



Akbank Sustainable Finance Framework

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Contents

1. Introduction.....	1
1.1. Akbank's Background.....	1
1.2. Akbank's Approach to Sustainability.....	1
2. Akbank's Approach to Sustainable Finance.....	4
3. Sustainable Finance Framework.....	6
3.1. Sustainable Finance Thresholds for Inclusion.....	6
3.1.1. Dedicated Purpose Financing.....	6
3.1.2. General Purpose Financing.....	6
3.2. Bond and Loan Issuances under This Framework.....	9
3.3. Use of Proceeds.....	9
3.4. Project Evaluation and Selection.....	9
3.5. Management of Proceeds.....	11
3.6. Reporting.....	12
4. Product Scope.....	17
5. Eligible Project Categories.....	19
5.1. Green Eligible Project Categories.....	19
5.2. Social Eligible Project Categories.....	33
6. Exclusions.....	43
7. External Review.....	43
7.1. Second Party Opinion.....	43
7.2. External Verification.....	43
8. Amendments to This Framework.....	43
9. Annex-I.....	44

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 favorable terms and superior asset quality together with its subsidiaries Ak Asset Management, Ak Investment, Akbank AG, Ak Lease and Ak Öde.

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 enables the group to reach all segments of the population and act as a vital pillar of the economy.

Akbank's bifocal strategy



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 on 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 include providing TL 200 billion in sustainable 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 net zero by 2050. Akbank will measure, and report on annual basis on the progress against commitments of quantitative targets. These pieces of information will be made public on Akbank's website¹.

¹ Please refer to <https://www.akbankinvestorrelations.com/en/sustainability/year-list/Sustainability-reports/60/0/0>

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. In addition, Akbank follows internationally recognized sustainability principles, such as the UN Global Compact, the UN Principles for Responsible Banking and UN Sustainability Development Goals.

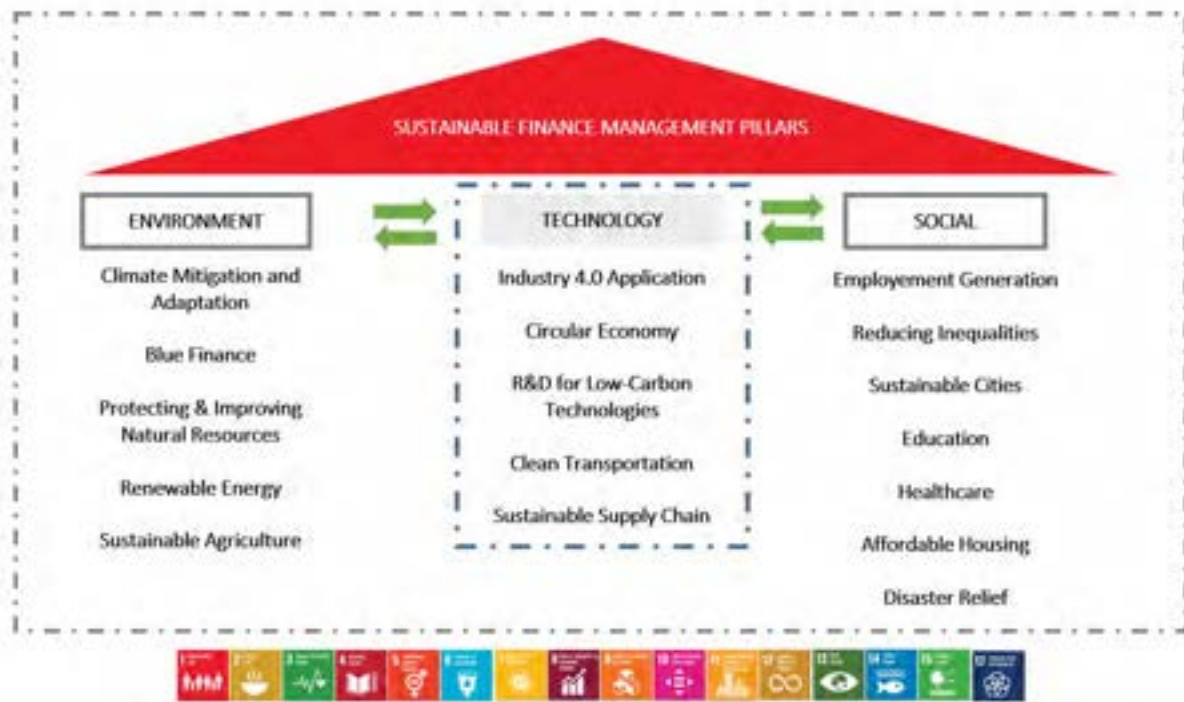
Robust governance structure to generate long-term value



2. Akbank's Approach to Sustainable Finance

In line with the ambitions of the Paris Agreement and the recent frameworks released by Turkish governmental institutions (e.g. BRSA, CMB framework requirements, good practice guidelines and principles) Akbank approaches sustainable finance in a holistic manner not only to facilitate positive environmental and social impact through its financial products provided within this Framework but also to manage and minimize negative impacts by examining each and every transaction through a structured system.

Aiming to minimize environmental degradation as well as to reduce the impact of climate change on Akbank's business activities, Akbank has identified 3 main pillars under sustainable finance management – Environment, Technology and Social. The bank's sustainable finance products and services with customized loan alternatives under these pillars are aligned with the Akbank's Sustainable Finance Framework. Technology pillar serves as a key for transition to low carbon economy with emerging solutions for both environment and social pillars.



Under sustainable finance management, green and social sustainable finance products are established and customized for our clients. We have established several sustainable finance products for corporate, commercial, SME and retail segments. We have taken into consideration of ESG trends, market and investor demands, client demands, regulatory compliance, national and international regulations and standards, and peer analysis.

- Turkey's very first Blue Finance Package for Corporate and Commercial Segment, including Blue Port, Blue Transportation and Blue Tourism loans which mainly aim to eliminate negative environmental impacts, decrease GHG emissions and boost the transition to a low carbon economy. Those loans are aligned with green eligible projects stated under this Framework.
- Rooftop Solar Panel Investment Loan for all segments (Corporate, Commercial, SME and retail)
- Transition to Low Carbon Economy Loan for Corporate and Commercial Segments
- EV/Hybrid Car Loan for Retail Segment
- SME Eco Transformation Package, including 7 Green Sustainable Finance Loans
- Agriculture Loans, such as drip irrigation loans for SME segment

- Women SME Packages
- Renewable Energy Loans for Corporate and Commercial and SME Segments
- Sustainable Trade Finance

There are several roles and responsibilities in the fields of sustainability, sustainable finance, and environmental and social risk assessment at Akbank:

- Akbank Investor Relations and Sustainability Department is responsible for coordinating the bank's overall sustainability strategy, as well as ESG-related disclosure and reporting.
- Akbank Investment Banking Department has a Sustainable Finance Management team which is responsible for coordinating sustainable finance efforts across all segments within Akbank (Corporate, Commercial, SME and retail banking).
- International Banking and Institutional Clients Division is responsible for the bank's wholesale funding as well as sustainable wholesale funding.
- The bank's environmental and social credit policies are managed by Credit Allocation Department, which is responsible for environmental and social risk assessment of projects and applying exclusion criteria to selected sectors.
- Akbank Wealth Management Department plays an active role in the issuance processes of Akbank domestic bonds and in customer and product-related activities of our subsidiaries, Ak Asset Management and Ak Investment.

Akbank approaches positive environmental impact, inspired by the focus areas of the EU Taxonomy² and identifies sustainable finance transactions through a detailed set of eligible project categories under six different themes: (i) Climate change mitigation (ii) climate change adaptation (iii) sustainable use and protection of water and marine environment, (iv) transition to a circular economy, (v) pollution prevention and control, (vi) protection and restoration of biodiversity and ecosystems. As for the positive social impact, we are focusing on financing products and services to improve health and well-being of the communities in underdeveloped regions, facilitate equal opportunity and generate employment.

In order to manage and minimize the potential and current negative impacts that may occur in the activities referred to as eligible criteria, Akbank takes the "Do No Significant Harm" fundamentals into consideration for lending activities through its Environmental and Social Loan Policies (ESLP).

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.

Any Use of Proceeds based issued under this Framework has been developed in line with Akbank's sustainability approach aiming to support the transition to low-carbon economy and contribute to the United Nations Sustainable Development Goals.

² Please see Annex I for EU Environmental Objectives of Green Eligible Projects.

