

C0. Introduction

C0.1

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

Akbank was founded as a privately owned commercial bank in Adana on January 30, 1948. Established originally with the core objective of providing funding to local cotton growers, the Bank opened its first branch in Istanbul's Sirkeci district on July 14, 1950. In 1954, after relocating its headquarters to Istanbul, the Bank rapidly expanded its branch network and automated all its banking operations by 1963.

Initially offered to the public in 1990, Akbank stock began trading in international markets and as an American Depository Receipt (ADR) after its second public offering in 1998. In addition to these, Akbank had been qualified for BIST Sustainability Index in 2014.

It has a strong and extensive domestic distribution network of 780 branches and staffed by more than 13 thousand employees. In addition to providing services at branch locations, its traditional delivery channel, Akbank also serves more than 17.4 million customers via the Akbank Direkt Internet Branches, Akbank Direkt Mobile, the Call Center, 4,900 ATMs and more than 580 thousand POS terminals as well as other high-tech channels.

The sustainability vision of Akbank is to be a sustainability leader in Turkey, and one of the leading institutions establishments in the world.

In order to attain its sustainability vision, Akbank aims to efficiently manage its environmental, social, ethical and economic risks and opportunities that arise in its products, services and operations with high priority. By performing a prioritization analysis, we identified the high priority and material issues that are required for the Bank to succeed in its sustainability vision. We created and began to implement a sustainability strategy by identifying relevant risks and opportunities.

Differentiating from the competition with our sound financial fundamentals and mutual interaction-oriented relationships with stakeholders, Akbank's sustainability strategy has been identified as: supporting the economic growth of Turkey and the Bank's customers; providing products and services that increase social welfare without compromising on ethical and secure banking principles; and minimizing the environmental impact of its operations.

The fundamental goal in implementing this strategy is to improve our corporate performance by following the roadmaps we devise for every kind of important and material issue and by making commitments.

Akbank's solution strategies for the global climate change are shaped by the Corporate Governance Committee that directly reports to our Board of Directors. In addition, the International Advisory Board also contributes to the Bank's vision. Investor Relations and Sustainability Department ensures coordination and management of the issue within our Bank. Other departments and sustainability team are responsible for collecting data and applying the decisions taken by the CGC.

Climate change, which is caused by increasing levels of greenhouse gas emissions in the earth's atmosphere, poses major risks for societies today. Heat waves of increasing frequency and intensity, floods, droughts, and extreme weather conditions due to climate change have the potential to have negative impacts on industries such as forestry, fishing, agriculture, healthcare, tourism, and construction, among others. Climate change laws, rules and regulations that have been enacted or are likely to be put into effect in Turkey and its trading partners pose the risk of legal non-compliance and extra investment costs to fight climate change. It is anticipated that companies with large amounts of greenhouse gas emissions such as the ones in transportation and aviation industries will be impacted by the aforementioned laws and regulations.

Akbank continually updates its risk management approach in the face of the adverse impacts of climate change on human activities. By embracing a proactive approach to risk management, the Bank strives to effectively manage climate-related risks and turn threats into opportunities. Akbank closely monitors the changes in laws and regulations related to energy efficiency and renewable energy, which gain in prominence in Turkey by the day, with its specialized staff, and carries out comprehensive compliance efforts. In addition, Akbank continues to offer products and services in energy efficiency and renewable energy to corporate clients on relatively favorable terms. In addition, the Bank measures the carbon emissions stemming from its operations and business travel, and undertakes initiatives to minimize these emissions.

Akbank's emissions stemming from its operations is around 58k in 2018.

The first Turkish bank to be a signatory to the United Nations Global Compact in 2007, Akbank shares its sustainability performance with stakeholders via the Akbank Sustainability Report. The Bank has published this report in accordance with Global Reporting Initiative (GRI) standards (Comprehensive) every year since 2009.

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	No	<Not Applicable>

C0.3

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

Turkey

C0.4

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

TRY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

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

Yes

C1.1a

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

Position of individual(s)	Please explain
Board Chair	The chairman and a member of Corporate Governance Committee, Chairman and a member of Credit Committee are member of Board of Directors as well. Chairman of corporate governance committee is also credit committee member. This kind of organizational structure enables the synergy between different approaches to support governing climate-related risks in a holistic way.
Board-level committee	Corporate Governance Committee is the highest body for sustainability activities. The Committee organizes and oversees the efforts of all business units within the Bank in terms of focusing on shared sustainability goals . Akbank's solution strategies for the global climate change are shaped by the Corporate Governance Committee that directly reports to our Board of Directors. Investor Relations and Sustainability Department ensures coordination and management of the issue within our Bank. The committee meets twice a year.
Board-level committee	Credit Committee is responsible board The Bank aspires to identify and effectively manage the environmental and social risks and/or opportunities that may arise as a result of the financing it provides. The Bank has developed an Environmental and Social Risk Assessment System. The responsible board body is the Credit Committee which examines loan offers which have passed in terms of compliance with legal regulations, banking policies, environmental and social policies as well.

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues 	The Committee meets twice a year. The items in its 2018 meeting agenda included were analysis of the Bank's current position in terms of sustainability, assessment of future steps, climate change strategies and action plan,

C1.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other committee, please specify (Corporate Governance Committee)	Both assessing and managing climate-related risks and opportunities	Half-yearly
Other committee, please specify (Credit Committee)	Other, please specify (Assessing climate-related risks regarding financing activities)	Half-yearly

C1.2a

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

Akbank's solution strategies for the global climate change are shaped by the Corporate Governance Committee that directly reports to our Board of Directors. Investor Relations and Sustainability Department ensures coordination and management of the issue within our Bank. Other departments and sustainability team are responsible for collecting data and applying the decisions taken by the Corporate Governance Committee.

