Akbank 2020 Year End Sustainable Finance Allocation Report

Introduction

- ✓ Akbank issued the bank's debut Green Bond in August 2020.
- ✓ The USD 50 million Private Placement issuance marked the first Green Bond issuance of the Turkish banking sector during the COVID-19 pandemic in 2020.
- ✓ With its Green Bond issuance, Akbank has added a new product to its foreign borrowing instruments.
- ✓ This transaction has allowed the bank to further expand its investor base and diversify its foreign borrowing products portfolio.
- ✓ Green Bond issuance of the bank represents another milestone in Akbank's sustainability efforts.
- ✓ Akbank released its Sustainable Finance Framework⁽¹⁾ in February 2021 following the deal.
- ✓ Sustainable Finance Framework includes green and social eligibility criteria for the sustainable projects of the bank as well as providing blueprint for:
 - > Use of Proceeds.
 - > Project Evaluation and Selection,
 - > Management of Proceeds,
 - > Reporting
- ✓ Alignment of the bank's Sustainable Finance Framework with the ICMA, green and social bond/loan principles was confirmed by the Second Party Opinion⁽²⁾ (SPO) report of Sustainalytics (a global leader in ESG and Corporate Governance research and ratings).
- ✓ An Allocation Report was prepared and limited assurance was provided by KPMG (an independent auditor) on allocation of proceeds for Green Bond attached to the end this report following slide 8.
- ✓ The deal was recognised as the "Deal of the Year at SRI: Green / Social / Sustainable category of mtn-i awards 2020".





Akbank's approach to Sustainability

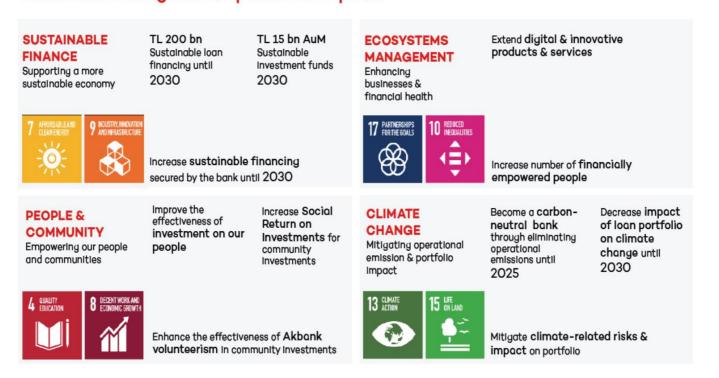
Akbank's sustainability strategy is purely aligned with the corporate vision "To be the leading bank that drives Turkey into the future" which comes with a simple objective: to mitigate the environmental footprint while increasing the positive impact

ESG Strategy: Mitigate environmental footprint while increasing positive impact



Akbank 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





Eligible Sustainable Assets of c. USD 2.3 Billion

Akbank has always pioneered Turkish banking sector in providing loans for sustainable projects since inception of the bank. As of 2020 year-end, the bank has c. USD 2.3 Billion of sustainable projects portfolio for future potential sustainable foreign borrowing issuances.

Eligible Sustainable Loan Portfolio(4)					Green F	unding	
Project Type	Installed Capacity (MW)	Number of Loans	Sum of USD Equiv.(3)	Instrument ISIN	Issuance Date	Due Date	Amount USD
Green	~709	39	969,373,469	XS2211119313	5.08.2020	15.11.2024	50,000,000
Biomass	21	7	78,659,096				
Clean Transport		2	159,757,956				
Solar	56	12	138,003,059				
Infrastructure		1	88,446,495				
Geothermal	60	2	52,266,736				
Wind	572	13	446,848,855				
Sustainable Management of Natural Resources & Land		2	5,391,272				
Social		88,085	1,291,012,212				
Employment-Regional Development		1	13,478,179				
SME (Small Medium Enterprises) ⁽⁵⁾		88,084	1,277,534,033				
Grand Total	~709	88,124	2,260,385,682				50,000,000

- > % allocated to Akbank's Green Bond Issuance (usage)
- > % of Net Proceeds of Green Funding allocated to Green Bond
- ➤ Eligible Sustainable Loan Portfolio⁽⁶⁾

2.2%

100%

2,260,385,682



^{(3):} The figure represents the USD equivalent of eligible sustainable loan portfolio consisting of the bank's loans in TRY, USD, EUR and Gold. Calculated by using CBTR Forex Buying USD/TRY Exchange rate and EUR/USD parity as of 31.12.2020