3. Sustainable Finance Framework

In order to meet the commitments described above, Akbank has elected to create a Sustainable Finance Framework (the “Framework”) covering its own financing needs and loan portfolio. The framework is in accordance with the ICMA Green Bond Principles (GBP)³ 2021, with June 2022 Appendix I (Use of Proceeds Transactions), ICMA Social Bond Principles⁴ (SBP) 2021 with June 2022 Appendix I (Use of Proceeds Transactions), ICMA Sustainability Bond Guidelines⁵ (SBG) 2021, LMA Green Loan Principles 2023⁶, LMA Social Loan Principles 2023⁷, ICMA Harmonized Framework for Impact Reporting 2020⁸, ICMA Harmonized Framework for Impact Reporting for Social Bonds 2022⁹ and IFC Guidelines for Blue Finance¹⁰.

Our Framework has been divided to cover the following two pathways:

- Dedicated Purpose Financing
- General Purpose Financing

3.1. Sustainable Finance Thresholds for Inclusion

3.1.1. Dedicated Purpose Financing

When the financing is identified as being for a dedicated purpose, whether the funds are directed towards a project that falls under eligible green or social criteria is investigated by AKBANK. Dedicated purpose financing is eligible for inclusion if:

- 100% of the funds from the financing transaction are directed towards a project that is listed under the eligible green and social criteria listed in this Framework (see Section 5).

3.1.2. General Purpose Financing

In general purpose financing, the company subject to financing should:

- derive $\geq 90\%$ of its revenues from eligible activities
- or derive $\geq 90\%$ of its EBITDA from eligible activities
- or derive $\geq 90\%$ of its energy generation from renewable energy sources (specific to power/electricity generators only)

³ Please refer to <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

⁴ Please refer to <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

⁵ Please refer to <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁶ Please refer to https://www.lma.eu.com/application/files/4716/7715/0338/Green_Loan_Principles_23_February_2023.pdf

⁷ Please refer to https://www.lma.eu.com/application/files/3716/7715/0338/Social_Loan_Principles_23_February_2023.pdf

⁸ Please refer to https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022v2-020822.pdf

⁹ Please refer to https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Social-Bonds_June-2022-280622.pdf

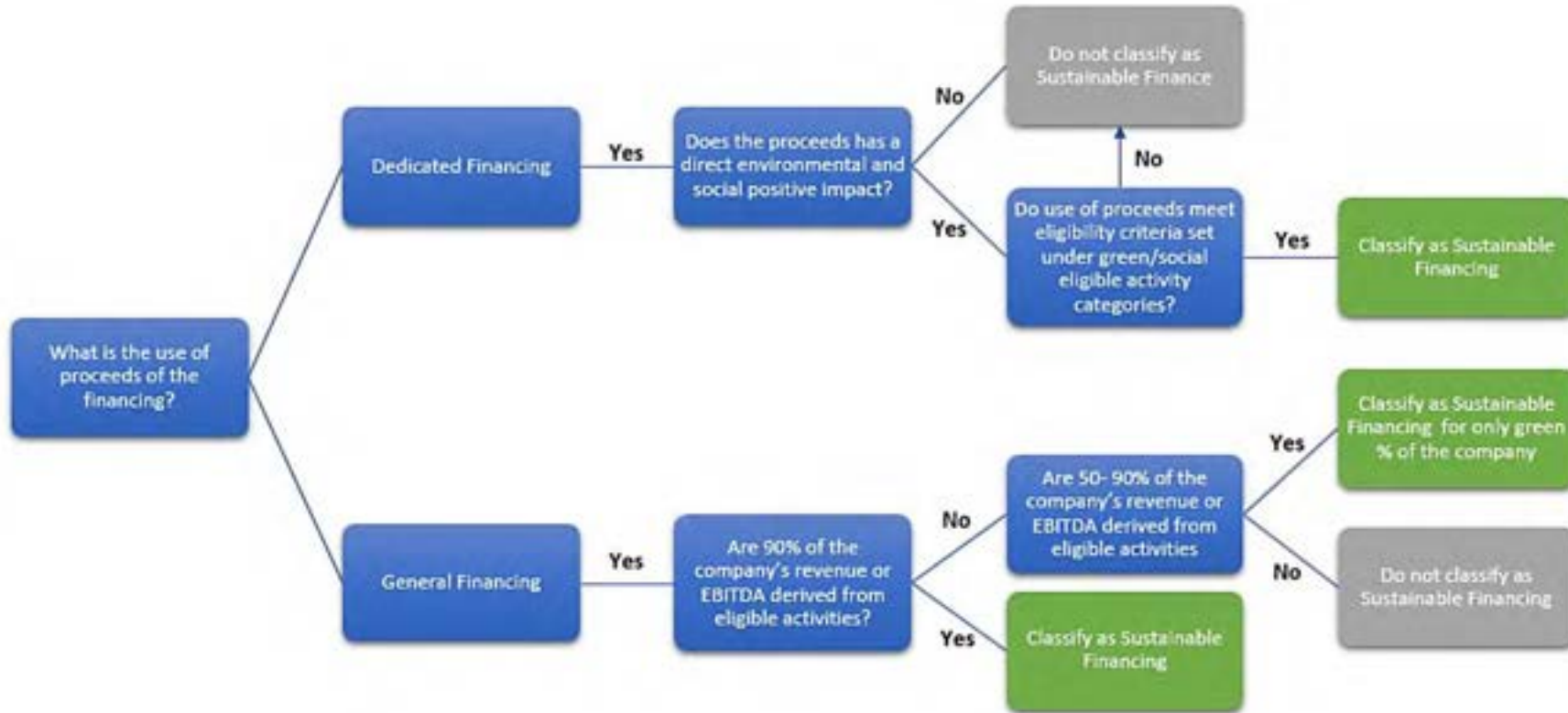
¹⁰ Please refer to https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/resources/guidelines-for-blue-finance

Pro-rata approach

Akbank recognizes that, in some instances, we provide funding to companies with substantial, and growing, eligible green activities which are below the 90% threshold. In these instances, we integrate market practices and adopt at least 50% revenue or EBITDA derives from eligible green projects listed under this Framework with pro-rata approach. This is also applied to at least 50% derives of its energy generation from renewable energy sources (Akbank will ensure that those naturally green-sustainable finance loans are allocated to activities considered green and revenue derived from fossil fuel must be less than 5%). In order for financing to be treated as eligible for inclusion under this approach, the company should:

- derives in between 50% and 90% of its revenues from eligible activities
- or derives 50% and 90% of its EBITDA from eligible activities
- or derives 50% and 90% of its energy generation from renewable energy sources (specific to power/electricity generators only)

Classification Logic



Please note that, projects with specific thresholds (may vary according to segmental basis) first go under Environmental and Social Risk assessment (Please refer to Section 3.2.3 for details). Projects may be excluded if listed under Exclusion List¹¹ (Please refer to Section 6). Also, their risk scores are assigned and ES risks are managed accordingly by Environmental and Social Credit Policy Unit.

¹¹ <https://www.akbankinvestorrelations.com/en/images/pdf/Akbank-ES-Risk-Framework.pdf>

3.2. Bond and Loan Issuances under This Framework

For each Sustainable Finance Instrument (Please see Section 4 for Product Scope of this Framework), Akbank asserts that it adopts the following core components, as set out in this Framework:

1. Use of Proceeds (Eligibility Criteria)
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Any green and/or sustainable deposits are allocated for eligible projects in particular (aligned with ICMA and LMA principles stated under this Framework). Akbank categorizes green/sustainable deposits aligned with eligibility criteria stated in Akbank Sustainable Finance Framework and not blend it with wider deposit pool.

This Framework may be updated and amended from time to time in the manner described in Section 8 (Amendments to this Framework) below. 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. SPO report will be valid as long as Framework remains unchanged. For the avoidance of doubt, any change in the eligibility criteria stated in this framework may not necessarily apply to bond instruments issued prior to this Framework.

3.3. Use of Proceeds

An amount equal to the net proceeds of any Sustainable Finance Instrument issued by Akbank are allocated¹² to finance and/or re-finance, in part or in full, eligible green and/or social loans (collectively "Eligible Loans"). See Section 5 for the green and social eligible project categories.

3.4. Project Evaluation and Selection

Governance

Environmental and Social Management System

Akbank has an Environmental and Social Credit Policy Unit who is responsible for the execution of the Akbank Environmental and Social Risk Framework¹³ (ESR Framework) which aims to proactively evaluate and manage the activities financed by our bank in terms of environmental and social risks. The Framework primarily aims to comply with national legislation, international agreements to which our country is a party, and environmental and social principles and criteria that reflect good practices published by international organizations.

