

UNEP FI Principles for
Responsible Banking Report

February 2024

AKBANK

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Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 Business Model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

| Response | Links and References |
|----------|----------------------|
|----------|----------------------|

In corporate and investment banking, commercial banking, SME banking, retail banking, payment systems, private banking, investment services, treasury transactions, we continue to serve our customers. Besides our standard banking services, through our branches, we offer services in the insurance sector on behalf of Aksigorta A.Ş., AgeSA Hayat ve Emeklilik A.Ş. With our affiliates Akbank AG, AK Finansal Kiralama A.Ş., Ak Yatırım Menkul Değerler A.Ş., Ak Portföy Yönetimi A.Ş. and AkÖde A.Ş., we offer innovative products and solutions for different financial needs. We are the owner of products and services like Axess, Wings, Özel Bankacılık in the national and international banking sector. We have more than 22 million customers.

Our General Directorate located in Istanbul, our Data and Life Center, our 19 Regional Directorates in Turkey, our 705 branches and our 12,864 ✓ employees provide service through our extensive service network and technological infrastructure. In addition to the one-on-one service we provide at our branches, we continue to create value for our customers with our investments in digital transformation through Akbank Internet, Akbank Mobile, Call Center, 5854 ATMs, and 771,206 POS terminals (including virtual POS). In addition, we have a subsidiary, Akbank AG, in Germany and a branch in Malta. In 2023, we increased our credit support to our economy to 757 billion TL, thereby both achieving our 2030 target this year and maintaining a strong position in our sector. Our total deposits reached 722 billion TL and our assets reached 1 trillion 147 billion TL. With our strong consolidated capital adequacy ratio reaching 23.2%, we have one of the strongest capital structures in our sector. As of 2023, our stocks continue to be traded on the Istanbul Stock Exchange (BIST) with a 51% public disclosure ratio. Level 1 Deposit Certificates also continue to be traded in the U.S. OTC Market in 2023.

Our financial capital, which is at the center of our value creation understanding, constitutes our financial assets and our assets. Similarly, manufactured capital corresponds to real estates where we conduct our operations such as ATMs, branches, our General Directorates, our data centers. Intellectual capital refers to applications and practices to which we have intellectual property rights, such as digitalization and innovation, which we have been working on for many years as Akbank. Meanwhile, we consider our employee-centered corporate culture, which we center in the way we do business, under the title of human capital. We position our relationships established with our stakeholders, who have an important place in our value chain (cultural and art activities, studies with non-governmental organizations), in social and relational capital. Finally, we share all the natural resources (energy, water, electricity, etc.) we use to carry out our activities in natural capital.

1.2 Strategy Alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
- No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Türkiye Sustainability Reporting Standards S1 & S2
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Türkiye Sustainability Reporting Standards S1 & S2
- None of the above

| Response | Links and References |
|----------|----------------------|
|----------|----------------------|

As Akbank, we consider our sustainability approach as the center of our business strategy. Guided by the Sustainable Development Goals and the Paris Climate Agreement, we aim to support Türkiye's transition to a low-carbon economy and leave a more livable world for future generations by actively participating in both national and international initiatives. In 2021, by focusing on sustainable finance, people and community, ecosystem management and climate change, we became the first deposit bank in Türkiye to set long-term targets in the field of sustainable finance.

These focus points and priority issues not only make a direct contribution to the United Nations Sustainable Development Goals (SDGs), but also follow the voices of all our stakeholders in accordance with our vision of being the "Pioneer Bank that Carries Turkey to the Future".

With our Bifocal Strategy approach, we focus on both short-term and long-term goals. From the perspective of today's Akbank, we aim to maintain the satisfaction and trust of our customers, sustain a growth that focuses on risks and opportunities, and effectively use digitization. While Shaping the Future, we aim to develop the ecosystem along with analytical thinking, apply open banking principles, and reduce our environmental footprint.

- Our Sustainability Journey
- People & Community
- Ecosystem Management

| Response | Links and References |
|--|---|
| <p>This year, for the first time, we carried out a double materiality assessment to assess the environmental, social, and financial impacts of our priority issues. When determining our priority issues, we prepared taking into account the survey results containing stakeholder opinions, developments in current sustainability reporting standards, global trends, our bank's long-term vision, best practices, the sectoral priorities of the Sustainability Accounting Standards Board (SASB) Financial Services - Commercial Banking. In addition, we passed the 15 critical issues we determined through the risk analysis filter and visualized the financial impacts of the emerging risks. ✓</p> <p>We manage our work and activities in the field of sustainability in a continuous improvement-oriented manner and will implement the decisions we made in 2023 in this direction. We determine our priority issues by considering a range of factors including feedback from our stakeholders, current developments, global trends and our long-term vision.</p> <p>We continuously evaluate our four strategic areas focused on Sustainable Financing, People and Community, Ecosystem Management and Climate Change. We periodically follow and improve our performance to achieve the targets we set in these areas.</p> <p>We share our contribution to the Sustainable Development Goals once a year with our stakeholders in our Integrated Activity Reports and our Sustainable Finance Allocation Report.</p> <p>Considering the decisions taken by our Sustainability Committee in 2023, we plan our future works and actions. These decisions include important steps such as developing a roadmap to be a net zero bank by 2050, revising the target of providing 200 billion TL of sustainable financing by 2030, and seeking advice on gender equality. It also includes the development of sector-based strategies focused on interim targets we have set for both operational emissions and financed emissions within the scope of the goal of becoming a net zero bank by 2050 and steps for the integration of these strategies into credit processes.</p> <p>Finally, we regularly report our sustainability performance in the Integrated Activity Report and Consolidated Financial Results, in addition to the CDP Climate Change and CDP Water Security reports. These reports provide current and transparent information about our performance.</p> <p>For the first time, in order to strengthen transparency and accountability in our sustainability studies, we prepared a report in compliance with the Turkish Sustainability Reporting Standard (TSRS). We prepared the 2023 Akbank Integrated Activity Report, covering our financial and non-financial performance between January 01, 2023 and December 31, 2023, in accordance with the requirements of the Value Reporting Foundation (VRF) Integrated Reporting Framework and the GRI Standards 'Core' option. In our report, we also took into consideration the Borsa Istanbul Sustainability Index Banking Sector Criteria, UNEP-FI Principles for Responsible Banking, United Nations Global Compact, Task Force on Climate Related Financial Disclosures (TCFD) and Women's Empowerment Principles (WEPs).</p> | <p>Our Sustainability Journey</p> <p>People & Community</p> <p>Ecosystem Management</p> |

