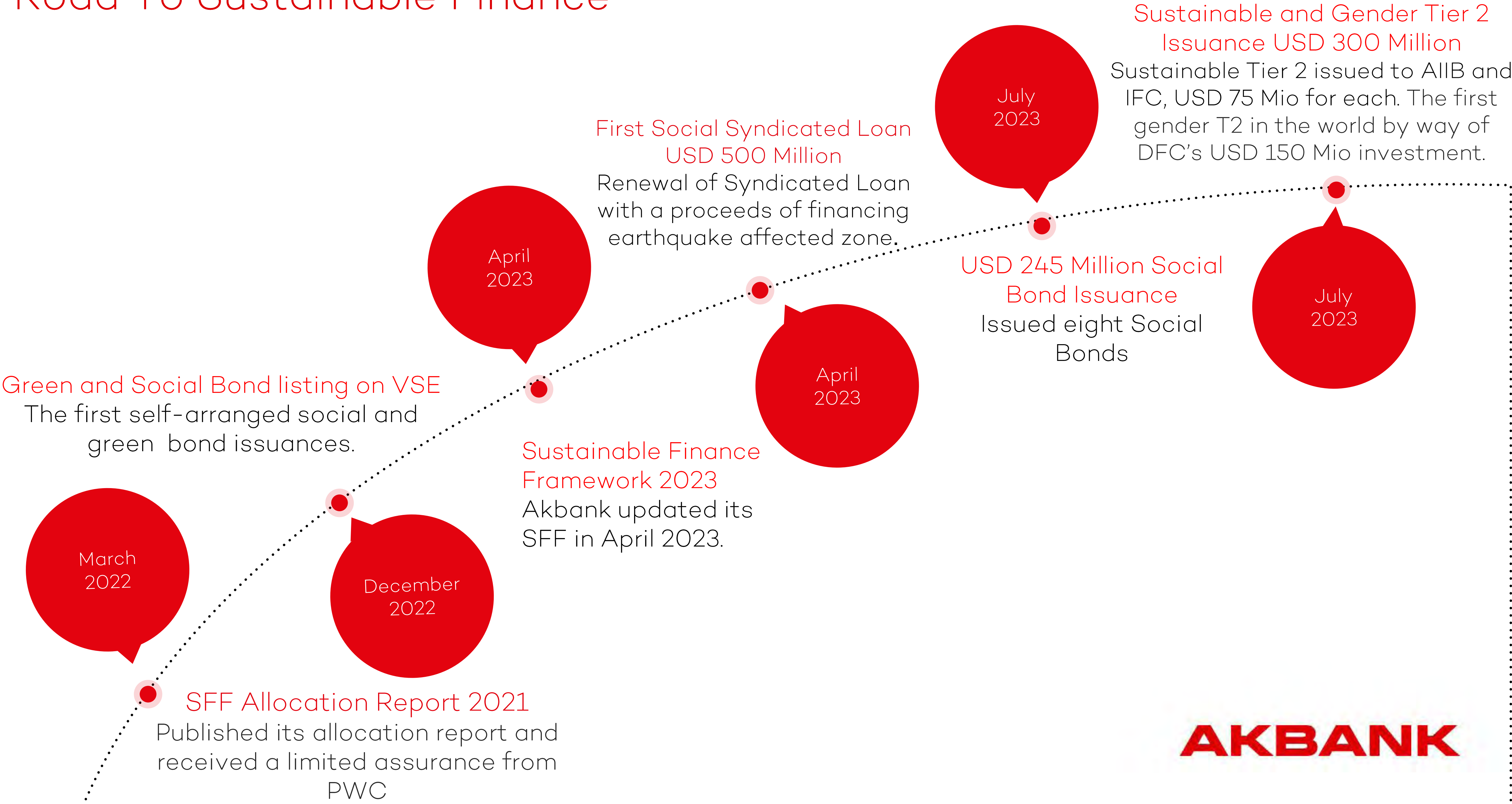


Akbank 2022 Year End Sustainable Finance Allocation Report

AKBANK

Road To Sustainable Finance



Akbank Approach to Sustainability

Akbank's sustainability strategy is purely aligned with the corporate vision "To be the leading bank that drives Turkey into the future" which comes with a simple objective: to mitigate the environmental footprint while increasing the positive impact.

ESG Strategy: Mitigate environmental footprint while increasing positive impact



Long-term Sustainability Goals

Actionable targets for positive impact

SUSTAINABLE FINANCE

Supporting a more sustainable economy

TL 200 bn
Sustainable loan
financing until
2030

TL 15 bn AuM
Sustainable
investment funds
2030



Increase sustainable financing
secured by the bank until 2030

ECOSYSTEMS MANAGEMENT

Enhancing businesses & financial health

Extend digital & innovative
products & services



Increase number of financially
empowered people

PEOPLE & COMMUNITY

Empowering our people
and communities

Improve the
effectiveness of
investment on our
people

Increase Social
Return on
Investments for
community
investments



Enhance the effectiveness of Akbank
volunteerism in community investments

CLIMATE CHANGE

Mitigating operational
emission & portfolio
impact

Become a carbon-
neutral bank
through eliminating
operational
emissions until 2025

Become a net-zero
bank by 2050



Mitigate climate-related risks & impact
on portfolio

AKBANK

Akbank's Sustainability Performance at a Glance as at 3Q23

<u>Sustainable finance</u>	<u>People & Community</u>	<u>Ecosystems Management</u>	<u>Climate change</u>
Supporting a more sustainable economy	Empowering our people and communities	Enhancing businesses & financial health	Reducing our impact on environment
TL 174 bn Sustainable Finance Provided since 2020YE ⁽¹⁾	~57% Women in CEO's direct reports	SME Eco-Transformation Package 1st in Turkey	Net Zero 2050 Commitment for financed and operational emissions
57% ESG linked borrowing +USD 2 bn since in 2021 ⁽²⁾	33 hrs Training per employee	Corporate Digitization Partnerships with prominent e-commerce companies	100% of electricity sourced from renewable energy
42% increase of investors in ESG-themed funds	Akbank+ Intrapreneurship program	16k SMEs Reached by Akbank Transformation Academy since 2022	28% reduction in operational emissions in 2022
Environmental and Social Risk Framework For all commercial and SMEs loans	43K students reached by Akbank Youth Academy in 2023	Akbank LAB Connected with 408 startups & ecosystem players in 2023	400+ locations obtained energy & environment management certification
Sustainable Finance Framework in line with international standards	Women's Empowerment Principles, 30% Club, Valuable 500, Bloomberg Gender Equality Index member		

(1)Based on bank-only MIS data, includes: Granted SME loans (assessed through ESMS) & renewable loans, other green and social loans in lline with Sustainable Finance Framework and ESG-type Eurobond & syndicated loan purchases
(2)IFI loans, green bond, our recent ESG linked syndicated loan, sustainable Tier 2



Sustainable Finance Framework

Eligible Green Projects*

- ✓ Energy Efficiency
- ✓ Green Buildings
- ✓ Sustainable Water Management and Wastewater Management
- ✓ Renewable Energy
- ✓ Environmentally Sustainable Management of Natural Resources
- ✓ Clean Transportation
- ✓ Pollution prevention and control
- ✓ Eco-efficient and/or circular economy adapted products, production technologies and processes



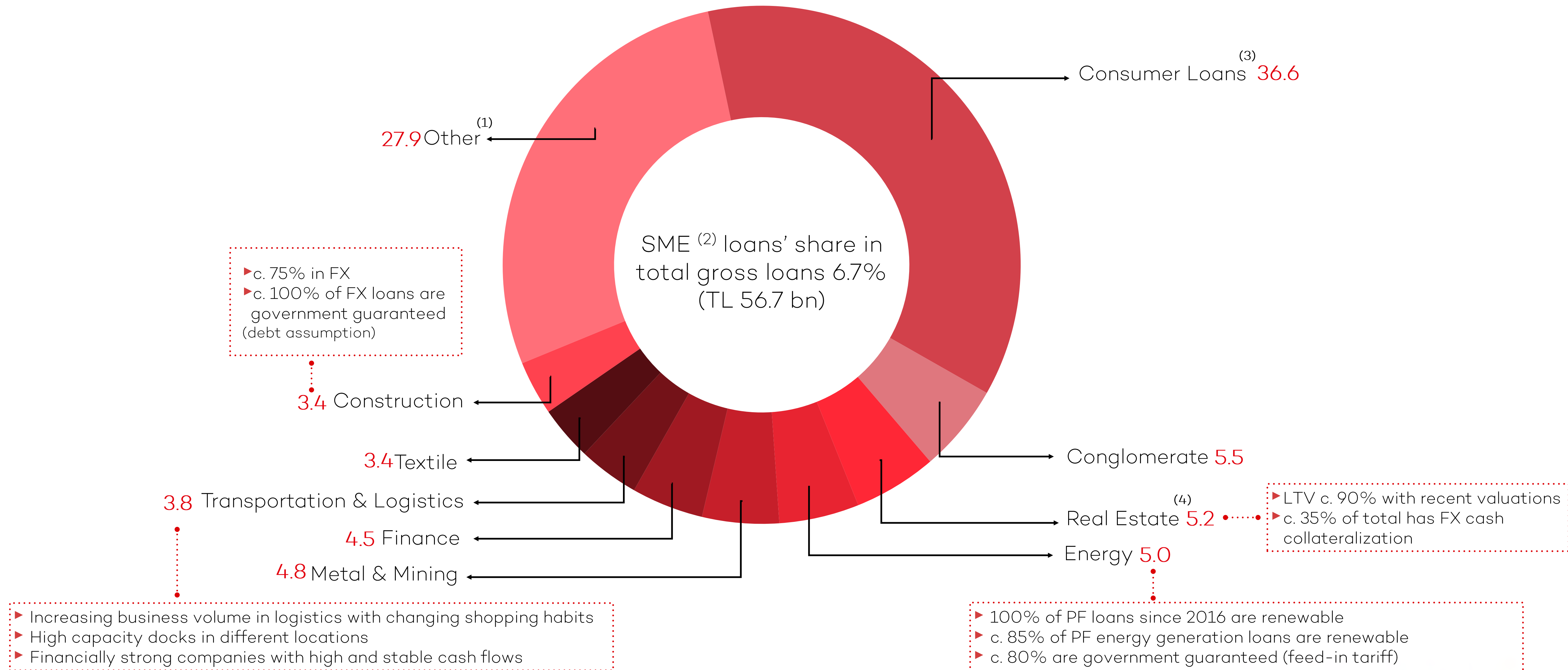
Eligible Social Projects*

- ✓ Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance
- ✓ Access to essential Services
- ✓ Affordable Housing



(*)Eligible projects are listed under SFF

Gross Loan Sector Breakdown (5)



Consists of consolidated performing and non-performing cash loans & excludes leasing receivables

(1) Loan concentration below 3%

(2) According to MIS segmentation

(3) Including credit cards

(4) Assuming Decree 32 to be implemented perpetually

(5) As of 3Q 2023

Eligible Sustainable Loan Portfolio of circa USD 732 Million

Akbank’s sustainability strategy is purely aligned with the corporate vision, “To be the leading bank that drives Turkey into the future” which comes with a simple objective: to mitigate the environmental footprint while increasing the positive impact.

Eligible Sustainable Loan Portfolio ⁽¹⁾				Sustainable Funding			
Project category	Installed Capacity (MW)	Number of loans	Amount in USD Million ⁽²⁾	ISIN	Issuance date	Maturity date	Amount in USD Millions
Green	647,4	42	322,0	International issuance			590
Biogas ⁽³⁾	3,3	2	0,6	XS2211119313	05.08.2020	15.11.2024	50
Biomass	88,3	5	68,0	XS2355183091/US00971YAJ91	22.06.2021	22.06.2031	500
Clean transportation		7	26,4	XS2566874884	16.12.2022	23.12.2025	20
Integrated waste management facilities	3,1	1	3,0	XS2560028685	16.12.2022	23.12.2025	20
Solar power plant	71,8	12	21,7	Local issuance	-	-	-
Wind power plant	434,2	10	192,2	Total Issuance			590
Waste recycling		5	10,1				
Social		28.788	410,3				
Access to essential services		1	10,0				
Employment generation, through SME financing and microfinance		28.787	400,3				
Total Portfolio		28.830	732,3				

Eligible sustainable loan portfolio (million)

Allocated to sustainable funding

Net proceeds allocated to sustainable funding

\$732,3

81%

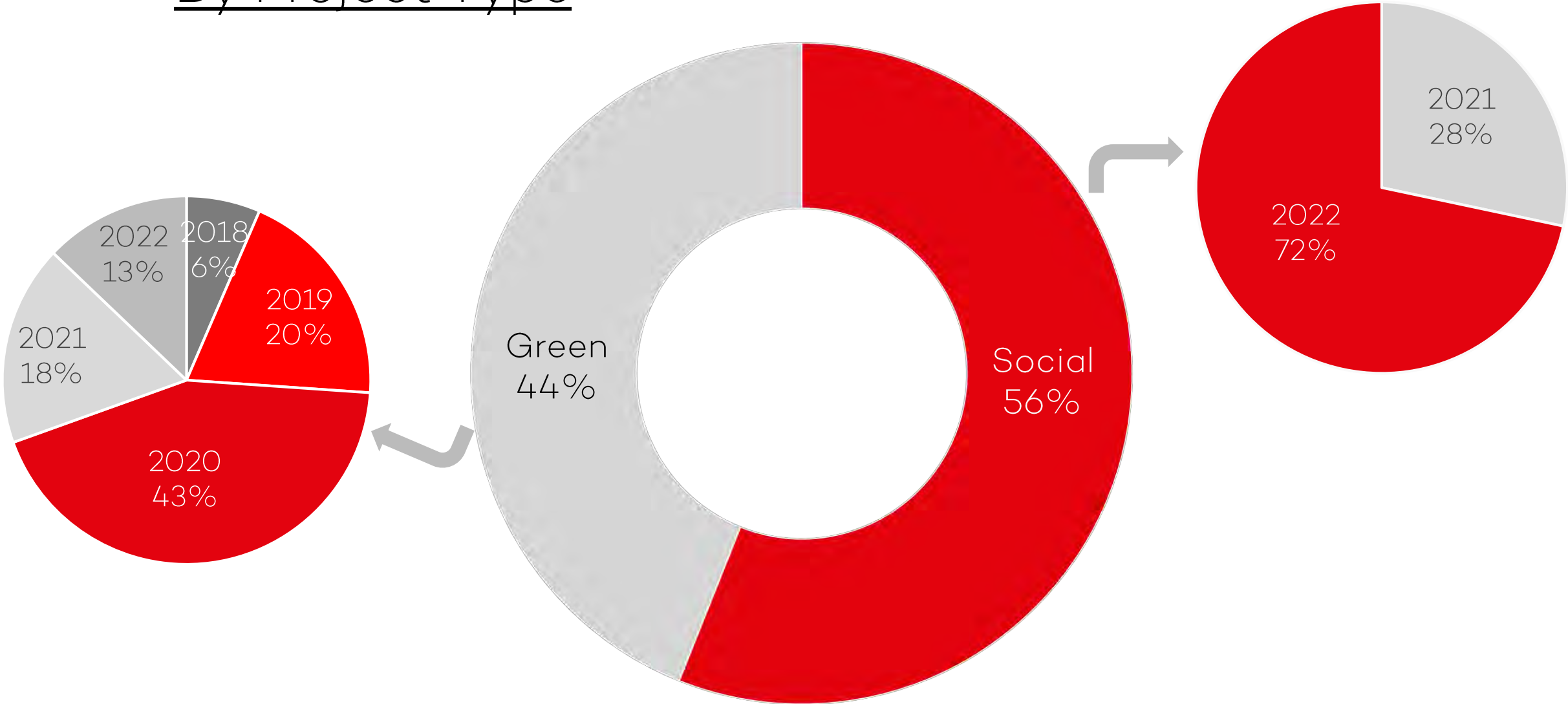
100%



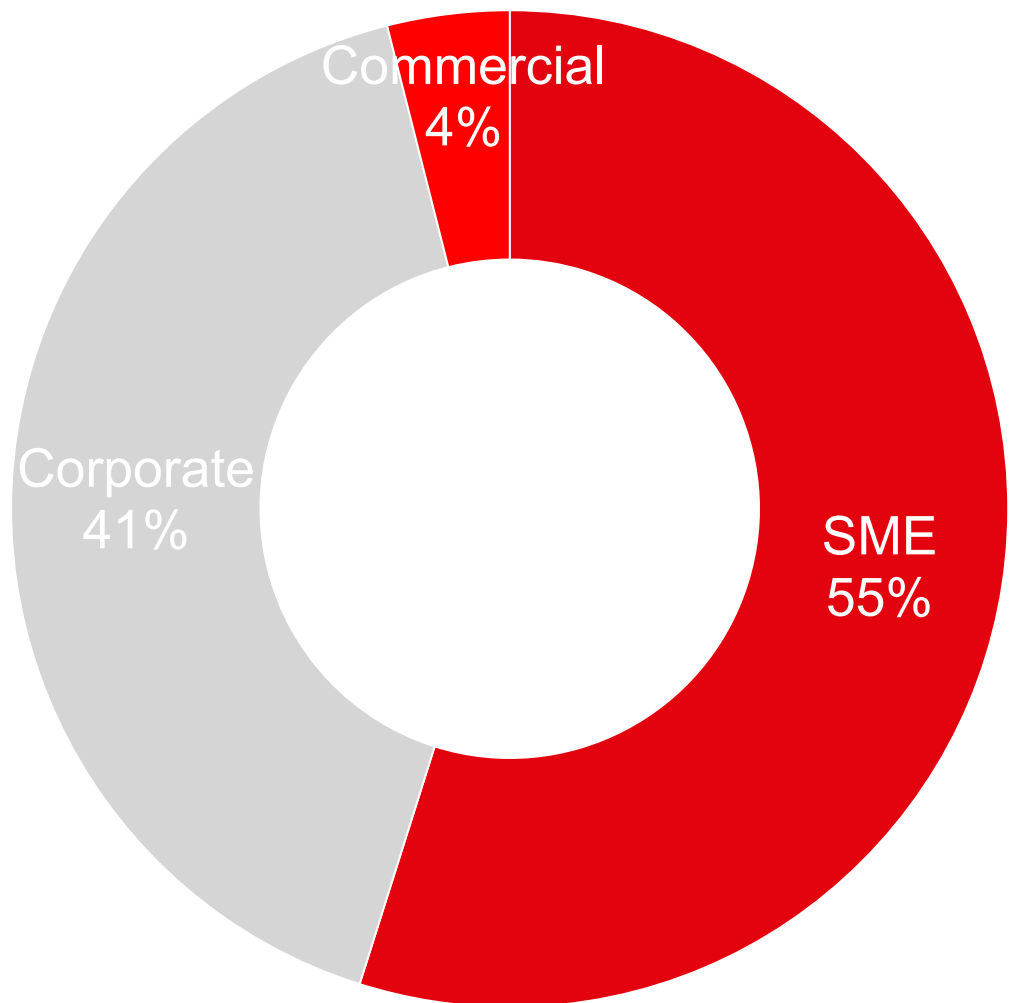
(1) Includes all eligible loans with 3 year look-back period with the exception of loans that were allocated last year.
(2) Converted using CBRT Buying rate as of 30.12.2022
(3) This item is not included in the Impact Report.