Within the scope of ESR Framework, Akbank applies the Environmental and Social Management System (ESMS) and Environmental and Social Impact Assessment (ESIA) System in order to identify the environmental and social risks and/or opportunities that may arise as a result of the financing provides and to manage them effectively. The ESMS, which is the basic process for the management of environmental and social risks in credit processes, is applied to all customers with whom our bank has a credit relationship, except for the cases

¹² The look-back period, the period which the sustainable financing instruments can be allocated to existing projects/expenditures before the issuance of any Sustainable Financing (Borrowing) instruments is 36 months.

¹³ Please refer to <https://www.akbankinvestorrelations.com/en/images/pdf/Akbank-ES-Risk-Framework.pdf>

specified in the relevant section in the ESR Framework. In addition, some of the very high-risk projects mentioned in this document, all project finance loans¹⁴ in industries¹⁵ with high environmental and social risks and new investment loan¹⁶ requests with an investment amount of more than USD 10 million are subject to special review through the ESIA system in more detail than the ESMS.

Environmental and Social Risk Assessment is applied to loans of the customers with commercial activities by Environmental and Social Credit Policy Unit who is responsible for the execution of the Akbank's Environmental and Social Risk Management Framework.

Sustainable Finance Selection and Evaluation

After the ES risk assessment, projects undergo additional review for eligibility to be classified as Sustainable Finance based on the classification criteria set out in its Framework. Akbank has a dedicated Sustainable Finance Allocation Committee (SFAC) who are responsible for assessing and classifying finances as sustainable in compliance with the requirements of this Framework. Sustainable Finance Team is responsible for coordination and organization of this Committee.

Sustainable finance eligibility assessment process ensures 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 for use of proceeds in Section 5, 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.

Projects which meet minimum ES risk requirements go through a multi-step assessment process as follows:

- Sustainable Finance Team carries out the initial sustainable finance eligibility assessment of sustainable finance deals (Sustainable Financing Instruments and other relevant mechanisms that aligned with Akbank Sustainable Finance Framework).
- Sustainable transactions/asset pool which is proposed to be eligible in line with eligibility criteria are then agreed with the Akbank's "Sustainable Finance Allocation Committee" (SFAC) during the SFAC meetings.
- SFAC meetings are held on a monthly basis in accordance with sustainable finance pipeline. Sustainable Finance Team are responsible for coordination and organization of this Committee.

SFAC consists of members from:

- Investment Banking/Sustainable Finance Team - Mandatory Attendant
- Relevant 1 department (according to client and loan agreement type) are included in SFAC meetings. This may include a composition of the departments listed below, depending on the type of transaction/ loan segment: - Mandatory Attendant
 - Corporate Banking
 - Commercial Banking

¹⁴ Project Financing is a type of financing that is designed by associating the cash flow and value of the related project as the basis of the transaction and the ability of the borrower to pay with the revenues of the project. This type of financing is generally designed to make and develop large, complex and costly investments such as power plant, production facility, mine, transportation infrastructure, environment and telecommunications infrastructure, or to match them with financing models suitable for changing project dynamics.

¹⁵ Energy, Mining, Chemistry (including petro-chemistry), Production, Infrastructure & Transportation, Agriculture, Food, Livestock and Fisheries, Marine Tourism.

¹⁶ These are installment loans for smaller-scale workplace renovation, factory/warehouse construction and machinery equipment financing, which are not covered by project financing.

- SME Banking
- Retail Banking
- Private Banking & Wealth Management
- Loan/Credit Allocation - Environmental and Social Credit Policies Team – Mandatory Attendant in case of any potential Sustainability Linked Loan, otherwise Optional Attendant
- International Banking & Institutional Clients shall be invited according to funding requirements of the projects – Optional Attendant
- Investor Relations & Sustainability shall be attending based on the requirements of the sustainable finance and the credit deals aligned with Akbank's overall sustainability strategy and focus areas. - Optional Attendant

SFAC committee:

- Discusses new sustainable finance deals customized for selected sectors and segments with related mechanisms; e.g. Sustainability Linked Loans
- Discusses Sustainable Financing Instruments with related business units
- Discusses with related business 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/social strategy and other priorities.
- Reviews eligibility of the use of proceeds annually and throughout the bond/loan tenor to determine compliance with the Akbank's Sustainable Finance Framework in order to approve the allocation of proceeds
- Flags approved project(s) (if proceeds are waiting to be allocated), which is managed by the SFAC.
- Reviews 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).
- Decides 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 reviews and be in charge of the management of proceeds (as described in Section 3.2.3) and facilitate reporting (as described in Section 3.2.4).
- Approves new sustainable finance deals with its mechanisms, with related business units
- Ensures that eligible loans will comply with related regulations stated under Sustainable Finance Framework
- Checks reporting and verification process
- Manages any future updates of the Framework and corresponding Second Party Opinion (SPO)
- Collaborate FI's for potential sustainable finance funds aligned with eligible projects listed in Sustainable Finance Framework

Along with the results of the SFAC's work, the bank's sustainable finance performance and strategy are discussed in the Sustainable Finance Preliminary Committee (SFPC), with EVP participation. SFPC is coordinated by Investor Relations & Sustainability Department, and it convenes at least three times a year.

3.5. 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. In case of Green/Social loans, Akbank may consider temporary allocation of proceeds to be invested into thematically relevant/ESG placements and will disclose of any temporary placement to the lenders for the balance of unallocated proceeds. Please refer to Annex I for Sustainable Finance Instruments.

The proceeds are managed per bond/loan and are being tracked to check that ESG funds are specifically destined to eligible projects with the coordination of Sustainable Finance (SF) and International Banking & Institutional Clients (FI) Teams. FI team gathers all relevant data from business units regarding the transactions and allocate the ESG funds to these eligible projects annually and throughout the bond/loan tenor.

3.6. Reporting

An annual allocation reporting will be made publicly available within one year of issuance of any Akbank Sustainable Finance Instruments at the end of each financial year, which details the allocation of the net proceeds from any outstanding issuance. Allocation reporting will be performed until the maturity of bonds/loans. Allocation reporting will be made public on Akbank's website¹⁷. 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.

Akbank will also report the progress against the commitments, total sustainable financing volume and focus areas of financing such as clean transportation, renewable energy, women empowerment etc. These pieces of information will be made public on Akbank's website¹⁸. 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 annually and at least at the category level and on an aggregated basis, subject to the availability of the relevant data. Impact reporting will be made public on Akbank's website¹⁹. The impact reporting may include, depending on the availability of data, potential key environmental and social impact indicators that may cover but are not limited to the following:

¹⁷ Please refer to <https://www.akbankinvestorrelations.com/en/wholesale-funding/detail/Sustainable-finance/600/1675/0>

¹⁸ Please refer to <https://www.akbankinvestorrelations.com/en/sustainability/year-list/Sustainability-reports/60/0/0>

¹⁹ Please refer to <https://www.akbankinvestorrelations.com/en/wholesale-funding/detail/Sustainable-finance/600/1675/0>

Table 1. Potential Key Environmental and Social Impact Indicators for Green Eligible Projects

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

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

Project Category	Sub-Category	Example Impact Indicators
	Forest management	Afforested land (km ²)
		Area of rehabilitated forests (km ²)
		Area of certified forests managed (hectares)
	Urban management	Increase of natural landscape area/urban drainage systems in urban areas (km ² or %)

Table 2. Potential Key Environmental and Social Impact Indicators for Social Eligible Projects

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

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

4. Product Scope

Under the Framework, Akbank can issue²⁰ Green, Social, Sustainability or Thematic bonds, loans or other instruments. Please note that the Framework applies to Akbank T.A.S, excluding the subsidiaries²¹. Akbank intends to allocate the proceeds from the Sustainable Financing (Borrowing) Instruments' issuance to a portfolio of loans provided to clients that meet the use of proceeds eligibility criteria the (Sustainable Loan Portfolio).

Thematic instruments refer to Blue, Gender or other thematic labels focusing on specific environmental, social or sustainability objectives.

- A. **Green Bonds and Loans:** bonds/loans/syndicated loans/treasury financing where product purpose is towards financing and/or refinancing of eligible green projects which meet the eligibility criteria presented in Section 5.1.
- B. **Social Bonds and Loans:** bonds/loans/syndicated loans/treasury financing where product purpose is towards financing and/or refinancing of eligible social projects which meet the eligibility criteria presented in Section 5.2.
- C. **Sustainability Bonds and Loans:** bonds/loans/syndicated loans/treasury financing where product purpose is towards financing and/or refinancing a mix of eligible green and social projects which meet the eligibility criteria presented in Section 5.
- D. **Blue Bonds and Loans (blue themed borrowing instruments):** where product purpose is towards financing and/or refinancing of eligible green and/or social projects related to the marine or blue economy and which meet the eligibility criteria in presented in Section 5.
- E. **Gender Bonds and Loans (green themed borrowing instruments)** where product purpose is towards financing and/or refinancing eligible social projects aimed at supporting the advancement, empowerment and equality of women and which meet the criteria presented in Section 5.

