.760,97 t-CO2e.

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C4.1b

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**(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

**Target reference number**

Int 1

**Year target was set**

2020

**Target coverage**

Business activity

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Intensity metric**

Metric tons CO2e per unit FTE employee

**Base year**

2020

**Intensity figure in base year (metric tons CO2e per unit of activity)**

9.08

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

0.02

**Target year**

2022

**Targeted reduction from base year (%)**

30

**Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

6.356

**% change anticipated in absolute Scope 1+2 emissions**

0.01

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO2e per unit of activity)**

9.08

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**Target ambition**

<Not Applicable>

**Please explain (including target coverage)**

As Sabancı Holding, in line with our net zero emission target by 2050, we are aiming to reduce our Scope 1&2 emissions by at least 30% by the end of 2022. The target covers Holding (business) activities in the HQs only.

---

**C4.2**

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

Other climate-related target(s)

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**C4.2a**

**(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

**Target reference number**

Low 1

**Year target was set**

2020

**Target coverage**

Business activity

**Target type: absolute or intensity**

Absolute

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

MWh

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2020

**Figure or percentage in base year**

0

**Target year**

2022

**Figure or percentage in target year**

6690

**Figure or percentage in reporting year**

0

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this target part of an emissions target?**

Yes, as a part of our Scope (1+2) emissions reduction target at the Holding HQs, we are committed to supply electricity from renewable energy sources by the end of 2022.

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

As a part of our Scope (1+2) emissions reduction target and in line with our Net Zero Emissions target by 2050 at the latest, we are committed to supply our electricity from renewable sources by the end of 2022. The target covers Holding (business) activities in the HQs only.

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**Target reference number**

Low 2

**Year target was set**

2019

**Target coverage**

Business division

**Target type: absolute or intensity**

Absolute

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

Percentage

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2019

**Figure or percentage in base year**

0

**Target year**

2021

**Figure or percentage in target year**

5

**Figure or percentage in reporting year**

2.5

**% of target achieved [auto-calculated]**

50

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

Yes, this target is a part of Kordsa'a and Sabancı Group Companies' emission reduction targets.

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

This target covers all of Kordsa's operations. Kordsa has a target of purchasing 5% of its electricity used in its facilities from renewable sources by the year 2021. This target is also part of its absolute emission reduction targets. In 2020, Kordsa sourced 12,255 MWh of its electricity use in Turkey Izmit plant from renewable sources, this amount equals to %2.5 of its global electricity consumption and 7.63% of its electricity consumption in its Izmit plant.

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C4.2b

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

**Target reference number**

Oth 1

**Year target was set**

2020

**Target coverage**

Business activity

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Waste management	metric tons of waste diverted from landfill
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**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2020

**Figure or percentage in base year**

25

**Target year**

2050

**Figure or percentage in target year**

0

**Figure or percentage in reporting year**

25

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this target part of an emissions target?**

We are calculating our waste related emissions which are part of 'Scope 3 - waste generated' in 'operations' category of this Report. Therefore, mitigating our emissions originating from our waste is also part of an emission reduction target. Although we have a Group-wide goal to zero waste by 2050 at the latest, the above-mentioned target covers Holding (business) activities in the HQs and non-hazardous waste only, due to highly varied sub-targets and methods used by our Group companies.

**Is this target part of an overarching initiative?**

Other, please specify (Group-wide Zero Waste Target)

**Please explain (including target coverage)**

As Sabancı Group, we have a Zero Waste Target covering all our Group companies by 2050 at the latest. This target, together with our target to reach Net Zero Emissions by 2050 and increasing the circularity of our operations, are under the 'Act on Climate Emergency' pillar of our Sustainability Roadmap. Therefore, zero waste target is a part of our response to Climate Emergency.

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C4.2c

**(C4.2c) Provide details of your net-zero target(s).**

**Target reference number**

NZ1

**Target coverage**

Company-wide

**Absolute/intensity emission target(s) linked to this net-zero target**

Abs1

Abs2

Abs3

Abs4

Abs5

Abs6

Int1

**Target year for achieving net zero**

2050

**Is this a science-based target?**

No, but we are reporting another target that is science-based

**Please explain (including target coverage)**

As Sabancı Group, we have set Net Zero Emissions target in all operations until 2050.

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**C4.3**

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**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

**C4.3a**

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**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	9	20636
Not to be implemented	0	0

**C4.3b**

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**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative category & Initiative type**

Energy efficiency in buildings	Lighting
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**Estimated annual CO2e savings (metric tonnes CO2e)**

115

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

160252

**Investment required (unit currency – as specified in C0.4)**

2183163

**Payback period**

11-15 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Thanks to the IFCO RPC (replacement by energy efficient lightening features) and Linerlessness Label Implementation projects of CarrefourSA, they have saved 115 tCO2e emissions in 2020. While calculating the estimated annual CO2e savings, the emission factor of 1 kWh electricity is accepted as 0.477 kg CO2e, which is the average grid factor of Turkey.

**Initiative category & Initiative type**

Energy efficiency in production processes	Waste heat recovery
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**Estimated annual CO2e savings (metric tonnes CO2e)**

20521

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

2975000

**Investment required (unit currency – as specified in C0.4)**

12963690

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

21-30 years

**Comment**

Thanks to the waste heat recovery project implemented in Çimsa Mersin Cement Plant, a saving of 20,419 tCO2e is achieved in 2020. With this project, TL 2,925,000 is saved annually by TL 12,693,690 additional investment cost with an estimated lifetime over 30 years. In addition, Brisa saved 102 tCO2e by the electricity generated for Mixer No: 7-8-9 dumps. With this project, TL 50,000 is saved annually by no additional investment cost with an estimated lifetime of 21-30 years.

**C4.3c**



**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Dedicated budget for low-carbon product R&D	As Sabancı Group, we develop new products and services that reduce resource use and GHG emissions, enable transition to more sustainable technologies, facilitate the spread of these technologies, and create a positive social impact. The ratio of sustainability-focused R&D expenditures across all Sabancı Group companies was 44% in 2020.
Employee engagement	In 2020, a total of 9,679 sustainability training hours were delivered. As an example to such trainings, we implemented the X-TEND Online Development Program to analyze potential scenarios and prepare the business and all Group employees both for today and the future. Within the scope of X-TEND, all employees received training for an hour under many subjects including The Pandemic's Impact on Sustainability. The training sessions were attended by 6,500 employees from Group companies.
Dedicated budget for other emissions reduction activities	We monitor sustainability investments in the following 3 categories: Mitigation Investments: Investments that reduce direct resource use or carbon emissions. The investment amount for this area is approximately TL 12 million across all companies at Sabancı Group. Transition Investments: It refers to investments in products and services that can be considered as a transition to more sustainable technologies, such as cement and rubber products produced using alternative raw materials and/or fuels. The investment amount for this area is approximately TL 15 million across all companies at Sabancı Group. Enabler Investments: Refers to products that are not considered as direct resource/carbon emission reduction activities, but that facilitate the dissemination of related technologies. The investment amount for this area is approximately TL 125 million across all companies at Sabancı Group. On top of these, Sabancı Group companies implemented emission reduction programs that resulted in GHG savings of 20,636 tCO <sub>2</sub> e in 2020.
Compliance with regulatory requirements/standards	In 2020, Sabancı Group companies made an environmental expenditure of approximately TL 35 million. 43% of this amount is beyond legal compliance.
Dedicated budget for energy efficiency	In 2020, Sabancı Group companies implemented energy efficiency programs which resulted in approximately 12,506 MWh of energy savings.
Internal incentives/recognition programs	Sabancı Holding holds Sabancı Golden Collar Awards, one of the most critical components of Recognition and Appreciation systems, with live broadcast to all Group companies. For instance in 2020, a total of 148 projects competed in the Sabancı of New Generation: Innovation, Customer Experience, Lean Transformation & Continuous Development and Digitalization. Best practices were rewarded with the votes of Group employees. In 2021, one of the categories is directly related to sustainability.
Internal price on carbon	Sabancı Holding takes into account the price on carbon for risk management purposes in its new and existing investments. This method drives capital allocation decisions at the Holding level as well as the mitigation measures across Group companies.