Climate change, which is caused by increasing levels of greenhouse gas emissions in the earth's atmosphere, poses major risks for societies today. Heat waves of increasing frequency and intensity, floods, droughts, and extreme weather conditions due to climate change have the potential to have negative impacts on industries such as forestry, fishing, agriculture, healthcare, tourism, and construction, among others. Climate change laws, rules and regulations that have been enacted or are likely to be put into effect in Turkey and its trading partners pose the risk of legal in-compliance and extra investment costs to fight climate change. It is anticipated that companies with large amounts of greenhouse gas emissions such as the ones in transportation and aviation industries will be impacted by the aforementioned laws and regulations.

Akbank continually updates its risk management approach in the face of the adverse impacts of climate change on human activities. By embracing a proactive approach to risk management, the Bank strives to effectively manage climate-related risks and turn threats into opportunities.

C1.3

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

Yes

C1.3a

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

Who is entitled to benefit from these incentives?

Chief Financial Officer (CFO)

Types of incentives

Recognition (non-monetary)

Activity incentivized

Emissions reduction project

Comment

There are several KPI's listed to minimize Akbank's carbon footprint. Akbank closely monitors the latest advances in technology and international initiatives in order to minimize greenhouse gas emissions through energy reduction activities. So Akbank aims to use energy more economically and to make practices that enable energy efficiency in line with the target of reducing the amount of energy required in its operations. For raising awareness among its personnel, Akbank designs its sustainability training package and expands awareness from employees to customers.

Who is entitled to benefit from these incentives?

Other, please specify (Sustainability Senior Vice President)

Types of incentives

Recognition (non-monetary)

Activity incentivized

Emissions reduction project

Comment

There are several KPI's listed to minimize carbon footprint. Akbank closely monitors the latest advances in technology and international initiatives in order to minimize greenhouse gas emissions through energy reduction activities. So Akbank aims to use energy more economically and to make practices that enable energy efficiency in line with the target of reducing the amount of energy required in its operations. For raising awareness among its personnel, Akbank designs its sustainability training package.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Recognition (non-monetary)

Activity incentivized

Energy reduction project

Comment

There are several KPI's listed to minimize Akbank's carbon footprint. Akbank closely monitors the latest advances in technology and international initiatives in order to minimize greenhouse gas emissions through energy reduction activities. So Akbank aims to use energy more economically and to make practices that enable energy efficiency in line with the target of reducing the amount of energy required in its operations. For raising awareness among its personnel, Akbank designs its sustainability training package.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	3	Akbank manages both reputation and acute physical risk by Business Continuity Management System. This system complies with ISO 22301 standard, in order to protect Akbank's employees, customer trust, bank reputation and stability in the market and manage the interruption risks in the services it provides to its customers. In addition climate-related risks that may directly impact Akbank are dealt with by a business continuity plan (BCP), including extreme weather events likely to affect its premises, such as storms, heatwaves, flooding etc.
Medium-term	3	6	Potential regulation changes directly affect bank itself and customers (new carbon taxes, emissions trading systems, GHG emission reduction targets) and non-compliance with law (fines, jurisdictions,etc) can have impacts on bank and/or customers' cash flows and capacity of loan repayment.
Long-term	6	30	Akbank would be under pressure of loan repayment problems due to arising climate change related risks of customers. 1) Increased operating costs of customers (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants) 2)Increased insurance claims liability arising from climate-related impacts

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Akbank examined its climate change related risks into two categories. 1)Arised from Akbank's own operations Akbank's Sustainability Team is composed of representatives from relevant business units across the organisation and operates under the leadership of the Investor Relations and Sustainability Department. It aims to identify and assess climate change related risks by taking into consideration the feedback from the Bank's business units as well as stakeholder's expectations. Meetings are held on a monthly basis. The Corporate Governance Committee (CGC), which meets twice a year, organizes and oversees the efforts of all business units within the Bank in terms of focusing on climate-change related risks and opportunities. 2) Arised from Akbank's financing activities. A system was developed to identify and effectively manage related risks and/or opportunities that may arise as a result of the financing it provides and the Credit Committee is responsible board body.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Climate change, which is believed to be caused by human-induced greenhouse gas emissions, creates a number of risks. These risks are significant enough to endanger the entire social structure, which the Bank is a part of. For instance, heat waves of increasing frequency and intensity, floods, droughts, and extreme weather conditions are among the physical risks. This impact on the physical environment potentially has negative impacts on industries such as forestry, fishery, agriculture, health, tourism, and construction. Climate change laws, rules and regulations that have been enacted or are likely be put into effect in Turkey and its trading partners pose the risk of legal in-compliance and extra investment costs to fight climate change. It is anticipated that companies with large amounts of greenhouse gas emissions such as the ones in transportation and aviation industries are impacted by the aforementioned laws and regulations. Akbank has created various internal platforms to manage climate change-related risks. The Bank is leveraging these platforms to carry out necessary initiatives in terms of managing the anticipated risks in the best possible way and turning threats into opportunities. In this regard, the Bank is undertaking conscientious efforts particularly in following the new laws and regulations in energy efficiency and renewable energy that became effective in 2010 as well as complying with this new legal framework.

Akbank examined its climate change related risks into two categories.

1) Arised from Akbank's own operations.

A Sustainability Team composed of representatives from most of the business units in Akbank and operating under the leadership of the Investor Relations and Sustainability Department performs to identify and assess climate change related risks by taking into consideration the feedback from the Bank's business units as well as stakeholder expectations. Meetings are held on monthly basis. The Corporate Governance Committee (CGC), which meets twice a year, organizes and oversees the efforts of all business units within the Bank in terms of focusing on climate-change related risks and opportunities.

2) Arised from Akbank's financing activities.

A system was developed to identify and effectively manage related risks and/or opportunities that may arise as a result of the financing it provides and the Credit Committee is responsible board body.

The Corporate Governance Committee (CGC), which reports to the Board of Directors, is the highest executive body for sustainability activities. The Chairman and majority of the members of the CGC are independent Board Members. The Corporate Governance Committee was established in 2009 . The CGC organizes and oversees the efforts of all business units within the Bank in terms of focusing on shared sustainability goals which includes climate-related risks.