Except for blue-and gender themed instruments, other types of thematic labeled borrowing instruments whose objectives are aligned with this Framework could be introduced.

Sustainable Finance Instruments include the following:

Table 3. Sustainable Finance Instruments

Product	Description	Framework
Debt Capital Markets	Issuance of green/ social/ thematic/ sustainability bonds to qualified investors either under Akbank's Global Medium Term Programme (GMTN) or on standalone basis.	Akbank Sustainable Finance Framework ICMA Green, Social and Sustainability Bond Principles IFC Guidelines for Blue Finance
Green/Social/Thematic /Sustainability Loans	These loans are borrowed from IFIs and/or banks under a loan agreement, whose proceeds are allocated to finance where product purpose is towards financing and/or refinancing of eligible green, social or thematic	Akbank Sustainable Finance Framework LMA Sustainability Linked Loan Principles IFC Guidelines for Blue Finance

²⁰ Please note that the Framework covers the bonds/loans issued by Akbank as well as green/sustainable deposits and Akbank's Sustainable Loan Portfolio (financing provided by Akbank T.A.S to its' clients in the eligible categories).

²¹ Akbank AG, AKLease, AKYatırım (AK Investment), AKPortföy (AK Asset Management), AKÖde

Product	Description	Framework
	projects or a mix of such projects which meet the eligibility criteria presented in Section 5.	
Green/Sustainable Deposits	Any green and/or sustainable deposits are allocated for eligible projects. Akbank categorizes green/ sustainable deposits aligned with eligibility criteria under this Framework and not blend it with wider deposit pool.	Akbank Sustainable Finance Framework ICMA and LMA Principles
Green/Social/Thematic /Sustainability Loans (Akbank Sustainable Loan Portfolio)	Financing provided by Akbank T.A.S to its 'clients in the eligible categories presented in Section 5.	Akbank Sustainable Finance Framework ICMA and LMA Principles IFC Guidelines for Blue Finance

Sustainable Supply Chain/Trade Finance products are also considered within the scope of Akbank's sustainable finance activities through eligible categories presented in Section 5.

Product	Description	Framework
Sustainable Supply Chain/Trade Finance	Supply Chain Finance (SCF), Guarantees, Letters of Credit, Trade Loans, Factoring, Invoice Financing and Receivable services	Akbank Sustainable Finance Framework ICC (International Chamber of Commerce) Positioning Paper on Standards for Sustainable Trade & Sustainable Trade Finance ²²


²² <https://iccwbo.org/publication/icc-standards-for-sustainable-trade-and-sustainable-trade-finance/>

5. Eligible Project Categories

5.1. Green Eligible Project Categories

The table below lists information on the use of proceeds within qualifying categories, as well as a description of the criteria for qualified green activities. Individual loans which are verified by a third-party as in compliance with the Green Loan Principles yet not explicitly covered in this Framework are considered as positive environmental impact/ green eligible projects by Akbank as well.

Table 4. Green Eligible Project Categories

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
Energy efficiency	Financing or refinancing manufacturing, establishment, acquisition, expansion ²⁴ , upgrade, R&D and / or the installation of associated infrastructure ²⁵ that result by at least 20% energy efficiency and/or reducing greenhouse gas emissions at least by 20%. <ul style="list-style-type: none"> • Increased Energy Efficiency • Digital Solutions 	<ul style="list-style-type: none"> • Increased Energy Efficiency²⁶ <ul style="list-style-type: none"> ○ LED fixture installation ○ Building insulation investments with low thermal conductivity and efficient cladding and roofing systems ○ Monitoring and other EE systems (e.g. compressed air systems, energy efficient machinery²⁷ (energy efficient process technologies, appliances, lighting, cleaning and washing equipment, combustion, cooling and fan systems, pumps and electric motors etc.) ○ Construction, refurbishment and operation of pipelines and associated infrastructure for distribution of heating and cooling based on renewable energy providing that the specified inclusion criteria in renewable 	

²³ Examples included in this document are for illustrative purposes. Project types include but are not limited to the examples provided.

²⁴ 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 'decarbonization 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.


²⁵ Including all market segments with Energy Efficiency investments, i.e. SMEs, commercials and corporates, etc.

²⁶ Exclusion Criteria: Project that result in the lock in of fossil fuel technologies

²⁷ Energy efficient transportation such as Electric forklifts, tractors, loaders, excavators; motors & pumps, process technologies, appliances, Lighting, cleaning, and washing equipment etc.

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
		<p>energy category is met, where fossil fueled projects and cogeneration and CHP plants powered by coal and natural gas are excluded.</p> <ul style="list-style-type: none"> ○ Waste heat recovery systems ○ Transmission and distribution, lines that would facilitate reduction in energy loss during transmission that result in energy efficiency ○ Installation, maintenance, repair of energy efficiency equipment (Ref: EUT 7.3) ○ Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings (Ref: EUT 7.4) <ul style="list-style-type: none"> ● Digital Solutions: Development and implementation of digital products and services such as big data and data analytics technologies that aims at energy efficiency like increased energy efficiency products <ul style="list-style-type: none"> ○ Industry 4.0 products, services and enabling capabilities (e.g. NB-IoT, LTE-M, LPWA, AI, IoT analytics, other smart monitoring systems, etc.²⁸), excluding spectrum acquisition and license renewal ○ Activities aligned with EUT CM 8.2 	

²⁸ Narrowband-Internet of Things, Long Term Evolution Mobile, Low-power wide-area, artificial intelligence respectively.

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
Renewable energy	<p>Financing or refinancing equipment, R&D, manufacturing (including dedicated components), assembly, repair, construction, operation, connection, procurement and maintenance of renewable energy generation assets and related infrastructure as well as transmission and distribution (including auxiliary technical equipment)</p> <ul style="list-style-type: none"> • Wind power • Solar power • Geothermal • Hydropower • Green Hydrogen • Waste to energy • Transmission and distribution • Storage • Renewable non-fossil gaseous and liquid fuels • Production of biofuel for electricity • Composting of bio-waste • Manufacturing of next generation power electronics and smart grid equipment • Electric heat pumps 	<ul style="list-style-type: none"> • Wind power: On-shore and off-shore • Solar power: Photovoltaics (PV), Concentrated Solar Power (CSP)²⁹ and solar thermal facilities • Geothermal: with direct emissions $\leq 100\text{g CO}_2\text{e/kWh}$ and/or same with the sector average³⁰ • Hydropower: The activity complies with either of the following criteria. <ul style="list-style-type: none"> ○ Projects restricted to facilities with generation capacity of 10 MW or less ○ Hydropower with generation capacity of 10MW to 25MW, or >25 MW and <1000MW with conditions either a lifecycle carbon intensity of $\leq 100\text{gCO}_2/\text{kWh}$ or power density $\geq 5\text{W}/\text{m}^2$ ○ the electricity generation facility is a run-of-river plant and does not have an artificial reservoir; • Green Hydrogen: <ul style="list-style-type: none"> ○ Production of hydrogen by electrolysis power (powered by renewable energy). • Waste to energy: Anaerobic digestion of sewage sludge and anaerobic digestion of bio-waste, with direct emissions $\leq 100\text{g CO}_2\text{e/kWh}$, as well as segregation of recyclable waste before incineration 	


²⁹ For CSP, generated electricity from solar energy resources with a min 85% threshold


³⁰ Note that “same with sector average” means that emission data is collected from client (case by case screening) and evaluated against Turkish Market available best practices emissions (Turkish Grid Emission Factor))

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
	<ul style="list-style-type: none"> • Construction, renovation or refurbishment of new electricity grids and expansions 	<ul style="list-style-type: none"> ○ Biogas from sewage sludge (anaerobic digestion) (Ref: EUT CDR (EU 2021- 5.6) ○ Biogas from anaerobic digestion of bio-waste (Ref: EUT CDR EU 2021- 5.7) • Production of biogas and biofuel for electricity: with direct emissions $\leq 100\text{g CO}_2\text{e/kWh}$ and/or same with the sector average emission intensity and the source material is derived from sustainable sources³¹ • Electricity generation by biomass with direct emissions $\leq 100\text{g CO}_2\text{e/kWh}$, and/or same with sector average, and/or less than Turkish Grid Emission Factor, and sustainable sources³² • Transmission and distribution <ul style="list-style-type: none"> ○ Transmission and distribution networks dedicated to hydrogen, biogas or other low-carbon gases ○ Leak detection and repair of existing transmission and distribution networks. • Storage <ul style="list-style-type: none"> ○ Storage of energy derived from the renewable energy resources indicated in this Framework ○ The construction and operation of electricity storage including pumped hydropower storage (less than 1,000 MW) ○ Construction and operation of hydrogen storage facilities (including conversion of 	