**C4.5**

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

Yes

**C4.5a**

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

**Level of aggregation**

Company-wide

**Description of product/Group of products**

Mitigation products: This category covers products and services that provide benefits for the direct mitigation of environmental resource use and GHG emissions. Examples include green tariffs, renewable energy sales, sustainable funds investing in environmentally friendly industries and electric vehicles.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Low-carbon product and avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify (Sabancı Group taxonomy on sustainable products and services)

**% revenue from low carbon product(s) in the reporting year**

3.75

**% of total portfolio value**

3.75

**Asset classes/ product types**

Investing	Other, please specify (Group companies)
-----------	---

**Comment**

As a Holding company, the definitions under asset classes are not applicable. Therefore, we indicated % of total portfolio value as the % in total combined net sales revenues by excluding the bank revenue. We are monitoring the Bank's sustainable financing amount instead of its revenue in accordance with Sabancı Group taxonomy on sustainable products and services.

**Level of aggregation**

Company-wide

**Description of product/Group of products**

Enabler products: This category covers products and services that create a positive environmental impact on customer operations or serve as inputs to sustainable industries. Examples include in-store repair for electronics in cases where it is difficult to access maintenance and repair services, EV batteries, light materials that reduce carbon for the end user and e-charge stations

**Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify (Sabancı Group taxonomy on sustainable products and services)

**% revenue from low carbon product(s) in the reporting year**

0.2

**% of total portfolio value**

0.2

**Asset classes/ product types**

Investing	Other, please specify (Group companies)
-----------	---

**Comment**

As a Holding company, the definitions under asset classes are not applicable. Therefore, we indicated %of total portfolio value as the % in total combined net sales revenues by excluding the bank revenue. We are monitoring the Bank’s sustainable financing amount instead of its revenue in accordance with Sabancı Group taxonomy on sustainable products and services.

**Level of aggregation**

Company-wide

**Description of product/Group of products**

Transition products: This category 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. An example is cement products with increased service life or cement products produced with the use of alternative raw materials/fuels.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Low-carbon product and avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify (Sabancı Group taxonomy on sustainable products and services)

**% revenue from low carbon product(s) in the reporting year**

3.65

**% of total portfolio value**

3.65

**Asset classes/ product types**

Investing	Other, please specify (Group companies)
-----------	---

**Comment**

As a Holding company, the definitions under asset classes are not applicable. Therefore, we indicated %of total portfolio value as the % in total combined net sales revenues by excluding the bank revenue. We are monitoring the Bank’s sustainable financing amount instead of its revenue in accordance with Sabancı Group taxonomy on sustainable products and services.

**C5. Emissions methodology**

**C5.1**

**(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

**Scope 1**

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

18601122.96

**Comment**

In 2020, we started to report Scope 1&2 emissions of our Group companies, i.e. investees, as part of the Holding's own Scope 1&2 based on operational control approach. Therefore, the boundary enlarged from Sabancı Holding to Sabancı Holding and its 13 group companies. Consequently, we restated our 2019 emissions where relevant.

**Scope 2 (location-based)**

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

2719438.5

**Comment**

In 2020, we started to report Scope 1&2 emissions of our Group companies, i.e. investees, as part of the Holding's own Scope 1&2 based on operational control approach. Therefore, the boundary enlarged from Sabancı Holding to Sabancı Holding and its 13 group companies. Consequently, we restated our 2019 emissions where relevant.

**Scope 2 (market-based)**

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO2e)**

2719438.5

**Comment**

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure. Since market-based Scope 2 is not applicable to Turkey, we reported our location based Scope 2 in this question.

**C5.2**

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**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

US EPA Center for Corporate Climate Leadership: Indirect Emissions From Events and Conferences

US EPA Emissions & Generation Resource Integrated Database (eGRID)

WBCSD: The Cement CO2 and Energy Protocol

**C6. Emissions data**

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**C6.1**

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**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**

18601122.96

**Start date**

<Not Applicable>

**End date**

<Not Applicable>

**Comment**

In 2020, we started to report Scope 1&2 emissions of our Group companies, i.e. investees, as part of the Holding's own Scope 1&2 based on operational control approach. Therefore, the boundary enlarged from Sabancı Holding to Sabancı Holding and its 13 group companies. Consequently, our Scope 1 emissions represents combined emissions of Sabancı Holding and its 13 Group companies. These companies operate in a wide range of sectors such as building materials, energy, industrials, retail, digital, banking and financial services. Scope 1 emissions are mainly originating from combustion of fossil fuel for a wide range of purposes varying from heating and electricity generation purposes to company-owned vehicles. Fugitive emissions are also included. Our Scope 1 emissions were 16,560,630 tCO2e in 2019 and 18,601,123 tCO2e in 2020, indicating a 12.3% increase, i.e. 2,040,493 tCO2e in absolute terms. The main reason of increase in our Scope 1 emissions is the change in production in 2020, particularly in energy and building materials.

**C6.2**

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**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

**Comment**

Within the boundaries of this report (i.e. Turkey), we have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure.

**C6.3**

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**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?**

**Reporting year**

**Scope 2, location-based**

2719438.5

**Scope 2, market-based (if applicable)**

<Not Applicable>

**Start date**

<Not Applicable>

**End date**

<Not Applicable>

**Comment**

In 2020, we started to report Scope 1&2 emissions of our Group companies, i.e. investees, as part of the Holding's own Scope 1&2 based on operational control approach. Therefore, the boundary enlarged from Sabancı Holding to Sabancı Holding and its 13 group companies. Consequently, our Scope 2 emissions represents combined emissions of Sabancı Holding and its 13 Group companies. These companies operate in a wide range of sectors such as building materials, energy, industrials, retail, digital, banking and financial services. Scope 2 emissions are mainly originating from electricity purchase from the grid. Our Scope 2 emissions were 2,730,255 tCO2e in 2019 and 2,719,438.5 tCO2e in 2020. It corresponds to a decrease of 0.4%, i.e. 10,816.5 tCO2e, compared to last year. The main reason of decrease in our Scope 2 emissions is the decrease in electricity use of our energy group from the grid.