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d) :

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

| Response | Links and References |
|---|---|
| <p>In accordance with our goal to be a net zero bank by 2050, we calculated our Scope 3 Category 15 emissions using the PCAF (Global GHG Accounting and Reporting Standard for the Financial Sector) methodology, focusing on our commercial loan portfolio under four main asset groups: Commercial Loans, Project Finance Loans, Motor Vehicle Loans, Commercial Real Estate Loans. Parallel to international initiatives, we identified carbon-intensive sectors that are a priority for decarbonization in our loan portfolio and worked on medium-term emission reduction targets. Within 2024, we will communicate our interim targets for the prominent carbon-intensive sectors determined based on our loan portfolio emissions and financed emissions in a comprehensive way to our stakeholders.</p> <p>In accordance with the EU Green Deal and the Carbon Border Adjustment Mechanism, we have closely worked with our customers to inform them about obligations such as reporting carbon emissions and carbon taxes and to stand by our customers during the transition processes. We offered a free digital carbon footprint calculation service to our customers operating in carbon-intensive sectors to guide them on their decarbonization journey. ✓</p> <p>In 2024, we will develop sectoral strategies for the decarbonization of the carbon-intensive sectors we prioritized. We will work much closer with our customers on their decarbonization journey.</p> <p>In 2023, in line with the Paris Agreement 1.5 degree scenario and SBTi methodologies, we set a target to reduce our Scope 1 and Scope 2 greenhouse gas emissions for emissions from our operations by 90% by 2030 from the 2019 base year.</p> <p>As a bank that signed the first of its kind initiative for Financial Inclusion, we committed to regularly disclose measurable targets in the field of financial health and inclusion and our performance towards these targets within 18 months. In this context, we aim to achieve a growth rate of 10% per year in the number of our female SME customers by 2025. In line with this goal, which is aligned with the Sustainable Development goals and Turkey's 11th Development Plan, we aim to provide products that enhance the financial resilience of our female SME customers and encourage their sustainable growth. In line with our target, we achieved a 23% increase ✓ in the number of our women SME customers compared to 2022.</p> | <p>Sustainable Financing</p> <p>Climate Change</p> <p>Ecosystem Management</p> <p>https://www.akbankinvestorrelations.com/tr/yayinlar/yil-liste/Konsolide-finansal-sonuclar/316/0/0</p> |

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

| Response | Links and References |
|--|----------------------|
| In accordance with our 2050 net-zero bank target, we calculated our Scope 3 Category 15 emissions using the PCAF (Partnership for Carbon Accounting Financials Global GHG Accounting and Reporting Standard) methodology with a focus on our commercial loan portfolio. We made these calculations under four main asset groups: Commercial Loans, Project Finance Loans, Motor Vehicle Loans, and Commercial Real Estate Loans. | Climate Change |
| In line with international initiatives, we identified carbon-intensive sectors in our loan portfolio that are priority for decarbonization and worked on medium-term emission reduction targets. In 2024, we will elaborate on our interim targets for the prioritized carbon-intensive sectors we have identified based on our loan portfolio emissions and financed emissions to our stakeholders. | |

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

| Response | Links and References |
|--|----------------------|
| Within the framework of the European Union Green Deal and the EU Carbon Border Adjustment Mechanism, various obligations arise for our customers, such as reporting carbon emissions and carbon taxes. We worked closely with our clients to inform them about this transformation and change, and to support them throughout the process. | Climate Change |

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2) ? Please disclose.

| Response | Links and References |
|---|----------------------|
| In 2023, we closely followed the net zero carbon goals and strategies of our customers operating in the iron-steel, cement, energy, textile, tourism, oil and natural gas sectors. We continued our preliminary assessments on our customers' net zero carbon strategies. With these early efforts, we aimed to help our customers identify sectoral opportunities and reduce potential transition risks. | Climate Change |
| We prioritized the processes of identifying, assessing, and managing climate-related risks and opportunities in our loan portfolio. As Akbank, we aim to reduce our impact on climate change with our net zero carbon roadmap and our efforts. In addition, we aim to assist our customers in managing their regulatory compliance processes and reducing potential transition risks. | |
| In this context, in 2023, we conducted an analysis to examine the potential exposure of assets in our Investment Banking project finance portfolio to the physical impacts of climate change. | |

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

| Response | Links and References |
|---|----------------------|
| In 2023, we closely followed the net zero carbon goals and strategies of our customers operating in the iron-steel, cement, energy, textile, tourism, oil and natural gas sectors. We continued our preliminary assessments on our customers' net zero carbon strategies. With these early efforts, we aimed to help our customers identify sectoral opportunities and reduce potential transition risks. | Climate Change |
| We prioritized the processes of identifying, assessing, and managing climate-related risks and opportunities in our loan portfolio. As Akbank, we aim to reduce our impact on climate change with our net zero carbon roadmap and our efforts. In addition, we aim to assist our customers in managing their regulatory compliance processes and reducing potential transition risks. | |
| In this context, in 2023, we conducted an analysis to examine the potential exposure of assets in our Investment Banking project finance portfolio to the physical impacts of climate change. | |