³¹ Including certified feedstocks, and/or does not compete with food sources and not from waste incineration


³² Including certified feedstocks, and/or does not compete with food sources and not from waste incineration

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
		<p>existing gas storage facilities) (no direct fossil fuel powered storage facilities)</p> <ul style="list-style-type: none"> ○ Construction and operation of facilities that store thermal energy and return it at a later time in the form of thermal energy or other energy vectors <ul style="list-style-type: none"> ● Renewable non-fossil gaseous and liquid fuels of renewable origin (e.g. steam) with lifecycle emissions $\leq 100\text{g CO}_2\text{e/kWh}$, (Ref: EUT 4.7) <ul style="list-style-type: none"> ○ This activity does not include electricity generation from the exclusive use of biogas and bio-liquid fuels. ● Composting of bio-waste ● Smart grid for renewable energy next generation power electronics and equipment such as dynamic hardware, DLR, modernized power substations increasing sensor deployment and data analytics uses, etc. ● New electricity grids and expansions dedicated exclusively to renewable electricity ● Electric heat pumps dedicated to dedicated exclusively to renewable electricity 	
Green buildings	<p>Financing or refinancing low-carbon new, existing or refurbished public, commercial and residential buildings that meet one of the following criteria:</p> <ul style="list-style-type: none"> ● Energy certified buildings 	<ul style="list-style-type: none"> ● Energy certified buildings: 	

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
	<ul style="list-style-type: none"> Renovations or upgrades of existing buildings 	<ul style="list-style-type: none"> Buildings with NSEB (Nearly Zero Energy Building) qualifications³³ as stated in Energy Performance Regulation Buildings fall 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 Code³⁴ Certified with a nationally/internationally recognized certification body: <ul style="list-style-type: none"> LEED (Gold and above) BREEAM (Very Good and above) DGNB (Gold and above) HQE (Excellent and above) ÇEDBİK Green Building certification Very Good and above (Commercial and Residential Certificate) EDGE (Certified, Advanced and Zero Carbon) Renovations or upgrades of existing buildings leading to at least 30% improvement in energy efficiency 	
Clean transportation	Financing or refinancing production (including component manufacturing), R&D, establishment, acquisition, expansion, upgrades, maintenance and operation of clean (zero-	<ul style="list-style-type: none"> Land transport: clean land transportation products and services for automotive, public transport and freight services <ul style="list-style-type: none"> Fully electric vehicles and components Green hydrogen vehicles and components 	


³³ NSEB buildings must meet the following criteria: (i) Energy performance class B or better on the Energy Performance Certificate and (ii) the primary energy requirement of the building is supplied with at least “5%” renewable until 1/1/2025 and at least 10% thereafter.

³⁴ Building permit licenses are not issued for those households whose energy certificate is rated below C. Please refer to <https://www.enerjikimlikbelgesi.com/>

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
	emission) land-transport, shipping and aviation, and associated infrastructure for personal, public and freight transportation <ul style="list-style-type: none"> • Land transport • Sea transport • Aviation 	<ul style="list-style-type: none"> ○ Hybrid electric vehicles (passenger transport), below the threshold of 50g CO₂e/p-km for passenger vehicles and 25g CO₂e/t-km for freight vehicles ○ Charging infrastructure for electric vehicles ○ Transport infrastructure and services including electrified railways and railway extensions ○ Infrastructure for rail transport (only for electrified trackside infrastructure), (Ref: EUT CM 6.14) • Sea transport: Use of low-carbon vessels and equipment in shipping and sea passenger transport <ul style="list-style-type: none"> ○ Vessels with zero direct CO₂ emissions (Ref: EU Taxonomy 6.10) ○ Hybrid vehicles and tugs • Aviation: Low-carbon airport infrastructure³⁵ (Ref: EUT 6.17) <ul style="list-style-type: none"> ○ Low carbon airport infrastructure alongside real estate criteria (e.g. hydrogen refueling, electricity charging, etc.). 	
Climate change adaptation	Financing or refinancing the development, maintenance, renovation or restoration activities that strengthen the capacity for prevention and management of acute and chronic physical climate	<ul style="list-style-type: none"> • Projects related to increasing the resilience of eco-systems³⁶ <ul style="list-style-type: none"> ○ Efforts to make infrastructure more resilient to impacts of climate change (Ref: ICMA & LMA) 	

³⁵ The activity is not dedicated to the transport or storage of fossil fuels.


³⁶ Akbank will assess projects under climate change adaptation with a case-by-case approach to identify whether climate related risks and vulnerabilities have been investigated for the project, to define the contribution of the proposed investment on climate risks and to evaluate the alignment of the project with local, regional, national strategies and climate adaptation plans.


Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
	<p>change related damages and disasters:</p> <ul style="list-style-type: none"> • Projects related to increasing the resilience of eco-systems • Consulting and engineering activities 	<ul style="list-style-type: none"> ▪ Flood prevention systems (for projects within the scope of flood management in regions defined as High and Very High risk in the Flood Risk Maps included in the Flood Management Plans published by the Turkish Ministry of Agriculture and Forestry, General Directorate of Water Management for river basins in Turkey) ▪ Land slide prevention structures ▪ Projects addressing drought, desertification, forest fires, epidemics, the loss of biological diversity and ecosystem resulting from global temperature increases ○ Information support systems (Ref: ICMA & LMA) <ul style="list-style-type: none"> ▪ climate observation and early warning systems • Consulting and engineering activities that will support institutions and organizations to adapt to climate change <ul style="list-style-type: none"> ○ Consulting and engineering services for the activities under 'Disaster Management' exclusively in relation to projects 	
Sustainable water and wastewater management	Financing or refinancing R&D, construction, operation and maintenance of sustainable water management and wastewater	<ul style="list-style-type: none"> • Projects that reduce water withdrawal, consumption, recycling and/or improve the efficiency of resources, that includes: <ul style="list-style-type: none"> ○ Water recovery, recycling, reuse, saving technologies and water metering ○ Water leakage detection systems 	

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
	<p>management projects³⁷, facilities and related infrastructure:</p> <ul style="list-style-type: none"> • Projects that reduce water withdrawal, consumption, recycling and / or improve the efficiency of resources • Wastewater treatment and Sewage Treatment Plants 	<ul style="list-style-type: none"> ○ Water distribution systems with improved efficiency/quality ○ Water recovery systems and water-efficient sanitary installations • Water treatment plants: <ul style="list-style-type: none"> ○ Drinking water treatment, storage and sustainable supply systems ○ Desalination powered by renewable energy ○ Renewal of water collection, treatment and supply systems (Ref: EUT CM 5.2) ○ The development of unconventional water resources³⁸ ○ Projects that monitor and protect water security (water quality and pollution prevention) for critical water bodies and basins • Wastewater treatment and sewage treatment plants: <ul style="list-style-type: none"> ○ Anaerobic digestion of sewage sludge ○ Anaerobic digestion of bio-waste ○ Wastewater recycling/reuse ○ Wastewater discharge units ○ Advanced treatment ○ Chemical/bio-chemical treatment ○ pumping stations ○ Construction, extension and operation of domestic wastewater collection and treatment systems, (Ref: EUT CM 5.3) 	

³⁷ Water and wastewater management programs does not include any projects related to the exploration, development, production or transport of fossil fuels.

³⁸ Unconventional water refers to water resources that are different from conventional surface water and groundwater, including rainwater or reclaimed water (recycled sewage and wastewater) and seawater, etc.


Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
		<ul style="list-style-type: none"> ○ Renewal of wastewater collection and treatment, (Ref: EUT CM5.4) 	
Terrestrial and aquatic biodiversity	Financing or refinancing investments related to the conservation and enhancement of terrestrial and aquatic biodiversity (including the protection of coastal, marine and watershed environments) <ul style="list-style-type: none"> ● Protection and restoration ● Sustainable Tourism 	<ul style="list-style-type: none"> ● The protection of variability among living organisms from coastal, marine, watershed environments and other aquatic ecosystems. Eligible activities include, but are not limited to: <ul style="list-style-type: none"> ○ Prevention or reduction of pollution in coastal, marine, river and watershed ecosystems (e.g. systems against mucilage, elimination or reduction of point (e.g. WWTPs) and non-point pollution (e.g. agricultural land) sources). ○ Establishing or maintaining coastal protection and management projects ○ Establishing or maintaining systems for marine, coastal, river and watershed ○ Projects related to biodiversity preservation, including conservation and monitoring of endangered species, habitats and ecosystems in Environmental Protection Areas ○ Protection related to restoration and/or conservation of natural terrestrial and marine landscapes 	

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
		<ul style="list-style-type: none"> • Sustainable tourism activities (to be assessed case-by-case³⁹); e.g. “Environmentally Friendly Hotels Label” given by Ministry of Tourism and Culture⁴⁰, Green Building standards (please refer to the criteria under Green buildings Project Category) 	
Circular economy adapted products, production technologies and processes	<p>Financing or refinancing resource use efficiency and circular and / or recyclable products (including e-waste recovery projects) or operations with robust waste management processes in place to ensure all related projects risks are properly managed.</p> <ul style="list-style-type: none"> • Circular design and production models • Circular use models • Circular value recovery models 	<ul style="list-style-type: none"> • Circular design and production models <ul style="list-style-type: none"> ○ Increasing recycled content ratio in products and packaging ○ Bio-sourced (or green) monomer and polymer production ○ Sustainable food packaging, including packaging material productions if produced with biomaterials and recycled materials. <ul style="list-style-type: none"> ▪ For plastics packaging⁴¹: Bio-based plastics or use mono material structure to enable recycle and exclude use of E PVC, PVDC, Polystyrene (PS), or Expanded PS ▪ For paper & paper board: No use of fluorine-containing compounds (PFAS) and are certified by FSC, PEFC or SFI. 	

³⁹ Akbank manages Ecosystem risks of the projects according to ESMS and ESIA processes. In case any impact to sensitive ecosystems identified during due diligence process, ESIA team conducts detailed impact analysis and management. Necessary measures will be taken according to IFC PS 6, IFC guidelines for blue finance, UNEP FI Blue Finance Principles in line with Akbank’s “protection and restoration of biodiversity and ecosystems” goal. In addition to compliance with IFC PSs, Blue finance Turning the tide criteria annex coastal and marine tourism measures will be checked case by case for each project.


⁴⁰ Please refer to <https://www.resmigazete.gov.tr/eskiler/2017/06/20170619-8.htm>

⁴¹ 90% input is recycled or bio-based, 90% not intended for single use and all input materials are recyclable.

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
		<ul style="list-style-type: none"> • Circular use models <ul style="list-style-type: none"> ○ Increase recyclability/ reusability of products by solutions that extend the product life cycle, through product refurbishment, re-usable materials, or refillable schemes • Circular value recovery models: <ul style="list-style-type: none"> ○ Production⁴² that uses waste, renewable or recycled resources as feedstock ○ Recycling facilities ○ Recycling of batteries ○ Material recovery from non-hazardous waste ○ Separate collection and transport of non-hazardous waste in source segregated fractions ○ Recycling, reusing, recovering critical raw materials (Ref: EUT 5.9⁴³) 	
Pollution prevention and control	Financing or refinancing R&D, construction, operation and maintenance and enabling of pollution prevention and control systems, services and products by Preventing or, where that is not practicable, reducing pollutant emissions into air, water or land,	<ul style="list-style-type: none"> • Reduction and monitoring of end-of-pipe air pollution • Remote full-automatic pollutant monitoring and measurement systems that aims to reduce pollution if they do not directly rely on fossil fuels. • RS/GIS systems that contribute to waste and leakage monitoring 	

⁴² E.g. substitution of critical materials with biological or bio-based materials, incorporation of renewable energy or processes fueled by energy from solar, wind or other renewable energy sources

⁴³ Please refer to https://ec.europa.eu/growth/sectors/raw-materials/areas-specific-interest/critical-raw-materials_en

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
	other than greenhouse gasses (excluding assets/technologies powered by fossil fuels).	<ul style="list-style-type: none"> • Soil and groundwater monitoring and remediation⁴⁴ • Projects which result in at least 15% chemical and raw material consumption reduction • Preventing or minimizing any adverse impact on human health and the environment of the production, use or disposal of chemicals • Integrated waste management facilities, pre-treatment facilities such as material recovery facilities and transfer station 	
Environmentally sustainable management of living natural resources and land use	Financing or refinancing sustainable agriculture practices defined in the communique ⁴⁵ : <ul style="list-style-type: none"> • Sustainable Agriculture • Land restoration and sustainable forest management practices • Urban greening projects 	<ul style="list-style-type: none"> • Sustainable Agriculture <ul style="list-style-type: none"> ○ Sustainable agriculture that has national/ international certificates (i.e. RSPO, FSC, PEFC, SFI, Global G.A.P, Red Tractor, Rainforest Alliance, UTZ, ProTerra, Ecocert, RSB, ISCC), or which save water and improve the recovery of local farming and agriculture lands ○ Sustainable agriculture activities such as: restoration of degraded pasture, soil recovery, use of natural fertilizer, crop rotation etc. • Land restoration and sustainable forest management practices <ul style="list-style-type: none"> ○ Certification and implementation of supply chain transparency practices (Rainforest 	

⁴⁴ 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.


⁴⁵ <https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=14217&MevzuatTur=7&MevzuatTertip=5>; Communique regulating "the Principles of Organic/Sustainable Agriculture in Türkiye and its Implementations" dated 18.08.2010 with Official Gazette No : 27676

Project Categories	Definition	Inclusion criteria and Examples ²³	UN SDGs
		<p>alliance, BCI, etc.) for sensitive agricultural products (cotton, cacao, coffee, etc.)</p> <ul style="list-style-type: none"> ○ Sustainable management of forests, restoration of degraded forests as well as afforestation/ reforestation/ conservation activities and forestry activities certified to e.g. FSC, SFI, PEFC or an equivalent standard ● Urban greening projects <ul style="list-style-type: none"> ○ Development of parks and green areas, eligible if they are aligned with national and international sustainable forestry certification e.g. FSC, SFI, PEFC or an equivalent standard ○ Sustainable urban drainage systems 	

5.2. Social Eligible Project Categories

The table below lists information on the use of proceeds within qualifying categories, as well as a description of the criteria for qualified social activities.

Table 5. Social Eligible Project Categories



Project Category	Sub-Category	Activities	Inclusion criteria and Examples ⁴⁶	UN SDGs
Employment generation and financial inclusion	Supporting local economy, financial inclusion and employment generation	Financing or refinancing all SMEs, micro enterprises	<ul style="list-style-type: none"> • Projects that finance or refinance SMEs (Small and Medium-Sized Enterprises)⁴⁷, micro-enterprises⁴⁸ that qualify for at least 1 of the below: <ul style="list-style-type: none"> ○ SMEs having a maximum operation period of 7 years and operating under the following NACE codes: 620201, 620901, 620902, 465101, 582101, 582901, 631201, 620101, 620301, 631108 ○ SMEs operating in developing and underdeveloped regions of Turkey⁴⁹ ○ SMEs that increase the number of employees (at least 1) within 1 year prior to financing 	

⁴⁶ Examples included in this document are for illustrative purposes. Project types include but are not limited to the examples provided.

⁴⁷ According to the official definition provided by the “Regulation on the definition of SMEs, their properties and segmentation” dated 18.11.2005 with Official Gazette No: 25997 accessible at <https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=20059617&MevzuatTur=21&MevzuatTertip=5>, Small Enterprises are businesses that employ less than 50 people and whose annual net sales revenue or financial balance sheet does not exceed 50 million TL and Medium-Sized Enterprises are businesses that employ less than 250 people and whose annual net sales revenue or financial balance sheet does not exceed 250 million TL.







⁴⁸ According to the official definition provided by the “Regulation on the definition of SMEs, their properties and segmentation” dated 18.11.2005 with Official Gazette No: 25997 accessible at <https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=20059617&MevzuatTur=21&MevzuatTertip=5>, a) Micro-enterprise: Businesses that employ less than 10 people and whose annual net sales revenue or financial balance sheet does not exceed 5 million TL.

⁴⁹ Developing and underdeveloped regions of Türkiye refers to all provinces except the developed ones: Istanbul, Ankara and Izmir which are reported as the 3 most developed cities in Türkiye in the Socio-Economic Development Ranking Report published by the Ministry of Industry and Technology of Türkiye.