Two corporate governance committee members are both the Credit Committee and the Executive Risk Committee members. This kind of organizational structures enable the synergy between different approaches to support governing climate-related risks in a holistic way.

In addition, their area of responsibility was enlarged to cover not only the loans that require senior level approval, but also all loan applications received by the corporate and commercial branches. These Loan Analysis Managers are responsible for investigating all risks to be evaluated at the loan application phase and for recording the results of the analyses in the application file. The committee targeted to make sure that the team is better equipped in terms of environmental and social risks evaluation methodology. Akbank continues to offer products and services in energy efficiency and renewable energy to corporate clients on relatively favorable terms.

Akbank extended project finance loans to renewable energy projects valued at USD 10+ million totaling USD 2,408 million as of December 31, 2018. Meanwhile, the share of renewable energy loans in total energy generation projects rose to 82%. Renewable energy projects financed by Akbank yielded annual electricity generation of around 13,200 GWh and prevented 5.8 million tons of CO2 emissions in 2018.

In 2018, Akbank extended EUR 100 million worth of project financing to the Çanakkale - Malkara Motorway (including the Çanakkale 1915 Bridge) – classified as an Eco-friendly project that makes social and economic contributions to Turkey – under the scope of financing build-operate-transfer mega infrastructure projects.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Akbank has been in touch with public authorities, private sector and NGOs related to sustainability initiatives as part of its strategy, as mentioned above Akbank's process for identifying and assessing climate-related risks. Akbank is one of the 7 actors which shapes to sustainable finance by becoming a signatory in Sustainable Finance Declaration in Turkey.
Emerging regulation	Relevant, always included	Despite uncertainties regarding regulation, the expected carbon tax system and carbon trading system would add extra cost burden to companies.
Technology	Relevant, always included	Akbank believes technology changes would have adverse impact on existing customers' assets by write-offs and early retirement .So it is possible to see increase in opex and this would affect the customers' ability of loan repayment.
Legal	Relevant, always included	Potential regulation changes directly affect bank itself and customers (new carbon taxes, emissions trading systems, GHG emission reduction targets) and non-compliance with law (fines, jurisdictions,etc) can have impacts on bank and/or customers' cash-flows and capacity of loan repayment.
Market	Relevant, always included	Akbank continues to offer products and services in energy efficiency and renewable energy to corporate clients on relatively favorable terms. Akbank extended project finance loans to renewable energy projects valued at USD 10+ million totaling USD 2,408 million as of December 31, 2018. Meanwhile, the share of renewable energy loans in total energy generation projects rose to 82%. Renewable energy projects financed by Akbank yielded annual electricity generation of around 13,200 GWh and prevented 5.8 million tons of CO2 emissions in 2018. In 2018, Akbank extended EUR 100 million worth of project financing to the Çanakkale - Malkara Motorway (including the Çanakkale 1915 Bridge) – classified as an eco-friendly project that makes social and economic contributions to Turkey – under the scope of financing build-operate-transfer mega infrastructure projects. The total investment cost of the project, which Akbank participated in as a guarantee agent, stands at EUR 3.1 billion. Twenty-four financial institutions, consisting mostly of foreign banks, provided EUR 2.3 billion in financing to the mega project.
Reputation	Relevant, always included	Akbank manages acute physical risk by Business Continuity Management System. This system complies with ISO 22301 standard, in order to protect Akbank's employees, customer trust, bank reputation and stability in the market and manage the interruption risks in the services it provides to its customers.
Acute physical	Relevant, always included	Akbank manages acute physical risk by Business Continuity Management System. This system complies with ISO 22301 standard, in order to protect Akbank's employees, customer trust, bank reputation and stability in the market and manage the interruption risks in the services it provides to its customers. In addition climate-related risks that may directly impact Akbank are dealt with by a business continuity plan (BCP), including extreme weather events likely to affect its premises, such as storms, heatwaves, flooding etc.
Chronic physical	Relevant, always included	Akbank's Environmental and Social Impact Assessment system covers this risk (sea level rise or drought due to higher temperature,etc) while evaluating loan application .
Upstream	Relevant, always included	Investors demand companies to reveal their ability to manage climate change related risk. A process was established for establishing Environmental and Social Management Systems to be implemented in SME loans under the securitization transaction amounting to USD 250 million, which was performed with the International Finance Corporation (IFC). With this system, Akbank adapts its SME loan processes to the environmental and social standards defined by IFC. Thus, Akbank carries its pioneering activities in the field of sustainability even further.
Downstream	Relevant, always included	Akbank's major impact on climate change related risk due to its lending activities. Akbank direct its capital to towards renewable energy through products with this awareness. In 2018 Akbank continued to focus on financing energy projects and, in keeping with its practice in the last three years, 100% of the funds were disbursed to renewable projects, raising the share of renewable energy projects in its portfolio to 80%.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Akbank's solution strategies for global climate change are shaped by the Corporate Governance Committee that directly reports to our Board of Directors. Investor Relations and Sustainability Department ensures coordination and management of the issue within our Bank. Other departments such as Branch Operations, Architectural Works, and Human Resources are responsible for collecting data, including energy consumption and implementation of energy saving practices.

- In 2011 Akbank improved the processes in loan applications that require approval of the Credit Committee and the Board of Directors. Akbank began to employ Loan Analysis Managers and the number of these managers was increased in 2012.
- In 2017 Akbank updated and extended its Environmental and Social Impact Assessment System.
- Akbank has also adopted a "Non-Financing Activities List" which stipulates the activities Akbank will not finance, regardless of limit and without requiring an environmental and social impact assessment.

https://www.akbank.com/Documents/AKBANK_ENVIRONMENTAL_AND_SOCIAL_POLICIES.pdf

https://www.akbank.com/Documents/NON_FINANCING_ACTIVITIES_LIST.pdf

https://www.akbank.com/Documents/ENVIRONMENTAL_AND_SOCIAL_RISK_ASSESSMENT_SYSTEM.pdf

Furthermore the Bank measures its carbon emissions resulting from its operations and business travel and implements various measures to reduce these emissions. Next year, Akbank would report partially its indirect emission impact through its financial operations as an outcome of its updated loan assessment model.