Self-assessment Summary

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

- | | | | |
|---|------------------------------|---|-----------------------------|
| <input type="checkbox"/> Scope: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |
| <input type="checkbox"/> Portfolio composition: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |
| <input type="checkbox"/> Context: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |
| <input type="checkbox"/> Performance measurement: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

| Response | Links and references |
|--|--|
| <p>In 2023, we carried out an analysis on the physical impacts of climate change, focusing on the geographical locations of the assets in our Bank's project finance portfolio. Initially, we identified sectoral exposure levels by evaluating the risks on the sectoral heat map through this study. We aim to assess our customers' exposure to climate change risks, support them in adaptation, and take necessary actions. Moreover, we address the importance of establishing compliance plans by evaluating project-based climate change risks before serving new customers.</p> <p>Primarily, we categorized our customers according to infrastructure, production, real estate, mining, retail, solar power plants (SPP), hydroelectric power plants (HPP), wind power plants (WPP), geothermal power plants (GPP), biomass power plants (BPP), and fossil fuel-based energy sectors. In the later stages of the study, we determined the impacts of which climate change vulnerabilities on which sectors. The identified 4 climate change vulnerabilities are:</p> <ul style="list-style-type: none"> • Increase in heavy precipitation and weather events • Heating waves • Acute drought • Chronic water scarcity - water stress <p>We evaluated which assets in our project finance portfolio will be affected by which climate change vulnerabilities at the district level using data obtained from models prepared by the IPCC (Intergovernmental Panel on Climate Change). We carried out the study based on the effects of a scenario representing a transition towards sustainable applications reaching zero carbon emissions in 2050 (SSP1), and a scenario where fossil fuel-based growth is continued (SSP5). With this evaluation, we aim to contribute to including climate change risks effectively in credit decision mechanisms, being an important factor in customers' choice of project locations, and taking measures to mitigate climate-related adverse conditions to occur in the near future.</p> <p>Using the IPCC Interactive Atlas, based on geographic regions for climate change SSP1-2.6 and SSP5-8.5 scenarios, our evaluation in Turkey is provided in the Impacts of Climate Change by Geographic Regions Table. We carried out our assessment by controlling the "Consecutive Dry Days" model for changes in acute drought, the "Number of Days Above 35 Degrees" and "Cooling Degree Days" models for changes in heat waves, the "Standardized Precipitation Index" model for changes in chronic drought, and the "Maximum 1-Day Rainfall" model for changes in heavy precipitation and weather events. As a result of the study, we evaluated the impacts in the country in terms of the identified vulnerabilities regionally. The Black Sea region is called to be the least affected region from climate change, while we observed that there could be negative impacts on all vulnerabilities in the Central Anatolia and Marmara regions. We identified that the maximum 1-day rainfall related to the increase in heavy precipitation and weather events will be higher in all regions and will be one of the most significant impacts of climate change. We determined that the number of consecutive dry days related to acute drought will increase in all regions except for the Aegean, Black Sea, and Southeastern</p> | <p>Our Sustainability Journey</p> <p>Climate Change</p> <p>Sustainable Financing</p> <p>Ecosystem Management</p> <p>CDP Climate Change Report 2023</p> <p>CDP Water Security Program Report 2023</p> |

| Response | Links and references |
|--|--|
| <p>Anatolia regions. We detected that the standard precipitation index related to chronic drought will increase in all regions in our country, except for the Black Sea, Eastern Anatolia, and Southeastern Anatolia regions and that there will be an increasing event in the heatwaves in all regions except the Black Sea region.</p> <p>As a result of the analysis we performed based on the geographic locations of 197 assets in our Bank's Investment Banking Project Finance portfolio, you can examine the distribution of project locations that will be exposed to the impacts of climate change as per the selected scenarios and identified vulnerabilities from the table below. When we examine the analysis outputs given in the table, we found that the assets in the project locations in our Project Finance portfolio will be negatively affected mostly by the 'increase in heavy precipitation and weather events' and 'increase in heating waves'. We used low-resolution data layers taken from the WGI Interactive Atlas Application when performing the analysis. However, we will continue to perform more detailed analyses using high-resolution data layers and detailed topography studies for the study area. We plan to publish our report, which includes the details of the analysis and results, in the year 2024.</p> | <p>Our Sustainability Journey</p> <p>Climate Change</p> <p>Sustainable Financing</p> <p>Ecosystem Management</p> <p>CDP Climate Change Report 2023</p> <p>CDP Water Security Program Report 2023</p> |

b) Baseline: b) Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target. A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

| Impact Area | Indicator Code | Response |
|------------------------------|----------------|---|
| Climate change mitigation | A.4.1 | We will become a "Net-Zero Bank" in 2050 by minimizing the impact of all our activities, including our loan portfolio, on climate change. In line with this target, we set our interim emission reduction target in line with the 1.5°C scenario. Compared to the 2019 base year, our target, which we have prepared in accordance with SBTi methodologies, will increase by a total of 90% in Scope 1 and Scope 2 emissions by 2023. Additionally, within 2024, we will communicate our interim targets for the prominent carbon-intensive sectors determined based on our loan portfolio emissions and financed emissions in a comprehensive way to our stakeholders. |
| Financial health & inclusion | C.4.1 | By 2025, we aim to achieve a growth rate of 10% every year in the number of our female SME customers. Sustainable Development Goals and Turkey's 11. In line with this goal, which is in line with the Development Plan, we aim to provide products that will encourage the sustainable growth of our women SME customers by increasing their financial resilience. |

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

| Response – N/A | Links and references |
|----------------|----------------------|
| | - |

c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

| Response | Links and References |
|--|----------------------|
| <p>We will become a “Net-Zero Bank” in 2050 by minimizing the impact of all our activities, including our loan portfolio, on climate change. In line with our net zero banking goal, we have developed a roadmap extending to 2030 for the sources with the highest emissions within Scope 1. As Akbank, we aim to consume less energy by increasing energy efficiency in all our buildings, including our branches, to reduce greenhouse gas emissions. In 2023, we set an objective to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 90% by 2030 compared to the base year 2019 in alignment with the Paris Agreement 1.5-degree scenario and SBTi methodologies by carrying out a study for our emissions arising from our operations.</p> <p>To support financial resilience and sustainable business growth, we have set a goal to increase our number of female customers by 10% annually by 2025 within our commitment to the UN Principles for Responsible Banking. We empower SMEs by providing financial and non-financial support.</p> | Climate Change |