Breakdown of Eligible Sustainable Loan Portfolio ~USD 732 Million

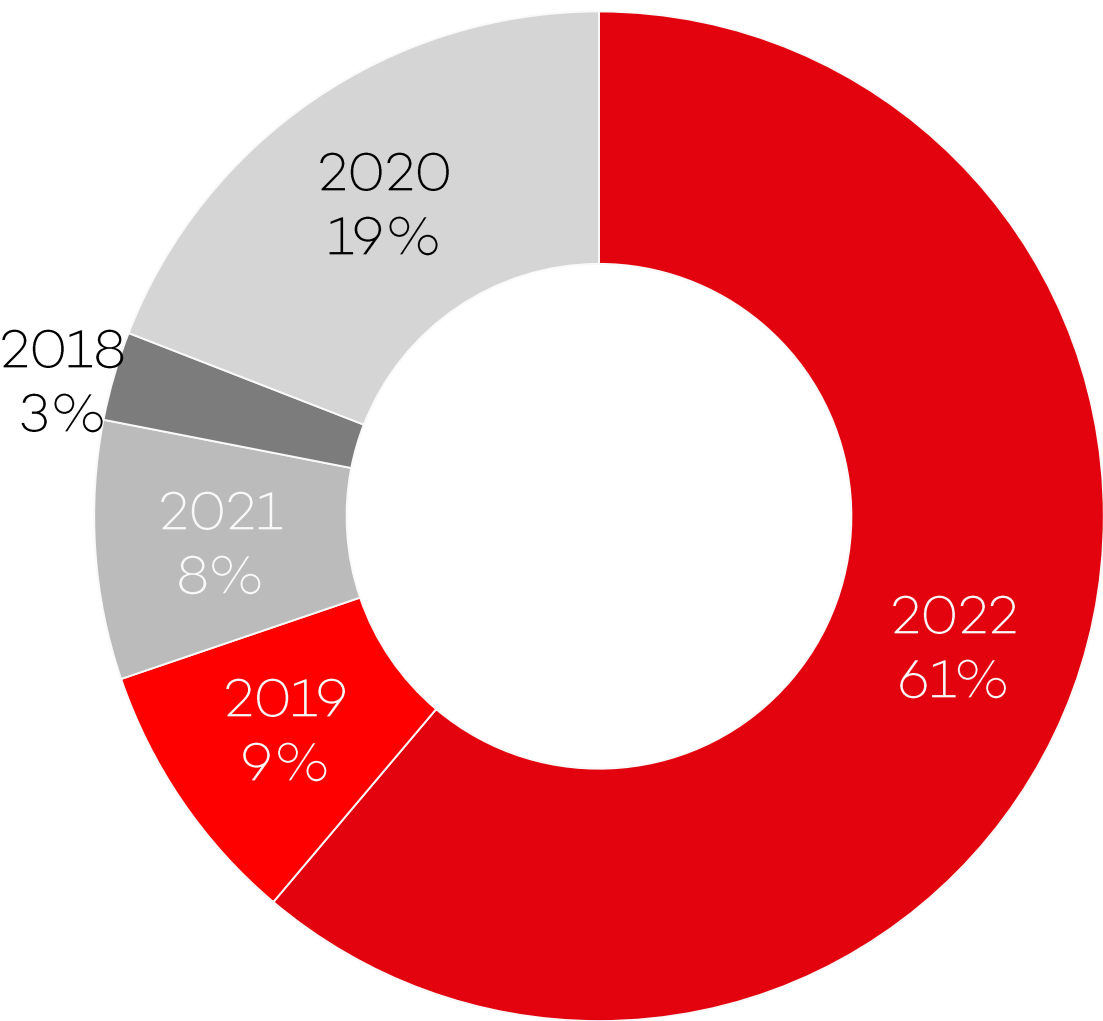
By Project Type



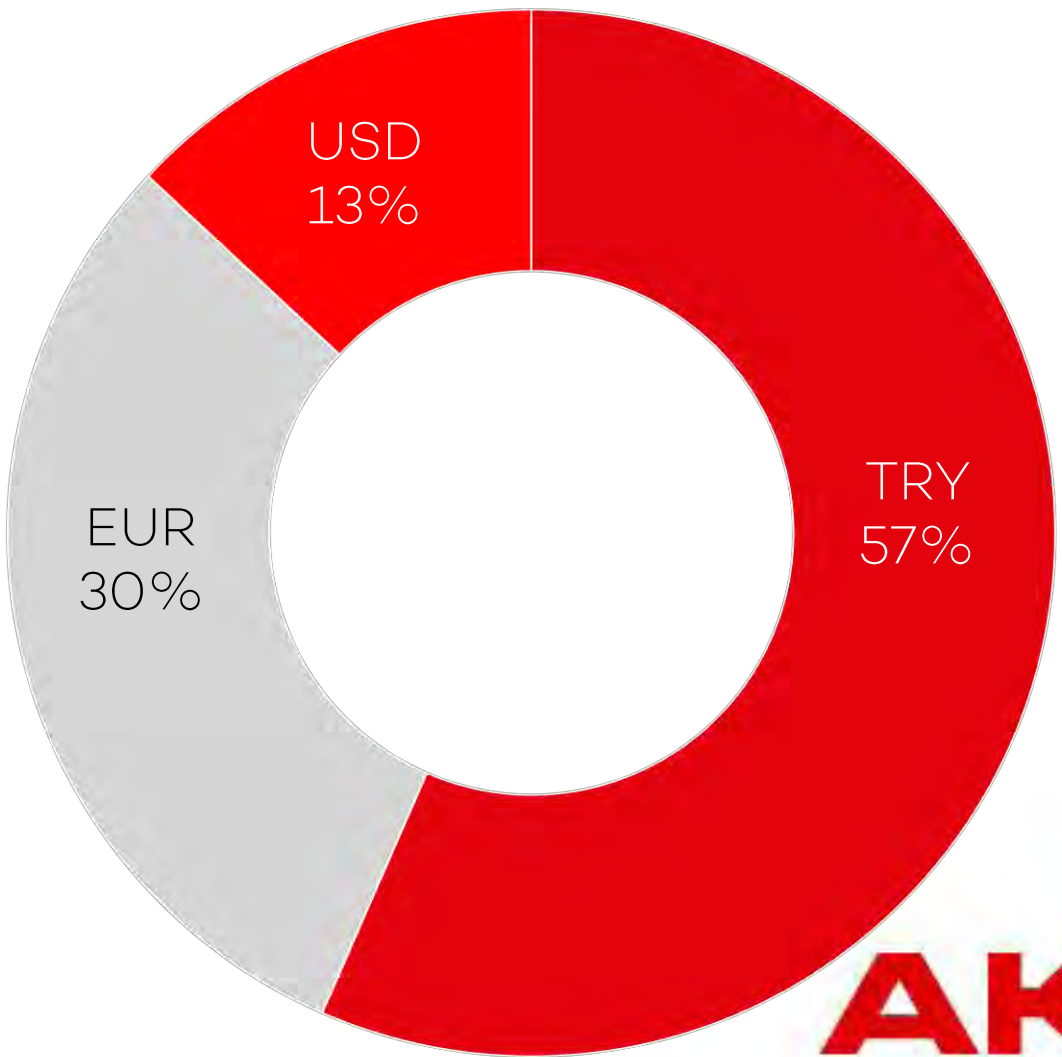
By Banking Segment



By Origination Year

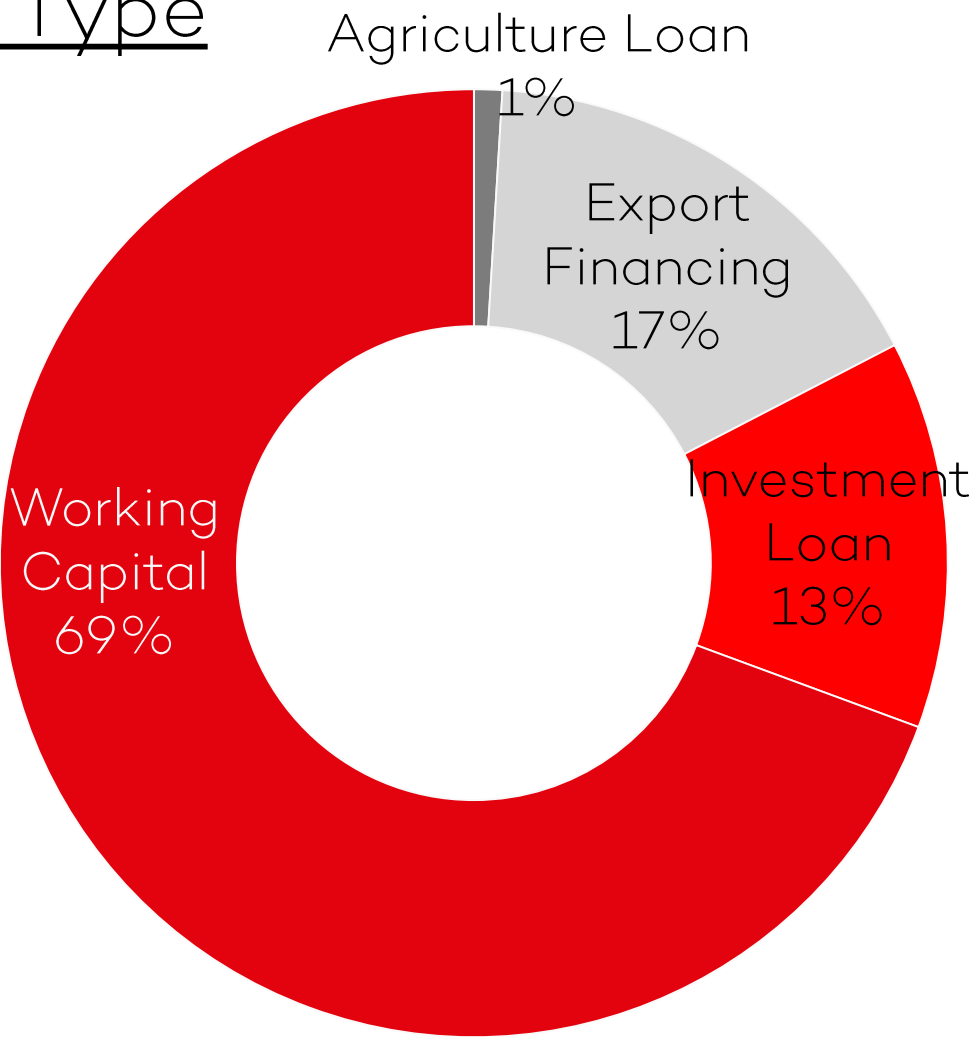


By Currency

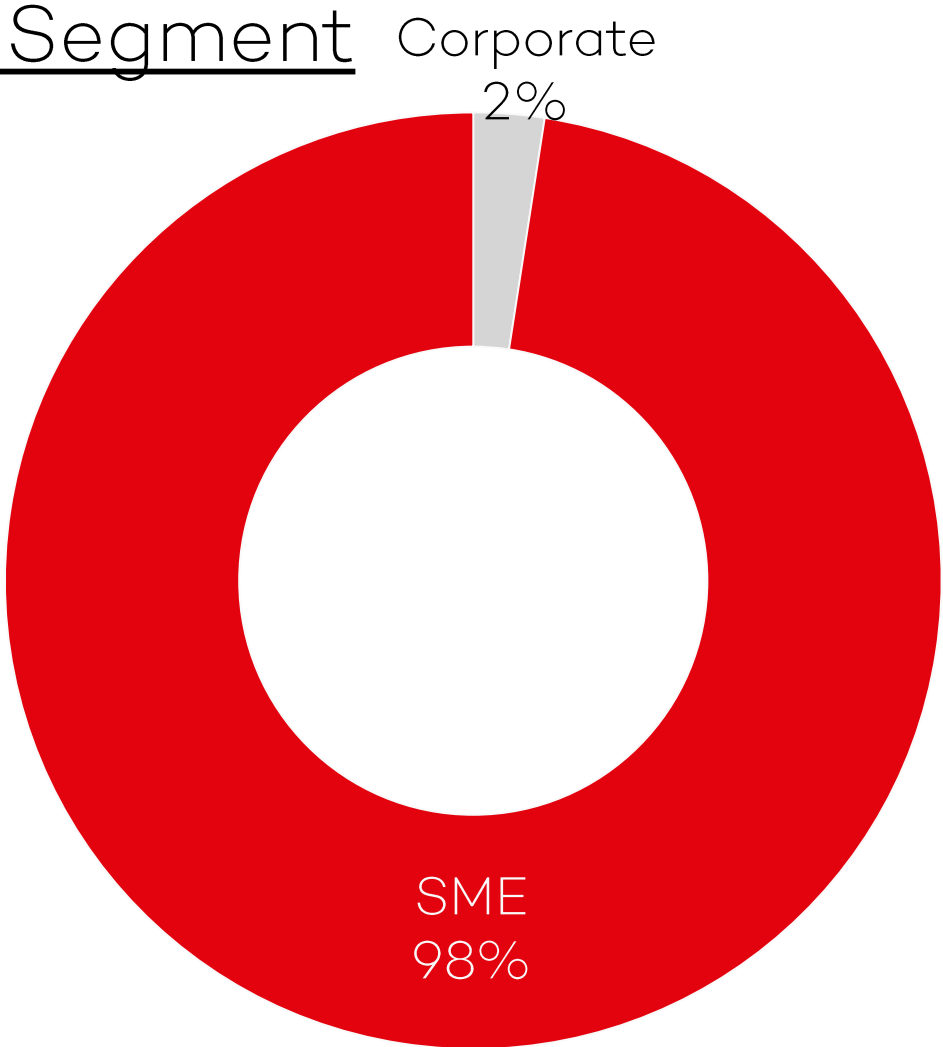


Breakdown of Eligible Social Loan Portfolio of ~ 410 Million USD

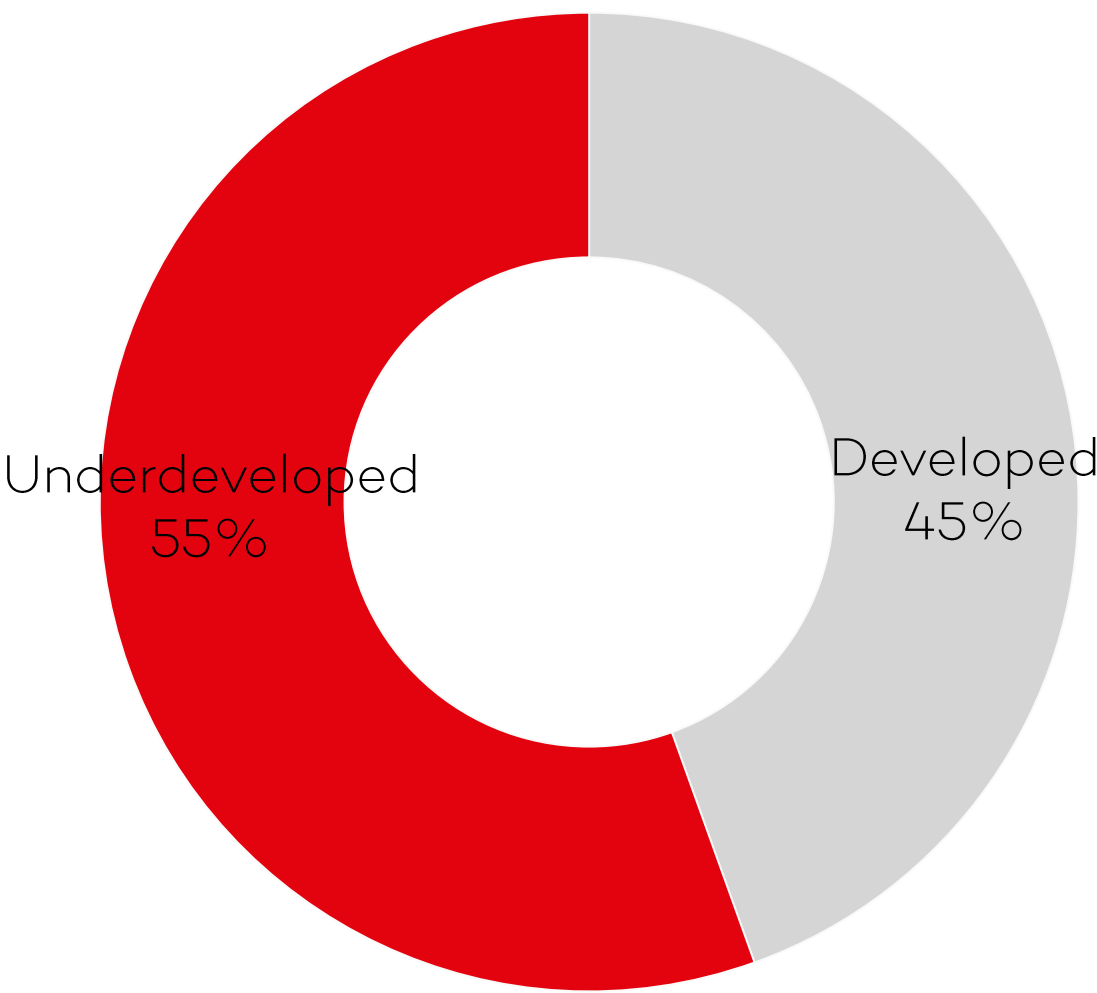
By Loan Type



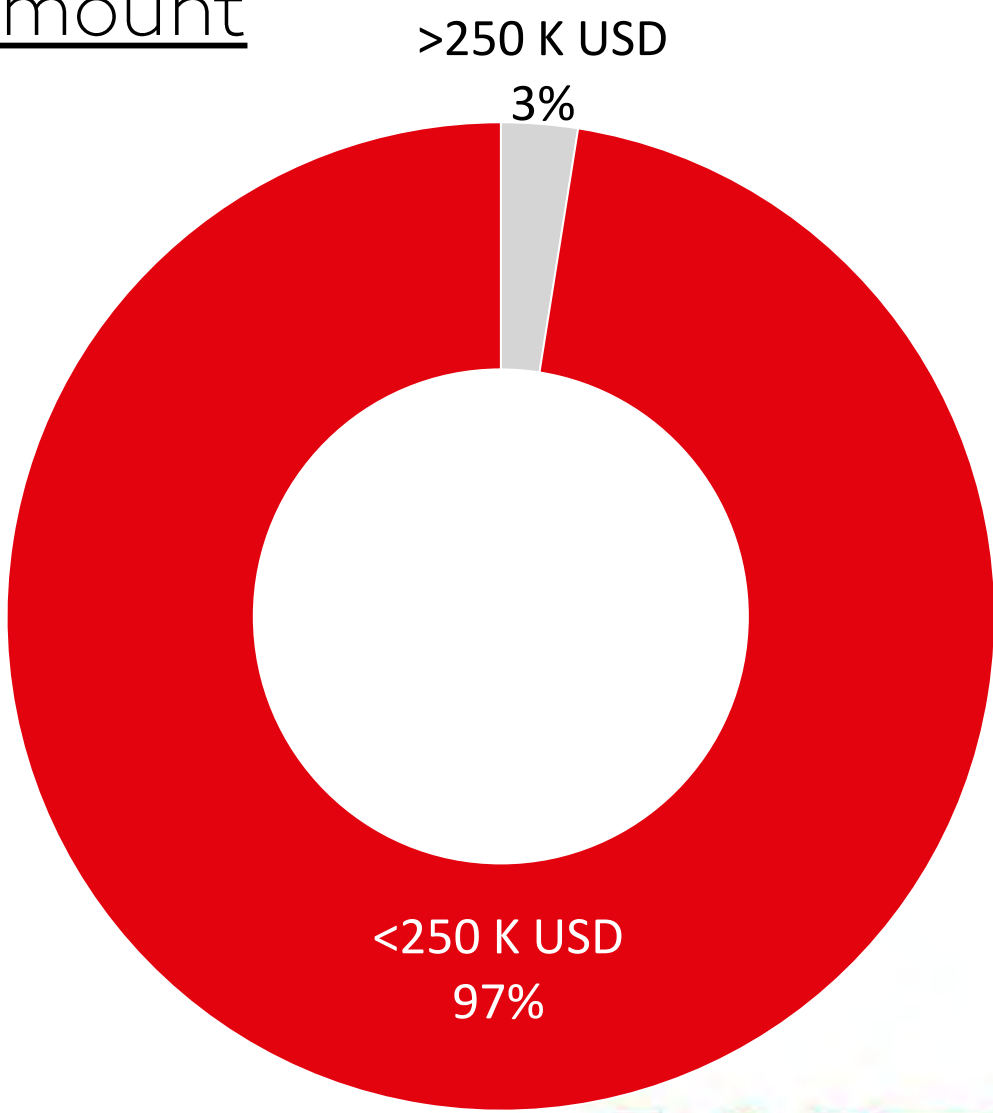
By Banking Segment



By Regional Allocation⁽¹⁾

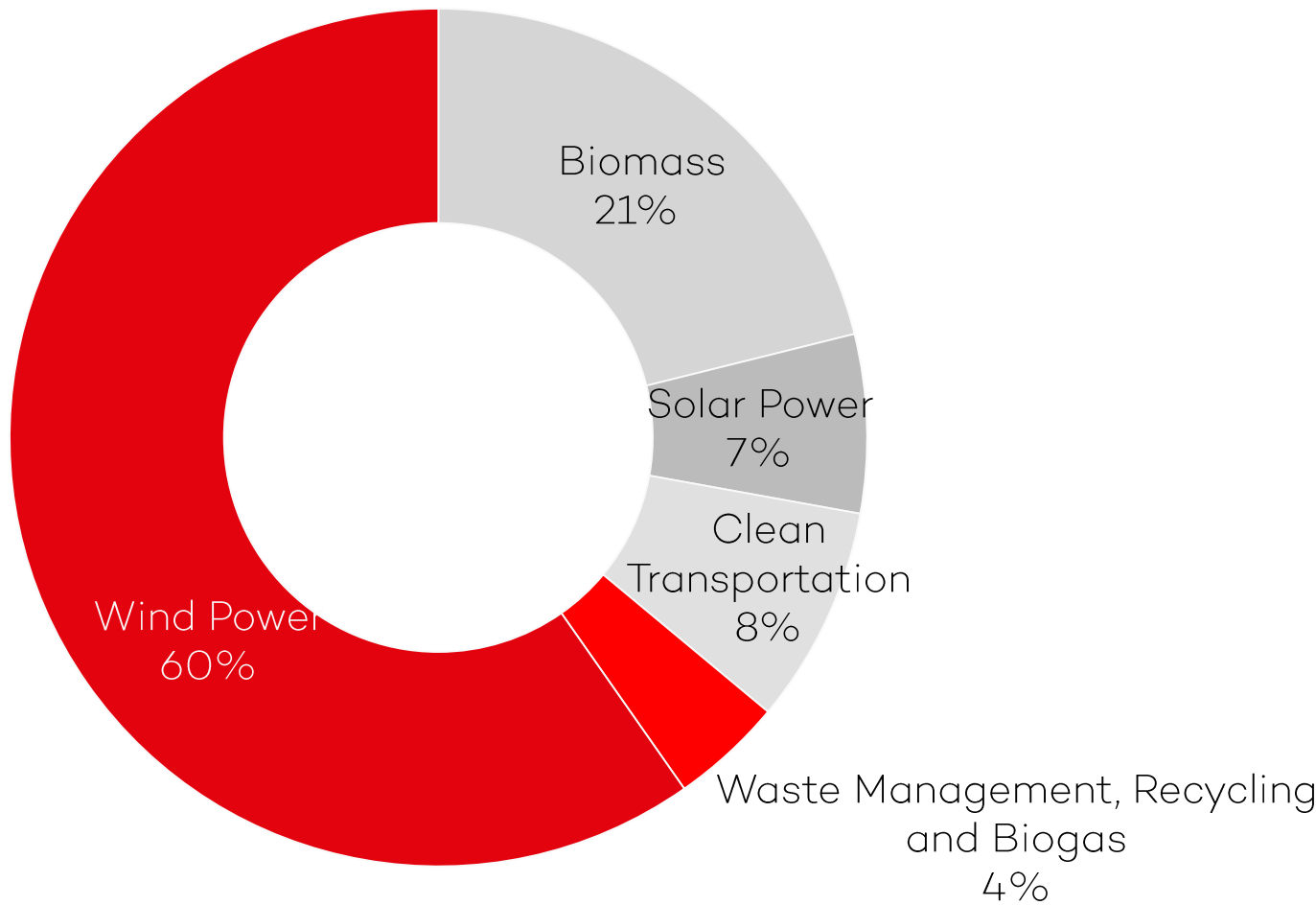


By Loan Amount

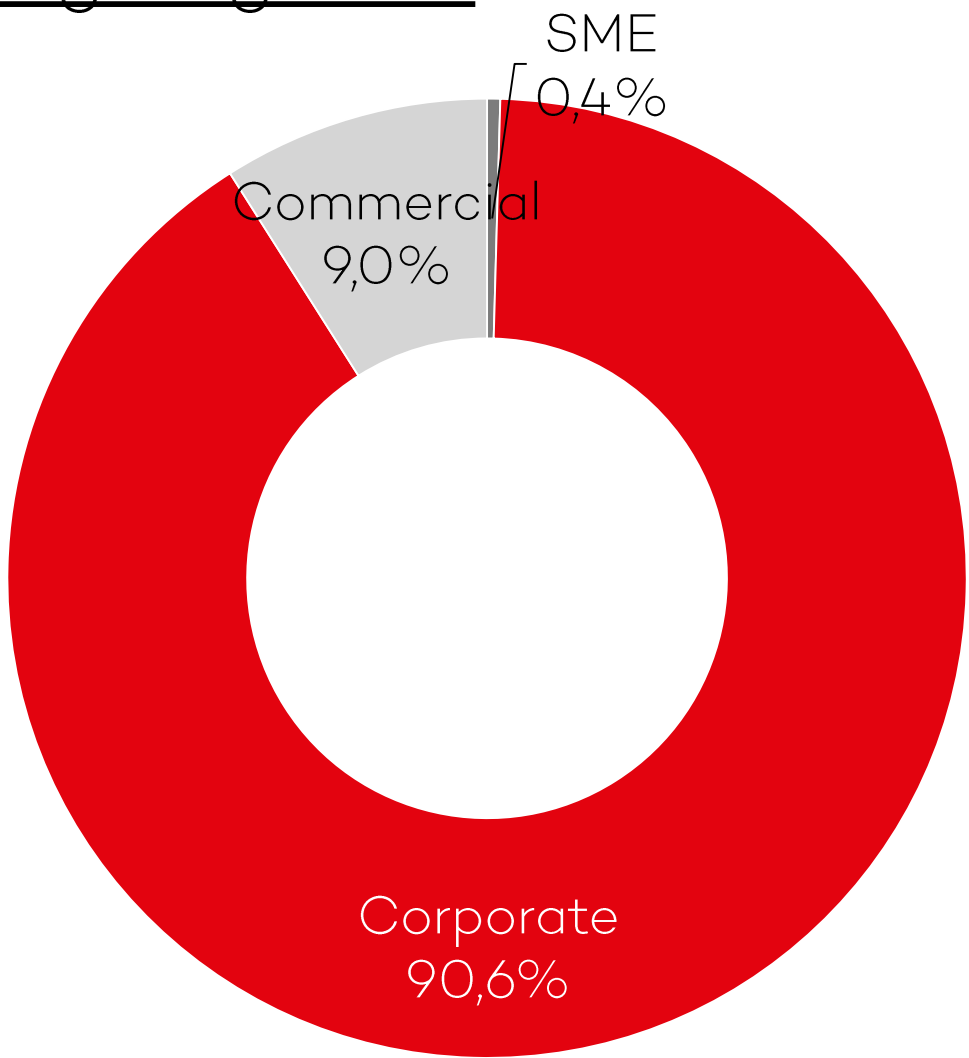


Breakdown of Eligible Green Loan Portfolio of ~ 322 Million USD

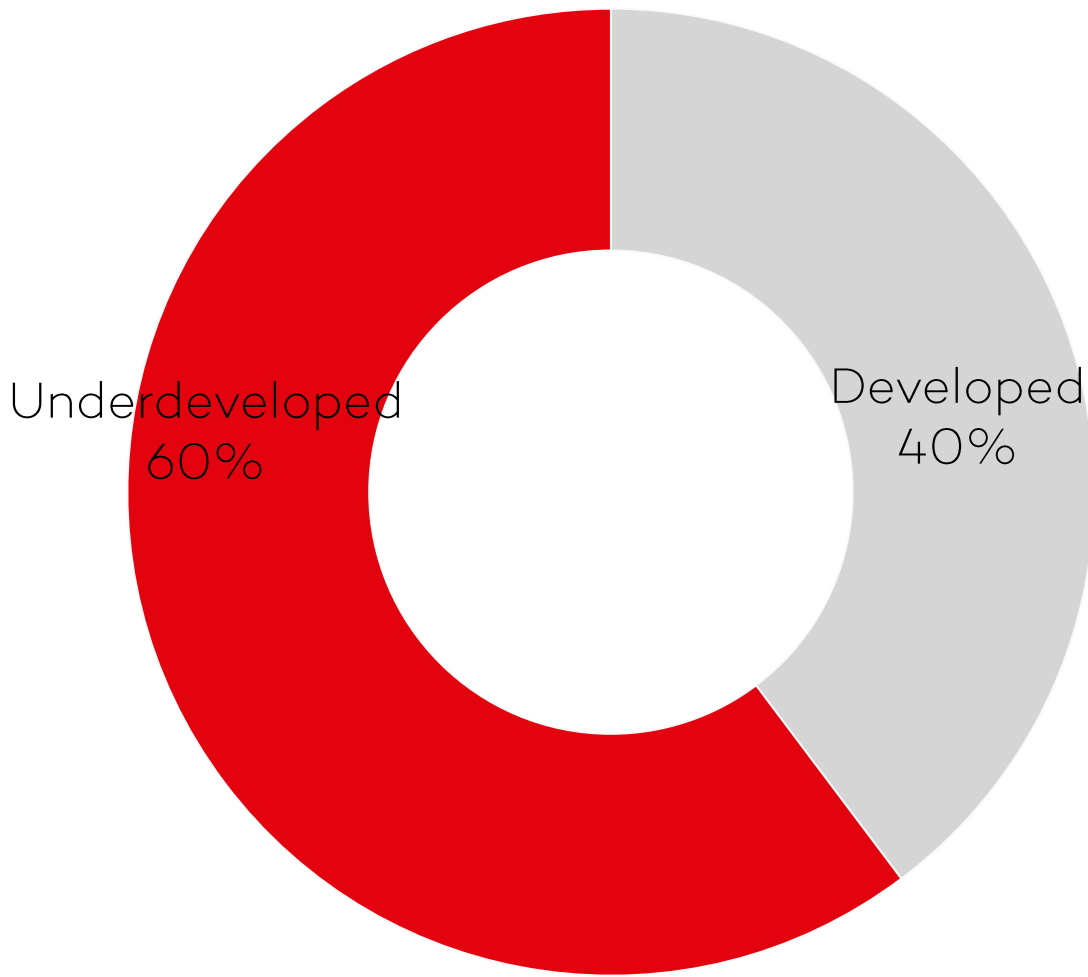
By Project Type



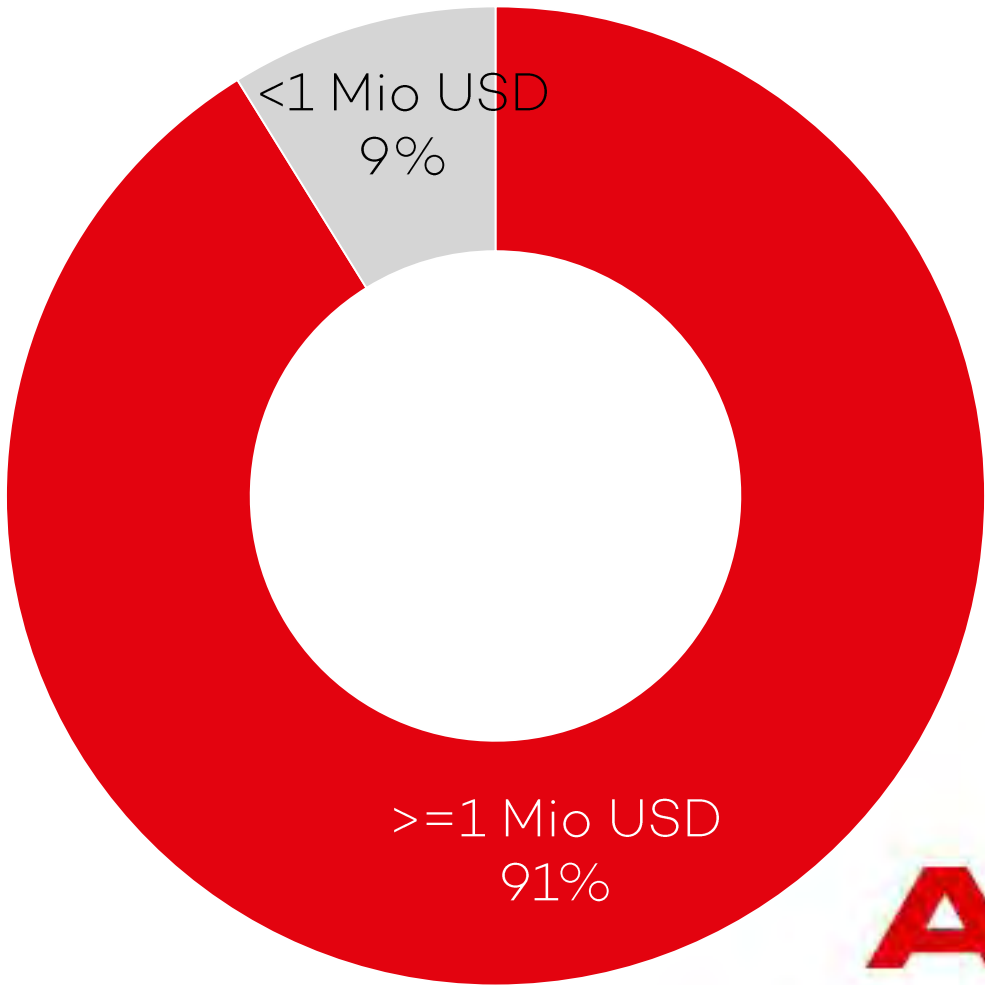
By Banking Segment



By Regional Allocation⁽¹⁾



By Loan Amount⁽²⁾



(1) Developed region means the cities of Istanbul, Ankara and Izmir.
(2) The sum of green loans over USD 1 million constitutes 91% of total green loan portfolio.

Appendix

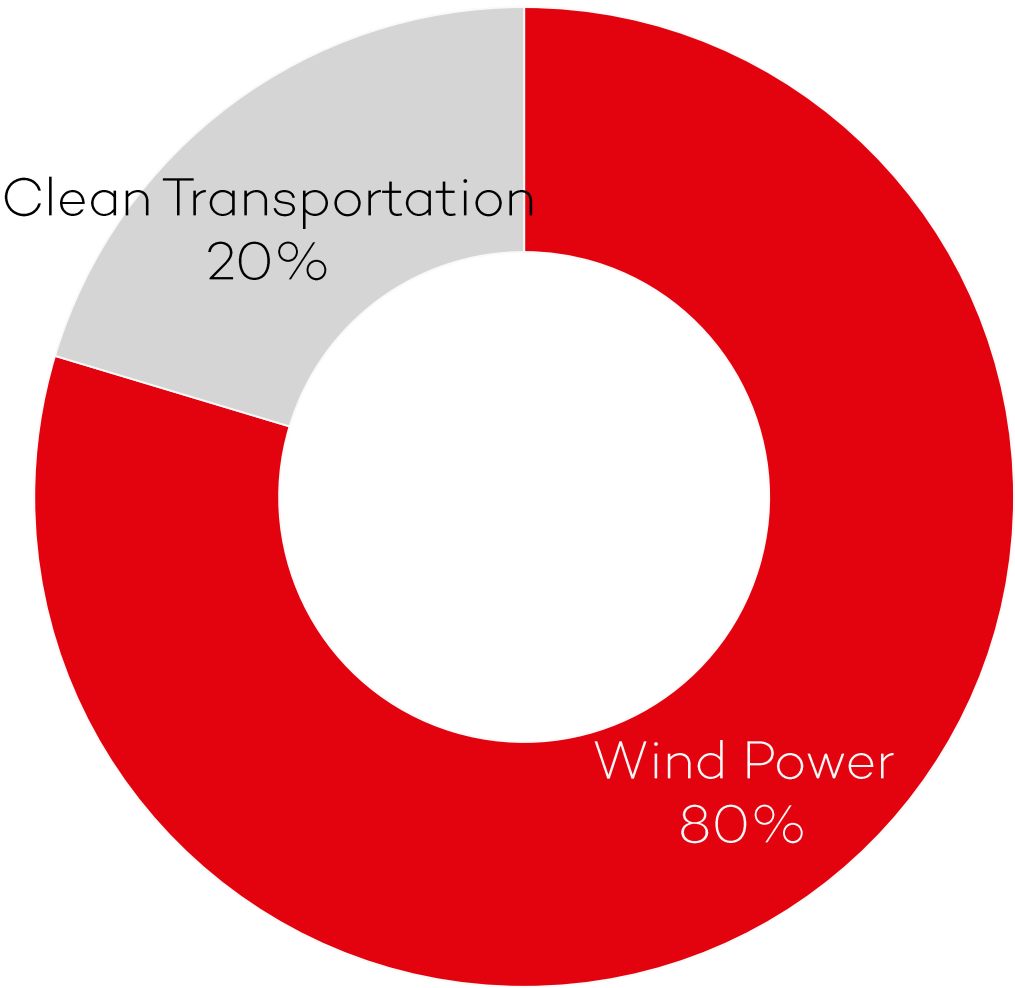
Details of Akbank's USD 50 million Green Bond

✓ Akbank issued its inaugural Green Bond in August 2020. Table below represents a snapshot of the issuance.