C2.3

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

Yes

C2.3a

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Other

Type of financial impact

Increased credit risk (e.g., increased probability of default and/or loss given default)

Company- specific description

National regulation which was published by the Ministry of Environment and Urbanization in the official gazette on 17 May 2014 encompassed energy-intensive industries (such as electricity production companies and petrochemicals) to monitor and report their Greenhouse gas emissions on a yearly-basis. The aim of this regulation is to prepare the related sector for international standards. Currently, this does not pose a direct risk for Akbank in the short term but in the long term if the scope of regulation is expanded, Akbank will be affected directly in terms of operations. In the short run Akbank may be indirectly affected as its customers (some in energy-intensive industries) may have higher operational costs as a result of shifting production processes or updating technologies to support lower levels of GHG emissions resulting in a possible loss of business for Akbank. Another example as an indirect adverse effect on Akbank can be risk of late paybacks or payback risks for the creditors due to the new regulations. Additionally, increasing demand for environmental and social financing may result in higher financing need for Akbank

as well and in the case of not being fully compliant with the new regulations may result in lower roll-over ratios for the bank.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Management method

Cost of management

Comment

In 2017, Akbank established its Environmental and Social Impact Assessment System . In 2018, the system was updated to increase the coverage of assessed financing risk . With the awareness of climate change risk on customer, Akbank has started to identify its portfolio's exposure to carbon risk. Calculating financial impact of risk will be next step.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Market: Other

Type of financial impact

Increased credit risk (e.g., increased probability of default and/or loss given default)

Company- specific description

With in the context of continued accession process with the European Union, the EU may impose national regulations regarding GHG emission reduction targets for Turkey. Adaptation to EU legislation will have an important impact on regulations and business processes as achieving targets (such as lowering carbon emission rates etc.) in a short time-frame may cause businesses to shift or utilize expensive processes to reach targets. Inability of attaining targets may lead to penal fees, costly carbon taxes and companies within energy-intensive sectors may have higher operational costs as a result. In this context, Akbank would take actions to mitigate their effects of GHG emissions etc.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure**Management method****Cost of management****Comment**

Akbank had started to build Data and Living Center in 2017 and completed in 2019. There is an energy efficiency application in Data center. This application includes high efficient cooling system and LED lighting (all 32.000 m² area is lightened) Also presence sensors are used to decrease LED usage around the building. In data center, Air to Air indirect evaporative cooling which is the top 3 cooling solution in respect of efficiency was implemented. it saves CO₂ footprint especially in winter and also it supports OPEX positively. From the beginning, the aim was to design it as a green data center. Also there is Photovoltaic Power Plant Implementation is expected to start in short term. Whole process (application, approvals, construction and commissioning) will last around 7-8 months. Savings will be gained by 2020 in the following month of the commissioning date. The value of monetary saving is estimated roughly, since the electricity tariffs can change irregularly.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Investment chain

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact

Increased credit risk (e.g., increased probability of default and/or loss given default)

Company- specific description

Possible cap and trade schemes would focus on energy-intensive sectors as a first step to meet international emissions reduction targets which are expected to be passed in the near future (3-6 years). Therefore Akbank will experience an indirect effect if our clients become adversely affected from a financial position due to these cap and schemes.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure**Management method****Cost of management****Comment**

In 2017, Akbank established its Environmental and Social Impact Assessment System . In 2018, the system was updated to

increase the coverage of assessed financing risk . With the awareness of climate change risk on customer, Akbank has started to identify its portfolio's exposure to carbon risk. Calculating financial impact of risk will be next step. In addition to that Akbank's energy exposure is to renewable energy with hydro, wind and thermal heavy projects is around 82% . Also note that its new energy generation loans have been fully in renewables since 2016. Its exposure to natural gas projects is very limited in energy loan portfolio. The share of renewable loans in total portfolio is around 25% in 2018.

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Other

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

Akbank currently uses the Environmental Impact Assessment (EIA) which is a regulation on project financing, to seek and evaluate the relevant documents for project financing in Turkey. If a new regulation regarding project financing is issued in the short-term, Akbank will be ready for potential risks thanks to tighter social and environmental policies we already have in place. In addition, Akbank established the Social Environmental Management System (SEMS) as a result of its loan agreement with IFC, therefore the tightening of such policies in Turkey can turn into an opportunity for Akbank. Akbank is also a member of Sustainability Study Group under the roof of UNGC Turkey. The studies undertaken by the Group in line with International Sustainability Finance finalized as "Sustainable Finance Declaration" in 2017 and updated in 2018. As one of the seven pioneering supporters, Akbank signed the declaration which indicates its commitment for sustainable finance issues. ((declaration was revised in 2018.)) The corporate governance committee targeted to make sure that the Sustainability Team is better equipped in terms of environmental and social risks evaluation methodology. Akbank continues to offer products and services in energy efficiency and renewable energy to corporate clients on relatively favorable terms. In 2018, Akbank extended project finance loans to renewable energy projects valued at USD 10+ million totaling USD 2,408 million. Meanwhile, the share of renewable energy loans in total energy generation projects rose to 82%. Renewable energy projects financed by Akbank yielded annual electricity generation of around 13,200 GWh and prevented 5.8 million tons of CO2 emissions in 2018. Akbank extended EUR 100 million worth of project financing to the Çanakkale - Malkara Motorway (including the Çanakkale 1915 Bridge) – classified as an eco-friendly project that makes social and economic contributions to Turkey – under the scope of financing build-operate-transfer mega infrastructure projects in 2018.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Akbank continues to offer products and services in energy efficiency and renewable energy to corporate clients on relatively favorable terms. Akbank extended project finance loans to renewable energy projects valued at USD 10+ million totaling USD 2,408 million as of December 31, 2018. Meanwhile, the share of renewable energy loans in total energy generation projects rose to 82%. Renewable energy projects financed by Akbank yielded annual electricity generation of around 13,200 GWh and prevented 5.8 million tons of CO2 emissions in 2018. With the business partnerships that we establish with international financial institutions, we aim to continuously offer new loan opportunities to our customers and contribute to the economic growth in Turkey. Loans obtained from international financial institutions such as IFC, EBRD, EIB and OPIC are of environment-friendly nature and generally support sustainable development .