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

| Response | Links and References |
|--|----------------------|
| <p>In 2023, in line with the Paris Agreement 1.5-degree scenario and SBTi methodologies, we conducted a study and set a target to reduce our Scope 1 and Scope 2 greenhouse gas emissions resulting from our operations by 90% by 2030 compared to the base year of 2019.</p> <p>With our Ak-E4 (Akbank Industry 4.0) project that we launched in 2021, we remotely monitor and report our consumption of electricity, water, natural gas, and fuel oil. With the Solar Power Plant installed on the roof of the Akbank Banking Center, we produced 465,960 ✓ kWh of energy in 2023. This amount met approximately 5% of the electricity production of the campus, excluding the Data Center. We pursue our activities for reducing greenhouse gas emissions, coordinated by our Architectural Solutions, Information Technology, and Sustainability teams. In 2024, we aim to replace LED fixtures in 100 branches to reduce greenhouse gas emissions. Thus, we anticipate an energy saving of roughly 45% compared to 2023 in these branches' lighting electricity consumption. We also plan to replace 300 air conditioners in 2024, expecting to achieve approximately 52% energy savings in the locations where the change occurs.</p> <p>In 2023, we calculated our commercial loan portfolio emissions under four main asset groups using the PCAF (Partnership for Carbon Accounting Financials) methodology. We analyzed the sectoral distribution of our commercial loan portfolio's emissions. As a result of the impact analysis, we determined the most prioritized sectors in terms of emission intensity among carbon-intensive sectors. For priority carbon-intensive sectors, we set 2030 emission reduction targets over the emissions financed based on the base year of 2021, complying with the Paris Agreement 1.5-degree scenario and NZBA methodologies. In 2024, we will share our credit portfolio targets and the roadmaps we set to achieve these goals with our stakeholders.</p> | Climate Change |

Self-assessment Summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

| | ... first area of most significant impact: ... (please name it) | ... second area of most significant impact: ... (please name it) | (If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it) |
|----------------------|--|--|--|
| Alignment | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No |
| Baseline | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No |
| SMART targets | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No |
| Action plan | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No |

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

| Response | Links and References |
|---|-----------------------------------|
| <p>The permanent members of our Sustainability Committee (Our Executive Board Member, Board Member, General Manager, Deputy General Manager of Financial Management, Head of Investor Relations and Sustainability) ensure the monitoring and reporting of our activities and performance on behalf of the Board of Directors. Our committee meets at least twice a year, and our Investor Relations and Sustainability Department, responsible for the overall sustainability coordination and tracking of the bank, prepares our meeting agenda and the progress of decisions taken. ✓</p> <p>Our four committees (Sustainable Financing, Ecosystem Management, Climate Change, and People and Society), under the leadership of our related Deputy General Managers and representatives from functions, regularly come together under the coordination of our Investor Relations and Sustainability Department. We track more than 100 actions each year with all Akbank employees and improve our sustainability performance over the years. We successfully implemented 93.9% of our sustainability actions this year.</p> <p>With the devoted efforts of all our employees, we will continue to play a pioneering role in our country's transition to a low-carbon economy, reaching its net-zero targets, and social development.</p> <p>The actions we have taken in the areas of Net Zero, Financial Inclusion, and Health are summarized below, and more information can be accessed from the relevant parts of the report and the bank's regular profit announcements:</p> <ul style="list-style-type: none"> Under the commitment of the UN Responsible Banking Principles, we set a target to increase the number of female customers by 10% annually by 2025 to support financial resilience and sustainable business growth. In line with our target, we achieved a 23% ✓ increase in the number of our women SME customers compared to 2022. We started accepting applications for the Akbank 1000 Yaprak Kadın Girişimciliği Mentorship Program. We implemented our Entrepreneurship Banking solutions. (For example, offering investment opportunities to entrepreneurs with Ak Portföy Venture Capital Investment Fund) The second term of Türkiye's first full-time spin-off program, Akbank+, started. Interacted with more than 1000 startups and had discussions with more than 700. The Boost the Future acceleration program, in collaboration with Endeavor Turkey, started for the 5th time. In 2023, we reduced our operational emissions by 82%. We set our interim emission reduction target in line with the 1.5°C scenario. 90% reduction in Scope 1 and Scope 2 greenhouse gas emissions by 2030. From the beginning of 2023, we are sourcing 100% of the electricity used from renewable resources. ISO 50001 (Energy Efficiency Management) & 14001 (Environmental Management) trainings were completed at 251 branches. (out of a total of 562 branches) We maintained our CDP Climate Change score of B, as well as our CDP Water Security score of B. | <p>Our Sustainability Journey</p> |

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client Engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

| Response | Links and References |
|--|--|
| <p>In line with sustainability trends, we continue to develop our current practices in the field of sustainable financing in parallel with international finance institutions, investor expectations, and current market expectations. In 2021, we updated our Sustainable Finance Framework, which we published in 2021, with green, blue, and social thematic areas in 2023, the first in Turkey. We published our framework by adding new areas such as adaptation to climate change, green hydrogen, hybrid maritime vehicles, and investments supporting the redevelopment of earthquake-prone areas. With our updated framework, we use green and social criteria to categorize the projects we provide sustainable financing for in compliance with international principles. With our framework, we issue bonds in compliance with ICMA (International Capital Market Association) Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. In addition, we provide green and social loans in compliance with the LMA (Loan Market Association) Green Loan Principles and Social Loan Principles. We ensure the compliance of our framework with the ICMA Harmonized Impact Analysis Criteria and the IFC's (International Finance Corporation) Blue Finance Guide. We submit loans provided in accordance with our policy for approval to the Credit Committee under our Board of Management or the Credit Allocation Unit authorized by our Board of Management.</p> <p>While supporting the economic development of all our customers we lend, we evaluate the environmental and social risks related to our customers' commercial activities and work together with them to improve their environmental and social performance continually. Our Environmental and Social Risk Framework, which we published in 2022, aims to proactively evaluate and manage the environmental and social risks of activities financed by our bank. The framework primarily aims to comply with environmental and social principles and criteria reflecting national legislation, international agreements to which our country is a party, and good practices published by international organizations.</p> | <p>Ecosystem Management</p> <p>Sustainable Financing</p> <p>(https://www.akbankinvestorrelations.com/tr/kurumsal-Yonetim/detay/Politikalar/297/509/0)</p> <p>(https://www.akbankinvestorrelations.com/tr/kurumsal-Yonetim/detay/Politikalar/297/509/0)</p> |