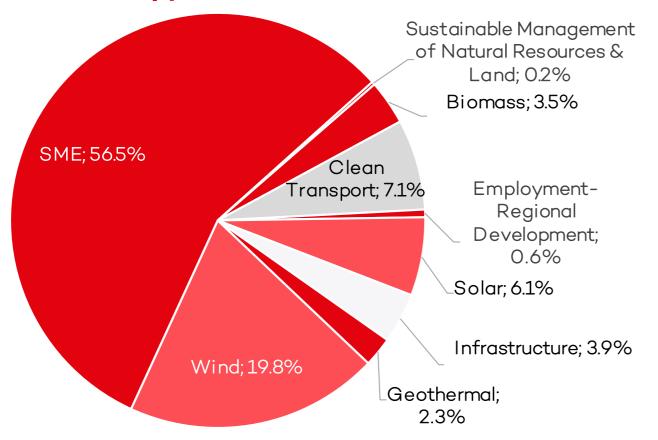
^{(4):} Included all loans compliant with Akbank's eligibility criteria as outlined in the bank's Sustainable Finance Framework and 3 years look-back period (https://www.akbankinvestorrelations.com/en/whosale-funding/detail/Sustainable-finance/600/1468/0)

^{(5):} Includes all SMEs compliant with 3 years look-back period as outlined in the bank's Sustainable Finance Framework

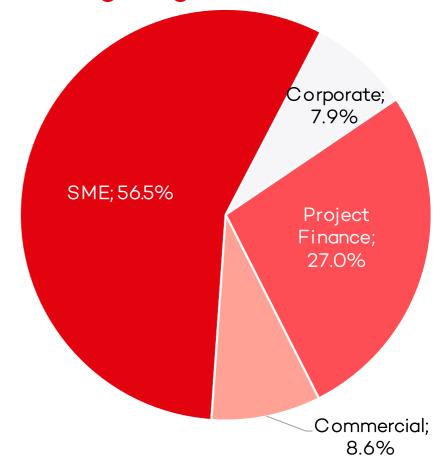
^{(6):} Allocated to eligible projects in the Sustainable Loan Portfolio

Breakdown of Eligible Sustainable Assets

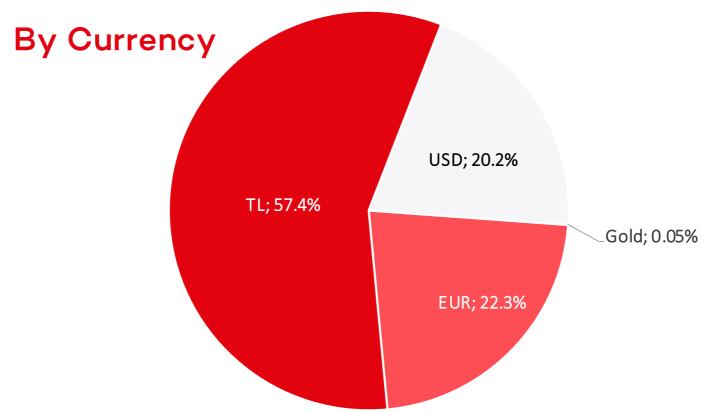
By Project Type



By Banking Segment



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Appendix: Details of Akbank's Debut Green Bond

✓ Akbank issued its inaugural Green Bond in August 2020.

Table below represents a snapshot of the issuance.

Issuer	Akbank T.A.Ş
ISIN	XS2211119313
Listing	Euronext Dublin
Issue Date	5.08.2020
Maturity Date	15.11.2024
Amount	USD 50,000,000
Issuance Type	Green Bond
Issuance Format	RegS
Use of Proceeds	Eligible Green, Social and Sustainable projects as outlined in Sustainable Finance Framework of Akbank
Allocation as of 31.12.2020	100%



Examples of Eligible Sustainable Projects



Biomass Power Project

- ✓ Adana Yüreğir Province
- ✓ 9.3 MW of Phase I & 12 MW of Phase II Installed Capacity
- ✓ The biomass power plants is expected to generate 149,100 MWh of electricity and provide power need of 10,500 households.
- ✓ Akbank provided EUR 17.7 Million financing for the project with a total investment cost of EUR 23.8 Million



Examples of Eligible Sustainable Projects



Wind Power Project

- ✓ Bilecik, Sakarya, Aydın and Istanbul Provinces
- ✓ Project consists of 49 wind tribunes with a total Installed Capacity of 158 MW
- ✓ The investment cost of the project is EUR 175 Million
- ✓ Akbank provided EUR 132 Million financing for the project



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Independent Limited Assurance Report

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

We were engaged by Akbank (hereinafter also "Company" or "Bank") to provide limited assurance for the purpose of reporting on the 'Selected Information' (as defined below) in the Bank's Sustainable Finance Allocation Report (hereinafter 'the Report') that has been prepared by the Bank for the year-ended 31 December, 2020.