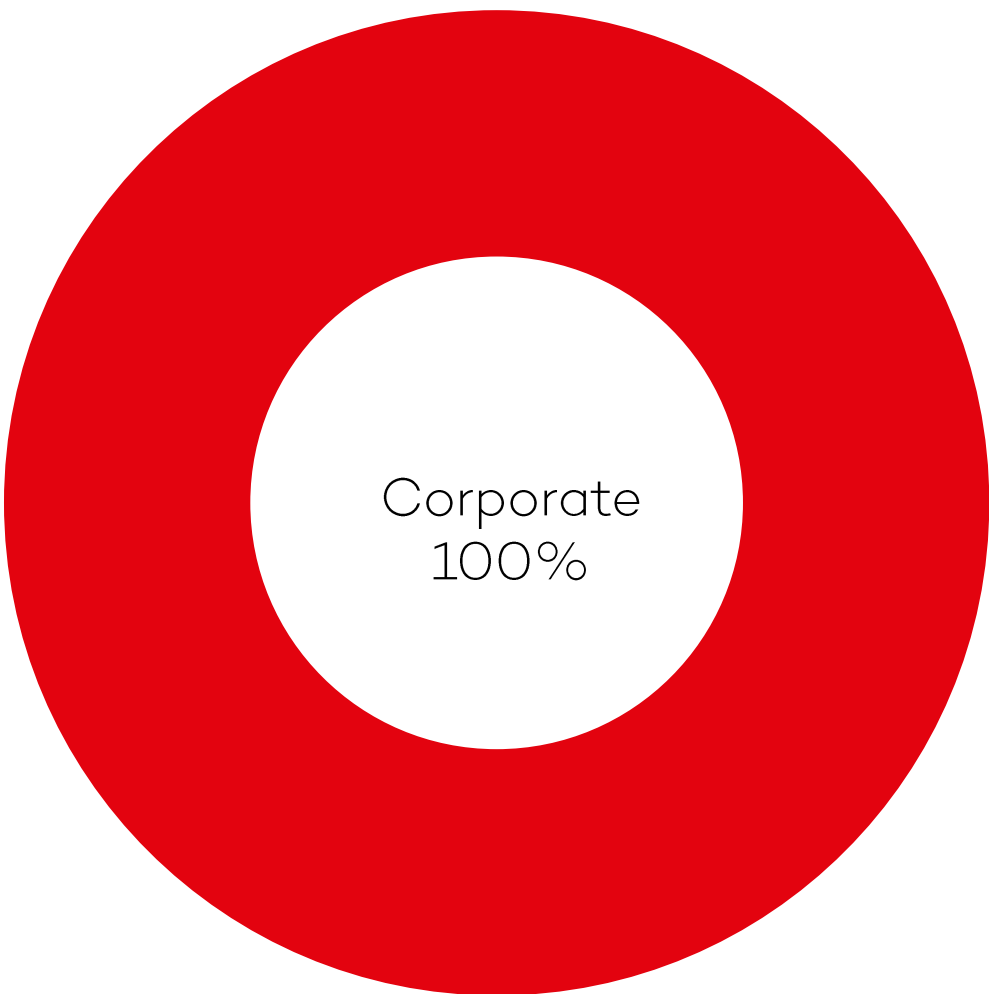
ISIN	XS2211119313
Listing	Euronext Dublin
Issue Date	05.08.2020
Maturity Date	15.11.2024
Amount	USD 50.000.000
Issuance Type	Green Bond
Issuance Format	RegS
Use of Proceeds	Eligible Green projects as outlined in Sustainable Finance Framework of Akbank
Allocation as of 31.12.2022	100%

Breakdown of USD 50 million Green Bond Allocation

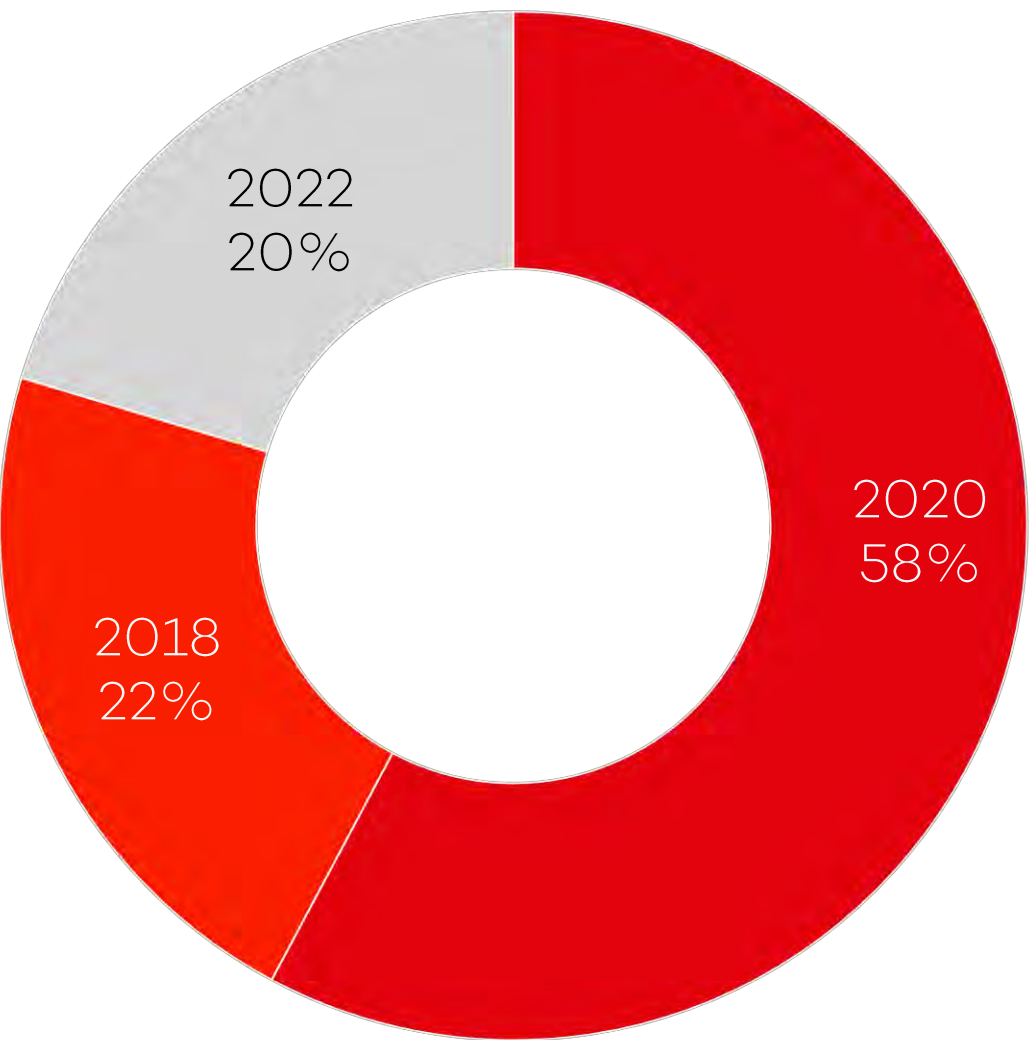
By Project Type



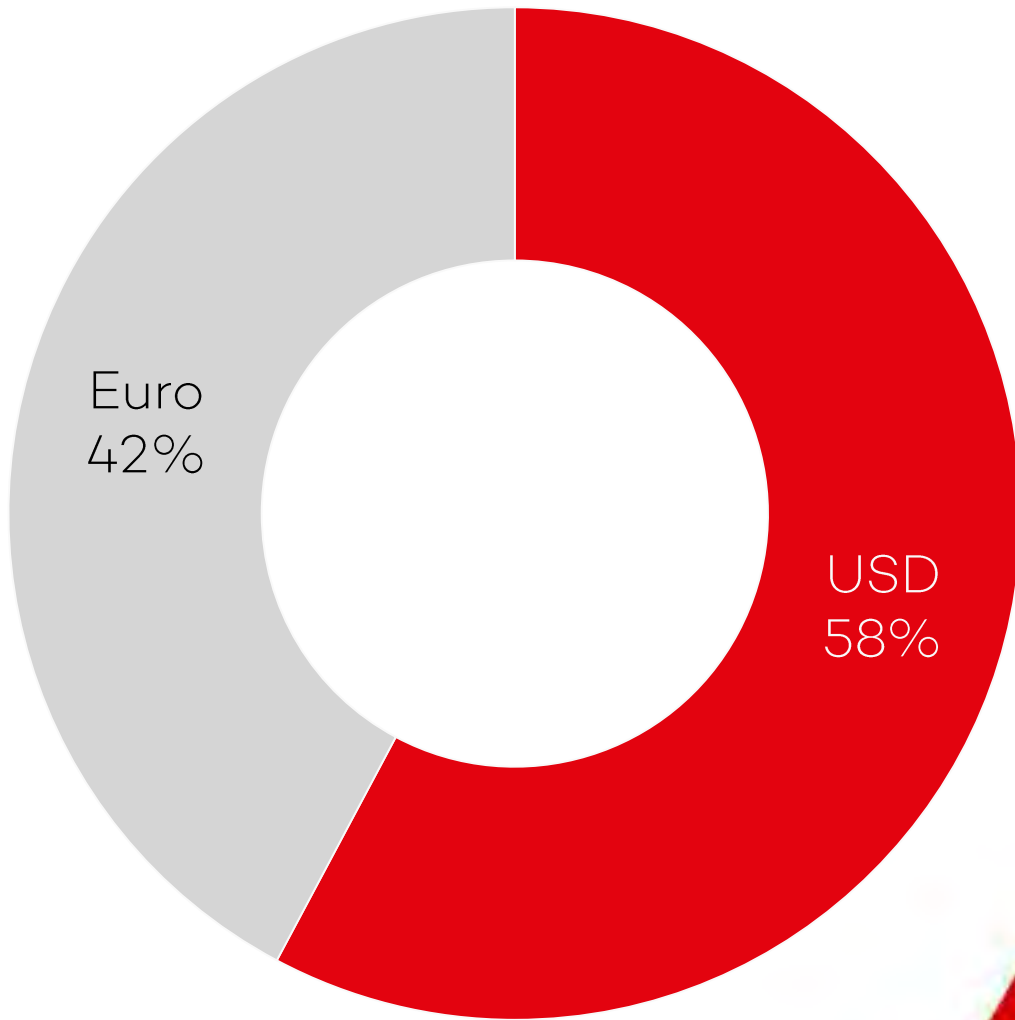
By Banking Segment



By Origination Year



By Currency



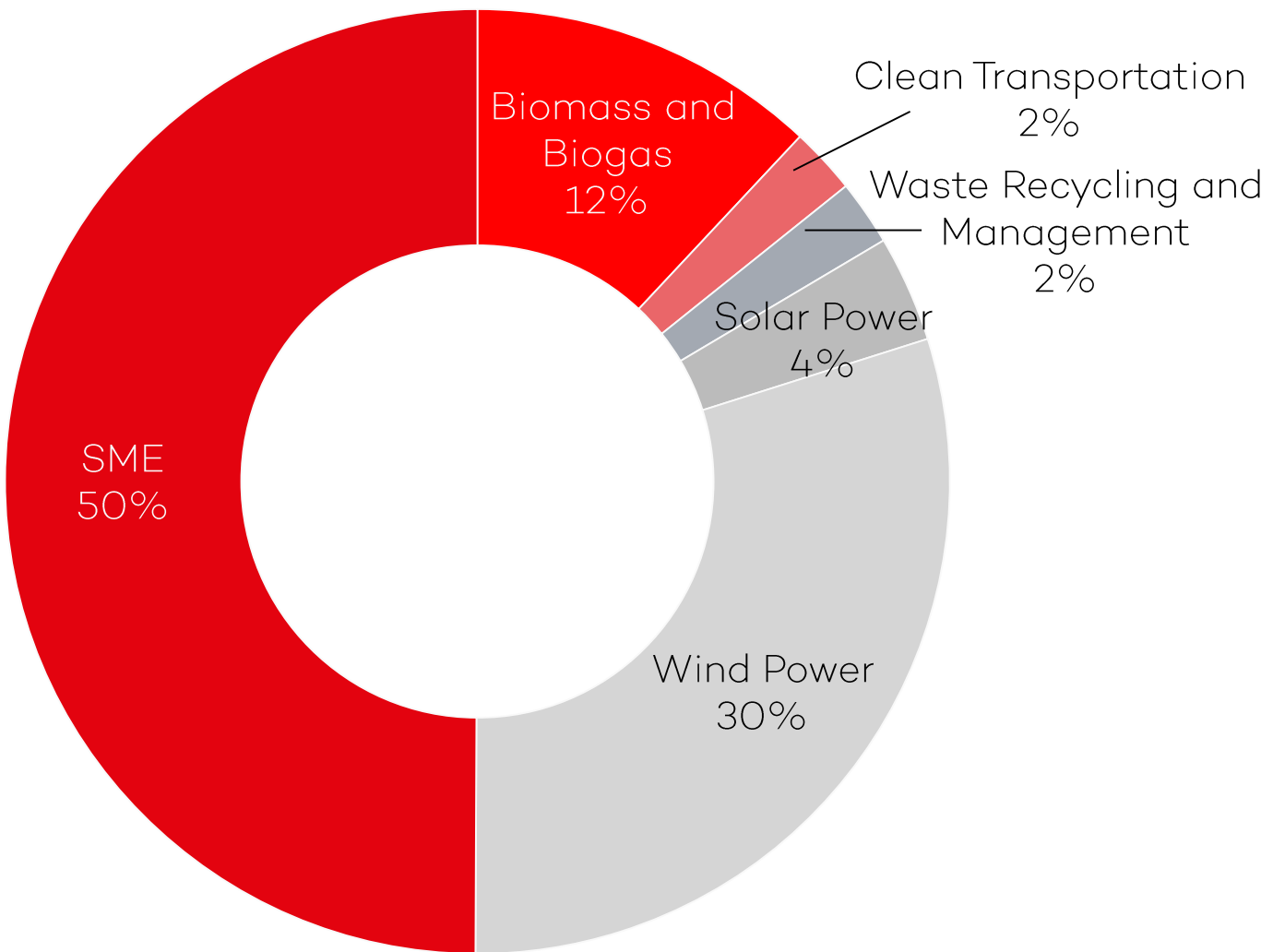
Details of Akbank's USD 500 million Sustainable T2

- ✓ Akbank issued its inaugural Sustainable T2 in June 2021. Table below represents a snapshot of the issuance.

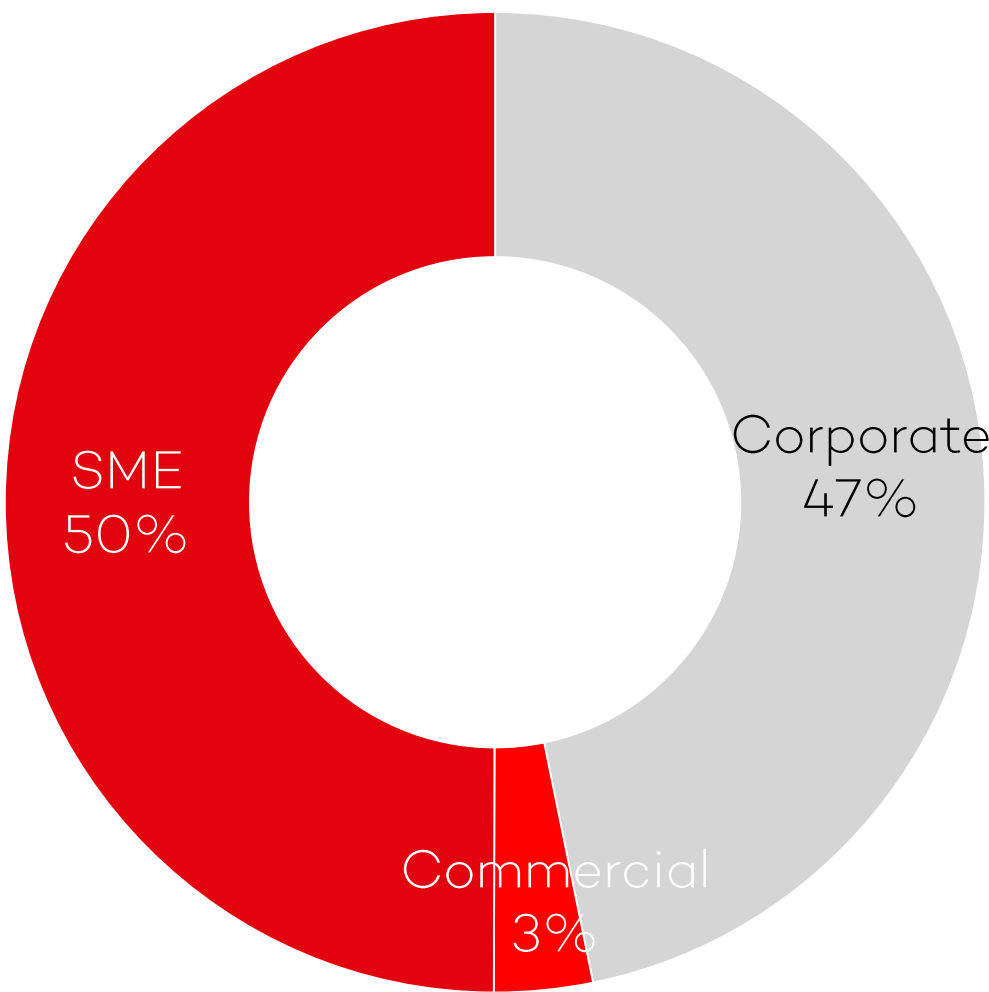
ISIN	US00971YAJ91/XS2355183091
Listing	Euronext Dublin
Issue Date	22.06.2021
Maturity Date	22.06.2031
Amount	USD 500.000.000
Issuance Type	Sustainable T2
Issuance Format	144A/RegS
Use of Proceeds	Eligible projects as outlined in Sustainable Finance Framework of Akbank
Allocation as of 31.12.2022	100%

Breakdown of USD 500 million Sustainable T2 Allocation

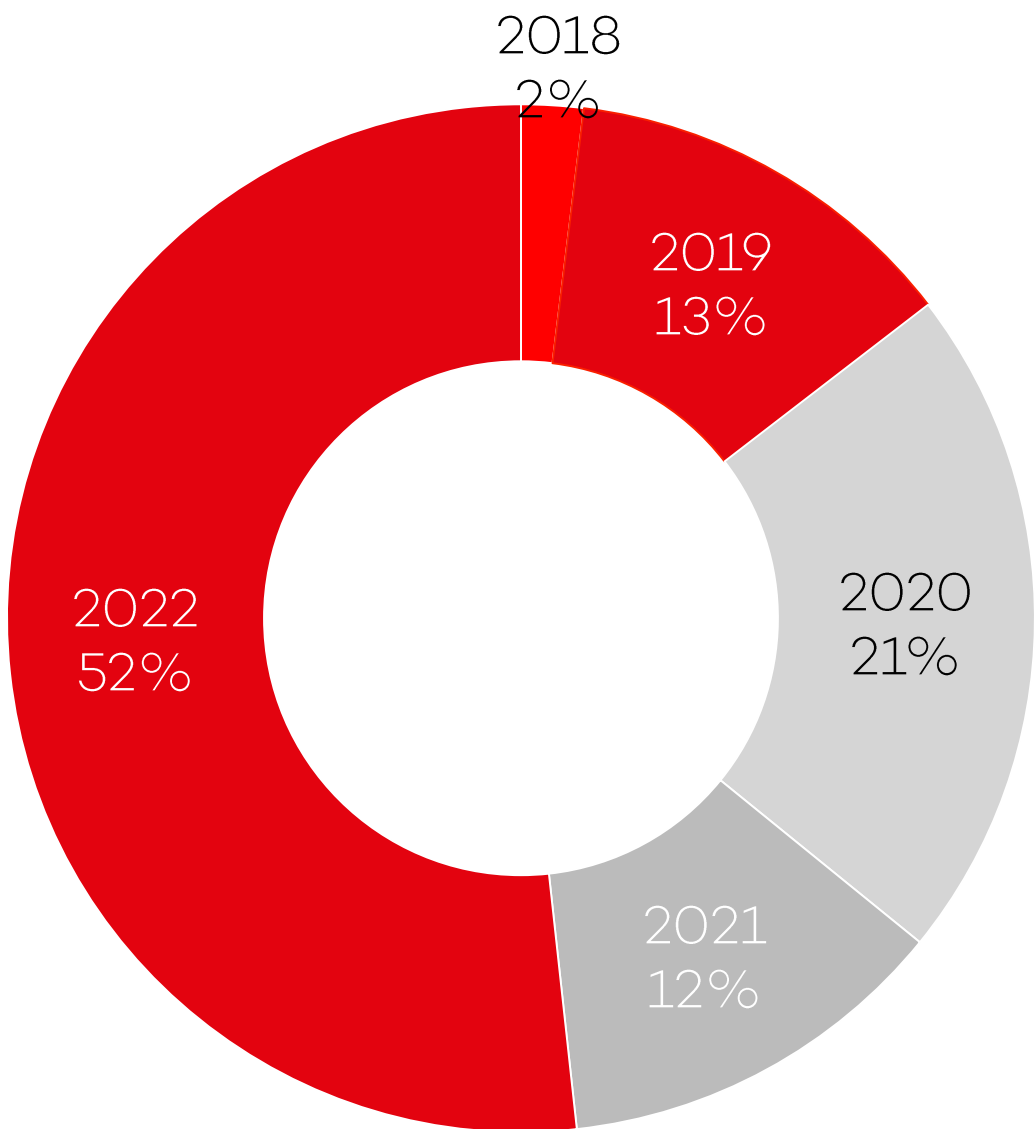
By Project Type



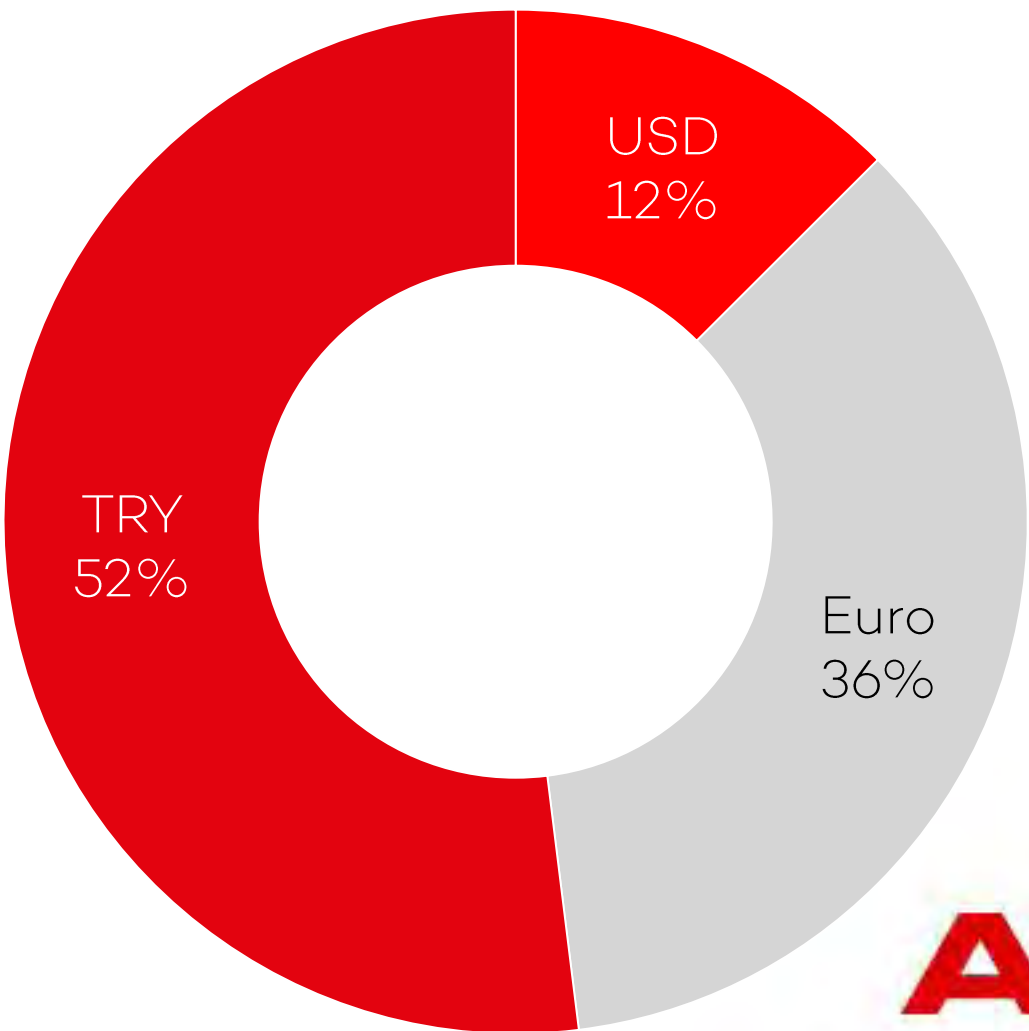
By Banking Segment



By Origination Year



By Currency



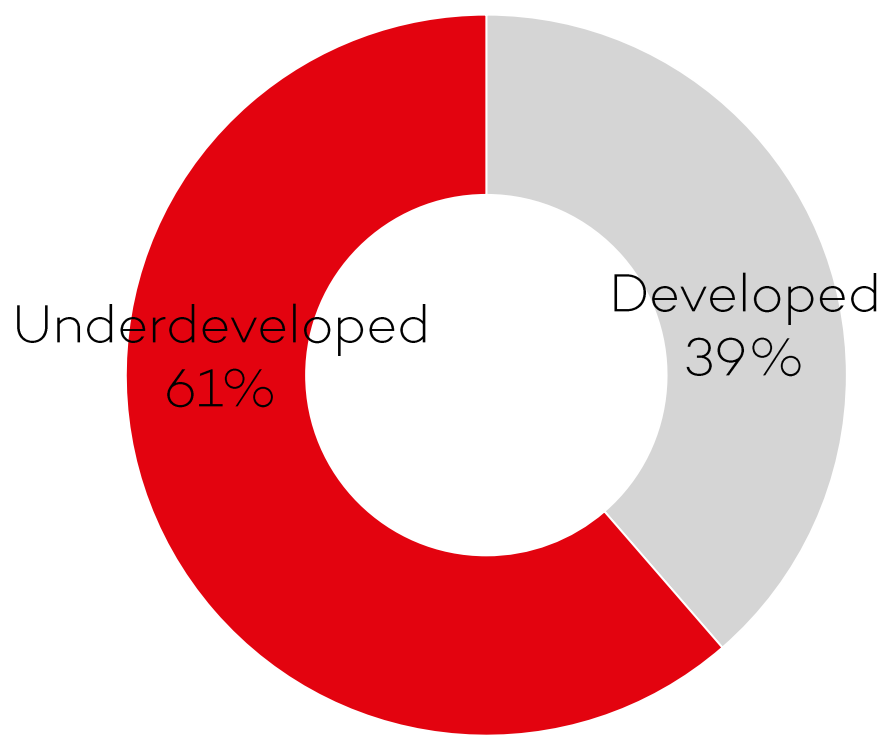
Details of Akbank USD 20 million Social Bond

✓ Akbank issued Social Bond on December 2022. Table below represents a snapshot of the issuances.