| Response | Links and References |
|--|----------------------|
| <p>Our bank implements an Environmental and Social Management System (ESMS) and Environmental and Social Impact Assessment (ESIA) System to identify and effectively manage the environmental and social risks and/or opportunities that may arise as a result of the financing it will use. ESMS, the basic process for managing environmental and social risks in credit processes, is applied to all customers with whom our bank enters into a credit relationship, except for the cases specified in the relevant scope section of the Framework. Additionally, some very high-risk projects specified in the Framework ('Category A Project List'), all project finance¹ loans in sectors known to have high environmental and social risks², and new investment loan requests³ over 10 million US dollars are subject to a special review with the ESIA system, which is more detailed than the ESMS.</p> <p>Our expert technical team informs allocation teams and the Credit Committee about the environmental and social risks of transactions subject to the ESIA and the necessary measures to be taken. Our policies are reviewed annually with the approval of our Board of Management and in line with evolving needs and are revised in compliance with current national and international conditions and standards. We review all project finance loans in the Environmental and Social Impact Assessment system comprehensively and work with independent consultants based on the risk assessment of the project. We base our decisions on their impacts on matters such as employment and working conditions, resource management and pollution control, expropriation, public health and safety, biodiversity, and cultural heritage. We check for compliance with internationally valid, UN Universal Declaration of Human Rights, International Labor Organization (ILO) basic contracts defining standards in fields such as child labor, collective bargaining agreements, unionization, forced labor, equal opportunity, and worker rights approved by our country. In the case of prohibited activities seen within these frameworks, we commit not to finance the proposed activity without conducting further environmental and social assessment.</p> <p>In 2023, we continued to strengthen our sustainable financing activities by adding our Sustainable Deposit product, which offers our customers a sustainable cash management solution, and our digital sustainability services to our 16 sustainable financing lending products. We supported our customers on their journey to a low-carbon transition with our Renewable Energy Credit, Low Carbon Economy Transition Credit, and Roof GES Investment Credit products. Our Low Carbon Economy Transition Loan product serves our Corporate, Commercial and SME segments; we worked to serve all segments with our Roof GES loan.</p> | |
| <p>¹ Project Finance Definition: Project finance is a type of finance that is designed in a way where the cash flow and value generated by the relevant project is viewed as the basis of the transaction and the borrower's payment ability is directly linked to the revenues of the project. This type of financing is typically structured for large, complex, and costly investments such as power plants, manufacturing facilities, mines, transportation infrastructure, environmental and telecommunications infrastructure, to be matched with financing models that align with changing project dynamics. In this type of financing, payments are made with the revenues generated by the related project. For example, a power plant selling the electricity it produces and using the revenues to repay the loan. The borrower is generally a Special Purpose Vehicle (SPV), which is established for the related project. The SPV cannot conduct any business beyond the completion and operation of the project. In designing the financing structure, since the focus is on the project, it is critical to correctly predict cash flow projections, evaluate all factors that could risk the realization of these cash flows and the preservation of project value, and take necessary measures. In this context, all cash flow and created value are included in the transaction framework, and the collateral structure is also designed accordingly. Continuous monitoring, risk tracking, and adaptation to changing dynamics are required. Because, repayment should primarily depend on the project's cash flow and the value of project assets.</p> <p>² Energy, Mining, Chemistry (including petrochemicals), Manufacturing, Infrastructure & Transportation, Agriculture, Food, Livestock and Fisheries, Marine Tourism.</p> <p>³ Investment Loans Definition: Installment loans for smaller-scale workplace renovation, factory/warehouse construction, and machinery equipment financing purposes that do not fall under the scope of project finance.</p> | |

| Response | Links and References |
|--|---|
| <p>To enable our customers to invest in environmental, social, and governance projects, we offer various investment options such as investment funds, bonds/bonds, or stocks to investors with different asset and risk expectations. At the beginning of 2021, we offered "Investments of the Future", consisting of Alternative Energy, Health, and Domestic and Foreign High Technology themes, to savers under the management of Ak Portföy Investment Funds, which will allow investment in the future of our world, our country, and our economy. As of 2022, we added Electric and Autonomous Vehicle Technologies and Agriculture and Food Technologies funds to our Fund portfolio, increasing our diversity. We also received ESG ratings from Refinitiv and MSCI for these four sustainability-themed funds, making them the first in Türkiye. In addition to all these, we added the Sustainable Equity Pension Investment Fund, which is managed by Ak Portföy and allows saving owners to evaluate their savings in the shares of companies sensitive to sustainability, to our reports. We aim to continue developing the sustainability assessment studies by independent organizations for our investment funds in the coming period.</p> | |
| <h3>3.2 Business Opportunities</h3> <p>Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).</p> | |
| Response | Links and References |
| <p>With the aim of strengthening our sustainable financing supports, we are working with many international financial institutions such as the International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), U.S. International Development Finance Corporation (DFC), Asian Infrastructure Investment Bank (AIIB), Proparco, and Finance in Motion (FIM). In July, we issued a 5-year callable, 10-year maturity Basel-III compliant capital-like bond to the Asian Infrastructure Investment Bank and the International Finance Corporation, with their shares totalling 150 million USD. Both transactions have the feature of being sustainable capital-like eurobonds. At the same time, we completed the issuance of a 10-year maturity Basel-III compliant capital-like gender equality bond of 150 million USD to the American International Financial Development Agency, with a call option in the 5th year. The source was obtained as a need-based loan to women customers located in underdeveloped provinces of Turkey and to women SMEs. This issue carries the feature of being the first gender equality capital-like bond in the world. In 2023, we issued a total of 8 social bonds amounting to 243 million USD with a term of one year.</p> | <p>Sustainable Financing Ecosystem Management</p> |