Project Category	Sub-Category	Activities	Inclusion criteria and Examples ⁴⁶	UN SDGs
			<ul style="list-style-type: none"> ○ SMEs operating in areas negatively affected by natural disasters or health pandemics. ○ SMEs owned and/or operated by migrants, youth (up to 30 years old) and other vulnerable groups 	
	Diversity and equal opportunity	Financing and refinancing businesses owned by women and vulnerable groups ⁵⁰ and/or focusing on creating employment for women and vulnerable groups excluding business and activities indicated in our Exclusion List ⁵¹	<ul style="list-style-type: none"> • Owned (at least 51%) or led by women • 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) • Projects that finance or refinance businesses owned by vulnerable groups and/or focusing on creating employment for vulnerable groups and aiming to increase the involvement of vulnerable groups in the workforce through supportive practices such as local hiring programs, training programs for increasing specific skills, etc. 	
Access to essential services / Affordable	Energy	Financing and refinancing energy accessibility	<ul style="list-style-type: none"> • Electricity distribution and transmission infrastructure (generated from non-renewable sources) • Subsidy program for electricity consumption (generated from non-renewable sources) 	


⁵⁰ For definition of vulnerable groups, please refer to the definition of United Nations accessible at <https://www.un.org/en/fight-racism/vulnerable-groups>

⁵¹ Akbank non-financing activities (exclusion) list is accessible at <https://www.akbankinvestorrelations.com/en/images/pdf/Akbank-ES-Risk-Framework.pdf>

Project Category	Sub-Category	Activities	Inclusion criteria and Examples ⁴⁶	UN SDGs
Basic Infrastructure (Target Population: lower socioeconomically developed regions ⁵² , under-served population ⁵³)	Water and Sanitation	Financing and refinancing water accessibility	<ul style="list-style-type: none"> Building new facilities to increase the amount of water that can be produced or stored in order to make it more readily available to a growing population (e.g. Water drilling, modern equipped wells, mini drinking water supply, drinking water treatment plant, water towers and storage, drinking water fountains and special connections, supply, and distribution pipes. Providing access to basic sanitation including septic tanks and treatment facilities Water infrastructure, if these lower socioeconomically developed areas have lack of access to water. 	 
	Telecommunication	Construction telecommunication equipment	<ul style="list-style-type: none"> Construction of telecommunication equipment 	 
	Transportation	Financing and refinancing manufacturing, installation of transportation infrastructure to improve connectivity	<ul style="list-style-type: none"> Financing the construction, equipping, maintenance of clean transportation facilities, such as pedestrian and cycling infrastructure (bike lanes, bicycle lanes) 	 

⁵² Lower socioeconomically developed areas are classified as the areas which has lower gross domestic products than average Turkish gross domestic products. Gross domestic product by province statistics is published by TURKSTAT. Please refer to <https://data.tuik.gov.tr/Bulten/Index?p=Il-Bazinda-Gayrisafi-Yurt-ICI-Hasila-2020-37188>



⁵³ Under-served population is the population in internal or isolated areas, regions without connection/access to key social infrastructure, essential goods and services (electricity, water, telecommunication, transportation).


Project Category	Sub-Category	Activities	Inclusion criteria and Examples ⁴⁶	UN SDGs
		and develop community transportation		
Access to essential services	Access to quality and affordable education ⁵⁴	Financing or refinancing developments, construction, maintenance and operation of publicly available or subsidized education and vocational training infrastructures and services to ensure affordability to students and private education and vocational training services ⁵⁵ in lower socioeconomically developed areas ⁵⁶ .	<ul style="list-style-type: none"> • Funding educational institutions including primary and secondary schools, universities and tertiary education centers, technical/ vocational training centers and programs • Student housing (<i>Target Population: All students</i>) • Projects related to the physical and mental development of young generation including the support <ul style="list-style-type: none"> ○ to amateur sport clubs, youth projects, ○ to youth camps and thematic camps (where the priority is given to disadvantaged groups (children and youth from lower-middle income level, disabled individuals, relatives of martyrs / veterans, etc.) ○ to facilitate socioeconomic advancement and reduce social inequalities. 	

⁵⁴ Target Population: Youth and general population including people from low income families and/or from disadvantaged backgrounds; people with disabilities, the unemployed, women, underprivileged, refugees under temporary protection

⁵⁵ Please note that private educational service should be free or discounted at a minimum to be eligible.


⁵⁶ Lower socioeconomically developed areas are classified as the areas which has lower gross domestic products than average Turkish gross domestic products. Gross domestic product by province statistics are published by TURKSTAT. Please refer to <https://data.tuik.gov.tr/Bulten/Index?p=Il-Bazinda-Gayrisafi-Yurt-ici-Hasila-2020-37188>

Project Category	Sub-Category	Activities	Inclusion criteria and Examples ⁴⁶	UN SDGs
	Access to quality and affordable Healthcare	Financing or refinancing developments, construction, maintenance and operation of publicly available or subsidized healthcare infrastructures and services	<ul style="list-style-type: none"> • Construction, refurbishment and modernization of hospitals and healthcare facilities and medical equipment, healthcare technology • Investment in specialized treatment centers, nursing homes, rehabilitation centers and elderly care facilities owned by government or private facilities where patient expenses are subsidized by the Government. • Providing affordable or free essential healthcare services to the underprivileged and underserved (including services towards inclusion of the aging population) 	
		Financing or refinancing production, purchase and distribution of healthcare materials and equipment needed for prevention and treatment of health issues, pandemics etc. (e.g. COVID 19)	<ul style="list-style-type: none"> • Manufacturing, logistics and distribution of medical products and supplies essential to medical response, disease control services • Investments for provision and trading of vaccinations • Manufacturing, logistics and distribution of prescription pharmaceuticals excluding contraception pharmaceuticals and medical cannabis products • Financing sale of affordably priced or subsidized medicines on the WHO essential medicines list • R&D for development medical products which could serve in the fight against health crises • R&D into neglected diseases and/or drugs on the World Health Organization (WHO) essential medicines list • Addition of capacity to facilities for healthcare training (construction of new buildings excluded) 	

Project Category	Sub-Category	Activities	Inclusion criteria and Examples ⁴⁶	UN SDGs
			<ul style="list-style-type: none"> • Third-party retailing/trading of professional diagnostic and/or treatment devices, assistive devices, basic medical equipment, and over-the-counter medical supplies 	
		Financing or refinancing ⁵⁷ projects related to a medical emergency response to a crisis	<ul style="list-style-type: none"> • Projects related to quarantine and isolation, population-wide testing: <ul style="list-style-type: none"> ○ Companies procuring the test kits to be used in their own-operations and ○ Companies providing isolation and quarantine measures in their own operations ○ Companies manufacturing of products for isolation such as biological sampling cabinets manufactured for Covid-19 sampling ○ Funding temporary health centers • Financing and refinancing projects related to contact tracing⁵⁸: <ul style="list-style-type: none"> ○ Companies implementing/procuring the services for contact tracing (the service can be through call centers or an application) ○ Companies manufacturing such mobile applications or a technology which is beneficial for contact tracing or call 	



⁵⁷ Retrospectively until March 11, 2020 the date when the first Covid-19 case has been reported in Türkiye as well as Covid-19 was declared a pandemic by the World Health Organization (WHO).

⁵⁸ If used explicitly for Covid-19 tracing and there is direct coordination with a healthcare professional.

Project Category	Sub-Category	Activities	Inclusion criteria and Examples ⁴⁶	UN SDGs
			<p>centers providing service on contact tracing</p> <ul style="list-style-type: none"> • Training of medical personnel in the event of a pandemic, epidemic to assist in the control and/or treatment 	
	Disaster ⁵⁹ Relief	Financing or refinancing disaster relief and emergency aid to an earthquake for economic redevelopment or reconstruction or poverty reduction or inequality reduction ⁶⁰	<ul style="list-style-type: none"> • Retail and commercial activities in the affected cities/provinces • Trade finance purposes in the affected cities/provinces • Investments for reconstruction of the affected cities/ provinces such as reconstruction of livelihoods destroyed by the earthquake • Investments for reconstruction of the affected cities/ provinces such as reconstruction of factories destroyed by the earthquake • Loans or other financial services to support initiatives designed to prevent or alleviate unemployment • Financing of displaced persons as a result of the earthquake • Financing other vulnerable groups, including as a result of natural disasters • Investments for reconstruction of the affected cities/ provinces such as reconstruction of health centers, etc. 	




⁵⁹ Definition of disaster as per “Regulation on Basic Rules for the Determination of Effects of Disasters on Common Life” dated 21.09.1968 with Official Gazette No: 13007 accessible at <https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=4903&MevzuatTur=7&MevzuatTertip=5>

⁶⁰ Please note that the duration of eligibility under this category may differ on a case-by-case basis in line with the decrees of the Banking Regulation and Supervision Agency and depending on the severity of the earthquake, its' effects on structures and the community.