Strategy to realize opportunity

Loans that Akbank secures from international financial institutions such as IFC, EBRD, and EIB to be lent out to customers mostly carry the conditions of being environment friendly and supporting development. Akbank establishes dialogues with these institutions with the aim of building management systems to monitor environmental and social performances of its customers pursuant to the conditions attached to these loans .

Cost to realize opportunity

Comment

In environmental loans, we require our customers to abide by a variety of social and environmental performance criteria depending on the source of the loan. In addition, we provide our customers with financing from international sources for affordable loans to be used in energy efficiency and renewable energy projects. In October 2015 and June 2016, Akbank signed agreements with the EBRD for two loans totaling USD 220 million with a maturity of 12 years, in order to continue its support for renewable energy projects. With this loan package, which offers attractive opportunities for investors, Akbank financed renewable energy investments totaling USD 162 million. The aim is to continue the allocation of the remaining amount in 2019.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	Akbank evaluates project finance loans with total investment amount of USD20 million and over, and new commercial loan requests with total investment amount of USD50 million and over, under Environmental and Social Risk Assessment. It is considered whether commercial credits fall under the "Non Financing Activities" that will not be credited," which constitutes a part of the Bank's environmental and social policy. Furthermore, priority is given to lending to projects that improve environmental conditions, such as renewable energy investments, waste recycling investments, carbon emission reduction, and productivity enhancement investments. In projects whose adverse effects on the environment had not been anticipated in the first place, customers are given support to make improvements.
Supply chain and/or value chain	Not impacted	
Adaptation and mitigation activities	Not evaluated	
Investment in R&D	Not evaluated	
Operations	Impacted	Akbank identified its energy consumption, greenhouse gas emissions, paper use, and disposal of technological waste as its priority environmental topics.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Not yet impacted	
Operating costs	Not yet impacted	
Capital expenditures / capital allocation	Not evaluated	
Acquisitions and divestments	We have not identified any risks or opportunities	
Access to capital	We have not identified any risks or opportunities	
Assets	We have not identified any risks or opportunities	
Liabilities	Not evaluated	
Other	We have not identified any risks or opportunities	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Akbank attaches great importance to the implementation of environmental and social policy requirements and elements by its customers. Hence Akbank identifies and effectively manages the environmental and social risks and/or opportunities that may arise as a result of the financing it provides. Within this context, the Bank has developed an Environmental and Social Risk Assessment System. Accordingly, project loans with total investment amount of USD20 million and over, and new commercial loan requests with total investment amount of USD50 million and over, shall be subject to an Environmental and Social Risk Assessment. Akbank does not lend to companies that are categorized as medium- and high-risk by the Environmental and Social Impact Assessment System, and that do not agree to take actions to mitigate or eliminate the identified risks as required.

Akbank has also adopted a "Non-Financing Activities List" which stipulates the activities Akbank will not finance, regardless of limit and without requiring an environmental and social impact assessment.

Akbank uses the Bank's 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 terms of sustainability initiatives. Making significant contributions to help develop Turkey's energy industry, and thus reduce our foreign dependence in energy, Akbank runs its project financing operations in due consideration of environmental impact. Conducting its business activities in line with this approach in 2018, Akbank continued to extend project finance loans to renewable energy projects valued at USD 10+ million totaling USD 2,408 million as of December 31, 2018. Meanwhile, the share of renewable energy loans in total energy generation projects rose to 82%. The share of renewable loans in total portfolio is around 25% in 2018. Renewable energy projects financed by Akbank yielded annual electricity generation of around 13,200 GWh and prevented 5.8 million tons of CO2 emissions in 2018.

Also Akbank performs as a member of Sustainability Study Group under the roof of UNGC Turkey. The studies undertaken by the Group in line with International Sustainability Finance implementations came to conclusion and finalized as "Sustainable Finance Declaration". Akbank, one of the seven pioneering supporters, signed it to show its commitment for sustainable finance issues (declaration was revised in 2018.)

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

Akbank decided to use climate-related scenario analysis in the next years after COP21 and its commitment to Paris-Pledge. It is still working to determine impacts of climate change. As a result, Akbank established its Environmental and Social Impact Assessment System (ESRA) in 2017 to identify lending risks. In upcoming years, Akbank would develop climate-related scenarios for most applicable sectors in terms of ESRA.

C4. Targets and performance

C4.1

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

Both absolute and intensity targets

C4.1a

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

Target reference number

Abs 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

83

Targeted % reduction from base year

20

Base year

2014

Start year

2016

Base year emissions covered by target (metric tons CO2e)

55372

Target year

2020

Is this a science-based target?

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

% of target achieved

58.73

Target status

Underway

Please explain

While setting emission reduction target, 83 % of emissions are covered in scope. (Akbank reports its Scope 1+2+3 emissions but verified only Scope 1+2 emissions, targeted emissions only covers verified Scope 1+2 emissions) - Targets cover both scope 1 and 2 emissions - Targeting time frame is 6 year starting from 2014 to 2020. - 6 years reduction target is around 20% and 3.3% year-on-year emissions reductions between base year and target year.

C4.1b

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

Target reference number

Int 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

83

Targeted % reduction from base year

49.6

Metric

Metric tons CO2e per unit revenue

Base year

2014

Start year

2016

Normalized base year emissions covered by target (metric tons CO2e)

0.00317

Target year

2020

Is this a science-based target?

