

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. With a strong and extensive domestic distribution network of 716 branches staffed by more than 12 thousand employees, Akbank operates from its headquarters in Istanbul and 19 regional directorates across Turkey. In addition to providing services at branches, its traditional delivery channel, Akbank also serves around 19 million customers via Akbank Internet, Akbank Mobile, the Call Center, around 5,000 ATMs and more than 600 thousand POS terminals. 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.

With the Sustainability Committee (SC) established in 2020, we coordinate all our sustainability efforts at the Bank and monitor the successful realization of more than 100 actions in order to achieve the relevant targets. Permanent members of the Committee include Executive and Independent Members of the Board, CEO, CFO and Head of Investor Relations and Sustainability. The Climate Change Preliminary Committee consists of Deputy General Managers and reports directly to the CEO. On the other hand, the its activities are reported directly to the Sustainability Committee. Investor Relations and Sustainability Department sets the meeting agenda of the Committee which convenes minimum twice a year and conveys it to the permanent members of our Committee before the meeting. The SC also consists of four pre-committees that focus on the Bank's material issues which are Sustainable Finance, Ecosystem Management, Climate Change and People & Community. Investor Relations and Sustainability Department ensures coordination and management of the issue within our Bank. 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 them. Being the first Turkish bank to sign the United Nations Global Compact in 2007, Akbank shared its sustainability performance with its stakeholders every year until 2020, through the Akbank Sustainability Report, in line with the Global Reporting Initiative (GRI) standards (Comprehensive). In 2020, Akbank published its financial and non financial performance in the 2020 Akbank Integrated Report according to Integrated Reporting Framework (<IR>) and presents its business activities including sustainability efforts, value creation process, risks and opportunities, and short, medium and long term targets.

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
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

**(C0.3) Select the countries/areas 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 chosen approach for consolidating your GHG inventory.**

Operational control

C-FS0.7

**(C-FS0.7) Which organizational activities does your organization undertake?**

Bank lending (Bank)

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	Akbank Chairman of the Board is also on the Sustainability Committee and Corporate Governance Committee. The board of directors accepts and embraces sustainability as an integral part of the way we do business. This kind of organizational structure enables the synergy between different approaches to support governing climate-related issues in a holistic way. As an example of decision made by Board Chair and Board related to combat with climate change is to set the Sustainability Committee in the reporting year. The Committee has been founded by the Board Approval and it oversees all sustainability efforts of the bank. The responsibility of Committee as follows: 1) overseeing the bank's sustainability strategy, including issues related to climate change 2) making progress and monitoring the bank's short, medium and long-term climate change targets, risks and opportunities.
Board-level committee	Our Corporate Governance Committee undertakes the monitoring, auditing and reporting of our sustainability activities meetings of our Sustainability Committee on behalf of the Board of Directors. Thus, our Board of Directors can independently audit the performance of our Sustainability Committee. With the feedback given by our Board of Directors, our Sustainability Committee is going to improvements or adjustments in its actions and activities.
Board-level committee	Credit Committee helps the bank to govern its aspirations in identifying and effectively managing 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.
Other, please specify (Sustainability committee)	With the Sustainability Committee established in 2020, we coordinate all our sustainability efforts at the Bank and monitor the successful realization of more than 100 actions in order to achieve the relevant targets. The targets, which are approved by the board, include: *Becoming a carbon-neutral bank through eliminating operational emissions by 2025; *Decreasing the impact of loan portfolio on climate change until 2030; *Mitigating climate-related risks and impact on portfolio Permanent members of the Committee include Executive and Independent Members of the Board, CEO, CFO and Head of Investor Relations and Sustainability. Investor Relations and Sustainability Department sets the meeting agenda of the Committee which convenes minimum twice a year. The agenda is conveyed to the permanent members of our Committee before the meeting. Subsequently, Committee members share their suggestions on the agenda with the Investor Relations and Sustainability Department. Depending on the agenda, relevant business units, Executive Vice Presidents or Department Heads can also be invited to the committee meetings. The workings of the SC are supported by the four preliminary committees with Executive Vice President representation. These committees focus on the Bank's four key focus areas of ESG strategy, which are Sustainable Finance, Ecosystem Management, Climate Change and People & Community. The SC carries out a self-assessment of the sustainability performance of the bank in relation to the set targets, and regularly reports the progress to the committee as the main agenda item. This way, sustainability issues, including those related to climate change risks and opportunities, are monitored regularly and effectively. The status of the decisions taken in our Committee is closely followed by our Investor Relations and Sustainability Department, and reported quarterly to the SC. Addition to the Committee, there is a Climate Change Preliminary Committee consisting of Deputy General Managers and it reports directly to the CEO. On the other hand, the its activities are reported directly to the Sustainability Committee.
Chief Executive Officer (CEO)	The CEO oversees and closely follows the progress in the bank's sustainability targets, both as a member of the board-level Sustainability Committee, and through ad-hoc meetings with the relevant business units. In 2020, the Board has decided that as of 2021, the KPI's of the bank, including the CEO's should include progress in the bank's sustainability targets, which also involve three specific targets related to climate change: *Becoming a carbon-neutral bank through eliminating operational emissions by 2025; *Decreasing the impact of loan portfolio on climate change until 2030; *Mitigating climate-related risks and impact on portfolio The progress in sustainability-linked targets is followed on a quarterly basis and is included in the bank's overall performance management mechanism. The CEO is the foremost spokesperson of the bank in sustainability issues.

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	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our bank lending activities Climate-related risks and opportunities to our investment activities Climate-related risks and opportunities to our other products and services we provide to our clients The impact of our own operations on the climate The impact of our bank lending activities on the climate The impact of our investing activities on the climate	The Sustainability Committee including Executive and Independent Members of the Board, CEO, CFO and Head of Investor Relations and Sustainability, meets at least twice a year. Each meeting on the Sustainability Committee, a board-level representation, discusses progress on our goals for Climate Change. Addition to the Committee, there is a Climate Change Preliminary Committee consisting of Deputy General Managers and it reports directly to the CEO. On the other hand, the its activities are reported directly to the Sustainability Committee. The tasks and liabilities of the SC are: <ul style="list-style-type: none"> <li>•To prepare sustainability strategy in accordance with the bank's business strategy, market conditions and developments,</li> <li>•To carry out all sustainability activities within the framework of the bank's sustainability strategy, priority areas and objectives and strengthening the bank's sustainability performance,</li> <li>•To integrate sustainability into all forms of business, identifying related risks and opportunities, ensuring the compliance of the priority issues of our Bank with sustainability,</li> <li>•To ensure compliance within the bank with sustainability principles and other relevant legislations, monitoring and communicating,</li> <li>•To determine and supervise of relations within the framework of sustainability with domestic and international organizations and authorized institutions associated with sustainability,</li> <li>•To establish an honest, transparent communication platform with the bank's stakeholders on sustainability,</li> <li>•To ensure the proper preparation and supervision of reports, websites and similar promotional channels involving the bank's sustainability activities and performance indicators in accordance with the Corporate Governance Principles and Sustainability Principles.</li> </ul>

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)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other committee, please specify (Sustainability Committee)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly
Chief Financial Officer (CFO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly
Other, please specify (Corporate Governance Committee)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Half-yearly
Credit committee	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Chief Executive Officer (CEO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly
Other, please specify (Climate Change Preliminary Committee)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly

**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 adapts sustainability in its business models and create a positive impact on its supply chain in an effort to reduce its environmental footprint. We continue to be the leading bank that drives Turkey into the future with a strong financial performance and integrated governance skills. In this sense, we defined four strategic focus areas in 2020 to create a holistic value. These are Sustainable Finance, Ecosystems Management, Climate Change and People & Community. With the Sustainability Committee established in 2020, we coordinate all our sustainability efforts at the Bank and monitor the successful realization of more than 100 actions in order to achieve the relevant targets. Permanent members of the Committee include Executive and Independent Members of the Board, CEO, CFO and Head of Investor Relations and Sustainability. Investor Relations and Sustainability Department sets the meeting agenda of the Committee which convenes minimum twice a year and conveys it to the permanent members of our Committee before the meeting. Subsequently, Committee members share their suggestions on the agenda with the Investor Relations and Sustainability Department. Depending on the agenda relevant business units, can also be represented by Deputy General Manager/Executive Vice Presidents or Department Heads. Our Corporate Governance Committee undertakes the monitoring, auditing and reporting of our sustainability activities meetings of our Sustainability Committee on behalf of the Board of Directors. Thus, our Board of Directors can independently audit the performance of our Sustainability Committee. With the feedback given by our Board of Directors, our Sustainability Committee is going to improvements or adjustments in its actions and activities. In addition to the audit of our Board of Directors, our Committee carries out a self-assessment of the sustainability performance of our Committee with the meetings we hold. Thus, we can take environmental and social actions quickly and effectively. The status of the decisions taken in our Committee is followed by our Investor Relations and Sustainability Department and we consider it as the first item in the agenda of the next meeting of our Committee. The Sustainability Committee is divided into pre-committees based on the strategic focus areas and continues to work actively with the participation of stakeholder teams formed with representatives from functions and under the leadership of the Assistant General Managers. The tasks and liabilities of the Committee include:

- \*Preparation of sustainability strategy in accordance with the bank's business strategy, market conditions and developments,
- \*Carrying out all sustainability activities within the framework of the bank's sustainability strategy, priority areas and objectives and strengthening the bank's sustainability performance,
- \*Integrating sustainability into all forms of business, identifying related risks and opportunities, ensuring the compliance of the priority issues of our Bank with sustainability,
- \*Ensuring compliance within the bank with sustainability principles and other relevant legislations, monitoring and communicating,
- \*Determination and supervision of relations within the framework of sustainability with domestic and international organizations and authorized institutions associated with sustainability,
- \*Establishment and supervision of an honest, transparent communication platform with the bank's stakeholders on sustainability,
- \*To ensure the proper preparation and supervision of reports, websites and similar promotional channels involving the bank's sustainability activities and performance indicators in accordance with the Corporate Governance Principles and Sustainability Principles. The Sustainability Committee, which was established in 2020, coordinates all sustainability efforts at the Bank and monitors the successful realization of more than 100 actions in order to achieve the relevant targets. Among the permanent members of the Committee are our Board of Directors and Independent Members, CEO, Vice President of Financial Management, Head of Investor Relations and Sustainability Department. Investor Relations and Sustainability Department determines the meeting agenda of Committee, which meets at least twice a year and conveys it to the permanent members of the Committee before the meeting. Subsequently, Committee members share their suggestions on the agenda with the Investor Relations and Sustainability Department. Depending on the agenda, except the permanent members of the Committee; related business units, Vice President of CEO or Heads of Departments can also invite. The Corporate Governance Committee undertakes the monitoring, auditing and reporting of sustainability activities on behalf of the Board of Directors. The Investor Relations and Sustainability Department monitors the status of the decisions taken in the Committee and takes it as the first item in the Committee's next meeting agenda.

**C1.3**

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	In 2020, the Board decided that the KPI's of the bank, including the CEO's, should include progress in the bank's sustainability targets, which also involve three specific targets related to climate change: *Becoming a carbon-neutral bank through eliminating operational emissions by 2025; *Decreasing the impact of loan portfolio on climate change until 2030; *Mitigating climate-related risks and impact on portfolio. The progress in sustainability is followed on a quarterly and is included in the bank's performance. Additionally, the responsibilities of the business units were determined jointly with the Organizational Development department in order to identify the prioritized sustainability issues in our bank and to carry out the necessary studies. Sustainability has been added to the job descriptions of the relevant managers. It can be considered as a critical step for the emission reduction targets to be included in the incentive mechanisms of the bank in the upcoming reporting periods.

**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).**

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Financial Officer (CFO)	Monetary reward	Emissions reduction target Energy reduction project Behavior change related indicator	In 2020, the Board decided that the KPI's of each employee in the bank, including the CEO's, should include progress in the bank's sustainability targets related to climate change: Becoming a carbon-neutral bank through eliminating operational emissions by 2025; Decreasing the impact of loan portfolio on climate change until 2030; Mitigating climate-related risks and impact on portfolio. The sustainability progress is followed on quarterly basis. The responsibilities of the business units were determined jointly with the Organizational Development department in order to identify the prioritized sustainability issues in our bank and to carry out the necessary studies. "Sustainability" has been added to the job descriptions of the relevant department heads and managers. This can be considered as a critical step for the emission reduction targets to be included in the incentive mechanisms of the bank in the upcoming reporting periods.
Other, please specify (Investor Relations and Sustainability Senior Vice President)	Monetary reward	Emissions reduction project Energy reduction project Behavior change related indicator	SVP of Sustainability is a member of the bank's highest-level body that oversees sustainability strategy and performance, the Sustainability Committee. The department also closely follows the progress on the bank's sustainability targets and how they feed into the bank's sustainability KPI's. In 2020, the Board decided that the KPI's of each employee in the bank, including the CEO's, should include progress in the bank's sustainability targets related to climate change: Becoming a carbon-neutral bank through eliminating operational emissions by 2025; Decreasing the impact of loan portfolio on climate change until 2030; Mitigating climate-related risks and impact on portfolio. The sustainability progress is followed on quarterly basis.
Environment/Sustainability manager	Monetary reward	Emissions reduction project Energy reduction project Behavior change related indicator	In 2020, a specific sub-department on Sustainability was established at the bank, in order to better coordinate and monitor the bank's sustainability performance. The performance of the Sustainability VP is entirely determined by sustainability-related activities. The Sustainability Department sets the meeting agenda of the Committee which convenes minimum twice a year and conveys it to the permanent members of our Committee before the meeting. The department also closely follows the progress on the bank's sustainability targets and how they feed into the bank's sustainability KPI's.
All employees	Monetary reward	Emissions reduction project Energy reduction project Behavior change related indicator	In 2020, the Board decided that the KPI's of each employee in the bank, including the CEO's, should include progress in the bank's sustainability targets related to climate change: Becoming a carbon-neutral bank through eliminating operational emissions by 2025; Decreasing the impact of loan portfolio on climate change until 2030; Mitigating climate-related risks and impact on portfolio. The sustainability progress is followed on quarterly basis. The responsibilities of the business units were determined jointly with the Organizational Development department in order to identify the prioritized sustainability issues in our bank and to carry out the necessary studies. "Sustainability" has been added to the job descriptions of the relevant department heads and managers. This can be considered as a critical step for the emission reduction targets to be included in the incentive mechanisms of the bank in the upcoming reporting periods.