**C6.4**

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**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

**C6.5**

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**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

## Purchased goods and services

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

52575.6

### Emissions calculation methodology

DEFRA 2020 - Primary plastic use emission factor multiplied by weight of plastic; DEFRA 2020 - Tap water use emission factor multiplied by volume of water used

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

We consider single use plastic consumption and water use as mainstream parameters for the environmental performance of our Group companies (i.e. investments) which is relatively feasible to track compared to other indirect emission sources. For that reason, we collect water and plastic data from all Group companies (i.e. Sabancı Holding and its 13 group companies) and receive verification from a third party. The verified amount of single use plastic consumption in 2020 is 15,762 tons which equals to 49,117.9 tCO2e (DEFRA 2020 - Primary plastic use emission factor multiplied by weight of plastic). The verified amount of water use in 2020 is 10,051,448 m3 of water which equals to 3,457.7 tCO2e (DEFRA 2020 - Tap water use emission factor multiplied by volume of water used). The sum of these 2 emission sources in this category is 52,575.6 tCO2e.

## Capital goods

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since there is no manufacturing activities nor a large-scale service/operation at the Holding, calculating capital goods-related Scope 3 is not relevant nor feasible for us, instead of the case for our investees.

## Fuel-and-energy-related activities (not included in Scope 1 or 2)

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

We consider all the fuel-and-energy-related activities under our Scope 1 and Scope 2 emissions. Therefore, fuel-and-energy-related activities (not included in Scope 1 or 2) is not relevant for us.

## Upstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

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## Waste generated in operations

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

7639

### Emissions calculation methodology

DEFRA 2020 methodology about emissions from wastes is used to calculate the GHG Inventory for non-hazardous waste disposal and waste water in 2020. In order to calculate hazardous waste, the corresponding conversion factors published by US EPA are used in relevant emissions.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

We consider waste generation as a mainstream parameter for the environmental performance of our Group companies (i.e. investees) which is relatively feasible to track compared to other indirect emission sources. In the calculation of emissions arising from waste generation, recycling and disposal of hazardous and non-hazardous waste as well as wastewater treatment are taken into account. The total Group-wide amount of non-hazardous and hazardous waste are 23,465 and 8,109 tons, respectively. GHG emissions originating from our non-hazardous and hazardous waste are calculated as 4,676 and 493 tCO<sub>2</sub>e, respectively. In addition to those, our emissions resulting from waste water is calculated as 2,470 tCO<sub>2</sub>e. The sum of emissions in this category is 7,639 tCO<sub>2</sub>e. As part of our circular economy efforts, the rate of water we recovered/reused in 2020 was 19% , while the rate of waste we recycled/reused/recovered was 87% .

## Business travel

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

5877

### Emissions calculation methodology

The distance of each flight leg was determined and emissions for each passenger and distance in km is multiplied by the relevant emission factor in line with DEFRA 2020 travel by air methodology. Additionally, flights are separated into 3 groups as short hall, medium hall and long hall. The total GHGs emitted throughout the year is calculated as the sum of all emissions from each flight.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

We consider business travel as an important indicator of efficiency within our Group companies (i.e. investees) which is relatively feasible to track compared to other indirect emission sources. Sabancı Holding's business air travel emissions are very low due to pandemic. For the sake of our employees' health, almost no business travel took place. In 2020, a total flight distance of 12,512,206 passenger\*km is travelled by Sabancı Group Companies' employees.

## Employee commuting

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

7705.32

### Emissions calculation methodology

To calculate the emissions from employee commuting, daily distances of each bus or minibus is gathered and multiplied by the number of working days in 2020. Then, the emission factor for appropriate vehicle (bus or minibus) is taken from Defra/DECC 2020 GHG reporting factors.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

We consider employee commuting as an important indicator of Scope 3 emissions within our Group companies (i.e. investees) which is relatively feasible to track compared to other indirect emission sources. Among all companies in the Sabancı Group, we provide employee commuting for the wellbeing of our employees and also to decrease the overall GHG emissions according to travel by car to business facilities. The amount of emissions originating from employee commuting (personnel service use by employees) have been covered. In 2020, a total distance of 13,672,580 km is travelled in terms of employee commuting.

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

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## Downstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since there is no manufacturing activities nor a large-scale service/operation at the Holding, calculating downstream transportation and distribution-related Scope 3 is not relevant nor feasible for us, instead of the case for our investees.

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since there is no manufacturing activities nor a large-scale service/operation at the Holding, calculating processing of sold products-related Scope 3 is not relevant nor feasible for us, instead of the case for our investees.

## Use of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since there is no manufacturing activities nor a large-scale service/operation at the Holding, calculating processing of use of sold products-related Scope 3 is not relevant nor feasible for us, instead of the case for our investees.

## End of life treatment of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since there is no manufacturing activities nor a large-scale service/operation at the Holding, calculating end of life treatment of sold products-related Scope 3 is not relevant nor feasible for us, instead of the case for our investees.

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since there is no manufacturing activities nor a large-scale service/operation at the Holding, calculating downstream leased assets-related Scope 3 is not relevant nor feasible for us, instead of the case for our investees.

## Franchises

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since there is no manufacturing activities nor franchises at the Holding level, this category is not applicable to us.

## Other (upstream)

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since there is no manufacturing activities nor a large-scale service/operation at the Holding, calculating other upstream-related Scope 3 is not relevant nor feasible for us.

## Other (downstream)

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since there is no manufacturing activities nor a large-scale service/operation at the Holding, calculating other downstream-related Scope 3 is not relevant nor feasible for us.

## C6.10

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**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

457.179

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

21320561.46

**Metric denominator**

full time equivalent (FTE) employee

**Metric denominator: Unit total**

46635

**Scope 2 figure used**

Location-based

**% change from previous year**

10.52

**Direction of change**

Increased

**Reason for change**

In 2019, our Scope 1 + 2 emissions were 19,290,884.47 tCO2e and number of Full Time Equivalent (FTE) employee was 46,633. As a result, our Scope 1 + 2 emissions per FTE employee intensity was 413,675 tCO2e/FTE employee. In 2020, our Scope 1 + 2 emissions are 21,320,561 tCO2e and the number of Full Time Equivalent (FTE) employee was 46,635. As a result, our Scope 1 + 2 emissions per FTE employee intensity in 2020 is 457.179 tCO2e/FTE employee. This means an increase of 10.52 %, which is mainly due to the increased Scope 1 emissions in our building materials and energy group because of the change in production amount, whereas our number of employees is about the same.