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

% of target achieved

100

Target status

Achieved

Please explain

At the end of 2020, by emissions reduction activities such as improving the lighting in headquarters, some IT projects and increasing employee awareness. Akbank has achieved to reach its target before 2020-end. The extra reduction in emissions also was resulted from optimizing its branch network (# of branch) through increasing Direct Banking

% change anticipated in absolute Scope 1+2 emissions

-3

% change anticipated in absolute Scope 3 emissions

0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	225
To be implemented*		
Implementation commenced*	1	3700
Implemented*		
Not to be implemented		

C4.3b

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

Initiative type

Energy efficiency: Processes

Description of initiative

Combined heat and power

Estimated annual CO2e savings (metric tonnes CO2e)

3700

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

7000000

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

Payback period

4 - 10 years

Estimated lifetime of the initiative

11-15 years

Comment

Akbank had started to build new Data and Living Center in Sekerpinar, Kocaeli, Turkey in 2018 and the building has been completed in June 2019. There is an energy efficiency application in Data center. This application includes high efficient cooling system and LED lighting (all 32.000 m² area is lightened) Also presence sensors are used to decrease LED usage around the building. In data center, Air to Air indirect evaporative cooling which is the top 3 cooling solution in respect of efficiency was implemented. it saves CO2 footprint especially in winter and also it supports OPEX positively. From the beginning, the aim was to design it as a green data center. The building's design and application compliance with global standards are documented with Uptime Institute Tier 3 Design Certification and Uptime Institute Tier 3 Constructed Facility Certification .

Initiative type

Other, please specify (Photovoltaic Power Plant)

Description of initiative

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

225

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

250000

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

1600000

Payback period

4 - 10 years

Estimated lifetime of the initiative

21-30 years

Comment

Implementation is expected to start in 2020: Initial application can be made at the end of 2019 . After necessary approvals, construction and then commissioning can start in 2020. Whole process (application, approvals, construction and commissioning) will last around 7-8 months. Savings will be gained by 2020 in the following month of the commissioning date. The total investment costs is around 274.629 USD (VAT included - all inclusive), including consultancy, approvals, machinery and installation. The value of monetary saving is estimated roughly, since the electrics tariffs can change irregularly.

C4.3c

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

Method	Comment
--------	---------

C4.5

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

Yes

C4.5a

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

Group of products

Description of product/Group of products

Akbank extended project finance loans to renewable energy projects valued at USD 10+ million totaling USD 2,408 million as of December 31, 2018. Meanwhile, the share of renewable energy loans in total energy generation projects rose to 82%. Renewable energy projects financed by Akbank yielded annual electricity generation of around 13,200 GWh and prevented 5.8 million tons of CO2 emissions in 2018.

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

Low-carbon product and avoided emissions

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

Other, please specify (Bank-specific taxonomy)

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

The share of renewable energy loans in total energy generation projects rose to 82%. Renewable energy projects financed by Akbank yielded annual electricity generation of around 13,200 GWh and prevented 5.8 million tons of CO2 emissions in 2018.

C5. Emissions methodology

C5.1

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

Scope 1

Base year start

January 1 2014

Base year end

December 31 2014

Base year emissions (metric tons CO2e)

9254

Comment

Scope 2 (location-based)

Base year start

January 1 2014

Base year end

December 31 2014

Base year emissions (metric tons CO2e)

46118

Comment

Scope 2 (market-based)

Base year start

January 1 2014

Base year end

December 31 2014

Base year emissions (metric tons CO2e)

46118

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

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

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

8684

Start date

January 1 2018

End date

December 31 2018

Comment

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

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

Comment

Akbank uses electricity from the main grid so we don't know share of renewable sources in grid.

C6.3

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

Reporting year

Scope 2, location-based

40183

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

January 1 2018

End date

December 31 2018

Comment

C6.4

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

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Malta Branch

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why this source is excluded

The boundary of the report is the activities of Akbank within Turkey. Akbank has a small branch in Malta of ~10 employees which has a negligible effect.

C6.5

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

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

There is no data of carbon footprint for the goods and services purchased which makes it nearly impossible to calculate emissions from purchased goods & services. We assume to have enough data to calculate Scope 3 emissions from purchased goods and services in next 2 year.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

The GHG generated from capital goods such as buildings are reported in either Scope 1 or Scope 2 emissions. Therefore it is not relevant.

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

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

It is assumed that the upstream emission of electricity is included in the emission factor in Scope 2. For T&D losses; there is no data of carbon footprint and it makes it nearly impossible to calculate emissions

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

We are a commercial bank operating particularly in Turkey. We are not producing goods or using raw materials. The Transportation and Distribution (T&D) emissions generated during conducting our business mainly sourced from owned and rented vehicles and facilities for downstream activities. In some cases; rented fleet and facilities are used for both upstream and downstream T&D. These are calculated and shared at the downstream T&D.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

As we are a bank we particularly have paper as waste and others are plastics, glass, metals and technological wastes. We all separate them and give to 3rd parties for recycle / reuse. They should be accounting these emissions so in order not to double count we don't calculate.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

861

Emissions calculation methodology

For air travel; almost all flight ticketing of Akbank have been done by related tourism agency. All related carbon emissions are reported by this agency and relevant emission factors are in line with GHG Protocols.

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

100

Explanation

For air travel; almost all flight ticketing of Akbank have been done by related tourism agency. All related carbon emissions are reported by this agency and relevant emission factors are in line with GHG Protocols.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3674

Emissions calculation methodology

Akbank increase the numbers of services vehicles and shuttles to serve its personnel more efficiently. Distance travelled by the employee commuting vehicles are gathered and multiplied by the emission factor according to the GHG Mobile Protocol.

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

100

Explanation

Akbank provides employee commuting for its main facilities named Sabanci Center and Akbank Banking Center. Akbank increase the numbers of services vehicle and shuttles to serve its personnel more efficiently.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Akbank owns or rents its facilities and vehicles used for its operations, but they are included in Scope 1 & 2 or the relevant items in Scope 3 emissions. Therefore this item is not relevant.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

4654

Emissions calculation methodology

Fuels bought for rented fleet are gathered by smart payment systems from the contracted fuel distributor company. The volume of liters consumed is multiplied by the relevant emission factors by taking accounts the fuel types in line with GHG Protocols.