**C-FS1.4**

**(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?**

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	No, but we plan to do so in the next two years	We're considering to offer an employment-based retirement scheme that incorporates ESG principles in the upcoming years.

**C2. Risks and opportunities**

**C2.1**

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

**C2.1a**

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	1	The pandemic showed that the normal has been changed. Regarding to this disruptions, we calibrated our time horizon accordingly.
Medium-term	1	3	The pandemic showed that the normal has been changed. Regarding to this disruptions, we calibrated our time horizon accordingly.
Long-term	3	10	The pandemic showed that the normal has been changed. Regarding to this disruptions, we calibrated our time horizon accordingly.

**C2.1b**

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

Akbank creates various internal platforms to manage climate change-related risks and opportunities in the short, medium and long term.: 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. In the broader sense risk assessment at Akbank is conducted in eleven different categories including market and counter party credit risk, liquidity risk, information security risks, interest rate risk, credit risk, operational risk, legal risks, reputation risk, clean banking risk, new product & service risk, privacy and information security risk. Climate-related risks are covered within operational, credit and liquidity risks and Environment and Social Impact Assessment system.

With the Sustainability Committee established in 2020, we coordinate all our sustainability efforts at the Bank and monitor the successful realization of more than 100 actions in order to achieve the relevant targets. The SC also consists of four pre-committees that focus on the Bank's material issues which are Sustainable Finance, Ecosystem Management, Climate Change and People & Community. The board-level SC and the executive management-level Climate Change and Sustainable Finance Preliminary Committee are the highest executive bodies for effectively managing climate change related risks and opportunities. The Climate Change Preliminary Committee, which has Executive Vice President representation, is responsible for the oversight of achieving the targets related to mitigate climate-related risks. The Sustainable Finance Committee is responsible for identifying and utilizing climate-related opportunities. The output of the Climate Change and Sustainable Finance Preliminary Committees in managing climate-change related risks and opportunities is overseen and evaluated by the board-level Sustainability Committee.

In line with these conditions, 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. we define a "substantive financial or strategic impact" to be a potential impact that exceeds a threshold of potential annual financial implications for our business. The quantifiable indicator we use is a TRY 74,194,000 (USD 10 million) threshold. It is directly linked to the Environmental and Social Impact Assessment limit Therefore, for CDP reporting, we consider risks and opportunities with potential financial implications for our business of over TRY 74,194,000 (USD 10 million) per year to be substantive.

**C2.2**

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**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

**Value chain stage(s) covered**

Direct operations  
Upstream  
Downstream

**Risk management process**

Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**

More than once a year

**Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

**Description of process**

Risk assessment at Akbank is conducted in eleven different categories including market and counterparty credit risk, liquidity risk, information security risks, interest rate risk, credit risk, operational risk, legal risks, reputation risk, clean banking risk, new product & service risk, privacy and information security risk. Climate-related risks are covered within operational, credit and liquidity risks and Environment and Social Impact Assessment system. We recognize that climate change poses a number of physical risks and transition-related risks and opportunities for our business. \*Transitional Risk: There is growing external pressures from investors and governments to become more greener economy. In this respect, requirement for mandatory reporting of GHG emissions as per Measurement, Reporting and Verification (MRV) guidelines were announced by the Ministry of Environment and Urbanization. In order to respond this risk, we monitor and calculate our greenhouse gas emissions (Scope 1 and Scope 2) in accordance with the ISO 14064-1 Greenhouse Gas Emissions Reporting Standard and have them verified by independent accredited institutions. As a result of the work we carried out in 2020 and the pandemic, we achieved a significant gain in our fight against climate change by reducing our carbon emissions to 58,068 tons of CO2. We contribute to the transition to a sustainable and clean economy with our greenhouse gas emissions, which we managed to reduce by 13% compared to the previous year, despite our increasing revenue and sales each year. Ultimately, we aim to achieve our carbon neutralization target while minimizing our operational emissions with our energy efficiency and energy supply projects from renewable energy sources in the upcoming period. We continue our work with the coordination of our Architectural Solutions, Information Technologies and Sustainability teams. In the upcoming period, we aim to strengthen our energy management capability by obtaining ISO 50001 certification and plan to make our emission targets aligned with Science Based Targets (SBTi) to become carbon neutral in terms of Scope 1&2 by 2050. \*Transitional Opportunity: The EU Commission has introduced a new Circular Economy Action Plan (in 2020). Since, EU is Turkey's most important trade partner, making 50% of Turkey's total exports, this plan will effect on Turkey as well. Relevant governmental agencies in Turkey working on the developments in EU in respect of Green Deal and are expected to propose a roadmap for Turkey within 2021. Increasing exports to the EU, our most important foreign trade partner, and 'sustainable finance' are seen as a very important prerequisite for evaluating new opportunities. In this regard, as Akbank, we continue our financing activities in line with this. In the reporting year, the total amount of sustainable finance we provided is 16.4 billion TL. Also, we see renewable energy as an important solution against Turkey's dependence on the outside in energy consumption. On the other hand, we know and support the importance of renewable energy projects to reduce greenhouse gas emissions that have increased rapidly in the last 20 years. In this context, in 2020, we increased the share of renewable energy projects in our energy production loan portfolio to 84%. We also plan to establish and publish our Sustainable Finance Framework in early 2021, which will be utilized as the use of proceeds for the sustainability-linked financing secured by the bank. \*Physical Risk: Increase in temperature and frequency of extreme weather events (e.g. heat waves, storms) leads to higher energy consumption for cooling especially in the data centers. In order to respond this risk, Akbank Data and Living Centre Project is built with "free cooling" technology that maximizes energy efficiency and has LEED Gold certificate. In accordance with LEED Gold criteria, rainwater is stored in large underground tanks (190 thousand liters) and used when needed, while the building is fully illuminated with low energy consuming LED systems. Likewise, all the trees used in the landscaping were selected from special types that consume less water, and the roof was painted with a special paint to prevent the building from heating the environment. In addition The Business Continuity and Disaster Management System, which is in practice within our Bank, is carried out in accordance with ISO 22301:2012 Social Security Business Continuity Management System standard. The Bank has developed an Environmental and Social Impact Assessment System-ESIA. Accordingly, project loans with total investment amount of TRY 74194000 and over, and new commercial loan requests with total investment amount of TRY 370970000 and over, shall be subject to an ESIA. The Bank applies the following criteria as part of its ESIA: New projects with financing requests are classified as low, medium, high risk based on the potential environmental and social impact. Additional assessment criteria vary according to the industry, and they are applied for the industries with high environmental and social risks. The assessment takes, the environmental and social risks associated with the current operations of the potential borrower, and the methods applied for environmental and social risk management, also into consideration. An ESIA Report by an independent consultant shall be requested for medium&high risk projects and loan requests. The company applying for a loan and/or project financing is asked to provide an Environmental and Social Action Plan(ESAP), and an Environmental and Social Commitments(ESC) list. The ESAP and the ESC list are also added to the contract with the customer. The Bank shows due diligence to ensure the following matters are considered in proposed measures for managing environmental and social risks in medium and high risk projects. Akbank has adopted a "Non-Financing Activities List". Article 1 of that list stipulates the activities Akbank will not finance, regardless of limit and without requiring an environmental and social risk assessment, including the operations that are prohibited by the national legislation and the international treaties Turkey is a party to. Furthermore; The Bank takes into consideration environmental and social risk criteria in all SME loans. Also, the Bank does not provide financing for projects that are certain to have a significant negative environmental impact. The Bank lends within limitations to the industries that are stated in Article 2 of the "Non-Financing Activities List" and are identified by the IFC. Branch Manager and the Regional Loan Committee are responsible for compliance of the loan with the Akbank Environmental and Social Policies(ESP) and for developing the required action plan. All parties of the lending decision shall conform with the Akbank ESP. The Akbank ESP comply with the Bank's Ethical Principles, Complaint Management, and Business Continuity Management.

**C2.2a**

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulations 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. As our operations are expanding, any design and renovation activity related to our existing and qualifying buildings (offices, branches, ATMs) will have to meet minimum requirements related to Regulation on Energy Performance in Buildings. This may cause additional costs to our operations. Apart from this, Regulatory Framework on "Monitoring GHG Emissions" may impact project finance of our borrowers from energy intense sectors and decrease their ability to repay. In addition The Turkish Capital Markets Board has amended the Corporate Governance guidelines and added an Article that binds companies already included in the scope for Compliance with Sustainability Principles in 2020. Companies are now obliged to indicate in their annual report whether they apply the sustainability principles including environmental and climate change issues.



	Relevance & inclusion	Please explain
Emerging regulation	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. Despite uncertainties regarding regulation, a possible carbon tax and trading system would add extra cost burden to companies regardless of their sector. The main emerging regulatory risk associated with climate change is a possible future carbon tax scheme or an Emissions Trading System (ETS). Turkey is trying to establish its own emissions trading scheme (ETS). In preparation for this, the regulatory framework on "Monitoring Greenhouse Gas Emissions" was published in the Official Gazette on 17.05.2014 by the Ministry of Environment and Urbanization. The regulation requires companies in energy-intensive industries to monitor, report and verify their CO2 emissions. Recent research points to the need to improve the existing regulatory framework through the use of a mix of different market instruments, such as a carbon tax or a forward-looking ETS. In line with these researches, a study called "Analytical Report on Preparation for the Partnership for Carbon Markets in Turkey" was prepared by the Ministry of Environment and Urbanization within the scope of the Partnership for Market Readiness (PMR) Program and published in May 2017. According to the report, the "Regulation on Increasing the Efficiency of Energy Resources and Use of Energy" defined the rules of support mechanisms, certification and precautionary measures to improve energy efficiency and energy management. The report also aims to reduce energy costs and prevent energy losses. It is stated that a potential carbon tax application will support the aims of this regulation and encourage more efficient use of energy. The EU Commission has introduced a new Circular Economy Action Plan and Carbon Border Adjustment Mechanism (in 2020). As EU is Turkey's most important trade partner, making 50% of Turkey's total exports, this plan will affect Turkey as well. Ministry of Environment and Urbanization, Ministry of Commerce and other regulatory bodies in Turkey working on the developments in EU in respect of Green Deal and are expected to propose a roadmap for Turkey within 2021. Maintaining competitive advantage in the EU market will require significant low-carbon transition investments for Turkish exporters
Technology	Relevant, always included	Technology related risks are relevant and always included in our climate-related risk assessments when our operations are considered. Since we're operating in various locations with our branches and office buildings throughout Turkey and abroad, rise of mean temperatures will cause additional costs for the upgrade of our current air conditioning systems with more energy efficient ones. In addition, we have completed the installation of the AK-E4 (Akbank Industry 4.0) project, which allows us to remotely control and report our consumptions such as electricity, water, natural gas and diesel, in our 682 branches. This system, which will allow branches to monitor and to assess their consumption through a central system, is planned to be put into use by the end of 2021. In line with our effective natural resource use strategy, we are working to reduce our paper consumption. With our Digital Transformation process, we instantly apply the opportunities provided by new technologies to our products and services, and we provide Akbank users with a paperless banking experience by obtaining our contract and form approvals via our SMS and Digital Banking platforms. In addition, we provide self-service, simple, digital and mobile services that minimize paper usage in our New Generation branches. In addition, thanks to Gişe Extras we have located in our branches as a part of our New Generation branch transformation, our customers can perform their previous transactions at the counters in a paperless manner at these new service points. Consequently, we saved 16 million receipts and consequently 570 trees in 2020. With our new Sales Model, we have implemented many new applications that will reduce paper consumption. We provided paperless and fast transactions by providing digital archiving and transactions on tablets inside and outside the branch. Thanks to the document approvals that we started to receive through Akbank Mobile, we eliminate the need for physical signature process, document scanning and physical archiving, and offer our customers an end-to-end digital and fast experience, both inside and outside the branch.
Legal	Relevant, always included	Legal risks related to climate change are addressed in many areas, from environmental sanctions and penalties to uncertainty in the legal framework. In addition to legal risks that create uncertainty on issues such as new carbon taxes, emissions trading systems, GHG reduction targets, EU Green Deal Compliance Plan, there are also risks involving fines or sanctions, such as the Environmental Law legislation expressed in the Constitution of the Republic of Turkey. At the same time, these risks also apply to our customers. Our customers, who may be subject to penalties and sanctions as a result of not complying with environmental compliance laws, will have problems in loan repayments. This situation poses an indirect risk for our Bank. For the effective management of legal risks, our Bank has developed a comprehensive evaluation system to evaluate each project and SME financing. The Bank uses Environmental Social Management System to evaluate and monitor the customer's environmental legal obligations due to Environmental Regulations. Consultancy is provided for projects with high risk in legal terms. Projects included in the Non-Financing Activities list, which are available on our bank's website and implemented in 2019, are by no means financed within the framework of legal compliance. In 2020, it was determined that 26 of 244 loan applications were on the list of activities that would not be credited, and their requests were rejected. Our requirement on compliance to international best standards also makes the Bank's borrowers to get prepared for stricter legal framework and eliminates the future non-compliance risks. The financial impact of non-compliance to environmental permits and licenses may lead to partly or fully suspension of operations. Such a situation may hinder the loan repayments to Bank or endanger the income and asset management of our bank.
Market	Relevant, always included	Climate impacts increasingly confront companies with unplanned and abrupt changes or disruptions to businesses or assets. In addition, companies face transition risk to a low-carbon economy. All these factors are changing the competition landscape and turn out to be a survival issue for the private sector. Such market conditions force companies to be flexible and proactive enough to gain the ability to transform their businesses according to emerging trends. At this point, Akbank continues to offer products and services in energy efficiency and renewable energy to corporate clients on relatively favorable terms. As of the end of 2020, the total project financing loan size we provided to renewable energy projects of TRY 74,194,000 (USD 10 million) and above reached TRY 11,700,393,800 (1,577 million USD), while the share of these loans in energy generation projects reached 84%. With the renewable energy projects we financed, approximately 5,813 million tons of CO2e emission was prevented in 2020. In the reporting year, we continued to finance qualified energy projects. As in the last three years, we provided 100% of the financing for renewable projects in 2020, while the ratio of renewable energy projects in our total project finance portfolio was 76%. At the end of the year, 2,697 MW of our energy portfolio were HEPP, 955 MW WPP, 320 MW GES, 181 MW SPP and 9 MW Biomass projects. While the negative effects of the epidemic were felt intensely at the beginning of 2020, we took an important step for our sustainability approach and realized the Green Bond issuance of USD 50 million with a maturity of 4 years and 110 days. Thus, we became the Bank that signed Turkey's first Green Bill issuance during the pandemic process. International Capital Markets Agency (ICMA) – We have committed to make the financing available through our issuance in line with the Green and Social Bond Principles, to support renewable energy projects, which is one of the most important components of the fight against climate change
Reputation	Relevant, always included	Failure to meet stakeholder expectations regarding climate crisis issues may result in a loss of national and international reputation for the bank. This loss of reputation can also hurt investor support and customer loyalty. Sustainable borrowing resources obtained by our bank from international financial institutions may be interrupted. Akbank manages reputational risks by its 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. Akbank used foreign borrowing resources of over 7.5 billion USD in total in 2020, of which USD 5.3 billion was long-term and approximately USD 2.2 billion was short-term. The Bank is aware of the transformative power of financial services sector in a transition to low carbon economy. Akbank contributes to sustainable development, directly and indirectly, through various projects financed. Our responsible financing approach enables us to both protect our reputation and credit risks and to support high feasibility projects that create environmental and social benefits. In addition, we brought a total of TRY 16.4 billion of sustainable finance resources to the economy in 2020. These funding sources were provided under the ESIA and ESMS, as outlined in the "Legal" section. The Bank collects its activities to combat climate change under three main headings: 1- Reducing and controlling the energy consumption used in buildings. 2- Minimizing energy, paper and waste consumption in operations and recycling them. 3- Ensuring energy consumption in buildings from renewable energy sources.
Acute physical	Relevant, always included	Acute physical risks will have financial implications for any organization by implying direct damage to physical assets and will disrupt supply chains of related organizations. As we're the financier of multiple sectors, our borrowers' financial performances are closely linked to various effects like water availability, sourcing, and quality; food security; and extreme temperature changes. For example, the high default risk of farmers whose crops and income have been damaged by climate change indirectly puts the Bank's income at risk with low potential financial impact. Akbank manages acute physical risks 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. Within the scope of the ESIA and ESMS systems implemented, the resilience of the project and loan holders against acute physical risks is also measured.
Chronic physical	Relevant, always included	According to the World Meteorological Organization's interim climate report for 2020, it is stated that 2020 will be one of the three hottest years on record. According to the report, 2020 is expected to be 1.2°C warmer than the pre-industrial average (1850-1900). According to the 2020 report of the General Directorate of Meteorology, the year 2020 was the year with the highest number of extreme events, with 984 extreme events. Most of the extreme events recorded in 2020 were heavy rain/flooding 30%, storms 27% and hail 23%. Other events were lightning with 7%, snow with 5%, landslide with 2%, frost, and avalanche, forest fire, sandstorm, high temperature and fog at 1% or less. As stated in Turkey 2020 Climate Assessment report, Turkey's average temperature in 2020 was 14.9°C. This value is 1.4°C above the 1981-2010 normal (13.5°C). With this result, 2020 has been the 3rd warmest year since 1971. Long-term shifts in climate patterns (e.g., sustained higher temperatures) that might cause sea level rise or chronic heat waves may affect our operations. Akbank's Environmental and Social Impact Assessment system covers this risk (sea level rise or drought due to higher temperature) in the evaluation process of a loan application. As a requirement of the banking sector, the average temperature increase during the summer months may cause an increase in the cooling costs of the Bank. This situation causes both more energy use and the use of more time and number of cooling systems. This situation poses a risk for the Bank. In order to respond this risk, in order to respond this risk in terms of direct operations of Akbank, Akbank Data and Living Centre Project is built with "free cooling" technology that maximizes energy efficiency and has LEED Gold certificate (Leadership in Energy and Environmental Design). In accordance with LEED Gold criteria, rainwater is stored in large underground tanks (190 thousand liters) and used when needed, while the building is fully illuminated with low energy consuming LED systems. Likewise, all the trees used in the landscaping were selected from special types that consume less water, and the roof was painted with a special paint to prevent the building from heating the environment.

**(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?**

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	Credit provision activities are managed within the framework of our Bank's Environmental and Social Credit (ESC) Policy. The Credit Committee within the Board of Directors and the credit allocation authorities authorized by the Board of Directors manage the lending activities. In this context, the assessment limit was reduced to TRY 74,194,000 in 2020. Thus, it is aimed to increase the number of loans subject to ESC Evaluation. In 2020, as a result of these studies, 26 of 244 loan applications were found to be on the list of activities that would not be credited and were rejected. Decision-Making Matrix and Environmental and Social Risk Score system are used in loans to be provided to SME customers. With this system, the activities of all SME customers are evaluated. Awareness-raising activities are carried out by the bank in order for customers to reduce these risks. Thus, it is aimed to reduce portfolio exposure to the lowest level possible. In the reporting year, we have determined most carbon intensive sectors in our portfolio and establish a roadmap for transition to low carbon economy together with our clients. Our "most carbon intensive sectors" were selected as; cement, machinery, automotive, textile, iron and steel, chemistry. This list can be transformed and or expanded due to regulatory changes or any updates in the market. For the next year we plan to assess our client's climate related risks and opportunities, we will develop a new ESG evaluation questionnaire for both new and current clients and from now on, this questionnaire will form a basis for evaluating client's performances. ESG Questionnaire List (QL) will cover carbon intensive sectors (mentioned above) at initial stage. We will expand ESG QL to whole portfolio in following reporting year. QL includes detailed GHG emission inventory (source of emissions, Scope 1-2-3 emissions in tonCO2eq and tonCO2eq/TL Revenue) and also other emissions, if applicable (such as VOC, PM). In addition, we also will assess whether companies have policy for climate change mitigation and any kind of strategy to decrease carbon emissions (such as having SBTi, net zero emission targets etc). We are planning to expand climate-related risk/opportunity analysis to whole portfolio in the next 3 years. We are now working on a "heatmap" which will provide deep dive analysis of our portfolio's risk exposure to Akbank.
Investing (Asset manager)	<Not Applicable >	<Not Applicable>
Investing (Asset owner)	<Not Applicable >	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable >	<Not Applicable>
Other products and services, please specify	Not applicable	As our products & services are majorly linked to our lending activities, "other products and services" section of this particular question is not relevant for us.

**C-FS2.2c**

**(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.**

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	Minority of the portfolio	Qualitative and quantitative	The Bank has developed an Environmental and Social Impact Assessment System-ESIA. Accordingly, project loans with total investment amount of TRY 74,194,000 (USD 10 million) and over, and new commercial loan requests with total investment amount of TRY 370,970,000 (USD 50 million) and over, shall be subject to an ESIA. Due to the sensitive information is need for explanation of calculation for portfolio coverage, we cannot provide the methodology for this year. The Bank applies the following criteria as part of its ESIA: New projects with financing requests are classified as low, medium, high risk based on the potential environmental and social impact. Additional assessment criteria vary according to the industry, and they are applied for the industries with high environmental and social risks. The assessment takes, the environmental and social risks associated with the current operations of the potential borrower, and the methods applied for environmental and social risk management, also into consideration. An ESIA Report by an independent consultant shall be requested for medium&high risk projects and loan requests. The company applying for a loan and/or project financing is asked to provide an Environmental and Social Action Plan(ESAP), and an Environmental and Social Commitments(ESC) list. The Bank shows due diligence to ensure the following matters are considered in proposed measures for managing environmental and social risks in medium&high risk projects. Akbank has adopted a "Non-Financing Activities List". Article 1 of that list stipulates the activities Akbank will not finance, regardless of limit and without requiring an environmental and social risk assessment, including the operations that are prohibited by the national legislation and the international treaties Turkey is a party to. The Bank lends within limitations to the industries that are stated in Article 2 of the "Non-Financing Activities List" and are identified by the IFC. Branch Manager and the Regional Loan Committee are responsible for compliance of the loan with the Akbank Environmental and Social Policies(ESP) and for developing the required action plan. All parties of the lending decision shall conform with the Akbank ESP. The Akbank ESP comply with the Bank's Ethical Principles, Complaint Management, and Business Continuity Management.
Investing (Asset manager)	<Not Applicable >	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable >	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable >	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable >	<Not Applicable>	<Not Applicable>

**C-FS2.2d**

**(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?**

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	As a baseline of this plan & process, for HEPP (Hydroelectric Power Plants) projects covered by the ESIA (Environmental and Social Impact Assessment System), we request from our clients/ investees whether climate change factor is included in their calculations regarding water reserves. In addition, information on the projects' water use, trees cut and greenhouse gas emissions is requested. Projects included in the list of non-financing activities are never financed. At this point, projects that request credit are evaluated within the scope of ESIA. Activities in areas designated as the Convention on Wetlands of International Importance (RAMSAR) sites and Project activities in an area larger than 25 km <sup>2</sup> , that refuse to provide all the necessary independent consultant reports required for construction projects such as excavation, filling, water filling, canal or dam, etc. are never credited. Aside from ESIA, we will develop "ESG Assessment Questionnaire which includes climate related risks and opportunities analysis" for both new and current clients and from now on for the next year. This questionnaire will form a basis for evaluating client's performances. In this questionnaire, breakdown of water withdrawal sources, amount of water withdrawal with source detail, water recycling activities were investigated. We are also closely monitoring both global and national regulatory changes which directly affects our client's business. New regulations can be came into the force related with climate change impacts. We are closely following Turkey's climate & environment agenda and taking some proactive precautions on how regulatory change will affect client's and also Akbank. Furthermore, we are also monitoring global regulations (both current and new) such as EU Green Deal, Carbon Border Adjustment Mechanism to understand effects of all regulations on our clients. -business interruption due to climate related issues: Climate change directly affects water resources. At this point, our client's strategies/policies to mitigate climate change effects on their businesses are our main focus point. Due to the sensitive information is need for explanation of calculation for portfolio coverage, we cannot provide the methodology for this year.
Investing (Asset manager)	<Not Applicable >	<Not Applicable >	<Not Applicable>
Investing (Asset owner)	<Not Applicable >	<Not Applicable >	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable >	<Not Applicable >	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable >	As our products & services are majorly linked to our lending activities, "other products and services" section of this particular question is not relevant for us.

**C-FS2.2e**

**(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?**

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	Environmental and Social Crediting Policies are followed in the processes of crediting the risks and opportunities of forest-related projects. Projects included in the list of non-financing activities are never financed. At this point, projects that request credit are evaluated within the scope of ESIA. Activities that trade in CITES4-restricted wildlife elements and products using rainforests are never credited. In addition, SMEs engaged in the production and trade of forest products other than logs/wood products obtained from sustainably processed forests are not financed. Due to the sensitive information is need for explanation of calculation for portfolio coverage, we cannot provide the methodology for this year
Investing (Asset manager)	<Not Applicable >	<Not Applicable >	<Not Applicable>
Investing (Asset owner)	<Not Applicable >	<Not Applicable >	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable >	<Not Applicable >	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable >	As our products & services are majorly linked to our lending activities, "other products and services" section of this particular question is not relevant for us.

**C-FS2.2f**

**(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?**

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	The Bank has developed an Environmental and Social Impact Assessment System-ESIA. Accordingly, project loans with total investment amount of TRY 74,194,000 (USD 10 million) and over, and new commercial loan requests with total investment amount of TRY 370,970, 000 (USD 50 million) and over, shall be subject to an ESIA. For the next year we plan to assess our client's climate related risks and opportunities, we will develop a new ESG evaluation questionnaire for both new and current clients and from now on, this questionnaire will form a basis for evaluating client's performances. ESG Questionnaire List will cover carbon intensive sectors (mentioned above) at initial stage. We will expand ESG Questionnaire List to whole portfolio in following reporting year. Questionnaire includes, but not limited to, detailed GHG emission inventory (source of emissions, Scope 1-2-3 emissions in tonCO2eq and tonCO2eq/TL Revenue) and also other emissions, if applicable (such as VOC, PM etc.). In addition, we also will assess whether companies have policy for climate change mitigation and any kind of strategy to decrease carbon emissions (such as having Science Based Targets, net zero emission targets etc). We are planning to expand climate-related risk/opportunity analysis to whole portfolio in the next 3 years. We are now working on a "heatmap" which will provide deep dive analysis of our portfolio's risk exposure to Akbank.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Not applicable	As our products & services are majorly linked to our lending activities, "other products and services" section of this particular question is not relevant for us.

**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?**

Downstream

**Risk type & Primary climate-related risk driver**

Emerging regulation	Carbon pricing mechanisms
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**Primary potential financial impact**

Increased credit risk

**Climate risk type mapped to traditional financial services industry risk classification**

Credit risk

**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 medium term 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**

More likely than not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

0

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

In the worse case scenario, some of Akbank's customers are not ready to MRV regulations and related to carbon pricing mechanism. So that, they may face risk of not achieving desired and planned levels of profitability and hence risk of repaying their loan amounts. Our "most carbon intensive sectors" were selected as; cement, machinery, automotive, textile, iron and steel, chemistry. With the assumption that 5 percent of the energy-intensive investments are affected negatively in the form of temporary cash flow problems, the Bank may incur extra provisional burden as the loan classifications can change and partial net interest income loss emanating from those loans. The total financial impact to Akbank is calculated but we cannot explain since it is a sensitive information.

**Cost of response to risk**

571800

**Description of response and explanation of cost calculation**

As we aspire 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. Accordingly, project loans with total investment amount of TRY 74,194,000 (USD 10 million) and over, and new commercial loan requests with total investment amount of TRY 370,970, 000 (USD 50 million) shall be subject to an Environmental and Social Risk Assessment. Within the scope of "Non-Creditable Activities List" with the systemic controls we have brought to our infrastructure in 2019, We evaluate every commercial loan we make available regardless of the amount limit. In 2020, we rejected 26 projects due to Environmental and Social Impact Assessment. Due to pandemic measures, in the reporting period, our ESIA team carried out project field visits with online meetings. This year, our team organized a total of 13 meetings, 1 of which were field visits and 12 online. The costs consist mainly of labor costs which occurs during inspections (1000 TRY per site visit). Also, Akbank builds inner capacity and attends training and/or conferences held by multinational finance institutions in order to update its knowledge and analyze international best practices (UNEP FI ESRA Online Course cost 7800 TR) . To note, Akbank is a member of several institutions focusing on climate change issues especially such as WEF, UNGC Turkey Sustainable Finance Working Group, Climate Platform Established in Collaboration with REC and TÜSIAD and Turkey Climate Change Leaders Group. The total annual cost estimation of all above mentioned activities are 571,800 TRY.

**Comment**

We are considering this risk with medium financial impact.

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**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Chronic physical	Rising mean temperatures
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**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

Operational risk

**Company-specific description**

According to the World Meteorological Organization's interim climate report for 2020, it is stated that 2020 will be one of the three hottest years on record. According to the report, 2020 is expected to be 1.2°C warmer than the pre-industrial average (1850-1900). According to the 2020 report of the General Directorate of Meteorology, the year 2020 was the year with the highest number of extreme events, with 984 extreme events. Most of the extreme events recorded in 2020 were heavy rain/flooding 30%, storms 27% and hail 23%. Other events were lightning with 7%, snow with 5%, landslide with 2%, frost, and avalanche, forest fire, sandstorm, high temperature and fog at 1% or less. As stated in Turkey 2020 Climate Assessment report, Turkey's average temperature in 2020 was 14.9°C. This value is 1.4°C above the 1981-2010 normal (13.5°C). With this result, 2020 has been the 3rd warmest year since 1971. This situation causes both more energy use and the use of more time and number of cooling systems.

**Time horizon**

Long-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

0

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

It is stated in Turkey 2020 Climate Assessment report, Turkey's average temperature in 2020 was 14.9°C. This value is 1.4°C above the 1981-2010 normal (13.5°C). With this result, 2020 has been the 3rd warmest year since 1971. However, due to the COVID-19, consumption, it has been observed that electricity consumption has decreased during the weekdays compared to the previous year and the consumption hours have also changed. The most serious decrease was experienced in the industrial and commercial group, while residential consumption increased. So that we are not precisely calculating operation cost of due to COVID-19 effect. Regarding to this, for the reporting year we can assume the potential impact of this risk is zero.

**Cost of response to risk**

0

#### Description of response and explanation of cost calculation

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 m<sup>2</sup> 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 carbon footprint especially in winter and also it supports OPEX positively. Also in Silivri, we made the similar changes in lighting infrastructure. So that, we saved 71,702 kwh in Data and Living Center, and saved 171,996 in Silivri location. In total we avoided 95.4 ton CO<sub>2</sub>e. 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. In this year we didn't spare any budget to this initiative.

#### Comment

We are considering this risk with medium financial impact.

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## 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

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## 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?

Downstream

#### Opportunity type

Products and services

#### Primary climate-related opportunity driver

Other, please specify (Increased demand for products and services)

#### Primary potential financial impact

Increased revenues resulting from increased demand for products and services

#### Company-specific description

Akbank currently uses the Environmental and Social Impact Assessment (ESIA) 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/medium-term, Akbank will be ready for potential risks implications 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.)) Sustainability Committee targeted to make sure that the Committee 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. As of the end of 2020 2019, the total project financing loan size we provided to renewable energy projects of USD 10 million and above reached USD 1,576.5711 million, while the share of these loans in energy generation projects reached 842%. With the renewable energy projects we financed, approximately 5.8 million tons of CO<sub>2</sub>e emission was prevented in 202019. In 202019, we continued to finance qualified energy projects. As in the last fourthree years, we provided 100% of the financing for renewable projects in 2020in 2019, while the ratio of renewable energy projects in our total portfolio was 76%. In addition, we continuestarted to provide financing for biomass projects since 2019in 2019. At the end of the year, 2,697986 MW of our energy portfolio were HEPP, 955780 MW WPP, 320 MW GES, 181 MW SPP and 9.3 MW Biomass projects.

#### Time horizon

Medium-term

#### Likelihood

Very likely

#### Magnitude of impact

High

#### Are you able to provide a potential financial impact figure?

Yes, an estimated range

#### Potential financial impact figure (currency)

<Not Applicable>

#### Potential financial impact figure – minimum (currency)

74194000

#### Potential financial impact figure – maximum (currency)

11700393800

#### 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. As of the end of 2020 the total project financing loan size we provided to renewable energy projects of TRY 74,194,000 (USD 10 million) and above reached TRY 11,700,393,800 (1,577 million USD), while the share of these loans in energy generation projects reached 84%. With the renewable energy projects we financed, approximately 5.8 million tons of CO<sub>2</sub>e emission was avoided in 2020. 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. In line with this, we aim to provide 200 billion TL sustainable financing which loans obtained from international financial institutions such as IFC, EBRD, EIB and OPIC are of environment-friendly nature and generally support sustainable development by 2030.

**Cost to realize opportunity**

571000

**Strategy to realize opportunity and explanation of cost calculation**

As we aspire 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. Accordingly, project loans with total investment amount of TRY 74,194,000 (USD 10 million) and over, and new commercial loan requests with total investment amount of TRY 370,970, 000 (USD 50 million) shall be subject to an Environmental and Social Risk Assessment. Within the scope of "Non-Creditable Activities List" with the systemic controls we have brought to our infrastructure in 2019, We evaluate every commercial loan we make available regardless of the amount limit. In 2020, we rejected 26 projects rduce to Environmental and Social Impact Assessment. Due to pandemic measures, in the reporting period, our ESIA team carried out project field visits with online meetings. This year, our team organized a total of 13 meetings, 1 of which were field visits and 12 online. The costs consist mainly of labor costs which occurs during inspections (1000 TRY per site visit). Also, Akbank builds inner capacity and attends training and/or conferences held by multinational finance institutions in order to update its knowledge and analyze international best practices (UNEP FI ESRA Online Course cost 7800 TR) . To note, Akbank is a member of several institutions focusing on climate change issues especially such as WEF, UNGC Turkey Sustainable Finance Working Group, Climate Platform Established in Collaboration with REC and TÜSIAD and Turkey Climate Change Leaders Group. The total annual cost estimation of all above mentioned activities are 571,800 TRY.

**Comment**

We are considering this opportunity with high financial impact.

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**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Other, please specify (Reduced use of paper due to digital solutions)

**Primary potential financial impact**

Reduced direct costs

**Company-specific description**

Akbank encourages the use of digital channels and offers a "self-service", lean, digital and mobile customer experience that minimizes the use of paper for customers who prefer the new generation Akbank branches and the branch channel. Thanks to our new sales service model, many innovations have been implemented to reduce paper consumption. By ensuring that the contracts received in printed form are received via Akbank Mobile, our customers were provided with a paperless experience,

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1440000

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Thanks to the document approvals we started to receive through Akbank Mobile, we eliminate the need for the physical signature process, document scanning and physical archiving, and offer an end-to-end digital and fast experience to our customers inside and outside the branch. 40 million paper savings and an average of 3,400 trees saved through approximately 60 paperless transactions with the Finish with Mobile application. In addition, thanks to Gişe Extras we have located in our branches as a part of our New Generation branch transformation, our customers can perform their previous transactions at the counters in a paperless manner at these new service points. Consequently, we saved 16 million receipts and consequently 570 trees in 2020. As a result of these paperless banking initiative, we saved technology 1,440,000 TRY in 2020.

**Cost to realize opportunity**

1112910000

**Strategy to realize opportunity and explanation of cost calculation**

In line with our effective natural resource use strategy, we are working to reduce our paper consumption. With our Digital Transformation process, we instantly apply the opportunities provided by new technologies to our products and services, and we provide Akbank users with a paperless banking experience by obtaining our contract and form approvals via our SMS and Digital Banking platforms. In addition, we provide self-service, simple, digital and mobile services that minimize paper usage in our New Generation branches. With our new Sales Model, we have implemented many new applications that will reduce paper consumption. We provided paperless and fast transactions by providing digital archiving and transactions on tablets inside and outside the branch. In 2020, we invested to the technological improvement areas with 1,112,910,000 TRY.

**Comment**

We are considering this opportunity with medium financial impact.

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**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Development of climate adaptation, resilience and insurance risk solutions

**Primary potential financial impact**

Increased access to capital

**Company-specific description**

With the relevant ESG infrastructure, organizations that can meet the criteria of the investors can issue Green Bonds. Green Bond is the general name given to bonds where the resource provided by issuance is used in financing or refinancing existing or new Green (Eco-Friendly and Sustainable) Projects. The size of the Green Bond market cumulative issuances has exceeded USD 600 billion. Annual issues are ~ USD 200 billion. The resource obtained from the Green Bond issuance is used as financing for the following projects. • Renewable Energy • Energy Efficiency • Prevention and Control of Environmental Pollution • Sustainable Management of Natural Resources and Land Use • Conservation of Biodiversity • Environmentally Friendly Public Transport • Sustainable Management of Water and Waste Water • Adaptation to Climate Change • Conversion Technologies • Green Buildings Further compliance with the ESG transformation of Akbank will pave the way for Green Bond issuance for our bank. The financing provided from this market will support the further diversification of our bank's foreign borrowing portfolio. Akbank is expected to use such borrowing instruments in the next 2 years.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

16400000000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

In order to create a sustainable economy despite the negative conditions of the COVID-19 process, we issued the first Green Bond in Turkey with a maturity of 4 years and 110 days and TRY 370,970, 000 (USD 50 million) million. In addition, we became a part of Turkey's largest Sustainable Loan Agreement of 650 million Euros through the consortium formed with 6 banks. The total amount of sustainable finance provided in 2020 was 16.4 billion TRY. (According to the unconsolidated management reporting, cash and non-cash SME loans (assessed by Environmental and Social Impact Assessment) and renewable project finance loans and Environmental Social Governance type Eurobond purchases are included.)

**Cost to realize opportunity**

0

**Strategy to realize opportunity and explanation of cost calculation**

In order to give a sustainable quality to our country's economy, we are further strengthening our project financing support within the scope of Environmental Social Governance with our international banking network. At this point, we work with many international financial institutions such as the International Financial Institution (IFC), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), OPIC. Since we have a powerful relation with these international financial institutions, there is no additional cost for realizing this opportunity.

**Comment**

With this awareness and responsibility, we are committed to providing 200 billion TL of sustainable loan financing to our country by 2030. In proportion to this loan volume, we aim to increase the financing associated with the sustainability we will provide by 2030. In addition, we are committed to increase the balance of mutual funds that fall into the sustainable investment category to TL 15 billion by 2030. In the coming period, we will continue to prioritize borrowing based on sustainable financing in parallel with our environmental investments and the increase in our sustainability-oriented credit activities. By the end of 2021, we aim to increase the share of our funding for sustainable activities to 30% of the total funding.

**Identifier**

Opp4

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Move to more efficient buildings

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

Turkey has signed but has not yet ratified the Paris Agreement and has published an Intended National Determined Contribution (INDC) including a target to reduce country emissions. In this context, Turkey aims 18% to 21% reduction in GHG emissions by 2030 compared to Business as Usual (BAU) Scenario. In this context, as Turkey is a partner of PMR (Partnership for Market Readiness) project of the World Bank, in a near future, we expect an ETS/Carbon Tax system which will affect all over business units and line of Migros. Turkey is piloting an MRV (Monitoring Reporting and Verification) CO2 regulation that is highly expected to evolve into a European Union based Emissions Trading System (ETS). Climate Change and Air Management department of the Ministry of Environment and Urbanization recently did a study evaluating carbon prices in Turkey. According to the authorities, \$10/tCO2e was evaluated as the best option for Turkey, based on the examples in the world and the meetings and workshops organized by the regulators. This possible system, which implement an extra tax, carries a significant risk in terms of increasing our operational costs.

**Time horizon**



Long-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

659326.53

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

In case there is an extra carbon tax of TRY 74.19 (USD 10 equivalent) in 2020 tax per tCO<sub>2</sub>e, we anticipate that taxation will be made for direct CO<sub>2</sub> emissions at the outset. If we could not reduce our Scope 1 and Scope 2 emissions comparing to previous reporting year, we would pay extra TRY 659,326.53.

**Cost to realize opportunity**

0

**Strategy to realize opportunity and explanation of cost calculation**

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 m<sup>2</sup> 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 carbon footprint especially in winter and also it supports OPEX positively. Also in Silivri, we made the similar changes in lighting infrastructure. So that, we saved 71,702 kwh in Data and Living Center, and saved 171,996 in Silivri location. In total we avoided 95.4 ton CO<sub>2</sub>e. 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. In this year we didn't spare any budget to this initiative.

**Comment**

We are considering this opportunity with medium financial impact.

**C3. Business Strategy**

**C3.1**

**(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes

**C3.1b**

**(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?**

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	Yes, in the next two years	Yes, we intend to include it as a scheduled AGM resolution item	With the Sustainability Committee (SC) established in 2020, we coordinate all our sustainability efforts at the Bank and monitor the successful realization of more than 100 actions in order to achieve the relevant targets. Permanent members of the Committee include Executive and Independent Members of the Board, CEO, CFO and Head of Investor Relations and Sustainability. The Climate Change Preliminary Committee consists of Deputy General Managers and reports directly to the CEO. On the other hand, its activities are reported directly to the Sustainability Committee. Investor Relations and Sustainability Department sets the meeting agenda of the Committee which convenes minimum twice a year and conveys it to the permanent members of our Committee before the meeting. The SC also consists of four pre-committees that focus on the Bank's material issues and renewed sustainability strategy which are Sustainable Finance, Ecosystem Management, Climate Change and People & Community. Akbank has also set solid long-term targets, which includes providing TL 200 billion sustainable loan financing until 2030 as well as sustainable investment funds reaching TL 15 billion until 2030. Akbank aims to decrease the impact of the loan portfolio on climate change until 2030. Starting from next year, Akbank will be focusing to develop a heatmap, identify inside-out and outside-in impacts based on different scenarios and develop specific action plans to reduce negative climate impact and manage the impact of Akbank's portfolio. (e.g. phase out, strategic areas, etc.)

**C3.2**

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, qualitative, but we plan to add quantitative in the next two years

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
Nationally determined contributions (NDCs)	We use nationally determined contributions (NDCs) to determine climate related outcomes in a long-term timeframe (3 to 10 years). Turkey has signed but has not yet ratified the Paris Agreement and has published an Intended National Determined Contribution (INDC) including a target to reduce country emissions. Turkey aims 18% to 21% reduction in GHG emissions by 2030 compared to Business as Usual (BAU) Scenario. As Turkey is a partner of PMR (Partnership for Market Readiness) project of the World Bank, a hybrid ETS/Carbon Tax system is expected. The implementation period for the INDC is 2021-2030. While taking into consideration the 2030 objective as Akbank, we are closely monitoring and implementing the regulatory and market trends arising from Turkey's approach to combat climate change since Turkey's submission of INDC in 2015. Therefore, we are aware of that these scenario analyses are also important to manage our climate-related risks related to emerging regulations in the long term. Akbank plans to become a carbon-neutral bank by eliminating its gross CO2 emissions of its company-wide facilities (covering Scope 1 and Scope 2 emissions) until 2025 by implementing SBTi with well-below 2°C aligned target ambition. In order to calculate yearly emission reduction plan, as Akbank, we conducted scenario analysis for the intervals of 2020-2025 in terms of the scenarios of keeping the global temperature way below 2 degrees Celsius (WB2C) When we chose 2020 as the base year, we have to decrease our Scope 1 and Scope 2 emissions by 12.5% since 2025. In order to govern this transition process, the Sustainability Committee (SC) established in 2020, and it coordinates all our sustainability efforts at the Bank and monitor the successful realization of several risks and opportunities. Besides, we are planning to transform our way business focusing on more our digital transformation process rather than growing in conventional banking such as increasing number of branches etc. Related to that we are renewing every unit from the bottom to the top while at the same time providing special trainings for our employees and drawing an innovative bank profile. Additionally, we aim to become a carbon neutral bank by resetting our operational greenhouse gas emissions by 2025. In order to meet this target, we apply several emission reduction activities mentioned in C4.3b. Not only in our direct operations but also in indirect operation, we are acting proactively to adjust upcoming NDC requirements in advance. So that, we conduct Environmental and Social Impact Assessment ESIA. Accordingly, project loans with total investment amount of TRY 74,194,000 (USD 10 million) and over, and new commercial loan requests with total investment amount of TRY 370,970,000 (USD 50 million) and over, shall be subject to an ESIA. Based on this assessment tool and our sustainable finance approach we will continue to invest on renewable energy project mainly. In the reporting year the share of these loans in energy generation projects reached 84%.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	We are aware of the importance of the banking sector in tackling and contributing positively on combating climate change. We are aware of our power to shape a low-carbon future in Turkey with this regard, we are developing several procedures and updating our way of business regarding to meet the need of our stakeholders. As the Sustainability Committee (SC) established in the reporting period, we coordinate all our sustainability efforts at the Bank and monitoring risks and opportunities for the short, medium and long terms. The SC also consists of four pre-committees that focus on the Bank's material issues which are Sustainable Finance, Ecosystem Management, Climate Change and People & Community. Investor Relations and Sustainability Department ensures coordination and management of the issue within our Bank. As a part of our focus area (Sustainable Finance and Climate Change), we have been providing diverse service and product to our customers. In line with this objective, we evaluate the environmental and social impact - value created by our projects and operations and perform credit operations accordingly. We expand our collaboration with international finance institutions for a better and more sustainable support to the economy despite the negative conditions of the COVID-19 process. The total amount of sustainable finance we provided in 2020 was 16.4 billion TL. we issued the first Green Bond in Turkey with a maturity of 4 years and 110 days and TRY 370,970,000,000. In addition, we became a part of Turkey's largest Sustainable Loan Agreement of 650 million Euros through the consortium formed with 6 banks. As of the end of 2020 the total project financing loan size we provided to renewable energy projects of TRY 74,194,000 and above reached TRY 11,700,393,800 while the share of these loans in energy generation projects reached 84%. With the renewable energy projects we financed, approximately 5.8 million tons of CO2e emission was avoided in 2020. At the end of the reporting year, we provided total 4,162 MW installed power in Turkey. We will also publish our Sustainable Finance Framework in 2021, setting comprehensive rules defining which financing products that can be classified as sustainable by outlining social and green eligibility criteria, contributing to United Nations Sustainable Development Goals (UN SDGs).
Supply chain and/or value chain	Yes	Climate-related risks & opportunities influence our supply chain covering our upstream and downstream operations. As an example to this, our purchasing & procurement principles we defined: Purchasing activities are in line with our Bank's sustainability policy; which aims to maximize the contribution & value provided by effective, cost-sensitive and dynamic operations. In this regard, we have a goal to provide financial inclusion and sustainable funds available to our customers. So that, we issued the first green bond in the Turkish banking industry during the COVID-19 pandemic and offered sustainable funds to meet the requests and expectations of our clients. With the syndicated loan renewed in the reporting year, we supported the economy with USD 800 million. Furthermore, we became a part of Turkey's largest Sustainable Loan Agreement worth 650 million Euros through the consortium formed by 6 banks. Furthermore, in an effort to support the small traders and businesses with financial resources against the negative impact of COVID-19, we signed an agreement with the European Bank for Reconstruction and Development (EBRD) on June 22, 2020 for USD 75 million with a maturity of 1 year. With these international financial resources, we supported the companies and micro-segment clients of Akbank with operating capital. With our Environmental and Social Impact Assessment System (ESIA), we subject our customers' credit demands to environmental and social risk assessments, and with this practice, we maintain our leading role in the banking sector. We are indirectly exposed to the impacts of climate risks on our suppliers. We carry out our purchasing activities in line with our ethical principles. Our main goal in our purchasing activities is in line with our Bank's sustainability policy; to maximize the contribution and value provided by effective, cost-sensitive and dynamic operations. As Akbank; we receive declarations from our suppliers regarding the implementation of all the elements in the UNGC in the provision of services, we give priority to suppliers that work with systems that are more sensitive to society and the environment. In addition our procurement team is regularly reviewing sustainability issues and strengthen our sustainable procurement policy and implementations.
Investment in R&D	Yes	As a pioneer bank in digitalization, we worked hard to offer a unique banking experience for our clients by analyzing emerging trends and customer expectations through investing R&D projects. The culture transformation program supports and complements the digital transformation we initiated in 2018. This program helps us offer uninterrupted and high-quality services during the pandemic. We also closely monitor the trends in real economy and develop simple, easy-to-use and practical products and services. In this sense, we take steps with the inclusion of our branches. We have 716 modern branches, 414 of which were renovated in 2020. In 2020, 5.5 million clients used Akbank's digital channels. The share of direct loans among consumer loans issued by Akbank stood at 74% and the share of credit card sales through non-branch channels reached 65%. Also With our Digital Transformation process, we instantly apply the opportunities provided by new technologies to our products and services, and we provide Akbank users with a paperless banking experience by obtaining our contract and form approvals via our SMS and Digital Banking platforms. This leads to a reduction our scope 3 emissions indirectly. As an actor of financial services sector, Investment in R&D from a climate change perspective does not directly influence our business strategy. But we finance & engage with relevant actors of R&D and Innovation ecosystem such as fintechs & other related organizations.
Operations	Yes	Our business strategy is influenced directly from our operations from a climate change perspective. We may suffer directly from operational losses due to acute and chronic physical risks arising from climate change. We're evaluating and managing risks & opportunities related to our operations from business continuity management perspective and informing our business strategy with related risk mitigation activities and their possible costs on our financial planning. Also we are monitoring our energy consumption and Scope 1 + 2 emissions annually respect to ISO 14064 Standard. Additionally, our data center has an energy efficiency ratio of 1.4, which is the best achievable for a building of this scale in Istanbul. It helps to improve the environmental footprint of our branch transformation program with emission reduction activities such as automatic lighting, heating & cooling system at our headquarters and insulation of heating line valves in some branches. "Akbank Data and Living Centre", which we position as the heart of all our operations, continues to serve our customers in an area of 6,700 square meters with approximately 3 thousand Akbank employees. With certificates such as the "Uptime Institute Tier III Design Certificate" and the "Uptime Institute Tier III Constructed Facility Certificate", we have documented that our Akbank Data and Living Centre meets international standards with its design and implementation. We aim to achieve our carbon neutralization target while minimizing our operational emissions with our energy efficiency and energy supply projects from renewable energy sources in the upcoming period. We aim to reduce our energy consumption by 5% with the solar energy panels to be installed and in 2021 we aim to meet 60% of the electricity consumption with wind energy. In the upcoming period, we also aim to strengthen our energy management capability by obtaining ISO 50001 certification and to empower our environmental policies by obtaining ISO 14001 Environmental Management System certificate.

C3.4

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Access to capital	<p>Revenue, Direct &amp; Indirect costs, Capital expenditures, Access to capital are the primary elements that can influence our business strategy and financial planning in terms of climate-related risks and opportunities. Revenue: As the leading bank in financing renewable energy projects in Turkey, we are developing funding options that are advantageous with regards to term and cost and continue our activities with the approach to offer responsible products and services in this direction. We are aware that minimizing the dependence on foreign resources in Turkey is only possible through renewable energy investments. Within this scope, we have continued to develop original financing solutions for solar power and geothermal energy projects supported by the public and the government. In this context, in 2020, we increased the share of renewable energy projects in our energy production loan portfolio to 84%. Direct costs &amp; Indirect costs: We are developing models to evaluate the influence &amp; impact of climate-related risks &amp; opportunities on our financial planning as of reporting year. Climate change related risks &amp; opportunities influence our financial planning from our revenue streams, direct &amp; indirect costs, ability to access capital and assets channels. Such influence is solidified by the defined risks &amp; opportunities we've disclosed in C2 Risks &amp; Opportunities section of our CDP Reporting. we consider these costs and expenditures under operational cost. Addition to this, we have capital expenditure as well. These two main costs are budgeted annually in order to allocate for emission reduction initiatives, process optimizations, energy efficiency etc. In the reporting period, as Akbank, we avoided 95.4 tCO<sub>2</sub>. Access to capital: we want to build a better and sustainable future for the Turkish economy and our stakeholders. We expand our collaboration with international finance institutions for a better and more sustainable support to the economy despite the negative conditions of the COVID-19 process. we issued the first Green Bond in Turkey with a maturity of 4 years and 110 days and TRY 370,970,000 (USD 50 million) million. In addition, we became a part of Turkey's largest Sustainable Loan Agreement of 650 million Euros through the consortium formed with 6 banks. As of the end of 2020 the total project financing loan size we provided to renewable energy projects of TRY 74,194,000 (USD 10 million) and above reached TRY 11,700,393,800 (1,577 million USD), while the share of these loans in energy generation projects reached 84%. With the renewable energy projects we financed, approximately 5.8 million tons of CO<sub>2</sub>e emission was avoided in 2020. At the end of the reporting year, we provided total 4,162 MW installed power in Turkey (HEPP (2,967 MW), Wind (955 MW), Geothermal (320 MW), Solar (181 MW), Biomass (9 MW)). Thus, we became the Bank that signed Turkey's first Green Bill issuance during the pandemic process. International Capital Markets Agency (ICMA) – We have committed to make the financing available through our issuance in line with the Green and Social Bond Principles, to support renewable energy projects, which is one of the most important components of the fight against climate change. We will also publish our Sustainable Finance Framework in 2021, setting comprehensive rules defining which financing products that can be classified as sustainable by outlining social and green eligibility criteria, contributing to United Nations Sustainable Development Goals (UN SDGs).</p>

C3.4a

**(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

C-FS3.6

**(C-FS3.6) Are climate-related issues considered in the policy framework of your organization?**

Yes, both of the above

C-FS3.6a

**(C-FS3.6a) In which policies are climate-related issues integrated?**

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	Credit policy	Majority of the portfolio	<p>AKBANK ENVIRONMENTAL AND SOCIAL CREDIT POLICIES Akbank has adopted the following commitments to implement its environmental policy: 1. The Bank strives to ensure that all the principles of the United Nations Global Compact are implemented by the customers it lends to. 2. The Bank prioritizes financing projects that improve environmental conditions, such as renewable energy or waste recycling investments, and investments that reduce carbon emissions or increase productivity. 3. The Bank supports the borrower when the latter has to make improvements in projects with unforeseen environmental impact. 4. 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. Accordingly, project loans with total investment amount of USD10 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. The Bank applies the following criteria as part of its Environmental and Social Risk Assessment System: • New projects (or loan requests) with financing requests are classified as low-, medium-, and high-risk based on the potential environmental and social impact. • Additional assessment criteria vary according to the industry, and they are applied for the industries with high environmental and social risks. • The assessment takes, the environmental and social risks associated with the current operations of the potential borrower, and the methods applied for environmental and social risk management, also into consideration. An Environmental and Social Assessment Report by an independent consultant shall be requested for medium - and high-risk projects and loan requests. The company applying for a loan and/or project financing is asked to provide an Environmental and Social Action Plan, and an Environmental and Social Commitments list. • The Environmental and Social Action Plan, and the Environmental and Social Commitments list are also added to the contract with the customer. • The Bank shows due diligence to ensure the following matters are considered in proposed measures for managing environmental and social risks in medium- and high-risk projects: o Stakeholder participation and complaint mechanism processes. o Compliance with the Occupational Health and Safety (OHS) regulations during both the company's operations and investment activities. o Proximity to wetlands according to the project's RAMSAR4 Convention. o Presence of the "Resettlement Action Plan" in projects with physical or economic resettlement due to land acquisition. o Minimizing project-related deforestation, and where deforestation is inevitable, the presence of a plan for the number of trees to be cut and for a recovery plan for the deforested area. o Amount of additional greenhouse gas emissions that will be created during the operation period of high-risk projects, and the projected carbon cost. o Assessment processes of the impact on biodiversity. o Customer's current or in-development Environmental and Social Management System. Akbank has adopted a "Non-Financing Activities List". Article 1 of that list stipulates the activities Akbank will not finance, regardless of limit and without requiring an environmental and social risk assessment, including the operations that are prohibited by the national legislation and the international treaties Turkey is a party to. Furthermore; The Bank takes into consideration environmental and social risk criteria • in all SME (small and micro) loans. Also, the Bank does not provide financing for projects that are certain to have a significant negative environmental impact. The Bank lends within limitations to the industries that are stated in Article 2 of the "Non-Financing Activities List" and are identified by the IFC. • Branch Manager and the Regional Loan Committee are responsible for compliance of the loan with the Akbank Environmental and Social Policies and for developing the required action plan. All parties of the lending decision shall conform with the Akbank Environmental and Social Policies. The Akbank Environmental and Social Policies comply with the Bank's Ethical Principles, Complaint Management, and Business Continuity Management. We will also publish our Sustainable Finance Framework in 2021, setting comprehensive rules defining which financing products that can be classified as sustainable by outlining social and green eligibility criteria, contributing to United Nations Sustainable Development Goals (UN SDGs).</p>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	Other, please specify (Credit Policy)	Majority of the portfolio	<p>AKBANK ENVIRONMENTAL AND SOCIAL CREDIT POLICIES Akbank has adopted the following commitments to implement its environmental policy: 1. The Bank strives to ensure that all the principles of the United Nations Global Compact are implemented by the customers it lends to. 2. The Bank prioritizes financing projects that improve environmental conditions, such as renewable energy or waste recycling investments, and investments that reduce carbon emissions or increase productivity. 3. The Bank supports the borrower when the latter has to make improvements in projects with unforeseen environmental impact. 4. 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. Accordingly, project loans with total investment amount of USD10 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. The Bank applies the following criteria as part of its Environmental and Social Risk Assessment System: • New projects (or loan requests) with financing requests are classified as low-, medium-, and high-risk based on the potential environmental and social impact. • Additional assessment criteria vary according to the industry, and they are applied for the industries with high environmental and social risks. • The assessment takes, the environmental and social risks associated with the current operations of the potential borrower, and the methods applied for environmental and social risk management, also into consideration. An Environmental and Social Assessment Report by an independent consultant shall be requested for medium - and high-risk projects and loan requests. The company applying for a loan and/or project financing is asked to provide an Environmental and Social Action Plan, and an Environmental and Social Commitments list. • The Environmental and Social Action Plan, and the Environmental and Social Commitments list are also added to the contract with the customer. • The Bank shows due diligence to ensure the following matters are considered in proposed measures for managing environmental and social risks in medium- and high-risk projects: o Stakeholder participation and complaint mechanism processes. o Compliance with the Occupational Health and Safety (OHS) regulations during both the company's operations and investment activities. o Proximity to wetlands according to the project's RAMSAR4 Convention. o Presence of the "Resettlement Action Plan" in projects with physical or economic resettlement due to land acquisition. o Minimizing project-related deforestation, and where deforestation is inevitable, the presence of a plan for the number of trees to be cut and for a recovery plan for the deforested area. o Amount of additional greenhouse gas emissions that will be created during the operation period of high-risk projects, and the projected carbon cost. o Assessment processes of the impact on biodiversity. o Customer's current or in-development Environmental and Social Management System. Akbank has adopted a "Non-Financing Activities List". Article 1 of that list stipulates the activities Akbank will not finance, regardless of limit and without requiring an environmental and social risk assessment, including the operations that are prohibited by the national legislation and the international treaties Turkey is a party to. Furthermore; The Bank takes into consideration environmental and social risk criteria • in all SME (small and micro) loans. Also, the Bank does not provide financing for projects that are certain to have a significant negative environmental impact. The Bank lends within limitations to the industries that are stated in Article 2 of the "Non-Financing Activities List" and are identified by the IFC. • Branch Manager and the Regional Loan Committee are responsible for compliance of the loan with the Akbank Environmental and Social Policies and for developing the required action plan. All parties of the lending decision shall conform with the Akbank Environmental and Social Policies. The Akbank Environmental and Social Policies comply with the Bank's Ethical Principles, Complaint Management, and Business Continuity Management.</p>

**C-FS3.6b**

**(C-FS3.6b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.**

Type of exclusion policy	Portfolio	Application	Description
Other, please specify (Environmental and Social Impact Assessment System)	Bank lending	New business/investment for new projects	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, including the operations that are prohibited by the national legislation and the international treaties Turkey is a party to. These include; • Production or trading of any products or services that are deemed illegal by the national legislation and the international treaties our country is a party to, • Production of weapons of mass destruction or land mines, • Activities that involves illegal child labor and violating human rights • Production or trading of chainless (prohibited) asbestos, • Production and trading of ozone-depleting products (products that are included in the Regulation on the Reduction of Ozone-Depleting Substances, entered into effect after being published on the Official Gazette No. 30031 dated April 7, 2017), • Production and trading, regardless of industry, of products that contain polychlorinated biphenyls (PCBs) – a group consisting of highly toxic chemicals (products within the scope of Article 5 of the Regulation on the Control of Polychlorinated Biphenyls and Polychlorobiphenyls, entered into effect after being published on the Official Gazette No. 26739 dated December 27, 2007), • Fishing operations that involve use of drift nets longer than 2.5 km and/or explosives and toxic substances, • Commercial activity using rainforest, trading of wildlife products of CITES-listed species, • Production or trading of radioactive products (with the exception of purchasing medical equipment, quality control [measurement] equipment, or equipment with an insignificant source of radioactivity and/or equipment that is protected properly), • Ship demolition operations. • Casinos or accommodation facilities with casinos • Activities in areas designated as the Convention on Wetlands of International Importance (RAMSAR) sites Text field [maximum 2,500 characters] In 2021, we plan to expand the scope of our Non-Financing Activities List such as coakl, thereby reducing the carbon impact of our portfolio.

**C4. Targets and performance**

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**C4.1**

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**(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

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (market-based)

**Base year**

2020

**Covered emissions in base year (metric tons CO2e)**

58068

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2025

**Targeted reduction from base year (%)**

15.3

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

49183.596

**Covered emissions in reporting year (metric tons CO2e)**

58068

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this a science-based target?**

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

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

Akbank plans to become a carbon-neutral bank by eliminating its gross CO2 emissions of its company-wide facilities (covering Scope 1 and Scope 2 emissions) until 2025 by implementing SBTi with well-below 2°C aligned target ambition. In order to calculate yearly emission reduction plan, as Akbank, we conducted scenario analysis for the intervals of 2020-2025 in terms of the scenarios of keeping the global temperature way below 2 degrees Celsius (WB2C) When we chose 2020 as the base year, we have to decrease our Scope 1 and Scope 2 emissions by 12.5% since 2025. Akbank will become a carbon neutral bank by taking the following steps: • Decreasing the operational emissions through current and future energy efficiency projects • Switching to 100% Renewable Electricity By June 2021, we are planning to purchase 60% of electricity from RE We aim to reduce our energy consumption by 5% with the solar energy panels to be installed • Carbon offsetting While we implement the 2 steps above, we will be carbon neutral by offsetting the remaining carbon emissions in 2025.

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**C4.1b**

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

**Target reference number**

Int 1

**Year target was set**

2016

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Intensity metric**

Metric tons CO2e per unit revenue

**Base year**

2014

**Intensity figure in base year (metric tons CO2e per unit of activity)**

253.19

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

100

**Target year**

2020

**Targeted reduction from base year (%)**

16

**Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

212.6796

**% change anticipated in absolute Scope 1+2 emissions**

4.5

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO2e per unit of activity)**

121.4

**% of target achieved [auto-calculated]**

325.323867451321

**Target status in reporting year**

Achieved

**Is this a science-based target?**

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

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

Our intensity figure for 2020 is calculated with the figures: 58,068 metric tons CO2e Scope 1+2 emissions and TRY 478.317 million assets for 2020. Considering the related values of 2020, our intensity figure for the reporting year (2020) is calculated as 121.40. Besides our related values for 2020, our gross global Scope 1+2 emissions for the base year was calculated as 55,372 metric tons of CO2e. As of the base year (2014) our total revenue was TRY 218.70 billion. Considering the related values of the base year, our intensity figure was calculated as 253.19.

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**C4.2**

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to increase low-carbon energy consumption or production

Other climate-related target(s)

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**C4.2a**

**(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

**Target reference number**

Low 1

**Year target was set**

2020

**Target coverage**

Site/facility

**Target type: absolute or intensity**

Absolute

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

Percentage

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2020

**Figure or percentage in base year**

20

**Target year**

2021

**Figure or percentage in target year**

60

**Figure or percentage in reporting year**

20

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this target part of an emissions target?**

No

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Within the scope of combating the climate crisis, we monitor our greenhouse gas emissions originating from our operations, and take various actions for reduction studies as a result of our analyses. We continue our efforts to install renewable energy systems and increase the rate of renewable electricity supply in our bank. Akbank will become a carbon neutral bank by taking the following steps: • Decreasing the operational emissions through current and future energy efficiency projects • Switching to 100% Renewable Electricity o By 2021, we plan to 60% of electricity from RE o We aim to reduce our energy consumption by 5% with the solar energy panels to be installed • Offsetting o While we implement the 2 steps above, we will be carbon neutral by offsetting the remaining carbon emissions in 2025

---

**C4.2b**

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

**Target reference number**

Oth 1

**Year target was set**

2020

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Please select

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2020



**Figure or percentage in base year**

16400000000

**Target year**

2030

**Figure or percentage in target year**

200000000000

**Figure or percentage in reporting year**

8.2

**% of target achieved [auto-calculated]**

-8.93246186917211

**Target status in reporting year**

New

**Is this target part of an emissions target?**

No

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

As Akbank, we continue our financing activities in line with our environmental and social credit policies. We are proud to be the first Turkish bank to sign the United Nations Global Compact and see our products and services as an important tool in the journey towards solving global problems. We see renewable energy as an important solution against Turkey's dependence on the outside in energy consumption. On the other hand, we know and support the importance of renewable energy projects to reduce greenhouse gas emissions that have increased rapidly in the last 20 years. In this context, in 2020, we increased the share of renewable energy projects in our energy production loan portfolio to 84%. We are committed to increasing the financing resources we allocate for sustainable projects to 200 billion TL by 2030. Target coverage as percentage in reporting year is calculated as TRY 16,400,000,000/ TRY 200,000,000,000=8.2%

**Target reference number**

Oth 2

**Year target was set**

2020

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Please select

**Target denominator (intensity targets only)**

&lt;Not Applicable&gt;

**Base year**

2020

**Figure or percentage in base year**

0

**Target year**

2030

**Figure or percentage in target year**

15000000000

**Figure or percentage in reporting year**

0

**% of target achieved [auto-calculated]**

0

**Target status in reporting year**

New

**Is this target part of an emissions target?**

No

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

In the 73 years since our establishment, we have been a leader in the development of society and economy and we will continue to strive for creating value for all our stakeholders. In order to concretize the steps we will take in this scope, we commit to reach a sustainable mutual fund balance of 15 billion TL AuM by 2030 and we are the first Turkish bank among deposit banks to set a long-term target in this issue. We provided a total resource of 2.7 billion US\$ through syndicated loans, Eurobond issuances, Akbank's first green bond issue, credits for providing working capital support and other back-to-back loans to our SMEs during the pandemic against the negative effects of the pandemic throughout the year.

**(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	143.1
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	1	95.4
Not to be implemented	0	0

### C4.3b

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

**Initiative category & Initiative type**

Energy efficiency in buildings	Lighting
--------------------------------	----------

**Estimated annual CO2e savings (metric tonnes CO2e)**

95.4

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

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

220947

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

0

**Payback period**

<1 year

**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 m<sup>2</sup> 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 carbon footprint especially in winter and also it supports OPEX positively. Also in Silivri, we made the similar changes in lighting infrastructure. So that, we saved 71,702 kwh in Data and Living Center, and saved 171,996 kwh in Silivri location. In total we avoided 95.4 ton CO2e. 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. In this year we didn't spare any budget to this initiative.

### C4.3c

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

Method	Comment
Financial optimization calculations	We evaluate projects & initiatives considering their carbon emission mitigation potential alongside with payback periods & ROIs in their planning phases.

### 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**

In 2020, we continued to focus on financing energy projects. In keeping with its practice of the last four years, 100% of our funds went to renewable projects, with the total share of renewable energy projects in our Bank's portfolio at 84%. At the end of the reporting year, 2,697 MW of our energy portfolio were HEPP, 955 MW WPP, 320 MW GES, 181 MW SPP and 9 MW Biomass projects (in total 4,162 MW)

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

Avoided emissions

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

Green Bond Principles (ICMA)

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

0

**% of total portfolio value**

84

**Asset classes/ product types**

Bank lending	Project Finance
--------------	-----------------

**Comment**

Akbank continues to offer products and services in energy efficiency and renewable energy to corporate clients on relatively favorable terms. As of the end of 2020, the total project financing loan size we provided to renewable energy projects of TRY 74,194,000 (USD 10 million) and above reached TRY 11,700,393,800 (1,577 million USD), while the share of these loans in energy generation projects reached 84%. With the renewable energy projects we financed, approximately 5,813 million tons of CO<sub>2</sub>e emission was prevented in 2020. In the reporting year, we continued to finance qualified energy projects. As in the last three years, we provided 100% of the financing for renewable projects in 2020, while the ratio of renewable energy projects in our total project finance portfolio was 76%. At the end of the year, 2,697 MW of our energy portfolio were HEPP, 955 MW WPP, 320 MW GES, 181 MW SPP and 9 MW Biomass projects

**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 CO<sub>2</sub>e)**

9254

**Comment**

**Scope 2 (location-based)**

**Base year start**

January 1 2014

**Base year end**

December 31 2014

**Base year emissions (metric tons CO<sub>2</sub>e)**

46118

**Comment**

Akbank purchases electricity from the main grid. Turkish Electricity Grid's RECs certification, - direct contracts (low-carbon, renewable etc.) - residual mix totals attributes are not available and that's why our market-based Scope 2 emissions are same as our location-based Scope 2 emissions.

**Scope 2 (market-based)**

**Base year start**

January 1 2014

**Base year end**

December 31 2014

**Base year emissions (metric tons CO<sub>2</sub>e)**

46118

**Comment**

Akbank purchases electricity from the main grid. Turkish Electricity Grid's RECs certification, - direct contracts (low-carbon, renewable etc.) - residual mix totals attributes are not available and that's why our market-based Scope 2 emissions are same as our location-based Scope 2 emissions.

## C5.2

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

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

## C6. Emissions data

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### C6.1

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#### (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)

10298

##### Start date

<Not Applicable>

##### End date

<Not Applicable>

##### Comment

Greenhouse gas emissions are calculated in accordance with the indicators and methodologies included in the EIE (General Directorate of Electrical Works Survey Administration), IPCC (Intergovernmental Panel on Climate Change) and the national greenhouse gas report. The Global Warming Potential (GWP) coefficients are taken from the IPCC 5th Assessment Report (2006).

### 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 operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

##### Comment

We calculate and verify our Scope 2 GHG emissions according to location-based figures. We have a third party verification for our 2020 Scope 2 emissions.

### C6.3

---

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

##### Reporting year

##### Scope 2, location-based

47770

##### Scope 2, market-based (if applicable)

<Not Applicable>

##### Start date

<Not Applicable>

##### End date

<Not Applicable>

##### Comment

We calculate and verify our Scope 2 GHG emissions according to location-based figures. We have a third party verification for our 2020 Scope 2 emissions.

### 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?

No

**(C6.5) Account for your organization's gross global 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>

**Please explain**

Although emissions related to purchased goods and services are relevant for us, they are not yet calculated.

**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>

**Please explain**

We're covering emissions from our capital goods (e.g. buildings) in our Scope 1 and 2 emissions in related sections of our CDP reporting.

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

Relevant, calculated

**Metric tonnes CO2e**

356.6

**Emissions calculation methodology**

We included fuel-and-energy-related activities (not included in Scope 1 or 2) in our Scope 3 emissions this year. It is calculated as use of caps (kg CO2/vehicle km) as 356.6 ton CO2. It is 0.6% of in our total Scope 1 and Scope 2 emission.

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

100

**Please explain**

This year we started to publish fuel-and-energy-related activities (not included in Scope 1 or 2) in our Scope 3 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>

**Please explain**

This category is linked to Scope 1 and 2 emissions in related sections of our CDP reporting.

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

1524.77

### Emissions calculation methodology

2020 Defra Carbon Factors – Greenhouse Gas Conversion Factor Repository is used in the calculation methodology. Waste type and treatment method are provided by Akbank's waste management team. Conversion factors are taken from Defra conversion factor set and applied as appropriate. For this year we applied this methodology for our recycled waste. In the up coming years, we will target to expand our emission calculation scope. In total the emission due to waste generation is calculated as 1.524,77 ton CO2e. - Non hazardous waste 56,180 kg x 21.317 kg/CO2e (Household residual waste) = 1,197.5 ton CO2e - Plastic waste 11,750 kg x 21.317 kg/CO2e (average plastics) = 250,47 ton CO2e - Hazardous waste 3.607 kg x 21.317 kg/CO2e (Commercial and industrial waste) = 76,8 ton CO2e

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

0

### Please explain

This year we started to publish waste generated in operations in our Scope 3 emissions.

## Business travel

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

61.4

### Emissions calculation methodology

Domestic, European and Continental business flights are taken into account when calculating business travel emissions. The emissions due to business travel in 2020 is calculated as 61.4 ton CO2e.

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

100

### Please explain

Due to COVID-19 pandemic, there is no continental travel occurred in the reporting year.

## Employee commuting

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

49.3

### Emissions calculation methodology

Emissions from personnel shuttles are taken into account. the emissions due to employee commuting in 2020 is calculated as 49.3 ton CO2e.

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

100

### Please explain

This section contains emissions from personnel shuttles.

## 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>

### Please explain

Under the operational control approach of defining our the report boundary, emissions from all upstream leased assets are included in our Scope 1 and Scope 2 emissions.

## Downstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

10671879.04

### Emissions calculation methodology

Activity data used to quantify these emissions includes measured data on the number of clients who visited the branch and the average distance traveled to these branches. The mode of travel was assumed based on the availability of parking at facilities (around 50% of all branches has parking lots nearby). Data were used to calculate total km and liter of gasoline (diesel - average biofuel blend) consumed. 2020 Defra Carbon Factors – Greenhouse Gas Conversion Factor Repository is used in the calculation methodology.

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

0

### Please explain

This figure represents emissions associated with client travel to and from our branches.

## 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>

### Please explain

As we don't sell intermediate products that require processing into final products, we don't have any emissions in this category.

## 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>

### Please explain

Although emissions related to use of sold products (e.g. customer's use of computers and smartphones for online banking) are relevant for us, they are not yet calculated.

## End of life treatment of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

40135

### Emissions calculation methodology

This figure represents emissions due to the disposal of credit and debit cards (3,743,495 total number cards). Activity data used to quantify emissions include the number and weight of cards used (approximately 12 gr per card). This figure represents emissions associated with waste disposed via landfilling (8,9344 kg/ton CO2) since Turkey has the lower rate of recycling waste. Emissions from waste are calculated using methodologies and emission factors from 2020 Defra Carbon Factors – Greenhouse Gas Conversion Factor Repository.

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

0

### Please explain

This year we started to publish End of life treatment of sold products in operations in our Scope 3 emissions.

## 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>

### Please explain

This category is not relevant for Akbank. No additional upstream sources.

## 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>

### Please explain

This category is not relevant for Akbank. No additional upstream sources.

#### Other (upstream)

##### 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>

##### Please explain

This category is not relevant for Akbank. No additional upstream sources.

#### Other (downstream)

##### Evaluation status

Relevant, calculated

##### Metric tonnes CO2e

919.4

##### Emissions calculation methodology

Emissions resulting from paper usage within the organization.

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

100

##### Please explain

This year we change our calculation methodology for emissions due to paper consumption.

### C6.10

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**(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

121.4

##### Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

58068

##### Metric denominator

unit total revenue

##### Metric denominator: Unit total

478317

##### Scope 2 figure used

Location-based

##### % change from previous year

29.8

##### Direction of change

Decreased

##### Reason for change

Our intensity figure for the reporting year is calculated with the figures: 58,068 metric tons CO2e Scope 1+2 emissions and TRY 478,8317 million revenue for 2020. Considering the related values of 2020, our intensity figure for the reporting year (2020) is calculated as 121,40. Besides our related values for 2020, our gross global Scope 1+2 emissions for 2019 were calculated as 66,955 metric tons of CO2e with a more limited boundary (excluding the majority of our branches). As of 2019 our total revenue was TRY 387,172 million. Considering the related values of 2019, our intensity figure for the previous year (2019) was calculated as 171.38. By these calculations our intensity figure has decreased as much as 29.8% approximately.

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### C7. Emissions breakdowns

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#### C7.9

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**(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?**

Decreased

#### C7.9a

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**(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	There is no change in renewable energy consumption comparing to the previous year report. However, starting from 2021, Akbank will start sourcing part of its electricity from renewable sources.
Other emissions reduction activities	95.4	Increased	0.14	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 m <sup>2</sup> 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 carbon footprint especially in winter and also it supports OPEX positively. Also in Silivri, we made the similar changes in lighting infrastructure. So that, we saved 71,702 kwh in Data and Living Center, and saved 171,996 in Silivri location. In total we avoided 95.4 ton CO2e. 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. In this year we didn't spare any budget to this initiative. We calculated Emissions value: 95.4 ton CO2 avoided emission/ 66.955 ton CO2e last year gross emission (Scope 1&2)
Divestment	0	No change	0	We have not made any divestment in the reporting year.
Acquisitions	0	No change	0	We have not made any acquisitions in the reporting year.
Mergers	0	No change	0	We have not made any mergers in the reporting year.
Change in output	8887	Decreased	13.27	total Scope 1 + Scope 2 emissions in 2019 was 66,955 tCO2e. We have calculated the Emissions value (Percentage) as (58,068 (in 2020)- 66,955/66,955) * 100 = 13.27 %
Change in methodology	0	No change	0	We have not made any change in methodology in the reporting year.
Change in boundary	0	No change	0	We have not made any change in boundary in the reporting year.
Change in physical operating conditions	0	No change	0	We have not made any change in physical operating conditions in the reporting year.
Unidentified	0	No change	0	We did not have any unidentified changes in our emissions in the reporting year.
Other	0	No change	0	We did not have any category to account for changes in our emissions in the reporting year.

## 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 undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
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 (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	43302.16	43302.16
Consumption of purchased or acquired electricity	<Not Applicable>	0	100156.18	100156.18
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	143458.34	143458.34

**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 emissions, and attach the relevant statements.**

**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 2020 Reporting Guidance-ALL.pdf  
2020-akbank-entegre-raporu.pdf

**Page/ section reference**

1 (The pages referred in the assurance report where the relevant assured indicators are presented can be viewed in our Integrated Report 2020: <https://www.akbankinvestorrelations.com/tr/images/pdf/2020-akbank-entegre-raporu.pdf> The English version will be available in August 2021)

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

**C10.1b**

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

**Scope 2 approach**

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 2020 Reporting Guidance-ALL.pdf

2020-akbank-entegre-raporu.pdf

**Page/ section reference**

1 1 (The pages referred in the assurance report where the relevant assured indicators are presented can be viewed in our Integrated Report 2020: <https://www.akbankinvestorrelations.com/tr/images/pdf/2020-akbank-entegre-raporu.pdf> The English version will be available in August 2021)

**Relevant standard**

ISAE 3410

**Proportion of reported emissions verified (%)**

100

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**C10.2**

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**(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, but we are actively considering verifying within the next two years

**C11. Carbon pricing**

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**C11.2**

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

No

**C11.3**

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

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

**C12. Engagement**

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**C12.1**

---

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

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

**C12.1a**

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

**Type of engagement**

Engagement & incentivization (changing supplier behavior)

**Details of engagement**

Climate change performance is featured in supplier awards scheme

**% of suppliers by number**

0

**% total procurement spend (direct and indirect)**

0

**% of supplier-related Scope 3 emissions as reported in C6.5**

0

**Rationale for the coverage of your engagement**

Our main goal in our purchasing activities is in line with our Bank's sustainability policy. We receive declarations from our suppliers regarding the implementation of all the elements in the United Nations Global Compact, also by our suppliers. \* In the provision of services and services, we give priority to suppliers that work with systems that are more sensitive to society and the environment, \*We strive to provide the relevant undertaking and annual survey form in order to evaluate the work and working conditions of the third-party employees we receive service within the scope of their commitments to international organizations.

**Impact of engagement, including measures of success**

We developed supplier questionnaire in according to IFC requirements in order to our term and conditions throughout the engagement. This questionnaire includes several topics such as: \*Does your organisation have a named officer responsible for environmental management? \* Does your organisation have in place an environmental management system? \* Does your organisation hold any environment related accreditations such as ISO14001? \* Do you have an appointed Health and Safety Manager? \*Freedom of association & collective bargaining rights, and so forth.

**Comment**

We believe that we have a responsibility not only in our direct operations but also in our supply chain. So that, we are developing several procedures to control, monitor our supply chain's effectiveness and its impacts on the society and environment as well.

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**C12.1b**

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

#### Type of engagement

Engagement & incentivization (changing customer behavior)

#### Details of engagement

#### % of customers by number

1

#### % of customer - related Scope 3 emissions as reported in C6.5

0

#### Portfolio coverage (total or outstanding)

Minority of the portfolio

#### Please explain the rationale for selecting this group of customers and scope of engagement

Thanks to our extensive branch network and digital channels, we maintain fast and effective communication with all our stakeholders. Our dialogue with our key stakeholders is "open, clear and accountable", and we strive to diversify and increase the channels of interaction. In 2020, we contacted with several stakeholder for our first integrated reporting published July 2021, to understand their opinions about what the material issues and their impact are, and How Akbank responds these issues.

#### Impact of engagement, including measures of success

Furthermore, we reviewed all the data we have through Akbank's business strategy and SASB 4-Stage Impact Analysis to determine priority issues. Based on the stakeholder responses cleared of external trends and competitor analyses, Data Security is the top priority with a score of (87.6), followed by Climate Change (84.4), Clean Banking (83.1) and Human Rights (83.1). It is concluded that our stakeholder aware and waiting our proactive respond to combat with climate change. We got feedback from our customers with 1% (14 people answered over 1297)

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#### Type of engagement

Engagement & incentivization (changing customer behavior)

#### Details of engagement

Please select

#### % of customers by number

1

#### % of customer - related Scope 3 emissions as reported in C6.5

#### Portfolio coverage (total or outstanding)

Minority of the portfolio

#### Please explain the rationale for selecting this group of customers and scope of engagement

With our Environmental and Social Impact Assessment (ESIA) program, we subject the loans we allocate to our customers in the Corporate and Commercial Banking segments to a detailed environmental and social risk assessment including climate-related issues. In addition, with the environmental and social risk assessment we conduct for our SME customers, we are positively separated from sector loan applications. We started to decide to credit large project proposals based on environmental and social assessments with independent audit agencies, and last year we reduced the Environmental and Social Impact Assessment from USD 20 million to USD 10 million. For the USD 10 million and above projects, we engage with our customers for climate-related issues such as location of the project, physical-chronic risks, water management plan. We are working on ways to improve our reporting capacity to measure the percent of customers affected by this type of engagement.

#### Impact of engagement, including measures of success

In the coming period, we aim to expand the scope of the credit activities in which we implement an Environmental and Social Impact Assessment by further reducing these threshold amounts and engage with more customers.

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### C12.1d

#### (C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Akbank ensures stakeholder engagement in investments by developing collaborations with different stakeholder groups, particularly with non-governmental organizations. These initiatives contribute to the UN SDGs, and meets the current needs of the society. We engage with international financial institutions such as IFC, EBRD and EIB. Loans that Akbank secures from the aforementioned 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.

In order to give a sustainable quality to our country's economy, we are further strengthening our project financing support within the scope of Environmental Social Governance with our international banking network. At this point, we work with many international financial institutions such as the International Financial Institution (IFC), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), OPIC. During the COVID-19 pandemic, Akbank continued its efforts to support and ensure the sustainability of the national economy. In 2020, we supported the Turkish economy with approximately USD 800 billion through a syndicated loan with 36 banks from 19 countries. In an effort to support the small traders and businesses with financial resources against the negative impact of the pandemic, we signed an agreement with the European Bank for Reconstruction and Development (EBRD) on June 22, 2020 for USD 75 million with a maturity of 1 year. We also supported the economy with USD 2.7 billion through syndicated loans, Eurobond issues, first green bond issue, bilateral credit agreements and operating capital support for SMEs to help them with the problems resulting from the pandemic. Furthermore, we became a part of Turkey's largest Sustainable Loan Agreement worth 650 million Euros through the consortium formed by 6 banks. Despite the negative impact of the pandemic, we continued to support renewable energy investments through the Sustainability-Related Credit Mechanism, a sustainable debt instrument for sustainable growth.

We took an important step for our sustainability approach and realized the Green Bond issuance of 50 million USD with a term of 4 years and 110 days while the negative effects of the pandemic were intensely felt at the beginning of 2020. Thus we have become the first Bank to realize a Green Bond issuance in Turkey after the pandemic. International Capital Market Association (ICMA) – We have committed to make available the financing provided through our issuance in accordance with the Green and Social Bond Principles, to support renewable energy projects, which is one of the most important components of the fight against climate change. Another value we have created through Green Bond issuance is the creation of source of financing for our country during the transition to low-carbon economy. The first Green Bond issue of our bank is granted "Transaction of the Year" award in "Socially Responsible Investment: Green, Social, Sustainable" category of MTN Awards 2020.

## 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 Communique: Akbank became one of the first companies in the world to be a signatory to the "Carbon Price Communique", 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 Communique 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 (Voluntary Carbon Reporting)	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 (UN 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.
Climate finance <i>The Banks Association of Turkey Sustainability Working Group</i>	Support	Akbank is one of the members of the Banks Association of Turkey Sustainability Working Group.	With the other banks, we have developed Sustainability Guidelines and Sustainability Training for related stakeholders.

## 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 ensures stakeholder engagement in investments by developing collaborations with different stakeholder groups, particularly with non-governmental organizations. These initiatives contributes to the UN SDGs, and meets the current needs of the society. We engage with international financial institutions such as IFC, EBRD and EIB. Loans that Akbank secures from the aforementioned 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. Akbank pioneered the Turkish banking sector by signing the United Nations Global Compact Principles (UNGC) in 2007.

## 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)- With the Sustainability Committee (SC) established in 2020, we coordinate all our sustainability efforts at the Bank and monitor the successful realization of more than 100 actions in order to achieve the relevant targets. Permanent members of the Committee include Executive and Independent Members of the Board, CEO, CFO and Head of Investor Relations and Sustainability. 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.

[https://www.akbank.com/Documents/ENVIRONMENTAL\\_AND\\_SOCIAL\\_RISK\\_ASSESSMENT\\_SYSTEM.pdf](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/AKBANK_ENVIRONMENTAL_AND_SOCIAL_POLICIES.pdf)

[https://www.akbank.com/Documents/NON\\_FINANCING\\_ACTIVITIES\\_LIST.pdf](https://www.akbank.com/Documents/NON_FINANCING_ACTIVITIES_LIST.pdf)

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## 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 mainstream reports

**Status**

Complete

**Attach the document**

2020\_akbank\_faaliyet\_raporu\_.pdf

**Page/Section reference**

SECTION III – SUSTAINABILITY SECTION IV – MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

**Content elements**

Governance  
Strategy  
Risks & opportunities

**Comment**

Aiming 100% compliance with the Sustainability Principles Compliance Framework, which was prepared in line with the amendment dated 02.10.2020 made by the Capital Markets Board in the Corporate Governance Communiqué, Akbank has achieved a great deal of harmony as a result of the studies it has done in this field in the past years. In addition, Akbank plans to continue improving its compliance with these mandatory principles in 2021, taking into account the benefits of all stakeholders, especially shareholders.

**Publication**

Other, please specify (2020 Akbank Integrated Report)

**Status**

Complete

**Attach the document**

2020-akbank-entegre-raporu.pdf

**Page/Section reference**

98-111, 148-159 134-146

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics  
Other, please specify

**Comment**

In our first integrated report, we published our financial and non financial activities in terms of integrated thinking. The report covers our outlook for 2021, targets and performance, risks and opportunity together with our value creation perspective.

**C-FS12.5**

**(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?**

	Industry collaboration	Comment
Reporting framework	Please select	
Industry initiative	Other, please specify (UN Global Compact)	A signatory to the UN Global Compact, Akbank encourages all its corporate lending clients to embrace the UN Global Compact principles in their business procedures. In order to update the Sustainable Financing Declaration signed in 2017 with the UN Global Compact working group, Akbank worked together with other signatory banks in 2018.
Commitment	Other, please specify (Paris Pledge for Action)	Akbank became a signatory to the Pledge for Action, which allows non-party stakeholders to welcome the Paris Agreement on climate change and commit to implement the new roadmap circulated at the COP21 Conference of Parties in Paris.

**C14. Portfolio Impact**

**C-FS14.1**



**(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)**

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	No, but we plan to do so in the next two years	<Not Applicable >	Climate change has a 2 dimensional (exposure & impact) effect on the portfolio's of financial services actors. Banks should cover these 2 particular dimensions of climate change deliberately. Parallel to our efforts about our portfolio's exposure to specific climate-related risks & opportunities (also reported in C2 Risks & Opportunities section of our CDP Climate Change Reporting), we're actively considering to estimate the impact of our portfolio on climate, since the majority of emissions associated with the financial services sector occur in the investment chain - within the financial products and services we provide and/or in our investments. Arising from this fact we plan to conduct analysis to understand how our portfolio impacts the climate. To further commit to our desire to align our portfolio to a below-2 degree world, we have set two Board-approved targets in 2020: -Decrease the impact of loan portfolio on climate change until 2030 -Mitigate climate-related risks and impact on portfolio
Investing (Asset manager)	<Not Applicable >	<Not Applicable >	<Not Applicable>
Investing (Asset owner)	<Not Applicable >	<Not Applicable >	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable >	<Not Applicable >	<Not Applicable>
Other products and services, please specify	Not applicable	<Not Applicable >	As our products & services are majorly linked to our lending activities, "other products and services" section of this particular question is not relevant for us.

**C-FS14.1c**

**(C-FS14.1c) Why do you not conduct analysis to understand how your portfolio impacts the climate? (Scope 3 Category 15 "Investments" emissions or alternative carbon footprinting and/or exposure metrics)**

Parallel to our efforts about our portfolio's exposure to specific climate-related risks & opportunities (also reported in C2 Risks & Opportunities section of our CDP Climate Change Reporting), we're actively considering to estimate the impact of our portfolio on climate, since the majority of emissions associated with the financial services sector occur in the investment chain - within the financial products and services we provide and/or in our investments. Arising from this fact we plan to conduct analysis to understand how our portfolio impacts the climate.

To further commit to our desire to align our portfolio to a below-2 degree world, we have set two Board-approved targets in 2020:

- Decrease the impact of loan portfolio on climate change until 2030
- Mitigate climate-related risks and impact on portfolio

**C-FS14.3**

**(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?**

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	We've decided to align our portfolio to a well below 2-degree world in the upcoming years after COP21 and our commitment to Paris-Pledge. Financial services sector has a leverage position to drive the efforts of their clients and/or investee companies in their efforts to combat with climate change. As a baseline of our commitment on aligning our portfolio to a well below 2-degree world, for various projects covered by the ESIA (Environmental and Social Impact Assessment System), we request from our clients/ investees whether climate change factor is included in their calculations regarding water reserves. In addition, information on the projects' water use, trees cut and greenhouse gas emissions is also requested. We'll use this effort and its related outputs (data & analysis) to align the climate-related progress of our clients and/or investee companies to a well below 2-degree world in the upcoming reporting periods. To further commit to our desire to align our portfolio to a below-2 degree world, we have set two Board-approved targets in 2020: -Decrease the impact of loan portfolio on climate change until 2030 -Mitigate climate-related risks and impact on portfolio
Investing (Asset manager)	<Not Applicable >	<Not Applicable>
Investing (Asset owner)	<Not Applicable >	<Not Applicable>
Insurance underwriting (Insurance company)	<Not Applicable >	<Not Applicable>
Other products and services, please specify	Not applicable	As our products & services are majorly linked to our lending activities, "other products and services" section of this particular question is not relevant for us.

**C15. 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.**

**C15.1**

**(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1		Please select

**Submit your response**

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

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

**Please confirm below**

I have read and accept the applicable Terms