Project Category	Sub-Category	Activities	Inclusion criteria and Examples ⁴⁶	UN SDGs
			<ul style="list-style-type: none"> • Providing discounted or preferential rates in the earthquake cities, • Extending maturities for the loans • Delaying the payment of principle/installments 	
Affordable Housing	Housing	Financing or refinancing social housing mortgages and affordable housing as aligned to Turkish national regulation	<ul style="list-style-type: none"> • Projects that finance or refinance social housing mortgages to eligible people⁶¹ and affordable housing as aligned to Turkish national regulation and projects under the TOKI (Toplu Konut İdaresi Başkanlığı) social housing projects 	
Food security ⁶² <i>(Target Population: lower socioeconomic)</i>	Access to food	Financing or refinancing projects related to access to sufficient, safe, nutritious food	<ul style="list-style-type: none"> • Food security and livelihoods programs ensuring access to food and the protection of livelihoods during and immediately after an emergency 	


⁶¹ Eligibility is defined by TOKI based on various criteria, please see <https://a.toki.gov.tr/basvuru-sartlari>

⁶² Only companies that exclusively produce organic certified products/services that are accredited by IFOAM (Please see [family of standards](#) and their [membership directory](#)); companies that hold national/ international certificates (i.e. RSPO, FSC, PEFC, SFI, Global G.A.P, Red Tractor, Rainforest Alliance, UTZ, ProTerra, Ecocert, RSB, ISCC); companies that uses organic fertilizers and pesticides will be eligible.

Project Category	Sub-Category	Activities	Inclusion criteria and Examples ⁴⁶	UN SDGs
ally developed regions ⁶³)	Agricultural productivity	Financing or refinancing projects related to increasing agricultural productivity	<ul style="list-style-type: none"> Improve agricultural productivity and food security <ul style="list-style-type: none"> Projects related to manufacture machinery/ equipment improving agricultural productivity Financing of companies implementing/ procuring technologies to improve agricultural productivity Improve agricultural efficiency, the agricultural supply chain and prevent food wastage 	
	Resilient agriculture	Financing or refinancing projects related to increasing climate resilience in the agricultural practices	<ul style="list-style-type: none"> Adoption of modern technologies related to crop breeding, agronomic practices, soil and water management, hydroponic farming/organic farming methods, drip irrigation, terracing, swales for return agricultural irrigation flow, artificial wetlands, digital sensors, biotechnology projects etc. 	
Socioeconomic advancement and empowerment	Disability-Inclusive Development	Financing or refinancing developments, construction, maintenance and operation of infrastructure to increase accessibility	<ul style="list-style-type: none"> Projects that finance or refinance accessibility (including public transport) by providing greater guidance and support for disability-inclusive infrastructure such as provision of ramps, rails, lifts, adaption of toilets for wheel chair users, signages and auditory signals, tactile flooring etc. 	

⁶³ Lower socioeconomically developed areas are classified as the areas which has lower gross domestic products than average Turkish gross domestic products. Gross domestic product by province statistics is published by TURKSTAT. Please refer to <https://data.tuik.gov.tr/Bulten/Index?p=Il-Bazinda-Gayrisafi-Yurt-ICI-Hasila-2020-37188>

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Project Category	Sub-Category	Activities	Inclusion criteria and Examples ⁴⁶	UN SDGs
	Cultural and sports facilities / sponsorships	Financing or refinancing developments, construction, maintenance and operation of cultural and sports facilities and sponsorships for these facilities in regions of lower socioeconomic status to increase employment capacity.	<ul style="list-style-type: none"> • Sports facilities (Leisure and community health centers, public sports fields and facilities, etc.) • Museums, theatres, cinemas, etc. 	

6. Exclusions

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) list ⁶⁴, general lending policies, sustainable lending policies and minimum environmental and social requirements stipulated by national laws and regulations. In addition, within the scope of sustainable financing, all 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.

7. External Review

7.1. Second Party Opinion

Akbank recognizes the value of external reviews, hence external independent third parties are engaged to provide a second party opinion of the Framework. Accordingly, Akbank will engage with an external party to obtain an External Review in the form of a Second Party Opinion (SPO) on the Akbank Sustainable Finance Framework, and to have the confirmation on alignment with market standards, guidelines and principles laid out in this Framework. A Second Party Opinion entails an assessment of the alignment of the issuer's green, social, sustainability, or sustainability-linked bond issuance/ Framework/ program with the relevant Principles. In particular, a Second Party Opinion can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to environmental and/or social sustainability.

This Second Party Opinion will be made public at Akbank's website⁶⁵ and will also be published at the website of the SPO provider, ISS Corporate Solutions.

7.2. External Verification

Akbank is committed to engage an assurance provider, or an external reviewer to assess the compliance of bonds/loans/syndicated loans allocated in line with the Akbank Sustainable Finance Framework on annual basis.

The resulting report will be made public at Akbank's website⁶⁶.

8. 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.

⁶⁴ Akbank non-financing activities (exclusion) list is accessible at

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

⁶⁵ Please refer to <https://www.akbankinvestorrelations.com/en/wholesale-funding/detail/Sustainable-finance/600/1675/0>

⁶⁶ Please refer to <https://www.akbankinvestorrelations.com/en/wholesale-funding/detail/Sustainable-finance/600/1675/0>

9. Annex-I

Table 6. EU Environmental Objectives of Green Eligible Projects

Category	Objective
Energy efficiency	Environmental objective: climate change mitigation Substantial contribution to climate change mitigation (1.b): improving energy efficiency in all sectors, except carbon-intensive sectors, and at each stage of energy generation, including enabling activities.
Renewable energy	Environmental objective: climate change mitigation Substantial contribution to climate change mitigation (1.a): generating, storing or using renewable energy or climate-neutral energy (including carbon-neutral energy), including through using innovative technology with a potential for significant future savings or through necessary reinforcement of the grid.
Green buildings	Environmental objective: climate change mitigation (1.b): improving energy efficiency Environmental objective: sustainable use and protection of water and marine resources (1.d): improving water efficiency, facilitating water reuse
Clean transportation	Environmental objective: climate change mitigation Substantial contribution to climate change mitigation (1.c): increasing clean or climate-neutral mobility
Climate change adaptation	Environmental objective: climate change adaptation (1.b): preventing or reducing the negative effects that climate change may pose to the natural and built environment within which the economic activity takes place, which shall be assessed and prioritized using available climate projections.
Sustainable water and wastewater management	Environmental objective: sustainable use and protection of water and marine resources (1.a): protecting the aquatic environment from the adverse effects of urban and industrial wastewater discharges by ensuring adequate collection and treatment of urban and industrial waste waters (1.b): protecting human health from the adverse effects of any contamination of drinking water by ensuring that it is free from any micro-organisms, parasites and substances that constitute a potential danger to human health (1.d): improving water efficiency, facilitating water reuse
Terrestrial and aquatic biodiversity	Environmental objective: sustainable use and protection of water and marine resources (1.e): ensuring the sustainable use of marine ecosystem services or contributing to good environmental status of marine waters
Circular economy adapted products, production technologies and processes	Environmental objective: transition to a circular economy, waste prevention and recycling (1.a): improving the efficient use of raw materials in production, including through reducing the use of primary raw materials and increasing the use of by-products and waste (1.b): increasing the durability, reparability, upgradability or reusability of products (1.c): increasing the recyclability of products, including of individual materials contained in products, inter alia through substitution or reduced use of products and materials that are not recyclable (1.d): reducing the content of hazardous substances in materials and products (1.f): increasing the use of secondary raw materials and their quality, including through high-quality recycling of waste (1.g): reducing waste generation

Category	Objective
	<p>(1.h): increasing preparing for re-use and recycling of waste (1.i): avoiding incineration and disposal of waste; (1.j): avoiding and cleaning-up of litter and other pollution caused by improper waste management; (1.k): using natural energy resources efficiently</p>
<p>Pollution prevention and control</p>	<p>Environmental objective: substantial contribution to pollution prevention and control (1.a): reducing air, water and soil pollutant emissions other than greenhouse gasses. (1.b): improving levels of air, water or soil quality in the areas in which the economic activity takes place whilst minimizing negative impacts on, and risks to, human health and the environment. (1.c): minimizing significant adverse effects on human health and the environment of the production and use of chemicals.</p>
<p>Environmentally sustainable management of living natural resources and land use</p>	<p>Environmental objective: Substantial contribution to protection of healthy ecosystems (1.c): sustainable agricultural practices, including those that contribute to halting or preventing deforestation and habitat loss. (1.d): sustainable forest management.</p>