| Response | Links and References |
|---|----------------------|
| <p>We secured a 7-year currency of 50 million USD from Proparco as part of the support we provide to SMEs for green projects (renewable energy and energy efficiency) and women entrepreneurship. With the project, we aim to contribute to targets number 5 (Gender Equality), 7 (Accessible and Clean Energy), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), and 13 (Climate Action) that are among the United Nations Sustainable Development Goals.</p> <p>We inked a credit agreement up to 90 million USD with EBRD to contribute to the earthquake region. We secured 60 million USD and 10 million Euro in funding from IFC.</p> <p>On 13th April 2023, with the participation of 30 banks from 16 countries, we continued to strengthen our sustainable finance activities by securing 500 million USD through our renewed syndication loan to be used to finance foreign trade transactions of our customers affected by the earthquake. This transaction carries the feature of being the first social-themed syndication loan in Turkey. On 27th October 2023, with the participation of 36 banks from 18 countries, we managed to secure a sustainability-linked syndication loan of 600 million USD with a renewal rate of 146%. Thus, by the end of 2023, our borrowings related to sustainability reached 59% of our total borrowing.</p> <p>In 2023, with the PF loans we extended, we continued to contribute to the Sustainable Development Goals. 7% of our projects served SDG 2, SDG 11, SDG 14, and SDG 15; 33% served SDG 12; 40% served SDG 8; 47% served SDG 7, SDG 9, SDG 13.</p> <p>In 2023 and beyond, we want to increase awareness of impact investing in Türkiye and widen our sustainable product options from various angles. In 2022, investor numbers increased by 165% and with 174,000 investors, ESG-themed funds reached 3.2 billion TL. With Ak Portföy Health Sector Fund, which was the first fund to invest in the health theme; we allowed investors to easily invest equally in 20 selected global companies in the fields of medicine, vaccine, biotechnology, genetics, and advanced health technology. Ak Portföy Health Sector and Alternative Energy Investment Funds were the first funds to be evaluated in Türkiye by Refinitiv (London Stock Exchange Group), one of the world's leading financial data providers, according to ESG criteria.</p> | |

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder Identification and Consultation:

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

| Response | Links and References |
|--|-----------------------------------|
| <p>With our vision of "Being the Leading Bank Carrying Turkey to the Future", we continue our efforts that consider the Sustainable Development Goals by taking the opinions of our stakeholders. Taking into consideration changing standards and international developments, we reassessed our priority issues for 2023 with stakeholder surveys and departmental interviews. For the Double Materiality Assessment we prepared for the first time this year, we consulted the opinions of:</p> <ul style="list-style-type: none"> • International Financial Institutions • Investors • Employees • Customers • Non-Governmental Organizations. <p>When determining our priority issues, we prepared by taking into account the results of the survey including stakeholder opinions, developments in current sustainability reporting standards, global trends, the long-term vision of our Bank, good practice examples, Sustainability Accounting Standards Board (SASB) Financial Services - We considered Commercial Banking sector priority issues. We included the importance of the impacts of priority issues on the vertical axis of our matrix. In this context, we compiled the results according to the perspectives of the magnitude, scope, and manageability of the impacts of the relevant issues. On the other hand, on its horizontal axis, we showed the financial sizes of the risks carried by the priority issues. To determine the financial impact of all risks, we made a list of the actions our Bank has taken to eliminate these risks by consulting with the relevant department managers.</p> <p>As one of the main stakeholders of the Climate Finance Accelerator (CFA) Program, which aims to contribute to Türkiye's struggle against climate, launched by the UK Government, we have been actively participating in the program since 2021. In order to ensure the integration of the program into our country, we take our role in the program a step further as Akbank. We evaluate the requirements to contribute to the preferability of selected projects in investment decisions of financiers from Turkey and the international arena. This year, while the projects focused on circular economy and sustainable production such as waste recovery and advanced recycling and the production of 100% recyclable products, sustainability in agriculture and climate resilience, storage of renewable energy and decarbonization projects also took place in the program. Capacity building support was provided to the selected projects in the areas of gender equality and societal inclusiveness, as well as developing financial models and effectively promoting materials.</p> | <p>Our Sustainability Journey</p> |

| Response | Links and References |
|--|----------------------|
| <p>As Akbank, we took an active role in the Turkish Bankers Association Sustainability Working Group and Green Asset Ratio Working and Sub-Working Groups established for the development of the criteria set for the calculation of the green asset ratio, which is defined as a key performance indicator for increasing the degree of accuracy and transparency of sustainability data and making sustainability performance comparable for the banking sector. ✓</p> <p>As a result of these studies, the Draft Regulation on Green Asset Ratio was prepared by the Banking Regulation and Supervision Agency (BRSA), and the first step was taken for the measurement of banks' contribution to environmentally sustainable economic activities. As Akbank, in accordance with the Draft Regulation on Green Asset Rate, we started our efforts to classify our assets as suitable and compliant assets and to follow them in digital environment. In addition, for the loans in our portfolio that are classified as green/social under the Akbank Sustainable Financing Framework, we also apply the Do No Significant Harm (DNSH) and Minimum Safeguard (MS) criteria within the scope of the system and workflows specified in the Akbank Environmental and Social Risk Framework.</p> <p>As Akbank, in addition to the financial solutions we offer to our business partners, we offer solutions to our customers by developing cooperation with different stakeholders who are experts in their fields, offering climate solutions, accelerating the green transformation of sectors and focusing on societal benefit. Since 2021, we have been bringing our customers who aim to invest in solar energy for self-consumption together with expert EPC companies. In 2023, we offered the digital tool service for calculating carbon footprint and ESG score free of charge to a limited number of commercial customers operating in certain sectors. We offer digital and financial solutions that support the transformation of a sustainable agricultural supply chain for our business partners operating in certain sectors. We organised workshops to raise awareness of our customers on the Carbon Border Adjustment Mechanism (CBAM).</p> | |

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles:

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

| Response | Links and References |
|--|-----------------------------------|
| <p>We ensure the monitoring and reporting of our activities and performance on behalf of the Board of Directors through the permanent members of our Sustainability Committee (Our Board Member, Representative of the Board, our General Manager, our Deputy General Manager of Financial Management, our Head of Investor Relations and Sustainability). Our committee meets at least twice a year and our Investor Relations and Sustainability Department, responsible for the overall sustainability coordination and monitoring of the bank, prepares our meeting agenda and the status of the decisions taken. ✓</p> <p>Our 4 committees (Sustainable Financing, Ecosystem Management, Climate Change and People and Community) that continue their work under the coordination of our Investor Relations and Sustainability Department, regularly come together under the leadership of our relevant Deputy General Managers and representatives from the functions. Every year we follow more than 100 actions with all Akbank employees and increase our sustainability performance over the years. This year, we have successfully implemented 93.9% of our sustainability actions.</p> <p>In addition, in 2023, we established the Sustainable Financing Allocation Committee, where sustainable financing transactions and opportunities will be evaluated with the credit teams.</p> <p>Along with the dedicated efforts of all our employees, we will continue to play a leading role in our country's transition to a low-carbon economy, in reaching net zero targets, and in societal development.</p> | <p>Our Sustainability Journey</p> |

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

In order to make sustainability a part of our corporate culture, we provide awareness training to our employees and organize various internal sustainability events. In 2023, we:

- Reached 1,260 people in our Ethics Training.
- Provided bribery and corruption training to 5,526 people.
- We offered Basic Sustainability training to 1,218 people and Unconscious Bias training to 1,514 people.
- We reached 11,255 people with an Inclusive Communication training and 1,418 with a Zero Waste training.
- We provided violence training to 6,747 people under Zero Tolerance.

To increase awareness of Sustainability Finance in our corporate, commercial, and mixed commercial branches, we have completed our internal basic sustainability, sustainable finance, and introduction to climate change training in 100% of our corporate and commercial branches and in more than half of our mixed commercial branches.

Links and References

Sustainable Financing
People & Community

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

The Akbank Environmental and Social Risk Framework aims to proactively assess and manage the environmental and social risks of activities financed by our bank. The Framework primarily aims to comply with environmental and social principles and criteria reflecting national legislation, international agreements to which our country is a party, and good practices published by international organizations. We examine our customers' environmental and social risks in terms of environmental and social impacts in their fields of activity, climate risks, production processes, product and service quality, governance structures and stakeholder relations. We aim to support the management of environmental and social risks by taking as a basis all these local laws, international standards, and best practices.

Our bank implements the Environmental and Social Management System and Environmental and Social Impact Assessment System to identify environmental and social risks and/or opportunities that may arise as a result of the financing we will provide and to effectively manage them. Except for the situations specified in the relevant scope section of the Framework, which is the basic process in credit processes for the management of environmental and social risks, applies to all customers who have a credit relationship with our bank. In addition, some very high-risk projects

Links and References

Sustainable Financing

<https://www.akbankinvestorrelations.com/tr/images/pdf/Akbank-Cevresel-ve-Sosyal-Risk-Cercevesi.pdf>

Response

specified in the Framework, all project financing⁴ loans in sectors known to have high environmental and social risks⁵, and new investment loan requests with an investment amount of over 10 million USD are subjected to special examination with the EIA system, which is more detailed than.

The Situation Determination carried out within the scope of Environmental and Social Management System is an integral part of our Bank's Credit Allocation and Risk Management processes and is done to determine the compliance of the given loans with the environmental and social approach, policy, and standards specified in the Akbank Environmental and Social Risk Framework. Compliance with legal regulations is essential for the validity of the Situation Determination process for all customers.

Links and References

Self-assessment Summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

| Response | Links and References |
|---|--------------------------|
| We fulfil our obligations under the scrutiny of an independent audit firm, as documented in the "Limited Assurance Report" located in the Appendices section. | Integrated Annual Report |

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other:

| Response | Links and References |
|--|--|
| We declare our sustainability information within the scope of United Nations Environment Program Finance Initiative Responsible Banking Principles (UNEP FI), Turkey Sustainability Reporting Standards (TSRS), United Nations Global Compact Initiative (UNGC), Task Force on Climate-related Financial Disclosures - TCFD), Capital Markets Board (CMB) Corporate Governance Principles Compliance Report, Carbon Disclosure Project (CDP), International Integrated Reporting Council (IIRC), Global Reporting Initiative (GRI), Women's Empowerment Principles (WEPs). ✓ | CDP 2023 Climate Change Report |

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis , target setting and governance structure for implementing the PRB)? Please describe briefly.

| Response | Links and References |
|--|--------------------------|
| <p>As Akbank, we include all our progress in the UNEP FI Responsible Banking Principles in our 2023 Integrated Activity Report. As Akbank, we aim to increase our effectiveness in climate change and sustainability issues and aim to become a "net-zero bank" by 2050 by neutralizing the impact of our credit portfolio on climate change. Similarly, we continue to report in compliance with the TCFD requirements that are at the heart of TSRS. We have identified the priority sectors on which we will focus on our journey to become a Net-Zero Bank and 2030 sectoral carbon reduction targets for these sectors. We aim to share our reduction targets and our roadmap here with the public in 2024. This will more accurately and comprehensively reflect our bank's environmental impact and sustainability goals. Also, we are considering participation in a number of initiatives working on sustainability at an international level. These initiatives aim to encourage the financial services sector to play a more proactive role in climate change and promote environmental sustainability. In addition, we are also considering being part of the (NZBA)'s commitments. All of these are part of Akbank's strategy of committing to a sustainable future and aiming to play an active role in combating climate change.</p> <p>Also, in 2024, we will continue with our sustainability roadmap in line with the 2030 Sustainable Development Goals, the Paris Agreement, and our long-term goals. While providing support for decarbonization with innovative products and customer-focused solutions in sustainable finance, we will continue to focus on sustainability in borrowing and diversify our sustainability-themed investment products. Our work for the green and inclusive transformation of SMEs will continue in 2024 as well. We will contribute to strengthening SMEs, entrepreneurs, youth, and barrier-free banking with our financial and non-financial services.</p> | Integrated Annual Report |

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

UNEP-FI Principles for Responsible Banking Report - Reporting Principles

Reporting and Self-Assessment Requirements

Preparation Principles

Principle 1: Alignment

1.1 Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

1.2 Strategy Alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Türkiye Sustainability Reporting Standards S1 & S2
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Türkiye Sustainability Reporting Standards S1 & S2
- None of the above

General Directorate located in Istanbul, Data and Life Center, 19 Regional Directorates in Turkey, 705 Branches and 12,864 employees are provided services through extensive service network and technological infrastructure.