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**Intensity figure**

0.0002059

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

21320561.46

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

103532685696

**Scope 2 figure used**

Location-based

**% change from previous year**

3.51

**Direction of change**

Increased

**Reason for change**

In 2019, our Scope 1 + 2 emissions were 19,290,884.47 tCO2e and our combined net sales revenues were 96,963,860,380 TL. As a result, our Scope 1 + 2 emissions per revenue intensity was 0.0001989 tCO2e/TL. In 2020, our Scope 1 + 2 emissions are 21,320,561 tCO2e and our combined net sales revenues were 103,532,685,696 TL. As a result, our Scope 1 + 2 emissions per TL revenue intensity was 0.0002059 tCO2e/TL. This means an increase of 3.51 % in this metric, which is mainly due to the increased Scope 1 emissions in our building materials and energy group because of the change in production amount and the change in type of fuel in electricity generation.

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## C7. Emissions breakdowns

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### C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Increased

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### C7.9a

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**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	13186	Decreased	0.07	Sabancı Group increased the amount of renewable energy usage in 2020 compared to 2019 from 138,927 MWh to 164,781 MWh. In other words, renewable energy usage increased by 18,6%, i.e. 25,854 MWh, corresponding to a reduction of 13,186 tCO2e.
Other emissions reduction activities	20636	Decreased	0.11	Thanks to our climate change mitigation activities a total of 20,636 tCO2e emission reductions were achieved in 2020. These reduction figures are verified by an independent verifier.
Divestment	0	No change	0	There is no change in emissions that are identified due to divestment in 2020.
Acquisitions	5025	Increased	0	In 2020, TEMSA transportation vehicles, which has manufacturing activities, was included in the inventory with its 5,025 tCO2e GHG emissions.
Mergers	0	No change	0	There is no change in emissions that are identified due to mergers in 2020.
Change in output	2110418	Increased	10.94	Our Group companies kept their growth in 2020 and almost all of the increase in GHG emissions are due to increase in production. For instance, our overall energy consumption in Energy and Building Materials Group increased. The increase in the amount of energy consumed by these Group companies are 1,130,622 tCO2e, 969,242 tCO2e and 10,554 tCO2e respectively, corresponding to a total increase of 2,110,418 tCO2e.
Change in methodology	0	No change	0	There is no considerable change in emissions that are identified due to changes in methodology in 2020.
Change in boundary	0	No change	0	There is no considerable change in emissions that are identified due to changes in boundary in 2020.
Change in physical operating conditions	0	No change	0	We assume that there is no significant change in physical operating conditions in 2020 compared to 2019.
Unidentified	0	No change	0	The reason for almost all the changes are explained in other sections. Therefore, we report unidentified reasons as zero.
Other	51944	Decreased	0.27	Sabancı Group operates in many diverse sectors, in which a wide range of emission reduction programs are conducted and which are affected from highly varied external factors such as change in temperature. We identified 51,944 tCO2e of decrease in emissions which are assumed to occur due to these highly variable external factors in 2020.

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Location-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

### C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	38062633.43	38062633.43
Consumption of purchased or acquired electricity	<Not Applicable>	144152	1247566.83	1391718.83
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	20629	<Not Applicable>	708899
Total energy consumption	<Not Applicable>	164781	39310200.26	39474981.26

**C9. Additional metrics**

**C9.1**

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

**Description**

Energy usage

**Metric value**

0.38

**Metric numerator**

Energy Use in MWh

**Metric denominator (intensity metric only)**

Revenue in Thousand Turkish Liras

**% change from previous year**

14.35

**Direction of change**

Increased

**Please explain**

The total energy use for 2020 is reported as 39,474,981.26 MWh and the combined net sales revenues of Sabancı Holding is 103,532,685,696 TL. In 2019, the combined net sales revenues and the energy use of Sabancı Holding were 96,963,860,380 TL and 32,330,950 MWh respectively, indicating an increase of 14.35% in intensity figure. This increase is due to the higher rate of increase in our energy consumption (i.e. 22.10%) than the rate of increase in our revenues. The main reason of inconsistency between the growth rate of energy use and the revenues is the change in fuel type (non-renewable) used in electricity generation.

**C10. Verification**

**C10.1**

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

**C10.1a**

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Sabancı Holding Limited Assurance Report\_2020\_ENG (1).pdf

**Page/ section reference**

Reference Document: Sabancı Holding Limited Assurance Report Page Numbers: 1, 2

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

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**C10.1b**

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**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Sabancı Holding Limited Assurance Report\_2020\_ENG (1).pdf

**Page/ section reference**

Reference Document: Sabancı Holding Limited Assurance Report Page Numbers: 1, 2

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

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**Scope 2 approach**

Scope 2 market-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Sabancı Holding Limited Assurance Report\_2020\_ENG (1).pdf

**Page/ section reference**

Reference Document: Sabancı Holding Limited Assurance Report Page Numbers: 1, 2

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

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**C10.1c**

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**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

**Scope 3 category**

Scope 3: Employee commuting

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Sabancı Holding Limited Assurance Report\_2020\_ENG (1).pdf

**Page/section reference**

Reference Document: Sabancı Holding Limited Assurance Report Page Numbers: 1, 2

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

**Scope 3 category**

Scope 3: Business travel

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Sabancı Holding Limited Assurance Report\_2020\_ENG (1).pdf

**Page/section reference**

Reference Document: Sabancı Holding Limited Assurance Report Page Numbers: 1, 2

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

**C10.2**

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

**C10.2a**

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Other, please specify (Emission intensity per FTE employee)	Emission related figures are verified by ISAE 3410 standard and the other figures are verified by ISAE 3000 standard.	In addition to our emission figures, our full time equivalent employee figures used in C4. Targets and performance section of this report are verified by a third party independent verifier company for the year 2020. As our emission intensity per FTE employee figure is just a ratio between these two verified figures, this intensity figure is also verified. Sabancı Holding Limited Assurance Report_2020_ENG (1).pdf
C9. Additional metrics	Other, please specify (Emission intensity per revenue)	Emission related figures are verified by ISAE 3410 standard and the other figures are verified by ISAE 3000 standard.	In addition to our emission figures, our full time equivalent employee figures used in C4. Targets and performance section of this report are verified by a third party independent verifier company for the year 2020. As our emission intensity per revenue figure is just a ratio between these two verified figures, this intensity figure is also verified. Sabancı Holding Limited Assurance Report_2020_ENG (1).pdf
C8. Energy	Energy consumption	Emission related figures are verified by ISAE 3410 standard and the other figures are verified by ISAE 3000 standard.	Our all direct and indirect energy consumptions are verified by an independent 3rd party verifier according to ISAE 3000 standard. Sabancı Holding Limited Assurance Report_2020_ENG (1).pdf
C4. Targets and performance	Emissions reduction activities	Emission related figures are verified by ISAE 3410 standard and the other figures are verified by ISAE 3000 standard.	All emission reduction projects of the Group companies are verified by an independent 3rd party verifier. In addition, fuel and electricity savings are verified. The emission related figures are verified by ISAE 3410 standard whereas the other figures are verified by ISAE 3000 standard. Sabancı Holding Limited Assurance Report_2020_ENG (1).pdf
C8. Energy	Other, please specify (Renewable Energy Generation)	The Renewable Energy Generation figures are verified by ISAE 3000 standard.	All energy generation figures by production type (i.e. source) are verified by an independent 3rd party verifier. Consequently, our renewable energy generation is also verified. Sabancı Holding Limited Assurance Report_2020_ENG (1).pdf

## C11. Carbon pricing

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### C11.2

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**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

### C11.2a

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**(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

**Credit origination or credit purchase**

Credit origination

**Project type**

Wind

**Project identification**

The price of the emission reduction units in voluntary markets are around EUR 0.5 ton CO<sub>2</sub>e. This price is multiplied with the amount of verified emission reductions.

**Verified to which standard**

VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO<sub>2</sub>e)**

490000

**Number of credits (metric tonnes CO<sub>2</sub>e): Risk adjusted volume**

490000

**Credits cancelled**

Not relevant

**Purpose, e.g. compliance**

Voluntary Offsetting

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### C11.3

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**(C11.3) Does your organization use an internal price on carbon?**

Yes

### C11.3a

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**(C11.3a) Provide details of how your organization uses an internal price on carbon.**

**Objective for implementing an internal carbon price**

Navigate GHG regulations

Stress test investments

**GHG Scope**

Scope 1

**Application**

There is carbon intensive sectors in our group companies such as energy and building materials. In order not to be adversely affected from the CBAM (Carbon Border Adjusted Mechanism), that is expected to get into force, we took counter measures and perform stress tests.

**Actual price(s) used (Currency /metric ton)**

477.83

**Variance of price(s) used**

We determined the price as a price that develops over time, which is known as evolutionary pricing. Please hence that above mentioned Actual Price is in TL and the relevant figure is converted by the rate stated by Central Bank of The Republic of Turkey (CBRT) as of 31.06.2020 2021: 46,28 EUR/ton 2022: 55,67 EUR/ton 2023: 56,20 EUR/ton

**Type of internal carbon price**

Shadow price

**Impact & implication**

The risk assessment is used to inform our capital allocation decisions and the determination of interim climate targets, which will ultimately lead to our Group-wide Net Zero Emissions Goal by 2050 at the latest.

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C12. Engagement

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C12.1

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- (C12.1) Do you engage with your value chain on climate-related issues?**  
Yes, our customers  
Yes, our investee companies  
Yes, other partners in the value chain

C12.1b

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**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

**Type of engagement**

Collaboration & innovation

**Details of engagement**

Other, please specify (Collaboration on environmentally friendly product development )

**% of customers by number**

5

**% of customer - related Scope 3 emissions as reported in C6.5**

65

**Portfolio coverage (total or outstanding)**

Majority of the portfolio

**Please explain the rationale for selecting this group of customers and scope of engagement**

Tire reinforcement products make up about 85% of our total sales. Any activity Kordsa performs to reduce the climate change impacts of our products, impacts the climate-performance of our clients. For this engagement activity Kordsa focused on our biggest tire-reinforcement clients, which make up around 5% of our total tire-reinforcement clients by number, but they make up 65% of our tire-reinforcement business revenue. This is why we focus on this group of customers. Scope of engagement: Kordsa has developed a new fabric with 20% recycled content and sent this fabric for testing to our major tire-reinforcement clients. As part of yarn production (one of our 3 main product groups along with Single end core and greige fabric), we have a by-product called "Nylon 6.6" (NY66) chips. Kordsa's research and development team is working on how to use this by-product in our own production, to produce nylon yarn & fabric, 20% of which is composed of recycled material. Kordsa have tested this new product with recycled content, and the test results are very promising. As the tire industry has very high standards due to safety reasons, we have also submitted samples of this product to our customers and we had positive feedback from them. This innovative product has multiple benefits as reprocessing N66 chips not only helps us reduce our waste generation but also helps us implement the basis of a circular economy by using the side-product of our production process as a raw material to produce nylon yarn with recycled content. The recycled nylon yarns that were produced by Kordsa, has also been certified by Global Recycled Standard, and also approved by the industry, they will increase the recycled content in a tire by 10%. Customer related Scope 3 emissions percentages are estimated according to share of these 6 clients in our production volumes.

**Impact of engagement, including measures of success**

COKOON is the new environmentally friendly adhesive technology named after the cooperation of Continental and Kordsa with the aim of developing an intermediary product, a dip solution to replace the standard Resorcinol-Formaldehyde-Latex (RFL)-base (which includes highly toxic chemicals) dipping system used since 1930's. Kordsa had been working on this new technology since 2008, Continental also had been working on the development of a new eco-friendly dip technology. Consequently, at a certain stage of development to apply and test the formula on tire; with their open-innovation approach & vision, Kordsa & Continental decided to join forces, share knowledge & make use of the diverse expertise of both parties in replacing the standard & traditional dip system, which contains chemicals which might create health and environmental risks in case of misuse. According to the results of the current development status of COKOON, it is now possible to replace these chemicals by an environmentally friendly solution without sacrificing any safety or performance criteria of tires. COKOON can be used for all standard textile materials used in tires (PET, PA66, PA6, Rayon, Aramid, Hybrid). Kordsa's main goal with this project is to change the way business is done in tire manufacturing industry. In order to create awareness, Kordsa launched www.cokoon.com website & through this website Kordsa informed the whole industry about this technology pool they started, & the technology they have developed. Kordsa has opened the details of this patented technology, which took them years to develop, free of charge to everyone who is registered in the pool. They gave the management of this pool to an intellectual property specialist German law-firm called AdVinnno. Kordsa is also included in this technology pool, where developments regarding to this project will be shared for free together with Conti. As a measure of success, Kordsa takes the percentage of primary customers engagement. With this project Kordsa has reached 80% of their primary customers.

**Type of engagement**

Information collection (understanding customer behavior)

**Details of engagement**

Collect climate change and carbon information at least annually from long-term customers

**% of customers by number**

90.22

**% of customer - related Scope 3 emissions as reported in C6.5**

2.76

**Portfolio coverage (total or outstanding)**

Majority of the portfolio

**Please explain the rationale for selecting this group of customers and scope of engagement**

As the overall command on supply chain is managed on a global level and Brisa works with suppliers approved by Bridgestone, we report the efforts driven on a global level. Bridgestone's new Global Sustainable Procurement Policy, issued in February 2018, is applicable to all purchased materials and services, as well as a coverage of all suppliers globally. Bridgestone has an ambitious goal towards "Sustainable society" for 2050 and beyond as our long-term environmental vision including water management, which can only be achieved via active involvement from suppliers. Brisa locally communicates its Responsible Procurement Policy with all its suppliers and request them to commit to this Policy. Overall, each supplier decision we made towards choosing to collaborate with environmentally better performing suppliers is an indicator of us carrying out sustainable supply chain practices and therefore we measure the success by maintaining our engagement as part of both global (Bridgestone) and local (Brisa) procurement policies to aim to monitor (short-term) and help improve (medium-term) and finally incentivize (long-term) their sustainability related activities and performance including climate-related measures such as energy and emissions management.