Subject Matter Information and Applicable Criteria

We were engaged by the Company to provide limited assurance regarding:

That the proceeds from the Green and Social Loan projects in the Bank's portfolio as at 31 December 2020 and for the issuance of a bond on 5 August 2020 (the "Green Bond"), both as shown on page 4, were used to provide financing for eligible projects which met the criteria as indicated in the Akbank Sustainable Finance Framework¹ included on page 5.

The scope of our assurance is limited to the Indicators listed in the Selected Information shown below, which has been prepared based on the Company's internally developed criteria, as listed on page 4 of its Sustainable Finance Framework for 2020.

Selected Information

Table 3: Allocation Reporting of Green and Social Loans per amount and Green Bond per total that shows the categories the Loan projects have been allocated to as well as the total investment of the Green Bond (page 4 and page 5 of the Sustainable Finance Allocation Report).

 $^{^1\ \, \}text{Accessible at https://www.akbankinvestorrelations.com/en/whosale-funding/detail/Sustainable-finance/600/1468/0}$



Management's responsibilities

Management is responsible for the preparation and presentation of the Report and the information and assertions contained within it; for determining the Bank's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Bank complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

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

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.

Procedures performed

A limited assurance engagement on the Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

 Assessed policies and procedures established by the Bank for determining the eligibility of Green and Social Loan projects in the Bank's portfolio and of the Green Bond for Sustainable Financing based on the requirements of the Bank's Sustainable Finance Framework;



- 2. That the proceeds from the Green and Social Loan projects in the Bank's portfolio as at 31 December 2020 and for the issuance of a bond on 5 August 2020 (the "Green Bond"), both as shown in the table on page 4, were used to provide financing for eligible projects which met the criteria as indicated in the Akbank Sustainable Finance Framework¹;
- 3. Evaluated the eligibility of nominated projects for inclusion in the Bank's Green and Social Loan Portfolio as shown in the table on page 4 based on the eligibility requirements for Sustainable Financing identified in the Akbank Sustainable Finance Framework¹);
- 4. Interviews with relevant staff at the corporate and business unit level responsible for providing the Selected Information pertaining to the reporting period;
- Undertook substantive testing, on a sample basis, of the allocation of proceeds for projects financed through the Green and Social Loan Projects and the Green Bond;
- 6. Used the Company's Internal documentation to evaluate and measure the Selected Information;
- 7. Evaluated the design and Implementation of key processes and controls over the Selected Information;
- 8. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period;
- 9. Evaluated the disclosure and presentation of Selected Information in the Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

 $^{^1\ \,} Accessible\ \, at\ \, https://www.akbankinvestorrelations.com/en/whosale-funding/detail/Sustainable-finance/600/1468/0$



Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the projects included in the Eligible Sustainable Loan Portfolio as reported in the table on page 4 for the year-ended 31 December 2020, are not prepared in all material respects in accordance with the Company's eligibility criteria as explained in the Report (page 4).

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for Akbank in connection with reporting to Akbank and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Akbank, for any purpose or in any other context. Any party other than Akbank who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Akbank for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal, SMMM

Partner

İstanbul, 21 May 2021



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



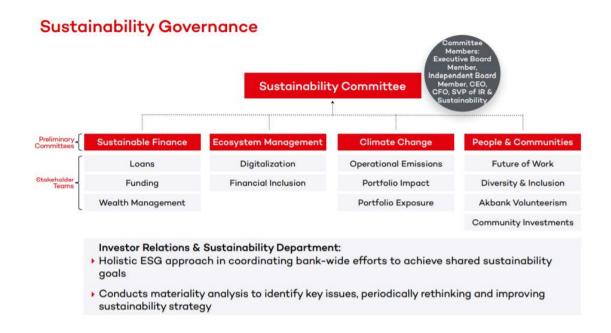
Akbank defined 4 key areas to focus which are most relevant to the stakeholders and to the business aligned with Sustainable Development Goals. Supported by Akbank's strong financial performance and effective governance structure, the 4 key areas are; Sustainable Finance to support a more sustainable 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.