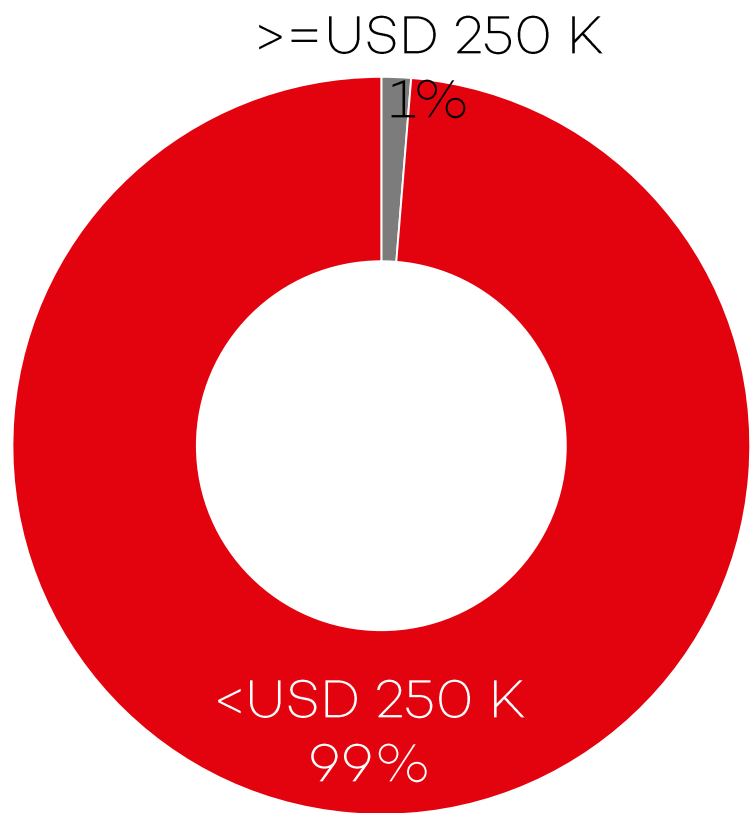
ISIN	XS2560028685
Listing	Vienna Stock Exchange
Issue Date	16.12.2022
Maturity Date	23.12.2025
Amount	USD 20.000.000
Issuance Type	Social Bond
Issuance Format	Private Placement
Use of Proceeds	Eligible Social projects as outlined in Sustainable Finance Framework of Akbank
Allocation as of 31.12.2022	100%

Breakdown of USD 20 million Social Bond Allocation

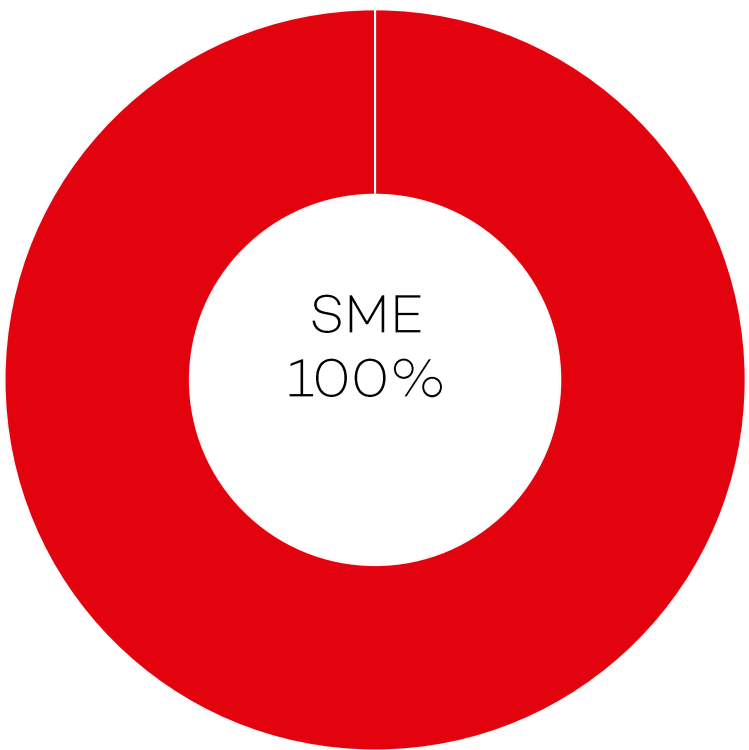
By Regional Allocation⁽¹⁾



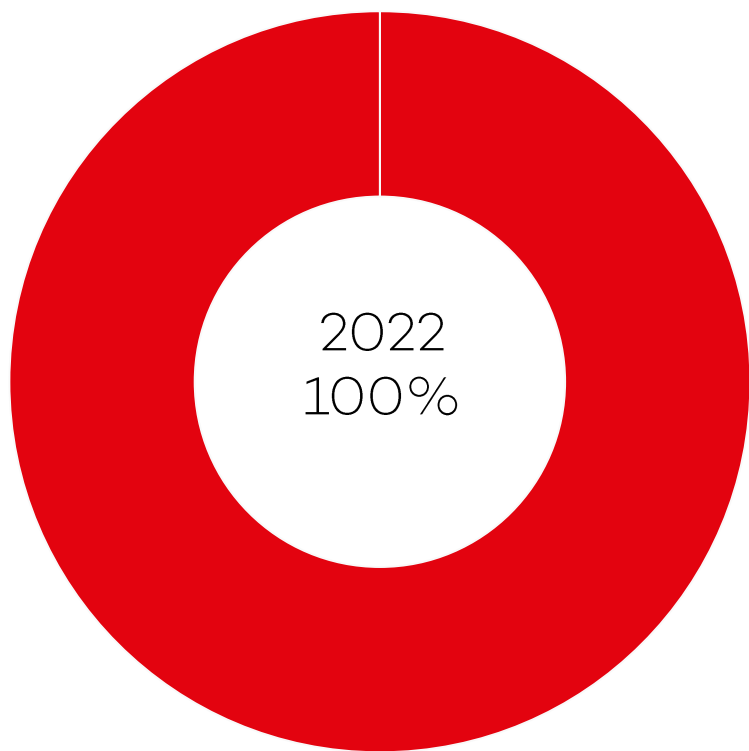
By Loan Amount



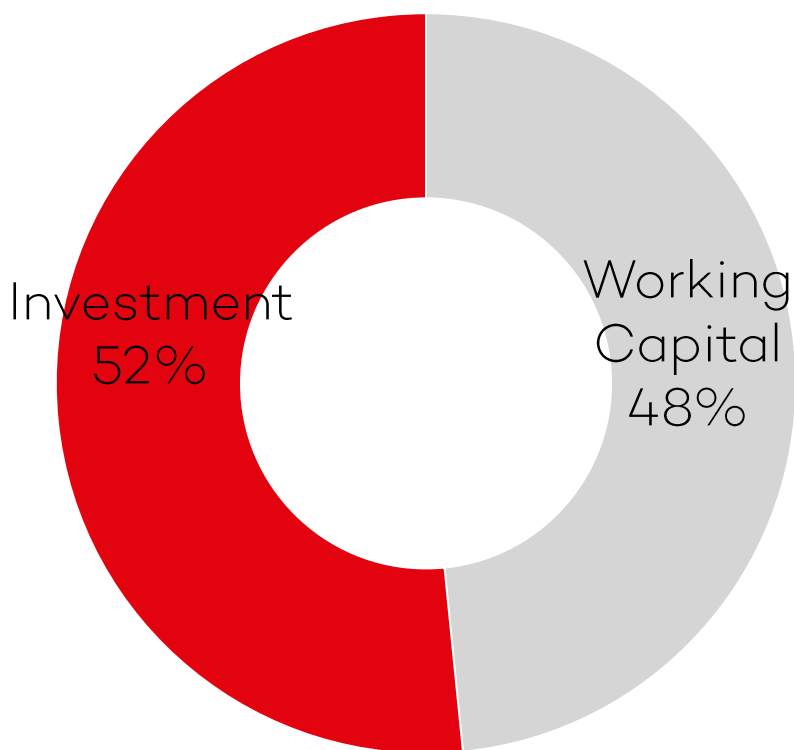
By Banking Segment



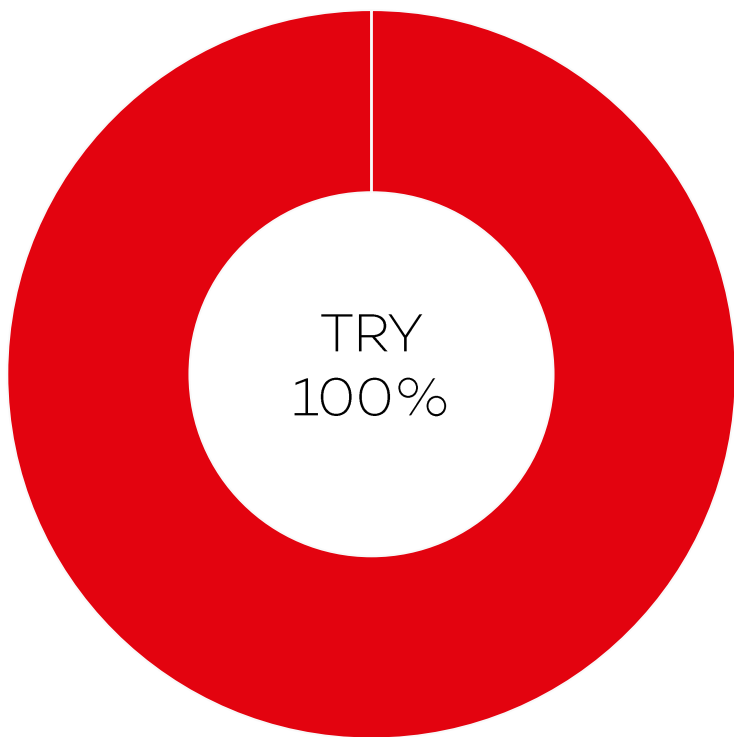
By Origination Year



By Loan Type



By Currency



⁽¹⁾ Developed region means the cities of Istanbul, Ankara and Izmir.



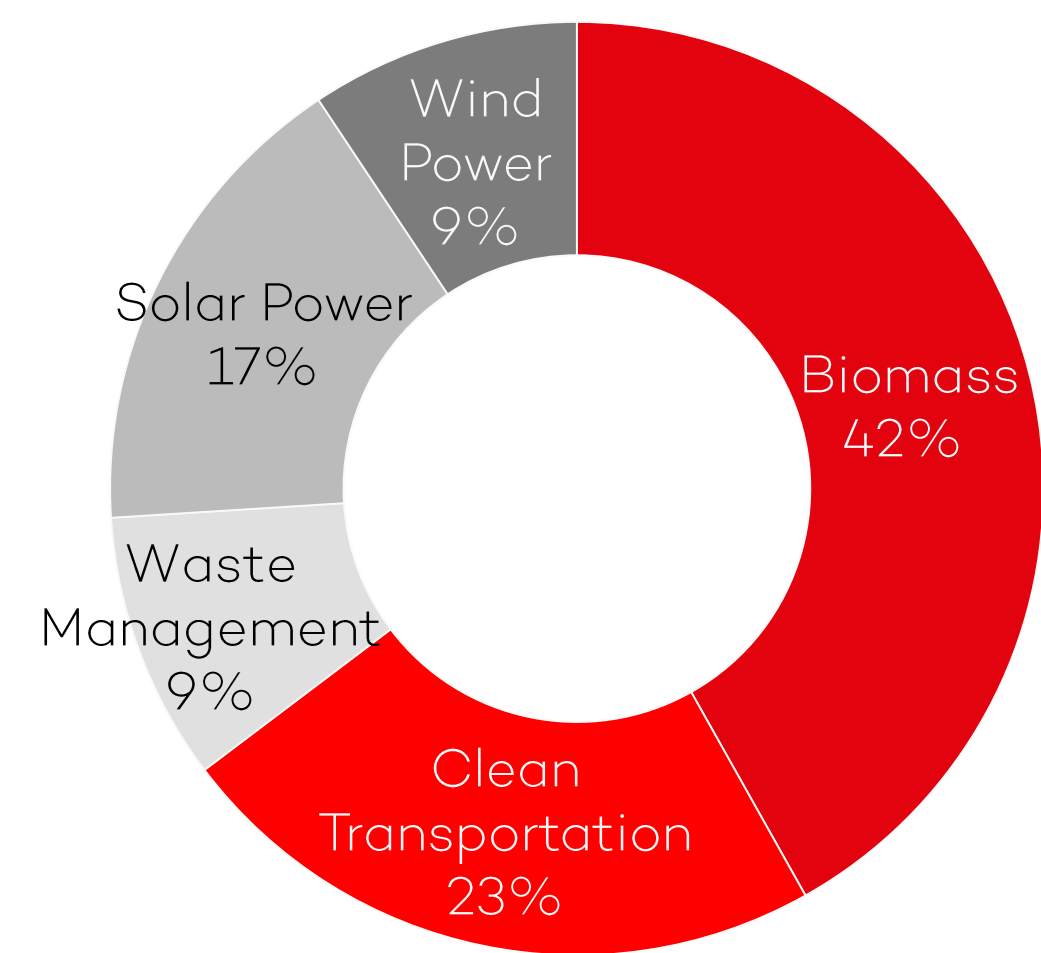
Details of Akbank USD 20 million Green Bond

✓ Akbank issued Green Bond on December 2022. Table below represents a snapshot of the issuance.

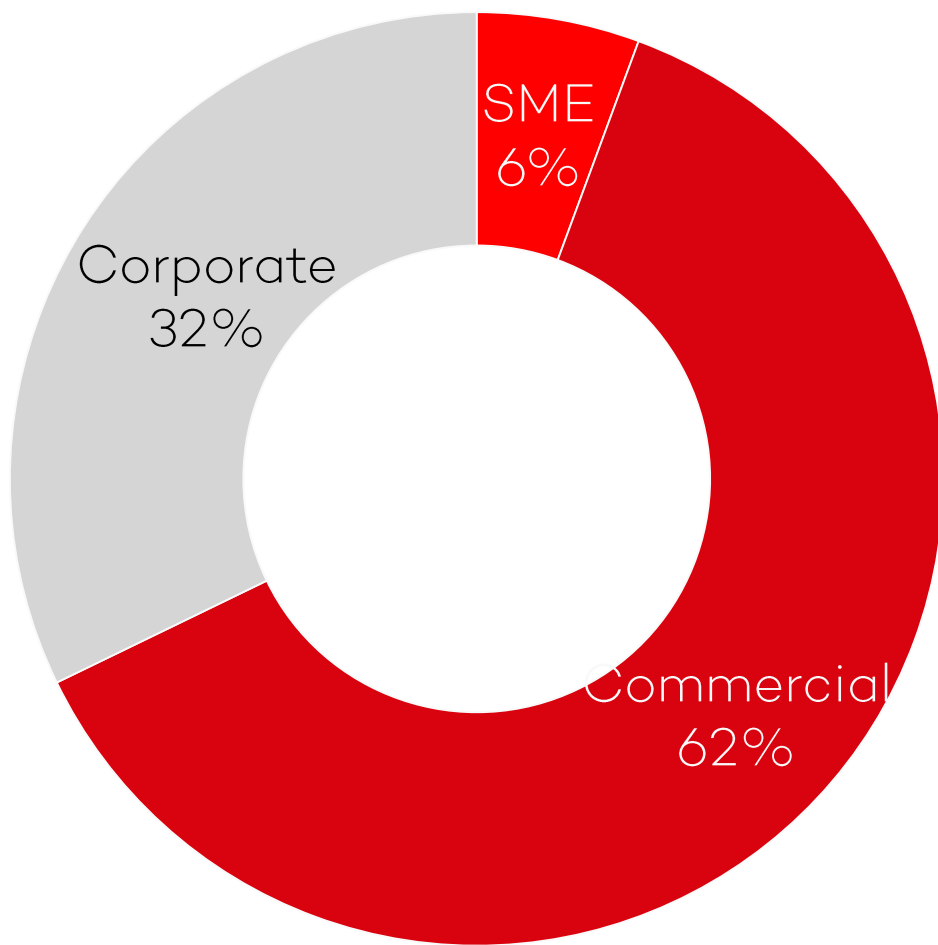
ISIN	XS2566874884
Listing	Vienna Stock Exchange
Issue Date	16.12.2022
Maturity Date	23.12.2025
Amount	USD 20.000.000
Issuance Type	Green Bond
Issuance Format	Private Placement
Use of Proceeds	Eligible Green projects as outlined in Sustainable Finance Framework of Akbank
Allocation as of 31.12.2022	100%

Breakdown of USD 20 Million Green Bond Allocation

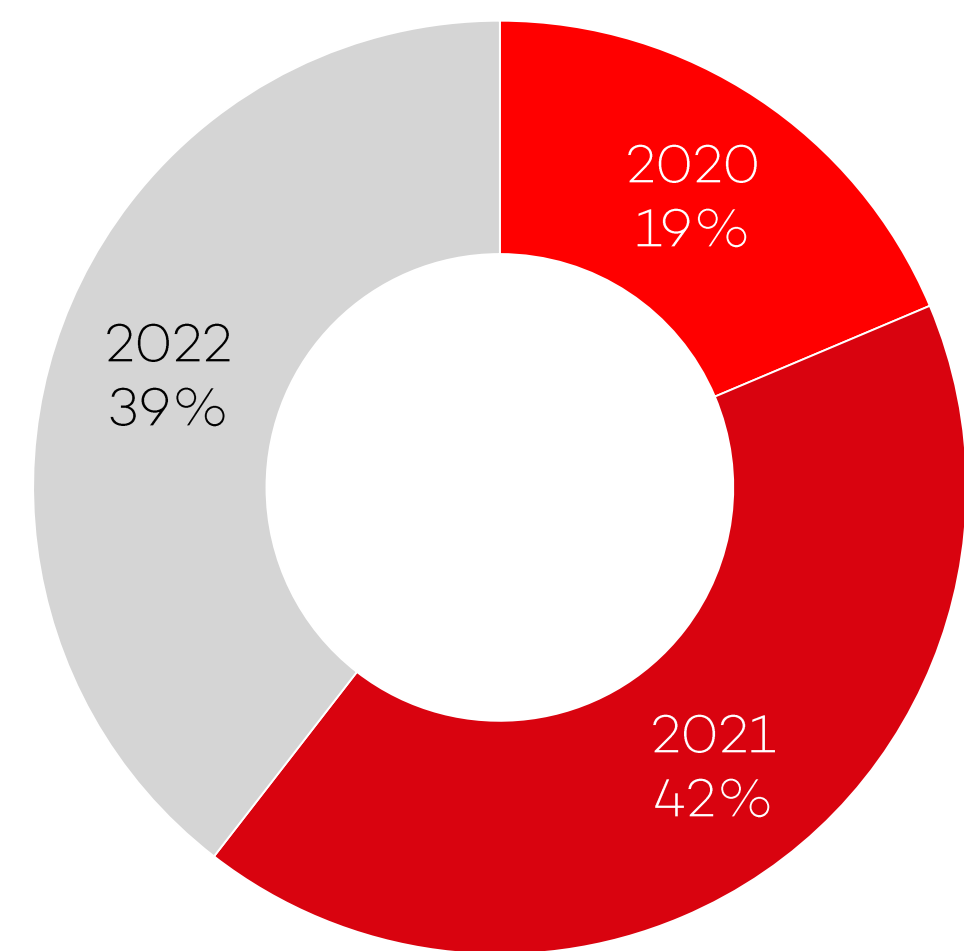
By Project Type



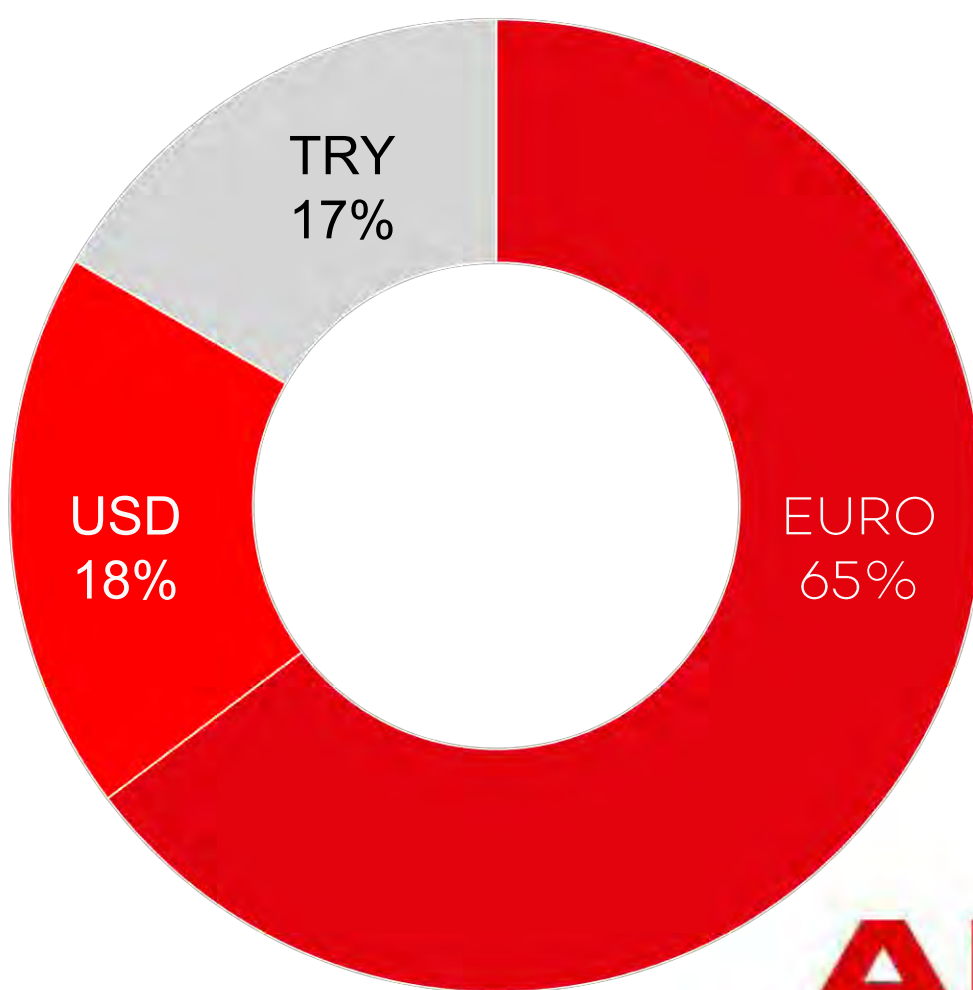
By Banking Segment



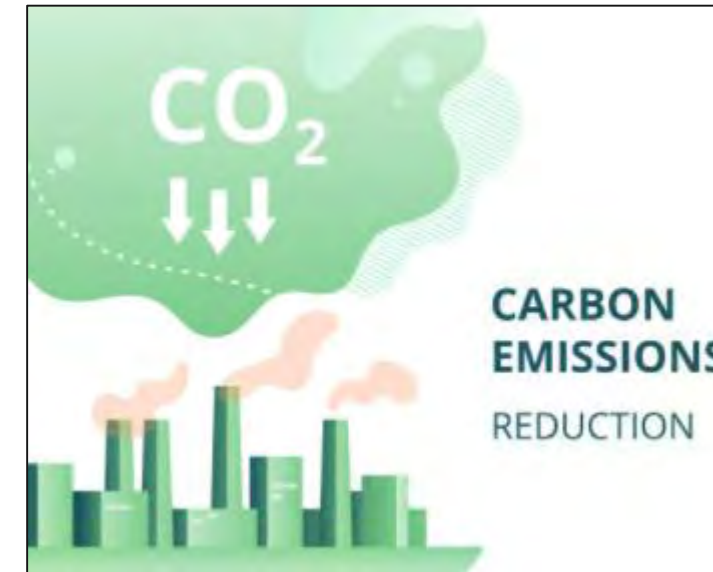
By Origination Year



By Currency



Examples of Akbank Eligible Sustainable Projects



Biomass Power Project

- Location: Adana/ Yüreğir Province
- Installed Capacity: 9,3 MW and 12 MW
- Cost of Investment: EUR 24,5 Million
- Financing Provided: EUR 17,7 Million



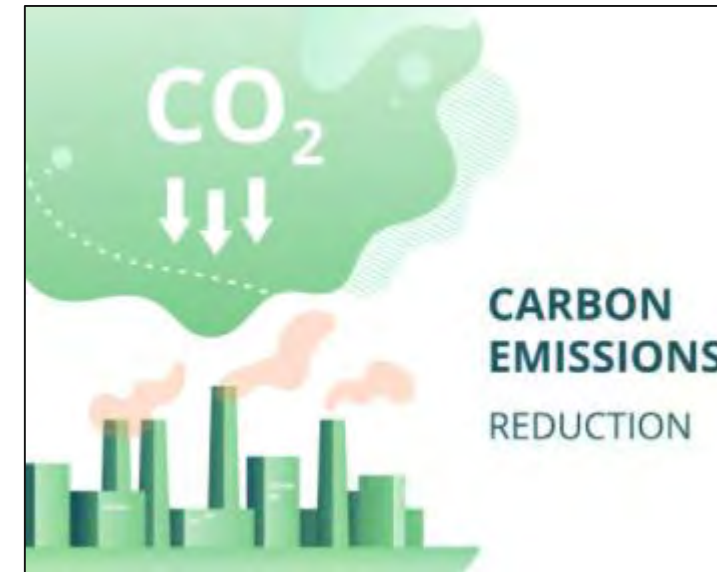
Wind Power Plant Project

- Location: İzmir
- Installed Capacity: 55 MW
- Number of Turbines: 13
- Cost of Investment: USD 61,4 Million
- Financing Provided: USD 46 Million



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Examples of Akbank Eligible Sustainable Projects



Solar Power Plant Project

- Location: Kahramanmaraş/ Pazarcık Province
- Installed Capacity: 1.5 MW
- Cost of Investment: USD 2,2 Million
- Financing Provided: USD 1,8 Million



High Standard Electrified Railway

- Location: Bandırma-Bursa-Yenişehir-Osmaneli
- Total Length of the Railway: 201 km
- The Maximum Speed: 250 km/h
- Cost of Investment: EUR 1,2 Billion
- Financing Provided: USD 24 Million



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Akbank 2022 Year End Sustainable Finance Impact Report

Akbank's Approach to Sustainable Finance

Akbank approaches sustainable finance in a holistic manner not only to facilitate positive environmental and social impact through its financial products but also to manage and minimize negative impacts by examining each transaction through a structured system.

Akbank's approach to positive environmental impact is inspired by the focus areas of the EU Taxonomy. Akbank identifies sustainable finance transactions through a detailed set of eligible project categories under six different themes:

- (i) Climate change mitigation,
- (ii) Climate change adaptation
- (iii) Sustainable use and protection of water and marine environment,
- (iv) Transition to a circular economy,
- (v) Pollution prevention and control,
- (vi) Protection and restoration of biodiversity and ecosystems.

As for the positive social impact, we are focusing on financing products and services to improve health and well-being of the communities in underdeveloped regions, facilitate equal opportunity and generate employment.

As one of the leading international banks in this field, Akbank received three significant awards within the scope of the Sustainable Finance Awards 2022 organized by Global Finance. In the award program, where many criteria related to sustainable financing from environmental and social impact evaluation to governance structure were evaluated, Akbank was selected as **"Turkey's Best Bank in Sustainable Finance"** in the countrywide awards. Having achieved significant success in the Central and Eastern Europe region, Akbank received the **"Outstanding Leadership in Sustainable Project Finance"** and **"Outstanding Leadership in Social Bonds"** awards.



Scope of this Report

An annual allocation and impact report is made publicly available at the end of each financial year, which details the allocation of the net proceeds from any outstanding issuance. Allocation reporting is performed until the maturity of bonds/loans and include the following details:

- Total amount of proceeds allocated to Eligible Green or Social Projects;
- Total amount allocated per Eligible Green or Social Project Category
- Environmental and social impacts of the eligible green or social projects in line with impact indicators set out in Akbank Sustainable Finance Framework

For questions and queries regarding this report, please contact;
International Banking & Institutional Clients at wholesalefunding@akbank.com

Contribution to UN SDGs

Akbank contributes to the achievement of the SDGs by financing eligible services/products addressing global sustainability challenges, and by working to minimize negative externalities in their financing along the entire value chain. SDG impact of the eligible categories are presented in page 32, 33, 34 and 35.



Funds

ISIN	Issuance date	Maturity date	Amount in USD Millions	Avoided GHG Emission (tCO ₂)
XS2211119313	05.08.2020	15.11.2024	50,0	242.257
XS2355183091 / US00971YAJ91 ^{1, 2}	22.06.2021	22.06.2031	500,0	944.230
XS2566874884	16.12.2022	23.12.2025	20,0	82.438
XS2560028685 ³	16.12.2022	23.12.2025	20,0	-
Total International Issuance	-	-	590,0	1.268.925



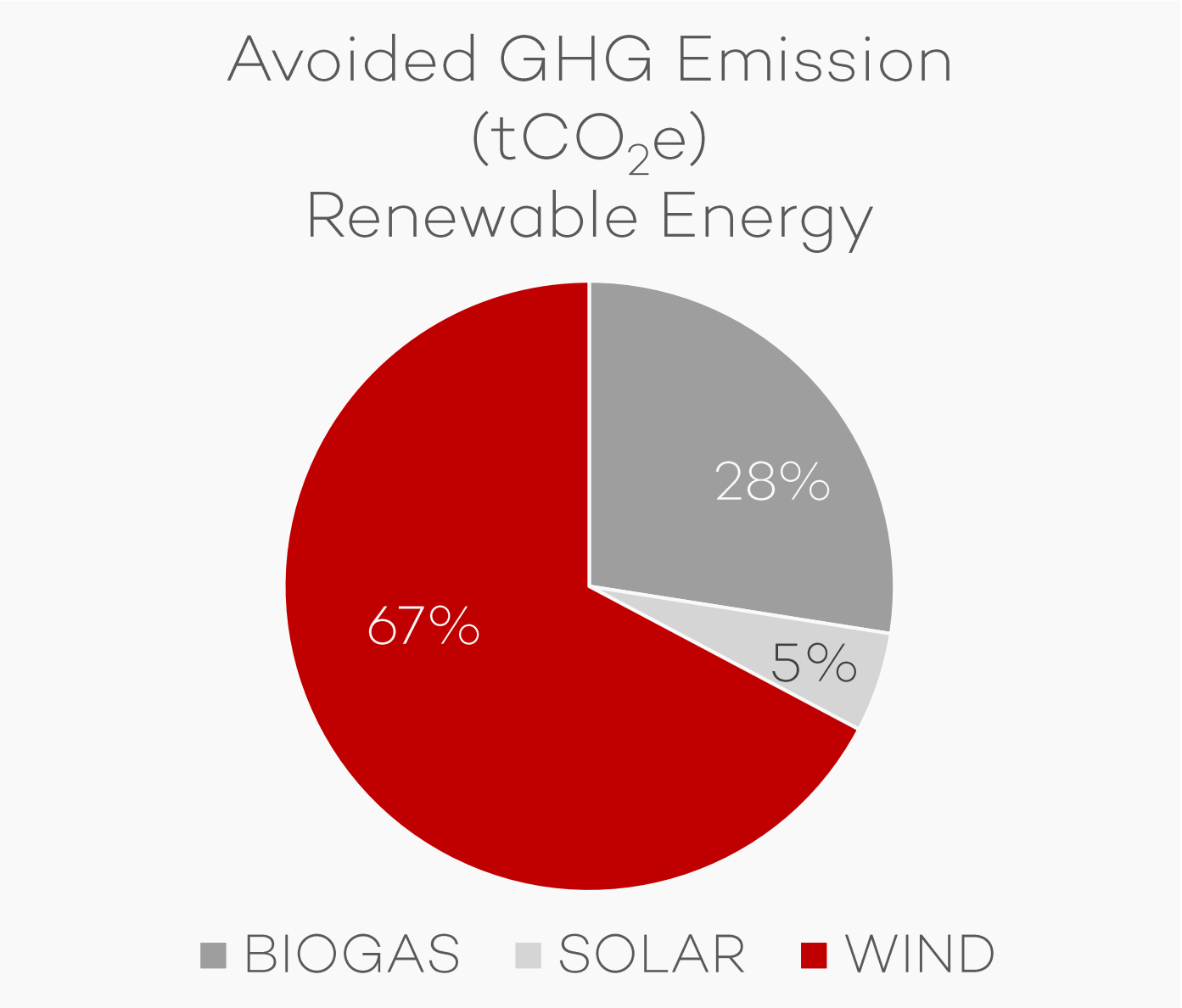
1) XS2355183091/US00971YAJ91 is allocated to Green projects with 50 per cent of the proceeds in line with Akbank's Sustainable Finance Framework. The avoided GHG emission of this bond is derived solely from green portion of utilisation. For the impact of the social portion, please see Page 30.
2) For the additional impact of the bond in line with Waste Management, please see Page 29.
3) For the impact of the Social proceeds, please see Page 30.

Impact of Proceeds

Environmental Impact

Renewable Energy

Use of Proceeds Category	Project Type	Outstanding Amount (mio USD)	Installed Capacity (mW)	Energy Generation (MWh) ⁴	Avoided GHG ^{5, 6} Emission (TCO ₂ e)
Renewable Energy	Biomass ⁷	71	91	585.134	169.248
	Wind	192	434	1.451.797	414.093
	Solar	22	72	65.138	32.516
Total		285	597	2.102.068	615.857



4) Please note that 2022 energy generation of licensed power plants are extracted from Exist Transparency Platform where Energy Markets Operator Company (EPIAŞ) provides the data in accordance with 6282-4 decision of the Energy Market Regulatory Board dated 13/05/2016 published in the Official Gazette dated 28 May 2016 and numbered 29725, and was lastly updated with the Board Decision no. 10711 dated 06.01.2022. Energy generation data for unlicensed power plants are obtained from the clients.

5) The combined margin emission factors (CO₂ emission factor for the displacement of electricity generated by power plants in an electricity system) for renewable power plants are derived from National Electricity Network Emission Factor Report published by Turkish Ministry of Energy and Natural Resources as Combined Margin (solar and wind) = 0,6488 and Combined Margin (other renewable) = 0,5552. Report is accessible at: <https://enerji.gov.tr//Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klm/%C4%B0klmDe%C4%9Fi%C5%9Fikli%C4%9Fi/TUESEmisyonFktr/Belgeler/Bform2020.pdf>. Please note that CM emission factors published by the Ministry are estimated using the operating margin and the build margin emission factors using the IPCC's Clean Development Mechanism Tool 07-V07.0. Please refer to the document at <https://cdm.unfccc.int/methodologies/PAmethodologies/tools/am-tool-07-v7.0.pdf>







6) Please note that Avoided GHG Emission data is proportional to the Akbank's share of Project cost.

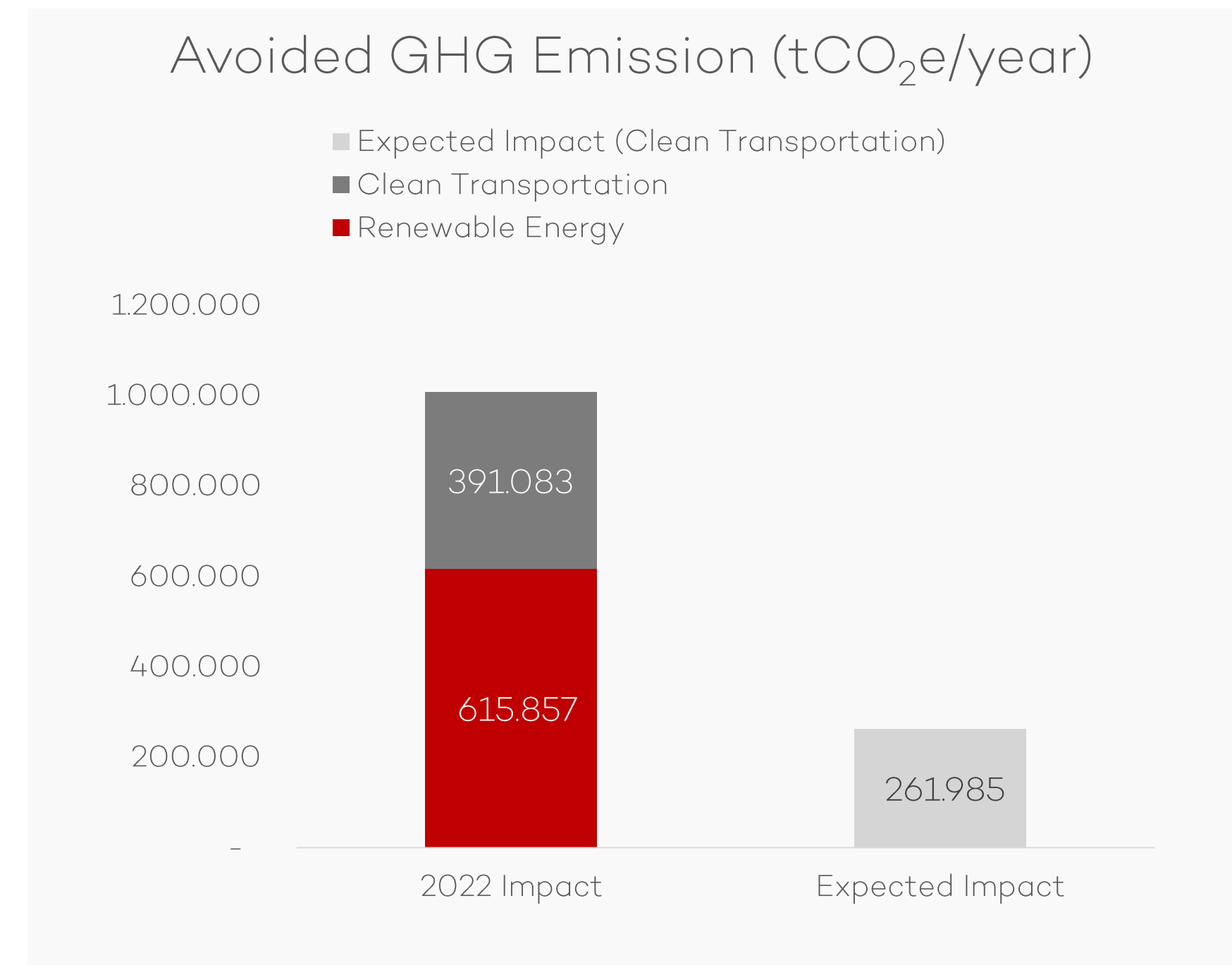
7) This item includess energy production from Biomass and Integrated Waste Management Facilities.

Impact of Proceeds

Environmental Impact

Clean Transportation

Use of Proceeds Category	Project Type	Outstanding Amount (mio USD)	Avoided GHG Emission (tCO ₂ e)
Clean Transportation	Electric Vehicle	2,4 	391.083 ^{8, 9} 
	High-Speed Electric Train ¹⁰	24 	261.985 ^{11, 12, 13} 
Total		26,4 	653.068 



8) Please note that the average distance travelled by the vehicle is based on the Turkish Statistics Institute Vehicle-kilometer Statistics, 2021, accessible at <https://data.tuik.gov.tr/Bulten/Index?p=49527&dil=2>.

9) CO2 per km data is based on DEFRA's Greenhouse gas reporting: conversion factors 2023, accessible at <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023>

10) The Project is in the construction phase which is planned to be over at the end of the year 2024. Expected impact is calculated based on the operation phase of the Project.

11) Avoided emission calculations are based on the feasibility and environmental and social impact assessment studies conducted for the Project. The alternative assessment has been undertaken for the operational phase of the Project and is based upon the key parameters passenger/freight capacity, distance, etc. The project operational GHG emissions have been assessed against the scenario of 50% passengers and 50% freight are transported using the existing diesel-powered MGR railway system and 50% passengers and 50% freight are transported by road transport.

12) GHG emissions are expected to occur due to electricity consumption. For the emission factor of electricity consumption, Turkish National Electricity Grid Emission Factor (0.7424 t CO₂/MWh) calculated by the Turkish Ministry of Energy and Natural Resources is used. Please refer to Turkish National Electricity Network Emission Factor Report published by Turkish Ministry of Energy and Natural Resources at:

<https://enerji.gov.tr/Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klim/%C4%B0klimDe%C4%9Fi%C5%9Fikli%C4%9Fi/TUESEmisyonFktr/Belgeler/Bform2020.pdf>

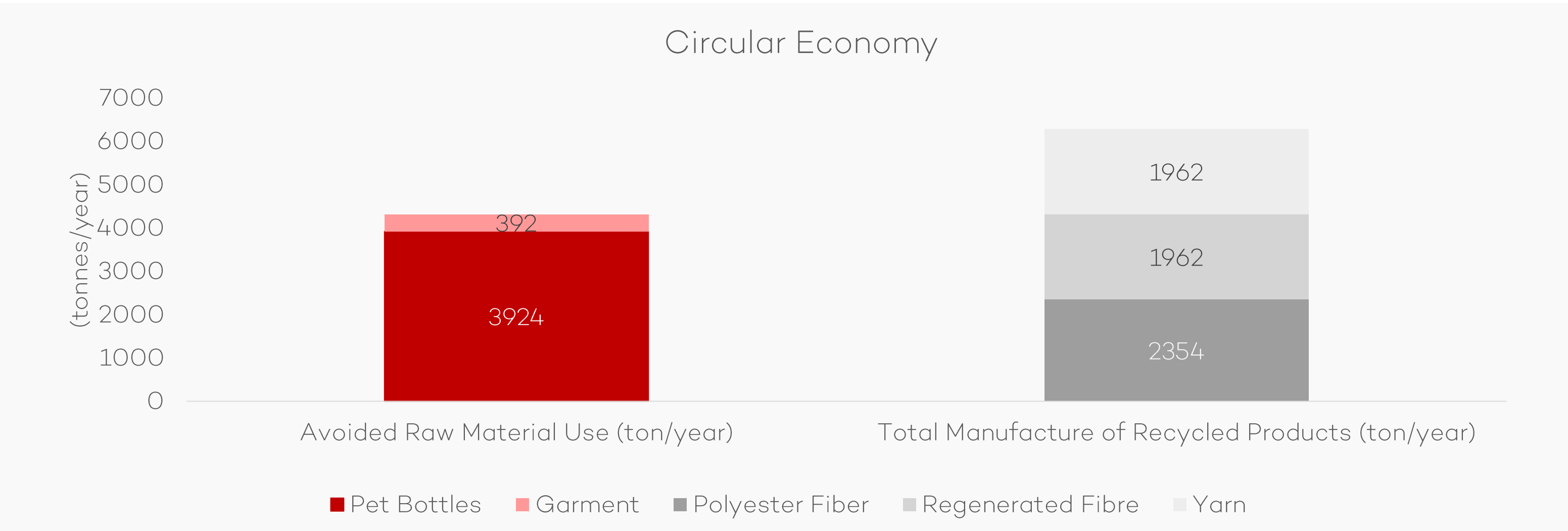
13) The emissions factors used for this alternative analysis have been taken from the GHG Protocol. Emission factor of Diesel-hauled train for passengers and for freight are taken as 0.115 kg CO₂e/passenger km and 0.055 kg CO₂e/tonne km, respectively. Emission factor of Diesel road transport for passengers and for freight are taken as 0.067 kg CO₂e/passenger km and 0.204 kg CO₂e/tonne km, respectively.

Impact of Proceeds

Environmental Impact

Waste Recycling and Circular Economy

Use of Proceeds Category	Project Type	Outstanding Amount (mio USD)	Recycled Materials ¹⁴ (Avoided Raw Material Use) (ton/year)			Manufactured Products from Waste (ton/year)			
			Pet Bottles	Garment	Total	Polyester Fiber	Regenerated Fibre	Yarn	Total
Waste Recycling	Manufacturing using waste plastic and textile	10,1	3.924	392	4.316	2.354	1.962	1.962	6.279

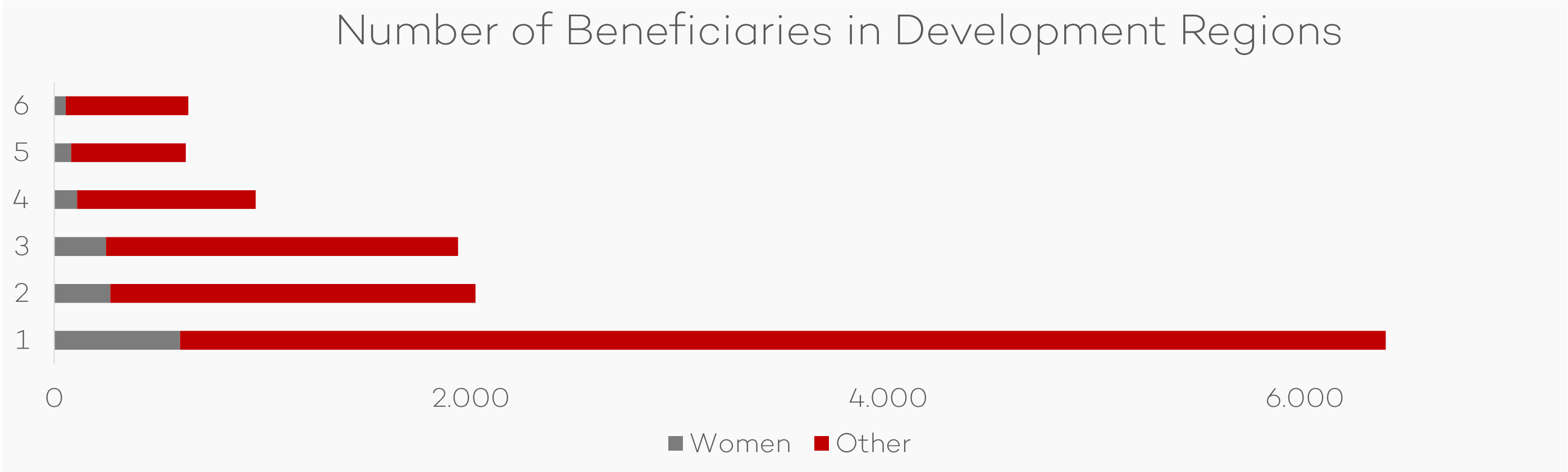
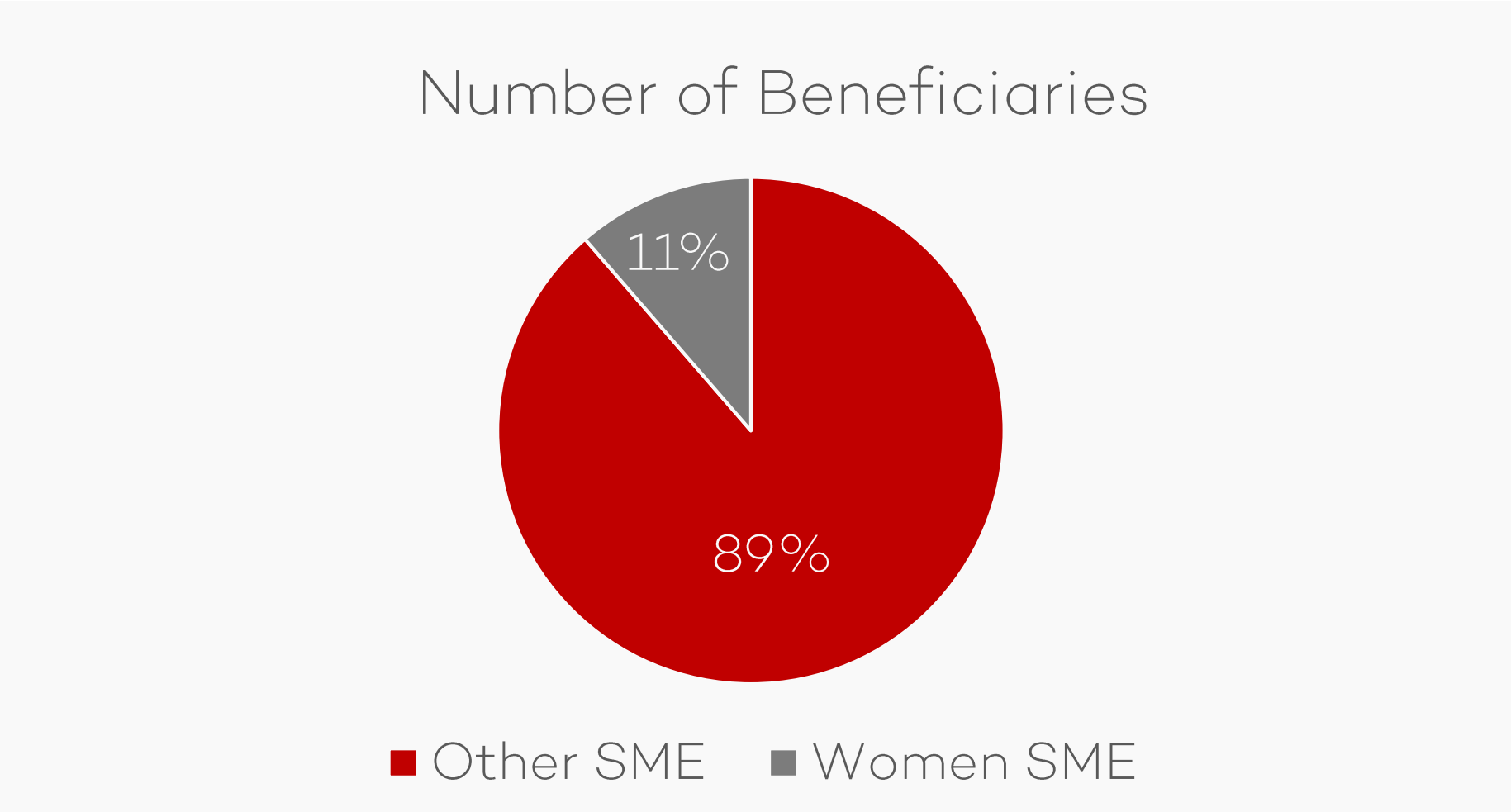


14) Information on Recycled Materials (Avoided Raw Material Use) and Manufacture of Recycled Products are based on the annual activity data provided by the client. Attribution factor (outstanding risk/debt + equity of the company) is used to calculate the impact where the portion of the total activity proportional to the attribution factor was attributed to Akbank.

Impact of Proceeds

Social Impact

Use of Proceeds Category	Project Type	Outstanding Amount (mio USD)	Number of Beneficiaries ¹⁵	Number of Beneficiaries (%)
Employment generation, through SME financing and microfinance	Financing or refinancing SMEs	264 ✓	11.222 ✓	89 ✓
	Financing or refinancing of SMEs owned (at least 51%) or led by women	6 ✓	1.367 ✓	11 ✓
	Total	270 ✓	12.589 ✓	100 ✓



15) As per the Decree on State Aids for Investments, the provinces are categorized into 6 regions based on each province’s socioeconomic development level in order to support the purpose of the Decree, which is to navigate national savings to high value investments, to increase production and employment and to decrease the mismatch of development among the regions. The categorization of these 6 regions is made based upon the report titled “Socio-Economic Development Ranking Research of Cities and Regions” dated 2017 which is published by the Ministry of Industry and Technology of Turkey accessible at <https://www.sanayi.gov.tr/merkez-birimi/b94224510b7b/sege/il-sege-raporlari>

Methodology

For the GHG emission calculations in this document The Greenhouse Gas Protocol (GHG Protocol) provided by the World Business Council for Sustainable Development/World Resources Institute (WBCSD/WRI, 2004) has been followed which outlines guidance for preparing corporate GHG emission inventories and introduces the concept of direct and indirect emissions and scopes for the inventory.

$$E_{CO_2} = \sum_i E_i * EF$$

The equation for calculating the indirect GHG emissions due to the electricity purchased is given above, where,



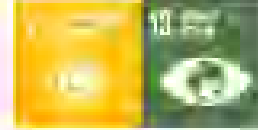


- E_{CO_2} : Total indirect CO₂ Emissions due to electricity consumption (tCO₂e),
- E_i : Use of electricity for each activity (MWh),
- EF_i : National Electricity Grid Emission Factor (t CO₂/MWh),
- i : Activity that consumes electricity

$$E_{CO_2} = \sum_i M_i * EF_i$$

The equation for calculating the direct GHG emissions is given above, where,

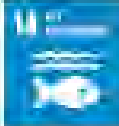



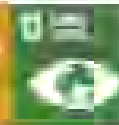


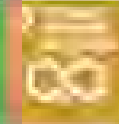

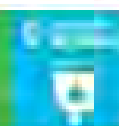
- E_{CO_2} : Total CO₂ Emissions due to mobile and stationary combustion (tCO₂e)
- M_i : Activity Data (ie. km travelled)
- EF_i : Emission conversion factor (ie. tCO₂/km)
- i : Activity that consumes electricity

Contribution to SDGs and Example Impact Indicators

Project Category	UN SDGs	Sub-Category	Example Impact Indicators
Climate Change Mitigation		Energy efficiency products and services	Annual energy savings (% or MWh) Annual CO ₂ emission avoided (tCO ₂ e)
		Renewable energy	Capacity of renewable energy plant(s) constructed (MW) Annual amount of renewable energy generated (MWh) Annual CO ₂ emission avoided (tCO ₂ e)
		Green buildings	Building certification standard % of water use reduced/avoided (%) Annual CO ₂ emission avoided (tCO ₂ e) Annual energy use reduced/avoided (%)
		Clean transportation	Annual CO ₂ emission avoided (tCO ₂ e) Number and type of clean transportation infrastructure financed Estimated reduction in fuel consumption (%) Number of clean vehicles deployed (e.g. electric) Number of charging stations Annual GHG emissions reduced/avoided (tCO ₂ e) Length of new transportation infrastructure developed/maintained Estimated reduction in car use in number of kilometers driven
Climate Change Adaptation		Climate Resilience	Type and number of resilient infrastructures financed Number of people/businesses/areas with resilient infrastructure Number of climate related natural disasters avoided or reduced (%) Number of people/businesses/acres with secure water supply Reduction in damage and repair costs due to climate-related natural disasters Number of climate related natural disasters avoided or reduced (%)
Sustainable Water and Wastewater management		Water Management	Adaptation Projects Type and number of climate change adaptation projects financed Increase in water use efficiency (%) Amount of water treated or managed (m ³) Desalinated water (m ³) Amount of rainwater harvested (m ³) Annual water savings (%)
		Wastewater Management	Amount of wastewater collected (m ³) Amount of wastewater treated (m ³) Amount of wastewater treated and/ or managed and/or re-used and/ or recycled (m ³) Amount of treated and disposed and/or reused sewage sludge


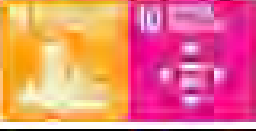
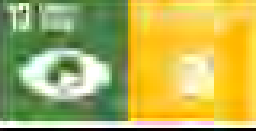
Environmental Impact

Contribution to SDGs and Example Impact Indicators

Project Category	UN SDGs	Sub-Category	Example Impact Indicators
Terrestrial and aquatic biodiversity conservation	  	Protection of coastal, marine and watershed environments etc.	Restored, protected terrestrial / aquatic area (km ²) Number of protection/preservation and management projects financed Number of indigenous species, flora, or fauna restored through the project Number of sustainable tourism activities financed
Transition to a circular economy	 	Eco-efficient and / or circular economy adapted products, production technologies and processes	Single use products replaced by products designed and produced for reuse (%) Increase in recycled/bio-sourced content ratio in products and packaging (%) Amount of avoided use of virgin materials in products and packaging (kg) Amount of bio-sourced monomer and polymer produced (tonnes) Proportion of circular materials produced as a % of the total material production of the project Increase in recyclability/ reusability of products (%) Waste that is recovered as a result of the project (% of total waste) Critical raw materials recycling, reusing, recovering (tonnes)
Pollution prevention and control	  	Monitoring and reduction of consumption and pollutant generation	Number of pollutant monitoring projects financed Reduced consumption of raw materials (%) Amount of waste prevented, reduced and/ or recycled (in tons) Volume of groundwater, soil remediated (m ³)
Environmentally sustainable management of living natural resources and land use	 	Agriculture Forest management Urban management	Sustainable agriculture land area (hectares) Increase in agricultural land using more climate change adapting technologies such as drought-resistant crops (hectares) Increase in feedstock supply chain certification coverage Amount of certified product (tons) Afforested land (km ²) Area of rehabilitated forests (km ²) Area of certified forests managed (hectares) Increase of natural landscape area/urban drainage systems in urban areas (km ² or %)


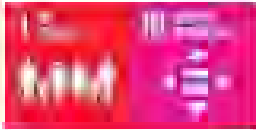



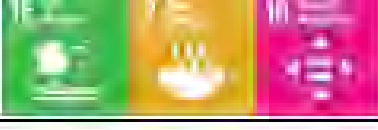
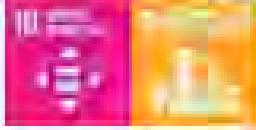
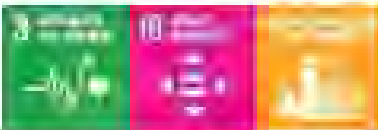
Environmental Impact

Contribution to SDGs and Example Impact Indicators

Project Category	UN SDGs	Sub-Category	Example Impact Indicators
Employment generation and financial inclusion		Business support and employment creation	Number of SMEs financed, breakdown by target population
			Amount of loans granted to SMEs, breakdown by target population
			Amount of loans and number of jobs created / preserved and corresponding loans provided
		Equal opportunity	Amount of loans and number of women-owned businesses financed, breakdown by target population
			Amount of loans and number of businesses owned by vulnerable groups financed
			Increase in the involvement of vulnerable groups in the workforce (%)
Affordable Basic Infrastructure		Energy	Amount of loans and number of people provided with electricity infrastructure
		Water	Amount of loans and number of people provided with adequate and equitable water and sanitation
		Telecommunication	Amount of loans and number of people provided with basic telecommunication
		Transportation	Amount of loans and number of people provided with transportation infrastructure
Access to essential services		Education	Amount of loans and number of educational institutes financed
			Amount of loans and number of people with increased access to educational services
			Amount of loans and number of student housing facilities financed
			Amount of loans and number of projects related to the physical and mental development of young generation and number of beneficiaries

Social Impact

Contribution to SDGs and Example Impact Indicators

Project Category	UN SDGs	Sub-Category	Example Impact Indicators
Access to essential services		Healthcare	Amount of loans and number of people with increased access to healthcare services
			Amount of loans and number of people with increased access to healthcare services
			Amount of loans and number of projects financed for production, purchase and distribution of healthcare materials and equipment
			Amount of loans and number of projects financed in the event of medical emergency response to a crisis
Disaster Relief		Disaster Relief	Amount of loans provided for disaster relief and emergency aid (million)
			Number of beneficiaries
			Number and types of buildings reconstructed
			Number of jobs created
Affordable Housing		Housing	Number of individuals/ families benefiting from affordable housing
			Amount of loans provided (millions)
Food Security		Access to food	Number of people provided with safe, nutritious, and sufficient food
		Agricultural productivity	Increase in agricultural productivity (%)
			Number of farmers benefiting from agricultural projects and using improved farming technology
			Food waste reduced/avoided (%)
Socioeconomic advancement and empowerment		Resilient agriculture	Number of resilient agriculture projects and manufacturing companies financed
		Disability-Inclusive Development	Increase in disability-inclusive infrastructure (%)
			Number of beneficiaries
		Cultural and sports facilities / sponsorships	Number of cultural/sports facilities financed in regions of lower socioeconomic status
			Number of beneficiaries

Social Impact

Appendix: Akbank Allocation and Impact Report 2022 Reporting Principles

Appendix-1: Akbank Allocation and Impact Report 2022 – Reporting Principles

This reporting principle (the “Principle”) provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance of Akbank T.A.Ş. (the "Bank" or "Akbank") included in the Akbank Allocation and Impact Report 2022 (the "Report").

The indicators include categories within the scope of the green use of proceeds such as renewable energy, clean transportation, and waste recycling; and social use of proceeds as identified in the Akbank Sustainable Finance Framework.

The data included in this guideline is for the period between 1 January 2022 and 31 December 2022 and as detailed in the “Key Definitions and Reporting Scope” section.

General Reporting Principles

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

Information Preparation - to highlight to users of the information the primary principles of relevance and reliability of information; and

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

Key Definitions and Reporting Scope

For the period between 1 January 2022 and 31 December 2022, the data of the Bank is related to:

Indicator	Scope	Indicator	Scope	Indicator	Scope
Biomass	It refers to loans obtained by filtering biomass as loan subject from the Bank’s corporate and commercial loan portfolio. Akbank issued approximately USD 68 million biomass loan. Impact amount refers to the total installed renewable energy capacity, annual renewable energy generation and total greenhouse gas emissions indirectly reduced through biomass of the projects subject to disbursed loans.	Clean transportation	It refers to loans obtained by filtering clean transport as loan type from the Bank’s corporate and commercial loan portfolio. This portfolio consists of financing or refinancing production, establishment, acquisition, expansion, upgrades, maintenance and operation of fully electric vehicles, hydrogen vehicles, charging infrastructure for electric vehicles and investment related to the development of public transport infrastructure and services including electrified railways and railway extensions. Akbank issued USD 26.4 million loans in scope of clean transportation.	Access to essential services	It refers to loans portfolio that was given for financing or refinancing developments, construction, maintenance and operation of publicly available or subsidized healthcare, education and vocational training infrastructures and services. This data is obtained by filtering loans that are financing construction, refurbishment and modernisation of hospitals and healthcare facilities and medical equipment, healthcare technology. Related amount that the Bank has included in the identified eligible portfolio under Sustainable Finance Framework is USD 10 million.
Biogas	It refers to loans obtained by filtering biogas as loan subject from the Bank’s corporate and commercial loan portfolio. Akbank issued USD 0,6 million biogas loan.		Impact amount refers to the total greenhouse gas emissions indirectly reduced through electric vehicles and electric high speed trains of the projects subject to disbursed loans.		
Solar power plant	It refers to loans obtained by filtering solar power plant as loan type from the Bank’s corporate and commercial loan portfolio. This portfolio consists of financing or refinancing construction, operation and maintenance of renewable energy generation assets and related infrastructure of Photovoltaics (PV), Concentrated Solar Power (CSP) (generated electricity from solar energy resources with a min 85% threshold) and solar thermal facilities. Akbank issued USD 21.7 million loans in scope of solar power plant projects. Impact amount refers to the total installed renewable energy capacity, annual renewable energy generation and total greenhouse gas emissions indirectly reduced through solar power plants of the projects subject to disbursed loans.	Waste Recycling	Impact amount refers to the avoided raw material usage by using recycled products in manufacture. Akbank issued USD 10.1 million loans in scope of waste recycling.	Employment generation, through SME financing and microfinance	It refers to loans portfolio that was given for employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance. This data is obtained by filtering SME loan as loan subject from the Bank’s loan portfolio. Related amount that the Bank has included in the identified eligible portfolio under Sustainable Finance Framework is USD 400.3 million.
Wind power plant	It refers to loans obtained by filtering wind power plant as loan type from the Bank’s corporate and commercial loan portfolio. This portfolio consists of financing or refinancing construction, operation and maintenance of renewable energy generation assets and related infrastructure of onshore and offshore wind energy. Akbank issued USD 192.2 million loans in scope of wind power plant projects. Impact amount refers to the total installed renewable energy capacity, annual renewable energy generation and total greenhouse gas emissions indirectly reduced through wind power plants of the projects subject to disbursed loans.	Integrated Waste Management Facilities	It refers to loans portfolio that was given for financing or refinancing and circular and/or recyclable products or operations with robust waste management processes in place to ensure all related projects risks are properly managed. Akbank issued approximately USD 3 million loans in scope of Integrated Waste Management Facilities.		

Appendix-1: Akbank Allocation and Impact Report 2022 – Reporting Principles

Data Preparation

1. Renewable Energy (Biomass, Solar Power Plant, Wind Power Plant)

For these indicators, total installed renewable energy capacity (MW), annual renewable energy generation (MWh) and total greenhouse gas emissions indirectly reduced (tCO₂e) are calculated and reported. Agreements have been shared to obtain the total installed renewable energy capacity in MW.

The amount of annual GHG emissions reduced/avoided is calculated by using the amount of annual generated electricity and the Turkey's GHG emission coefficient for the grid electricity system. The assumptions for calculating the reduction for each renewable energy efficiency ratio were based on using the Turkey sector average of the last three years of the different renewable energy sources. 2022 energy generation of licensed power plants are extracted from Exist Transparency Platform² where Energy Markets Operator Company (EPIAŞ) provides the data. Energy generation data for unlicensed power plants are obtained from the clients. The combined margin emission factors for renewable power plants are obtained from National Electricity Network Emission Factor Report¹ published by Turkish Ministry of Energy.

It is calculated on the total renewable energy installed capacity and financed by Akbank. The amount of greenhouse gas emission savings prevented by biomass, WPP and SPP projects with production data is calculated by multiplying the combined margin emission factor (sun and wind) value in the "Turkish National Electricity Grid Emission Factor Information Form1" published by the Ministry of Environment and Urbanization.

$$\text{Attribution Factor} = \frac{\text{Outstanding Amount (USD)}}{(\text{Equity} + \text{Debt of the Company})} \times 100$$

$$\text{Avoided GHG Emissions (tCO}_2\text{e)} = \text{Energy Generation (MWh)} \times \text{Combined Margin Emissions Factor (solar and wind: 0,6488; other renewable: 0,5552)}$$

2. Clean Transportation

The amount of the annual avoided GHG emissions is consist of the calculations based on the electric vehicles and high-speed electric train which are partly disbursed by the Bank.

The calculation assumption for financed electric vehicles refers to the estimated amount of emissions that would be released into the atmosphere if petroleum-powered vehicles were used instead of electric vehicles. For electric vehicles, avoided GHG emissions are calculated as;

$$\text{Annual Avoided GHG Emissions (Electric Vehicles) (tCO}_2\text{e)} = ((\text{Number of Vehicle Financed} \times \text{Average Year-km} \times \text{Emission Factor}_2)/1000) \times \text{Attribution Factor}$$

GHG emissions from high-speed electric train are expected to occur due to electricity consumption. Therefore, indirect emissions from purchased electricity have been calculated for both passenger and freight trains for the operational phase of the Project. Key parameters (passenger/freight capacity, distance, energy consumption of trains etc.) which are used in the calculations are based on the feasibility study of the Project. The emission factor of electricity consumption is taken as Turkish National Electricity Grid Emission Factor (0.7424 t CO₂/MWh)³.

For passenger trains, it is projected that the Project would be capable of carrying a capacity of 14.8 million passengers (8.550 trips) in 2051. For the calculations, average number of the passenger capacity between years 2022 and 2051 (9.9 million) and accordingly trips/year (5.719) are taken into consideration. Energy consumption of a total of 5,719 trips (including two-ways) has been calculated assuming each passenger travels the entire length of two-way trip for the Project route. Annual emissions from passenger trains are calculated as 11,074 tCO₂e.

For the freight trains, it is projected that the Project would be capable of carrying a capacity of 21.6 million freight (29,517 trips) in 2051. For the calculations, average number of the freight capacity (13,4 million tonnes) between years 2022 and 2051 and accordingly trips/year (18,311) is taken into consideration. Energy consumption of a total of 18,311 trips (including two ways, all routes) has been calculated assuming each freight travels the entire length of two-way trip. Annual emissions from freight trains are calculated as 32,374 tCO₂e. Therefore, total annual emissions from both passenger and freight trains for base case project has been calculated as 43, 448 tCO₂e.

For high-speed electric train, avoided emissions are calculated based on the alternative assessment, which has been undertaken within the scope of the environmental and social impact assessment studies conducted for the operational phase of the Project. Operational GHG emissions of the Project have been assessed against the scenario of 50% passengers and 50% freight are transported using the existing diesel-powered MGR railway system and 50% passengers and 50% freight are transported by road transport.

For the alternatives assessment, the emissions factors have been taken from the GHG Protocol. Emission factor of Diesel-hauled train for passengers and for freight are taken as 0.115 kg CO₂e/passenger km and 0.055 kg CO₂e/tonne km, respectively. Emission factor of Diesel road transport for passengers and for freight are taken as 0.067 kg CO₂e/passenger km and 0.204 kg CO₂e/tonne km, respectively. Total annual emissions from both passenger and freight trains for the alternative case has been calculated as 1.091.387 tCO₂e, using the same passenger projections, freight projections and road length used in the Base Case Project.

3. Waste Recycling

In this green use of proceeds category, recycled materials (avoided raw material use) and manufacture of recycled products which are from plastic and textile, amounts are calculated and reported. For this indicator, annual activity data is provided by the client who is disbursed loan. The bank only reports the Akbank share in project cost with using attribution factor (outstanding risk/ (debt + equity of the company) that is used to calculate the impact where the portion of the total activity proportional to the attribution factor was attributed to Akbank.

$$\text{Avoided Raw Material Use (ton/year)} = (\text{Recycled Pet Bottles} \times \text{Attribution Factor}/100) + (\text{Recycled Garment} \times \text{Attribution Factor}/100)$$

$$\text{Total Manufacture of Recycled Products (ton/year)} = (\text{Manufacture of Recycled Polyester Fiber} \times \text{Attribution Factor}/100) + (\text{Manufacture of Recycled Regenerated Fiber} \times \text{Attribution Factor}/100) + (\text{Manufacture of Recycled Yarn} \times \text{Attribution Factor}/100)$$

4. Employment generation, through SME financing and microfinance

This refers to loans portfolio that was given for employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance.

Restatements

The measuring and reporting of data inevitably involve a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Bank level.



1) Turkish Statistics Institute Vehicle-kilometer Statistics, 2021, accessible at <https://data.tuik.gov.tr/Bulten/Index?p=49527&dil=2>
2) DEFRA's Greenhouse gas reporting: conversion factors 2023, accessible at <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023>
3) <https://enerji.gov.tr/Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klim/%C4%B0klimDe%C4%9Fi%C5%9Fikli%C4%9Fi/TUESEmisyonFktr/Belgeler/Bform2020.pdf>



Limited Assurance Report **To Board of Directors of Akbank T.A.Ş.**

We have been engaged by the Board of Directors of Akbank T.A.Ş. (“Akbank” or “Bank”) to perform an independent limited assurance engagement in respect of the Selected Allocation Report Information (“Selected Information”) stated in Akbank 2022 Year End Sustainable Finance Allocation and Impact Report (the “Allocation and Impact Report 2022”) for the year ended 31 December 2022 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our independent limited assurance work, set out in the Allocation and Impact Report 2022 on pages of 8, 27, 28, 29 and 30 and the scope of indicators marked with “✔” for the year ended 31 December 2022 is summarised below:

- Biomass
- Biogas
- Solar Power Plant
- Wind Power Plant
- Clean Transportation
- Waste Recycling
- Integrated Waste Management Facilities
- Access to Essential Services
- Employment Generation through SME Financing and Microfinance

Our assurance was with respect to the Selected Information marked with “✔” in the in the Allocation and Impact Report 2022, and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with “✔” in the Allocation and Impact Report 2022 and, any other elements included in the Allocation and Impact Report 2022 and, therefore, do not express any conclusion thereon.

Criteria

While preparing Selected Information, the Bank used the principles in the Allocation and Impact Report 2022 - Reporting Principles (“Reporting Principles”) section on page 36 and 37 of the Allocation and Impact Report 2022.



The Bank's Responsibility

The Bank is responsible for the content of the Allocation and Impact Report 2022 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.

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

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 management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Our Responsibility

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

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

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

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

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the 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 the Bank's Selected Information for the year ended 31 December 2022, 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 Directors of the Akbank T.A.Ş. as a body, to assist the 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 Allocation and Impact Report 2022 for the year ended 31 December 2022, to enable the Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of 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
Partner

Istanbul, 8 November 2023

Sustainable Finance Framework and Second Party Opinion



Sustainable Finance Framework

February 2021

1. Introduction

Akbank was established in 1948, with the aim of becoming the leading bank that drives Turkey into the future. The mission of the Bank is to create superior and sustainable value for all stakeholders through innovation and reliable financial services. The bank has built itself on the strong foundations of financial performance and sound governance, always leading innovative initiatives at the forefront of banking in Turkey, and looking for sustainable revenue generation.

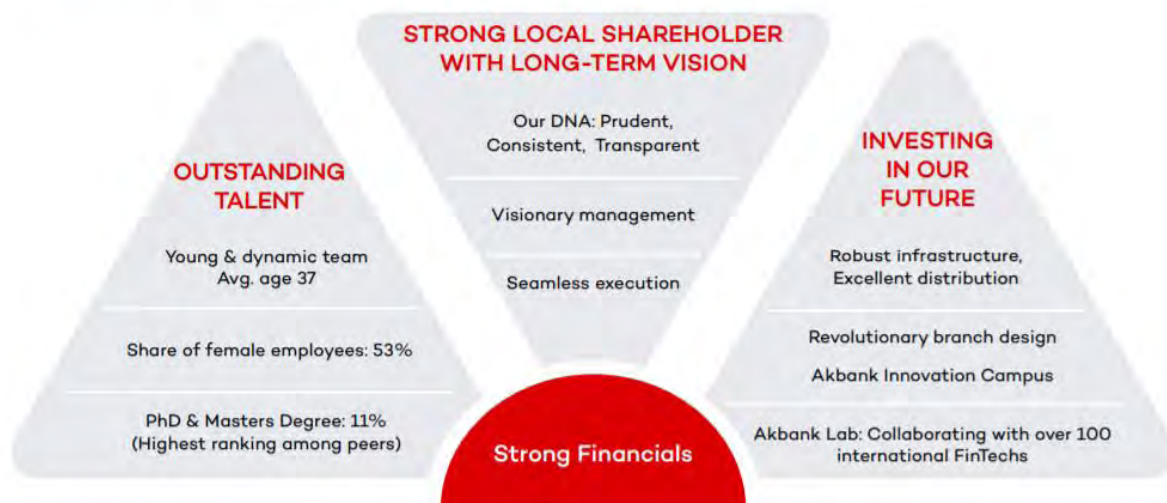
1.1 Akbank's Background

Akbank has been supporting Turkey's growth and development for over 70 years. The bank was founded to support the financial needs of local cotton producers in Adana with the mission to support the needs of its communities. This sense of responsibility has been a core motivation in the way of doing business throughout the years.

With its dedication to innovation and technology, Akbank continues to provide unrivalled financial solutions to its customers leveraging its robust capital, diversified funding base, strong liquidity, ability to raise foreign financing on favourable terms and superior asset quality together with its subsidiaries Ak Asset Management, Ak Investment, Akbank AG, Ak Lease and AkÖde.

With the vision of being the leading bank in carrying Turkey to the future, Akbank pioneers change in the Turkish banking industry, continuously investing in its people and technology. Its strong presence in the country and extensive network enable the group to reach all segments of the population and act as a vital pillar of the economy.

Drivers of Sustainable Value Creation



1.2 Akbank's approach to Sustainability

Akbank's sustainability strategy is purely aligned with the corporate vision "To be the leading bank that drives Turkey into the future" which comes with a simple objective: to mitigate the environmental footprint while increasing the positive impact.

ESG Strategy: Mitigate environmental footprint while increasing positive impact



Akbank defined 4 key areas to focus which are most relevant to the stakeholders and to the business aligned with Sustainable Development Goals. Supported by Akbank's strong financial performance and effective governance structure, the 4 key areas are; Sustainable Finance to support a more sustainable economy; Ecosystems Management to enhance businesses & financial health; Climate Change to mitigate operational & portfolio emissions; People & Community to empower our people and communities.

Akbank has set solid long-term targets, which includes providing TL 200 billion sustainable loan financing until 2030 as well as sustainable investment funds reaching TL 15 billion until 2030. Akbank aims to decrease the impact of the loan portfolio on climate change until 2030. In addition, Akbank aims to be a Carbon-neutral bank through eliminating operational emissions until 2025.

Actionable targets for positive impact



Achieving these targets depend on the cooperation of numerous units which it is of utmost importance to have the right governance structure. In order to govern and oversee Akbank's sustainability performance at board level, we have established a Sustainability Committee as of January 2021. The members of the committee are: Executive Board Member, Independent Board Member, CEO, CFO and SVP of Investor Relations and Sustainability. The committee convenes at least two times a year and oversees the efforts of all business units to achieve shared sustainability goals.

Sustainability Governance



1.3 Akbank's approach to Sustainable Finance

Fully aware of the critical role of the banking sector in creating a more sustainable future, Akbank manages the negative impact of its activities through a strong Environment and Social (E&S) Loan Policy framework. This framework requires that loans granted of finance projects with an investment amount of at least \$10 million and new investment corporate loans \$50 million are evaluated by the Environmental and Social Impact Assessment System¹. In addition, Akbank has an effective ESMS (Environmental Social Management System) for its entire Micro and SME portfolio.

Supporting the transition to a low carbon economy, Akbank uses its own resources as well as borrowings from international funding facilities to develop financing solutions for energy efficiency and renewable energy projects, which it considers as crucial areas in sustainability initiatives.

Sustainability bond issued under this framework has been developed in line with Akbank's sustainability approach aiming to support the transition to low-carbon economy and achieve the United Nations Sustainable Development Goals.

2. Akbank Sustainable Finance Framework

In order to meet the commitments described above, Akbank has elected to create a Sustainable Finance Framework (the "Framework"), which is in accordance with the ICMA Green Bond Principles (GBP)² 2018, ICMA Social Bond Principles³ (SBP) 2020, ICMA Sustainability Bond Guidelines⁴ (SBG) 2018 and the Green Loan Principles 2020⁵ as administered by the Loan Market Association under which Akbank can issue Sustainable Financing (Borrowing) Instruments, namely the following:

- A. **Green Bonds/Loans:** bonds/loans where use of proceeds is towards financing and/or refinancing of eligible green projects as listed below in 'i) Use of Proceeds' section

¹ Akbank environmental and social loan policies are reviewed annually in accordance with global and sectoral developments. The current Environmental and Social Impact Assessment System limits are accessible at https://www.akbankinvestorrelations.com/en/images/pdf/AKBANK_ENVIRONMENTAL_AND_SOCIAL_CREDIT_POLICIES.pdf.

² <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

³ <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

⁴ <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁵ <https://www.lsta.org/content/green-loan-principles/>

- B. **Social Bonds/Loans:** bonds/loans where use of proceeds is towards financing and/or refinancing of eligible social projects as listed below in 'i) Use of Proceeds' section
- C. **Sustainability Bonds/Loans:** bonds/loans where use of proceeds is towards financing and/or refinancing a mix of eligible green and social projects as listed below in 'i) Use of Proceeds' section

For each Sustainable Financing (Borrowing) Instruments, Akbank asserts that it will adopt the following, as set out in this Framework:



- (i) Use of Proceeds
- (ii) Project Evaluation and Selection
- (iii) Management of Proceeds
- (iv) Reporting

This Framework may be updated and amended from time to time in the manner described in Section 4 (Amendments to this Framework) below. Any such updated and amended Framework will be published on Akbank's website and will replace this Framework, and any Sustainable Financing (Borrowing) Instruments subsequently issued will be subject to the updated and amended Framework.

i) Use of Proceeds

An amount equal to the net proceeds of any Sustainable Financing (Borrowing) Instruments issued by Akbank will be allocated to finance new or re-finance existing⁶ projects/expenditures, in part or in full, which qualify under as an Eligible Green or Social Project as set out below⁷.

Eligible green projects:

Eligible Project category	UN SDGs ⁸	Activities	Alignment with the UN SDG Targets
Energy Efficiency	 	<p>Financing or refinancing establishment, acquisition, expansion⁹ and upgrade of existing transmission lines, distribution and energy storage facilities, smart technologies and / or the installation of associated infrastructure¹⁰:</p> <ul style="list-style-type: none"> Technologies / infrastructure that result in increased energy-efficiency by at least 15% and / or reducing greenhouse gas emissions at least by 15% Energy efficiency measures and technologies such as smart meters, high efficiency micro CHP plants, smart grids, energy storage¹¹ 	<ul style="list-style-type: none"> SDG 7.3: By 2030, double the global rate of improvement in energy efficiency SDG 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with

⁶ Existing projects/expenditures refer to projects which have been undertaken up to 36 months before the issuance of any Sustainable Financing (Borrowing) Instrument

⁷ Under this Framework, Akbank may grant loans that may be for specific assets and projects or to companies, defined as firms that are expected to derive ≥90% of their turnover from assets aligned with defined eligibility criteria. For such firms, the entire loan by Akbank to such a borrower is 100% eligible as a use of proceeds for a Sustainability Finance (Borrowing) Instrument.





⁸ <https://sustainabledevelopment.un.org/?menu=1300>

⁹ Expansion of electricity transmission is only eligible under one of the following conditions:

(1) they are integrating at least 90% renewables (if less than 90%; the pro rata share may be allocated), or
 (2) if the grid is on a 'decarbonisation trajectory' aligned to the IEA SDS scenario (3) if transmission lines are connecting two energy systems, only the renewable energy part of the project will be included as part of eligible projects





¹⁰ including all market segments with Energy Efficiency investments, ie. SMEs, commercials and corporates, etc.



¹¹ through water electrolysis and any process/ technology that doesn't utilize fossil fuel facilities

			their respective capabilities
Green Buildings	  	<p>Financing or refinancing low-carbon new, existing or refurbished public, commercial and residential buildings that meet one of the following criteria:</p> <ul style="list-style-type: none"> • Buildings rated B or above or buildings falling in the top 15% of the most energy-efficient buildings in the correspondent local market, as determined via Energy Performance Certificate (BEP-TR) issued in accordance with Turkish regulation and / or via the Turkish Building Code¹² • Buildings with the following level of environmental certifications: <ul style="list-style-type: none"> - LEED (Gold and above) - BREEAM (Very Good and above) - DGNB (Gold and above) - HQE (Excellent and above) - ÇEDBİK Green Building certification - EDGE (Certified, Advanced and Zero Carbon) - Other acceptable and recognised green building rating systems (equivalent to the schemes listed above) may be included in the criteria. • Renovations or upgrades of existing buildings leading to at least 30% improvement in energy efficiency 	<ul style="list-style-type: none"> - SDG 7.3: By 2030, double the global rate of improvement in energy efficiency - SDG 11.c: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Sustainable Water Management and Wastewater Management		<p>Financing or refinancing development, construction, operation and maintenance of sustainable water and waste-water management projects¹³, facilities and related infrastructure:</p> <ul style="list-style-type: none"> • Water distribution systems with improved efficiency/quality 	<ul style="list-style-type: none"> - SDG 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially




¹² <https://www.enerjikimlikbelgesi.com/> : Building permit licences are not issued for those households whose energy certificate is rated below C.

¹³ Water and wastewater management programmes will not include any projects related to the exploration, development, production or transport of fossil fuels.

		<ul style="list-style-type: none"> • Water recovery systems and water-efficient sanitary installations • Wastewater treatment and Sewage Treatment Plants • Projects that reduce water consumption, recycling or improve the efficiency of resources 	<p>reduce the number of people suffering from water scarcity</p> <ul style="list-style-type: none"> - SDG 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters
Renewable Energy	 	<p>Financing or refinancing construction, operation and maintenance of renewable energy generation assets and related infrastructure:</p> <ul style="list-style-type: none"> • Onshore and offshore wind energy • Solar power: Photovoltaics (PV), Concentrated Solar Power (CSP)(generated electricity from solar energy resources with a min 85% threshold) and solar thermal facilities • Hydro power: projects restricted to facilities with generation capacity of 25 MW or less • Geothermal with direct emissions $\leq 100\text{g CO}_2\text{e/kWh}$ • Construction, renovation or refurbishment of new electricity grids and expansions (development/maintenance of electricity grid is fully eligible when dedicated to connecting renewables to the power grid) supporting/integrating at least 90% renewable electricity. Only assets aimed at increasing the share of renewables in the Turkish electricity grid are eligible 	<ul style="list-style-type: none"> - SDG 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix - SDG 3.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries - SDG 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Environmentally Sustainable Management of Natural Resources		<p>Financing or refinancing agriculture, land restoration, forest management and urban greening projects:</p> <ul style="list-style-type: none"> • Certified agricultural practices under sustainable certification schemes, such as EU Organic, Global G.A.P., and / or equivalent national or international certification 	<ul style="list-style-type: none"> - SDG 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase

		<ul style="list-style-type: none"> • Sustainable agriculture as defined in the communiqué ¹⁴ that have national/international certificates or which save water and improve the recovery of local farming and agriculture lands • Sustainable management of forests, restoration of degraded forests as well as afforestation/reforestation activities and forestry activities to be certified to FSC, PEFC or an equivalent standard • Investments in projects which support sustainable agriculture activities such as: no-till farming systems, restoration of degraded pasture, soil recovery, use of natural fertilizer, crop rotation etc. • Investments in green sustainable projects or infrastructure such as park and green areas development, that provide resilience and other infrastructure benefits 	<p>afforestation and reforestation globally</p> <ul style="list-style-type: none"> - SDG 11.a: Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning - SDG 15.A: Increase financial resources to conserve and sustainably use ecosystem and biodiversity
Clean transportation		<p>Financing or refinancing production, establishment, acquisition, expansion, upgrades, maintenance and operation of:</p> <ul style="list-style-type: none"> • fully electric vehicles; • hydrogen vehicles; hybrid electric vehicles and ferries (passenger transport), below the threshold of 50 g CO₂e/p-km for passenger vehicles and 25 g CO₂e/t-km for freight vehicles • Charging infrastructure for electric vehicles • Investment related to the development of public transport infrastructure and services including electrified railways and railway extensions 	<ul style="list-style-type: none"> - SDG 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons




¹⁴ <https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=14217&MevzuatTur=7&MevzuatTertip=5> : Communiqué regulating “the Principles of Organic/Sustainable Agriculture in Turkey and its Implementations” dated 18.08.2010 with Official Gazetta No : 27676

<p>Pollution prevention and control</p>	 	<p>Financing or refinancing development, construction, operation and maintenance of sustainable waste management and recycling projects, activities and operations, e.g.:</p> <ul style="list-style-type: none"> • Development, operation and upgrade of recycling plants and recycling activities for metals, plastic and paper • Reconstruction, expansion, renovation or refurbishment investments aimed to increase resource use efficiency including but not limited to a reduction in non-recoverable waste (tons) • Soil remediation for land restoration¹⁵ • Waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy • Projects that reduce end-of-pipe air pollution 	<ul style="list-style-type: none"> - SDG 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management - SDG 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
<p>Eco-efficient and / or circular economy adapted products, production technologies and processes</p>		<p>Financing or refinancing resource use efficiency and circular and / or recyclable products including e-waste recovery projects or operations with robust waste management processes in place to ensure all related projects risks are properly managed:</p> <ul style="list-style-type: none"> • Solutions that extend the product life cycle, through product refurbishment, re-usable materials or refillable schemes • Production that uses waste, renewable or recycled resources as feedstock, e.g substitution of critical materials with biological or bio-based materials, incorporation of renewable energy or processes fuelled by energy from solar, wind or other renewable energy sources¹⁶ 	<ul style="list-style-type: none"> - SDG 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

¹⁵ not applicable to those soil remediation projects specified in Akbank's exclusion list and in those projects which seek loan/finance belongs to the company that caused the contamination itself. However, if remediation/clean-up is being done by government, by a government agency, by an NGO or by a different company other than the one which caused contamination and wants to utilize the land after remediation, such projects are deemed eligible

¹⁶ Eligible projects should result in a reduction of lifecycle emissions of 15% or more. All biogenic feedstock should be sustainably sourced and should not compete with food sources.

Eligible social projects:

Eligible Project category	UN SDGs ¹⁷	Activities	Alignment with the UN SDG Targets
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance	   	<ul style="list-style-type: none"> Financing or refinancing all SMEs¹⁸, micro enterprises or start-ups¹⁹ including: Financing or refinancing SMEs, micro enterprises and start-ups that qualify for at least 1 of the below: <ul style="list-style-type: none"> Owned (at least 51%) or led by women²⁰ In case the women ownership is below 51%, women to assume at least one of the managerial roles at the company and has at least 20% female ownership Has a workforce of at least 51% women or the overall operational management responsibility is held by a woman (or women)²¹ Has a workforce in which vulnerable groups²² are adequately²³ represented Women's employment is encouraged through supportive practices such as providing or supporting for childcare, or women health services, etc. Owned and/or operated by migrants, youth, vulnerable groups Facing the problem for the construction/maintenance of buildings or unemployment caused by natural disasters (such as earthquake, floods, etc.) or health 	<ul style="list-style-type: none"> SDG 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty according to national definitions SDG 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services SDG 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in

¹⁷ <https://sustainabledevelopment.un.org/?menu=1300>

¹⁸ According to the official definition provided by the communiqué titled "The Definition of SMEs, Their Properties and Segmentation) dated 18.11.2005 with Official Gazette No:25997 accessible at <https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=20059617&MevzuatTur=3&MevzuatTertip=5>; Small and Medium-Sized Enterprises (SMEs), are defined as companies with number of employees below 250 and turnover or total assets equal to or below TL 125 million. Micro and SME definition of Akbank in effect may differ from that general official definition in line with the bank's own segmentation policies at any time.




¹⁹ Including those located in economically underperforming regions of Turkey

²⁰ <https://www.ifc.org/wps/wcm/connect/44b004b2-ed46-48fc-8ade-aa0f485069a1/WomenOwnedSMes+Report-Final.pdf?MOD=AJPERES&CVID=kiiZZDZ>

²¹ <https://www.ifc.org/wps/wcm/connect/44b004b2-ed46-48fc-8ade-aa0f485069a1/WomenOwnedSMes+Report-Final.pdf?MOD=AJPERES&CVID=kiiZZDZ>

²² For definition of Vulnerable groups, please refer to the definition of United Nations accessible at : <https://www.undp-capacitydevelopment-health.org/en/legal-and-policy/key-populations/#:~:text=Vulnerable%20and%20key%20populations%20include,in%20law%2C%20policy%20and%20practice.>

²³ minimum of 20% threshold

		pandemic (such as but not limited to COVID-19)	<p>developing countries, to financial services, including affordable credit, and their integration into value chains</p> <p>- SDG 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average</p>
Access to essential services	 	<p>Financing or refinancing developments, construction, maintenance and operation of publicly available or subsidised healthcare, education and vocational training infrastructures and services, including:</p> <ul style="list-style-type: none"> • Construction, refurbishment and modernisation of hospitals and healthcare facilities and medical equipment, healthcare technology. • Providing affordable or free essential healthcare services to the underprivileged • Funding educational institutions including primary and secondary schools, universities and tertiary education centers, technical/ vocational training centers and programs; and student housing • Investment in technologies to improve public education 	<p>- SDG 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> <p>- SDG 4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</p>
Affordable Housing		<p>Financing or refinancing social housing mortgages to disadvantaged groups:</p> <ul style="list-style-type: none"> • Affordable housing as aligned to Turkish national regulation ²⁴ 	<p>- SDG 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>

²⁴ Social housing eligibility criteria determined by the regulator is accessible at <https://www.toki.gov.tr/basvuru-sartlari>

Excluded Projects

For any Sustainable Finance instrument issued, Akbank asserts that it will not use the proceeds for any lending that doesn't comply with the bank's non-financing activities (exclusion) list²⁵, general lending policies, sustainable lending policies and minimum environmental and social requirements stipulated by national laws and regulations. Coal Related Activities are also excluded i.e. the following economic activity by any sub-borrower, client or recipient of financing from the borrower: coal mining, coal transportation, coal-fired power plants, or infrastructure services exclusively dedicated to support any of these activities.

ii) Project Evaluation and Selection

The Project Evaluation and Selection Process will ensure that the proceeds of the Akbank Sustainable Finance instruments issued are allocated to new lending or existing projects/expenditures that meet the criteria set out above in Section i), Use of Proceeds, as well as undergoing the bank's general lending policies, sustainable lending policies and minimum environmental and social requirements stipulated by national laws and regulations.

Akbank's Sustainable Finance Preliminary Committee (SFPC)²⁶ will carry out the evaluation and selection process. As an integral body of Sustainable Committee, the SFPC will consist of members from:

- Investor Relations & Sustainability
- International Banking & Institutional Clients
- Loan/Credit Allocation
- Corporate Banking
- Commercial Banking
- Bancassurance and Retail Banking
- Treasury
- Private Banking & Investment Services
- And any other relevant departments

The SFPC will:

- consult with other departments (as necessary) to identify and recommend eligible projects or expenditures for inclusion as Eligible Use of Proceeds. It is expected that the projects will be aligned to the Akbank environmental strategy and other priorities.
- review all proposed Eligible Use of Proceeds to determine their compliance with the Akbank's Sustainable Finance Framework in order to approve the allocation of proceeds.
- flag approved project(s) (if proceeds are waiting to be allocated), which will be managed by the SFPC
- review the allocation of the proceeds to the Eligible Use of Proceeds and determine if any changes are necessary (for instance, in the event that projects or expenditures have been cancelled, sold or otherwise become ineligible).
- decide to exclude or replace select Eligible Projects if an Eligible Project no longer meets the eligibility criteria, or the Eligible Project in the pool no longer requires funding
- also review and be in charge of the management of proceeds (as described in Section iii) and facilitate reporting (as described in Section iv).
- manage any future updates of the Framework and corresponding Second Party Opinion (SPO)

²⁵ Akbank non-financing activities (exclusion) list is accessible at:

https://www.akbankinvestorrelations.com/en/images/pdf/NON_FINANCING_ACTIVITIES_LIST.pdf

²⁶ The name, structure, functions, responsibilities and members of the Sustainable Finance Preliminary Committee (SFPC) may be altered at Akbank's discretion.

iii) Management of Proceeds

Akbank intends to allocate the proceeds from the Sustainable Financing (Borrowing) Instruments issuance to a portfolio of loans that meet the use of proceeds eligibility criteria and in accordance with the evaluation and selection process presented above, the Sustainable Loan Portfolio.

Akbank will achieve a level of allocation for the Sustainable Loan Portfolio which matches or exceeds the balance of net proceeds from its outstanding Sustainable Financing (Borrowing) Instruments within 3 years following the issuance of the Sustainable Finance (Borrowing) Instrument/s. Additional eligible loans will be added to the Sustainable Loan Portfolio to the extent required to ensure that the net proceeds from outstanding Sustainable Financing (Borrowing) Instruments will be allocated to the Sustainable Loan Portfolio.

Pending the allocation or reallocation, as the case may be, of the net proceeds of the Sustainable Financing (Borrowing) Instruments to eligible loans, Akbank will invest the balance of the net proceeds in cash and/or cash equivalent and/or other liquid marketable instruments.

iv) Reporting

An annual allocation reporting will be made publicly available within one year of issuance of any Akbank Sustainable Finance Instruments, which details the allocation of the net proceeds from any outstanding issuance. The allocation report will include the following details:

- Total amount of proceeds allocated to Eligible Green or Social Projects;
- Total amount allocated per Eligible Green or Social Project Category (optional based on the bank's discretion);
- Share of proceeds used for new financing vs refinancing;
- The amount of remaining unallocated proceeds.

In addition, Akbank intends to provide impact reporting on the expected environmental and social impacts of the Eligible Green or Social Projects. Impact reporting is intended to be made at least at the category level and on an aggregated basis, subject to the availability of the relevant data.

The impact reporting may include – depending on the availability of data - potential key environmental and social impact indicators that may cover but not limited to the following:

- **Energy efficiency:**
 - Estimated annual energy savings
 - Estimated annual CO₂ emissions avoided (tCO₂e)
- **Green buildings:**
 - Level of certification
 - Estimated annual energy consumption (in kWh/m²)
 - Estimated annual CO₂ emissions avoided (tCO₂e)
- **Sustainable water and wastewater management:**
 - Amount of water treated or managed or re-used or recycled (m³)
 - Increase in water use efficiency (%)
 - Amount of wastewater treated (m³)
- **Renewable energy:**
 - Installed renewable capacity (MW) or renewable generation (MWh)

- Estimated annual CO₂ emissions avoided (tCO₂e)
- **Environmentally Sustainable Management of Natural Resources**
 - Sustainable agriculture land area (hectares)
 - Land restored (hectares)
 - Certification scheme, where applicable
- **Clean transportation:**
 - Number of vehicles
 - Estimated annual CO₂ emissions avoided (tCO₂e)
 - Number of charging stations
 - Length of bicycle path (in km)
- **Pollution prevention and control:**
 - Amount of waste prevented, reduced or recycled (in tons)
- **Eco-efficient and / or circular economy adapted products, production technologies and processes**
 - Estimated annual CO₂ emissions avoided (tCO₂e)
- **Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance:**
 - Number of SMEs financed, breakdown by target population
 - Amount of loans granted to SMEs, breakdown by target population
 - Number of jobs created / preserved
- **Access to essential services**
 - Number of hospitals / educational institutes financed
 - Number of beneficiaries
- **Affordable housing:**
 - Number of housing mortgages to disadvantaged groups and to social housing organizations
 - Number of beneficiaries

All reporting will be made public on Akbank's website <https://www.akbankinvestorrelations.com/en/>.

3. External Review

3.1 Second Party Opinion

Akbank will engage Sustainalytics to provide an External Review in the form of a Second Party Opinion on the Akbank Sustainable Finance Framework, and confirm alignment with the GBP/SBP/SBG.

This Second Party Opinion will be made public at <https://www.akbankinvestorrelations.com/en/> and will also be published at <https://www.sustainalytics.com/sustainable-finance/our-work/>.

3.2 External Verification

Akbank is committed to engage an {assurance provider, or an External Reviewer] to assess the compliance of bonds/loans issued against the Akbank Sustainable Finance Framework on annual basis.

The resulting report will be made public at Akbank's website <https://www.akbankinvestorrelations.com/en/>.

4. Amendments to this Framework

The Framework will apply to any Sustainable Finance Instruments and will be in force as long as any Sustainable Finance (Borrowing) Instrument is outstanding. The SFPC will review this Framework on a regular basis and such review may result in an update or amendment of this Framework. The updated Framework, if any, will be published on Akbank's website and will replace this Framework. Any changes and update will only be applied to the subsequent green, social or sustainable bonds/loans to be issued by Akbank.

Second-Party Opinion

Akbank Sustainable Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Akbank Sustainable Finance Framework is credible and impactful and aligns with Green Bond Principles (GBP) 2018, Social Bond Principles (SBP) 2020, Sustainability Bond Guidelines (SBG) 2018, and Green Loan Principles (GLP) 2020. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – (i) Energy Efficiency, (ii) Green Buildings, (iii) Sustainable Water and Wastewater Management, (iv) Renewable Energy, (v) Environmentally Sustainable Management of Natural Resources, (vi) Clean Transportation, (vii) Pollution Prevention and Control, (viii) Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, (ix) Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises, including through the Potential Effect of SME Financing and Microfinance, (x) Access to Essential Services, (xi) Affordable Housing – are aligned with those recognized by the GBP, SBP, and GLP. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 3, 4, 6, 7, 8, 9, 10, 11, 12 and 15.



PROJECT EVALUATION / SELECTION Akbank's internal process in evaluating and selecting projects is managed by a Sustainable Finance Preliminary Committee ("SFPC"). The SFPC consists of members from various departments and it will review all proposed allocations for alignment with the eligibility criteria in the Framework and remove projects deemed no longer eligible. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS The SFPC is responsible for management of proceeds. The proceeds will be managed in a portfolio approach. Pending full allocation, the unallocated proceeds will be temporarily held in cash, cash equivalent, and/or other liquid marketable instruments. Akbank plans to allocate the proceeds within 36 months. This is in line with market practice.



REPORTING Akbank intends to provide annual allocation and impact reporting on its website on an annual basis until full allocation. Where feasible, through allocation reporting, Akbank will provide information on total amount of proceeds allocated to eligible projects, total amount allocated to each project category, share of financing and refinancing, and amount of remaining unallocated proceeds. In addition, Akbank will report on relevant environmental and social impact metrics, to be made at least at the category level, and subject to the availability of data. This is in line with market practice.

Evaluation date	February 2, 2021
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Issuer Location	Istanbul, Turkey
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Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices.....	13

For inquiries, contact the Sustainable Finance Solutions project team:

Jonathan Laski (Toronto)
Project Manager
jonathan.laski@sustainalytics.com
(+1) 647 264 6640

Mina Jang (Amsterdam)
Project Support
mina.jang@sustainalytics.com
(+31) 20 205 0044

Grace Paranjape (Amsterdam)
Project Support
grace.paranjape@sustainalytics.com
(+31) 68 508 4232

Jean-Claude Berthelot (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

Established in 1948 and headquartered in İstanbul, Akbank T.A.Ş. (“Akbank”, the “Bank”, or the “Issuer”) is a Turkish private bank. Akbank provides services in (i) corporate and investment banking, (ii) commercial banking, (iii) small and medium-sized enterprise (“SME”) banking, (iv) consumer banking, (v) payment systems, (vi) treasury transactions and private banking, and (vii) international banking services. As of December 2020, Akbank has 719 branches with over 12,000 employees in Turkey while operating overseas business through its subsidiaries in Germany and Malta.

Akbank has developed the Akbank Sustainable Finance Framework (the “Framework”) under which it intends to issue green, social and sustainability bonds and loans, using the proceeds to finance and refinance, in whole or in part, existing and future projects that facilitate the transition to a low-carbon economy and advance socio-economic development in Turkey.

The Framework defines green eligibility criteria in eight areas:

1. Energy Efficiency
2. Green Buildings
3. Sustainable Water and Wastewater Management
4. Renewable Energy
5. Environmentally Sustainable Management of Natural Resources
6. Clean Transportation
7. Pollution Prevention and Control
8. Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes

Furthermore, the Framework defines social eligibility criteria in three areas:

1. Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises, including through the Potential Effect of SME Financing and Microfinance
2. Access to Essential Services
3. Affordable Housing

Akbank engaged Sustainalytics to review the Akbank Sustainable Finance Framework, dated January 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2018 (“GBP”),¹ Social Bond Principles 2020 (“SBP”),² Sustainability Bond Guidelines 2018 (SBG),³ and Green Loan Principles 2020 (GLP).⁴ This Framework has been published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, as administered by ICMA;
- The Framework’s alignment with the Green Loan Principles 2020, as administered by the LMA;
- The credibility and anticipated positive impacts of the use of proceeds; and

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

² The Social Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

³ The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁴ The Green Loan Principles are administered by the Loan Market Association and are available at: <https://www.lma.org/content/green-loan-principles/>

⁵ The Akbank Sustainable Finance Framework is available on Akbank’s website at: <https://www.akbankinvestorrelations.com/en/>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.6, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Akbank's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Akbank representatives have confirmed (1) they understand it is the sole responsibility of Akbank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Akbank.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Akbank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Akbank Sustainable Finance Framework

Sustainalytics is of the opinion that the Akbank Sustainable Finance Framework is credible, impactful and aligns with the four core components of the GBP, SBP, and GLP. Sustainalytics highlights the following elements of Akbank's Framework:

- Use of Proceeds:
 - The eligible categories – (i) Energy Efficiency, (ii) Green Buildings, (iii) Sustainable Water and Wastewater Management, (iv) Renewable Energy, (v) Environmentally Sustainable Management of Natural Resources, (vi) Clean Transportation, (vii) Pollution Prevention and Control, (viii) Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, (ix) Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises, including through the Potential Effect of SME Financing and Microfinance, (x) Access to Essential Services, (xi) Affordable Housing – are aligned with those recognized by the GBP, SBP and GLP. Sustainalytics is of the opinion that bonds and loans issued under the Framework are expected to facilitate a shift to a low-carbon economy and bring positive socioeconomic impacts in Turkey.
 - Under the "Energy Efficiency" category, Akbank intends to finance or refinance the establishment, acquisition, expansion and upgrade of existing transmission lines and energy storage facilities, smart technologies and/or the associated infrastructure.
 - The Bank has confirmed that grid expansion projects will be eligible when meeting one of the following criteria: (i) transmission lines are supporting/integrating at least 90% renewable electricity, or a pro-rata approach to determine green allocation; (ii) the grid is on

- a decarbonization trajectory; or (iii) if transmission lines connect two energy systems, the Bank will exclusively finance a part of the project utilizing renewable energy.
- Sustainalytics positively views the Framework's inclusion of a defined energy efficiency threshold – improving the efficiency of energy consumption at least by 15% and/or reducing greenhouse gas emissions at least by 15% – for refurbishment, rehabilitation and renovation in non-fossil fuel-based technologies.
 - In regard to hydrogen energy storage facilities, Akbank notes that the facilities will utilize water electrolysis or any processes/technologies that do not utilize fossil fuel.
- Under the “Green Buildings” category, Akbank may finance or refinance low-carbon new, existing or refurbished public, commercial and residential buildings meeting one of the following standards: (i) building energy performance certificate, (ii) third-party certification standards (LEED Gold and above, BREEAM Very Good and above, DGNB Gold and above, HQE Excellent and above, and ÇEDBİK Green Building Certification), EDGE (Certified, Advanced or Zero Carbon) or (iii) quantitative improvements. Sustainalytics has conducted an evaluation of these schemes (see Appendix 1) and considers the minimum levels committed to under the Framework as indicative of strong performance, subject to comments below.
- Regarding the building energy performance certificate approach – called BEP-TR, Sustainalytics views the alignment of the programme with the European Union's Energy Performance of Buildings Directive positively.⁷ As of 2020, buildings rated “B” or above account for the top 34.26% of those assessed under the scheme. While Sustainalytics recognizes that market practice is to finance only the top 15% of buildings, it is noted that only approximately 10-15% of Turkey's building stock has been evaluated using this methodology and that the buildings assessed are generally newer. Therefore, Sustainalytics considers buildings with BEP-TR “B” or above to perform better than the overall stock. Furthermore, Sustainalytics highlights that Akbank will prioritize buildings that fall under the top 15% of buildings which is in line with market practice.
 - Sustainalytics recognizes that BREEAM Very Good is considered to be in line with market practice in some contexts, while in others BREEAM Excellent is preferred. In any case, Sustainalytics encourages the selection of BREEAM buildings that score high enough in the energy category to fulfill the requirements for BREEAM Excellent in that category.
 - Regarding ÇEDBİK Green Building Certification, Sustainalytics views the inclusion of the programme positively, while noting the limited data regarding coverage and achievements.
 - Sustainalytics positively views the inclusion of a minimum threshold of 30% for refurbished public, commercial and residential buildings, which is in line with market practice.
- For the “Sustainable Water Management and Wastewater Management” category, Akbank has confirmed that the Bank will exclude fossil fuel operations from wastewater management projects.
- Under the “Renewable Energy” category, Akbank may finance or refinance the following:
- The equipment, development, manufacturing, construction, operation and maintenance of energy generation assets from renewable energy sources including (i) onshore and offshore wind, (ii) solar, (iii) hydropower projects smaller than 25 megawatts, and (iv) geothermal projects with lifecycle emissions less than 100 grams of CO₂e/kilowatt-hour.
 - For Concentrated Solar Power (CSP) projects, Akbank has confirmed the minimum threshold of 85% of power coming from the solar energy resources.
 - Construction, renovation or refurbishment of new electricity grids and expansions that partly transmit renewable energy. Akbank notes that development and maintenance of electricity grid is eligible when (i) dedicated to connecting renewables to the power grid, or (ii) supporting and/or integrating at least 90% renewable electricity.
- Under the “Environmentally Sustainable Management of Natural Resources” category, Akbank will finance or refinance agriculture, land restoration, forest management and urban greening projects including:
- Agricultural projects certified under sustainable certification schemes, namely EU Organic, Global G.A.P.⁸ and/or other equivalent national or international certification schemes. Please refer to Appendix 2 for Sustainalytics' assessment of agriculture certification schemes.

⁷ European Union's Energy Performance of Buildings Directive, at: https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en

⁸ Livestock/poultry production is not eligible under this category.

- Sustainable agriculture as defined by the Government in Turkey in a communique titled “Regulation on the Principles and Application of Organic Farming”⁹ that have national/international certificates or save water, including the improvement and recovery of agricultural lands and local farming.
- Forestry activities certified to Forest Stewardship Council (“FSC”), Programme for the Endorsement of Forest Certification (“PEFC”), or an equivalent standard. Please refer to Appendix 3 for Sustainalytics’ assessment of forestry certification schemes.
- Urban greening projects providing resilience and other infrastructure benefits (e.g. park and green areas development/restoration) in Turkish cities.
- Under the “Clean Transportation” category, Akbank may finance or refinance zero-emission vehicles, including electric and/or hydrogen vehicles, as well as infrastructure for electric transportation of passengers and freight. Hybrid electric passenger vehicles as well as ferries for passenger transport may also be financed provided they meet the threshold of 50 gCO₂e/p-km for passenger vehicles. Freight vehicles may be financed if they meet the threshold of 25 gCO₂e/t-km.
- For its “Pollution Prevention and Control” category, Akbank intends to finance the development of recycling plants, waste reduction projects, soil remediation projects, waste prevention projects, and air pollution projects.
 - For soil remediation projects, the Bank has specified that certain projects will not be eligible – namely industries specified in the Bank’s Exclusion list¹⁰ and projects where the soil contamination was caused by the same company now seeking financing from the Bank.
- Under the “Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes” category, Akbank may finance or refinance resource use efficiency and circular/recyclable products including:
 - Solutions that extend the product life-cycle, such as applying modular design or design for disassembly, take-back schemes and redeploying products (reverse logistic), reuse, repair and/or products regeneration/refurbishment.
 - Production that uses renewable or recycled resources, that substitute critical materials with biological or bio-based materials, processes fueled by energy from solar, wind or other renewable energy sources. Such production has the following eligibility criteria: (i) reasonable basis/evidence to support substantial reduction of life-cycle emissions relative to comparable fossil product, or (ii) sustainable sourcing of the proportion of biogenic feedstock if used.
 - Products that can be recycled or composted, where the input feedstock derives from recycled/reused waste. Akbank has confirmed that aforementioned products will exclude virgin raw material as input feedstock.
 - Innovative circular technologies using wastes as raw materials more efficiently emitting lower CO₂ emissions compared to the alternatives. The example of technologies includes bioplastic production from olive pits. The Bank articulates such technologies will be financed on condition that only waste feedstocks will be used, to avoid any negative impacts on food security.
 - Akbank may finance electronic waste (e-waste) recovery projects that have robust waste management processes in place to ensure they manage all related projects risks.
- Under the “Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises, including through the Potential Effect of SME Financing and Microfinance” category, Akbank intends to allocate the proceeds to all SMEs, micro enterprises or start-ups¹¹ including those meeting one of the following criteria:
 - (i) minimum 51% owned or led by women; (ii) In case the women ownership is below 51%, women to assume at least one of the managerial roles at the company and at least 20% female ownership (iii) has a workforce of at least 51% women or the overall operational management responsibility is held by a woman (or women); (iv) has a workforce in which vulnerable groups¹² are adequately represented; (v) women’s employment is encouraged

⁹ Republic of Turkey/Legislation Information System, “Regulation on the Principles and Application of Organic Farming”, at: <https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=14217&MevzuatTur=7&MevzuatTertip=5>

¹⁰ Akbank, “Non Financing Activities List”, at: [NON_FINANCING_ACTIVITIES_LIST.pdf \(akbankinvestorrelations.com\)](https://www.akbankinvestorrelations.com/non-financing-activities-list.pdf)

¹¹ Regulatory Information System, “The Management of Small and Medium-sized Enterprises. Regulations on their quality and classing”, at: <https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=20059617&MevzuatTur=3&MevzuatTertip=5>. Micro and SME definition of Akbank in effect may differ from that general official definition in line with the bank’s own segmentation policies at any time.

¹² Akbank follows the definition of vulnerable population defined by UNDP: “populations that live in poverty without access to safe housing, water, sanitation and nutrition and those who are stigmatized, discriminated against, marginalized by society and even criminalized in law, policy and practice”,

through supportive practices (e.g. childcare, or women health services, etc.); (vi) owned and/or operated by migrants, youth, vulnerable groups; and (vii) facing the effects of natural disasters (e.g. earthquakes, floods, etc.) for the construction, development, maintenance or renovation of buildings and to prevent/alleviate potential consequent unemployment, health pandemics including COVID-19, and loans granted by dedicated governmental-guaranteed schemes will be eligible.

- Under the “Access to Essential Services” category, Akbank may finance or refinance healthcare, education and vocational training infrastructures and services including (i) the construction, or refurbishment of hospitals, healthcare facilities and medical equipment and technology; (ii) providing affordable or free essential healthcare services to underprivileged populations; (iii) funding educational institutions including public schools, universities, tertiary education centres, technical/vocational training centres and student housing; and (iv) investment in technologies to improve public education specialized treatment centers, nursing homes, rehabilitation centers and elderly care facilities owned by government or private,¹³ (iii) production of medical supplies and equipment needed for the prevention and/or treatment of health pandemics, (iv) R&D in the healthcare/pharmaceutical industry aimed at addressing health pandemics, (v) public and subsidized schools, universities and technical/vocational training centers, and (vi) development of technologies, processes and programs to improve public education and training. Sustainalytics positively views that the services in this category will be publicly available (free or subsidized), and therefore accessible to marginalized groups as well as the general public.
- Under the “Affordable Housing” category, Akbank may finance social housing projects as defined by the Housing Development Administration of Turkey (TOKI).¹⁴ Target population defined by TOKI¹⁵ focuses on low- and middle-income groups based on the public sector wage index and maximum net monthly household income. Additionally, TOKI ensures that the sales price and re-payment conditions are defined by the income and saving patterns of the target groups, while the terms do not apply to the private sector.
- Akbank has established a three-year look-back period for its refinancing, which is aligned with market practice.
- Project Evaluation and Selection:
 - Akbank has established a Sustainable Finance Preliminary Committee (“SFPC”) to oversee the project evaluation and selection process as well as to manage any updates on allocation of proceeds where, for example, a project is deemed to no longer be eligible. The SFPC is comprised of representatives from Investor Relations & Sustainability, International Banking & Institutional Clients, Loan/Credit Allocation, Corporate Banking, Commercial Banking, Assurance and Retail Banking, Treasury, Private Banking & Investment Services and other relevant departments as necessary. The SFPC will review and approve all proposed allocations of bond proceeds with Akbank’s Sustainable Finance Framework and will manage any future updates of the Framework.
 - Based on the appropriate oversight of project evaluation and selection process, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The SFPC will be in charge of management of proceeds. Akbank will track allocation of proceeds using a portfolio approach. Pending full allocation, the unallocated proceeds will be temporarily held in cash, cash equivalent, and/or other liquid marketable instruments.
 - Akbank intends to allocate the net bond proceeds within 36 months.
 - Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Until full allocation, Akbank commits to publishing allocation and impact reports on an annual basis on its website.
 - Allocation reporting will include information on the total amount of proceeds allocated to eligible projects, total amount allocated to each project category, share of financing and refinancing, and amount of remaining unallocated proceeds.

available at: <https://www.undp-capacitydevelopment-health.org/en/legal-and-policy/key-populations/#:~:text=Vulnerable%20and%20key%20populations%20include,in%20law%2C%20policy%20and%20practice>

¹³ Private facilities will be financed on condition that patient expenses are subsidized by the Government.

¹⁴ Housing Development Administration of Turkey (TOKI), at: <https://www.toki.gov.tr/en/>

¹⁵ TOKI’s definition of target population for its social housing projects is available at: <https://www.toki.gov.tr/en/housing-programs.html>

- Akbank intends to report on relevant environmental and social impact metrics, subject to the availability of data, including, but not limited to estimated annual energy savings, estimated annual CO₂ emissions avoided (tCO₂e), level of green building certification, amount of water treated or managed or re-used or recycled (m³), increase in water use efficiency (%), installed renewable capacity (MW) or renewable generation (MWh), sustainable agriculture land area (hectares), number of vehicles (clean transportation), amount of waste prevented, reduced or recycled (tons), number of SMEs financed, breakdown by target population, number of hospitals/educational institutes financed, and number of housing mortgages to disadvantaged groups/social housing organizations.
- Based on Akbank's commitment to annual allocation and impact reporting, Sustainalytics considers this reporting process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Akbank Sustainable Finance Framework aligns to the four core components of the GBP, SBP and GLP. For detailed information please refer to Appendix 4: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Akbank

Contribution of Framework to Akbank's sustainability strategy

Akbank demonstrates a commitment to sustainability with a focus on several key environmental and social areas including (i) Sustainable Finance (ii) Ecosystem Management (iii) Climate change and (iv) People and Community.¹⁶ Akbank aims to support businesses to reduce their impact on the environment and transition to a sustainable economy. Akbank became the first Turkish bank to be a signatory to the United Nations Global Compact¹⁷ in 2007.¹⁸

Akbank's sustainability strategy includes the implementation of its *Environmental and Social Credit Policies*.¹⁹ Akbank manages high priority environmental and social risks and opportunities that arise in their products, services and operations by conducting a materiality analysis.²⁰ By identifying the material issues that are important to stakeholders and are required for strong environmental and social performance, Akbank determines risks and opportunities to support their sustainability strategy.²⁰

Akbank has set 2030 targets to provide TRY 200 bn (EUR 23 bn)²¹ in sustainable loan financing and TRY 15 bn (EUR 1.7 bn)²² in sustainable investment funds until 2030.¹⁶ By 2025, the Bank intends to attain carbon neutrality in its operations.¹⁶ A "Sustainability Committee" has been established as of January 2021 in order to oversee the efforts of all business units towards achieving the sustainability performance targets.²³ Members of the Sustainability Committee convene at least two times per year and include Executive board members, Independent board member, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and the Senior Vice President of Investor Relations and Sustainability.

Since 2010, Akbank has adapted its SME loan processes to the environmental and social standards set by the International Finance Corporation ("IFC"). This led to Akbank establishing Environmental and Social Management Systems for SME loans under the securitization transaction amounting to USD 250 million.²⁴

¹⁶ Akbank, "Akbank's Sustainability Commitments", at: <https://www.akbankinvestorrelations.com/en/sustainability/detail/Akbanks-sustainability-commitments/74/54/0>

¹⁷ UN Global Compact, "The Power of Principles", at: <https://www.unglobalcompact.org/what-is-gc/mission/principles#:~:text=%20The%20Ten%20Principles%20of%20the%20UN%20Global,diffusion%20of%20environmentally%20friendly%20technologies.%20%20More%20>

¹⁸ UN Global Compact, "Akbank T.A.S.", at: <https://www.unglobalcompact.org/what-is-gc/participants/397-Akbank-T-A-S->

¹⁹ Akbank, "Environmental And Social Credit Policies", at: www.akbankinvestorrelations.com/en/sustainability/detail/Environmental-and-social-policies/72/52/0

²⁰ Akbank, "Akbank Sustainability Report 2019", at www.akbankinvestorrelations.com/en/images/pdf/2019_akbank_sustainability_report.pdf

²¹ Exchange rate: EUR/ TRY 8.6225 on Feb. 2. 2021

²² Exchange rate: EUR/ TRY 8.6225 on Feb. 2. 2021

²³ Akbank, "Akbank's Sustainability Governance", at: <https://www.akbankinvestorrelations.com/en/sustainability/detail/Akbanks-sustainability-governance/204/339/0>

²⁴ IFC, "IFC Performance Standards", (2012), at: www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

The Bank prioritizes financing projects that improve environmental conditions, such as renewable energy or waste recycling investments, and investments that reduce carbon emissions or increase productivity. Akbank reports extending project finance loans totaling USD 1,711 million which has prevented 5.8 million tons of carbon emissions, as of the end of 2019.

To support gender equality, Akbank joined the Women's Empowerment Principles,²⁵ a private sector program set up by the United Nations in 2019 and followed a fair employment policy focused on equal opportunities. Akbank has taken steps to report on its operational environmental impact by reporting on carbon emissions (scope 1 and 2), and water consumption.²⁰

Sustainalytics is of the opinion that the Akbank Sustainable Finance Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental and social priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are recognized by the GBP 2018 and SBP 2020 to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include risks to community relations issues, loss of biodiversity and ecological risks related to the construction of large-scale infrastructure. Furthermore, financial institutions are exposed to risks of financing environmentally and socially harmful activities while offering lending services. Sustainalytics is of the opinion that Akbank is able to manage and mitigate potential risks through implementation of the following policies and assessments:

- Akbank has provided details in a document titled "Environmental and Social Risk Assessment System"²⁶ that is managed by the Environmental and Social Impact assessment team. The Bank states that project loans over USD 10 million and commercial loans over USD 50 million will be subject to environmental and social risk assessment (ESIA).²⁶ In addition, Akbank has an effective ESMS (Environmental Social Management System) for its entire Micro and SME portfolio.
 - Investment loans or project finance requests will be classified as low, medium or high risk and are monitored periodically based on risk category.²⁶ For low-risk investments, prospective borrowers are requested to prepare an environmental and social action plan with details on risk mitigation. For medium and high-risk investments, a due diligence assessment by an independent consultant is requested to determine social and environmental risks of planned activities.²⁶
 - Akbank states that it does not lend to companies that are categorized as medium and high risk and does not agree to take actions to mitigate identified risks.²⁶
- Akbank is a signatory to the UN Global Compact Principles, providing guidelines on topics of upholding human rights, eliminating unfair labor practices, and promoting environmental sustainability.¹⁷
- In regard to SME financing, loans that Akbank secures from international financial institutions such as IFC, EBRD, and EIB are to be lent out to their customers that meet conditions of being environmentally friendly and supporting development.²⁰ Akbank establishes dialogues with the international financial institutions to build management systems to monitor environmental and social performances of its customers pursuant to the conditions attached to these loans.
- In regards to stakeholder engagement with local communities, Akbank conducts Environmental and Social Impact Assessment (ESIA) for project loans over USD 10 million and commercial loans over USD 50 million. The ESIA studies impacts on communities that are affected by project financing and lending activities.²⁰ In 2019, Akbank conducted four ESIA studies and visited 9 project sites to examine impact together with independent consultants.²⁰
- Under Akbank's non-financing list,²⁷ there are activities that Akbank will not finance under any circumstance. This list includes controversial contents such as (i) production or trading of products or services that are deemed illegal by national legislation or international treaties, (ii) production of weapons, (iii) activities that involve child labor, (iv) trading of wildlife products of CITES-listed

²⁵ Women's Empowerment Principles, "About | WEPs", at: www.weps.org/about

²⁶ Akbank, "Environmental and Social Risk Assessment System", at:

www.akbankinvestorrelations.com/en/images/pdf/ENVIRONMENTAL_AND_SOCIAL_RISK_ASSESSMENT_SYSTEM_v2.pdf

²⁷ Akbank, "Non Financing Activities List", at: https://www.akbankinvestorrelations.com/en/images/pdf/NON_FINANCING_ACTIVITIES_LIST.pdf

species,²⁸ (v) production or trading of ozone-depleting products, and (vi) production and trading of products that contain polychlorinated biphenyls (PCBs). Furthermore, Akbank has confirmed that the Bank will exclude any fossil-fuel related activities under eligible social projects in the bank's Sustainable Finance Framework.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Akbank has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All eleven use of proceeds categories are aligned with those recognized by the GBP, SBP and GLP. Sustainalytics has focused on four below where the impact is specifically relevant in the local context.