This year, for the first time, Bank carried out a double materiality assessment to assess the environmental, social, and financial impacts of their priority issues. When determining their priority issues, Bank prepared considering the survey results containing stakeholder opinions, developments in current sustainability reporting standards, global trends, our bank's long-term vision, best practices, the sectoral priorities of the Sustainability Accounting Standards Board (SASB) Financial Services - Commercial Banking. In addition, Akbank passed the 15 critical issues and determined through the risk analysis filter and visualized the financial impacts of the emerging risks.

| Reporting and Self-Assessment Requirements | Preparation Principles |
|--|---|
| <p>Principle 2: Impact and Target Setting Impact Analysis (Key Step 1)</p> <p>Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d) :</p> <p>a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.</p> | <p>In line with this goal, which is aligned with the Sustainable Development goals and Turkey's 11th Development Plan, Bank aims to provide products that enhance the financial resilience of their female SME customers and encourage their sustainable growth. In line with their target, Bank achieved a 23% increase in the number of women SME customers compared to 2022.</p> <p>Bank offered a free digital carbon footprint calculation service to their customers operating in carbon-intensive sectors to guide them on their decarbonization journey.</p> |
| <p>2.2 Target Setting (Key Step 2)</p> <p>Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:</p> <p>d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p> | <p>With Bank's Ak-E4 (Akbank Industry 4.0) project that is launched in 2021, remotely monitored and reported consumption of electricity, water, natural gas, and fuel oil. With the Solar Power Plant installed on the roof of the Akbank Banking Center, 465,960 kWh of energy was produced in 2023.</p> |
| <p>2.3 Target implementation and monitoring (Key Step 2)</p> <p>For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.</p> <p>Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.</p> | <p>The permanent members of Bank's Sustainability Committee (Our Executive Board Member, Board Member, General Manager, Deputy General Manager of Financial Management, Head of Investor Relations and Sustainability) ensure the monitoring and reporting of our activities and performance on behalf of the Board of Directors. Committee meets at least twice a year, and Investor Relations and Sustainability Department, responsible for the overall sustainability coordination and tracking of the bank, prepares meeting agenda and the progress of decisions taken.</p> <p>In line with Bank's target, 23% increase was achieved in the number of women SME customers compared to 2022.</p> |

| Reporting and Self-Assessment Requirements | Preparation Principles |
|---|--|
| <p>Principle 4: Stakeholders</p> <p>4.1 Stakeholder Identification and Consultation: Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.</p> | <p>As Akbank, they took an active role in the Turkish Bankers Association Sustainability Working Group and Green Asset Ratio Working and Sub Working Groups established for the development of the criteria set for the calculation of the green asset ratio, which is defined as a key performance indicator for increasing the degree of accuracy and transparency of sustainability data and making sustainability performance comparable for the banking sector.</p> |
| <p>Principle 5: Governance & Culture</p> <p>5.1 Governance Structure for Implementation of the Principles: Does your bank have a governance system in place that incorporates the PRB?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p> <p>Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about</p> <ul style="list-style-type: none"> • which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to), • details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as • remuneration practices linked to sustainability targets. | <p>Bank ensures the monitoring and reporting of their activities and performance on behalf of the Board of Directors through the permanent members of their Sustainability Committee (Our Board Member, Representative of the Board, Bank's General Manager, Bank's Deputy General Manager of Financial Management, Bank's Head of Investor Relations and Sustainability). Bank's committee meets at least twice a year and Investor Relations and Sustainability Department, responsible for the overall sustainability coordination and monitoring of the bank, prepares their meeting agenda and the status of the decisions taken.</p> |
| <p>Principle 6: Transparency & Accountability</p> <p>6.2 Reporting on other frameworks Does your bank disclose sustainability information in any of the listed below standards and frameworks?</p> <p><input type="checkbox"/> GRI <input type="checkbox"/> SASB <input type="checkbox"/> CDP <input type="checkbox"/> IFRS Sustainability Disclosure Standards (to be published) <input type="checkbox"/> TCFD <input type="checkbox"/> Other:</p> | <p>Bank's sustainability information was declared within the scope of United Nations Environment Program Finance Initiative Responsible Banking Principles (UNEP FI), Turkey Sustainability Reporting Standards (TSRS), United Nations Global Compact Initiative (UNGC), Task Force on Climate-related Financial Disclosures - TCFD, Capital Markets Board (CMB) Corporate Governance Principles Compliance Report, Carbon Disclosure Project (CDP), International Integrated Reporting Council (IIRC), Global Reporting Initiative (GRI), Women's Empowerment Principles (WEPs).</p> |



Limited Assurance Report

to the Board of Directors of Akbank T.A.Ş.

We have been engaged by the Board of Directors of Akbank T.A.Ş. (the “Bank” or “Akbank”) to perform a limited assurance engagement in respect of the Selected Sustainability Information (the “Selected Information”) stated in the UNEP-FI Principles for Responsible Banking Report (the “Report”) for the year ended 31 December 2023 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2023, which is subject to our limited assurance work, set out in the pages 4, 6, 7, 12, 14, 20, 21 and 24 of the Report with the sign ✓ is summarised below:

- 1.1 Business Model Definition
- 1.2 Sustainable Strategy Plans
- 2.1 Impact Analysis
- 2.2 Goal Setting
- 2.3 Plans for the Implementation and Monitoring of Goals
- 4.1 Responsible Banking Principles Collaborations
- 5.1 Governance Structure Planning for the Implementation of the Principles
- 6.2 Progress in Implementation of Responsible Banking Principles

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

Criteria

The criteria used by the Bank to prepare the Selected Information is set out in section UNEP-FI Principles for Responsible Banking Report – Reporting Principles (the “Reporting Principles”) on pages 27, 28 and 29 of the Report.

The Bank’s Responsibility

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



Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

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

Our Independence and Quality Management

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

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

Our Responsibility

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000- “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000” Revised).

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

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



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

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

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Bank's Selected Information for the year ended 31 December 2023, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Bank as a body, to assist the Board of Directors in reporting Akbank T.A.Ş.'s performance and activities related to the Selected Information. We permit the disclosure of this report within the Report for the year ended 31 December 2023, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Akbank T.A.Ş. as a body and Akbank T.A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

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

Zeynep Uras, SMMM
Independent Auditor

Istanbul, 20 March 2024



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