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 Akbankenvironmental 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.

thtps://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/
thtps://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/

⁴ https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-quidelines-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	7 AFFORDABLE AND CLEAR DELETY PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INDIVIDUAL OF AND INTERSTRUCTIONE PARTY INTERSTRUCTION OF AND INTERSTRUCTIONE PARTY INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCTION OF AND INTERSTRUCT	Financing or refinancing establishment, acquisition, expansion of and upgrade of existing transmission lines, distribution and energy storage facilities, smart technologies and / or the installation of associated infrastructure of associated infrastructure of associated 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 storage of existing transmitters.	 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 resourceuse 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 Akbankto such a borrower is 100% eligible as a use of proceeds for a Sustainability Finance (Borrowing) Instrument.

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

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.

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	7 AFFORDABLE AND CLEAN EMERCY 11 SISTAMABLE CITES 12 ACTION 13 ACTION	Financing or refinancing low-carbon new, existing or refurbished public, commercial and residential buildings that meet one of the following criteria: • 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 Code ¹² • Buildings with the following level of environmental certifications: - LEED (Gold and above) - BREEAM (Very Good and above) - DGNB (Gold and above) - FURCH (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	- 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	6 CLEAN WATER AND SANTATION	Financing or refinancing development, construction, operation and maintenance of sustainable water and waste-water management projects ¹³ , facilities and related infrastructure: • Water distribution systems with improved efficiency/quality	- 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.

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.

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Renewable Energy	7 AFFORDABLE AND CLEAN ENERGY 13 CLEANATE ACTION	Financing or refinancing construction, operation and maintenance of renewable energy generation assets and related infrastructure: • 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 ≤ 100g CO₂e/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 gird) supporting/integrating at least 90% renewable electricity. Only assets aimed at increasing the share of renewables in the Turkish electricity grid are eligible	 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	15 OFF AND A STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE OF THE STATE	 Financing or refinancing agriculture, land restoration, forest management and urban greening projects: Certified agricultural practices under sustainable certification schemes, such as EU Organic, Global G.A.P., and / or equivalent national or international certification 	- SDG 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase



	11 SUSTANABLECTIES AND COMMANDES	 Sustainable agriculture as defined in the communique 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 	afforestation and reforestation globally - SDG 11.a: Support positive economic, social and environmental links between urban, perurban and rural areas by strengthening national and regional development planning
		 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. 	- SDG 15.A: Increase financial resources to conserve and sustainably use ecosystem and biodiversity
		 Investments in green sustainable projects or infrastructure such as park and green areas development, that provide resilience and other infrastructure benefits 	
Clean transportation	11 SUSTAINANE CITIES A DEMONSTRATES	Financing or refinancing production, establishment, acquisition, expansion, upgrades, maintenance and operation of: • 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	- 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: Communique regulating "the Principles of Organic/Sustainable Agriculture in Turkey and its Implementations" dated 18.08.2010 with Official Gazetta No: 27676



Pollution prevention and control	11 SUSTAINANT CITIES A STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDARD THE STANDAR	Financing or refinancing development, construction, operation and maintenance of sustainable waste management and recycling projects, activities and operations, e.g.: • 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 restoration ¹⁵ • Waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy • Projects that reduce end-of-pipe air pollution	- 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
Eco-efficient and / or circular economy adapted products, production technologies and processes	12 RSPINSIBLE CHROMOTON AND PROJECTION	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: • 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 sources ¹⁶	- SDG 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

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	1 POPERTY POPERTY S DECENT WORK AND ECONOMIC GROWTH AND REDUCED 10 REDUCED 10 INEQUALITIES	 Financing or refinancing all SMEs¹⁸, micro enterprises or start-ups including: Financing or refinancing SMEs, micro enterprises and start-ups that qualify for at least 1 of the below: 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 groups ²² are adequately ²³ 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 	 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 communique titled "The Definition of SMEs, Their Properties and Official Cozotto No:25997 accessible at Segmentation) dated 18.11.2005 with Official Gazette No:25997 https://www.mevzuat.gov.tr/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 Akbankin 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

Thttps://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)	developing countries, to financial services, including affordable credit, and their integration into value chains - 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
Access to essential services	3 SOUDHEALTH AND WELL SENG 4 QUALITY EDUCATION	Financing or refinancing developments, construction, maintenance and operation of publicly available or subsidised healthcare, education and vocational training infrastructures and services, including: 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	- 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 - 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
Affordable Housing	11 SUSTANABLE CHIES AND COMMANDES Financing or refinancing social housing mortgages to disadvantaged groups: • Affordable housing as aligned to Turkish national regulation ²⁴	- SDG 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	

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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 SEPC
- 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 accessable at:

https://www.akbankinyestorrelations.com/en/images/ndf/NON_FINANCING_ACTIVITIES_LIST_pdf

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

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:

o 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)
- o 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:
 - o 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.