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

100

Explanation

Firstly daily transportation in terms of km is identified by gathering entire transportation data. Secondly all business days have been calculated and multiplied by daily km transportation .Lastly , yearly km transportation amount has been converted to metric tonnes CO2e.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Banking sector is based on services and it is hard to calculate the carbon footprint of these services

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

We are a commercial bank and it is not relevant for a bank.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

We are a commercial bank and it is not relevant for a bank.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Akbank has not leased its assets to others, therefore it is not relevant

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

Akbank has no franchises, therefore it is not relevant.

Investments

Evaluation status

Relevant, calculated

Metric tonnes CO2e

5800000

Emissions calculation methodology

The calculation was made by independent consultants.

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

82

Explanation

Akbank extended project finance loans to renewable energy projects valued at USD 10+ million totaling USD 2,408 million as of December 31, 2018. Meanwhile, the share of renewable energy loans in total energy generation projects rose to 82%. Renewable energy projects financed by Akbank yielded annual electricity generation of around 13,200 GWh and prevented 5.8 million tons of CO2 emissions in 2018.

Other (upstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

This is not relevant.

Other (downstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Explanation

This is not relevant.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

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

Intensity figure

1.4

Metric numerator (Gross global combined Scope 1 and 2 emissions)

48868

Metric denominator

unit total revenue

Metric denominator: Unit total

34889

Scope 2 figure used

Location-based

% change from previous year

12.5

Direction of change

Decreased

Reason for change

Decrease in intensity figure mainly was outcome of increasing share of Direct Banking transactions and preferred a Lean Management Model. This strategy leads carbon emissions going down while Akbank's revenue increased.

Intensity figure

3.66

Metric numerator (Gross global combined Scope 1 and 2 emissions)

48868

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

13367

Scope 2 figure used

Location-based

% change from previous year

15.16

Direction of change

Increased

Reason for change

The increase has mainly arised from rise in combined Scope 1+2 emissions figure. We have added new emissions source to calculation. This is the reason of higher emissions in 2018 and we don't expect this fluctuations to repeat.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO ₂ e)	GWP Reference
CO ₂	8683	Other, please specify (2006 IPCC Guidelines for National Greenhouse Gas Inventories)
CH ₄	0.75	Other, please specify (2006 IPCC Guidelines for National Greenhouse Gas Inventories)
N ₂ O	0.11	Other, please specify (2006 IPCC Guidelines for National Greenhouse Gas Inventories)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO ₂ e)
Turkey	8684

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By facility

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO ₂ e)
Head Quarter	475
Branches	1196
Unseperable for break down	7010

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO ₂ e)	Latitude	Longitude
Sabancı Center	475	41.085174	29.010142
Gebze Akbank Banking Center	1103	41.085842	29.010619
Silivri Archieve	48	41.07457	28.0993
Akbank Academy	47	41.070749	29.014932
Unseperable for break down	7010	0	0

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Turkey	40183	0	84061	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By facility

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Head Quarter	7819	0
Branches	24196	0
Unseperable for break down	8168	0

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Head Offices & Gebze Operation Center& Silivri&Zincirlikuyu Academy	15987	0
Branches	24196	0

C7.9

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

Increased

C7.9a

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

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	0
Other emissions reduction activities	4791	Increased	10.87	The increase in Scope 1+2 emissions was the result of adding a new source which was mistakenly forgotten in previous years.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

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

Location-based

C8. Energy

C8.1

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

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

C8.2

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

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

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired electricity	<Not Applicable>	0	84061	84061
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	0	84061	84061

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type

<Not Applicable>

Region of consumption of low-carbon electricity, heat, steam or cooling

<Not Applicable>

MWh consumed associated with low-carbon electricity, heat, steam or cooling

<Not Applicable>

Emission factor (in units of metric tons CO₂e per MWh)

<Not Applicable>

Comment

Akbank uses main grid electricity so there is no opportunity to have low-carbon emissions factor.

C9. Additional metrics

C9.1

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

C10. Verification

C10.1

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

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No third-party verification or assurance

C10.1a

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

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

AKBANK-CDP-Verification-Report_2018.pdf

AKBANK 2018 GHG VERIFICATION STATEMENT.pdf

Page/ section reference

Please refer that Akbank's Verification Report page: 4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

AKBANK-CDP-Verification-Report_2018.pdf

AKBANK 2018 GHG VERIFICATION STATEMENT.pdf

Page/ section reference

Please refer that Akbank's Verification Report page: 4

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

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

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

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

No

C11.3

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

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

C12.1b

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

C12.3

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

Direct engagement with policy makers

Trade associations

Funding research organizations

Other

C12.3a

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

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Cap and trade	Support	Carbon Price Communiqué: Akbank became one of the first companies in the world to be a signatory to the "Carbon Price Communiqué", drafted by the Prince of Wales's Corporate Leaders Group on Climate Change that support the goal for a cleaner world and calls for the need to develop a clear carbon emission pricing policy. In addition, we were the only Turkish bank to sign the Durban Communiqué in 2011, building on the Bali, Poznan, Copenhagen and Cancun Communiqués initiated by The Prince of Wales's Corporate Leaders Group on Climate Change (CLG).	We try to understand the risks and opportunities for banks and customers. We monitor closely new regulations on carbon pricing and new tax system.
Climate finance	Support	Akbank involved in a project driven by European Bank for Reconstruction & Development (EBRD) aiming to support carbon finance. Akbank & EBRD fosters the lenders' intention and develops their capacity to acquire carbon credits. Akbank also finances the relevant efforts the lenders.	We support to have a legislation.
Other, please specify (CDP)	Support	Akbank had sponsored CDP Turkey between 2009-2015. CDP Turkey significantly raise the awareness and the measurement efforts of the environmental footprint among Turkey. Akbank also announces its support to CDP through media in every occasion.	We support to have a legislation
Other, please specify (United Nations Global Compact)	Support	Akbank is the first signatory of the UNGC among the Turkish banks (2007) and actively supports the UNGC's activities.	We worked as a member of Sustainability Study Group under the roof of UNGC Turkey. The studies undertaken by the Group in line with International Sustainability Finance implementations came to conclusion and finalized as "Sustainable Finance Declaration". As Akbank, one of the seven pioneering supporters, we signed it to show our commitment for sustainable finance issues.