Importance of financing renewable energy, energy efficiency and green buildings in Turkey

Total final energy consumption in Turkey increased by 58% between 2005 and 2018²⁹ due to high population growth and a fast-growing economy. Fossil-fuel based sources (coal, oil and natural gas) accounted for nearly 83% of total energy supply in 2019.²⁹ To address this growing energy challenge, the Government of Turkey aims to increase the share of renewable energy sources to 30% by 2023, while advancing energy efficiency in Turkey aimed at reducing the country's primary energy consumption by 14% by 2023 compared to a 2017 baseline³⁰. To achieve this energy efficiency goal, the Government of Turkey has financed around USD 11 billion in energy efficiency measures.³¹ Financing of renewable energy projects will enable Akbank to support Turkey's energy transition.

Regarding the building sector, between 2000 and 2015, end-use energy consumption in Turkey increased by 66%. The building sector in Turkey is expected to have high potential for emission savings, as improving the existing buildings can considerably save energy and new buildings can be designed to become more energy efficient.³² Given this, the Government of Turkey has established the National Energy Efficiency Action Plan (NEEAP),³² signaling the importance of promoting environmental initiatives in the building sector. The NEEAP sets the target of "transforming at least one-fourth of the building stock in 2010 to sustainable buildings by 2023"³³.

Based on the above, Sustainalytics is of the opinion that Akbank's investments in renewable energy and green building projects are expected to contribute to Turkey achieving its national renewable energy and energy efficiency targets.

Importance of financing SMEs to support employment generation in Turkey

Akbank intends to provide financing to small and medium-sized enterprises (SMEs), micro enterprises, and start-ups to support employment generation and to alleviate unemployment stemming from socioeconomic crisis, pandemic, and natural disasters. In 2019, SMEs accounted for 99.8% of Turkish enterprises and 72.4% of total employment in Turkey.³⁴ Meanwhile between 2006 and 2017, regional disparities in economic development and unemployment have widened.³⁵ The unemployment rate in the 20% best performing regions averages 5.9%, while the bottom 20% regions average 15.8%.³⁵ Furthermore, SMEs are recognized to contribute to reducing regional inequalities as they are an important source of development and employment in underdeveloped regions in Turkey.³⁶ To support SME's with continuity and employment, the Government of Turkey has adopted financial initiatives, including the Credit Guarantee Fund, support packages and tax initiatives, in order to support and scale-up Turkish SMEs since 2016.³⁷

²⁸ CITES, "The Cites Species", at: <https://cites.org/eng/disc/species.php>

²⁹ IEA, "Key Energy Statistics", (2018), at: <https://www.iea.org/countries/turkey>

³⁰ IEA, "National Energy Efficiency Action Plan", (2020), at: <https://www.iea.org/policies/7964-national-energy-efficiency-action-plan-2017-2023>

³¹ EBRD, "EBRD welcomes Turkey's National Energy Efficiency Action Plan", (2018), at: <https://www.ebrd.com/news/2018/ebrd-welcomes-turkeysnational-energy-efficiency-action-plan.html>

³² Republic of Turkey – Ministry of Energy and Natural Resources, "National Energy Efficiency Action Plan (NEEAP) 2017-2023", at: http://www.yegm.gov.tr/document/20180102M1_2018_eng.pdf

³³ IEA, National Energy Efficiency Action Plan (2020), [National Energy Efficiency Action Plan 2017-2023 – Policies - IEA](#)

³⁴ European Commission, "2019 SBA Fact Sheet: Turkey", (2019), at: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/sba-fs-2019_turkey.pdf; <https://data.tuik.gov.tr/Bulten/Index?p=Small-and-Medium-Sized-Enterprises-Statistics-2019-37548&dil=2>

³⁵ OECD, "Regions and Cities at a Glance 2018 – Turkey", (2019), at: <https://www.oecd.org/cfe/TURKEY-Regions-and-Cities-2018.pdf>

³⁶ Erdin, C. et al., "Contribution of small and medium enterprises to economic development and quality of life in Turkey", (2020), at: <https://www.sciencedirect.com/science/article/pii/S2405844020300608>

³⁷ OECD, "Turkey: Small Business Act profile", (2019), at: <https://www.oecd-ilibrary.org/docserver/f565e33c-en.pdf?expires=1588758322&id=id&accname=guest&checksum=74B3C85D1B9AED39F47475D4ECF353E2>

Akbank intends to provide loans to SMEs affected by pandemics, such as COVID-19, and natural disasters in Turkey. As of March 2020, the World Health Organization (WHO) declared COVID-19 to be a global pandemic and urged nations to take prompt action.³⁸ On 18 March 2020, in response to the outbreak of the COVID-19 pandemic, the Government of Turkey announced an Economic Stability Shield package. As part of the package, the government has introduced several initiatives that include financial support to affected small and medium sized businesses, in need of additional liquidity and collateral deficit.³⁹

Akbank intends to provide loans to SMEs, micro-enterprises or start-ups where at least 51% shares belong to women or there are 51% of women in the workforce or the overall operational management responsibility is held by a woman (or women). Access to finance for SMEs, especially women-owned SMEs, is a significant challenge for the growth and continuity of the enterprises.⁴⁰ On average, 64% of loan applications for SME financing are granted a loan.⁴⁰ Among women-owned SME applications 47% are granted loan applications and they receive approximately USD 14,000 lower loan amounts on average than male-owned SME's.⁴⁰ The International Finance Corporation (IFC) indicates that increasing financial access for Turkish women-owned SMEs is expected to bring positive benefits for other underserved groups through facilitating employment generation.⁴¹ Based on this context, Sustainalytics is of the opinion that Akbank's lending to SMEs owned or led by women, will create employment generation by providing access to finance for SMEs while.

Based on the above context, Sustainalytics is of the opinion that Akbank's Sustainable Finance Framework will increase access to finance for SMEs to support employment generation, especially regarding female labour force participation in the economy, all the while fighting effects of unemployment stemming from COVID-19 and any future pandemics and natural disasters.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability bond advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	7. Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Green Buildings	11. Sustainable Cities and Communities	11.c Support least developed, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.4 By 2030 substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

³⁸ WHO, "WHO Director-General's opening remarks at the media briefing on COVID-19 - 11 March 2020", (2020), at:

<https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

³⁹ EY, "Turkey introduces Economic Stability Shield Package to reduce the impact of COVID-19", (2020), at: <https://taxnews.ey.com/news/2020-0605-turkey-introduces-economic-stability-shield-package-to-reduce-the-impact-of-covid-19?uAlertID=Sd%2fG8rua1oj6%2f158EZ2AiA%3d%3d#:~:text=%20The%20following%20measures%20are%20implemented%20by%20the.and%20revenue%20shares%20related%20to%20hotel...%20More%20>

⁴⁰ World Bank, "Gender Bias in SME Lending: Experimental Evidence from Turkey" (2019), at: <http://documents.worldbank.org/curated/en/244611577766368167/pdf/Gender-Bias-in-SME-Lending-Experimental-Evidence-from-Turkey.pdf>

⁴¹ IFC, "New Financing Tools Empower Turkey's Women Entrepreneurs", News, (2020), at: https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/impact-stories/turkey-womenentrepreneurs

Environmentally Sustainable Management of Living Natural Resources and Land Use	15. Life on Land	15.a Increase financial resources to conserve and sustainably use ecosystem and biodiversity
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Pollution Prevention and Control	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises, including through the Potential Effect of SME Financing and Microfinance	8. Decent work and economic growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium sized enterprises, including through access to financial services.
	9. Industry Innovation and Infrastructure	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains
	10. Reduce Inequalities	10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average
Access to Essential Services	3. Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Conclusion

Akbank has developed the Akbank Sustainable Finance Framework under which it will issue green, social and sustainability bonds and loans, using the proceeds to finance eligible project categories: (i) Energy Efficiency, (ii) Green Buildings, (iii) Sustainable Water and Wastewater Management, (iv) Renewable Energy, (v) Environmentally Sustainable Management of Living Natural Resources and Land Use, (vi) Clean Transportation, (vii) Pollution Prevention and Control, (viii) Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, (ix) Employment Generation, and Programs Designed to

Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises, including through the Potential Effect of SME Financing and Microfinance, (x) Access to Essential Services, (xi) Affordable Housing. Sustainalytics considers that the projects funded by the sustainability bond proceeds will facilitate the transition to a low-carbon economy and advance socio-economic development in Turkey.

The Akbank Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Akbank's Sustainable Finance Framework is aligned with the overall sustainability strategy of the Bank and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 6, 7, 8, 9, 10, 11, 12 and 15. Additionally, Sustainalytics is of the opinion that Akbank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Akbank is well-positioned to issue green, social and sustainability bonds and loans and that the Akbank Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018, Social Bond Principles 2020, Sustainability Bond Guidelines 2018 and Green Loan Principles 2020.

Appendices

Appendix 1: Certification Schemes for Green Buildings

	LEED ⁴²	BREEAM ⁴³	CEDBIK ⁴⁴	BEP-TR ^{45,46}	EDGE ⁴⁷
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	Building Research Establishment Assessment Method (BREEAM) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK, BREEAM is used for new, refurbished and extension of existing buildings.	CEDBIK (Turkish Green Building Council) is a rating system for residential and commercial buildings that is used in Turkey.	Building Energy Performance of Turkey (BEP-TR) Certification is a building energy performance calculation methodology that focuses on district heating and/or renewable energy for buildings above a certain threshold. BEP-TR was developed in alignment with Turkey's regulations and based on the EU's Energy Performance of Buildings Directive (EPBD).	EDGE (or "Excellence in Design for Greater Efficiencies") is a green building standard and certification system developed by the International Finance Corporation and applicable in 140 countries.
Certification levels/rating	Certified Silver Gold Platinum	Pass Good Very Good Excellent Outstanding	Certified Good Very Good Excellent	A B C D	EDGE Certified EDGE Advanced EDGE Zero Carbon
Areas of Assessment: Environmental Performance of the Building	Energy and Atmosphere Sustainable Sites Location and Transportation Materials and Resources Water efficiency Indoor Environmental Quality Innovation in Design Regional Priority	Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation	Energy Efficiency Water Efficiency Land use Health and Comfort Materials and Resources Life on Property Operation and Maintenance Innovation	Outdoor climatic conditions of a building's location Minimum energy performance (MEPs) of retrofits for existing buildings	1. Climatic Conditions 2. Building Type and Occupant Use 3. Design and Specifications 4. Building Orientation Calculation of the End Use Demand Overall energy demand in buildings; heating ventilation and air conditioning

⁴² USGBC, LEED, at: www.usgbc.org/LEED





⁴³ BREEAM, Building Research Establishment LTD, at: <https://breeam.com/>

⁴⁴ Cedbik, at: <https://cedbik.org/>

⁴⁵ BEP, Energy Performance of Buildings, at: <http://www.bep.gov.tr/default.aspx>

⁴⁶ International Partnership for Energy Efficiency Cooperation, Building Code Implementation – Country Summary, at: http://www.gbpi.org/sites/default/files/Turkey_Country%20Summary_0.pdf

⁴⁷ EDGE, "Certify", at: <https://www.edgebuildings.com/certify/>

					demand; virtual energy for comfort, energy demand for hot water requirements; lighting energy demand; water demand in buildings; estimations on rainwater harvesting or recycled water onsite; embodied energy in building materials.
Requirements	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Prerequisites depending on the levels of certification + Credits with associated points</p> <p>This number of points is then weighted by item⁴⁸ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score. BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Prerequisites (independent of level of certification) + additive Credits with associated points</p>	<p>BEP-TR calculates the maximum energy needed for heating, cooling hot water, ventilation and illumination of new existing buildings using an hourly calculation.</p> <p>Building Energy Performance Certificates (EPCs) are granted under the "Regulation on Energy Performance in Buildings". An EPC will not be granted to buildings with less than a C rating.</p>	<p>Prerequisites depending on the level of certification. To achieve the minimum level, EDGE Certified, a building must demonstrate a minimum 20% reduction in operational energy consumption, water use and embodied energy in materials as compared to typical local practices.</p>
Performance display				N/A	
Accreditation	<p>LEED AP BD+C LEED AP O+M</p>	<p>BREEAM International Assessor BREEAM AP BREEAM In Use Assessor</p>		<p>Aligned with EU EPBD</p>	

⁴⁸ BREEAM weighting: Management 12%, Health, and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

Qualitative considerations	Widely recognised internationally, and strong assurance of overall quality.	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (fewer minimum thresholds) than LEED certifications.	There has been one CEDBIK-certified project in Turkey since CEDBIK's launch in 2016. ⁴⁹	The application of BEP-TR is mandatory for all new buildings in Turkey except for industrial buildings, temporary buildings (used for less than 2 years), buildings with a total useful floor area of less than 50m ² , greenhouses, workshops, and stand-alone buildings with no heating or cooling requirements.	Strong assurance of overall quality due to the EDGE's development under the IFC umbrella.
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⁴⁹ DergiPark, Credit Success Rates of Certified Green Buildings in Turkey: <https://dergipark.org.tr/en/download/article-file/683057>

Appendix 2: Sustainalytics' assessment of agriculture schemes

	GLOBAL G.A.P. Agriculture	EU Organic
Background	The GLOBAL G.A.P. (Global Good Agricultural Practice) is a global organization that promotes safe, sustainable agriculture worldwide	The EU Organic Farming is a European wide label organized under the European Commission's Council Regulation (EC) no 834/2007. The regulation covers the organic production and labelling of organic products including live or unprocessed agricultural projects, processed agricultural products for use of food, feed, and vegetative propagating material and seeds for cultivation.
Clear positive impact	Promoting sustainable agriculture practices.	Promotion of a sustainable management system that respects nature's systems, contributes to biological diversity, uses energy responsibly, respects high animal welfare standards.
Minimum standards	The GLOBAL G.A.P. standard places a high degree of emphasis on the implementation of management plans and procedures, with a correspondingly lower focus on quantitative targets. Compliance Criteria consists of 3 types of control points. To obtain certification the following are required: <i>Major Musts:</i> 100% compliance is compulsory <i>Minor Musts:</i> 95% compliance is required <i>Recommendations:</i> no minimum % required	The EU Organic Farming system prohibits the use of GMOs (minimum 95% GMO free), the use of ionizing radiation and sets core requirements for plant production, production rules for seaweed, livestock production rules, production rules for aquaculture animals.
Scope of certification or programme	1. Applies to farm crop base: (i) fruit and vegetables, (ii) flowers and ornamentals, (iii) combinable crops, (iv) tea, (v) plant propagation material, (v) hop. 2. Covers the certification of the whole agricultural production process of the product, from before the plant is in the ground (origin and propagation material control points) to non-processes product. - Food safety and traceability; Environment (including biodiversity); Workers' health, safety and welfare; Animal welfare; Includes Integrated Crop Management (ICM), Integrated Pest Control (IPC), Quality Management System (QMS), and Hazard Analysis and Critical Control Points (HACCP) 3. Waste, conservation (weak), water	The EU Organic Farming system addresses key risks such as substance use (e.g. pesticides, soluble fertilizers, soil conditioners or plant protection products), the maintenance and enhancement of soil life, natural soil fertility, soil stability and biodiversity, preventing and combating soil damage (compaction, erosion).
Verification of standards and risk mitigation	GlobalGAP approves certification bodies, which can then in turn carry out audits and verification. Certification is valid for one year.	Certified entities undergo audits to ensure compliance with criteria and continuous improvement at least once a year, or more often based on a risk assessment.
Third party expertise and multi-stakeholder process	The standards are informed by FAO guidelines.	The EU Organic Farming is a government-based standard resulting from public consultations and third-party deliberations in line with the European Commission's typical legislative approach.

Performance display		 AB-CDE-999 EU Agriculture  AB-CDE-999 Non-EU Agriculture  AB-CDE-999 EU/non-EU Agriculture
Qualitative considerations	Widely recognized internationally, and strong assurance of overall quality. However, the environmental dimension, G.A.P. does not prohibit the use of pesticides beyond those permitted by national regulations. Furthermore, the certification includes no requirements for reducing, minimizing or substituting pesticides.	Every Member State must designate one or more private and/or public control authorities in charge for the organic production and labelling of organic products in the EU Member States.

Appendix 3: Sustainalytics' assessment of forestry certification schemes

	Forest Stewardship Council (FSC) ⁵⁰	Programme for the Endorsement of Forest Certification (PEFC) ⁵¹
Background	The Forest Stewardship (FSC) is a non-profit organization established in 1993 that aims to promote sustainable forest management practice by evaluating forest management planning and practices independently against FSC's standards.	Founded in 1999, the Programme for the Endorsement of Forest Certification (PEFC) is a non-profit organization that promotes sustainable forest management through independent third-party certification, this includes assessments, endorsements and recognition of national forest certification systems. PEFC was created in response to the specific requirements of small- and family forest owners as an international umbrella organization.
Basic Principles	<ul style="list-style-type: none"> • Compliance with laws and FSC principles • Tenure and use rights and responsibilities • Indigenous peoples' rights • Community relations and workers' rights • Benefits from the forests • Environmental impact • Management plans • Monitoring and assessment • Special sites – high conservation value forests (HCVF) • Plantations 	<ul style="list-style-type: none"> • Maintenance and appropriate enhancement of forest resources and their contribution to the global carbon cycle • Maintenance and enhancement of forest ecosystem health and vitality • Maintenance and encouragement of productive functions of forests (wood and no-wood) • Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems • Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water) • Maintenance of socioeconomic functions and conditions • Compliance with legal requirements
Types of standards and benchmarks	<ul style="list-style-type: none"> • Forest Management certification (for single/multiple applicant(s) – industrial or private forest owners, forest license holders, community forests, and government-managed forests) • Small and Low Intensity Management Forests (SLIMFs) program (for small forests and forests that are managed at low intensity would be eligible) • Chain of Custody (CoC) certification (for supply chain companies' planning, practices and products – 	<ul style="list-style-type: none"> • Sustainable Forest Management benchmark – international requirements for sustainable forest management. National forest management standards must meet these requirements in order to obtain PEFC endorsement • Group Forest Management Certification – outlines the requirements for national forest certification systems

⁵⁰ Forest Stewardship Council, FSC Principles and Criteria for Forest Stewardship: <https://ca.fsc.org/preview/principles-criteria-v5.a-1112.pdf>

⁵¹ PEFC, Standards and Implementation: <https://www.pefc.org/standards-implementation>

	<p>all operations that want to produce or make claims related to FSC-certified products must possess this certificate)</p> <ul style="list-style-type: none"> Controlled Wood verification (for assurance that 100% virgin fiber mixed with FSC-certified and recycled fiber originates from a verified and approved source) 	<p>who have group forest management certification</p> <ul style="list-style-type: none"> Standard Setting – covers the processes that must be adhered to during the development, review and revision of national forest management standards Chain of Custody – outlines the conditions for obtaining CoC certification for forest-based products PEFC logo Usage Rules – outlines the requirements entities must abide by when using the PEFC logo Endorsement of National Systems – outlines the process that national systems must go through to achieve PEFC endorsement
Governance	<p>The General Assembly is comprised of all FSC members and constitutes the highest decision-making body. Members can apply to join one of three chambers – environmental, social, or economic – that are further divided into northern and southern sub-chambers. Each chamber maintains 33.3% of the weight in votes, and votes are weighted so that the North and South hold an equal portion of authority in each chamber, to ensure influence is shared equitably between interest groups and countries with different levels of economic development.</p>	<p>PEFC's governance structure is formed by the General Assembly (GA) which is the highest authority and decision-making body. It is made up of all PEFC members, including national and international stakeholders. In general, PEFC's governance structure is more representative of industry and government stakeholders than of social or environmental groups. Members vote on key decisions including endorsements, international standards, new members, statutes and budgets. All national members have between one and seven votes, depending on membership fees, while international stakeholder members have one vote each.</p>
Scope	<p>FSC is a global, multi-stakeholder owned system. All FSC standards and policies are set by a consultative process. There is an FSC Global standard and for certain countries FSC National standards. Economic, social, and environmental interests have equal weight in the standard setting process. FSC follows the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>	<p>Multi-stakeholder participation is required in the governance of national schemes as well as in the standard-setting process. Standards and normative documents are reviewed periodically at intervals that do not exceed five years. The PEFC Standard Setting standard is based on ISO/IEC Code for good practice for standardization (Guide 59)⁵² and the ISEAL Code of Good Practice for Setting Social and Environmental Standards.</p>
Chain-of-Custody	<ul style="list-style-type: none"> The Chain-of-Custody (CoC) standard is evaluated by a third-party body that is accredited by FSC and compliant with international standards 	<ul style="list-style-type: none"> Quality or environmental management systems (ISO 9001:2008 or ISO 14001:2004 respectively) may be used to implement the minimum

⁵² ISO, ISO/IEC Guide 59:2019: <https://www.iso.org/standard/23390.html>

	<ul style="list-style-type: none"> • CoC standard includes procedures for tracking wood origin • CoC standard includes specifications for the physical separation of certified and non-certified wood, and for the percentage of mixed content (certified and non-certified) of products • CoC certificates state the geographical location of the producer and the standards against which the process was evaluated. Certificates also state the starting and finishing point of the CoC 	<p>requirements for chain-of-custody management systems required by PEFC</p> <ul style="list-style-type: none"> • Only accredited certification bodies can undertake certification • CoC requirements include specifications for physical separation of wood and percentage-based methods for products with mixed content. • The CoC standard includes specifications for tracking and collecting and maintaining documentation about the origin of the materials • The CoC standard includes specifications for the physical separation of certified and non-certified wood • The CoC standard includes specifications about procedures for dealing with complains related to participant's chain of custody
Non-certified wood sources	<p>FSC's Controlled Wood Standard establishes requirements to participants to establish supply-chain control systems, and documentation to avoid sourcing materials from controversial sources, including:</p> <ol style="list-style-type: none"> Illegally harvested wood, including wood that is harvested without legal authorization, from protected areas, without payment of appropriate taxes and fees, using fraudulent papers and mechanisms, in violation of CITES requirements, and others, Wood harvested in violation of traditional and civil rights, Wood harvested in forests where high conservation values are threatened by management activities, Wood harvested in forests being converted from forests and other wooded ecosystems to plantations or non-forest uses, Wood from management units in which genetically modified trees are planted. 	<p>The PEFC's Due Diligence System requires participants to establish systems to minimize the risk of sourcing raw materials from:</p> <ol style="list-style-type: none"> forest management activities that do not comply with local, national or international laws related to: <ul style="list-style-type: none"> - operations and harvesting, including land use conversion, - management of areas with designated high environmental and cultural values, - protected and endangered species, including CITES species, - health and labor issues, - indigenous peoples' property, tenure and use rights, - payment of royalties and taxes. genetically modified organisms,

		c. forest conversion, including conversion of primary forests to forest plantations.
Accreditation/verification	FSC-accredited Certification Bodies (CB) conduct an initial assessment, upon successful completion companies are granted a 5-year certificate. Companies must undergo an annual audit and a reassessment audit every 5 years. Certification Bodies undergo annual audits from Accreditation Services International (ASI) to ensure conformance with ISO standard requirements.	<p>Accreditation is carried out by an accreditation body (AB). In the same way that a certification body checks that a company meets the PEFC standard, the accreditation body checks that a certification body meets specific PEFC and ISO requirements. Through the accreditation process, PEFC has assurance that certification bodies are independent and impartial, that they follow PEFC certification procedures.</p> <p>PEFC does not have their own accreditation body. Like with the majority of ISO based certifications, PEFC relies on national ABs under the umbrella of the International Accreditation Forum (IAF). National ABs need to be a member of the IAF, which means they must follow IAF's rules and regulations.</p>
Qualitative considerations	Sustainalytics views both FSC and PEFC as being robust, credible standards that are based on comprehensive principles and criteria that are aligned with ISO. Both schemes have received praise for their contribution to sustainable forest management practices ⁵³ and both have also faced criticism from civil society actors. ^{54,55} In certain instances, these standards go above and beyond national regulation and are capable of providing a high level of assurance that sustainable forest management practices are in place. However, in other cases, the standards are similar or equal to national legislation and provide little additional assurance. Ultimately, the level of assurance that can be provided by either scheme is contingent upon several factors including the certification bodies conducting audits, national regulations and local context.	

⁵³ FESPA, FSC, PEFC and ISO 38200: <https://www.fespa.com/en/news-media/blog/fsc-pefc-and-iso-38200>

⁵⁴ Yale Environment 360, Greenwashed Timber: How Sustainable Forest Certification Has Failed: <https://e360.yale.edu/features/greenwashed-timber-how-sustainable-forest-certification-has-failed>

⁵⁵ EIA, PEFC: A Fig Leaf for Stolen Timber: <https://eia-global.org/blog-posts/PEFC-fig-leaf-for-stolen-timber>

Appendix 4: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Akbank T.A.Ş.
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Akbank Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January 29, 2020
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories – (i) Energy Efficiency, (ii) Green Buildings, (iii) Sustainable Water and Wastewater Management, (iv) Renewable Energy, (v) Environmentally Sustainable Management of Living Natural Resources and Land Use, (vi) Clean Transportation, (vii) Pollution Prevention and Control, (viii) Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, (ix) Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises, including through the Potential Effect of SME Financing and Microfinance, (x) Access to Essential Services, (xi) Affordable Housing – are aligned with those recognized by the GBP, SBP and GLP. Sustainalytics is of the opinion that bonds and loans issued under the Framework are expected to facilitate a shift to a low-carbon economy and bring positive socioeconomic impacts in Turkey. Akbank has established a three-year look-back period for its refinancing, which is aligned with market practice.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Akbank has established a Sustainable Finance Preliminary Committee ("SFPC") to oversee the project evaluation and selection process as well as to manage any updates on allocation of proceeds where, for example, a project is deemed to no longer be eligible. The SFPC is comprised of representatives from various departments and it will review all proposed allocations for alignment with the Akbank's environmental strategy, the eligibility criteria in the Framework and other applicable criteria. The SFPC will remove projects deemed no longer eligible. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

The SFPC will be in charge of management of proceeds. Akbank will track allocation of proceeds using a portfolio approach. Pending full allocation, the unallocated proceeds will be temporarily held in cash, cash equivalent, and/or other liquid marketable instruments. Akbank intends to allocate the net bond proceeds within 36 months. Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- | | |
|---|--|
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Until full allocation, Akbank commits to publishing allocation and impact reports on an annual basis on its website. Allocation reporting will include information on the total amount of proceeds allocated to eligible projects, total amount allocated to each project category, share of financing and refinancing, and amount of remaining unallocated proceeds. Subject to the availability of data, Akbank intends to report on relevant environmental and social impact metrics including, but not limited to, estimated annual energy savings, estimated annual CO2 emissions avoided (tCO2e), level of green building certification, amount of water treated or managed or re-used or recycled, installed renewable capacity (MW) or renewable generation (MWh), sustainable agriculture land area (hectares), number of vehicles (clean transportation), amount of waste prevented, reduced or recycled (tons), number of SMEs financed, breakdown by target population, number of hospitals/educational institutes financed, and number of housing mortgages to disadvantaged groups/social housing organizations. Based on Akbank's commitment to annual allocation and impact reporting, Sustainalytics considers this reporting process to be in line with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): Share of proceeds used for new financing vs refinancing | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify) | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |

☒ Target populations

☐ Other ESG indicators (please specify): Level of [Green Building] certification; Estimated annual energy consumption (in kWh/m²); Amount of water treated or managed or re-used or recycled; Increase in water use efficiency; Amount of wastewater treated; Installed renewable capacity (MW) or renewable generation (MWh); Sustainable agriculture land area (hectares); Land restored (hectares); Certification scheme [Sustainable Management of Resources]; Number of vehicles; Number of charging stations; Length of bicycle path (in km); Amount of waste prevented, reduced or recycled (in tons); Number of SMEs financed, breakdown by target population; Amount of loans granted to SMEs, breakdown by target population; Number of jobs created / preserved; Number of hospitals / educational institutes financed; Number of housing mortgages to disadvantaged groups and to social housing organizations
Frequency:
☒ Annual

☐ Semi-annual

☐ Other (please specify):
Means of Disclosure
☐ Information published in financial report

☐ Information published in sustainability report

☐ Information published in ad hoc documents

☒ Other (please specify): on the Bank's website

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.akbankinvestorrelations.com/en/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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