**Impact of engagement, including measures of success**

The four major areas are impacted throughout our supply chain: "Transparency", "Compliance", "QCD (Quality/Cost/Delivery) and Innovation", "Sustainable Procurement Practices" incorporating environmentally responsible procurement including climate-related measures. In 2018, Brisa started a partnership with EcoVadis, a leading provider of sustainability, risk and performance ratings for global supply chains, we conducted suppliers' current sustainability practice assessment in line with Bridgestone Sustainable Procurement Policy, as well as the possible support needed to improve performance. As an example of the indicator to confirm the success of progress, Brisa focuses on the ratio of acknowledgement of the Policy by suppliers. Since 2020, the ratio has been increased 99.22% (1,098) of Tier 1 tire material suppliers and the majority of them are in the process of completing third-party assessments with EcoVadis. Brisa aims to increase this number and be able to include 100% of our Tier 1 raw material suppliers in the near future.

**C-FS12.1c**



**(C-FS12.1c) Give details of your climate-related engagement strategy with your investee companies.**

**Type of engagement**

Engagement & incentivization (changing investee behavior)

**Details of engagement**

Initiate and support dialogue with investee boards to set Paris-aligned strategies

**% of investees by number**

100

**% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b**

100

**Portfolio coverage**

All of the portfolio

**Rationale for the coverage of your engagement**

Climate-related issues are among the top priority tasks in sustainability management at Sabancı Holding. The CEO of Sabancı Holding holds the ultimate responsibility for the execution of Sustainability Roadmap. ESG performance, including but not limited to those that are related to climate issues, are embedded in senior management's performance goals at the rates of 10-15% across our Group (10% for Group Presidents at the Holding; 15% for CEOs of the Holding and Group companies). Therefore, we incentivize our Group companies to better manage climate-related issues through the remuneration of senior management. On top of that, Sustainability Leadership Committee, chaired by the Human Resources and Sustainability Group President in the Executive Board, ensures the alignment of the Holding and Group companies on sustainability goals, targets and actions. The Committee consists of the Holding's Group Presidents, who are at the BoDs of our Group companies. The Committee is responsible for monitoring the progress in the goals and actions included in the Group's Sustainability Roadmap, and monitoring the efforts to manage risks that may adversely affect Sabancı's reputation and operations in ESG areas. Through this Committee and its members, we engage with the BoDs of our Group companies, i.e. investees. Kindly note that, as per the operational control approach, we include 100% of Scope 1&2 emissions of our Group companies, i.e. investees, in Sabancı Holdings's Scope 1&2, while covering their Scope 3 under our Scope 3.

**Impact of engagement, including measures of success**

Examples to the impact of our engagement in 2020 are as follows: - 100% of Group companies (i.e. investees) have adopted Net Zero Emissions goal by 2050, - 100% of Group companies (i.e. investees) have adopted Zero Waste goal by 2050, - In 2021, more companies in our Group committed to respond CDP Climate Change and/or Water questionnaire, - More companies in our Group have established dedicated teams on sustainability.

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**C12.1d**

**(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

**Business Associations:** TUSIAD is a voluntary business organization formed by Turkey's leading entrepreneurs and business world managers. TUSIAD, as the organizations represented by its members, has an important representation ability in the Turkish economy in areas such as production, added value, registered employment and foreign trade. With its works, it aims to contribute to the formation of a social order in which the understanding of competitive market economy, sustainable development and participatory democracy is adopted. Headquartered in Istanbul, TUSIAD has a representative office in Ankara, international representatives in Brussels, Washington D.C., Berlin, London, Paris, and networks in China, Silicon Valley and the Gulf.

TUSIAD has been a member of the European Business Confederation (BusinessEurope), the umbrella organization considered as the representative of the European private sector. Its members represent nearly 4,500 companies. Sabancı Holding Industry Group President Cevdet Alemdar is the Head of the Energy and Environment Roundtable at TUSIAD. Sabancı Group has a leading position on climate and environmental pillars. As Sabancı Group, we participate in all kinds of actions carried out or taken within TUSIAD. We present our support for environmental and climate issues and contribute to produce effective solutions.

We are supporting the actions in favor of developing low-carbon economy in Turkey. Until the first phases of PMR, which is known as MRV 1 and MRV 2 phases; both the Sabancı Group companies and their experienced experts voluntarily contributes to the projects by attending numerous meeting, developing countless presentations and providing feedbacks to the authorities.

Companies within the Sabancı Group contributed and participated in the development of the "New Climate Regime from the Lens of Economic Indicators" report and study within the scope of TUSIAD. "What Will the European Green Deal-Circular Economy Action Plan Bring to the Turkish Business World?" prepared within the scope of TUSIAD Environment and Climate Change Working Group activities. The opening speeches of the introductory meeting of the report were made by TUSIAD Chairperson of the Board, TUSIAD Board Head of Energy and Environment Round Table Chair, as well as Sabancı Holding Industry Group President Cevdet Alemdar. Within the scope of TUSIAD, presentations were made to many state units, including the Turkish Grand National Assembly. Discussed with stakeholders on climate and environmental issues. Also, Akçansa and Çimsa carried out studies stating their opinions and suggestions regarding the use of alternative fuels.

**Investors and ESG rating agencies:** Sabancı Holding continuously engages with its investors and ESG rating agencies through a variety of channels, including surveys and one-to-one meetings. Topics include climate-related issues such as GHG targets, TCFD reporting and climate-related major initiatives.

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**C12.3**

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

- Direct engagement with policy makers
- Trade associations
- Funding research organizations
- Other

### C12.3a

#### (C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Adaptation or resilience	Support	Sabancı Group companies contributed and participated in the preparation of the "New Climate Regime from the Lens of Economic Indicators" report and study published by TUSIAD. Especially, our building materials group contributed to the association with their high expertise on the use of alternative fuels, which is vital for decarbonizing the sector. On top of that, Sabancı Holding is chairing the ESG Working Group under TUSIAD and contributed to the preparation of 'Climate Roadmap' document, which proposes a series of actions that are suggested to be taken into account by the Turkish public authorities in order to align with the goals of Paris Agreement and the EU Green Deal.	Sabancı Holding, together with other members of TUSIAD, proposed a series of actions that are suggested to be taken into account by the Turkish public authorities in order to align with the goals of Paris Agreement and the EU Green Deal. The document includes a variety of policy changes aimed at low-carbon growth of Turkey.

### C12.3b

#### (C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

### C12.3c

#### (C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

##### Trade association

Sabancı Group actively takes part in sustainability-related activities and working groups of TUSIAD through the representatives from the Holding and the Group companies. For instance, Sabancı Holding Industry Group President Cevdet Alemdar is the Head of the Energy and Environment Roundtable at TUSIAD.

##### Is your position on climate change consistent with theirs?

Consistent

##### Please explain the trade association's position

TUSIAD is a voluntary business organization formed by Turkey's leading entrepreneurs and business world managers. TUSIAD has an important influence in the Turkish economy in areas such as production, added value, registered employment and foreign trade. With its efforts, it aims to contribute to the formation of a social order in which the understanding of competitive market economy, sustainable development and participatory democracy is adopted. Headquartered in Istanbul, TUSIAD has a representative office in Ankara, international representatives in Brussels, Washington D.C., Berlin, London, Paris, and networks in China, Silicon Valley and the Gulf. TUSIAD has been a member of the European Business Confederation (Business Europe), the umbrella organization considered as the representative of the European private sector. Its members represent nearly 4,500 companies. Sabancı Holding Industry Group President Cevdet Alemdar is a member of the board and the Head of the Energy and Environment Roundtable at TUSIAD.

##### How have you influenced, or are you attempting to influence their position?

Sabancı Group members proactively participate in/chair climate and ESG related activities and working groups of TUSIAD. For instance, Sabancı Holding Industry Group President Cevdet Alemdar is the Head of the Energy and Environment Roundtable and the Sustainability Director of Sabancı Holding is chairing the ESG Working Group. Through senior representation, we are aiming to share our experience and know-how with Turkish business society alongside with other stakeholders through TUSIAD, in a bid to increase collaboration among different parties including public bodies, with the ultimate goal of supporting Turkey's transition to a low carbon economy. Our experience/know-how sharing activities include but not limited to the following: - Sabancı Group companies contributed and participated in the preparation of the "New Climate Regime from the Lens of Economic Indicators" report published by TUSIAD. Especially, our building materials group contributed to the association with their high expertise on the use of alternative fuels, which is vital for decarbonizing the sector. - Sabancı Holding also contributed to the preparation of 'Climate Roadmap' document, which proposes a series of actions that are suggested to be taken into account by the Turkish public authorities in order to align with the goals of Paris Agreement and the EU Green Deal.

### C12.3d

#### (C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

### C12.3e

**(C12.3e) Provide details of the other engagement activities that you undertake.**

As Sabancı Holding, we are a member of various local and national associations some of which conduct research activities. We disclose all major corporate memberships and initiatives in our 2020 Sustainability Report.

For instance, Sabancı Holding closely works with WBCSD and BCSD Turkey (SKD), which are sustainability platforms led by business leaders. They conduct a wide range of research activities or initiatives on climate. An example can be given as the Materials Marketplace, initiated by BCSD Turkey, which aims to increase circular economy practices (which is vital in terms of reducing GHG emissions from raw material extraction, transportation and processing) among private sector members in Turkey. There is a cloud-based platform and traditional and non-traditional industrial waste streams are matched with companies' need. This project aims to minimize waste that are sent to landfills, save the energy and decrease natural resource use.

Over the course of past years, Sabancı Holding and Group Companies also worked with Sabancı University for a wide-range of programs including R&D projects on low carbon products and resource efficiency solutions.

**C12.3f**

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**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

Sabancı Holding Sustainability Leadership Committee members are closely monitoring sustainability-related trends and provides guidance to our Group companies accordingly through various channels. We also have a Group-wide Sustainability Roadmap that provides alignment among the Group companies in terms of climate-related actions. On top of this, there is a reciprocal experience and know-how sharing between the Holding and Group companies through the Thematic Task Forces which are consisting of experts from Group companies as well as the Holding. These two structures, i.e. the Committee and Thematic Task Forces, alongside with our Group-wide Sustainability Roadmap, ensure the alignment among Group companies (in different geographies and sectors) in terms of our position on climate change declared to 3rd parties such as business associations.

**C12.4**

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**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

2020-annual-report.pdf

**Page/Section reference**

Climate change related performance and targets are provided primarily on pages 6, 52 and 54, alongside with other sections in our annual report.

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emission targets  
Other metrics

**Comment**

As Sabancı Holding, we have been transparently sharing our sustainability performance in economic, social and environmental issues and the value we create with our activities every year since 2014 with our stakeholders through annual reports and/or sustainability reports.

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

sabancı surdurulebilirlikraporu2020.pdf

**Page/Section reference**

Climate-related issues are mentioned in many parts of the Report, primarily in a dedicated section called 'Act on Climate Emergency' between pages 26 to 32.

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics

**Comment**

In the 2020 Sustainability Report, we share the performance and good practices of the Holding and Group companies regarding their activities in Turkey for the period January 1, 2020 - December 31, 2020. The report includes our progress towards our long-term 2050 targets included in the Sustainability Roadmap, and reveals the Group's performance, where necessary, specifically for the Holding and sectors. The report has been prepared in accordance with the GRI Standards 'Basic' option. While preparing the report, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) were taken into consideration. The report also includes the contributions of our activities to the Sustainable Development Goals. This year, selected environmental, social and economic performance indicators serving long-term target areas in our 2020 Sustainability Roadmap have been verified in accordance with the International Standard for Assurance Auditing (ISAE 3000 Revised and ISAE 3410).

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**Publication**

In other regulatory filings

**Status**

Complete

**Attach the document**

SAHOL\_SUSTAINABILITY COMPLIANCE REPORT\_2020.pdf

**Page/Section reference**

SAHOL Sustainability Compliance Report Pages 4-7

**Content elements**

Governance  
Strategy

**Comment**

Sabancı Holding's 2020 Sustainability Compliance Report is published with information on climate as per the requirements of Capital Markets Board.

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C-FS12.5

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**(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?**

	Industry collaboration	Comment
Reporting framework	Task Force on Climate-related Financial Disclosures (TCFD)	In 2020 Sustainability Report, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on governance, strategy, risk management, indicators and targets were taken into consideration. There is a dedicated section on TCFD disclosure.
Industry initiative	Other, please specify (WBCSD)	Sabancı Holding is a member of the World Business Council for Sustainable Development (WBCSD), which supports sustainable development and focuses on strengthening the transformations of member companies in this field through collaborations. We are also part of the global CFO Network working on sustainable finance at the Council.
Commitment	Other, please specify (Business Plastics Initiative)	As Sabancı Group, we are a member of the Business Plastics Initiative and made a reduction commitment as the entire Group. By 2024, we aim to reduce the consumption of single-use plastics in certain categories in our offices by 100%. Examples to the actions and commitments under the Initiative are as follows: - We will implement the store model in line with the Platinum Zero Waste concept in at least 10% of Carrefoursa and Teknosa stores. - At Carrefoursa, we will offer our customers reusable packaging in all our stores in the fresh products section (bakery, butcher, fish, etc.) and the option of rough service brought by our customers in at least 10 stores. - In order to reduce the use of packaging, especially plastic, we will commission refill stations for the products we will determine in at least 10 stores and we will make plans to expand them. - We will offer sustainable products that will create an alternative to disposable straws, plastic cutlery, plastic plates, plastic ear sticks, plastic tea and coffee stirrers, and plastic cups in Carrefoursa stores.