C12.3b

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

No

C12.3d

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

Yes

C12.3e

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

Akbank sponsored CDP Turkey until 2015 year-end. With this occasion known extensively and has access to many parties in the Turkish sustainability community. Akbank shares its opinions with the community leaders and gather their opinions on climate change issues. Akbank also engages in high level networking globally to support legislation and improvement of climate related matters within the climate leadership of group of Turkey through "Iklim Platformu" (Climate Platform of Turkey)

C12.3f

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

To conduct the climate change strategy to our overall strategy the top level of the organization -Board of Directors (BoD)- is responsible and specialized Corporate Governance Committee (CGC) executes the sustainability within the Bank and directly reports to BoD. Under CGC; Investor Relations and Sustainability Department is main responsible for coordinating the sustainability among all functions. Sustainability Manager leads the Sustainability Team which has members from all functions. With the help of Sustainability Team; the strategy which was developed according to these risks and opportunities is implemented and traced in all functions in a holistic manner. Establishment of Social & Environmental Management Systems in the credit lines, energy efficiency efforts in the buildings and services, Sustainability Trainings for employees, paper consumption reduction activities in the operations, insurance for the physical risks, efforts for business continuity & information security are of some examples of the business processes conducted in a holistic manner to prevent the negative direct and indirect effects. Besides these Akbank's Architectural Works Team undertakes improvement proposals for the branches distribution network in order to reduce carbon emissions and improve energy efficiency. Beyond prevention from negative direct and indirect effects of climate change, our strategy targets to benefit from the opportunities stemmed from climate change. Developing new products; such as energy efficiency loans, savings from energy efficiency activities, getting benefits from purpose loans from international creditors and increasing market penetration or profit through increasing brand & stock value are of some examples to catch these opportunities. The Corporate Governance Committee and the Board also seek to avoid any harm that arise from sustainability issues and direct Akbank's credit and sustainability policies in that direction. Akbank leads the change as much as possible within this frame and therefore took the following concrete steps since 2007:

- Established Corporate Governance Committee (CGC) which has 2 members and is directly reporting to Board of Directors (BoD),
- The first signatory Turkish bank of the United Nations Global Compact (UNGC) (2007)
- Updated the Codes of Conduct with social and environmental aspects,
- Established Investor Relations & Sustainability Department,
- First reporter of United Nations Global Compact supporter and Communications on Progress among Turkish banks,
- Published the first GRI based Sustainability Report among deposit banks in Turkey,
- Sponsored Carbon Disclosure Project (CDP) in 2009 to be started in Turkey,
- Reported to CDP and calculated its Carbon footprint,
- Updated its credit policy in line with social and environmental aspects, in addition established IFC Social and Environmental Management System (IFC SEMS),
- Updated its purchasing policy in line with social and environmental aspects in line with UNGC principles.
- Akbank developed tailor-made in-class & e-learning Sustainability Trainings for all levels of its employees. A reflection of its belief that sustainability needs organizational commitment and internalization of sustainability.
- In the lights of global developments, Akbank updated its environmental and social policies. in 2017 and updated it in 2018. In line with new policies, Akbank's loan assessment process has been developed with general and industry-focused questions and assessment matrices to identify environmental and social risks. *Detailed documents were attached below.*
- Akbank worked as a member of Sustainability Study Group under the roof of UNGC Turkey. The studies finalized as "Sustainable Finance Declaration". As Akbank, one of the seven pioneering supporters, Akbank signed it to show its commitment for sustainable finance issues. (updated in 2018)

https://www.akbank.com/Documents/ENVIRONMENTAL_AND_SOCIAL_RISK_ASSESSMENT_SYSTEM.pdf

https://www.akbank.com/Documents/AKBANK_ENVIRONMENTAL_AND_SOCIAL_POLICIES.pdf

https://www.akbank.com/Documents/NON_FINANCING_ACTIVITIES_LIST.pdf

C12.4

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

Publication

In voluntary sustainability report

Status

Complete

Attach the document

2018_Akbank_Sustainability_Report.pdf

Page/Section reference

In Akbank Sustainability Report with GRI G4 Comprehensive standards, Akbank's response to climate change and Greenhouse Gas emissions performance is published within the Sustainability Management and Our Operations and the Environment chapters.

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Other metrics

Comment

Sustainability report includes governance, strategy, risk & opportunities and environmental metrics.

Publication

In other regulatory filings

Status

Complete

Attach the document

2018_Akbank_Annual_Report.pdf

Page/Section reference

2018 Akbank Annual Report includes "Rules of Ethics and Social Responsibility" section. Please refer to page 90-91.

Content elements

Other, please specify

Comment

We also communicate on CDP via through Annual Report. - Ethics and Social Responsibility section

C14. Signoff

C-FI

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

Türker Tunalı joined Akbank in September 2008 as Senior Vice President in charge of Financial Coordination and International Reporting. Prior to joining Akbank, he held various managerial positions since 1999. He was appointed as Executive Vice President (CFO) in charge of Financial Coordination in October 2017. Türker Tunalı is the Vice Chairman of Ak Asset Management, Board member of AkLease and Akbank AG. Türker Tunalı is a graduate of Boğaziçi University, Department of Business Administration and is a CFA (Chartered Financial Analyst) since 2006.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Financial Officer (Executive Vice President)	Chief Financial Officer (CFO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms