

# Letter from the CEO



## Dear Stakeholders,

In today's increasingly complex and disruptive business environment, the connection between sustainability and value creation has become more evident than ever. As we pursue our strategic priority of 'sustainability for a better life', our journey in 2023 has been marked by significant achievements across various strategic areas, each contributing to

our overarching goal of sustainable development.

In a challenging economic landscape, we achieved a combined revenue increase of 57%, a combined EBITDA growth of 23% and a consolidated net income increase of 20%, all without inflation adjustments and in line with our midterm guidance. Additionally, we remain on track to meet our targets for New Economy and FX share as a percentage of our total revenue.

While exceeding financial targets, particularly income statement metrics, we maintained our focus on cash generation, keeping our balance sheet rock solid. In fact, we recorded a historic high year-end cash position at the Holding-level on an annualized basis. Our net debt to EBITDA ratio remains well below our mid-term target, providing a solid foundation for further investment.

## Embracing the New Economy and Dynamic Portfolio Management

In 2023, Sabancı Holding reinforced its position within the "new economy" framework by strategically investing in energy and climate technologies, material technologies, mobility solutions and digital technologies.

Our dynamic portfolio management approach ensures that we are not only adapting to but also leading the transformation in these sectors.

To this end, we also invest in disruptive technologies and focus on new technology investments in all geographies where we have operations. We are bringing innovative climate technologies to Türkiye, including the first green hydrogen production facility in Bandırma. In the United States, we engage in investments in cutting-

edge fusion and deep geothermal energy technologies through Sabancı Climate Technologies. Our international investments extend to hydrogen equipment in Singapore and hydrogen storage technologies in Switzerland.

Our commitment to the new economy is concrete, with an ambitious goal to increase our Zero Carbon energy generation capacity to 75% by 2030 and achieve 100% earlier than 2050. Our global footprint is expanding, as evidenced by our investment in U.S. solar power plants, poised to reach more than 500 MW within a year – a figure we plan to double swiftly.

By 2026, our renewable portfolio will be around 4 GW, encompassing Europe's largest onshore wind energy project.

Our investments in material technologies and mobility solutions increase resource

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efficiency and promote transition to a more circular and low carbon economy. As an example, Kordsa launched 'compounding' as a fourth core business line to develop essential raw materials for sustainable plastics and provide value-added, sustainable products across diverse industries from aerospace to small household appliances. Temsa, a leader in zero-emission vehicles, signed an R&D agreement with Portugal-based CaetanoBus to develop Türkiye's first hydrogen-fueled intercity bus, following its launch of Europe's first intercity electric bus. The prototype is targeted for completion in 2024, with mass production beginning in 2025.

A key organizational change in 2023 was the establishment of a dedicated Digital Strategic Business Unit under the Holding. This unit has a dual goal: strengthening recently acquired cybersecurity and digital marketing capabilities while

exploring new growth platforms. Cloud technologies, scalable digital technology platforms, and hyper-scale data centers are our priority focus areas. We are currently exploring synergies between these data centers and our pioneering renewable energy initiatives.

## Ecosystems Fostering Innovation

Our efforts in building ecosystems that foster innovation have been pivotal. Through initiatives such as the X-Teams, Sabancı ARF program and partnerships with research institutions, we have created synergies that enhance our intellectual capital and drive sustainable growth. The establishment of the Sabancı Global Technology Center (SGTC) in Munich exemplifies our commitment to advancing research and development in areas like material technologies, composite technologies, and construction reinforcement. With SGTC in Germany and Kordsa's Asia Pacific Technical

Center in Indonesia both opened in 2023, we increased the total number of R&D and technology centers to eight, six in Türkiye and two abroad. SGTC serves as a hub for cutting-edge research, bringing together academic and industry experts to develop innovative solutions that address the pressing challenges of our time. Furthermore, products developed in Çimsa and Kordsa factories in Türkiye will be reintroduced to the European market at SGTC. This model, serving Sabancı Group's purpose to 'unite Türkiye and the World' will also be one of the driving forces behind Türkiye's value-added export mobilization.

In 2023, 50% of our R&D and innovation expenses were dedicated to SDG-linked projects, reflecting our commitment to fostering a sustainable product and technology pipeline. All our business development initiatives, including entrepreneurship programs, are

strategically aligned with the themes of the SDGs, reflecting our holistic approach to sustainability.

## Resilience Through Comprehensive Nature Program

As Sabancı Holding, we recognize the critical role of nature in shaping our sustainable future. Our efforts have expanded from decarbonization to a comprehensive nature program, employing both an outside-in and inside-out strategies. Sabancı Holding's Nature Agenda includes our efforts in four key areas: Decarbonization Initiatives, Water Management, Biodiversity, and Circular Economy.

Committed to 2050 Net Zero goals, Sabancı Group companies have started to set ambitious science-based targets. In accordance with the Science Based Targets Initiative (SBTi) recommendations, we aim to reduce our Scope 1 & 2

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emissions by 42% by 2030 compared to 2021 baseline, according to equity share approach. In addition, the Holding targets a 15% reduction by year-end 2025. Our new Circular Economy Framework, which is key to aligning our businesses with nature, is also publicly available now. By 2027, our cumulative SDG-linked investments since 2022 will reach USD 5 billion.

## Investing in Human Capital and Wellbeing

Our workforce, consisting of over 60 thousand employees across the globe, is the cornerstone of our success. To prepare for future challenges, we have renewed our Sabancı Leadership Model to develop leaders ready for future challenges. Our commitment to Diversity, Equity, and Inclusion (DE&I) ensures a workplace where every individual feels valued and empowered.

Through innovative work initiatives and leadership development programs, we are fostering a high-performance culture centered on purpose and wellbeing. Under our "Future-ready organization and talent" priority, we are dedicated to strengthening our purpose-driven culture and attracting top talent by investing in human capital. We will promote delegation, collaboration, and ecosystem synergy across the entire Group.

As we move forward, our enduring mission and top priorities remain embedding a purpose-driven culture throughout Sabancı, leading by example, collaborating with stakeholders, and empowering our future leaders to realize their full potential.

## Broadening Our Social Impact

Sabancı Group's Social Agenda highlights our keen commitment to making a significant, measurable impact on

society. We aim for every investment in our community to yield a social return on investment (SROI) of one or higher, supported by detailed social impact assessments.

Our Sabancı Republic Day Campaign is guided by our Nature and Social Agendas promoting inclusivity and empowerment. Through activities focused on Education and Development across Türkiye, particularly in the regions affected by the devastating earthquake on February 6, we are keen to support and revive impacted communities.

Moreover, Sabancı Group banking and financial services companies also promote innovative and inclusive business practices that support access to finance for vulnerable groups through financial inclusion programs. Ensuring equal opportunities is a core value, and each Sabancı Group company integrates

diversity, equity, and inclusion (DE&I) into their product and service offerings.

## Strong Sustainability Performance

In 2023, we proudly made it to the Global A List in CDP Climate Change, marking us as the only holding company from Türkiye to achieve this recognition. Additionally, we upgraded our CDP Water Security reporting score to an A-.

Nine out of eleven of our Group companies that reported to the CDP Climate Change Program were elevated to leadership levels with A or A- grades, tripling the number of companies at this level compared to the previous year.

We became the first and only holding company in Türkiye to receive an MSCI ESG Rating of AA, elevating our rating by four notches over the past four years through comprehensive sustainability processes and adherence to international

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standards. Our Holding also received an 'A' rating for "Excellent Performance" in the Refinitiv ESG Assessment and was assessed as "Low Risk" for ESG risk metrics by Sustainalytics, placing us among the world's leading companies on ESG matters. Furthermore, we were listed in the Bloomberg Gender-Equality Index as the only holding company from Türkiye included for two consecutive years.

I am also proud to share that Sabancı Holding has won the European Foundation for Quality Management (EFQM) Global Award-six diamonds and Outstanding Achievement for Sustainability.

At Sabancı Holding, sustainability is integral to our purpose: to unite Türkiye and the World for a sustainable life with leading enterprises. By fostering collaboration and synergy among our Group companies, we unlock new avenues for growth and innovation while driving positive social and environmental impact.

In closing, I extend my heartfelt gratitude to our employees, partners, and stakeholders for their unwavering support and commitment. Together, we will continue to drive positive change and create a better world for future generations.

Thank you for your continued trust in Sabancı Holding.

Sincerely,

**CENK ALPER**

Member of the Board of Directors  
and CEO

## Commitment to a Sustainable Future