**C14. Portfolio Impact**

**C-FS14.1**

**(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)**

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	Category 15 "Investment" total absolute emissions	Category 15 is designed for entities with investments not included in scope 1 and scope 2. Since we include all of our investees (i.e. Group companies) in our Scope 1 & 2 emissions based on the operational control approach, the remaining part that should be accounted for Scope 3 is zero.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable>	This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Therefore, we don't have products and services and this question is not directly applicable to us.

**C-FS14.1a**

**(C-FS14.1a) What are your organization's Scope 3 portfolio emissions? (Category 15 "Investments" total emissions)**

**Category 15 (Investments)**

**Evaluation status**

Relevant, calculated

**Scope 3 portfolio emissions (metric tons CO2e)**

0

**Portfolio coverage**

More than 90% but less than or equal to 100%

**Percentage calculated using data obtained from client/investees**

100

**Emissions calculation methodology**

Category 15 is designed for entities with investments NOT included in scope 1 and scope 2. Since we include all of our investees (i.e. Group companies) in our Scope 1 & 2 emissions based on the operational control approach, the remaining part that should be accounted for Scope 3 is zero.

**Please explain**

Rationale for the identification of coverage: This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since we include all of our investees (i.e. Group companies) in our Scope 1 & 2 emissions, the remaining part of our investee activities that should be accounted for Scope 3 is zero, according to Category 15, which is designed for entities with investments NOT included in scope 1 and scope 2.

**C-FS14.2**

**(C-FS14.2) Are you able to provide a breakdown of your organization's Scope 3 portfolio impact?**

	Scope 3 breakdown	Comment
Row 1	Yes, by industry	This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since we include all of our investees (i.e. Group companies) in our Scope 1 & 2 emissions, the remaining part of our investee activities that should be accounted for Scope 3 is zero, according to Category 15, which is designed for entities with investments NOT included in scope 1 and scope 2. Having said that, we are able to break down our Scope 1&2 emissions originating from our investees by industry.

**C-FS14.2b**

**(C-FS14.2b) Break down your organization's Scope 3 portfolio impact by industry.**

Industry	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Energy	Total carbon absolute emissions (CO2e)	Metric tons CO2e	0	As the methodology, we use operational control approach and also take into consideration the suggestions under Category 15. This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since we include all of our investees (i.e. Group companies) in our Scope 1 & 2 emissions, the remaining part of our investee activities that should be accounted for Scope 3 is zero, according to Category 15, which is designed for entities with investments NOT included in scope 1 and scope 2.
Diversified Financials	Total carbon absolute emissions (CO2e)	Metric tons CO2e	0	As the methodology, we use operational control approach and also take into consideration the suggestions under Category 15. This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since we include all of our investees (i.e. Group companies) in our Scope 1 & 2 emissions, the remaining part of our investee activities that should be accounted for Scope 3 is zero, according to Category 15, which is designed for entities with investments NOT included in scope 1 and scope 2.
Other, please specify (Building Materials)	Total carbon absolute emissions (CO2e)	Metric tons CO2e	0	As the methodology, we use operational control approach and also take into consideration the suggestions under Category 15. This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since we include all of our investees (i.e. Group companies) in our Scope 1 & 2 emissions, the remaining part of our investee activities that should be accounted for Scope 3 is zero, according to Category 15, which is designed for entities with investments NOT included in scope 1 and scope 2.
Other, please specify (Industrials)	Total carbon absolute emissions (CO2e)	Metric tons CO2e	0	As the methodology, we use operational control approach and also take into consideration the suggestions under Category 15. This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since we include all of our investees (i.e. Group companies) in our Scope 1 & 2 emissions, the remaining part of our investee activities that should be accounted for Scope 3 is zero, according to Category 15, which is designed for entities with investments NOT included in scope 1 and scope 2.
Retailing	Total carbon absolute emissions (CO2e)	Metric tons CO2e	0	As the methodology, we use operational control approach and also take into consideration the suggestions under Category 15. This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Since we include all of our investees (i.e. Group companies) in our Scope 1 & 2 emissions, the remaining part of our investee activities that should be accounted for Scope 3 is zero, according to Category 15, which is designed for entities with investments NOT included in scope 1 and scope 2.

**C-FS14.3**

**(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?**

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	As a Holding company we manage our Group companies with a strategic approach and guide them with Group-wide policies, strategies and targets. For instance, we have prepared a 5-year strategy plan in which we have introduced 5 strategic directions that we believe will lead us to our Group's purpose: Provide wider customer experience, Transform into an agile/global footprint, Pioneer in sustainability, Lead in digital & material technologies, Adapt to Future of Work. We steadily support and strengthen these 5 strategic directions with our investments in technology and digital. Within the scope of these 5 strategic directions, we shape our business areas and future objectives on the basis of the sustainable growth. We position sustainable business areas such as e-mobility, advanced material technologies, renewable energy generation in our core business lines such as energy, industry and financial services as the next generation growth area of Sabancı Group. Accordingly, one of the key drivers of our asset allocation strategy is ESG performance. We also developed our Sustainability Roadmap which applies across all the Group companies for a 5 years time horizon with actions distributed to different time-scales, i.e. <12 months, 1-3 years, >3 years. The Roadmap is created (1) to better identify climate-related opportunities and risks and (2) to address them in all our business lines. We have also set a Group-wide target of Net Zero Emissions by 2050 at the latest.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	This report is drafted on behalf of Hacı Ömer Sabancı Holding A.Ş., the parent company of Sabancı Group. As a Holding company, our business activity can be defined as the management of Group companies (i.e. investees) with a strategic approach. Therefore, we don't have products and services and this question is not directly applicable to us.

## C-FS14.3a

**(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?**

	We assess alignment	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for all	As Sabancı, we have set a Group-wide target of Net Zero Emissions by 2050 at the latest. In order to determine the Group's position in terms of their progress on this goal, we conducted a group-wide study to understand key parameters of performance such as the share of sustainability-oriented R&D and the share of revenues from products and services that contribute SDGs, as well as Scope 1 and 2 emissions of our Group companies. We also embed climate-related targets alongside with other sustainability parameters in the performance assessment of Group-company CEOs.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

## C-FS14.3b

**(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?**

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for all	As Sabancı, we have set a Group-wide target of Net Zero Emissions by 2050 at the latest. We also developed our Sustainability Roadmap which applies across all the Group companies for a 5 years time horizon with actions distributed to different time-scales, i.e. <12 months, 1-3 years, >3 years. The Roadmap is created (1) to better identify climate-related opportunities and risks and (2) to address them in all our business lines. One of the key Group-wide actions that we determined under the Roadmap is to seek for ways to use internationally-recognized best standards including SBTi in setting interim-targets.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

## C15. Signoff

### C-FI

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

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

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

### C15.1

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(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

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

Submit your response

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In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms