

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

2024 CDP Corporate Questionnaire 2024

Word version

Important: this export excludes unanswered questions

This document is an export of your organization's CDP questionnaire response. It contains all data points for questions that are answered or in progress. There may be questions or data points that you have been requested to provide, which are missing from this document because they are currently unanswered. Please note that it is your responsibility to verify that your questionnaire response is complete prior to submission. CDP will not be liable for any failure to do so.

[Terms of disclosure for corporate questionnaire 2024 - CDP](#)

Contents

C1. Introduction

(1.1) In which language are you submitting your response?

Select from:

English

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

Select from:

TRY

(1.3) Provide an overview and introduction to your organization.

(1.3.1) Type of financial institution

Select from:

Bank

(1.3.2) Organization type

Select from:

Privately owned organization

(1.3.3) Description of organization

Albaraka Türk is a leading financial institution that is sensitive to people and the environment, supports economic and global development, and works with all its stakeholders for a sustainable world with the support of its employees. The Bank's sustainability strategy envisages the realization of the Bank's activities and the effective management of the risks associated with these activities through roadmaps created in specific areas. In this context, Albaraka Türk carries out its Sustainable Banking Program within the framework of the United Nations 2030 Sustainable Development Goals. Albaraka Türk considers sustainability activities while setting its banking goals and develops its business model within the scope of the Environmental Social Governance framework (ESG).

[Fixed row]

(1.4) State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

(1.4.1) End date of reporting year

12/30/2023

(1.4.2) Alignment of this reporting period with your financial reporting period

Select from:

Yes

(1.4.3) Indicate if you are providing emissions data for past reporting years

Select from:

Yes

(1.4.4) Number of past reporting years you will be providing Scope 1 emissions data for

Select from:

5 years

(1.4.5) Number of past reporting years you will be providing Scope 2 emissions data for

Select from:

5 years

(1.4.6) Number of past reporting years you will be providing Scope 3 emissions data for

Select from:

5 years

[Fixed row]

(1.4.1) What is your organization's annual revenue for the reporting period?

(1.5) Provide details on your reporting boundary.

	Is your reporting boundary for your CDP disclosure the same as that used in your financial statements?
	<i>Select from:</i> <input checked="" type="checkbox"/> Yes

[Fixed row]

(1.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

ISIN code - bond

(1.6.1) Does your organization use this unique identifier?

Select from:

No

ISIN code - equity

(1.6.1) Does your organization use this unique identifier?

Select from:

Yes

(1.6.2) Provide your unique identifier

TREALBK00011

CUSIP number

(1.6.1) Does your organization use this unique identifier?

Select from:

No

Ticker symbol

(1.6.1) Does your organization use this unique identifier?

Select from:

Yes

(1.6.2) Provide your unique identifier

ALBRK

SEDOL code

(1.6.1) Does your organization use this unique identifier?

Select from:

No

LEI number

(1.6.1) Does your organization use this unique identifier?

Select from:

Yes

(1.6.2) Provide your unique identifier

789000EJPSW14F8KVG81

D-U-N-S number

(1.6.1) Does your organization use this unique identifier?

Select from:

No

Other unique identifier

(1.6.1) Does your organization use this unique identifier?

Select from:

No

[Add row]

(1.7) Select the countries/areas in which you operate.

Select all that apply

Turkey

(1.9) What was the size of your organization based on total assets value at the end of the reporting period?

232169495000

(1.10) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

Banking (Bank)

(1.10.1) Activity undertaken

Select from:

Yes

(1.10.3) Reporting the portfolio value and % of revenue associated with the portfolio

Select from:

- Yes, both the portfolio value and the % of revenue associated with it

(1.10.4) Portfolio value based on total assets

232169495000

(1.10.5) % of revenue

100

(1.10.6) Type of clients

Select all that apply

- Asset owners
- Retail clients
- Institutional investors
- Business and private clients (banking)
- Family offices / high network individuals
- Corporate and institutional clients (companies)
- Government / sovereign / quasi-government / sovereign wealth funds

(1.10.7) Industry sectors your organization lends to, invests in, and/or insures

Select all that apply

- Retail
- Apparel
- Services
- Materials
- Hospitality
- Food, beverage & agriculture
- Biotech, health care & pharma
- Manufacturing
- Infrastructure
- Power generation
- International bodies
- Transportation services

Investing (Asset manager)

(1.10.1) Activity undertaken

Select from:

No

Investing (Asset owner)

(1.10.1) Activity undertaken

Select from:

No

Insurance underwriting (Insurance company)

(1.10.1) Activity undertaken

Select from:

No

[Fixed row]

(1.24) Has your organization mapped its value chain?

(1.24.1) Value chain mapped

Select from:

No, but we plan to do so within the next two years

(1.24.4) Highest supplier tier known but not mapped

Select from:

Tier 1 suppliers

(1.24.8) Primary reason for not mapping your upstream value chain or any value chain stages

Select from:

- No standardized procedure

(1.24.9) Explain why your organization has not mapped its upstream value chain or any value chain stages

Albaraka Türk will map the upstream value chain or any value chain stage once it finalizes its policies and guidelines.

[Fixed row]

(1.24.1) Have you mapped where in your direct operations or elsewhere in your value chain plastics are produced, commercialized, used, and/or disposed of?

	Plastics mapping	Primary reason for not mapping plastics in your value chain	Explain why your organization has not mapped plastics in your value chain
	Select from: <input checked="" type="checkbox"/> No, and we do not plan to within the next two years	Select from: <input checked="" type="checkbox"/> Not an immediate strategic priority	<i>Once Albaraka Türk finalizes its policies and guidelines, it will incorporate mapped plastics.</i>

[Fixed row]

C2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

(2.1) How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

Short-term

(2.1.1) From (years)

0

(2.1.3) To (years)

3

(2.1.4) How this time horizon is linked to strategic and/or financial planning

The short-term horizon is established based on the Bank's immediate environmental objectives.

Medium-term

(2.1.1) From (years)

3

(2.1.3) To (years)

6

(2.1.4) How this time horizon is linked to strategic and/or financial planning

The bank has designed its business model in alignment with the Environmental, Social, and Governance (ESG) System and has aligned its activities with the United Nations 2030 Sustainable Development Goals (SDGs) in terms of contribution. Therefore, its mid-term goal is to reduce Scope 1 and 2 emissions by 50.4% by 2030. Additionally, the bank has begun working with SBTi for Scope 3 emissions, and assessments have been made for the reduction of Scope 3 emissions for 2023.

Moreover, necessary efforts have been initiated to comply with recently introduced national regulations, which are aligned with international sustainability standards. These efforts include expanding the scope of sustainability activities to be reported in accordance with the Green Asset Ratio (GAR) and the Turkish Sustainability Reporting Standards (TSRS).

Long-term

(2.1.1) From (years)

6

(2.1.2) Is your long-term time horizon open ended?

Select from:

No

(2.1.3) To (years)

15

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Albaraka Türk, in support of the UN SDGs, will strive to achieve net zero emissions through its Sustainability and ESG activities before 2050.

[Fixed row]

(2.2) Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

(2.2.1) Process in place

Select from:

No, but we plan to within the next two years

(2.2.4) Primary reason for not evaluating dependencies and/or impacts

Select from:

No standardized procedure

(2.2.5) Explain why you do not evaluate dependencies and/or impacts and describe any plans to do so in the future

Albaraka Türk has not yet formally assessed its environmental dependencies and/or impacts, primarily due to the absence of a standard procedure for such evaluations within the institution. The complexity of accurately identifying and evaluating environmental dependencies requires a solid framework and specialized expertise, which the bank is in the process of developing. However, Albaraka Türk has set a clear plan to address this gap over the next two years. The initial steps include forming a dedicated task force responsible for initiating the assessment process. This task force will focus on developing methodologies to identify key environmental dependencies and their potential impacts on the bank's operations. Additionally, Albaraka Türk plans to collaborate with external environmental experts to ensure that the assessment aligns with industry best practices and global sustainability standards. In the coming months, the bank will begin conducting preliminary assessments and gathering relevant data to lay the foundation for a comprehensive evaluation process. By the end of the two-year period, Albaraka Türk aims to have an established framework for regularly assessing and managing its environmental dependencies and impacts. Furthermore, with the emergence of a national taxonomy and in reference to the Draft Guide on the Effective Management of Climate-Related Financial Risks by Banks issued by Banking Regulation and Supervision Agency (BRSA), Albaraka Türk has initiated planning for identifying environmental dependencies and addressing associated risks. This process is expected to be completed within two years. The bank anticipates that the national taxonomy and BRSA (as the relevant sector authority) will define the necessary regulatory infrastructure and standards, following the steps taken by the relevant institutions in next two years. As a result, although the necessary evaluation studies have not yet been completed, Albaraka Türk expects to fully comply with the relevant standards, regulations, and taxonomy framework in the near future.
[Fixed row]

(2.2.1) Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

	Process in place	Risks and/or opportunities evaluated in this process
	Select from: <input checked="" type="checkbox"/> Yes	Select from: <input checked="" type="checkbox"/> Both risks and opportunities

[Fixed row]

(2.2.2) Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Row 1

(2.2.2.1) Environmental issue

Select all that apply

Water

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

Risks

(2.2.2.3) Value chain stages covered

Select all that apply

Direct operations

(2.2.2.4) Coverage

Select from:

Full

(2.2.2.7) Type of assessment

Select from:

Qualitative only

(2.2.2.8) Frequency of assessment

Select from:

More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

- Short-term
- Medium-term
- Long-term

(2.2.2.10) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- Site-specific

(2.2.2.12) Tools and methods used

Commercially/publicly available tools

- Water Footprint Network Assessment tool
- WRI Aqueduct

International methodologies and standards

- IPCC Climate Change Projections
- ISO 14046 Environmental Management – Water Footprint

(2.2.2.13) Risk types and criteria considered

Chronic physical

- Water availability at a basin/catchment level

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- Customers
- Employees
- Water utilities at a local level

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

- No

(2.2.2.16) Further details of process

Albaraka Türk perceives these risks from two perspectives. While the company's operations are not significantly impacted by water quality and quantity, clients in both manufacturing and agriculture are seriously affected by changes in these factors. To mitigate water-related risks, Albaraka Türk has emphasized the importance of its own water footprint and integrated resource efficiency into its operational planning. Additionally, the bank has launched the Grey Water Credit Project, which focuses on financing projects aimed at the reuse of recycled water derived from greywater in areas such as reservoir replenishment, garden irrigation, vehicle washing, rough cleaning tasks, cooling tower feed, and laundry washing. Through these initiatives, Albaraka Türk aims to minimize water risks. The bank has reviewed its customer profiles and financial product marketing strategies to analyze the potential initiation and suitability of projects. The target audience for the Grey Water/Environmental Credit includes retail and commercial customers seeking financing for eco-friendly projects that contribute to sustainability, water and energy efficiency, environmental awareness of materials and resources, indoor-outdoor building environment quality, and the prevention of resource waste through recycling. Under the Grey Water/Environmental Credit, Albaraka Türk offers its customers benefits such as grace periods, long-term financing options, profit rate reductions, and interest-free financing. All relevant water risks are assessed by the Sustainability Executive Committee and the Corporate Governance and Sustainability Committee. Subsequently, these risks are directly reported to the Board of Directors by the Corporate Governance and Sustainability Committee.

Row 4

(2.2.2.1) Environmental issue

Select all that apply

- Climate change

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

- Risks

(2.2.2.3) Value chain stages covered

Select all that apply

- Direct operations

(2.2.2.4) Coverage

Select from:

- Full

(2.2.2.7) Type of assessment

Select from:

- Qualitative only

(2.2.2.8) Frequency of assessment

Select from:

- More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

- Short-term
- Medium-term
- Long-term

(2.2.2.10) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- Site-specific

(2.2.2.12) Tools and methods used

Other

- External consultants
- Internal company methods

(2.2.2.13) Risk types and criteria considered

Policy

- Carbon pricing mechanisms

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- Customers
- Employees
- Investors

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

- No

(2.2.2.16) Further details of process

Emerging regulations are perceived on two levels. At the customer level, regulatory enforcement aimed at reducing greenhouse gas emissions is seen as a part of bank compliance risk. At the corporate level, the Environmental, Social, and Governance (ESG) group identifies indirect risks and relevant regulatory penalties affecting financial institutions. These risks are regularly monitored through annual or more frequent sustainability assessments. In 2021, Albaraka Türk assigned the task of monitoring climate regulations to its Credit Risk Office. Starting from 2026, the Carbon Border Adjustment Mechanism (CBAM) will become a significant risk driver for Turkish companies, particularly those in sectors covered by the regulation. Non-compliance with CBAM could lead to a decline in revenue and payment

capacity for exporter clients, increasing their default risk and thereby reducing asset quality for the Bank. Furthermore, a national emissions trading system set to launch in 2024 will subject all exposed sectors to climate-related risk assessments, amplifying the importance of adhering to these regulations.

Row 5

(2.2.2.1) Environmental issue

Select all that apply

Climate change

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

Risks

(2.2.2.3) Value chain stages covered

Select all that apply

Direct operations

(2.2.2.4) Coverage

Select from:

Full

(2.2.2.7) Type of assessment

Select from:

Qualitative only

(2.2.2.8) Frequency of assessment

Select from:

More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

- Short-term
- Medium-term
- Long-term

(2.2.2.10) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- Site-specific

(2.2.2.12) Tools and methods used

Other

- External consultants
- Internal company methods

(2.2.2.13) Risk types and criteria considered

Technology

- Data access/availability or monitoring systems

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- Customers

Employees

Investors

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

No

(2.2.2.16) Further details of process

Albaraka Türk has identified technology transition as a risk. A plastic manufacturer to whom Albaraka Türk has provided credit decides to switch to biodegradable materials, which may require both the renewal of production lines and research and development related to the new materials. Consequently, the company's short-term costs increase, raising the risk of the company defaulting on its debt to the bank.

Row 6

(2.2.2.1) Environmental issue

Select all that apply

Climate change

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

Risks

(2.2.2.3) Value chain stages covered

Select all that apply

Direct operations

(2.2.2.4) Coverage

Select from:

- Full

(2.2.2.7) Type of assessment

Select from:

- Qualitative only

(2.2.2.8) Frequency of assessment

Select from:

- More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

- Short-term
- Medium-term
- Long-term

(2.2.2.10) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- Site-specific

(2.2.2.12) Tools and methods used

Other

- External consultants
- Internal company methods

(2.2.2.13) Risk types and criteria considered

Policy

- Other policy, please specify :Turkey's Energy Performance Regulation for Buildings

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- Customers
- Employees

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

- No

(2.2.2.16) Further details of process

Turkey's Energy Performance Regulation for Buildings came into effect in December 2008. As of May 2020, all new eligible buildings must meet minimum design requirements for energy efficiency. To mitigate risks arising from new regulations, Albaraka Türk has obtained LEED certification. The bank aims to reassess operational costs and develop a strategy for relocating branches to new, more energy-efficient buildings. From a legal risk perspective, non-compliance with climate change regulations by customers could lead to production disruptions due to imposed penalties. Such disruptions could negatively impact Albaraka Türk, as they may hinder the ability of customers to repay their loans to the bank.

Row 7

(2.2.2.1) Environmental issue

Select all that apply

- Climate change

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

- Risks

(2.2.2.3) Value chain stages covered

Select all that apply

- Direct operations

(2.2.2.4) Coverage

Select from:

- Full

(2.2.2.7) Type of assessment

Select from:

- Qualitative only

(2.2.2.8) Frequency of assessment

Select from:

- More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

- Short-term
- Medium-term
- Long-term

(2.2.2.10) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- Site-specific

(2.2.2.12) Tools and methods used

Other

- External consultants
- Internal company methods

(2.2.2.13) Risk types and criteria considered

Market

- Other market, please specify :Fluctuations and losses that may arise due to market factors

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- Customers
- Employees

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

- No

(2.2.2.16) Further details of process

The market risk for Albaraka Türk will evolve based on the impact of climate change on the companies within our portfolio. Changing dynamics, including shifts in consumer preferences driven by physical, regulatory, technological, and reputational factors, may lead to decreased demand for goods and services. Additionally, rising production costs due to fluctuating input prices (such as energy and water) and new output requirements (such as waste management) could further impact our portfolio. Sudden and unexpected changes in energy costs may also affect the creditworthiness of the companies we support, ultimately influencing the overall stability and risk profile of bank.

Row 8

(2.2.2.1) Environmental issue

Select all that apply

Climate change

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

Risks

(2.2.2.3) Value chain stages covered

Select all that apply

Direct operations

(2.2.2.4) Coverage

Select from:

Full

(2.2.2.7) Type of assessment

Select from:

Qualitative only

(2.2.2.8) Frequency of assessment

Select from:

- More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

- Short-term
- Medium-term
- Long-term

(2.2.2.10) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- Site-specific

(2.2.2.12) Tools and methods used

Other

- External consultants
- Internal company methods

(2.2.2.13) Risk types and criteria considered

Reputation

- Investing that could create or contribute to systemic risk for the economy
- Lending that could create or contribute to systemic risk for the economy

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- Customers
- Employees
- Investors

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

- No

(2.2.2.16) Further details of process

As a publicly traded company on Borsa Istanbul (Turkey's stock exchange), Albaraka Türk integrates sustainability reporting requirements and associated risks into its corporate risk management strategies, with reputation risk being a significant consideration. Climate change-related reputation risk can impact Albaraka Türk in two key areas: Lending and Investment: As a financial institution, some of our clients operate in carbon-intensive industries. This exposes us to reputational risks, as NGOs and other stakeholders may scrutinize our role in lending to and investing in such industries. Company Operations: Failure to take proactive steps in reducing emissions from our own operations may also expose us to reputational risks. Additionally, starting in 2024, enhanced reporting under the Turkish Sustainability Reporting Standards (TSRS) will further highlight the potential for reputation risk if firms fail to meet the necessary requirements. Albaraka Türk recognizes that not meeting these new standards may not only affect its stakeholders' perception but also lead to increased scrutiny and reputation risk in both the public and financial sectors.

Row 9

(2.2.2.1) Environmental issue

Select all that apply

- Climate change

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

- Risks

(2.2.2.3) Value chain stages covered

Select all that apply

- Direct operations

(2.2.2.4) Coverage

Select from:

- Full

(2.2.2.7) Type of assessment

Select from:

- Qualitative only

(2.2.2.8) Frequency of assessment

Select from:

- More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

- Short-term
- Medium-term
- Long-term

(2.2.2.10) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- Site-specific

(2.2.2.12) Tools and methods used

Other

- External consultants
- Internal company methods

(2.2.2.13) Risk types and criteria considered

Acute physical

- Wildfires

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- Customers
- Employees

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

- No

(2.2.2.16) Further details of process

Albaraka Türk is aware that acute physical risks can impact the bank's business, cash flows, balance sheet, operational risks, and liquidity risks. Under the Emergency Action Plan, Albaraka Türk has a crisis team and emergency response concepts in place to initiate appropriate countermeasures if acute physical risks arise. This plan, developed within the framework of Albaraka Türk's Business Continuity Management System, outlines the bank's approach to business continuity management. In cases where customers experience physical damage, such as an agricultural company affected by a forest fire, the quality of Albaraka Türk's assets may be compromised. To mitigate such risks, real-time monitoring and investigations are conducted. Albaraka Türk also places importance on the Turkey Sustainability Reporting Standards (TSRS) and Green Asset Ratio (YVO) initiatives. The bank evaluates the financial system impacts of climate change risks in accordance with these standards and incorporates them into its risk calculation processes. Additionally, the Banking Regulation and Supervision Agency (BDDK)'s climate risk calculation efforts are considered, strengthening the resilience of the bank's assets against potential climate-related risks. In this context, Albaraka Türk

integrates the regulations of TSRS, YVO, and BDDK related to climate risk management while assessing the potential impacts of physical risks associated with climate change, ensuring that the necessary measures are implemented to safeguard business continuity.

Row 10

(2.2.2.1) Environmental issue

Select all that apply

Climate change

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

Risks

(2.2.2.3) Value chain stages covered

Select all that apply

Direct operations

(2.2.2.4) Coverage

Select from:

Full

(2.2.2.7) Type of assessment

Select from:

Qualitative only

(2.2.2.8) Frequency of assessment

Select from:

More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

- Short-term
- Medium-term
- Long-term

(2.2.2.10) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- Site-specific

(2.2.2.12) Tools and methods used

Other

- External consultants
- Internal company methods

(2.2.2.13) Risk types and criteria considered

Chronic physical

- Sea level rise

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- Customers

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

No

(2.2.2.16) Further details of process

Albaraka Türk is aware that chronic physical risks are expected to have an impact on operational and liquidity risks. In the event of physical damage to its customers, Albaraka Türk may be affected by the deterioration of the bank's asset quality. Real-time monitoring and investigation are carried out to take precautions. Gradual environmental changes pose significant risks to the bank's portfolio, particularly in sectors heavily reliant on stable environmental conditions. For instance, rising sea levels due to climate change could gradually threaten coastal properties, reducing their value and increasing the likelihood of loan defaults for real estate clients. Additionally, long-term pollution from pesticide use could degrade agricultural land, diminishing crop yields and affecting the profitability of agricultural businesses. Such impacts could compromise the financial stability of clients, leading to increased credit risk for the bank. To manage these risks, Albaraka Türk will proactively integrate evolving environmental data into its risk management framework, ensuring that lending and investment decisions are resilient to the impacts of climate change.

Row 11

(2.2.2.1) Environmental issue

Select all that apply

Water

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

Risks

(2.2.2.3) Value chain stages covered

Select all that apply

Direct operations

(2.2.2.4) Coverage

Select from:

- Partial

(2.2.2.7) Type of assessment

Select from:

- Qualitative only

(2.2.2.8) Frequency of assessment

Select from:

- More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

- Short-term
- Medium-term
- Long-term

(2.2.2.10) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- Site-specific

(2.2.2.12) Tools and methods used

Commercially/publicly available tools

- Water Footprint Network Assessment tool

- WRI Aqueduct

International methodologies and standards

- ISO 14046 Environmental Management – Water Footprint

(2.2.2.13) Risk types and criteria considered

Chronic physical

- Water availability at a basin/catchment level

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- Customers
- Employees
- Water utilities at a local level

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

- No

(2.2.2.16) Further details of process

Albaraka Türk, considering the water usage risks associated with paper consumption, requests information from its paper suppliers regarding their water security risks and business sustainability practices.

Row 12

(2.2.2.1) Environmental issue

Select all that apply

- Water

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

- Risks

(2.2.2.3) Value chain stages covered

Select all that apply

- Direct operations

(2.2.2.4) Coverage

Select from:

- Full

(2.2.2.7) Type of assessment

Select from:

- Qualitative only

(2.2.2.8) Frequency of assessment

Select from:

- More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

- Short-term
- Medium-term
- Long-term

(2.2.2.10) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

- Site-specific

(2.2.2.12) Tools and methods used

Commercially/publicly available tools

- WRI Aqueduct

Enterprise Risk Management

- Enterprise Risk Management

International methodologies and standards

- Environmental Impact Assessment
- IPCC Climate Change Projections

(2.2.2.13) Risk types and criteria considered

Chronic physical

- Water availability at a basin/catchment level

(2.2.2.14) Partners and stakeholders considered

Select all that apply

- Customers
- Employees
- Water utilities at a local level

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

No

(2.2.2.16) Further details of process

Albaraka Türk assesses environmental and technical aspects through due diligence during all project financing transactions. This due diligence form includes details on water requirements and supplies, such as the source (e.g., municipal, groundwater, etc.) and volumes.

[Add row]

(2.2.4) Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts related to your portfolio activities?

Banking (Bank)

(2.2.4.1) Process in place covering this portfolio

Select from:

No, but we plan to within the next two years

(2.2.4.3) Primary reason for not evaluating dependencies and/or impacts related to this portfolio

Select from:

No standardized procedure

(2.2.4.4) Explain why you do not evaluate dependencies and/or impacts related to this portfolio and describe any plans to evaluate this in the future

Once Albaraka Türk finalizes its policies and guidelines, it will incorporate dependencies and impacts related to portfolio activities into its policies. In the coming months, the bank will begin conducting preliminary assessments and gathering relevant data to lay the foundation for a comprehensive evaluation process. Albaraka Türk aims to establish a framework within the next two years to regularly assess and manage its environmental dependencies and impacts. Furthermore, with the emergence of a national taxonomy and in reference to the Draft Guide on the Effective Management of Climate-Related Financial Risks by Banks issued by the Banking Regulation and Supervision Agency (BRSA), Albaraka Türk has initiated planning to identify environmental dependencies and address associated risks. This process is expected to be completed within two years, as the bank anticipates that the national taxonomy and BRSA, as the relevant sector authority, will define the necessary regulatory infrastructure and standards in the coming years. Although these evaluation studies are not yet finalized, Albaraka Türk expects to fully comply with the relevant standards, regulations, and taxonomy framework in the near future.

[Fixed row]

(2.2.5) Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities related to your portfolio activities?

	Process in place covering this portfolio	Risks and/or opportunities related to this portfolio are evaluated in this process
Banking (Bank)	Select from: <input checked="" type="checkbox"/> Yes	Select from: <input checked="" type="checkbox"/> Both risks and opportunities

[Fixed row]

(2.2.6) Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities related to your portfolio activities.

Banking (Bank)

(2.2.6.1) Environmental issue

Select all that apply

- Climate change

(2.2.6.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this portfolio

Select all that apply

- Risks
- Opportunities

(2.2.6.3) % of portfolio covered by the assessment process in relation to total portfolio value

(2.2.6.4) Type of assessment

Select from:

- Qualitative only

(2.2.6.5) Industry sectors covered by the assessment

Select all that apply

- Manufacturing
- Materials
- Power generation

(2.2.6.6) Frequency of assessment

Select from:

- Not defined

(2.2.6.7) Time horizons covered

Select all that apply

- Medium-term
- Long-term

(2.2.6.8) Integration of risk management process

Select from:

- Integrated into multi-disciplinary organization-wide risk assessment process

(2.2.6.9) Location-specificity used

Select all that apply

- Not location specific

(2.2.6.10) Tools and methods used

Select all that apply

- External consultants
- Internal tools/methods
- UNEP FI Portfolio Impact Analysis Tool for Banks
- Other, please specify :Partnership for Carbon Accounting Financials (PCAF)

(2.2.6.11) Risk type and criteria considered

Chronic physical

- Water availability at a basin/catchment level

Policy

- Carbon pricing mechanisms

(2.2.6.12) Partners and stakeholders considered

Select all that apply

- Customers
- Employees
- Investors

(2.2.6.13) Further details of process

Albaraka Turk intends to use UNEP FI Portfolio Impact Analysis Tools for Banking risk management model in near future. Yet, as an interest free participation bank we have our unique risk analysis.By conducting a scenario analysis we intended to comprehend how to use the UNEP FI model at its is best. Hence, we are now building our own scenario analysis with respect to the portfolio we have and eventually we want to implement the UNEP FI model by superposing our own scenario analysis. Also, Albaraka Türk receives external consultancy services.

[Add row]

(2.2.7) Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

(2.2.7.1) Interconnections between environmental dependencies, impacts, risks and/or opportunities assessed

Select from:

No

(2.2.7.3) Primary reason for not assessing interconnections between environmental dependencies, impacts, risks and/or opportunities

Select from:

No standardized procedure

(2.2.7.4) Explain why you do not assess the interconnections between environmental dependencies, impacts, risks and/or opportunities

The connections between environmental dependencies, impacts, risks, and/or opportunities are not currently evaluated due to the absence of a standardized procedure for conducting such assessments within Albaraka Türk. This lack of a formal framework limits our ability to systematically integrate these factors into our risk management processes. However, Albaraka Türk plan to address this gap in the future by developing a comprehensive assessment methodology that aligns with international sustainability standards. This will include creating specific procedures for identifying and analyzing the interconnections between environmental factors, enabling us to better manage risks and capitalize on potential opportunities. These efforts will be part of a broader strategy to strengthen our sustainability governance and enhance our compliance with emerging environmental regulations.

[Fixed row]

(2.2.8) Does your organization consider environmental information about your clients/investees as part of your due diligence and/or environmental dependencies, impacts, risks and/or opportunities assessment process?

	We consider environmental information
Banking (Bank)	Select from: <input checked="" type="checkbox"/> Yes

[Fixed row]

(2.2.9) Indicate the environmental information your organization considers about clients/investees as part of your due diligence and/or environmental dependencies, impacts, risks and/or opportunities assessment process, and how this influences decision-making.

Banking (Bank)

(2.2.9.1) Environmental issues covered

Select all that apply

- Climate change

(2.2.9.2) Type of environmental information considered

Select all that apply

- Emissions data
- Emissions reduction targets
- Climate transition plans

(2.2.9.3) Process through which information is obtained

Select all that apply

- Directly from the client/investee
- Public data sources

(2.2.9.4) Industry sectors covered by due diligence and/or risk assessment process

Select all that apply

- Manufacturing
- Materials
- Power generation

(2.2.9.5) % of portfolio covered by the process in relation to total portfolio value

60

(2.2.9.6) Total portfolio value covered by the process

139301697000

[Add row]

(2.4) How does your organization define substantive effects on your organization?

Risks

(2.4.1) Type of definition

Select all that apply

Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

Credit risk

(2.4.3) Change to indicator

Select from:

Absolute increase

(2.4.5) Absolute increase/ decrease figure

4000000

(2.4.6) Metrics considered in definition

Select all that apply

- Time horizon over which the effect occurs

(2.4.7) Application of definition

Albaraka Turk continues to build capacity to become the center of excellence in sustainability finance by combining ESG efforts with a science-based targets program. In 2020, progress regarding ESG capacity has been substantial as the design of mechanisms to evaluate E&S risks of lending portfolios in selected sectors and digital infrastructure to monitor outcome has been completed. As part of the first phase of the ESG program, we have identified key sectors that play an important role: a) climate and water-related risks (fossil fuel based energy, refinery, logistics, steel, cement, paper pulp and aluminium and agro industry) b) climate and water related opportunities (renewable energy, waste management, green material manufacturing, sustainable agriculture and forestry management). All clients in those sectors were listed and assessed against certain parameters that reflect climate risks. Those clients with an exposure of loans with maturity of less than a year and/or above 4 million USD (approx. 107 million TRY) were considered to be of imminent risks. The risks were quantified with a manner of multiplying frequency with pre-identified impact. The total exposure is reached by summing up the individual risks in the portfolio. In terms of opportunities, we approach certain sectors such as renewable energy, waste management, green material manufacturing, sustainable agriculture and forestry management. We intend to develop a quantified adaptation index in the next ESG Program for those sectors that contribute to climate change adaptation.

Opportunities

(2.4.1) Type of definition

Select all that apply

- Qualitative

(2.4.6) Metrics considered in definition

Select all that apply

- Time horizon over which the effect occurs

(2.4.7) Application of definition

When identifying significant impacts on the organization, Albaraka Türk views the growing demand for sustainability and eco-friendly practices as key opportunities. This demand positions the bank as a leader in environmental and social responsibility, enhancing customer loyalty and attracting new clients. Additionally, offering new products and services focused on green financing and sustainable projects can diversify the bank's revenue streams, supporting long-term profitability. By leveraging these opportunities, Albaraka Türk aims to improve its own operations and provide sustainability-focused solutions to its customers
[Add row]

C3. Disclosure of risks and opportunities

(3.1) Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Climate change

(3.1.1) Environmental risks identified

Select from:

Yes, both within our direct operations or upstream value chain, and within our portfolio

Water

(3.1.1) Environmental risks identified

Select from:

Yes, both within our direct operations or upstream value chain, and within our portfolio

Plastics

(3.1.1) Environmental risks identified

Select from:

No

(3.1.2) Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain

Select from:

No standardized procedure

(3.1.3) Please explain

*As a financial institution, we do not expect a substantive impact. However, we always work on reducing plastics in our direct operations.
[Fixed row]*

(3.1.1) Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.1.1.1) Risk identifier

Select from:

Risk1

(3.1.1.3) Risk types and primary environmental risk driver

Acute physical

Heat wave

(3.1.1.4) Value chain stage where the risk occurs

Select from:

Direct operations

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

Select all that apply

Operational risk

(3.1.1.6) Country/area where the risk occurs

Select all that apply

Turkey

(3.1.1.9) Organization-specific description of risk

Hotter summers and colder winters would result in: • increased energy consumption such as electricity and natural gas in facilities occupied • shorter life-span of heating, ventilation and air conditioning (HVAC) equipment, which could be operating well beyond normal design parameters. • Other climate related disasters (floods) This might result in us having to invest in upgrading or replacing the equipment before the current projected end-of-life

(3.1.1.10) % of portfolio value vulnerable to this risk

Select from:

1-10%

(3.1.1.11) Primary financial effect of the risk

Select from:

Increased direct costs

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

Medium-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

Very likely

(3.1.1.14) Magnitude

Select from:

High

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

In the selected time horizons, Albaraka Türk may face significant impacts on its financial position, financial performance, and cash flows due to increased energy consumption in occupied facilities, including electricity and natural gas. Additionally, the shortened lifespan of heating, ventilation, and air conditioning (HVAC) equipment, which must operate beyond normal design parameters, could lead to premature upgrades or replacements. Furthermore, other climate-related disasters, such as flooding, may necessitate additional investments to upgrade or replace equipment before the end of its currently estimated useful life.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

Yes

(3.1.1.21) Anticipated financial effect figure in the medium-term – minimum (currency)

233645081

(3.1.1.22) Anticipated financial effect figure in the medium-term – maximum (currency)

277914675

(3.1.1.25) Explanation of financial effect figure

Having to replace equipment and building facility sooner with new technology to adjust new temperature conditions. We use scientific estimations to display "Increase in renovation due to shortened life cycle, annual cost increase 9%" that estimate climate change effects over the lifecycle of a building. <https://www.diva-portal.org/smash/get/diva2:859945/FULLTEXT01.pdf>

(3.1.1.26) Primary response to risk

Infrastructure, technology and spending

Increase environment-related capital expenditure

(3.1.1.27) Cost of response to risk

27326910

(3.1.1.28) Explanation of cost calculation

*Raise in insurance policy by 50% (calculation as follows 2% of fixed assets as standard insurance cost 27326910 0.02 * 2732691000 and 50% of it).*

(3.1.1.29) Description of response

Replacing the equipment and other facility to cope with temperature changes as well as extreme weather to sustain banking operations where renovation and material used are monitored for durability.

Water

(3.1.1.1) Risk identifier

Select from:

Risk1

(3.1.1.3) Risk types and primary environmental risk driver

Acute physical

Drought

(3.1.1.4) Value chain stage where the risk occurs

Select from:

Direct operations

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

Select all that apply

Operational risk

(3.1.1.6) Country/area where the risk occurs

Select all that apply

Turkey

(3.1.1.7) River basin where the risk occurs

Select all that apply

Other, please specify :All Regions

(3.1.1.9) Organization-specific description of risk

Turkey is a “water stressed” country and has faced several droughts since the 1980s due to a combination of population growth, industrialisation, urban sprawl and climate change. Recently, the amount of electricity generation in hydro projects in our loan portfolio has decreased.

(3.1.1.10) % of portfolio value vulnerable to this risk

Select from:

1-10%

(3.1.1.11) Primary financial effect of the risk

Select from:

Decreased revenues due to reduced production capacity

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

Medium-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

Likely

(3.1.1.14) Magnitude

Select from:

Medium

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Drought conditions can lead to decreased sales and reduced output, significantly impacting Albaraka Türk's financial situation. Lower revenues from affected sectors may result in weakened financial performance, reduced profitability, and strained cash flows. This can affect the bank's ability to meet financial obligations, invest in growth opportunities, and maintain overall operational stability. Consequently, managing these risks effectively is crucial for sustaining financial health and ensuring continued performance.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

No

(3.1.1.26) Primary response to risk

Infrastructure, technology and spending

Adopt water efficiency, water reuse, recycling and conservation practices

(3.1.1.27) Cost of response to risk

4000000

(3.1.1.28) Explanation of cost calculation

The cost of 4,000,000 reflects our efforts to manage the risks associated with reduced electricity generation from hydroelectric projects due to water stress and drought conditions.

(3.1.1.29) Description of response

Albaraka Türk expanded its efforts by initiating a program on Environmental and Social Governance (ESG) in 2017. With this program, the bank launched a three-year scheme to integrate all environmental and social risks into all credit and banking decisions. Albaraka Türk began assessing environmental and technical issues during all project finance transactions through due diligence. This due diligence form includes details of water needs and supplies (details on the source—municipal, groundwater, etc.—and volumes). As part of the second phase of the ESG program between 2020 and 2024, Albaraka Türk plans to introduce new parameters of water use into its credit risk due diligence process.

Climate change

(3.1.1.1) Risk identifier

Select from:

Risk2

(3.1.1.3) Risk types and primary environmental risk driver

Policy

Carbon pricing mechanisms

(3.1.1.4) Value chain stage where the risk occurs

Select from:

Upstream value chain

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

Select all that apply

Policy and legal risk

(3.1.1.6) Country/area where the risk occurs

Select all that apply

Turkey

(3.1.1.9) Organization-specific description of risk

Bank customers face new emission costs due to the new EU carbon tax mechanism. They also face new investment requirements such as energy efficiency to meet new standards and increasing energy costs. The Carbon Border Adjustment Mechanism will impose costs that are disproportionate to Turkey's GDP and increase costs in energy-intensive and high carbon-emitting sectors. Moreover, if Turkish companies do not adopt sustainable practices to address the climate crisis, they may face difficulties in accessing finance. Careful planning for the sectoral impacts of the Green Deal and the smooth transition to compliance is crucial. Under the leadership of the Ministry of Trade of the Republic of Turkey, an Action Plan, containing 32 objectives and 81 actions, has been announced under nine basic criteria with the coordination of all actors in the public and private sector. The plan, which is a roadmap, aims to improve export competitiveness, strengthen Turkey's competitiveness at the international level and increase green investments in our country. Although carbon regulation at the border is a burden for Turkish exporters, this window will provide our country with the opportunity to transition to a circular economy. At this point, the steps taken on carbon regulation will provide an important opening for the banking sector to increase the share of green finance in loan portfolios and benefit the knowledge gained in sustainability and ESG in transforming the real sector.

(3.1.1.10) % of portfolio value vulnerable to this risk

Select from:

- 1-10%

(3.1.1.11) Primary financial effect of the risk

Select from:

- Increased credit risk

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

- Medium-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

- Likely

(3.1.1.14) Magnitude

Select from:

- Medium-high

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Customers not well prepared for a new regulation with a carbon tax system cannot handle new operating costs.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

- No

(3.1.1.26) Primary response to risk

Engagement

- Engage with customers

(3.1.1.27) Cost of response to risk

0

(3.1.1.28) Explanation of cost calculation

Albaraka Türk currently does not incur any direct financial costs specifically related to addressing the risk described. This is because the management of this risk is integrated into the bank's broader business operations and overall strategy. Actions taken to respond to risks arising from new carbon regulation mechanisms, such as the Carbon Border Adjustment Mechanism (CBAM), energy efficiency requirements, and the adoption of sustainable practices, are part of the bank's routine compliance, credit assessment, and investment planning processes. Since these actions are aligned with the bank's long-term sustainability objectives and embedded into daily operations, no distinct or additional costs are calculated separately for this risk response. Any future financial impacts will be re-evaluated as regulations evolve, but for the current reporting period, the cost is 0.

(3.1.1.29) Description of response

Analyzing the customer's readiness for a new GHG cap and trade system with respect to potential regulations and guidance services.

Climate change

(3.1.1.1) Risk identifier

Select from:

- Risk3

(3.1.1.3) Risk types and primary environmental risk driver

Liability

- Regulation and supervision of environmental risk in the financial sector

(3.1.1.4) Value chain stage where the risk occurs

Select from:

- Upstream value chain

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

Select all that apply

- Credit risk

(3.1.1.6) Country/area where the risk occurs

Select all that apply

- Turkey

(3.1.1.9) Organization-specific description of risk

Albaraka Türk will face new regulations or mandates for climate responsible banking.

(3.1.1.10) % of portfolio value vulnerable to this risk

Select from:

- 1-10%

(3.1.1.11) Primary financial effect of the risk

Select from:

- Increased credit risk

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

- Long-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

Likely

(3.1.1.14) Magnitude

Select from:

High

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Albaraka Türk closely monitors the evolving regulatory landscape related to climate change, recognizing the potential implications for its financial health. New regulations may necessitate adjustments in operational practices, potentially leading to increased compliance costs and capital expenditures. These changes could impact the bank's financial performance by influencing profitability and altering cash flow patterns. As part of its commitment to sustainability, Albaraka Türk is proactively assessing and adapting to these regulations to mitigate risks and ensure long-term financial resilience.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

No

(3.1.1.26) Primary response to risk

Engagement

Align organization's public policy engagement with its environmental strategy

(3.1.1.27) Cost of response to risk

0

(3.1.1.28) Explanation of cost calculation

Currently, there are no direct costs associated with responding to this climate risk as Albaraka Türk is in the process of assessing and adapting to the new regulations. The bank has integrated climate-related risks into its ongoing business activities, particularly within its compliance and risk management frameworks. As

part of these existing structures, the costs for monitoring and adhering to new climate regulations are considered part of standard operations. Hence, no additional or exceptional financial outlay is required at this stage for managing the regulatory risk beyond what is already allocated for regular compliance activities.

(3.1.1.29) Description of response

Albaraka Türk have already categorized customers and identified those that fall under compliance and the potential financial impact of such compliance. Understanding potential banking regulations and timely adaptation of new low-carbon banking, and developing a new business model with ESG and value-integrated banking is very critical at this point.

Climate change

(3.1.1.1) Risk identifier

Select from:

Risk4

(3.1.1.3) Risk types and primary environmental risk driver

Technology

Transition to lower emissions technology and products

(3.1.1.4) Value chain stage where the risk occurs

Select from:

Banking (Bank) portfolio

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

Select all that apply

Funding risk

(3.1.1.6) Country/area where the risk occurs

Select all that apply

Turkey

(3.1.1.9) Organization-specific description of risk

Albaraka Türk, as a pioneer in the development of the start-up ecosystem in Türkiye, faces technology risk driven by its active involvement in fostering technological innovation. Through Albaraka Garage, the first start-up acceleration center established by a participation bank, the organization supports entrepreneurs with technology-based business ideas. This initiative provides incubation and acceleration opportunities, contributing to the development of the entrepreneurial ecosystem in Türkiye. The risk stems from the potential challenges associated with continuously supporting and scaling technology-based startups, including adapting to rapidly evolving technological trends, managing cybersecurity concerns, and meeting regulatory requirements for technology-driven business models. A notable geographic example is Türkiye, where the fintech sector is rapidly growing, and Albaraka Türk is positioned as a key player through its subsidiary insha Ventures. Established by Albaraka Portföy Yönetim A.Ş. Innovation Venture Capital Investment Fund in 2020, insha Ventures develops and manages financial technology (FinTech) projects. The specific risk driver for Albaraka Türk involves maintaining its competitive edge in this dynamic market while ensuring that technological advancements align with regulatory standards and that its operations remain secure and resilient to technological disruptions. These initiatives, while integral to Albaraka Türk's strategy, also require careful ma

(3.1.1.10) % of portfolio value vulnerable to this risk

Select from:

- Less than 1%

(3.1.1.11) Primary financial effect of the risk

Select from:

- Increased direct costs

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

- Long-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

- Likely

(3.1.1.14) Magnitude

Select from:

Medium

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Albaraka Türk will be financially impacted as it transitions to lower-emission alternatives for its current products and services. This shift, while environmentally beneficial, may lead to increased costs due to the adoption of more sustainable practices and technologies.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

Yes

(3.1.1.23) Anticipated financial effect figure in the long-term – minimum (currency)

3000000000

(3.1.1.24) Anticipated financial effect figure in the long-term – maximum (currency)

3750000000

(3.1.1.25) Explanation of financial effect figure

In a rapidly digitalizing world, Albaraka Türk will be investing in the paperless solutions. Considering the already invested financial amount of the Albaraka Portföy Yönetim A.Ş., the figure is expected to be 20-50% for the upcoming years. The cost calculation has been considered as minimum 20% and maximum 50% of the already funded financial figure.

(3.1.1.26) Primary response to risk

Infrastructure, technology and spending

Establish and improve end-of-life infrastructure and/or technology

(3.1.1.27) Cost of response to risk

86000000

(3.1.1.28) Explanation of cost calculation

The cost has been declared by Albaraka Türk in 2023 Integrated Annual Report. All of the ventures that are funded by Albaraka Türk are a part of the digitalization in the upcoming world, which will contribute to reduce the paper consumption and reducing the logistic costs. 39,874,950 of paperless transactions made through digital channels during the reporting period.

(3.1.1.29) Description of response

Albaraka Türk will be financially impacted by replacing existing products and services with lower-emission alternatives.

Water

(3.1.1.1) Risk identifier

Select from:

Risk2

(3.1.1.3) Risk types and primary environmental risk driver

Policy

Increased pricing of water

(3.1.1.4) Value chain stage where the risk occurs

Select from:

Banking (Bank) portfolio

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

Select all that apply

Operational risk

(3.1.1.6) Country/area where the risk occurs

Select all that apply

- Turkey

(3.1.1.7) River basin where the risk occurs

Select all that apply

- Other, please specify :All Albaraka branches in Turkey.

(3.1.1.9) Organization-specific description of risk

If water prices increase significantly, operating costs will increase.

(3.1.1.10) % of portfolio value vulnerable to this risk

Select from:

- 1-10%

(3.1.1.11) Primary financial effect of the risk

Select from:

- Increased indirect [operating] costs

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

- Short-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

- Likely

(3.1.1.14) Magnitude

Select from:

- Medium

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

High water pricing poses significant risks to Albaraka Türk's financial health, performance, and cash flows. Elevated water costs can increase operational expenses for projects and businesses within the bank's portfolio, leading to reduced profitability. As water becomes more expensive, the financial burden on borrowers may rise, impacting their ability to service debt and potentially leading to increased default risks. This, in turn, could affect Albaraka Türk's revenue streams and overall financial stability. Effective management of this risk is crucial to maintaining robust financial performance and stable cash flows.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

Yes

(3.1.1.19) Anticipated financial effect figure in the short-term – minimum (currency)

707575.82

(3.1.1.20) Anticipated financial effect figure in the short-term – maximum (currency)

864814.9

(3.1.1.25) Explanation of financial effect figure

Water prices in Turkey have seen a significant increase recently. However, thanks to Albaraka Türk's water conservation initiatives, the bank has successfully reduced its water usage. This demonstrates that despite rising costs, effective sustainability measures can mitigate the impact on operations and help manage resource consumption more efficiently.

(3.1.1.26) Primary response to risk

Infrastructure, technology and spending

Adopt water efficiency, water reuse, recycling and conservation practices

(3.1.1.27) Cost of response to risk

255000

(3.1.1.28) Explanation of cost calculation

Albaraka Turk continued its activities to reduce water consumption since 2020 as well. Water saving apparatus was installed on Albaraka Türk Headquarter's sink faucets, thereby reducing water consumption. Water-saving apparatus, which provides the same effect with less water consumption by increasing the pressure of the water, were installed on the sink faucets in the Headquarters building.

(3.1.1.29) Description of response

Water saving devices are placed on taps in the Head Office building, increasing water pressure and providing the same effect with less water. This measure paved the way for 20% savings in water consumption. The water needed in green areas is met by a drip irrigation system and fountain method by using artesian water, contributing to the efficient use of water. Wastewater used in the sinks at the Head Office is treated with the Gray Water project and reused in reservoirs.

Water

(3.1.1.1) Risk identifier

Select from:

Risk3

(3.1.1.3) Risk types and primary environmental risk driver

Acute physical

Other acute physical risk, please specify :Severe weather events

(3.1.1.4) Value chain stage where the risk occurs

Select from:

Upstream value chain

(3.1.1.5) Risk type mapped to traditional financial services industry risk classification

Select all that apply

Operational risk

(3.1.1.6) Country/area where the risk occurs

Select all that apply

Turkey

(3.1.1.7) River basin where the risk occurs

Select all that apply

Unknown

(3.1.1.9) Organization-specific description of risk

Customers being affected by extreme weather events and the resulting business volatility.

(3.1.1.10) % of portfolio value vulnerable to this risk

Select from:

1-10%

(3.1.1.11) Primary financial effect of the risk

Select from:

Disruption to sales

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

Medium-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

Likely

(3.1.1.14) Magnitude

Select from:

Medium

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Due to adverse weather conditions, Albaraka Türk faces the risk of reduced income from lower sales/output. This risk impacts the organization's financial condition, performance, and cash flows. Adverse weather can lead to decreased productivity and sales, affecting revenue streams and overall financial stability. The resulting lower income may strain cash flows and financial performance, potentially affecting operational and strategic planning.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

No

(3.1.1.26) Primary response to risk

Compliance, monitoring and targets

Other compliance, monitoring or target, please specify :Promote adoption of waste water management procedures among suppliers

(3.1.1.27) Cost of response to risk

0

(3.1.1.28) Explanation of cost calculation

Albaraka Türk pays attention to the supply chain conditions of its clients and how those conditions change along with the rapidly changing business and economic environment. As part of that, we continuously analyze our credit risk with logistics or or logistics dependent clients based on physical conditions.

(3.1.1.29) Description of response

Assessing the customers with this perspective and providing them with guidance to seek help for risk management. It is also imperative to build a robust risk monitoring scheme.

[Add row]

(3.1.2) Provide the amount and proportion of your financial metrics from the reporting year that are vulnerable to the substantive effects of environmental risks.

Climate change

(3.1.2.1) Financial metric

Select from:

Assets

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

86000000

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

Select from:

Less than 1%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

27326910

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

Select from:

Less than 1%

(3.1.2.7) Explanation of financial figures

When calculating transition risks related to climate change, risks associated with carbon pricing, regulations, and the transition to low-emission technologies were assessed. The cost data for these risks were collected and the ratio was calculated by dividing it by the total financial metric of Albaraka Türk at the end of 2023.

Similarly, when evaluating physical risks related to climate change, the cost associated with the risk from heatwaves was considered and divided by the total financial metric of Albaraka Türk at the end of 2023 to calculate the ratio.

Water

(3.1.2.1) Financial metric

Select from:

Assets

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

255000

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

Select from:

Less than 1%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

4000000

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

Select from:

Less than 1%

(3.1.2.7) Explanation of financial figures

When calculating transition risks related to water, the risk of increasing water prices was considered. The cost data for this risk was collected and the ratio was calculated by dividing it by the total financial metric of Albaraka Türk at the end of 2023. Similarly, when evaluating physical risks related to water, the cost associated with risks from drought and extreme weather events was considered and divided by the total financial metric of Albaraka Türk at the end of 2023 to calculate the ratio.

[Add row]

(3.6) Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

	Environmental opportunities identified
Climate change	<i>Select from:</i> <input checked="" type="checkbox"/> Yes, we have identified opportunities, and some/all are being realized
Water	<i>Select from:</i> <input checked="" type="checkbox"/> Yes, we have identified opportunities, and some/all are being realized

[Fixed row]

(3.6.1) Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.6.1.1) Opportunity identifier

Select from:

Opp1

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Markets

Increased demand for funds that invest in companies that have positive environmental credentials

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

- Banking portfolio

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

- Turkey

(3.6.1.8) Organization specific description

Albaraka Türk provides its customers with a range of services by expanding the scope of sustainable finance products, including renewable energy financing, rooftop solar power systems, and greywater loans. As of the end of 2023, Albaraka Türk has financed renewable energy projects with a total installed capacity of 326 MW, including Solar Power Plants, Hydroelectric Power Plants, Biomass Energy Plants, and Wind Power Plants.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

- Returns on investment in low-emission technology

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

- Medium-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

- Very likely (90–100%)

(3.6.1.12) Magnitude

Select from:

- Medium-high

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The rising demand for funds that invest in companies with strong environmental credentials presents a significant opportunity for Albaraka Türk. By aligning with this trend, Albaraka Türk can attract new investments and enhance its financial standing. This shift can positively influence the bank's financial performance by increasing investment inflows and revenue streams. Additionally, it can improve cash flows by diversifying funding sources and leveraging favorable market conditions. Overall, embracing this trend may strengthen Albaraka Türk's financial position and support sustainable growth.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

Yes

(3.6.1.19) Anticipated financial effect figure in the medium-term - minimum (currency)

983924691

(3.6.1.20) Anticipated financial effect figure in the medium-term - maximum (currency)

1202574623

(3.6.1.23) Explanation of financial effect figures

By the end of 2023, Albaraka Türk has funded 21 renewable energy projects, with a total of 326 MW installed capacity, including Solar Power Plants, Hydroelectric Power Plants, Biomass Power Plants, Wind Power Plants, which are followed by the Bank's contracts and senior management approvals. Also, Albaraka Türk's strategic sustainability targets include expanding the portfolio of sustainable finance products such as renewable energy financing, solar power plants, gray water loans.

(3.6.1.24) Cost to realize opportunity

2834894961

(3.6.1.25) Explanation of cost calculation

The cost has been calculated and confirmed with the Limited Assurance Report provided by a third-party auditor company. The Limited Assurance Report has been integrated to Albaraka Türk Integrated Annual Report, which is publicly published.

(3.6.1.26) Strategy to realize opportunity

Albaraka Türk's strategy is to develop new portfolios and funds for sustainable energy and resource efficiency projects, fostering market development for new financial tools.

Water

(3.6.1.1) Opportunity identifier

Select from:

Opp1

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Resource efficiency

Other resource efficiency opportunity, please specify :Improved water efficiency in operations

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

Banking portfolio

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

Turkey

(3.6.1.6) River basin where the opportunity occurs

Select all that apply

Unknown

(3.6.1.8) Organization specific description

Improved water efficiency projects will reduce operating costs through lower water consumption.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

- Reduced indirect (operating) costs

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

- Medium-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

- Likely (66–100%)

(3.6.1.12) Magnitude

Select from:

- Medium

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Water efficiency improvement projects offer Albaraka Türk a valuable opportunity to enhance its financial situation. By investing in and promoting such initiatives, the bank can potentially reduce costs associated with water usage and mitigate environmental risks. This proactive approach can improve financial performance by lowering expenses and attracting sustainability-focused clients and investors, which can positively impact cash flows and contribute to long-term financial stability.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

- Yes

(3.6.1.19) Anticipated financial effect figure in the medium-term - minimum (currency)

(3.6.1.20) Anticipated financial effect figure in the medium-term - maximum (currency)

691851.92

(3.6.1.23) Explanation of financial effect figures

The reduction of operational cost plays positive role in the financials of the bank. A sensitivity analysis for potential savings on bank's operational cost has been conducted. Water saving devices are placed on taps in the Head Office building, increasing water pressure and providing the same effect with less water. This measure paved the way for 20% savings in water consumption. Considering that, we have estimated the increase of unit price of water consumption on an annual basis. After the success in HQ building, we plan to apply similar water efficiency measures in the branches too.

(3.6.1.24) Cost to realize opportunity

0

(3.6.1.25) Explanation of cost calculation

For the opportunity related to improved water efficiency projects, no absolute cost value has been calculated, and a figure of 0 has been entered. This is because the costs associated with these projects are integrated into Albaraka Türk's routine operational expenses, making it difficult to isolate specific amounts directly related to water efficiency improvements. However, a percentage-based approach has been considered. The estimated reduction in operational water consumption costs is projected to result in a 2-3% decrease in overall facility operational expenses, based on historical data of similar projects. This percentage is derived by comparing the estimated reduction in water usage to the total water consumption costs incurred by the Bank, indicating potential savings through lower utility bills and optimized water usage across our operations. Despite the lack of a precise financial figure, this percentage reflects the expected cost reduction from improved water efficiency initiatives.

(3.6.1.26) Strategy to realize opportunity

Albaraka Türk aims to implement water efficiency projects to reduce operational costs through lower water consumption. To capitalize on this opportunity and maximize its potential, the bank is focusing on several key activities and initiatives. These include upgrading infrastructure to more water-efficient technologies, promoting the use of water-saving fixtures, and increasing employee awareness of water conservation practices. This opportunity has been prioritized due to the growing importance of resource efficiency in both cost management and sustainability. Compared to other opportunities, water efficiency is seen as a low-risk, high-impact initiative, directly contributing to reducing operational expenses while supporting environmental goals. As part of the bank's broader sustainability strategy, water efficiency initiatives are aligned with long-term objectives to minimize environmental footprint and enhance resource management.

Climate change

(3.6.1.1) Opportunity identifier

Select from:

- Opp2

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Resource efficiency

- Increased efficiency of production and/or distribution processes

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

- Direct operations

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

- Turkey

(3.6.1.8) Organization specific description

Albaraka Türk promotes resource efficiency among its suppliers, especially in paper and business travel. Ongoing communication with suppliers leads to more efficient use of resources. For instance, communication with the supplier of photocopiers and paper suppliers led to a significant reduction in paper consumption. Since last year the program expanded wider in procurement 39,874,950 of paperless transactions made through digital channels during the reporting period.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

- Reduced indirect (operating) costs

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

Short-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

Virtually certain (99–100%)

(3.6.1.12) Magnitude

Select from:

Medium-high

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Utilizing more efficient production and distribution processes presents a valuable opportunity for Albaraka Türk. Implementing these improvements can lead to cost reductions, higher operational efficiency, and increased revenue generation. This, in turn, is likely to enhance the bank's financial condition by boosting profitability and stabilizing cash flows. Enhanced processes contribute to better resource management, reduced operational costs, and improved financial performance, supporting the bank's long-term financial health and growth prospects.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

Yes

(3.6.1.17) Anticipated financial effect figure in the short-term - minimum (currency)

533994000

(3.6.1.18) Anticipated financial effect figure in the short-term – maximum (currency)

907789800

(3.6.1.23) Explanation of financial effect figures

The cost has been estimated regarding the renovation of existing technology.

(3.6.1.24) Cost to realize opportunity

1500000

(3.6.1.25) Explanation of cost calculation

Maintain communication with suppliers and create incentive mechanisms for resource efficiency.

(3.6.1.26) Strategy to realize opportunity

Albaraka Türk maintains communication with suppliers and creates incentive mechanisms for resource efficiency. The cost has been estimated concerning the renovation of existing technology.

Water

(3.6.1.1) Opportunity identifier

Select from:

Opp2

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Products and services

Development of new products or services through R&D and innovation

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

Banking portfolio

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

Turkey

(3.6.1.6) River basin where the opportunity occurs

Select all that apply

- Unknown

(3.6.1.8) Organization specific description

Meeting the new demand for sustainable banking, Albaraka Türk will be able to diversify its business with new banking products.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

- Increased revenues through access to new and emerging markets

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

- Medium-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

- Likely (66–100%)

(3.6.1.12) Magnitude

Select from:

- Medium

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Investing in new research and development (R&D) opportunities can positively impact Albaraka Türk's financial position. By fostering innovation, the bank can develop new products and services, potentially increasing revenue streams and market competitiveness. Enhanced R&D capabilities may also lead to cost

efficiencies and improved operational performance, contributing to better financial outcomes. These advancements can strengthen cash flows and provide a solid foundation for long-term financial stability and growth.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

Yes

(3.6.1.19) Anticipated financial effect figure in the medium-term - minimum (currency)

30000000

(3.6.1.20) Anticipated financial effect figure in the medium-term - maximum (currency)

80000000

(3.6.1.23) Explanation of financial effect figures

The increase of awareness will lead the customers to choose the banking products of sustainable and climate friendly banks. A sensitivity analysis for potential increase in bank's operational revenue has been conducted.

(3.6.1.24) Cost to realize opportunity

0

(3.6.1.25) Explanation of cost calculation

Albaraka Türk has not assigned an absolute value to the cost of diversifying its business through new banking products that meet the demand for sustainable banking. As such, the cost has been recorded as zero. In lieu of an absolute figure, a percentage-based estimate can be provided. This percentage reflects the proportion of the Bank's overall operating expenses that are allocated to the development of sustainable banking products. However, due to the integration of these efforts into our ongoing operations and strategic initiatives, a precise calculation remains challenging. The percentage is derived by estimating the share of resources, including technology investments, staffing, and operational adjustments, dedicated to these projects in relation to total operating costs. This approach allows for a qualitative assessment, though it does not offer exact quantitative details due to the broad scope of sustainability initiatives embedded within standard business processes.

(3.6.1.26) Strategy to realize opportunity

In response to the growing demand for sustainable banking, Albaraka Türk has developed innovative banking products aimed at diversifying its business. To fully utilize this opportunity and maximize its potential, the bank has implemented several strategic initiatives. One of the key activities is financing for renewable energy projects and loans for environmentally friendly initiatives. Albaraka Türk has also introduced sustainable investment funds aligned with ESG principles, allowing its clients to invest in socially responsible assets. The bank is also actively working on digital banking solutions to improve customer experience while reducing its carbon footprint. This opportunity takes precedence over others due to increasing regulatory pressures and market demand for sustainable financing. As environmental concerns become more central to business operations, Albaraka Türk recognizes the need to stay ahead in this growing sector, achieve long-term profitability and comply with global sustainability standards.

Water

(3.6.1.1) Opportunity identifier

Select from:

Opp3

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Products and services

Other products and services opportunity, please specify :New banking products

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

Banking portfolio

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

Turkey

(3.6.1.6) River basin where the opportunity occurs

Select all that apply

Unknown

(3.6.1.8) Organization specific description

Meeting the new demand for sustainable banking, Albaraka Turk will be able to diversify its business with new banking products.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

- Increased revenues resulting from increased demand for products and services

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

- Short-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

- Likely (66–100%)

(3.6.1.12) Magnitude

Select from:

- Medium-high

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The opportunity to diversify with new banking products that meet the growing demand for sustainable banking can positively impact Albaraka Türk's financial position. By expanding its product offerings to include environmentally and socially responsible options, the bank can attract new customers and enhance its market share. This diversification can lead to increased revenues and improved financial performance. Additionally, offering such products can strengthen cash flows by creating more stable and sustainable income streams, ultimately enhancing the bank's overall financial health.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

No

(3.6.1.24) Cost to realize opportunity

490000000

(3.6.1.25) Explanation of cost calculation

Increase in demand for loans for new sustainable energy and resource efficiency products resulting in new business and increased revenue for the bank. Pilot Climate Change Adaptation Study has been used. The study by EBRD and IFC estimate the private sector investment opportunities in sectors for climate change adaptation. With respect to that, market share of Albaraka Turk has been applied to overall market size for investments in sectors selected by the study.

(3.6.1.26) Strategy to realize opportunity

Albaraka Türk aims to leverage the growing demand for sustainable banking by diversifying its business with innovative banking products tailored to meet sustainability goals. To capitalize on this opportunity, we have implemented several key initiatives: Green Financing Products: Albaraka Türk has introduced green loans and financing solutions for projects with a positive environmental impact, such as renewable energy, energy efficiency, and sustainable agriculture. This opportunity has been prioritized over other business ventures due to the growing market demand for sustainable financial solutions, increasing regulatory pressures for sustainability, and the potential for long-term value creation. These factors position this opportunity as a strategic focus for Albaraka Türk, ensuring that we remain at the forefront of the shift towards sustainable banking practices.

Water

(3.6.1.1) Opportunity identifier

Select from:

Opp4

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Markets

Expansion into new markets

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

- Banking portfolio

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

- Turkey

(3.6.1.6) River basin where the opportunity occurs

Select all that apply

- Unknown

(3.6.1.8) Organization specific description

Albaraka Türk is already working on introducing new financial instruments for financing the low carbon economy. The shift to sustainable banking will accelerate access to new markets and innovative financial tools. Green Sukuk is one of the target tools in the near term.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

- Increased revenues through access to new and emerging markets

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

- Short-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

- Likely (66–100%)

(3.6.1.12) Magnitude

Select from:

Medium

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Expanding into new markets offers a strategic opportunity for Albaraka Türk to enhance its financial position. By entering diverse markets, the bank can increase its customer base and revenue streams, potentially leading to higher profitability. This growth can also improve cash flows through increased transactions and reduced dependency on existing markets. Overall, market expansion can strengthen Albaraka Türk's financial performance, enhance its competitive edge, and contribute to long-term financial stability.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

Yes

(3.6.1.17) Anticipated financial effect figure in the short-term - minimum (currency)

1676000

(3.6.1.18) Anticipated financial effect figure in the short-term – maximum (currency)

2353000

(3.6.1.23) Explanation of financial effect figures

The bank will have access to new tools and borrowers. A hypothetical profit analysis was conducted for green sukuk issuance between 200 Mn and 500 Mn USD.

(3.6.1.24) Cost to realize opportunity

0

(3.6.1.25) Explanation of cost calculation

Albaraka Türk is actively working on diversifying its banking products to meet the growing demand for sustainable banking, including the development of new financial instruments to support a low-carbon economy. Although initiatives such as Green Sukuk are key target instruments in the near term, a specific cost calculation for this

opportunity has not been made, and therefore, a value of 0 has been reported. The rationale for this figure is that the costs associated with these developments are considered part of the Bank's ongoing business activities and are not treated as separate expenses. Since the costs are embedded in existing operational efforts, no absolute value can be assigned. As a result, no percentage calculation has been provided, as there is currently no clear separation of costs related to these initiatives within the broader scope of the Bank's financial operations.

(3.6.1.26) Strategy to realize opportunity

Albaraka Türk is actively working on providing new financial instruments to support the low-carbon economy. This transition to sustainable banking is expected to open up access to new markets and innovative financial tools, with Green Sukuk being one of the key instruments in focus. To fully capitalize on this opportunity, the bank is implementing strategic initiatives aimed at developing sustainable financial products, while also building internal capabilities in the field of sustainable finance. These efforts will allow Albaraka Türk to respond effectively to the growing global demand for environmentally responsible financial solutions. This opportunity is prioritized because of its alignment with global sustainability trends and the bank's commitment to fostering long-term growth through sustainable practices.

Climate change

(3.6.1.1) Opportunity identifier

Select from:

Opp3

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Products and services

Other products and services opportunity, please specify :Development and/or expansion of low emission goods and services

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

Upstream value chain

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

Turkey

(3.6.1.8) Organization specific description

In 2023, significant projects were implemented to further enhance our customers' ability to access banking services without visiting a branch. Access to banking services through alternative channels was expanded beyond individual customers. As a result of the projects completed in 2023, our corporate customers can now access a broader range of products, such as digital trade finance solutions and online letters of guarantee, within the digital environment, streamlining their banking experience.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

- Reduced indirect (operating) costs

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

- Long-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

- Very likely (90–100%)

(3.6.1.12) Magnitude

Select from:

- High

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The opportunity to develop and/or expand low-emission goods and services is expected to positively impact Albaraka Türk's financial position, particularly by reducing indirect operational costs related to energy consumption and resource efficiency. While the exact quantitative effects on our financial performance (e.g., revenue or expenses) and cash flows are not currently measurable due to the high level of uncertainty in projecting these impacts, we anticipate a reduction in operational costs in the medium to long term as these initiatives become fully implemented. In qualitative terms, the financial impact is expected to be positive, enhancing cost-efficiency and improving the bank's overall sustainability performance. However, the effects have not been quantified financially, as precise measurement remains

challenging due to uncertainties in the scope and timing of the potential benefits. The bank continues to monitor and assess these developments to quantify them in future reporting periods.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

No

(3.6.1.24) Cost to realize opportunity

0

(3.6.1.25) Explanation of cost calculation

At Albaraka Türk, the opportunity to develop and/or expand low-emission goods and services has not been associated with a specific cost calculation. This is because the costs related to this opportunity are integrated into the normal course of business operations. As a result, the cost of realization is considered to be zero. The rationale behind this is that any expenses incurred for the development and expansion of low-emission products and services are embedded within the Bank's ongoing activities, such as digital transformation efforts and sustainability initiatives, rather than being treated as separate, additional costs. Therefore, no specific financial figures have been attributed to this opportunity.

(3.6.1.26) Strategy to realize opportunity

Working to simplify business processes and continuously enhance the user experience around the concept of simplicity, Albaraka Türk has created a digital ecosystem through collaborations with various institutions. The Bank aims to further develop and enrich its digital ecosystem by producing innovative solutions in collaboration with FinTechs and other solution partners. Albaraka Türk PosBasit aims to provide the best online payment experience with fast, secure, and innovative payment solutions. It is a virtual POS platform that provides online payments with all debit and credit cards for e-commerce platforms. Customers can easily access solutions for technical support, agreements, and other processes that they need to complete separately with each bank by integrating on a single platform with PosBasit. Furthermore, innovations such as QR code-based withdrawals and deposits from Albaraka Mobile, shopping via QR code through POS, and the Albaraka Digital Debit Card, which can be created digitally, have enhanced the Bank's service offerings. Albaraka Assistant (Chatbot) has also gained new capabilities, allowing it to serve more customers and meet growing demands in the digital space.

[Add row]

(3.6.2) Provide the amount and proportion of your financial metrics in the reporting year that are aligned with the substantive effects of environmental opportunities.

Climate change

(3.6.2.1) Financial metric

Select from:

Assets

(3.6.2.2) Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

2836394961

(3.6.2.3) % of total financial metric aligned with opportunities for this environmental issue

Select from:

Less than 1%

(3.6.2.4) Explanation of financial figures

The total cost of opportunities related to climate was divided by the total financial metric of Albaraka Türk at the end of 2023 to calculate the ratio.

Water

(3.6.2.1) Financial metric

Select from:

Assets

(3.6.2.2) Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

490000000

(3.6.2.3) % of total financial metric aligned with opportunities for this environmental issue

Select from:

Less than 1%

(3.6.2.4) Explanation of financial figures

*The total cost of opportunities related to water was divided by the total financial metric of Albaraka Türk at the end of 2023 to calculate the ratio.
[Add row]*

C4. Governance

(4.1) Does your organization have a board of directors or an equivalent governing body?

(4.1.1) Board of directors or equivalent governing body

Select from:

Yes

(4.1.2) Frequency with which the board or equivalent meets

Select from:

More frequently than quarterly

(4.1.3) Types of directors your board or equivalent is comprised of

Select all that apply

Executive directors or equivalent

Non-executive directors or equivalent

Independent non-executive directors or equivalent

(4.1.4) Board diversity and inclusion policy

Select from:

No

[Fixed row]

(4.1.1) Is there board-level oversight of environmental issues within your organization?

Climate change

(4.1.1.1) Board-level oversight of this environmental issue

Select from:

Yes

Water

(4.1.1.1) Board-level oversight of this environmental issue

Select from:

Yes

Biodiversity

(4.1.1.1) Board-level oversight of this environmental issue

Select from:

No, but we plan to within the next two years

(4.1.1.2) Primary reason for no board-level oversight of this environmental issue

Select from:

No standardized procedure

(4.1.1.3) Explain why your organization does not have board-level oversight of this environmental issue

Albaraka Türk does not currently have a standard procedure for the oversight of environmental issues at the board level; however, it intends to improve in this area and implement the necessary oversight measures within the next two years.

[Fixed row]

(4.1.2) Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.

Climate change

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

- Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

- Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

- Other policy applicable to the board, please specify :Corporate Governance and Sustainability Committee Charter

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

- Sporadic – agenda item as important matters arise

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

- Overseeing the setting of corporate targets
- Monitoring progress towards corporate targets
- Approving corporate policies and/or commitments
- Monitoring the implementation of the business strategy
- Overseeing reporting, audit, and verification processes
- Overseeing and guiding the development of a business strategy
- Monitoring compliance with corporate policies and/or commitments

(4.1.2.6) Scope of board-level oversight

Select all that apply

- The impact of our own operations on the environment
- The impact of our banking activities on the environment

(4.1.2.7) Please explain

Albaraka Türk manages its sustainability activities through the Corporate Governance and Sustainability Committee at the Board level and the Sustainability Executive Committee, which reports directly to the CEO. The Corporate Governance and Sustainability Committee ensures the Bank's compliance with Corporate Governance Principles, proposes corrective actions for non-compliance, and oversees adherence to sustainability best practices. It regularly evaluates the Board's structure and effectiveness and supervises the Investor Relations Department. The Sustainability Executive Committee focuses on implementing sustainability projects, aligning with national and international standards, and developing sustainability strategies integrated into the Bank's operations. It also manages Environmental, Social, and Governance (ESG) systems, identifies climate-related risks and opportunities, and reports to senior management. These governance mechanisms contribute to the Board of Directors' oversight of environmental issues, including climate change. The Board is updated quarterly on climate-related goals, reviews progress, and evaluates trade-offs, such as balancing costs of new technologies with increasing consumer demand for sustainability. This process ensures that the Board plays a critical role in managing environmental risks and aligning the Bank's strategy with its sustainability goals.

Water

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

Other policy applicable to the board, please specify :Corporate Governance and Sustainability Committee Charter

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

Sporadic – agenda item as important matters arise

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

Overseeing the setting of corporate targets

Overseeing and guiding the development of a business strategy

- Monitoring progress towards corporate targets
- Approving corporate policies and/or commitments
- Monitoring the implementation of the business strategy
- Overseeing reporting, audit, and verification processes

- Monitoring compliance with corporate policies and/or commitments

(4.1.2.6) Scope of board-level oversight

Select all that apply

- The impact of our own operations on the environment
- The impact of our banking activities on the environment

(4.1.2.7) Please explain

Albaraka Türk manages its sustainability activities through the Corporate Governance and Sustainability Committee at the Board level and the Sustainability Executive Committee, which reports directly to the CEO. The Corporate Governance and Sustainability Committee ensures the Bank's compliance with Corporate Governance Principles, proposes corrective actions for non-compliance, and oversees adherence to sustainability best practices. It regularly evaluates the Board's structure and effectiveness and supervises the Investor Relations Department. The Sustainability Executive Committee focuses on implementing sustainability projects, aligning with national and international standards, and developing sustainability strategies integrated into the Bank's operations. It also manages Environmental, Social, and Governance (ESG) systems, identifies climate-related risks and opportunities, and reports to senior management. These governance mechanisms contribute to the Board of Directors' oversight of environmental issues, including climate change. The Board is updated quarterly on climate-related goals, reviews progress, and evaluates trade-offs, such as balancing costs of new technologies with increasing consumer demand for sustainability. This process ensures that the Board plays a critical role in managing environmental risks and aligning the Bank's strategy with its sustainability goals.

[Fixed row]

(4.2) Does your organization's board have competency on environmental issues?

Climate change

(4.2.1) Board-level competency on this environmental issue

Select from:

- No, but we plan to within the next two years

(4.2.4) Primary reason for no board-level competency on this environmental issue

Select from:

- No standardized procedure

(4.2.5) Explain why your organization does not have a board with competence on this environmental issue

Currently, Albaraka Türk's board of directors does not have a standardized procedure to address environmental issues. However, to ensure that the board becomes more proficient in this area, we have established a plan for the next two years to enhance environmental competence at the board level. One of the key measures we will implement is to regularly consult with an internal, permanent working group composed of subject matter experts on environmental issues. This group will provide ongoing insights and recommendations, allowing the board to stay informed about the latest developments and challenges in environmental sustainability. In addition, we plan to integrate specialized training sessions for board members to strengthen their understanding of environmental risks, opportunities, and regulations. By fostering continuous dialogue between the board and expert groups within the organization, we aim to ensure that environmental issues are addressed effectively at the highest level of governance. These efforts will help Albaraka Türk align its decision-making process with global sustainability standards, enabling the bank to respond proactively to environmental challenges in the future.

Water

(4.2.1) Board-level competency on this environmental issue

Select from:

- No, but we plan to within the next two years

(4.2.4) Primary reason for no board-level competency on this environmental issue

Select from:

- No standardized procedure

(4.2.5) Explain why your organization does not have a board with competence on this environmental issue

Currently, Albaraka Türk's board of directors does not have a standardized procedure to address environmental issues. However, to ensure that the board becomes more proficient in this area, we have established a plan for the next two years to enhance environmental competence at the board level. One of the key measures we will implement is to regularly consult with an internal, permanent working group composed of subject matter experts on environmental issues. This group will provide ongoing insights and recommendations, allowing the board to stay informed about the latest developments and challenges in environmental sustainability. In addition, we plan to integrate specialized training sessions for board members to strengthen their understanding of environmental risks, opportunities, and regulations. By fostering continuous dialogue between the board and expert groups within the organization, we aim to ensure that environmental issues are addressed effectively at the highest level of governance. These efforts will help Albaraka Türk align its decision-making process with global sustainability standards, enabling the bank to respond proactively to environmental challenges in the future.

[Fixed row]

(4.3) Is there management-level responsibility for environmental issues within your organization?

	Management-level responsibility for this environmental issue
Climate change	<i>Select from:</i> <input checked="" type="checkbox"/> Yes
Water	<i>Select from:</i> <input checked="" type="checkbox"/> Yes
Biodiversity	<i>Select from:</i> <input checked="" type="checkbox"/> Yes

[Fixed row]

(4.3.1) Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Committee

Other committee, please specify :Corporate Governance and Sustainability Committee

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

Managing environmental dependencies, impacts, risks, and opportunities

Policies, commitments, and targets

- Monitoring compliance with corporate environmental policies and/or commitments
- Measuring progress towards environmental corporate targets
- Measuring progress towards environmental science-based targets
- Setting corporate environmental policies and/or commitments
- Setting corporate environmental targets

Strategy and financial planning

- Conducting environmental scenario analysis issues
- Managing annual budgets related to environmental issues
- Implementing the business strategy related to environmental issues
- Developing a business strategy which considers environmental issues
- Managing environmental reporting, audit, and verification processes
- Managing acquisitions, mergers, and divestitures related to environmental issues
- Managing major capital and/or operational expenditures relating to environmental issues

(4.3.1.3) Coverage of responsibilities

Select all that apply

- Dependencies, impacts, risks, and opportunities related to our banking activities

(4.3.1.4) Reporting line

Select from:

- Reports to the board directly

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

- As important matters arise

(4.3.1.6) Please explain

Duties and Responsibilities of the Corporate Management and Sustainability Committee (Sustainability Function) • The Committee provides guidance to the Sustainability Executive Committee on the following topics within the framework of Albaraka Türk's relevant procedures. • Within the scope of sustainability goals; Implementation of sustainability and corporate responsibility projects that can convey the vision, mission, and corporate values of Albaraka Türk the bank to the entire society, stakeholders, and business partners, • Following national and international practices and standards in the fields of sustainability and corporate responsibility, and making projects and studies comply with these practices and standards, • Creating sustainability strategies and policies and integrating them into company activities and monitoring sustainability performance, • Establishing an environmental, social and governance system and integrating it with the credit risk assessment system, • Determining the risks, opportunities and goals of climate change and preparing the necessary reports for the relevant senior management and committees. • Evaluates the corporate responsibility projects submitted for the approval of the Corporate Management and Sustainability Committee. • Discusses the issues reported by the Sustainability Executive Committee and takes the necessary decisions for their conclusion, • Ensures that the awareness of Corporate Sustainability is internalized within the organization, establishes the sustainable banking goals in a concrete way and to establish long-term values.

Water

(4.3.1.1) Position of individual or committee with responsibility

Committee

- Other committee, please specify :Corporate Governance and Sustainability Committee

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

- Assessing environmental dependencies, impacts, risks, and opportunities
- Managing environmental dependencies, impacts, risks, and opportunities

Engagement

- Managing public policy engagement related to environmental issues

Policies, commitments, and targets

- Monitoring compliance with corporate environmental policies and/or commitments
- Measuring progress towards environmental corporate targets
- Measuring progress towards environmental science-based targets
- Setting corporate environmental policies and/or commitments
- Setting corporate environmental targets

Strategy and financial planning

- Managing annual budgets related to environmental issues
- Managing major capital and/or operational expenditures relating to environmental issues
- Implementing the business strategy related to environmental issues
- Developing a business strategy which considers environmental issues
- Managing environmental reporting, audit, and verification processes
- Managing acquisitions, mergers, and divestitures related to environmental issues

(4.3.1.3) Coverage of responsibilities

Select all that apply

- Dependencies, impacts, risks, and opportunities related to our banking activities

(4.3.1.4) Reporting line

Select from:

- Reports to the board directly

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

- As important matters arise

(4.3.1.6) Please explain

Duties and Responsibilities of the Corporate Management and Sustainability Committee (Sustainability Function) • The Committee provides guidance to the Sustainability Executive Committee on the following topics within the framework of Albaraka Türk's relevant procedures. • Within the scope of sustainability goals; Implementation of sustainability and corporate responsibility projects that can convey the vision, mission, and corporate values of Albaraka Türk the bank to the entire society, stakeholders, and business partners, • Following national and international practices and standards in the fields of sustainability and corporate responsibility, and making projects and studies comply with these practices and standards, • Creating sustainability strategies and policies and integrating them into company activities and monitoring sustainability performance, • Establishing an environmental, social and governance system and integrating it with the credit risk assessment system, • Determining the risks, opportunities and goals of climate change and preparing the necessary reports for the relevant senior management and committees. • Evaluates the corporate responsibility projects submitted for the approval of the Corporate Management and Sustainability Committee. • Discusses the issues reported by the Sustainability Executive Committee and takes the necessary decisions for their conclusion, • Ensures that the awareness of Corporate Sustainability is internalized within the organization, establishes the sustainable banking goals in a concrete way and to establish long-term values.

Biodiversity

(4.3.1.1) Position of individual or committee with responsibility

Committee

- Other committee, please specify :Corporate Governance and Sustainability Committee

(4.3.1.2) Environmental responsibilities of this position

Policies, commitments, and targets

- Setting corporate environmental policies and/or commitments

(4.3.1.4) Reporting line

Select from:

- Reports to the board directly

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

- As important matters arise

(4.3.1.6) Please explain

Duties and Responsibilities of the Corporate Management and Sustainability Committee (Sustainability Function) • The Committee provides guidance to the Sustainability Executive Committee on the following topics within the framework of Albaraka Türk's relevant procedures. • Within the scope of sustainability goals; Implementation of sustainability and corporate responsibility projects that can convey the vision, mission, and corporate values of Albaraka Türk the bank to the entire society, stakeholders, and business partners, • Following national and international practices and standards in the fields of sustainability and corporate responsibility, and making projects and studies comply with these practices and standards, • Creating sustainability strategies and policies and integrating them into company activities and monitoring sustainability performance, • Establishing an environmental, social and governance system and integrating it with the credit risk assessment system, • Determining the risks, opportunities and goals of climate change and preparing the necessary reports for the relevant senior management and committees. • Evaluates the corporate responsibility projects submitted for the approval of the Corporate Management and Sustainability Committee. • Discusses the issues reported by the Sustainability Executive Committee and takes the necessary decisions for their conclusion, • Ensures that the awareness of Corporate Sustainability is internalized within the organization, establishes the sustainable banking goals in a concrete way and to establish long-term values.

[Add row]

(4.5) Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

Climate change

(4.5.1) Provision of monetary incentives related to this environmental issue

Select from:

No, but we plan to introduce them in the next two years

(4.5.3) Please explain

Over the next two years, we aim to implement a comprehensive plan to achieve our environmental sustainability goals. In this context, we plan to provide incentives such as reward points and gift cards to recognize eco-friendly achievements. Additionally, we will offer career development opportunities based on environmental performance and ensure that our employees receive sustainability training. We will organize training sessions to enhance our employees' knowledge and skills. Lastly, we will integrate eco-friendly values into our company culture and ensure that our management team sets an example in this regard. These steps will provide us with a strong foundation to reach our sustainability goals.

Water

(4.5.1) Provision of monetary incentives related to this environmental issue

Select from:

No, but we plan to introduce them in the next two years

(4.5.3) Please explain

Over the next two years, we aim to implement a comprehensive plan to achieve our environmental sustainability goals. In this context, we plan to provide incentives such as reward points and gift cards to recognize eco-friendly achievements. Additionally, we will offer career development opportunities based on environmental performance and ensure that our employees receive sustainability training. We will organize training sessions to enhance our employees' knowledge and skills. Lastly, we will integrate eco-friendly values into our company culture and ensure that our management team sets an example in this regard. These steps will provide us with a strong foundation to reach our sustainability goals.

[Fixed row]

(4.6) Does your organization have an environmental policy that addresses environmental issues?

	Does your organization have any environmental policies?
	<i>Select from:</i> <input checked="" type="checkbox"/> Yes

[Fixed row]

(4.6.1) Provide details of your environmental policies.

Row 1

(4.6.1.1) Environmental issues covered

Select all that apply

- Climate change
- Water

(4.6.1.2) Level of coverage

Select from:

- Organization-wide

(4.6.1.3) Value chain stages covered

Select all that apply

- Portfolio

(4.6.1.4) Explain the coverage

Albaraka Türk plans to address environmental issues such as the climate crisis, waste management, and water security. In line with this, the bank has established the Environmental Social Governance System and formulated an environmental policy, both of which have been approved by the Board of Directors. The Bank demonstrates sensitivity and respect for the environment, meticulousness in utilizing the world's resources, and a determination to leave a habitable environment for future generations through participation in various initiatives. Moreover, Albaraka Türk regularly measures and manages the impact of its service cycle and activities on the environment and takes the necessary measures to reduce energy, water, and material consumption. These initiatives include the Green Building Project, Carbon Disclosure Project, studies on grey water and wastewater use, the Zero Waste Project, among many others. Additionally, we prioritize the consideration of economic, environmental, and social factors, as well as corporate governance principles, in all banking operations and decision-making processes. This is done to raise awareness of corporate sustainability throughout the organization, set concrete sustainable banking targets, and create long-term value.

(4.6.1.5) Environmental policy content

Water-specific commitments

- Commitment to reduce water consumption volumes
- Commitment to reduce water withdrawal volumes

Social commitments

- Other social commitment, please specify :Commitment to align with international frameworks, standards, and widely-recognized water initiatives

Additional references/Descriptions

- Recognition of environmental linkages and trade-offs
- Other additional reference/description, please specify :Description of business dependency on water Description of business impact on water

(4.6.1.6) Indicate whether your environmental policy is in line with global environmental treaties or policy goals

Select all that apply

- Yes, in line with another global environmental treaty or policy goal, please specify

(4.6.1.7) Public availability

Select from:

- Publicly available

(4.6.1.8) Attach the policy

(4.7) Does the policy framework for the portfolio activities of your organization include environmental requirements that clients/investees need to meet, and/or exclusion policies?

Banking (Bank)

(4.7.1) Policy framework for portfolio activities include environmental requirements for clients/investees, and/or exclusion policies

Select from:

- No, but we plan to include environmental requirements and/or exclusion policies in our policy framework in the next two years

(4.7.2) Primary reason for not including both policies with environmental client/investee requirements and environmental exclusion policies in your policy framework for portfolio activities

Select from:

- No standardized procedure

(4.7.3) Explain why the policy framework for your portfolio activities does not include both policies with environmental client/investee requirements and environmental exclusion policies

Currently, Albaraka Türk does not have a standardized policy framework that includes environmental requirements or exclusion policies for its portfolio activities. However, over the next two years, we plan to develop and implement such a framework to ensure that clients and investments meet specific environmental criteria. In the first year, we will focus on drafting a comprehensive policy that outlines environmental requirements and defines exclusion criteria for activities not aligned with our sustainability goals. Throughout this process, we will engage with internal and external stakeholders to ensure the policy adheres to industry best practices and global standards. Simultaneously, we will provide training and resources to our staff to ensure smooth implementation. In the second year, we aim to pilot this policy in selected areas, evaluate its effectiveness, and make adjustments where needed. By the end of the two-year period, Albaraka Türk will have a fully operational framework that aligns its portfolio activities with its commitment to sustainability and responsible investment.

[Fixed row]

(4.8) Does your organization include covenants in financing agreements to reflect and enforce your environmental policies?

(4.8.1) Covenants included in financing agreements to reflect and enforce policies

Select from:

- No, but we plan to within the next two years

(4.8.2) Primary reason for not including covenants in financing agreements

Select from:

- Not an immediate strategic priority

(4.8.3) Explain why your organization does not include covenants in financing agreements

Albaraka Türk is currently in the process of identifying greenhouse gas emissions and hot spots within its value chain. Once a transition strategy is established, contracts will be added to ensure climate-related risk management within the bank's portfolio.

[Fixed row]

(4.9) Does your organization offer its employees a pension scheme that incorporates environmental criteria in its holdings?

Climate change

(4.9.1) Pension scheme incorporates environmental criteria in its holdings

Select from:

- Yes, as an investment option

(4.9.2) Describe how funds within the pension scheme are selected and how your organization ensures that environmental criteria are incorporated

Albaraka Türk includes ESG (Environmental, Social, and Governance) criteria as an investment option in all retirement plans offered to its employees. However, as a bank, Albaraka Türk does not directly manage a pension fund. Instead, it holds a 50% stake in Katılım Emeklilik A.Ş., which manages the pension funds. The funds

within the pension plan are selected based on a set of ESG criteria, ensuring that investments align with environmental sustainability and responsible investment principles. These criteria include evaluating companies' carbon emissions, environmental policies, and their overall commitment to sustainability. Additionally, Katılım Emeklilik applies exclusionary screening to avoid investments in industries that are environmentally harmful, such as fossil fuels and non-renewable energy sources. The pension funds are actively managed, incorporating a dynamic approach to investment decisions. This involves not only tracking ESG-compliant indices but also implementing active environmental investment strategies to optimize sustainable outcomes. A significant portion of the pension plan is governed by ESG criteria, ensuring that environmental considerations are central to investment decisions. Furthermore, Albaraka Türk, through Katılım Emeklilik, provides exclusionary screening for industries that are deemed incompatible with environmental sustainability. Although Albaraka Türk does not currently publish a TCFD (Task Force on Climate-related Financial Disclosures) report specifically related to pension plans, the bank is committed to responsible investment practices and is continuously enhancing its environmental and climate-related disclosures in line with global standards. The responsible investment policies are in place, and Albaraka Türk continues to evolve its reporting mechanisms to meet future TCFD requirements.

Water

(4.9.1) Pension scheme incorporates environmental criteria in its holdings

Select from:

Yes, as an investment option

(4.9.2) Describe how funds within the pension scheme are selected and how your organization ensures that environmental criteria are incorporated

Albaraka Türk includes ESG (Environmental, Social, and Governance) criteria as an investment option in all retirement plans offered to its employees. However, as a bank, Albaraka Türk does not directly manage a pension fund. Instead, it holds a 50% stake in Katılım Emeklilik A.Ş., which manages the pension funds. The funds within the pension plan are selected based on a set of ESG criteria, ensuring that investments align with environmental sustainability and responsible investment principles. These criteria include evaluating companies' carbon emissions, environmental policies, and their overall commitment to sustainability. Additionally, Katılım Emeklilik applies exclusionary screening to avoid investments in industries that are environmentally harmful, such as fossil fuels and non-renewable energy sources. The pension funds are actively managed, incorporating a dynamic approach to investment decisions. This involves not only tracking ESG-compliant indices but also implementing active environmental investment strategies to optimize sustainable outcomes. A significant portion of the pension plan is governed by ESG criteria, ensuring that environmental considerations are central to investment decisions. Furthermore, Albaraka Türk, through Katılım Emeklilik, provides exclusionary screening for industries that are deemed incompatible with environmental sustainability. Although Albaraka Türk does not currently publish a TCFD (Task Force on Climate-related Financial Disclosures) report specifically related to pension plans, the bank is committed to responsible investment practices and is continuously enhancing its environmental and climate-related disclosures in line with global standards. The responsible investment policies are in place, and Albaraka Türk continues to evolve its reporting mechanisms to meet future TCFD requirements.

[Fixed row]

(4.10) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

(4.10.1) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

Select from:

Yes

(4.10.2) Collaborative framework or initiative

Select all that apply

Science-Based Targets Initiative for Financial Institutions (SBTi-FI)

(4.10.3) Describe your organization's role within each framework or initiative

Albaraka Türk continued its efforts to calculate its climate burden holistically by measuring its environmental and social impacts. Accordingly, it planned to submit its emission reduction goals and commitments to the Science Based Goals Initiative (SBTi) in 2024.

[Fixed row]

(4.11) In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

(4.11.1) External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment

Select all that apply

Not assessed

(4.11.2) Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals

Select from:

No, and we do not plan to have one in the next two years

(4.11.5) Indicate whether your organization is registered on a transparency register

Select from:

Yes

(4.11.6) Types of transparency register your organization is registered on

Select all that apply

Mandatory government register

(4.11.7) Disclose the transparency registers on which your organization is registered & the relevant ID numbers for your organization

Under the Turkish Commercial Code and the Capital Markets Law, publicly traded companies and large companies are subject to financial reporting and auditing requirements. These regulations ensure that companies disclose their financial conditions and operations to the public at specific intervals. Albaraka Turk Trade Registry Number: 206671 / 154214

(4.11.8) Describe the process your organization has in place to ensure that your external engagement activities are consistent with your environmental commitments and/or transition plan

Within the scope of Albaraka Türk's Sustainable Banking Program, the Bank works in cooperation with all of its stakeholders for a livable world. The Bank, which closely monitors the work carried out in the world within the scope of the climate crisis, evaluates natural capital within the scope of its targets and actions and plays a leading role among participation banks. Albaraka Türk's Environmental Policy sets out the main framework for the Bank's efforts to protect and develop natural capital. Albaraka Türk's Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), TSE COVID-19 Safe Service Certificate, Zero Waste Project, ISO 50001 Energy Management System Certificate, and lots of other activities demonstrate the Bank's sensitivity to the environment and in the use of world resources, and its contribution to the goal of leaving a livable environment for future generations. Albaraka Türk, which has been traded in the index since 2019, undertakes continuous improvements and developments in line with index rules, international regulations and best practices. Having internalized sustainability in its daily service cycle, Albaraka Türk aims to spread the requirements of the concept of sustainability to all stakeholders and encourage their adoption. Albaraka Türk works to leave a cleaner environment to future generations, to maintain a safe and fair business environment in line with ethical principles and to maintain a more robust financial structure. The Bank has designed its business model in accordance with the Environmental Social Governance (ESG) System and has linked its activities to the United Nations 2030 Sustainable Development Goals (SDGs) in the context of contribution.

[Fixed row]

(4.12) Have you published information about your organization's response to environmental issues for this reporting year in places other than your CDP response?

Select from:

Yes

(4.12.1) Provide details on the information published about your organization’s response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Row 1

(4.12.1.1) Publication

Select from:

- In mainstream reports, in line with environmental disclosure standards or frameworks

(4.12.1.2) Standard or framework the report is in line with

Select all that apply

- GRI

(4.12.1.3) Environmental issues covered in publication

Select all that apply

- Climate change
- Water

(4.12.1.4) Status of the publication

Select from:

- Complete

(4.12.1.5) Content elements

Select all that apply

- Strategy
- Governance
- Emission targets
- Emissions figures
- Water accounting figures
- Content of environmental policies

(4.12.1.6) Page/section reference

page between 134-143

(4.12.1.7) Attach the relevant publication

Albaraka Turk 2023-annual-report.pdf

(4.12.1.8) Comment

Within the scope of Albaraka Türk's Sustainable Banking Program, the Bank works in cooperation with all of its stakeholders for a livable world. The Bank, which closely monitors the work carried out in the world within the scope of the climate crisis, evaluates natural capital within the scope of its targets and actions and plays a leading role among participation banks.

[Add row]

C5. Business strategy

(5.1) Does your organization use scenario analysis to identify environmental outcomes?

Climate change

(5.1.1) Use of scenario analysis

Select from:

- No, but we plan to within the next two years

(5.1.3) Primary reason why your organization has not used scenario analysis

Select from:

- No standardized procedure

(5.1.4) Explain why your organization has not used scenario analysis

Albaraka Türk is improving the calculation of climate-related risk scenarios. The bank plans to integrate these analyses into scenario planning and incorporate them into the decision-making process as soon as possible. The delay in fully implementing scenario analysis is partly due to the expectation that national regulations and the emerging taxonomy will provide a clear framework on this matter. In light of this, Albaraka Türk has initiated efforts in this area in 2024, actively working to align its climate risk scenario analysis with the forthcoming regulatory and taxonomy developments.

Water

(5.1.1) Use of scenario analysis

Select from:

- No, but we plan to within the next two years

(5.1.3) Primary reason why your organization has not used scenario analysis

Select from:

- No standardized procedure

(5.1.4) Explain why your organization has not used scenario analysis

Albaraka Türk is improving the calculation of climate-related risk scenarios. The bank plans to integrate these analyses into scenario planning and incorporate them into the decision-making process as soon as possible. The delay in fully implementing scenario analysis is partly due to the expectation that national regulations and the emerging taxonomy will provide a clear framework on this matter. In light of this, Albaraka Türk has initiated efforts in this area in 2024, actively working to align its climate risk scenario analysis with the forthcoming regulatory and taxonomy developments.

[Fixed row]

(5.2) Does your organization's strategy include a climate transition plan?

(5.2.1) Transition plan

Select from:

- No, but we are developing a climate transition plan within the next two years

(5.2.15) Primary reason for not having a climate transition plan that aligns with a 1.5°C world

Select from:

- No standardized procedure

(5.2.16) Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world

Albaraka Türk is improving its climate-related risk scenario calculations and plans to integrate these analyses into the decision-making process as soon as possible. Additionally, a climate transition plan aligned with a 1.5C world is being developed, focusing on setting emission reduction targets across operations and the loan portfolio. To strengthen climate transition strategies, scenario analyses will be enhanced, and monitoring mechanisms will be implemented to track progress. The aim is to contribute to the low-carbon economy while effectively managing climate risks and opportunities.

[Fixed row]

(5.3) Have environmental risks and opportunities affected your strategy and/or financial planning?

(5.3.1) Environmental risks and/or opportunities have affected your strategy and/or financial planning

Select from:

- We have not evaluated whether environmental risks and opportunities have affected our strategy and financial planning, but plan to do so within the next two years

(5.3.3) Primary reason why environmental risks and/or opportunities have not affected your strategy and/or financial planning

Select from:

- Not an immediate strategic priority

(5.3.4) Explain why environmental risks and/or opportunities have not affected your strategy and/or financial planning

Albaraka Türk has not yet fully assessed the impact of environmental risks and opportunities on its strategy and financial planning. The primary reason for this is that such evaluations require comprehensive analysis, collaboration with internal and external stakeholders, and the collection of sectoral data. As environmental factors become increasingly important for financial institutions in shaping business strategies and financial planning, establishing the necessary data infrastructure and expertise for meaningful and accurate outcomes is a time-consuming process. In this context, Albaraka Türk plans to conduct this assessment over the next two years. During this period, several steps will be taken to develop a better understanding of environmental risks and opportunities. For instance, appropriate methodologies for environmental risk analysis will be developed, new strategies for sustainable financial products will be formed, and research will be conducted on how these risks and opportunities can be integrated into the bank's overall business strategy. Additionally, market analyses will be performed to identify the potential impacts of environmental risks, and the practices of other banks working on similar projects will be considered. Starting in 2024, Albaraka Türk has begun to evaluate the impact of these risks and opportunities on financial planning in accordance with the Turkish Sustainability Reporting Standards (TSRS) and has accelerated its efforts in this area. These plans will help Albaraka Türk develop a strategic roadmap aligned with its short- and long-term environmental sustainability goals. A more comprehensive understanding of the impact of environmental factors on business will enhance the bank's competitiveness and ensure sustainable growth.
[Fixed row]

(5.10) Does your organization use an internal price on environmental externalities?

(5.10.1) Use of internal pricing of environmental externalities

Select from:

- No, but we plan to in the next two years

(5.10.3) Primary reason for not pricing environmental externalities

Select from:

No standardized procedure

(5.10.4) Explain why your organization does not price environmental externalities

As of 2024, Albaraka Türk has started working on internal pricing for water and climate-related matters. In addition, the bank has begun developing a roadmap for carbon pricing in line with the Turkish Sustainability Reporting Standard S2 - Climate-Related Disclosures draft.

[Fixed row]

(5.11) Do you engage with your value chain on environmental issues?

Clients

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

Yes

Suppliers

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

Yes

(5.11.2) Environmental issues covered

Select all that apply

Climate change

Investors and shareholders

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

- No, but we plan to within the next two years

(5.11.3) Primary reason for not engaging with this stakeholder on environmental issues

Select from:

- Lack of internal resources, capabilities, or expertise (e.g., due to organization size)

(5.11.4) Explain why you do not engage with this stakeholder on environmental issues

Albaraka Türk plans to address this issue within the next two years due to the growing environmental concerns and the lack of resources and capacity.

Other value chain stakeholders

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

- No, but we plan to within the next two years

(5.11.3) Primary reason for not engaging with this stakeholder on environmental issues

Select from:

- Not an immediate strategic priority

(5.11.4) Explain why you do not engage with this stakeholder on environmental issues

Albaraka Türk aims to actively engage with other stakeholders across its value chain on environmental issues and is working diligently to strengthen these interactions. The bank is committed to fostering collaboration with key partners, suppliers, and clients to address environmental challenges, promote sustainable practices, and develop joint solutions that contribute to the transition towards a greener economy. By engaging in open dialogue and cooperative initiatives, Albaraka Türk seeks to enhance its environmental impact across the value chain, ensuring that all stakeholders work together towards common sustainability goals. These efforts are part of a broader strategy to integrate environmental considerations into the bank's operations and decision-making processes, ensuring that the entire value chain contributes to the reduction of environmental risks and the promotion of sustainable growth.

[Fixed row]

(5.11.3) Provide details of your environmental engagement strategy with your clients.

Row 1

(5.11.3.1) Type of clients

Select from:

Clients of Banks

(5.11.3.2) Environmental issues covered by the engagement strategy

Select all that apply

Climate change

(5.11.3.3) Type and details of engagement

Other, please specify

Other, please specify :Education/information sharing: Run an engagement campaign to educate clients about climate change. Share information about your products and relevant certification schemes (i.e. Energy STAR)

(5.11.3.4) % of client-associated scope 3 emissions as reported in question 12.1.1

Select from:

None

(5.11.3.5) % of portfolio covered in relation to total portfolio value

Select from:

51-75%

(5.11.3.6) Explain the rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related risks

(5.11.3.7) Describe how you communicate your engagement strategy to your clients and/or to the public

Our bank communicates its engagement strategy to clients and the public through our website, social media channels, and annual reports. Additionally, we publish press releases and announcements that outline the scope of our strategy and its implementation process. Through these channels, we transparently share our sustainability goals and environmental responsibilities.

(5.11.3.8) Attach your engagement strategy

Albaraka Turk 2023 Annual Report.pdf

(5.11.3.9) Staff in your organization carrying out the engagement

Select all that apply

Specialized in-house engagement teams

(5.11.3.10) Roles of individuals at the portfolio organizations you seek to engage with

Select all that apply

Investor relations managers

(5.11.3.11) Effect of engagement, including measures of success

The main impact is raising awareness and pushing our clientele to consider their climate risks in their business strategies and planning.

(5.11.3.12) Escalation process for engagement when dialogue is failing

Select from:

No, we don't have an escalation process

[Add row]

(5.11.7) Provide further details of your organization's supplier engagement on environmental issues.

Climate change

(5.11.7.2) Action driven by supplier engagement

Select from:

No other supplier engagement

[Add row]

C6. Environmental Performance - Consolidation Approach

(6.1) Provide details on your chosen consolidation approach for the calculation of environmental performance data.

	Consolidation approach used	Provide the rationale for the choice of consolidation approach
Climate change	Select from: <input checked="" type="checkbox"/> Operational control	<i>Companies, entities or groups over which operational control is exercised</i>
Water	Select from: <input checked="" type="checkbox"/> Operational control	<i>Companies, entities or groups over which operational control is exercised</i>
Plastics	Select from: <input checked="" type="checkbox"/> Operational control	<i>Companies, entities or groups over which operational control is exercised</i>
Biodiversity	Select from: <input checked="" type="checkbox"/> Operational control	<i>Companies, entities or groups over which operational control is exercised</i>

[Fixed row]

C7. Environmental performance - Climate Change

(7.1) Is this your first year of reporting emissions data to CDP?

Select from:

No

(7.1.1) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

	Has there been a structural change?
	Select all that apply <input checked="" type="checkbox"/> No

[Fixed row]

(7.1.2) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

(7.1.2.1) Change(s) in methodology, boundary, and/or reporting year definition?

Select all that apply

Yes, a change in boundary

(7.1.2.2) Details of methodology, boundary, and/or reporting year definition change(s)

The categories under scope 3 have been expanded. In 2023, 3.3 Fuel-and-energy-related activities (not included in Scope 1 or 2), 3.5 Waste generated in operations and 3.7 Employee commuting have been included.

[Fixed row]

(7.1.3) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in 7.1.1 and/or 7.1.2?

(7.1.3.1) Base year recalculation

Select from:

No, because we do not have the data yet and plan to recalculate next year

(7.1.3.3) Base year emissions recalculation policy, including significance threshold

As a result of the scope expansion we made in Scope 3 emissions in 2023, the Scope 3 emission categories included in our greenhouse gas inventory will be recalculated for the base year 2018.

(7.1.3.4) Past years' recalculation

Select from:

No

[Fixed row]

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

Select all that apply

ISO 14064-1

The Greenhouse Gas Protocol: Scope 2 Guidance

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
- Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
- Other, please specify :Tier 2 factors from UNFCCC Turkey 2022 National Inventory Report

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

(7.3.1) Scope 2, location-based

Select from:

- We are reporting a Scope 2, location-based figure

(7.3.2) Scope 2, market-based

Select from:

- We are reporting a Scope 2, market-based figure

(7.3.3) Comment

When calculating location-based Scope 2 emissions, we use the national grid emission factor. For market-based Scope 2 emissions, we calculate based on the purchased renewable energy certificates.

[Fixed row]

(7.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

Select from:

- No

(7.5) Provide your base year and base year emissions.

Scope 1

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

3546.69

(7.5.3) Methodological details

For Scope 1 emissions, Albaraka Türk Bank utilizes a direct measurement approach to quantify emissions from company-owned vehicles and fuel combustion for heating. The bank uses region-specific emission factors from reputable international databases like the IPCC and Defra to ensure accuracy and consistency. Key inputs for these calculations include fuel consumption data, vehicle usage records, and operational data related to heating. An operational control approach is adopted to cover all emission sources under the bank's control, and standard emission factors are used to align with global reporting frameworks, ensuring data accuracy and comparability across reporting periods.

Scope 2 (location-based)

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

7618.11

(7.5.3) Methodological details

Albaraka Türk uses a location-based measurement approach for Scope 2 emissions, calculating them based on the average emissions intensity of the grids where its facilities are located. This method employs grid emission factor, sourced from local authorities or national databases. Electricity consumption data is gathered from utility bills and internal monitoring systems. The approach assumes consistent data quality across all locations and aligns with the GHG Protocol and ISO 14064-1:2018 standards, ensuring accurate and relevant carbon footprint reporting.

Scope 2 (market-based)

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

7618.11

(7.5.3) Methodological details

Albaraka Türk uses a location-based measurement approach for Scope 2 emissions, calculating them based on the average emissions intensity of the grids where its facilities are located. This method employs grid emission factor, sourced from local authorities or national databases. Electricity consumption data is gathered from utility bills and internal monitoring systems. The approach assumes consistent data quality across all locations and aligns with the GHG Protocol and ISO 14064-1:2018 standards, ensuring accurate and relevant carbon footprint reporting. No renewable energy certificate or contract was made in the base year. Therefore, market-based emissions were not calculated in the base year.

Scope 3 category 1: Purchased goods and services

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

1948

(7.5.3) Methodological details

For Albaraka Türk, the Scope 3 emissions from purchased paper are estimated using an activity-based approach. We calculate emissions based on the quantity of paper purchased and emission factors from databases like DEFRA. The key assumption is that these factors represent the average emissions across paper production, transportation, and disposal. This method offers a practical and balanced estimation, aligning with the bank's sustainability goals and data availability.

Scope 3 category 2: Capital goods

(7.5.1) Base year end

12/30/2018

(7.5.3) Methodological details

There was no purchase of capital goods. Not relevant to the banking sector.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

(7.5.1) Base year end

12/30/2018

(7.5.3) Methodological details

This category was not calculated in the base year. It is planned to be calculated.

Scope 3 category 4: Upstream transportation and distribution

(7.5.1) Base year end

12/30/2018

(7.5.3) Methodological details

As the service sector, Albaraka Turk does not have upstream transportation and distribution.

Scope 3 category 5: Waste generated in operations

(7.5.1) Base year end

12/30/2018

(7.5.3) Methodological details

This category was not calculated in the base year. It is planned to be calculated.

Scope 3 category 6: Business travel

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

196

(7.5.3) Methodological details

Albaraka Türk measures Scope 3 emissions from business travel using a distance-based approach. Emission factors are selected according to the type of transportation, utilizing data from recognized sources like DEFRA. Inputs include travel distance, mode of transportation, and the number of trips. Assumptions consider average occupancy rates and fuel efficiency. This approach aligns with GHG Protocol standards and ISO 14064-1:2018, ensuring accurate and transparent reporting of our carbon footprint from business travel.

Scope 3 category 7: Employee commuting

(7.5.1) Base year end

12/30/2018

(7.5.3) Methodological details

This category was not calculated in the base year. It is planned to be calculated.

Scope 3 category 8: Upstream leased assets

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

There are no upstream leased assets, not relevant.

Scope 3 category 9: Downstream transportation and distribution

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

There is no downstream transportation and distribution, not relevant.

Scope 3 category 10: Processing of sold products

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

Albaraka Turk does not sell products, provides services, not relevant to the banking sector.

Scope 3 category 11: Use of sold products

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

Albaraka Turk does not sell products, provides services, not relevant to the banking sector.

Scope 3 category 12: End of life treatment of sold products

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

Albaraka Turk does not sell products, provides services, not relevant to the banking sector.

Scope 3 category 13: Downstream leased assets

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

Albaraka Turk has no assets to leased, therefore it is not relevant.

Scope 3 category 14: Franchises

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

Albaraka Turk does not provide any franchising activities.

Scope 3: Other (upstream)

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

Albaraka Turk has no other upstream emissions, therefore it is not relevant.

Scope 3: Other (downstream)

(7.5.1) Base year end

12/30/2018

(7.5.2) Base year emissions (metric tons CO2e)

0

(7.5.3) Methodological details

*Albaraka Turk has no other downstream emissions, therefore it is not relevant.
[Fixed row]*

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

Reporting year

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

4146.56

(7.6.3) Methodological details

Scope 1 emissions include stationary combustion, mobile combustion, and fugitive emissions. The stationary combustion emissions category includes emissions from natural gas and diesel fuel burned in stationary equipment. The mobile combustion emissions category includes emissions from diesel fuel and gasoline consumed in company vehicles. The fugitive emissions category includes emissions from greenhouse gas sources used in refrigeration equipment and firefighting equipment.

Past year 1

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

4036.68

(7.6.2) End date

12/30/2022

(7.6.3) Methodological details

The biggest part of our gross global Scope 1 Emissions is caused by our company cars with diesel and gasoline engines (1,714.67 t CO2e). Moreover, the other part is caused by energy consumption from fossil fuel sources for heating, generators, and refrigerants. (2,322.01 tCO2e).

Past year 2

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

3776.63

(7.6.2) End date

12/30/2021

(7.6.3) Methodological details

The biggest part of our gross global Scope 1 Emissions is caused by our company cars with diesel and gasoline engines (1,675.95 t CO2e). Moreover, the other part is caused by energy consumption from fossil fuel sources for heating, generators and refrigerants. (2,100.68 tCO2e). During the reporting period, we were able to compile data from 100% of the facilities. We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 1 emissions had been verified by an independent assurance company.

Past year 3

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

3114.61

(7.6.2) End date

12/30/2020

(7.6.3) Methodological details

The biggest part of our gross global Scope 1 Emissions is caused by our company cars with diesel and gasoline engines (1,617.48 t CO2e). Moreover, the other part is caused by energy consumption from fossil fuel sources for heating, generators and refrigerants. (1,497.13 tCO2e). During the reporting period, we were able to compile data from 100% of the facilities. We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 1 emissions had been verified by an independent assurance company.

Past year 4

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

3844.99

(7.6.2) End date

12/30/2019

(7.6.3) Methodological details

The biggest part of our gross global Scope 1 Emissions is caused by our company cars with diesel and gasoline engines (2,113.82 t CO2e). Moreover the other part is caused by energy consumption from fossil fuel sources for heating, generators and refrigerants. (1,731.17 t CO2e). During the reporting period, we were able to compile data from 100% of the facilities. We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 1 emissions had been verified by an independent assurance company.

Past year 5

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

3546.69

(7.6.2) End date

12/30/2018

(7.6.3) Methodological details

The biggest part of our gross global Scope 1 Emissions is caused by our company cars with diesel and gasoline engines (2,176.30 t CO2e). Moreover, the other part is caused by energy consumption from fossil fuel sources for heating, generators and refrigerants. (1,370.39 t CO2e). During the reporting period, we were able to compile data from 100% of the facilities. (230 branches and Regional Headquarters and 1 Headquarters). We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 1 emissions had been verified by an independent assurance company.

[Fixed row]

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

Reporting year

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

5898.48

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

0

(7.7.4) Methodological details

Scope 2 emissions include emissions from the production of consumed electricity. Scope 2 location-based emissions are calculated using the Turkish National Electricity Production Emission Factor. Albaraka Türk has offset all Scope 2 emissions by purchasing YEK-G certificates for all electricity consumed in 2023.

Past year 1

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

5942.19

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

0

(7.7.3) End date

12/30/2022

(7.7.4) Methodological details

During the reporting period, we were able to compile electricity consumption data from 100% of the facilities. (All branches and Regional Headquarters, 1 Headquarters and ATMs). We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 2 emissions had been verified by an independent assurance company. The grid emission factor based on 2019 Turkish Electricity Transmission Corporation data, which is the most recently available official data in Turkey, was used for the calculation of scope 2 emissions in 2022.

Past year 2

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

5771.77

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

0

(7.7.3) End date

12/30/2021

(7.7.4) Methodological details

During the reporting period, we were able to compile electricity consumption data from 100% of the facilities. (All branches and Regional Headquarters, 1 Headquarters and ATMs). We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 2 emissions had been verified by an independent assurance company. The grid emission factor based on 2019 Turkish Electricity Transmission Corporation data, which is the most recently available official data in Turkey, was used for the calculation of scope 2 emissions in 2021.

Past year 3

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

6879.74

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

0

(7.7.3) End date

12/30/2020

(7.7.4) Methodological details

During the reporting period, we were able to compile electricity consumption data from 100% of the facilities. (All branches and Regional Headquarters, 1 Headquarters and ATMs). We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 2 emissions had been verified by an independent assurance company. The grid emission factor based on 2019 Turkish Electricity Transmission Corporation data, which is the most recently available official data in Turkey, was used for the calculation of scope 2 emissions in 2020.

Past year 4

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

7964.88

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

0

(7.7.3) End date

12/30/2019

(7.7.4) Methodological details

During the reporting period we were able to compile electricity consumption data from 100% of the facilities. (All branches and Regional Headquarters, 1 Headquarters and ATMs). We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 2 emissions had been verified by an independent assurance company. The grid emission factor based on 2018 Turkish Electricity Transmission Corporation data, which is most recent available official data in Turkey, was used for the calculation of scope 2 emissions in 2019.

Past year 5

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

7618.11

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

0

(7.7.3) End date

12/30/2018

(7.7.4) Methodological details

During the reporting period we were able to compile electricity consumption data from 100% of the facilities. (230 branches and Regional Headquarters, 1 Headquarters and ATMs). We calculated our emissions according to the GHG Protocol Corporate Standard and our Scope 2 emissions had been verified by an

independent assurance company. The grid emission factor based on 2017 TEİAŞ data, which is most recent available official data, was used for the calculation of scope 2 emissions in 2018. (EF: 0.4871)

[Fixed row]

(7.8) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

(7.8.1) Evaluation status

Select from:

Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

60.88

(7.8.3) Emissions calculation methodology

Select all that apply

Average data method

Average product method

Site-specific method

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

0

(7.8.5) Please explain

This category includes emissions from purchased paper and water supply. The calculation was made by multiplying the weight of paper and water purchased in the reporting year by the appropriate emission factor.

Capital goods

(7.8.1) Evaluation status

Select from:

- Relevant, not yet calculated

(7.8.5) Please explain

There was no purchase of capital goods. Not relevant to the banking sector.

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

(7.8.1) Evaluation status

Select from:

- Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO₂e)

1306.18

(7.8.3) Emissions calculation methodology

Select all that apply

- Average data method
- Average product method
- Site-specific method

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

0

(7.8.5) Please explain

This category includes emissions from the extraction and production of fuels calculated in Scope 1 and Scope 2 but not included in Scope 1 and 2, and emissions from transmission and distribution losses of electricity.

Upstream transportation and distribution

(7.8.1) Evaluation status

Select from:

- Not relevant, explanation provided

(7.8.5) Please explain

As the service sector, Albaraka Turk does not have upstream transportation and distribution.

Waste generated in operations

(7.8.1) Evaluation status

Select from:

- Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO₂e)

16.45

(7.8.3) Emissions calculation methodology

Select all that apply

- Average data method
 Site-specific method

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

0

(7.8.5) Please explain

This category was calculated using emission factors appropriate to the disposal methods of electronic waste, household waste, paper waste and wastewater.

Business travel

(7.8.1) Evaluation status

Select from:

Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

157.91

(7.8.3) Emissions calculation methodology

Select all that apply

Distance-based method

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

0

(7.8.5) Please explain

This category includes flights and accommodation for business travel. Emissions from flights are calculated using flight distance and number of passengers, while emissions from accommodation are calculated using the number of nights stayed and the number of rooms.

Employee commuting

(7.8.1) Evaluation status

Select from:

Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

765.28

(7.8.3) Emissions calculation methodology

Select all that apply

Distance-based method

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

0

(7.8.5) Please explain

This category is calculated using the number of employees using the company service and the service travel distance.

Upstream leased assets

(7.8.1) Evaluation status

Select from:

Not relevant, explanation provided

(7.8.5) Please explain

There are no upstream leased assets, not relevant.

Downstream transportation and distribution

(7.8.1) Evaluation status

Select from:

Not relevant, explanation provided

(7.8.5) Please explain

There is no downstream transportation and distribution, not relevant.

Processing of sold products

(7.8.1) Evaluation status

Select from:

Not relevant, explanation provided

(7.8.5) Please explain

Albaraka Turk does not sell products, provides services, not relevant to the banking sector.

Use of sold products

(7.8.1) Evaluation status

Select from:

Not relevant, explanation provided

(7.8.5) Please explain

Albaraka Turk does not sell products, provides services, not relevant to the banking sector.

End of life treatment of sold products

(7.8.1) Evaluation status

Select from:

Not relevant, explanation provided

(7.8.5) Please explain

Albaraka Turk does not sell products, provides services, not relevant to the banking sector.

Downstream leased assets

(7.8.1) Evaluation status

Select from:

Not relevant, explanation provided

(7.8.5) Please explain

Albaraka Turk has no assets to leased, therefore it is not relevant.

Franchises

(7.8.1) Evaluation status

Select from:

Not relevant, explanation provided

(7.8.5) Please explain

Albaraka Turk does not provide any franchising activities.

Other (upstream)

(7.8.1) Evaluation status

Select from:

Not relevant, explanation provided

(7.8.5) Please explain

Albaraka Turk has no other upstream emissions, therefore it is not relevant.

Other (downstream)

(7.8.1) Evaluation status

Select from:

Not relevant, explanation provided

(7.8.5) Please explain

Albaraka Turk has no other downstream emissions, therefore it is not relevant.

[Fixed row]

(7.8.1) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

(7.8.1.1) End date

12/30/2022

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

60.81

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

31.29

(7.8.1.19) Comment

Scope 3 emissions have been calculated based on emissions from purchased paper and business travel.

Past year 2

(7.8.1.1) End date

12/30/2021

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

108.31

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

42.23

(7.8.1.19) Comment

Scope 3 emissions have been calculated based on emissions from purchased paper and business travel.

Past year 3

(7.8.1.1) End date

12/30/2020

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

87.16

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

34.89

(7.8.1.19) Comment

Scope 3 emissions have been calculated based on emissions from purchased paper and business travel.

Past year 4

(7.8.1.1) End date

12/30/2019

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

2781.41

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

118.65

(7.8.1.19) Comment

Scope 3 emissions have been calculated based on emissions from purchased paper and business travel.

Past year 5

(7.8.1.1) End date

12/30/2018

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

2166.02

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

172.99

(7.8.1.19) Comment

Scope 3 emissions have been calculated based on emissions from purchased paper and business travel.

[Fixed row]

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

	Verification/assurance status
Scope 1	<i>Select from:</i> <input checked="" type="checkbox"/> Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	<i>Select from:</i> <input checked="" type="checkbox"/> Third-party verification or assurance process in place
Scope 3	<i>Select from:</i> <input checked="" type="checkbox"/> Third-party verification or assurance process in place

[Fixed row]

(7.9.1) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Row 1

(7.9.1.1) Verification or assurance cycle in place

Select from:

Annual process

(7.9.1.2) Status in the current reporting year

Select from:

Complete

(7.9.1.3) Type of verification or assurance

Select from:

Limited assurance

(7.9.1.4) Attach the statement

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(7.9.1.5) Page/section reference

1

(7.9.1.6) Relevant standard

Select from:

ISAE3000

(7.9.1.7) Proportion of reported emissions verified (%)

100

[Add row]

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

Row 1

(7.9.2.1) Scope 2 approach

Select from:

Scope 2 location-based

(7.9.2.2) Verification or assurance cycle in place

Select from:

Annual process

(7.9.2.3) Status in the current reporting year

Select from:

Complete

(7.9.2.4) Type of verification or assurance

Select from:

Limited assurance

(7.9.2.5) Attach the statement

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(7.9.2.6) Page/ section reference

1

(7.9.2.7) Relevant standard

Select from:

ISAE3000

(7.9.2.8) Proportion of reported emissions verified (%)

100

Row 2

(7.9.2.1) Scope 2 approach

Select from:

Scope 2 market-based

(7.9.2.2) Verification or assurance cycle in place

Select from:

Annual process

(7.9.2.3) Status in the current reporting year

Select from:

Complete

(7.9.2.4) Type of verification or assurance

Select from:

Limited assurance

(7.9.2.5) Attach the statement

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(7.9.2.6) Page/ section reference

1

(7.9.2.7) Relevant standard

Select from:

ISAE3000

(7.9.2.8) Proportion of reported emissions verified (%)

100

[Add row]

(7.9.3) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Row 1

(7.9.3.1) Scope 3 category

Select all that apply

- Scope 3: Purchased goods and services
- Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
- Scope 3: Waste generated in operations
- Scope 3: Business travel
- Scope 3: Employee commuting

(7.9.3.2) Verification or assurance cycle in place

Select from:

- Annual process

(7.9.3.3) Status in the current reporting year

Select from:

- Complete

(7.9.3.4) Type of verification or assurance

Select from:

- Limited assurance

(7.9.3.5) Attach the statement

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(7.9.3.6) Page/section reference

1

(7.9.3.7) Relevant standard

Select from:

(7.9.3.8) Proportion of reported emissions verified (%)

100

[Add row]

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

Select from:

Decreased

(7.10.1) 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 renewable energy consumption

(7.10.1.1) Change in emissions (metric tons CO₂e)

5898.48

(7.10.1.2) Direction of change in emissions

Select from:

Decreased

(7.10.1.3) Emissions value (percentage)

58.01

(7.10.1.4) Please explain calculation

In 2023, we achieved a significant reduction of 5,898.48 tonnes of CO2e by sourcing all our electricity consumption from renewable energy sources. To verify this achievement, please refer to our certificate on the YEKG platform at <https://yekg.epias.com.tr/portal> using the Identity No/Tax ID: 30470008702 and Cancellation No: 4283007519.

Other emissions reduction activities

(7.10.1.1) Change in emissions (metric tons CO2e)

43.715

(7.10.1.2) Direction of change in emissions

Select from:

Decreased

(7.10.1.3) Emissions value (percentage)

0.44

(7.10.1.4) Please explain calculation

We achieved a significant milestone in 2023 by reducing our Scope 2 greenhouse gas emissions from electricity consumption by 43,715 tonnes of CO2e through our energy efficiency projects

Divestment

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

There has been no change in this reason.

Acquisitions

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

There has been no change in this reason.

Mergers

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

There has been no change in this reason.

Change in output

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

There has been no change in this reason.

Change in methodology

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

There has been no change in this reason.

Change in boundary

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

There has been no change in this reason.

Change in physical operating conditions

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

There has been no change in this reason.

Unidentified

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

There has been no change in this reason.

Other

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

There has been no change in this reason.

[Fixed row]

(7.10.2) Are your emissions performance calculations in 7.10 and 7.10.1 based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Select from:

Market-based

(7.23) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Select from:

No

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

Select from:

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

(7.30) 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)	Select from: <input checked="" type="checkbox"/> Yes
Consumption of purchased or acquired electricity	Select from: <input checked="" type="checkbox"/> Yes
Consumption of purchased or acquired heat	Select from: <input checked="" type="checkbox"/> No
Consumption of purchased or acquired steam	Select from: <input checked="" type="checkbox"/> No
Consumption of purchased or acquired cooling	Select from: <input checked="" type="checkbox"/> No
Generation of electricity, heat, steam, or cooling	Select from: <input checked="" type="checkbox"/> No

[Fixed row]

(7.30.1) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

Consumption of fuel (excluding feedstock)

(7.30.1.1) Heating value

Select from:

LHV (lower heating value)

(7.30.1.2) MWh from renewable sources

0

(7.30.1.3) MWh from non-renewable sources

14046.78

(7.30.1.4) Total (renewable and non-renewable) MWh

14046.78

Consumption of purchased or acquired electricity

(7.30.1.1) Heating value

Select from:

Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

13405.62

(7.30.1.3) MWh from non-renewable sources

0

(7.30.1.4) Total (renewable and non-renewable) MWh

13405.62

Total energy consumption

(7.30.1.1) Heating value

Select from:

Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

13405.62

(7.30.1.3) MWh from non-renewable sources

14046.78

(7.30.1.4) Total (renewable and non-renewable) MWh

27452.41

[Fixed row]

(7.30.16) Provide a breakdown by country/area of your electricity/heat/steam/cooling consumption in the reporting year.

Turkey

(7.30.16.1) Consumption of purchased electricity (MWh)

13405.62

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

13405.62
[Fixed row]

(7.45) 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.

Row 1

(7.45.1) Intensity figure

2.354e-7

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

4146.56

(7.45.3) Metric denominator

Select from:

Other, please specify :Gros operational profit

(7.45.4) Metric denominator: Unit total

17614098000

(7.45.5) Scope 2 figure used

Select from:

Market-based

(7.45.6) % change from previous year

75.07

(7.45.7) Direction of change

Select from:

- Decreased

(7.45.8) Reasons for change

Select all that apply

- Change in renewable energy consumption
- Other emissions reduction activities
- Change in revenue

(7.45.9) Please explain

In 2023, we reduced our Scope 1 and 2 GHG emissions compared to the previous year through increased utilization of renewable energy and implementation of emissions reduction initiatives. The significant growth in our 2023 gross operational profit resulted in a 75% decrease in our emissions intensity compared to the previous year.

[Add row]

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

Row 1

(7.52.1) Description

Select from:

- Other, please specify :Water

(7.52.2) Metric value

48839

(7.52.3) Metric numerator

Cubic meters

(7.52.4) Metric denominator (intensity metric only)

year

(7.52.7) Please explain

As the water footprint was initially calculated in 2023, % change from previous year comparison is not possible.

Row 2

(7.52.1) Description

Select from:

Other, please specify :Water Consumption

(7.52.2) Metric value

11.86

(7.52.3) Metric numerator

Cubic meters

(7.52.4) Metric denominator (intensity metric only)

FTE

(7.52.5) % change from previous year

28.6

(7.52.6) Direction of change

Select from:

Decreased

(7.52.7) Please explain

This year 32306.66 m3 water consumption reported and FTE value stated as 2723 in annual report. Metric value calculated as 11.86. This reduction in water consumption can be attributed to various efficiency projects and awareness-raising initiatives focused on reducing water usage. For instance, Albaraka Türk has implemented water-saving devices in the faucets at its headquarters, which increase water pressure and achieve the same effect using less water, resulting in a 20% reduction in water consumption. Additionally, the green areas at the headquarters are irrigated using artesian water through drip irrigation and sprinkler systems, ensuring efficient water use. The Grey Water Project further contributes to this reduction by treating wastewater from the building's toilets and sinks, allowing it to be reused in the flush systems. Moreover, the landscaping around the headquarters incorporates low-water-demand plants that are well-suited to the region's climate, further reducing water consumption. These combined efforts have significantly contributed to lowering the overall water consumption.

Row 3

(7.52.1) Description

Select from:

Energy usage

(7.52.2) Metric value

4.92

(7.52.3) Metric numerator

MW

(7.52.4) Metric denominator (intensity metric only)

FTE

(7.52.5) % change from previous year

6.46

(7.52.6) Direction of change

Select from:

Decreased

(7.52.7) Please explain

In 2023, the number of employees was 2,723 and the total energy consumption was 13,405.62 MWh. During the reporting period, electricity consumption per FTE is approximately 4.92. Albaraka Türk is carrying out various energy-saving projects in line with its sustainability goals for energy consumption. These projects include the use of energy-efficient equipment, energy management, and awareness initiatives across branches and headquarters. The 6.46% reduction in per capita electricity consumption in 2023 is a direct result of these efforts. Additionally, energy efficiency activities such as the application of window films on the exterior of the headquarters building, adjustments to lighting systems and schedules, setting fixed temperatures on thermostats, and regulating the operating hours of heating and cooling systems contributed to the reduction in electricity consumption in 2023.

[Add row]

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

Select all that apply

Absolute target

Intensity target

(7.53.1) Provide details of your absolute emissions targets and progress made against those targets.

Row 1

(7.53.1.1) Target reference number

Select from:

Abs 1

(7.53.1.2) Is this a science-based target?

Select from:

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

(7.53.1.4) Target ambition

Select from:

- 1.5°C aligned

(7.53.1.5) Date target was set

12/30/2023

(7.53.1.6) Target coverage

Select from:

- Organization-wide

(7.53.1.7) Greenhouse gases covered by target

Select all that apply

- Methane (CH4)
- Nitrous oxide (N2O)
- Carbon dioxide (CO2)
- Perfluorocarbons (PFCs)
- Hydrofluorocarbons (HFCs)
- Sulphur hexafluoride (SF6)
- Nitrogen trifluoride (NF3)

(7.53.1.8) Scopes

Select all that apply

- Scope 1
- Scope 2

(7.53.1.9) Scope 2 accounting method

Select from:

- Location-based

(7.53.1.11) End date of base year

12/30/2018

(7.53.1.12) Base year Scope 1 emissions covered by target (metric tons CO2e)

3546.69

(7.53.1.13) Base year Scope 2 emissions covered by target (metric tons CO2e)

7618.11

(7.53.1.31) Base year total Scope 3 emissions covered by target (metric tons CO2e)

0.000

(7.53.1.32) Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

11164.800

(7.53.1.33) Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

(7.53.1.34) Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

(7.53.1.53) Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

(7.53.1.54) End date of target

12/30/2030

(7.53.1.55) Targeted reduction from base year (%)

50.4

(7.53.1.56) Total emissions at end date of target covered by target in all selected Scopes (metric tons CO2e)

5537.741

(7.53.1.57) Scope 1 emissions in reporting year covered by target (metric tons CO2e)

4146.56

(7.53.1.58) Scope 2 emissions in reporting year covered by target (metric tons CO2e)

5898.48

(7.53.1.77) Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

10045.040

(7.53.1.78) Land-related emissions covered by target

Select from:

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

(7.53.1.79) % of target achieved relative to base year

19.90

(7.53.1.80) Target status in reporting year

Select from:

Underway

(7.53.1.82) Explain target coverage and identify any exclusions

The target covers Scope 1 and Scope 2 emissions based on the absolute contraction approach.

(7.53.1.83) Target objective

Albaraka Türk's 50.4% reduction target for Scope 1 and 2 emissions underscores its commitment to environmental sustainability and the goal of operating as a low-carbon business. This ambitious target aims to contribute to mitigating the global climate crisis and fostering a more sustainable future. It also demonstrates leadership in sustainability within the industry by improving environmental performance and staying ahead of evolving regulations and international standards.

(7.53.1.84) Plan for achieving target, and progress made to the end of the reporting year

Albaraka Türk has mid-term milestones. Our Abs1 emission reduction target includes a 50% reduction in both Scope 1 and 2 GHG emissions by 2030 against the 2018 baseline. Albaraka Türk's 2022 scope 1 and 2 emissions were 9,978.87 tCO₂-e, equivalent to a 19.90% emission reduction from the 2018 base year emissions, meaning we are reaching our target. Furthermore, Albaraka Türk signed the science-based targets letter for financial Institutions in 2020 and this target was also submitted to the SBTi Validation Team.

(7.53.1.85) Target derived using a sectoral decarbonization approach

Select from:

Yes

[Add row]

(7.53.2) Provide details of your emissions intensity targets and progress made against those targets.

Row 1

(7.53.2.1) Target reference number

Select from:

Int 1

(7.53.2.2) Is this a science-based target?

Select from:

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

(7.53.2.4) Target ambition

Select from:

- 1.5°C aligned

(7.53.2.5) Date target was set

12/30/2021

(7.53.2.6) Target coverage

Select from:

- Organization-wide

(7.53.2.7) Greenhouse gases covered by target

Select all that apply

- Carbon dioxide (CO2)
- Methane (CH4)
- Nitrous oxide (N2O)
- Hydrofluorocarbons (HFCs)

(7.53.2.8) Scopes

Select all that apply

- Scope 1
- Scope 2

(7.53.2.9) Scope 2 accounting method

Select from:

- Location-based

(7.53.2.11) Intensity metric

Select from:

Metric tons CO2e per unit FTE employee

(7.53.2.12) End date of base year

12/30/2018

(7.53.2.13) Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)

0.89

(7.53.2.14) Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)

1.91

(7.53.2.33) Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)

2.8000000000

(7.53.2.34) % of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

100

(7.53.2.35) % of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

100

(7.53.2.54) % of total base year emissions in all selected Scopes covered by this intensity figure

100

(7.53.2.55) End date of target

12/30/2030

(7.53.2.56) Targeted reduction from base year (%)

(7.53.2.57) Intensity figure at end date of target for all selected Scopes (metric tons CO2e per unit of activity)

1.8200000000

(7.53.2.58) % change anticipated in absolute Scope 1+2 emissions

0.7

(7.53.2.60) Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)

1.52

(7.53.2.61) Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)

2.17

(7.53.2.80) Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)

3.6900000000

(7.53.2.81) Land-related emissions covered by target

Select from:

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

(7.53.2.82) % of target achieved relative to base year

-90.82

(7.53.2.83) Target status in reporting year

Select from:

Underway

(7.53.2.85) Explain target coverage and identify any exclusions

Albaraka Türk's Int1 emission reduction target includes a 35% reduction in Scope 12 (location-based) emissions by 2030, compared to the 2018 base year. Albaraka Türk's Scope 1 and 2 emissions for 2023 were 10,045.04 tCO₂-e, which represents a 10.03% reduction compared to the 2018 base year emissions. The normalized base year emissions in 2018 were 2.8 metric tons CO₂e, while in 2023, this value increased to 3.69 metric tons CO₂e, reflecting a 31.79% increase in intensity. The primary reason for this increase is the 31.72% reduction in the workforce between 2018 and 2023.

(7.53.2.86) Target objective

The strategic goal of Albaraka Türk is to reduce its emission intensity by 35%. This target is aligned with the bank's overall sustainability strategy, aimed at minimizing its environmental impact and contributing to the global efforts to combat climate change. The purpose of this target is not only to enhance operational efficiency but also to comply with emerging regulatory requirements and reduce future costs associated with potential carbon pricing mechanisms or emission trading schemes. This aligns with Albaraka Türk's long-term vision of integrating sustainability into its core business operations while managing climate-related risks effectively.

(7.53.2.87) Plan for achieving target, and progress made to the end of the reporting year

Efficiency measures and carbon offsetting will be used.

(7.53.2.88) Target derived using a sectoral decarbonization approach

Select from:

Yes

[Add row]

(7.54) Did you have any other climate-related targets that were active in the reporting year?

Select all that apply

Targets to increase or maintain low-carbon energy consumption or production

(7.54.1) Provide details of your targets to increase or maintain low-carbon energy consumption or production.

Row 1

(7.54.1.1) Target reference number

Select from:

Low 1

(7.54.1.2) Date target was set

12/30/2023

(7.54.1.3) Target coverage

Select from:

Organization-wide

(7.54.1.4) Target type: energy carrier

Select from:

Electricity

(7.54.1.5) Target type: activity

Select from:

Consumption

(7.54.1.6) Target type: energy source

Select from:

Renewable energy source(s) only

(7.54.1.7) End date of base year

12/30/2018

(7.54.1.8) Consumption or production of selected energy carrier in base year (MWh)

15631

(7.54.1.9) % share of low-carbon or renewable energy in base year

0

(7.54.1.10) End date of target

12/30/2030

(7.54.1.11) % share of low-carbon or renewable energy at end date of target

100

(7.54.1.12) % share of low-carbon or renewable energy in reporting year

0

(7.54.1.13) % of target achieved relative to base year

0.00

(7.54.1.14) Target status in reporting year

Select from:

Underway

(7.54.1.16) Is this target part of an emissions target?

Target is to achieve 100 percent renewable electricity consumption in 2030. Albaraka Turk signed the science-based targets letter for financial Institutions in 2020 and this target was also submitted to the SBTi Validation Team.

(7.54.1.17) Is this target part of an overarching initiative?

Select all that apply

Science Based Targets initiative

(7.54.1.19) Explain target coverage and identify any exclusions

As per Science Based Target Initiative's policy, Albaraka Türk should achieve 100% percent renewable energy consumption by 2030.

(7.54.1.20) Target objective

The primary strategic objective of this target is to align with regulatory frameworks, such as emission trading schemes (ETS), and to reduce the costs of compliance with carbon pricing mechanisms. Additionally, this target supports the company's broader sustainability goals, contributing to the reduction of greenhouse gas emissions and enhancing resilience to climate change. This is also in line with global commitments to limit temperature rise, particularly following the guidelines of the Paris Agreement and the Science-Based Targets initiative (SBTi). The target aims to both minimize direct emissions and reduce reliance on fossil fuels through increasing energy efficiency and integrating more renewable energy sources.

(7.54.1.21) Plan for achieving target, and progress made to the end of the reporting year

To achieve this goal, Albaraka Türk has outlined a clear plan, which includes both direct and indirect reduction efforts, such as upgrading operations for greater energy efficiency and increasing investments in renewable energy projects. The company tracks progress through key milestones and metrics beyond just target achievement, ensuring that the strategy remains adaptable to emerging challenges. Progress is monitored regularly, and adjustments are made where necessary to ensure the target is met.

[Add row]

(7.55) 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.

Select from:

Yes

(7.55.1) 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	0	Numeric input
To be implemented	1	10045.04

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Implementation commenced	0	0
Implemented	2	825
Not to be implemented	0	<i>Numeric input</i>

[Fixed row]

(7.55.2) Provide details on the initiatives implemented in the reporting year in the table below.

Row 1

(7.55.2.1) Initiative category & Initiative type

Energy efficiency in buildings

Building Energy Management Systems (BEMS)

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

825

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

Scope 2 (location-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

Voluntary

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

2852308

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

1500000

(7.55.2.7) Payback period

Select from:

1-3 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:

11-15 years

(7.55.2.9) Comment

Energy efficiency activities such as covering the exterior of the Head Office building with window film, adjusting lighting systems and durations, stabilizing heat settings in thermostats, and regulating the operating hours of heating and cooling systems have resulted in a reduction of approximately 5.5% or 780 MWh in electricity consumption in 2023.

Row 2

(7.55.2.1) Initiative category & Initiative type

Waste reduction and material circularity

Waste reduction

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

10.45

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

Scope 3 category 1: Purchased goods & services

(7.55.2.4) Voluntary/Mandatory

Select from:

Voluntary

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

680000

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

1105000

(7.55.2.7) Payback period

Select from:

1-3 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:

11-15 years

(7.55.2.9) Comment

As part of the Zero Waste Project initiated by the Ministry of Environment, Urbanization, and Climate Change of the Republic of Turkey, the goals are to prevent waste, use resources more efficiently, reduce the amount of waste generated, and recover waste. The projects implemented by Albaraka Türk under the Zero Waste Project are as follows: Photocopiers were reprogrammed to prevent unnecessary printouts that were forgotten or sent again to the printer, and the duplex printing option was set as the default on devices. Waste paper was directed to authorized recycling facilities. In order to prevent batteries from being discarded into nature, batteries were separated and collected at the Head Office building. In this context, approximately 43 kg of waste batteries were separated in 2023 and delivered to TAP (Portable Battery Manufacturers) as the official waste collection authority. Cardboard boxes used in the transportation processes at the Head Office were reused

approximately 15 times, and cardboard boxes that reached the end of their economic life were sent to the recycling facilities of the municipalities. Periodic maintenance work was regularly carried out on vehicles, equipment, and fixtures, supporting their long-term use. Through its digital transformation process, Albaraka Türk also made significant paper savings in 2023, contributing to the Zero Waste Project."
[Add row]

(7.55.3) What methods do you use to drive investment in emissions reduction activities?

Row 1

(7.55.3.1) Method

Select from:

Dedicated budget for energy efficiency

(7.55.3.2) Comment

Our HQ is LEED certified so fulfilling the criteria for the new legislation has already been completed. The garden lighting system was restructured at the Head Office building to save electricity. The timing scheme of lighting sensors was revised to consume less electricity. Heating and cooling systems came to consume less electricity due to systemic changes in their operating systems.

Row 3

(7.55.3.1) Method

Select from:

Employee engagement

(7.55.3.2) Comment

In line with our objective of continuous development, we continued to invest in our human resources and, in 2022, Bank employees were given a total of 185.713 hours of training, 57,44 hours per person. Around 70% of this training was carried out in the digital environment. The digitalization efforts of Albaraka Türk enabled uninterrupted training activities during the pandemic. Employees were able to participate in the trainings remotely through live virtual classrooms. As a result, occupational health among the workforce was maintained at the maximum level. The training activities held digitally, promoted employee comfort, work-family balance and employee satisfaction.

Row 4

(7.55.3.1) Method

Select from:

- Dedicated budget for low-carbon product R&D

(7.55.3.2) Comment

The Bank acquired electric vehicles, whose exhaust emission is 70% less than that of gasoline and diesel vehicles. In car rentals, the Bank replaced gasoline vehicles with eco-friendly diesel vehicles, reducing exhaust emission by approximately 1,408 kg/year per vehicle. We also use Ecolabel certified chemical cleaning materials which are respectful to nature. Efforts were made to enrich the lawns at the Head Office with individual plants that consume less water. Selecting native types of flowers and trees in landscaping is prioritized. Guano is preferred instead of fertilizer to extend soil life. Instead of artificial fertilizers, organic fertilizers were used for the landscaping work at the Head Office building to improve the soil structure.

Row 5

(7.55.3.1) Method

Select from:

- Compliance with regulatory requirements/standards

(7.55.3.2) Comment

Albaraka Türk has developed all necessary steps to ensure compliance with current regulations, considering the investment needed for this. Albaraka Türk shapes its business activities in line with its vision of "Becoming the World's Best Participation Bank." The Bank conducts environmental sustainability activities according to ISO 14001 Environmental Management Systems. Albaraka Türk is aware that its products and services are in constant interaction with the environment. Therefore, the Bank strives to minimize the environmental impact of this interaction and contribute to the fight against climate change. Incorporating a sustainable approach in all aspects of its corporate culture, Albaraka Türk is a pioneer of environmental sustainability among participation banks. The Bank moves steadily forward to achieve its sustainability goals. Albaraka Türk conducts and participates in a wide range of sustainability initiatives, including the Borsa Istanbul (BIST) Sustainability Index, Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), and Zero Waste Project.

[Add row]

(7.79) Has your organization canceled any project-based carbon credits within the reporting year?

Select from:

Yes

(7.79.1) Provide details of the project-based carbon credits canceled by your organization in the reporting year.

Row 1

(7.79.1.1) Project type

Select from:

Hydro

(7.79.1.2) Type of mitigation activity

Select from:

Emissions reduction

(7.79.1.3) Project description

Renewable Energy Guarantees of Origin System & Organized YEK-G Market

(7.79.1.4) Credits canceled by your organization from this project in the reporting year (metric tons CO2e)

5898.48

(7.79.1.5) Purpose of cancelation

Select from:

Voluntary offsetting

(7.79.1.6) Are you able to report the vintage of the credits at cancelation?

Select from:

Yes

(7.79.1.7) Vintage of credits at cancelation

(7.79.1.8) Were these credits issued to or purchased by your organization?

Select from:

- Purchased

(7.79.1.9) Carbon-crediting program by which the credits were issued

Select from:

- Other regulatory carbon crediting program, please specify :YEK-G

(7.79.1.10) Method the program uses to assess additionality for this project

Select all that apply

- Not assessed

(7.79.1.11) Approaches by which the selected program requires this project to address reversal risk

Select all that apply

- No requirements

(7.79.1.12) Potential sources of leakage the selected program requires this project to have assessed

Select all that apply

- Not assessed

(7.79.1.13) Provide details of other issues the selected program requires projects to address

YEK-G System is designed to follow all processes of the electricity produced from producer to consumer by utilizing blockchain technology with the own resources of EPIAŞ (the institution that operates Turkey's energy markets) in order to popularize the use of renewable energy sources, protect the environment and make renewable energy accessible to everyone from sectors and organizations with high electricity consumption to individual users.

(7.79.1.14) Please explain

Our company has placed the transition to renewable energy sources at the center of our strategy in line with our commitment to a sustainable future. We invest in renewable energy for important reasons such as contributing to the fight against climate change, reducing our environmental footprint and reducing our energy costs in the long term. By taking concrete steps such as YEK-G, we increase our use of renewable energy and demonstrate sustainability leadership in our sector.
[Add row]

C12. Environmental performance - Financial Services

(12.1) Does your organization measure the impact of your portfolio on the environment?

Banking (Bank)

(12.1.1) We measure the impact of our portfolio on the climate

Select from:

No, but we plan to do so in the next two years

(12.1.3) Primary reason for not measuring portfolio impact on climate

Select from:

Lack of tools or methodologies available

(12.1.4) Explain why your organization does not measure its portfolio impact on climate

A quantified model based on SBTI process and ESG building, we will quantify the impact of our portfolio. Using sustainability software called Sustable, we will calculate our portfolio emissions in line with the PCAF methodology in the coming years.

[Fixed row]

(12.3) State the values of your financing and insurance of fossil fuel assets in the reporting year.

Lending to all fossil fuel assets

(12.3.1) Reporting values of the financing and/or insurance of fossil fuel assets

Select from:

No, but we plan to report our portfolio's exposure to fossil fuel in the next two years

(12.3.7) Primary reason for not providing values of the financing and/or insurance to fossil fuel assets

Select from:

- Other, please specify :We are currently working on the calculations.

(12.3.8) Please explain why you are not providing values of the financing and/or insurance to fossil fuel assets

Albaraka Türk has not yet conducted an assessment of the financing or insurance of fossil fuel assets, as this area is not currently a part of the Bank's portfolio. However, within the next two years, plans are in place to evaluate exposure to fossil fuel assets. This evaluation will be conducted as part of the Bank's broader strategy to integrate sustainability and climate risk management into its operations. At present, no values are provided for fossil fuel asset financing or insurance, as these activities have not yet been undertaken.

Lending to thermal coal

(12.3.1) Reporting values of the financing and/or insurance of fossil fuel assets

Select from:

- No, but we plan to report our portfolio's exposure to fossil fuel in the next two years

(12.3.7) Primary reason for not providing values of the financing and/or insurance to fossil fuel assets

Select from:

- Other, please specify :We are currently working on the calculations.

(12.3.8) Please explain why you are not providing values of the financing and/or insurance to fossil fuel assets

Albaraka Türk has not yet conducted an assessment of the financing or insurance of fossil fuel assets, as this area is not currently a part of the Bank's portfolio. However, within the next two years, plans are in place to evaluate exposure to fossil fuel assets. This evaluation will be conducted as part of the Bank's broader strategy to integrate sustainability and climate risk management into its operations. At present, no values are provided for fossil fuel asset financing or insurance, as these activities have not yet been undertaken.

Lending to met coal

(12.3.1) Reporting values of the financing and/or insurance of fossil fuel assets

Select from:

- No, but we plan to report our portfolio's exposure to fossil fuel in the next two years

(12.3.7) Primary reason for not providing values of the financing and/or insurance to fossil fuel assets

Select from:

- Other, please specify :We are currently working on the calculations.

(12.3.8) Please explain why you are not providing values of the financing and/or insurance to fossil fuel assets

Albaraka Türk has not yet conducted an assessment of the financing or insurance of fossil fuel assets, as this area is not currently a part of the Bank's portfolio. However, within the next two years, plans are in place to evaluate exposure to fossil fuel assets. This evaluation will be conducted as part of the Bank's broader strategy to integrate sustainability and climate risk management into its operations. At present, no values are provided for fossil fuel asset financing or insurance, as these activities have not yet been undertaken.

Lending to oil

(12.3.1) Reporting values of the financing and/or insurance of fossil fuel assets

Select from:

- No, but we plan to report our portfolio's exposure to fossil fuel in the next two years

(12.3.7) Primary reason for not providing values of the financing and/or insurance to fossil fuel assets

Select from:

- Other, please specify :We are currently working on the calculations.

(12.3.8) Please explain why you are not providing values of the financing and/or insurance to fossil fuel assets

Albaraka Türk has not yet conducted an assessment of the financing or insurance of fossil fuel assets, as this area is not currently a part of the Bank's portfolio. However, within the next two years, plans are in place to evaluate exposure to fossil fuel assets. This evaluation will be conducted as part of the Bank's broader strategy to integrate sustainability and climate risk management into its operations. At present, no values are provided for fossil fuel asset financing or insurance, as these activities have not yet been undertaken..

Lending to gas

(12.3.1) Reporting values of the financing and/or insurance of fossil fuel assets

Select from:

No, but we plan to report our portfolio's exposure to fossil fuel in the next two years

(12.3.7) Primary reason for not providing values of the financing and/or insurance to fossil fuel assets

Select from:

Other, please specify :We are currently working on the calculations.

(12.3.8) Please explain why you are not providing values of the financing and/or insurance to fossil fuel assets

Albaraka Türk has not yet conducted an assessment of the financing or insurance of fossil fuel assets, as this area is not currently a part of the Bank's portfolio. However, within the next two years, plans are in place to evaluate exposure to fossil fuel assets. This evaluation will be conducted as part of the Bank's broader strategy to integrate sustainability and climate risk management into its operations. At present, no values are provided for fossil fuel asset financing or insurance, as these activities have not yet been undertaken.

[Fixed row]

(12.5) In the reporting year, did your organization finance and/or insure activities or sectors that are aligned with, or eligible under, a sustainable finance taxonomy? If so, are you able to report the values of that financing and/or underwriting?

Banking (Bank)

(12.5.1) Reporting values of the financing and/or insurance of activities or sectors that are eligible under or aligned with a sustainable finance taxonomy

Select from:

No, but we plan to report in the next two years

(12.5.35) Primary reason for not providing values of the financing and/or insurance

Select from:

No standardized procedure

(12.5.36) Explain why you are not providing values of the financing and/or insurance

Albaraka Türk did not finance or insure activities or sectors aligned with a sustainable finance taxonomy during the reporting year. Implementation of such practices is planned within the next two years; therefore, financing or insurance values for these activities have not been provided. Various taxonomies and frameworks are being explored to ensure future alignment with sustainable finance standards.

[Fixed row]

(12.6) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of environmental issues?

	Existing products and services enable clients to mitigate and/or adapt to the effects of environmental issues
	Select from: <input checked="" type="checkbox"/> Yes

[Fixed row]

(12.6.1) Provide details of your existing products and services that enable clients to mitigate and/or adapt to the effects of environmental issues, including any taxonomy or methodology used to classify the products and services.

Row 1

(12.6.1.1) Environmental issue

Select all that apply

Climate change

(12.6.1.2) Product/service enables clients to mitigate and/or adapt to climate change

Select all that apply

Mitigation

(12.6.1.3) Portfolio

Select from:

- Banking (Bank)

(12.6.1.4) Asset class

Select from:

- Project finance

(12.6.1.5) Type of product classification

Select all that apply

- Products that have sustainable investment as their core objective

(12.6.1.6) Taxonomy or methodology used to identify product characteristics

Select all that apply

- Low-carbon Investment (LCI) Registry Taxonomy

(12.6.1.7) Type of solution financed, invested in or insured

Select all that apply

- Green buildings and equipment
- Renewable energy
- Other, please specify :Sustainable Agriculture

(12.6.1.8) Description of product/service

A sector standout with its robust capital structure, digital transformation investments and innovative subsidiaries, Albaraka Türk consistently adds value to its stakeholders. Driven by the widespread service network and innovative product portfolio of ABG as well as its solid financial structure, Albaraka Türk operates in line with ABG Objectives (2021-2025). ABG's focus areas in sustainability and corporate social responsibility activities: •Financing for Sustainability/ Renewable Energy Projects: USD 24 million • Financing for Public and Private Health: USD 42 million

(12.6.1.9) % of portfolio aligned with a taxonomy or methodology in relation to total portfolio value

(12.6.1.11) Product considers principal adverse impacts on environmental factors

Select from:

Yes

(12.6.1.12) Details on how the principal adverse impacts on environmental factors are considered in this product

Albaraka Türk carefully considers environmental impacts when investing in green buildings, renewable energy, and sustainable agricultural technologies. For green buildings and equipment, the bank evaluates energy efficiency, carbon footprint, and resource conservation to minimize negative environmental effects. In renewable energy projects, Albaraka Türk prioritizes technologies that reduce greenhouse gas emissions and increase the use of sustainable energy sources such as solar and wind power. Regarding sustainable agricultural technologies, the bank focuses on practices that minimize chemical usage and carbon emissions while supporting soil health, water conservation, and biodiversity. By integrating these considerations into its investment strategy, Albaraka Türk aims to support environmentally responsible projects that contribute positively to sustainability and reduce adverse ecological impacts. Additionally, the bank is planning initiatives focused on the Green Asset Ratio published by the Banking Regulation and Supervision Agency (BDDK).

Row 2

(12.6.1.1) Environmental issue

Select all that apply

Water

(12.6.1.3) Portfolio

Select from:

Banking (Bank)

(12.6.1.4) Asset class

Select from:

Loans

(12.6.1.5) Type of product classification

Select all that apply

- Products that have sustainable investment as their core objective

(12.6.1.6) Taxonomy or methodology used to identify product characteristics

Select all that apply

- Externally classified using other taxonomy or methodology, please specify

(12.6.1.7) Type of solution financed, invested in or insured

Select all that apply

- Wastewater treatment infrastructure
- Water resources and ecosystem protection
- Water supply and sewer networks infrastructure
- Water treatment infrastructure

(12.6.1.8) Description of product/service

A national green taxonomy is being established. Then, Albaraka Türk will have internal taxonomy to assess project's ability to mitigate water insecurity.

(12.6.1.11) Product considers principal adverse impacts on environmental factors

Select from:

- Yes

(12.6.1.12) Details on how the principal adverse impacts on environmental factors are considered in this product

Albaraka Türk has already focused its efforts on the Green Asset Ratio, a mandatory requirement by the Banking Regulation and Supervision Agency (BDDK), in relation to the water-related environmental issue, and is managing its initiatives accordingly.

[Add row]

(12.7) Has your organization set targets for deforestation and conversion-free and/or water-secure lending, investing and/or insuring?

	Target set	Explain why your organization has not set targets for deforestation- and conversion-free and/or water-secure lending, investing and/or insuring
Water	Select from: <input checked="" type="checkbox"/> No, we have not set such targets, but we plan to within the next two years	<i>Albaraka Türk does not currently possess the capability to assess this matter.</i>

[Fixed row]

C13. Further information & sign off

(13.1) Indicate if any environmental information included in your CDP response (not already reported in 7.9.1/2/3, 8.9.1/2/3/4, and 9.3.2) is verified and/or assured by a third party?

	Other environmental information included in your CDP response is verified and/or assured by a third party
	Select from: <input checked="" type="checkbox"/> Yes

[Fixed row]

(13.1.1) Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?

Row 1

(13.1.1.1) Environmental issue for which data has been verified and/or assured

Select all that apply

- Climate change
- Water

(13.1.1.2) Disclosure module and data verified and/or assured

Environmental performance – Water security

- Water consumption– total volume
- Water discharges– total volumes

(13.1.1.3) Verification/assurance standard

General standards

ISAE 3000

(13.1.1.4) Further details of the third-party verification/assurance process

Water consumption and water discharge is verified by the third-party auditor. Please find attached the Integrated Annual Report for the verification statement (p204). Limited assurance per ISAE 3000.

(13.1.1.5) Attach verification/assurance evidence/report (optional)

Albaraka Türk PWC Verification.pdf

[Add row]

(13.2) 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.

(13.2.1) Additional information

For more information, please visit Sustainability Web Site for ALBARAKA TURK <https://www.albaraka.com.tr/en/about-us/sustainability> For more information, please see the 2023 Integrated Annual Report of Albaraka Bank <https://www.albaraka.com.tr/documents/hakkimizda/surdurulebilirlik/pdf/2023-annual-report.pdf> You can find attached the Albaraka Turk 's verification statement by the third party auditor company. [ALBARAKA TURK 2023 CDP GHG Ver. Statement.pdf](#) [Albaraka Turk_Verification Statement.pdf](#) You can find attached the Albaraka Turk Bank's verification statement by the third-party auditor company. [Albaraka Turk_Limited Assurance Opinion 2023.pdf](#)

(13.2.2) Attachment (optional)

ALBARAKA TURK 2023 CDP GHG Ver. Statement.pdf

[Fixed row]

(13.3) Provide the following information for the person that has signed off (approved) your CDP response.

(13.3.1) Job title

Investor Relations and Sustainability Manager

(13.3.2) Corresponding job category

Select from:

Business unit manager

[Fixed row]

(13.4) Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

Select from:

No



Sınırlı Güvence Raporu Albaraka Türk Katılım Bankası Anonim Şirketi Yönetim Kurulu'na

Albaraka Türk Katılım Bankası Anonim Şirketi ("Albaraka Türk" veya "Banka") tarafından 31 Aralık 2023 tarihinde sona eren yıl itibariyle hazırlanan Albaraka Türk 2023 Entegre Faaliyet Raporu'nda ("2023 Entegre Faaliyet Raporu") yer alan ve aşağıda listelenmiş Seçilmiş Sürdürülebilirlik Bilgileri ("Seçilmiş Bilgiler") üzerinde sınırlı güvence çalışması yürütmek üzere görevlendirilmiş bulunuyoruz.

Seçilmiş Bilgiler

Sınırlı güvence çalışmamıza konu olan ve 2023 Entegre Faaliyet Raporu'nun 193. sayfasında bulunan ve "✓" ile işaretlenmiş göstergelerin kapsamı 31 Aralık 2023 tarihinde sona eren yıl itibariyle aşağıdaki gibidir:

Çevresel Göstergeler

- Yakıt Tipine ve Kullanım Amacına Göre Yakıt Tüketim Miktarları
 - Doğalgaz Tüketimi (m3)
 - Elektrik Tüketimi (kWh)
 - Motorin Tüketimi (Lt)
 - Benzin Tüketimi (Lt)
 - Soğutucu Gazlar Kullanımı (kg)
- Ulaşım Kaynaklı Göstergeler
 - İş İçin Yapılan Uçak Seyahatlerinin Toplam Yıllık Kilometre Mesafesi (km)
- Sera Gazı Emisyon Göstergeleri
 - Kapsam 1 Sera Gazı Emisyonları (ton CO₂e)
 - Kapsam 2 Sera Gazı Emisyonları (Lokasyon bazlı) (ton CO₂e)
 - Kapsam 2 Sera Gazı Emisyonları (Pazar bazlı) (ton CO₂e)
 - Kapsam 3 Sera Gazı Emisyonları (ton CO₂e)
 - Kapsam (1, 2 & 3) (ton CO₂e)
 - Sera Gazı Emisyon Yoğunluğu (Yıllık ton CO₂e/Milyon TL Toplam Aktifler)
- Atık Göstergeleri
 - Elektronik Atık (kg)
 - Kâğıt (kg)
 - Atık Yağlar (kg)
 - Atık Yoğunluğu (Toplam atık miktarı/Milyon TL)
 - Çevre Kanunu ve Düzenlemelerine Uyulmaması Nedeniyle Alınan Cezaların Parasal Değeri (TL)
- Su Kullanımı Göstergeleri
 - Kaynak Bazında Toplam Yıllık Su Tüketimi (m3)
 - Kaynak Bazında Deşarj Edilen Su Miktarı (m3)
 - Su Yoğunluğu (Toplam su tüketimi/Milyon TL)



Sosyal Göstergeler

- İş Sağlığı ve Güvenliği Göstergeleri
 - Kaza Sayısı (#)
 - Ölümlü Vaka Sayısı (#)
 - Meslek Hastalığı Sayısı (#)
 - Kayıp İş Günü Sayısı (#)
- İnsan Kıymetleri Başlıca Göstergeleri
 - Kadın Çalışan Sayısı (#)
 - Üst Düzey, Orta Düzey ve Giriş Seviyesindeki Kadın Yönetici Sayısı (#)
 - STEM Rollerinde Kadın Çalışan Oranı (%)
 - Gelir Getirici Rollerde Kadın Yönetici Oranı (%)
 - Doğum İznine Ayrılan Çalışan Sayısı (#)
 - Doğum İzni Sonrası İşe Dönen Çalışan Oranı (%)
 - Babalık İznine Ayrılan Çalışan Sayısı (#)
 - İşe Alınan Çalışan Sayısı (#)
 - Çalışan Devir Oranı (%)
 - Gönüllü Çalışan Devir Oranı (%)
 - Kadın Çalışanlara Verilen Toplam Eğitim Saati (saat)
 - Toplam Eğitim Saati (saat)
 - Yaşa Göre Eğitim Saati (saat)
 - Kişi Başı Eğitim Saati (saat)

Ekonomik Göstergeler

- Sürdürülebilir İş Modeli Göstergeleri
 - 2023 Yıl Sonu İtibariyle Finanse Edilen Yenilebilir Enerji Projelerinin Kurulu Gücü (MW)
 - 2023 Yıl Sonu İtibariyle Tür Bazında Finanse Edilen Yenilebilir Enerji Projelerinin Adedi (#)
- Sosyal Etki Göstergeleri
 - 2023 Yılında Gerçekleştirilen Toplumsal Yatırımlar Genel Toplamı (TL)
 - Eğitim Alanında Gerçekleştirilen Finansman Tutarı (TL)
 - Sağlık Alanında Gerçekleştirilen Finansman Tutarı (TL)
 - Yenilenebilir Enerji Alanında Gerçekleştirilen Finansman Tutarı (TL)

Güvence raporumuz yalnızca 2023 Entegre Faaliyet Raporu'nda "✓" ile işaretlenmiş Seçilmiş Bilgiler için düzenlenmiş olup, önceki dönemlere ya da 2023 Entegre Faaliyet Raporu'nda "✓" ile işaretlenmiş Seçilmiş Bilgiler dışında yer alan diğer bilgilere dayalı herhangi bir işlem uygulanmamış ve bu nedenle herhangi bir sonuç bildirilmemiştir.



Ölçüt

Banka Seçilmiş Bilgiler’i hazırlarken 2023 Entegre Faaliyet Raporu’nun 194., 195., 196., 197., 198., 199., 200., 201., 202. ve 203. sayfalarında bulunan Albaraka Türk 2023 Entegre Faaliyet Raporu- Raporlama Kılavuzu (“Raporlama Kılavuzu”) bölümündeki prensipleri kullanmıştır.

Banka’nın Sorumlulukları

Banka, 2023 Entegre Faaliyet Raporu’nun içeriğinden ve Seçilmiş Bilgiler’in Raporlama Kılavuzu’na uygun olarak hazırlanmasından sorumludur. Banka, Seçilmiş Bilgiler’in hazırlanmasında kullanılan bilgilerin suistimal veya hatadan kaynaklanan hiçbir maddi yanlış beyan içermemesini sağlayacak şekilde iç kontrollerin tasarlanması, uygulanması ve sürdürülmesinden de sorumludur.

Sınırlamalar

Konunun özellikleri ve bu tarz bilgileri belirlemede kullanılan metotlar düşünüldüğünde, finansal olmayan bilgiler finansal bilgilerden daha fazla doğal sınırlamalara tabidir. Bir kurum tarafından ortaya koyulmuş uygulamaların olmaması nedeniyle önemli düzeyde farklı ölçümlerin yapılması ve karşılaştırılabilirliği etkileyebilecek şekilde farklı, fakat kabul edilebilir ölçüm tekniklerinin seçilmesi söz konusu olabilir. Farklı ölçüm tekniklerinin hassaslığı da değişkenlik gösterebilir. Bunun dışında, söz konusu bilgilerin mahiyeti ve bunların tespitinde kullanılan yöntemler, aynı zamanda ölçüm kriterleri ile bunların hassasiyeti zaman içinde farklılık gösterebilmektedir. Bu nedenle, Seçilmiş Bilgiler’in Raporlama Kılavuzu çerçevesinde okunması ve incelenmesi önem arz etmektedir.

Diğer hususların yanı sıra, özellikle enerji kaynağı yakıtların tüketimlerinde MWh birimine dönüşüm faktörleri ve karbon emisyonu ile ilgili hesaplamalar konusunda, Raporlama Kılavuzu bölümünde belirtildiği gibi Banka içinde elde edilen bilgilere ve faktörlere ve/veya bağımsız üçüncü şahıslarca sağlanan bilgilere ve faktörlere bağlıdır. Bu farklı faktörler ve üçüncü taraflarca sağlanan bilgiler çalışmamız kapsamına alınmamıştır.

Bağımsızlık ve Kalite Yönetim

Muhasebe Meslek Mensupları için Uluslararası Etik Standartları Kurulu (“IESBA”) tarafından yayımlanan; dürüstlük, tarafsızlık, profesyonel yetkinlik ve gerekli özen gösterilmesi, gizlilik ve profesyonel davranış temel ilkelerini belirleyen IESBA Profesyonel Muhasebeciler için Etik Kurallar’ın bağımsızlık ve diğer etik gerekliliklerine uyum göstermekteyiz.

Kalite Yönetime ilişkin Uluslararası Standart 1’i uygulamakta ve bu doğrultuda ilişkili etik ve profesyonel standartlar ve kanun veya yönetmelik gerekliliklerine uygun belgelendirilmiş politikalar ve süreçleri içeren bir kalite yönetim sistemi muhafaza etmekteyiz.



Bağımsız Denetçinin Sorumlulukları

Sorumluluğumuz, gerçekleştirdiğimiz sınırlı güvence çalışmasına dayanarak Seçilmiş Bilgiler'in, tüm önemli yönleriyle, Raporlama Kılavuzu'na uygun hazırlanmadığı kanaatine varmamıza sebep olacak herhangi bir hususun dikkatimizi çekip çekmediğine ilişkin bir sınırlı güvence bildirmektir. Sınırlı güvence çalışmamız, Uluslararası Denetim ve Güvence Standartları Kurulu tarafından çıkarılmış Uluslararası Güvence Denetimleri Standardı 3000- "Tarihi Finansal Bilgilerin Bağımsız Denetimi veya Sınırlı Bağımsız Denetimi Dışındaki Diğer Güvence Denetimleri Standardı"na ("ISAE 3000" Revize) ve Uluslararası Güvence Denetimi Standardı 3410- "Sera Gazı Beyanlarına İlişkin Güvence Denetimleri Standardı"na ("ISAE 3410") uygun olarak gerçekleştirilmiştir.

ISAE 3000 (Revize) ve ISAE 3410 standartlarına uygun olarak yürütmüş olduğumuz sınırlı güvencenin kapsamı, makul güvencenin kapsamına kıyasla önemli ölçüde dardır. Bir sınırlı güvence çalışmasında yeterli ve uygun denetim kanıtlarının toplanması kapsamında gerçekleştirilen prosedürlerin niteliği, zamanlaması ve kapsamı makul güvence çalışmalarına oranla çok daha dardır.

Yürütmüş olduğumuz prosedürler profesyonel yargımıza dayanmakta ve araştırmalar, görüşmeler, gerçekleştirilen süreçlerin gözlenmesi, belgelerin incelenmesi, analitik prosedürler, ölçüm yöntemlerinin uygunluğunun ve raporlama politikalarının değerlendirilmesi ve altta yatan kayıtların üzerinde mutabakata varılmasından oluşmaktadır.

Yürütmüş olduğumuz sınırlı güvence prosedürleri şunları içermektedir:

- Banka yönetimi ve ilgili Seçilmiş Bilgiler'den sorumlu kişiler ile görüşmelerde bulunulmuştur;
- Seçilmiş Bilgiler'in toplanması ve raporlanmasına ilişkin süreç anlaşılmıştır. Bu prosedür Seçilmiş Bilgileri yönetmek ve raporlamak için önemli süreç ve kontrollerin değerlendirilmesini içermektedir;
- Seçilmiş Bilgiler'in hazırlanması için kullanılan kaynak veriler değerlendirilmiştir ve seçilen belirli hesaplama örnekleri yeniden yapılmıştır;
- Banka tarafından hazırlanan Seçilmiş Bilgiler'in derlenmesi ve hazırlanması için örnekleme bazında sınırlı testler gerçekleştirilmiştir;
- Raporlanan veriler üzerinden analitik prosedürler uygulanmıştır.



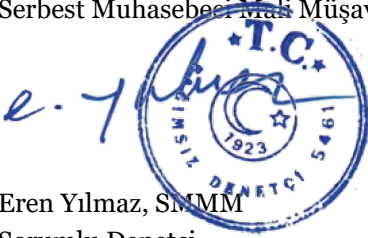
Sınırlı Güvence Sonucu

Prosedürlerimizin ve elde ettiğimiz kanıtların sonucunda, Banka'nın 2023 Entegre Faaliyet Raporu'nda yer alan 31 Aralık 2023 tarihinde sona eren yıl itibariyle Seçilmiş Bilgiler'in, tüm önemli yönleriyle, Raporlama Kılavuzu'na uygun hazırlanmadığına ilişkin herhangi bir hususa rastlanmamıştır.

Kullanım Kısıtlaması

Bu rapor, sonucu da dahil olmak üzere, Banka'nın sürdürülebilirlik performansı ve faaliyetlerinin raporlamasına yardımcı olmak amacıyla Albaraka Türk Katılım Bankası Anonim Şirketi Yönetim Kurulu için hazırlanmıştır. Albaraka Türk Katılım Bankası Anonim Şirketi Yönetim Kurulu'nun Seçilmiş Bilgiler ile ilgili bir bağımsız sınırlı güvence raporu hazırlatarak konuyla ilgili sorumluluklarını yerine getirdiğini gösterebilmesini sağlamak için bu raporun 31 Aralık 2023 tarihinde sona eren yıl için hazırlanan 2023 Entegre Faaliyet Raporu içinde yer almasına müsaade etmekteyiz. Kanunların izin verdiği ölçüde ve koşulları önceden yazılı onayımız ile açıkça mutabık kalınmış durumlar haricinde, yürütmüş olduğumuz çalışma veya raporumuzla ilgili olarak Albaraka Türk Katılım Bankası Anonim Şirketi Yönetim Kurulu ve Albaraka Türk Katılım Bankası Anonim Şirketi haricinde hiçbir kişi veya kuruma karşı sorumluluk kabul etmemekteyiz.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

e. y. 

Eren Yılmaz, SMMM
Sorumlu Denetçi

İstanbul, 6 Mart 2024