ALBARAKA TÜRK KATILIM BANKASI A.Ş.

2025 CDP Corporate Questionnaire 2025

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.
Read full terms of disclosure

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10/16/2025, 11:01 am

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 is implemented through roadmaps created in specific areas to ensure the effective execution of its activities and the management of the risks associated with these activities. In this context, Albaraka Türk, by taking into account both national and international compliance, 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 objectives and develops its business model within the scope of the Environmental, Social, and Governance (ESG) framework. Furthermore, Albaraka Türk shapes its operations in line with its 2053 Net Zero Emission target, demonstrating its strong commitment to a sustainable future.
[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

12/30/2024

(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:

☑ Not providing past emissions data for Scope 3

[Fixed row]

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

18403599000

(1.5) Provide details on your reporting boundary.

(1.5.1) Is your reporting boundary for your CDP disclosure the same as that used in your financial statements?

Select from:

☑ No

(1.5.2) How does your reporting boundary differ to that used in your financial statement?

The reporting has not been prepared on a consolidated basis. While the consolidated financial statements of Albaraka Türk include subsidiaries and affiliates, the CDP disclosure boundary covers only the parent company. However, the emission data related to subsidiaries and affiliates have been reported separately under Module 7.
[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?

310547961000

(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

138242379380

(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

☑ Manufacturing

☑ Infrastructure

☑ Power generation

☑ International bodies

☑ Hospitality
☑ Food, beverage & agriculture
☑ Biotech, health care & pharma
☑ 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:
☑ Yes, we have mapped or are currently in the process of mapping our value chain

(1.24.2) Value chain stages covered in mapping

Select all that apply

☑ Upstream value chain

☑ Portfolio

(1.24.3) Highest supplier tier mapped

Select from:

☑ Tier 1 suppliers

(1.24.4) Highest supplier tier known but not mapped

Select from:

☑ All supplier tiers known have been mapped

(1.24.5) Portfolios covered in mapping

Select all that apply

☑ Banking (Bank)

(1.24.7) Description of mapping process and coverage

Our value chain mapping has been conducted comprehensively, covering both upstream and downstream segments, alongside an in-depth analysis of our own operations. This process was carried out through a collaborative effort among our Strategy, Research and Performance Management Department, Business Excellence and Innovation Department, and Investor Relations and Sustainability Department. All relevant processes, resources, and data within the organization were thoroughly reviewed and evaluated to ensure a holistic understanding. In addition to mapping our internal operations, we have also assessed data related to our portfolio. We have initiated ESG assessments specifically for carbon-intensive sectors exceeding certain credit exposure thresholds, enabling us to better understand and manage the environmental and social aspects associated with our lending activities. Furthermore, we have conducted a heat map analysis of the companies within our portfolio to evaluate the extent to which these companies might be exposed to physical and transition risks. This analysis supports our strategic decision-making by identifying areas where our portfolio may be most vulnerable to climate-related impacts. Overall, our mapping process combines qualitative and quantitative approaches to provide full visibility into our key value chain components and to inform our risk management and sustainability strategies.
[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?

(1.24.1.1) Plastics mapping

Select from:

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

(1.24.1.5) Primary reason for not mapping plastics in your value chain

Select from:

☑ Not an immediate strategic priority

(1.24.1.6) Explain why your organization has not mapped plastics in your value chain

At this stage, mapping plastics across our value chain is not an immediate strategic policy for our organization. However, we fully operate under Türkiye's Zero Waste Regulation, which mandates 100% compliance. In this context, all waste streams generated within our Headquarters building—including plastics—are managed in line with regulatory requirements, and we have obtained a Zero Waste Certificate covering all types of waste. While we have not yet undertaken a comprehensive value chain mapping specifically for plastics, our organization ensures that all waste, including plastics, is meticulously tracked and managed in accordance with national legislation.
[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)

1

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

The Bank defines the short-term as a period of up to 1 year. During this period, progress toward strategic goals is monitored monthly, and steps to enhance operational efficiency and agility are prioritized to adapt to short-term market developments.

Medium-term

(2.1.1) From (years)

1

(2.1.3) To (years)

5

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

The medium-term covers a period of 1 to 5 years. During this timeframe, strategic action plans are developed and implemented to ensure compliance with national and international climate change and sustainability regulations. Within this framework, the Bank takes concrete steps to integrate Environmental, Social, and Governance (ESG) criteria into its business strategies.

Long-term

(2.1.1) From (years)

5

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

Select from:

☑ Yes

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

The Bank defines the long-term as a period of 5 years or more. The primary objective during this period is to minimize climate and sustainability risks, with the goal of achieving a portfolio structure aligned with net-zero emissions. In this context, opportunities contributing to the transition to a low-carbon economy are evaluated. [Fixed row]

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

	Process in place	Dependencies and/or impacts evaluated in this process
	Select from: ☑ Yes	*Select from:* ☑ Both dependencies and impacts

[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	Is this process informed by the dependencies and/or impacts process?
	Select from: ☑ Yes	*Select from:* ☑ Both risks and opportunities	*Select from:* ☑ Yes

[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

☑ Climate change

☑ 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

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(2.2.2.3) Value chain stages covered

Select all that apply

☑ Direct operations

☑ Upstream value chain

(2.2.2.4) Coverage

Select from:

☑ Full

(2.2.2.5) Supplier tiers covered

Select all that apply

☑ Tier 1 suppliers

(2.2.2.7) Type of assessment

Select from:

☑ Qualitative and quantitative

(2.2.2.8) Frequency of assessment

Select from:

☑ Annually

(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

☑ Sub-national

☑ National

(2.2.2.12) Tools and methods used

Commercially/publicly available tools

☑ WRI Aqueduct

Enterprise Risk Management

☑ Enterprise Risk Management

☑ Internal company methods

☑ Risk models

International methodologies and standards

☑ IPCC Climate Change Projections

☑ ISO 14001 Environmental Management Standard

☑ ISO 14046 Environmental Management – Water Footprint

Databases

☑ Nation-specific databases, tools, or standards

Other

☑ External consultants

☑ Internal company methods

☑ Scenario analysis

(2.2.2.13) Risk types and criteria considered

Acute physical

☑ Drought

☑ Flood (coastal, fluvial, pluvial, ground water)

☑ Heavy precipitation (rain, hail, snow/ice)

Chronic physical

☑ Changing temperature (air, freshwater, marine water)

☑ Increased severity of extreme weather events

Policy

☑ Carbon pricing mechanisms

☑ Changes to international law and bilateral agreements

☑ Changes to national legislation

Market

☑ Changing customer behavior

☑ Inability to attract co-financiers and/or investors due to uncertain risks related to the environment

Reputation

☑ Increased partner and stakeholder concern and partner and stakeholder negative feedback

☑ Negative press coverage related to support of projects or activities with negative impacts on the environment (e.g. GHG emissions, deforestation & conversion, water stress)

Technology

☑ Transition to lower emissions technology and products

Liability

☑ Exposure to litigation

☑ Non-compliance with regulations

(2.2.2.14) Partners and stakeholders considered

Select all that apply

☑ Customers
☑ Employees
☑ Investors
☑ Suppliers
☑ Regulators
☑ Local communities
☑ Water utilities at a local level

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

Select from:
☑ Yes

(2.2.2.16) Further details of process

As Albaraka Türk, we adopt a comprehensive and integrated approach to identifying, assessing, and managing environmental dependencies, impacts, risks, and opportunities in line with TSRS standards and internationally recognized frameworks(also known as IFRS). Dependencies arising from natural resource use, climate change, and environmental regulations, and their impacts on our operations and customer portfolio, are considered key determinants of financial risks and opportunities. These factors are analyzed in terms of credit repayment capacity, and funding costs, while also guiding our evaluation of opportunities such as sustainable finance and the development of green products. The process covers all operational locations, including domestic and international branches, subsidiaries, and the upstream and downstream value chain. In particular, client portfolios in carbon-intensive sectors are regularly screened for climate-related risks. The assessment incorporates both primary data from our own operations (energy use, emissions, water consumption) and external datasets such as NGFS, IEA, IPCC, and the EU Carbon Border Adjustment Mechanism. Risks are evaluated using a 5x5 risk matrix, financial materiality thresholds (set at 5% of pre-tax profit), stress testing, and scenario analysis to determine their significance. The monitoring of risks and opportunities is carried out by the Audit Committee at intervals determined by the Committee itself. The Corporate Governance and Sustainability Committee, on the other hand, convenes to oversee general sustainability matters.. Risk management processes are fully aligned with the regulations of the Banking Regulation and Supervision Agency (BRSA) and implemented in line with international best practices. Material risks are identified using both qualitative criteria (e.g., reputational concerns, regulatory pressures) and quantitative criteria (financial loss 5% of pre-tax profit). These include acute physical risks (floods, storms), chronic risks (heat stress, water scarcity), and transition risks (CBAM, and changes in customer behavior). At the same time, opportunities such as financing renewable energy projects, developing sustainable financial products, and supporting green investments are considered priority focus areas. Scenario analysis is applied under 1.5C, 2C, and 4C pathways to test the resilience of our credit portfolio, while location-specific disaster scenarios are used to assess the impact of extreme weather events on business continuity. Risks and opportunities are continuously monitored by the Sustainability Executive Committee and related working groups and reported quarterly to senior management and the Board of Directors. Monitoring activities are aligned with the Bank's Sustainability Policy and Environmental PolicyThis structured and institutionally embedded approach ensures that environmental dependencies and impacts are identified and managed effectively, while supporting the Bank's long-term financial stability and sustainability objectives.
[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?

	Process in place covering this portfolio	Dependencies and/or impacts related to this portfolio evaluated in this process
Banking (Bank)	*Select from:* ☑ Yes	*Select from:* ☑ Both dependencies and impacts

[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	Is this process informed by the dependencies and/or impacts process?
Banking (Bank)	*Select from:* ☑ Yes	*Select from:* ☑ Both risks and opportunities	*Select from:* ☑ Yes

[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

☑ Water

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

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

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

100

(2.2.6.4) Type of assessment

Select from:

☑ Qualitative and quantitative

(2.2.6.5) Industry sectors covered by the assessment

Select all that apply

☑ Retail

☑ Apparel

☑ Services

☑ Materials

☑ Hospitality

☑ Transportation services

☑ Food, beverage & agriculture

☑ Biotech, health care & pharma

☑ Fossil Fuels

☑ Manufacturing

☑ Infrastructure

☑ Power generation

☑ International bodies

(2.2.6.6) Frequency of assessment

Select from:

☑ Annually

(2.2.6.7) Time horizons covered

Select all that apply

☑ Short-term

☑ 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

☑ Sub-national

☑ National

(2.2.6.10) Tools and methods used

Select all that apply

☑ External consultants

☑ Internal tools/methods

☑ Scenario analysis

☑ WRI Aqueduct

☑ Other, please specify :Partnership for Carbon Accounting Financials (PCAF)

(2.2.6.11) Risk type and criteria considered

Acute physical

☑ Drought

☑ Flood (coastal, fluvial, pluvial, ground water)

Chronic physical

☑ Changing precipitation patterns and types (rain, hail, snow/ice)

☑ Changing wind patterns

☑ Increased severity of extreme weather events

☑ Water availability at a basin/catchment level

Policy

☑ Carbon pricing mechanisms

☑ Changes to international law and bilateral agreements

☑ Changes to national legislation

(2.2.6.12) Partners and stakeholders considered

Select all that apply

☑ NGOs

☑ Customers

☑ Employees

☑ Investors

☑ Suppliers

☑ Regulators

☑ Local communities

☑ Water utilities at a local level

(2.2.6.13) Further details of process

As Albaraka Türk, we apply a holistic and integrated approach to identifying, assessing, and managing the environmental dependencies, impacts, risks, and opportunities of our portfolio. This process is led by the Risk Management Department and embedded into our enterprise-wide risk framework. Within credit processes, all investments undergo detailed environmental and social impact assessments, covering water and energy use, carbon emissions and occupational health and safety. Furthermore, all commercial loan applications above 10 million dollars are subject to a comprehensive credit evaluation report, including environmental and social criteria. Project evaluation reports address climate-related physical and transition risks, regulatory changes, and market or reputational risks. Opportunities such as renewable energy investments, energy efficiency, and green financing are also included in portfolio analysis. Our environmental and social evaluation mechanism enables us to reject projects in sectors deemed high risk or prohibited under international standards. Portfolio coverage is determined against

the Bank's total assets, with priority given to sectors with high environmental impact potential (energy, construction, agriculture). This allows effective measurement of systemic and sector-specific exposures. Data collection relies on both client disclosures and international databases (e.g., emission factors, water stress indices). Impacts are assessed through qualitative and quantitative thresholds, while scenario analyses test the potential effects of water constraints and extreme weather events across different timeframes. At Albaraka Türk, the development of climate change strategies, the setting of targets, and the monitoring of implementations are carried out through the Corporate Governance and Sustainability Committee, which is structured directly under the Board of Directors, while the oversight and supervision of climate-related risks and opportunities are conducted through the Risk and Audit Committees. Through this approach, Albaraka Türk ensures that financed projects are aligned with environmental sustainability criteria, thereby safeguarding long-term financial resilience and supporting the transition to a sustainable economy.
[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:
☑ Yes

(2.2.7.2) Description of how interconnections are assessed

As Albaraka Türk, we assess the interconnections between environmental dependencies, impacts, risks, and opportunities through a holistic and integrated approach. Dependencies arising from natural resource use, climate change impacts, and environmental regulations are evaluated alongside their effects on credit repayment capacity,, and funding costs, thereby making explicit the linkages between environmental dependencies and financial risks and opportunities. Both operational data (energy use, emissions, water consumption) and international datasets (NGFS, IEA, IPCC, CBAM) are used, while risks are assessed through a 5x5 risk matrix, financial materiality thresholds, and climate scenarios (1.5C, 2C, 4C). This enables the Bank to analyze physical risks such as water stress, flooding, and heatwaves, transition risks such as regulatory changes, and their interactions with environmental dependencies in an integrated manner. At Albaraka Türk, the development of climate change strategies, the setting of targets, and the monitoring of implementations are carried out through the Corporate Governance and Sustainability Committee, which is structured directly under the Board of Directors, while the oversight and supervision of climate-related risks and opportunities are conducted through the Risk and Audit Committees. Through this institutionalized approach, Albaraka Türk systematically evaluates these interconnections and embeds them into decision-making processes, thereby supporting long-term financial resilience and sustainability.
[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:* ☑ 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

☑ Water

(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

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

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

72

(2.2.9.6) Total portfolio value covered by the process

99534513153.59999
[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

☑ Qualitative
☑ Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

☑ Credit risk

(2.4.3) Change to indicator

Select from:

☑ % decrease

(2.4.4) % change to indicator

Select from:

☑ 1-10

(2.4.6) Metrics considered in definition

Select all that apply

☑ Frequency of effect occurring

☑ Time horizon over which the effect occurs

☑ Likelihood of effect occurring

(2.4.7) Application of definition

The Bank defines substantive effects through an integrated framework that combines quantitative and qualitative metrics for both risks and opportunities. In line with its internal financial thresholds, any impact equivalent to 5% of the Bank's profit before tax is considered substantive, covering both potential losses and additional revenues. Beyond this financial threshold, the Bank also applies criteria similar to international good practices, such as evaluating the criticality of the effect, its financial magnitude, likelihood of occurrence, historical evolution, sensitivity to stress and shocks, internal valuations, and sector benchmarks. Within this context, a substantive effect on risks is considered material if it corresponds to at least a 5% potential decrease in earnings, while a substantive opportunity is considered material if it represents at least a 5% potential increase in revenues. The frequency of such effects is monitored across one-off significant events and recurring developments, and assessments are aligned with the Bank's defined short-, medium-, and long-term horizons. Likelihood is evaluated using probability categories (low, medium, high) within the Bank's risk assessment and stress-testing systems, combined with climate and environmental risk evaluation tools. Both magnitude and probability are integrated through a matrix-based approach, ensuring a comprehensive view of risks and opportunities. The thresholds and associated metrics are subject to annual review by the Risk Managment Committee and Audit Committeeand are updated when required due to changes in regulatory requirements, capital adequacy, or evolving market conditions.

Opportunities

(2.4.1) Type of definition

Select all that apply

☑ Qualitative

☑ Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

☑ Credit risk

(2.4.3) Change to indicator

Select from:

☑ % increase

(2.4.4) % change to indicator

Select from:

☑ 1-10

(2.4.6) Metrics considered in definition

Select all that apply

☑ Frequency of effect occurring

☑ Time horizon over which the effect occurs

☑ Likelihood of effect occurring

(2.4.7) Application of definition

The Bank defines substantive effects through an integrated framework that combines quantitative and qualitative metrics for both risks and opportunities. In line with its internal financial thresholds, any impact equivalent to 5% of the Bank's profit before tax is considered substantive, covering both potential losses and additional revenues. Beyond this financial threshold, the Bank also applies criteria similar to international good practices, such as evaluating the criticality of the effect, its financial magnitude, likelihood of occurrence, historical evolution, sensitivity to stress and shocks, internal valuations, and sector benchmarks. Within this context, a substantive effect on risks is considered material if it corresponds to at least a 5% potential decrease in earnings, while a substantive opportunity is considered

material if it represents at least a 5% potential increase in revenues. The frequency of such effects is monitored across one-off significant events and recurring developments, and assessments are aligned with the Bank's defined short-, medium-, and long-term horizons. Likelihood is evaluated using probability categories (low, medium, high) within the Bank's risk assessment and stress-testing systems, combined with climate and environmental risk evaluation tools. Both magnitude and probability are integrated through a matrix-based approach, ensuring a comprehensive view of risks and opportunities. The thresholds and associated metrics are subject to annual review by the Risk Managment Committee and Audit Committeeand are updated when required due to changes in regulatory requirements, capital adequacy, or evolving market conditions.
[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 usage of 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
☑ Heavy precipitation (rain, hail, snow/ice)

(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

Albaraka Türk anticipates that the direct physical impacts of climate change, especially through acute climate events such as severe weather incidents, may adversely affect the Bank's daily operational activities. Extreme weather conditions like severe storms, floods, or excessive temperatures can cause physical damage to branch buildings, data centers, or service infrastructure, leading to operational interruptions and disruptions in service continuity. This situation poses risks to customer service, business continuity, and operational reliability, while also necessitating strengthening physical security, infrastructure resilience, and crisis management capacity.

(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:

☑ More likely than not

(3.1.1.14) Magnitude

Select from:

☑ Low

(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 assesses that acute physical risks caused by climate change – particularly short-term and intense weather events (such as storms, floods, hail, and extreme heat) – have the potential to seriously impact the Bank's physical assets and operational continuity. Such events pose a risk of causing operational

disruptions, service interruptions, and loss of continuity in customer services by directly causing physical damage to branch buildings, data centers, and service infrastructure. Quantitative measurement is not possible under current conditions because historical climate data, regional intensity analyses, and asset- based exposure levels for these events are insufficient. Furthermore, scenario-based modeling of the probability of occurrence and potential impacts of these events could not be calculated in the current period due to the excessive cost and effort involved. Therefore, the plan is to develop these models, calculate their financial impacts, and report them in the next reporting period.

(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

☑ Improve maintenance of infrastructure

(3.1.1.27) Cost of response to risk

6000000

(3.1.1.28) Explanation of cost calculation

Albaraka Türk anticipates that the direct physical impacts of climate change, particularly through extreme climate events such as severe weather incidents, may negatively affect the Bank's daily operational activities. These events—such as severe storms, floods, or excessive temperatures—could disrupt key operational processes, impacting branch buildings, data centers, and service infrastructure. This could lead to operational interruptions, posing risks to customer service, business continuity, and overall operational reliability. Additionally, it necessitates enhancing physical security, strengthening infrastructure resilience, and improving crisis management capacity. To reduce the impact of extreme weather events, the Bank currently pays an annual insurance premium of 6 million TL. This policy covers various risks, including fire, flood, and storm damage, and provides financial protection for physical damages and potential operational disruptions caused by extreme weather events.

(3.1.1.29) Description of response

Albaraka Türk is implementing a series of strategies and measures to reduce the risks arising from extreme weather events and climate change. The Bank manages responses to these risks using various methods, aiming to minimize the impact of the risk, ensure business continuity, and increase operational security. The Bank primarily uses insurance policies to combat extreme weather events. The annual premium of 6 million TL provides coverage against physical damages and operational disruptions due to disasters such as fire, flood, and storm. This insurance policy aims to transfer the financial impacts of the risks while also providing a

form of security against operational disruptions. Furthermore, the Bank has developed crisis management and business continuity plans to prepare for extreme weather events and natural disasters, continuously updating these plans. These plans play a critical role in ensuring the continuity of the Bank's operations. Future risk management procedures include the Bank's infrastructure strengthening efforts. These strengthening measures include investments aimed at making branch buildings and data centers resistant to extreme weather conditions. The Bank aims to create a more resilient infrastructure with these investments, thereby managing the effects of future risks more effectively. Additionally, training sessions for crisis management plans are organized, ensuring that employees are better prepared for disaster situations. Albaraka Türk's risk response also contributes to the United Nations Sustainable Development Goals. The Bank is undertaking projects and sustainable infrastructure investments to combat climate change, contributing to the "Climate Action" and "Sustainable Cities and Communities" goals. This strategy aims to reduce environmental impacts and make communities more resilient.

Water

(3.1.1.1) Risk identifier

Select from:

☑ Risk2

(3.1.1.3) Risk types and primary environmental risk driver

Acute physical

☑ Flooding (coastal, fluvial, pluvial, groundwater)

(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

☑ Credit 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 river basins in Türkiye

(3.1.1.9) Organization-specific description of risk

Severe floods, storms, droughts, and similar extreme weather events can cause physical damage to real estate financed by Albaraka Türk, resulting in disruptions to customer operations. This situation forces customers to bear additional repair costs and suffer income losses, weakening their repayment capacity; therefore, it constitutes a significant external factor increasing credit risk for the Bank.

(3.1.1.10) % of portfolio value vulnerable to this risk

Select from:

☑ 11-20%

(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

☑ 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

Severe floods, storms, droughts, and similar extreme weather events may cause physical damage to the real estate financed by Albaraka Türk, leading to disruptions in customer activities. This situation increases the likelihood of customers bearing additional repair costs and experiencing income losses. Furthermore, the weakening of repayment capacity creates an important external factor that increases the bank's credit risk. Such extreme weather events are expected to have significant effects on the bank's financial position, performance, and cash flows. Primarily, the devaluation of real estate collateral could negatively affect the bank's financial situation by increasing credit risks. Additionally, customer income losses and increased repair costs could lead to repayment difficulties, weakening the bank's profitability. This situation may also challenge the bank's service capacity, as disruptions in customer payments and rising insurance premiums could cause a contraction in cash flows. However, the effects of this risk have not yet been fully quantified. Given that there may be cases requiring an increase in insurance coverage and reassessment, the financial effects could be more clearly calculated in the future. Currently, no definitive figure can be provided regarding the financial impact, and studies on this matter are ongoing. Further information will be provided in future reporting periods.

(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

Policies and plans

☑ Increase insurance coverage

(3.1.1.27) Cost of response to risk

0

(3.1.1.28) Explanation of cost calculation

Albaraka Türk's cost calculation for risks associated with extreme weather conditions (such as floods, storms) primarily covers the repair of physical damages to the properties financed by the bank and the operational disruptions caused by these damages. Disruptions in customer business activities may lead to revenue losses and payment difficulties, which in turn increase credit risk. The cost calculation considers existing insurance policies and risk mitigation strategies. Insurance provides protection for the financed properties, while preventive investments are also reflected in the calculations. Due to disruptions and delays in insurance or renewal processes, as of the end of 2024, 15% of the real estate in the collateral pool is uninsured or under renewal. However, no financial impact has been observed in this regard. No separate budget has been allocated, and the related costs are part of ongoing operations. Therefore, the cost calculation is marked as 0.

(3.1.1.29) Description of response

Albaraka Türk plans to consider climate-related risks in the real estate mortgage collateral acquisition process to reduce the impact of physical risks associated with climate change on credit risk. In particular, the geographical locations of collateral located in regions with risks such as floods and storms will be evaluated for their climate risk profiles, and in high-risk areas, elements such as collateral structure, insurance coverage, and credit maturity will be reviewed. This will minimize the potential impact of climate-related damages on the customer's repayment capacity and increase the resilience of the credit portfolio. Additionally, Albaraka Türk plans to consider climate-related risks (such as flood and storm risks) in the real estate mortgage collateral acquisition process to strengthen its risk management framework. The climate risk profiles of the geographical areas where the collateral is located will be evaluated, and in high-risk regions, elements like collateral structure, insurance coverage, and credits maturity will be reviewed. This will minimize the potential effects of climate-related damages on the customer's repayment capacity. Furthermore, the bank is developing more resilient strategies against extreme weather conditions and climate change. Efforts are underway to reinforce critical infrastructure, such as buildings and data centers. In the future, the bank aims to increase the integration of more climate-resilient features into the real estate it finances and plans to further reduce financial risks arising from extreme weather events by utilizing catastrophe bonds or reinsurance products

Climate change

(3.1.1.1) Risk identifier

Select from:

☑ Risk3

(3.1.1.3) Risk types and primary environmental risk driver

Reputation

☑ Negative press coverage related to support of projects or activities with negative impacts on the environment (e.g. GHG emissions, deforestation & conversion, water stress)

(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

☑ Reputational risk

☑ 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

Albaraka Türk may face indirect reputational risk if its customers operating in carbon-intensive sectors fail to take adequate steps to combat climate change. Financial relationships with such customers can lead to negative perceptions of the Bank's sustainability approach among the public, investors, and regulatory authorities. This situation can damage stakeholder trust, result in customer loss, and reduce sustainability- focused business opportunities, thereby adversely affecting the Bank's brand value, customer portfolio, and long-term growth strategy.

(3.1.1.10) % of portfolio value vulnerable to this risk

Select from:

☑ 21-30%

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Brand damage

(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:

☑ More likely than not

(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's relationships with clients in carbon-intensive sectors, who do not take adequate steps to combat climate change, may pose a reputational risk. This risk could lead to negative perceptions from stakeholders such as the public, investors, and regulators. As a result, it could adversely affect the bank's brand value, customer portfolio, and long-term growth strategy. The financial position and performance of the bank could be impacted by this reputational loss, leading to customer loss and a decrease in sustainability-focused business opportunities. This could result in a decline in the bank's market value. Additionally, the loss of stakeholder trust may reduce customer loyalty and shrink the bank's customer portfolio. In the long term, this could negatively affect the bank's growth strategies. At this point, the financial effects of this risk have not been fully quantified. However, potential financial impacts, such as a decline in market value and customer portfolio, could become more apparent over time. These effects could create potential liquidity issues for the bank and negatively impact its long-term financial sustainability.

(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 regulators/policy makers

(3.1.1.27) Cost of response to risk

0

(3.1.1.28) Explanation of cost calculation

The cost of responding to the reputational risk arising from Albaraka Türk's relationships with clients in carbon-intensive sectors has been entered as zero. This is because, at present, there are no direct costs associated with managing this risk. The risk response is primarily absorbed into the bank's ongoing business-as-usual activities, including ongoing monitoring and stakeholder engagement. Additionally, the bank has not yet implemented specific financial actions or strategies dedicated solely to addressing this reputational risk, as it is still in the process of evaluating its broader sustainability strategy and potential mitigation measures. Therefore, no quantifiable financial cost has been calculated for this response at this stage.

(3.1.1.29) Description of response

Albaraka Türk has taken various steps to manage the reputational risk arising from its relationships with clients in carbon-intensive sectors who do not take sufficient action to combat climate change. So far, the risk has been managed as part of the bank's overall sustainability strategies. This strategy aims to encourage all stakeholders working with the bank to adopt a more proactive approach to climate change. The management of this risk has been integrated into the bank's sustainability reporting processes, with measures such as regular communication with stakeholders and ensuring transparency regarding climate change. In the future, new strategies will be implemented, such as setting environmental sustainability criteria in agreements with clients, to manage this risk more effectively. Additionally, the bank continues to assess the financial impact of this risk. So far, there has been no financial impact from this risk on the bank. However, in the future, financial effects may become clearer based on feedback from stakeholders. Albaraka Türk also contributes to social responsibility projects to address such risks. For example, partnerships with local NGOs and government bodies are planned in the area of combating climate change. These collaborations are intended to contribute not only to the bank but also to achieving sustainable development goals within the wider community. Such collective actions are expected to contribute to the progress of the United Nations Sustainable Development Goals. Future management strategies and projects will be developed to include more opportunities for collaboration and partnerships.

Climate change

(3.1.1.1) Risk identifier

Select from:

☑ Risk4

(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:

☑ Banking (Bank) portfolio

(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

Customers operating in carbon- intensive sectors such as iron and steel, aluminum, automotive, energy, and mining face the risk of increased costs and reduced competitiveness due to international regulations based on carbon emissions, particularly the Carbon Border Adjustment Mechanism (CBAM) implemented by the European Union. This situation could weaken the operational sustainability and revenue structure of these customers, thereby reducing their ability to meet their financial obligations and creating default risk and financial value loss for Albaraka Türk's credit portfolio. Regulations such as CBAM make the financial impacts of carbon emissions more visible, requiring the Bank to review its sector-based credit policies and apply financial assessment criteria that take carbon risk into account in order to manage transition risks.

(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

The credit risk arising from carbon emission regulations at Albaraka Türk may have financial impacts, particularly on clients operating in sectors with high carbon emissions. These companies will face increased costs to comply with these regulations, which may reduce their competitiveness. As a result, their ability to meet financial obligations could weaken, leading to an increased risk of default in the bank's credit portfolio. The impact on the financial position will be seen especially through the additional costs associated with compliance, which the bank may have to bear. This could lead to financial value losses in the bank's credit portfolio. The bank will need to review its credit policies in response to the risks associated with carbon emission regulations, which may require the development of new risk management strategies. The impact on financial performance will not be limited to the bank's credit policies and strategies to comply with new regulations. Additionally, income losses and increased costs faced by clients in high-emission sectors could lead to payment difficulties, weakening the bank's revenue structure. The impact on cash flows will stem from the increased costs and income losses these companies face due to carbon emission regulations. These higher costs and the efforts to comply could tighten cash flows and put pressure on the bank's liquidity position. While the financial effect of this risk has not yet been fully quantified, it is expected to become more pronounced in the medium and long term.

(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)

0

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

5100000000

(3.1.1.25) Explanation of financial effect figure

The share of credits provided to clients operating in sectors subject to obligations under the CBAM (Carbon Border Adjustment Mechanism) within Albaraka Türk's total performing loans (141.2 billion TRY) is approximately 3.6%, amounting to 5.1 billion TRY. This figure reflects the proportion of loans to carbon-intensive sectors within the bank's total loan portfolio. As of 2024, no financial impact has been observed from this risk. This indicates that the financial situation of the clients in these sectors and their efforts to comply with emission regulations have produced positive outcomes. The calculation methodology involves determining the credits provided to clients in sectors subject to CBAM obligations from the bank's total loan portfolio and calculating the share of these credits in the total portfolio. This financial effect

is based on the exposure of the bank's credit portfolio to the risks associated with carbon-intensive sectors' compliance with emission regulations. The numerical values used include total credits of 141.2 billion TRY and credits to CBAM-relevant sectors of 5.1 billion TRY. As of 2024, it is assumed that no financial impacts have yet emerged due to carbon emission regulations in these sectors.

(3.1.1.26) Primary response to risk

Compliance, monitoring and targets

☑ Greater due diligence

(3.1.1.27) Cost of response to risk

0

(3.1.1.28) Explanation of cost calculation

The cost of response to this risk is reported as 0. This means that the bank's risk mitigation actions are part of the overall risk management process and do not involve any additional direct costs associated with responding to this risk. Although the bank has taken steps to review its credit policies and implement financial evaluation criteria that consider carbon risks in order to comply with regulations like CBAM, these actions have not resulted in a financial burden significant enough to require reporting separate costs. However, in the future, it is possible that the bank will set aside additional provisions to manage the impacts of this risk.

(3.1.1.29) Description of response

In response to the risk posed by carbon-intensive sectors under the Carbon Border Adjustment Mechanism (CBAM), Albaraka Türk has taken a proactive approach to manage and mitigate the associated risks. The bank has reviewed its credit policies to address sector-specific exposures and implemented financial evaluation criteria that consider carbon risks, particularly in high-emission industries such as steel, aluminum, automotive, energy, and mining. This allows the bank to better assess the potential impacts of regulations like CBAM on its credit portfolio. So far, the bank has not experienced significant financial impacts from this risk, and no specific costs have been incurred in response to these risks, as the bank's existing risk management strategies are sufficient. However, the bank continues to monitor developments related to CBAM and other regulatory changes to ensure its portfolio remains resilient. Looking ahead, the bank plans to set aside additional provisions if necessary to mitigate any future financial impact from these risks. This would be part of a broader strategy to ensure the bank is prepared for any financial challenges that might arise as a result of evolving climate regulations. The bank's response strategy aligns with its commitment to sustainable business practices and managing climate-related financial risks effectively. This response is also in line with the bank's efforts to contribute to the broader goals of environmental sustainability, as set out by international frameworks, though it does not currently involve any specific collective action initiatives. The bank is actively involved in assessing the evolving regulatory landscape and preparing its financial strategies accordingly.
[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)

0

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

Select from:

☑ 1-10%

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

0

(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

Albaraka Türk has not faced any physical or transition risks during the reporting year. Therefore, there is no significant vulnerability to these effects. However, risk assessments are conducted for future time horizons.

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)

0

(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)

0

(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

Albaraka Türk has not faced any physical or transition risks during the reporting year. Therefore, there is no significant vulnerability to these effects. However, risk assessments are conducted for future time horizons.
[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	*Select from:* ☑ Yes, we have identified opportunities, and some/all are being realized
Water	*Select from:* ☑ 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

Products and services

☑ Increased sales of existing products and services

(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

The increasing financing needs of businesses for transition investments aimed at reducing their carbon footprints in line with net zero emission targets (such as energy efficiency, renewable energy systems, and green technology investments) present a strategic opportunity area for Albaraka Türk. Accordingly, the Bank contributes to climate goals and strengthens sustainability-focused customer segmentation by developing specialized financing products for businesses undergoing sustainable transformation. This opportunity is particularly leveraged through green sukuk, renewable energy financing, and environmentally focused credit solutions, enabling the Bank to align its business model with net zero targets while simultaneously pursuing financial growth and environmental benefits.

(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

☑ 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

In line with net zero emission targets, the growing demand for sustainable financing is strengthening the Bank's balance sheet, diversifying the credit portfolio, and reducing long-term credit risk. Through products such as green sukuk, renewable energy financing, and environmentally focused credit solutions, the quality of assets is improving and the share of sustainable assets is increasing. The Bank's financing that qualifies as renewable energy currently amounts to TRY 3.1 billion. Internal projections indicate that this figure is expected to grow to TRY 4.2 billion in the short term, TRY 6.2 billion in the medium term, and TRY 8.4 billion in the long term. This growth will expand the customer base in the Bank's sustainable product segment and enhance revenue diversification. Moreover, regular repayments from long-term financing relationships for sustainable investments, together with new customer acquisitions, will make cash flows more predictable and stable, thereby strengthening the Bank's liquidity position. Therefore, the financial effect of this opportunity is assessed as high and is expected to contribute significantly to the Bank's long-term financial resilience and sustainable growth.

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

Select from:

☑ Yes

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

4200000

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

8400000

(3.6.1.23) Explanation of financial effect figures

The financial effect figures were calculated based on the expected increase in the share of sustainable finance products within the Bank's total credit portfolio. The calculation was carried out by taking the current portfolio composition as a baseline and applying projected growth rates in demand for sustainable finance, focusing on the expansion of products such as green sukuk, renewable energy project finance, and energy efficiency credits. At present, the realized financial effect corresponds to approximately TRY 3.1 billion in sustainable loans included in the Bank's official asset budget. For future projections, the financial effect is estimated to reach TRY 4.2 billion in the short term, TRY 6.2 billion in the medium term, and TRY 8.4 billion in the long term. These figures assume that sustainable finance volumes will grow in line with increasing customer demand and the Bank's product development strategies. The calculations further rely on key assumptions such as the continuation of regulatory and market trends that support green investments, macroeconomic conditions remaining favorable to this growth, and the Bank's ability to maintain its market share in the sustainable finance segment. The financial effect of this opportunity is not limited to portfolio growth; it also includes additional benefits such as improvements in asset quality, reduced credit risk through diversification, and more predictable and stable cash flows created by long-term repayments. Consequently, the opportunity generates a comprehensive impact that strengthens both the Bank's financial resilience and its liquidity position.

(3.6.1.24) Cost to realize opportunity

0

(3.6.1.25) Explanation of cost calculation

Albaraka Türk has not allocated additional costs to realize sustainable financing opportunities. Instead, existing digital channels, reporting infrastructure, and operational resources are utilized to present these products and solutions to the public and deliver them to customers. In this way, the Bank preserves cost efficiency while supporting its sustainability objectives and proceeds in line with its existing business processes. Therefore, no direct additional cost has been calculated for the realization of this opportunity.

(3.6.1.26) Strategy to realize opportunity

Albaraka Türk is developing products such as green sukuk issuances, financing for renewable energy investments, energy efficiency loans, and environmentally friendly technology projects in order to realize sustainable financing opportunities and maximize their potential benefits. By leveraging its existing digital channels and reporting infrastructure, the Bank delivers these products to customers, thereby increasing accessibility and strengthening awareness of sustainability. This opportunity has been positioned as one of the Bank's strategic priorities and is given higher importance compared to other opportunities, as it aligns with climate change mitigation and sustainable development goals. In this way, the Bank ensures both financial growth and the reinforcement of its environmental and social responsibility vision.

Water

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp5

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Resource efficiency

☑ Water recovery from sewage treatment

(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

☑ Other, please specify :All river basins in Türkiye

(3.6.1.8) Organization specific description

Albaraka Türk contributes to environmental sustainability and creates cost advantages for both individual and commercial customers by financing projects that enable the reuse of recycled water in applications such as greywater recovery, rainwater harvesting, irrigation systems, cooling towers, and laundry. Within this scope, the Greywater/Environment Loan has been developed to facilitate access to systems and technologies that provide water efficiency and to support the conservation of water resources.

(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

☑ 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

This opportunity is expected to have positive effects on the Bank's financial position, financial performance, and cash flows over the selected time horizons. In terms of financial position, the development of products such as the Greywater/Environment Credits increases the share of environmentally focused assets in the Bank's credit portfolio, thereby improving asset quality and contributing to long-term risk reduction. Regarding financial performance, rising customer demand for water efficiency and environmental financing products is projected to increase the total outstanding balance of these products within the retail credit portfolio. With respect to cash flows, the regular repayment patterns of these products make cash flows more predictable and stable, strengthening the Bank's liquidity position. In addition to quantitative projections, this opportunity increases the share of sustainable retail financing within the Bank's total retail credit portfolio. No significant additional costs are expected, as the products are delivered through the Bank's existing infrastructure and processes. Overall, the opportunity has a positive impact by expanding the sustainable credit portfolio, improving portfolio diversification, strengthening financial resilience, and supporting long-term sustainable growth.

(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

There are no additional costs associated with realizing this opportunity. Products such as the Greywater/Environment Loan are delivered within the Bank's existing infrastructure, systems, and human resources as part of business-as-usual activities. Therefore, no additional investment, operational expenses, or resource allocation has been required. As a result, the cost of realizing this opportunity has been assessed as zero (0).

(3.6.1.26) Strategy to realize opportunity

To realize this opportunity, the Bank is developing dedicated financing products aimed at enhancing water efficiency and supporting environmental sustainability. Within this scope, the Greywater/Environment Loan has been introduced to finance investments in areas such as greywater recovery, rainwater harvesting, and irrigation systems, providing cost advantages for both individual and commercial customers. In addition, marketing and awareness-raising activities are being carried out to increase accessibility of these products, while sales teams are supported with specialized training on sustainable finance. This opportunity has been positioned as one of the Bank's strategic priorities within its sustainability vision. Compared to other opportunities, it has been highly prioritized due to its potential to create

environmental benefits while also increasing the outstanding balance of sustainable loans in the portfolio, thereby diversifying the credit base and strengthening the Bank's financial resilience.

Climate change

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp2

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Products and services

☑ Shift in consumer preferences

(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

With increasing public awareness of climate change and the impact of environmental regulations, demand for energy-efficient housing and low-emission vehicles is rapidly rising among customers. This trend presents a significant opportunity for Albaraka Türk in sustainable financing. The Bank supports environmentally friendly preferences of individual customers and contributes to sustainable development goals by developing specialized financing solutions for low-carbon emission housing projects and electric/ hybrid vehicle purchases. This opportunity holds potential to enhance customer satisfaction and market share through products that promote sustainable consumption.

(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

☑ Long-term

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

Select from:

☑ More likely than not (50–100%)

(3.6.1.12) Magnitude

Select from:

☑ Low

(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 growing demand for energy-efficient housing and low-emission vehicles is expanding the Bank's sustainable retail financing product portfolio, thereby strengthening its balance sheet. This opportunity increases the share of sustainable loan products in the Bank's assets, improves asset quality, and reduces long-term credit risk. Currently, the total sustainable retail financing portfolio amounts to approximately TRY 4.53 million. According to internal projections, this figure is expected to reach TRY 6.16 million in the short term, TRY 9.10 million in the medium term, and TRY 12.41 million in the long term. This growth is supported by both the expansion of the customer base and the rising demand for sustainable products, thereby enhancing the Bank's product diversification. In addition, the regular repayments of these products make cash flows more predictable and stable, strengthening the Bank's liquidity position. Thus, this opportunity provides not only portfolio growth but also significant contributions to long-term financial resilience and sustainable growth.

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

Select from:

☑ Yes

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

6155000

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

12409000

(3.6.1.23) Explanation of financial effect figures

The current financial effect (TRY 4,530,000) is based on the outstanding balance of energy-efficient housing and low-emission vehicle financing products. The projected short-, medium-, and long-term financial effects (TRY 6,155,000; TRY 9,103,000; TRY 12,409,000) were calculated by applying internal credit demand projections and the expected increase in customer demand for sustainable products to the existing portfolio. The calculation method is based on projecting the outstanding loan balances in these product categories forward using growth rates and repayment performance assumptions. The figures used in the calculations are a current portfolio balance of TRY 4,530,000, a short-term increase of approximately 36% resulting in TRY 6,155,000, a medium-term cumulative growth of 101% resulting in TRY 9,103,000, and a long-term cumulative growth of 174% resulting in TRY 12,409,000. These calculations rely on assumptions that customer demand will continue to grow due to regulatory incentives and social awareness, that default rates will remain stable given the low-risk profile of these credit segments, and that the Bank's market share in sustainable finance will expand in line with industry averages and strategic growth targets. In addition to supporting portfolio growth, these products improve the Bank's asset quality, reduce long-term credit risk, and strengthen liquidity by making cash flows more predictable through regular repayments, thereby contributing to long-term financial resilience.

(3.6.1.24) Cost to realize opportunity

0

(3.6.1.25) Explanation of cost calculation

There are no additional costs directly attributable to realizing this opportunity, as the financing of energy-efficient housing and low-emission vehicles is integrated into the Bank's standard retail financing processes and business-as-usual activities. Credits origination, risk assessment, and portfolio management are carried out using the Bank's existing infrastructure, systems, and human resources. Therefore, no incremental investments or operational expenses were required, and the cost to realize this opportunity was assessed as zero.

(3.6.1.26) Strategy to realize opportunity

Albaraka Türk will focus on diversifying its sustainable retail financing products in order to meet the growing customer demand for energy-efficient housing and low-emission vehicles. In this context, dedicated financing packages will be developed for environmentally friendly housing projects and the purchase of electric/hybrid vehicles, while environmental performance criteria will be integrated into the credit processes. In addition, promotional activities and customer awareness campaigns will be enhanced to increase the visibility of these products, and financial solutions that support sustainable consumption behaviors will be expanded. In this way, the Bank will contribute to the reduction of individual carbon footprints while strengthening its environmentally focused product portfolio and capturing financial growth

opportunities. This opportunity has been positioned as one of the Bank's top priorities within its sustainability vision and long-term strategy. Compared to other opportunities, it has been prioritized highly due to its potential to generate both social benefits and financial resilience by enhancing income diversification.

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

☑ 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

(3.6.1.8) Organization specific description

In line with climate change mitigation and sustainable development goals, demand for financial products that comply with environmental, social, and governance (ESG) criteria is steadily increasing. This trend presents a significant opportunity for Albaraka Türk to develop interest-free and environmentally conscious financial products compatible with participation banking principles. By incorporating ESG-compliant products into its portfolio, the Bank gains access to customer segments with high sustainability expectations and uncovers strategic growth potential that integrates its interest-free banking model with environmental objectives. It is anticipated that these products will expand the Bank's revenue base and strengthen its position in sustainable finance over the medium and long term. For individual customers: • Grey Water / Environmental Financing • Solar Energy System Financing • Environmentally Friendly Vehicle Financing For corporate customers: • Rooftop Solar Power Plant Credits • Renewable Energy Source Credits

(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

☑ 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

This opportunity is expected to have positive effects on the Bank's financial position, performance, and cash flows in the medium and long term. In terms of financial position, the inclusion of ESG-compliant products in the portfolio will increase the share of environmentally focused assets, strengthen the balance sheet structure, and contribute to the reduction of long-term risks. With respect to cash flows, the regular repayment performance of these products is expected to provide predictable and stable inflows, thereby strengthening the Bank's liquidity position. However, the financial impact has not yet been fully quantified, and therefore no numerical estimate can be provided at this stage. Due to the high level of measurement uncertainty and the difficulty of isolating the effect as a separate line item, the impact can only be assessed qualitatively. In relative terms, this opportunity is expected to increase its share within the Bank's overall retail and corporate income base and to reinforce the Bank's position in the field of sustainable finance.

(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

There are no additional costs associated with realizing this opportunity. The development and delivery of ESG-compliant financing products, such as environmental credits, renewable energy project financing, and sustainable vehicle credits, are carried out within the Bank's existing infrastructure, systems, and human resources as part of its business-as-usual activities. No additional investment, operational expense, or resource allocation has been required. Therefore, the cost of realizing this opportunity has been assessed as zero (0).

(3.6.1.26) Strategy to realize opportunity

Albaraka Türk will prioritize product development and diversification activities to meet the increasing demand for financial products that are both ESG-compliant and aligned with the principles of participation banking. Within this scope, tailored interest-free financing solutions will be developed for investments in renewable energy, energy efficiency, environmentally friendly housing, and sustainable transportation. In addition, ESG criteria will be integrated into internal processes related to the development of these products, and specialized assessment methods will be applied for sustainability-focused customer segments. To maximize realization of this opportunity, the Bank will also implement targeted promotional strategies to increase the visibility of such products and will engage in knowledge sharing and collaborations with external stakeholders to raise awareness on sustainable finance. This opportunity has been prioritized highly compared to others due to its potential to both contribute to environmental and social benefits and to expand the Bank's income base through growing demand for ESG-aligned financing solutions.

Climate change

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp4

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Resource efficiency

☑ Cost savings

(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 is implementing various resource efficiency measures across its operations to combat climate change and reduce environmental impact, including energy efficiency, waste reduction, recycling practices, water and waste management, green building standards, and fuel consumption reduction. In addition to contributing to environmental sustainability, these initiatives also provide economic benefits such as reducing operational costs, ensuring resource efficiency, and increasing financial savings. This opportunity facilitates the integration of the Bank's internal processes with environmental performance and supports strategic value creation in line with sustainable corporate governance objectives.

(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:

☑ More likely than not (50–100%)

(3.6.1.12) Magnitude

Select from:

☑ Low

(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

This opportunity has a direct positive impact on the Bank's financial position, performance, and cash flows by generating cost savings. Through initiatives such as energy efficiency measures, waste reduction, recycling practices, the use of well water, installation of water-saving devices, and lighting automation systems, operational expenses have been reduced. At present, a financial effect of TRY 2,434,000 has been realized, with an expected additional effect of TRY 3,164,000 in the short term, TRY 4,037,000 in the medium term, and TRY 4,753,000 in the long term. In terms of financial position, these practices reduce the Bank's operational costs, thereby improving profitability and strengthening balance sheet items. Regarding financial performance, savings in energy and resource consumption result in reduced expenses and consequently higher profitability ratios. In terms of cash flows, consistent and predictable savings in operational costs strengthen cash inflows from operations and make them more sustainable. As a result, the Bank enhances its financial resilience both in the short and long term.

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

Select from:

☑ Yes

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

3164000

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

4753000

(3.6.1.23) Explanation of financial effect figures

The financial effect figures for this opportunity have been calculated based on the cost savings achieved through operational efficiency initiatives, such as energy efficiency measures, waste reduction, the use of well water, installation of water-saving devices, and lighting automation systems. The annual reduction in operating expenses from these practices was used as the baseline, verified against the Bank's official budget data. The calculation method involved measuring the direct cost savings (electricity, water, energy, maintenance, and operational expenses) on an annual basis, and projecting them into short-, medium-, and long-term horizons by applying assumptions related to inflation and continuity of use. The current financial effect has been calculated as TRY 2,434,000 with additional expected effects of TRY 3,164,000 in the short term, TRY 4,037,000 in the medium term, and TRY 4,753,000 in the long term. The main assumptions behind these calculations include the continued use of energy and resource-saving technologies at current capacity, the adjustment of cost figures with inflation rates, and the sustainability of operational efficiency practices.

(3.6.1.24) Cost to realize opportunity

0

(3.6.1.25) Explanation of cost calculation

No additional cost has been calculated for the realization of this opportunity. This is because measures such as energy efficiency practices, well water usage, water-saving devices, and lighting automation systems are already implemented as part of the Bank's routine business-as-usual activities. Therefore, no separate investment has been required, and the costs have been absorbed into regular operational processes. For this reason, the cost figure has been reported as 0.

(3.6.1.26) Strategy to realize opportunity

Albaraka Türk has identified the reduction of energy consumption and emissions from its operational activities as a strategic priority and aims to achieve this through investments in high energy-efficiency technologies and the improvement of existing infrastructure. In this regard, low-energy consumption solutions are being adopted in lighting, heating-cooling systems, and office equipment; green building practices are being expanded; and the scope of recycling systems is being broadened. These initiatives are considered a priority opportunity not only in terms of environmental sustainability but also for reducing operational costs and increasing efficiency in resource use. Therefore, this opportunity has been prioritized over others as it contributes to the Bank's long-term sustainability goals while also providing direct financial savings.
[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)

3076869939

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

Select from:

☑ 1-10%

(3.6.2.4) Explanation of financial figures

The financial figures were calculated based on the development of the loan portfolio within the Bank's official asset budget. The calculation approach considered the share of loans provided under sustainable finance products within the Bank's total assets. Currently, sustainable finance products amount to TRY 3.1 billion. The short-term (TRY 4.2 billion), medium-term (TRY 6.2 billion), and long-term (TRY 8.4 billion) projections were estimated by taking into account the Bank's asset growth plans, the increasing demand for sustainable finance among customers, and overall sustainability trends in the sector. These projections are based on the assumption that demand from sustainability-oriented customer segments will continue to increase and that the Bank will strengthen its strategic priorities in this area. It is also assumed that macroeconomic conditions and regulatory frameworks will evolve in a manner supportive of sustainable finance products.

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)

3076869939

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

Select from:

☑ 1-10%

(3.6.2.4) Explanation of financial figures

The financial figures were calculated based on the development of the loan portfolio within the Bank's official asset budget. The calculation approach considered the share of loans provided under sustainable finance products within the Bank's total assets. Currently, sustainable finance products amount to TRY 3.1 billion. The short-term (TRY 4.2 billion), medium-term (TRY 6.2 billion), and long-term (TRY 8.4 billion) projections were estimated by taking into account the Bank's asset growth plans, the increasing demand for sustainable finance among customers, and overall sustainability trends in the sector. These projections are based on the

assumption that demand from sustainability-oriented customer segments will continue to increase and that the Bank will strengthen its strategic priorities in this area. It is also assumed that macroeconomic conditions and regulatory frameworks will evolve in a manner supportive of sustainable finance products.
[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:

☑ Yes, and it is publicly available

(4.1.5) Briefly describe what the policy covers

Albaraka Türk has publicly available statements reflecting its commitment to diversity and inclusion at the board level. In its Integrated Report (page 180), the Bank highlights that the presence of board members from different cultures and nationalities contributes to diversity principles. Furthermore, the Human Resources Policy emphasizes non-discrimination based on gender, religion, language, ethnicity, disability, or immigration status, and promotes equal opportunity in recruitment and employment practices. Additionally, in the Integrated Annual Report (page 116), it is stated that: 'In line with the principles of the Human Resources Policy, Albaraka Türk aims to ensure equal opportunity during recruitment; and with respect to employees, suppliers, stakeholders, and all other parties, the Bank targets fair working

conditions, improvement of labor standards, and the prevention of discrimination based on gender, religion, language, race, ethnicity, age, disability, or immigration status.' Moreover, the Remuneration Policy (page 121) states that 'rewarding practices should be structured on the basis of fairness and equal opportunity.' These publicly disclosed policies and practices collectively represent the Bank's approach to board diversity and inclusion.

(4.1.6) Attach the policy (optional)

2024-integrated-annual-report.pdf,remuneration-policy.pdf
[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

While board-level oversight is in place for climate change and water-related issues, biodiversity has not yet been addressed at the same level within Albaraka Türk. In 2024, within the scope of the Türkiye Sustainability Reporting Standards (TSRS), Albaraka Türk has assessed environmental risks and opportunities, with a particular focus on climate change and water as key parameters. In the coming years, Albaraka Türk plans to expand its environmental governance framework to include a broader range of sustainability-related issues. As part of this, biodiversity will also be addressed and brought under board-level oversight. Although biodiversity-related matters have not yet been formally incorporated, Albaraka Türk acknowledges their increasing importance and is committed to integrating them into future strategic planning and governance processes.
[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

☑ Individual role descriptions

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

Select from:

☑ Scheduled agenda item in every board meeting (standing agenda item)

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

Select all that apply

☑ Overseeing and guiding scenario analysis

☑ 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

☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities

(4.1.2.6) Scope of board-level oversight

Select all that apply

☑ Risks and opportunities to our own operations

☑ Risks and opportunities to our banking activities

☑ 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 ensures board-level oversight of environmental matters—including climate change and water—through the Corporate Governance and Sustainability Committee, which operates under the Board of Directors. This committee monitors the Bank's compliance with corporate governance principles and sustainability standards, proposes corrective actions when needed, and oversees the Investor Relations and Sustainability Department to ensure alignment with the Bank's overall sustainability goals. Supporting this structure, the Sustainability Executive Committee operates under the leadership of the CEO and is responsible for implementing sustainability strategies, managing ESG systems, and identifying environmental risks and opportunities. The committee meets at least four times a year and ensures cross-departmental coordination to integrate sustainability into the Bank's core operations. Progress regarding climate- and water-related targets is reported quarterly to the Board by the Investor Relations and Sustainability Department. Environmental performance and strategic alignment are standing items on the Board's meeting agenda. During these meetings, trade-offs—such as the cost of transitioning to sustainable technologies versus long-term operational efficiency—are evaluated, and

decisions are made accordingly. In addition to the active oversight of the Corporate Governance and Sustainability Committee, operational governance related to water management is executed in coordination with the Sustainability Office and in collaboration with the Administrative Affairs and Procurement Department. Activities such as groundwater use, water recycling, and the strategic integration of water systems are first planned by the Administrative Affairs and Procurement Department, then shared with the Sustainability Office, and subsequently reported to the relevant board-level committees. This structure reflects a hierarchical flow where water-related matters are addressed under the "Climate Risk Working Subgroup," which includes the Administrative Affairs and Procurement Department as a contributing body responsible for preparing and forwarding such matters to upper-level committees. Governance mechanisms such as setting corporate sustainability targets, monitoring progress, guiding environmental strategies, and engaging in environmental policy advocacy are embedded in this structure. In 2024, under the Türkiye Sustainability Reporting Standards (TSRS), climate-related risks and opportunities were submitted to the Board of Directors for approval for the first time. In addition, planning processes have been initiated to identify future actions required for full alignment with TSRS. Capital investments with environmental impact are evaluated in terms of their compliance with sustainability principles.

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

☑ Individual role descriptions

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

Select from:

☑ Scheduled agenda item in every board meeting (standing agenda item)

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

Select all that apply

☑ Overseeing and guiding scenario analysis
☑ 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
☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities

(4.1.2.6) Scope of board-level oversight

Select all that apply
☑ Risks and opportunities to our own operations
☑ Risks and opportunities to our banking activities
☑ 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 ensures board-level oversight of environmental matters—including climate change and water—through the Corporate Governance and Sustainability Committee, which operates under the Board of Directors. This committee monitors the Bank's compliance with corporate governance principles and sustainability standards, proposes corrective actions when needed, and oversees the Investor Relations and Sustainability Department to ensure alignment with the Bank's overall sustainability goals. Supporting this structure, the Sustainability Executive Committee operates under the leadership of the CEO and is responsible for implementing sustainability strategies, managing ESG systems, and identifying environmental risks and opportunities. The committee meets at least four times a year and ensures cross-departmental coordination to integrate sustainability into the Bank's core operations. Progress regarding climate- and water-related targets is reported quarterly to the Board by the Investor Relations and Sustainability Department. Environmental performance and strategic alignment are standing items on the Board's meeting agenda. During these meetings, trade-offs—such as the cost of transitioning to sustainable technologies versus long-term operational efficiency—are evaluated, and decisions are made accordingly. In addition to the active oversight of the Corporate Governance and Sustainability Committee, operational governance related to water management is executed in coordination with the Sustainability Office and in collaboration with the Administrative Affairs and Procurement Department. Activities such as groundwater use, water recycling, and the strategic integration of water systems are first planned by the Administrative Affairs and Procurement Department, then shared with the Sustainability Office, and subsequently reported to the relevant board-level committees. This structure reflects a hierarchical flow where water-related matters are addressed under the "Climate Risk Working Subgroup," which includes the Administrative Affairs and Procurement Department as a contributing body responsible for preparing and forwarding such matters to upper-level committees. Governance mechanisms such as setting corporate sustainability targets, monitoring progress, guiding environmental strategies, and engaging in environmental policy advocacy are embedded in this structure. In 2024, under the

Türkiye Sustainability Reporting Standards (TSRS), climate-related risks and opportunities were submitted to the Board of Directors for approval for the first time. In addition, planning processes have been initiated to identify future actions required for full alignment with TSRS. Capital investments with environmental impact are evaluated in terms of their compliance with sustainability principles. Policy proposals regarding the enhancement of ESG criteria for suppliers are also reviewed and approved by the Board.
[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:
☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply
☑ Consulting regularly with an internal, permanent, subject-expert working group
☑ Engaging regularly with external stakeholders and experts on environmental issues
☑ Integrating knowledge of environmental issues into board nominating process
☑ Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi)
☑ Having at least one board member with expertise on this environmental issue

(4.2.3) Environmental expertise of the board member

Experience
☑ Executive-level experience in a role focused on environmental issues
☑ Management-level experience in a role focused on environmental issues
☑ Staff-level experience in a role focused on environmental issues
☑ Active member of an environmental committee or organization

Water

(4.2.1) Board-level competency on this environmental issue

Select from:

☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply

☑ Consulting regularly with an internal, permanent, subject-expert working group

☑ Engaging regularly with external stakeholders and experts on environmental issues

☑ Integrating knowledge of environmental issues into board nominating process

☑ Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi)

☑ Having at least one board member with expertise on this environmental issue

(4.2.3) Environmental expertise of the board member

Experience

☑ Executive-level experience in a role focused on environmental issues

☑ Management-level experience in a role focused on environmental issues

☑ Staff-level experience in a role focused on environmental issues

☑ Active member of an environmental committee or organization

[Fixed row]

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

Climate change

(4.3.1) Management-level responsibility for this environmental issue

Select from:

☑ Yes

Water

(4.3.1) Management-level responsibility for this environmental issue

Select from:
☑ Yes

Biodiversity

(4.3.1) Management-level responsibility for this environmental issue

Select from:
☑ No, but we plan to within the next two years

(4.3.2) Primary reason for no management-level responsibility for environmental issues

Select from:
☑ Not an immediate strategic priority

(4.3.3) Explain why your organization does not have management-level responsibility for environmental issues

In 2024, the Bank's environmental governance efforts have been primarily directed toward climate change and water, which were identified as the most material environmental issues under the Türkiye Sustainability Reporting Standards (TSRS). While biodiversity is not currently addressed through a dedicated management-level function, the Bank acknowledges its growing importance. Plans are in place to expand the scope of environmental governance in the coming years to include biodiversity-related risks and opportunities, especially in light of evolving stakeholder expectations and regulatory developments.
[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

☑ Assessing environmental dependencies, impacts, risks, and opportunities

☑ Managing environmental dependencies, impacts, risks, and opportunities

Engagement

☑ Managing public policy engagement related to environmental issues

☑ Managing value chain engagement related to environmental issues

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

☑ Measuring progress towards environmental corporate targets

☑ Setting corporate environmental policies and/or commitments

☑ Setting corporate environmental targets

Strategy and financial planning

☑ Conducting environmental scenario analysis

☑ 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

☑ Managing priorities related to innovation/low-environmental impact products or services (including R&D)

(4.3.1.3) Coverage of responsibilities

Select all that apply

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

☑ Dependencies, impacts, risks and opportunities related to our own operations and/or upstream value chain

(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:

☑ Quarterly

(4.3.1.6) Please explain

At Albaraka Türk, oversight of climate-related risks and opportunities is carried out through the Corporate Governance and Sustainability Committee, operating under the Board of Directors. The committee is responsible for developing environmental strategy, setting targets, and monitoring progress. It works in coordination with the Sustainability Executive Committee, which includes senior executives from key departments. Operational execution is led by the Sustainability Office under the Investor Relations and Sustainability Department, consisting of a manager and two sustainability experts. Climate-related risks and opportunities are identified in collaboration with the Risk Management Department. For financial assessment and analysis, additional support is obtained from departments such as Finance and Administrative Affairs. The evaluation process covers not only Albaraka Türk's own operations, but also its broader value chain, including upstream and downstream banking-related activities. Sustainability efforts are reviewed through sub-working groups that meet every two months—or monthly in urgent cases. These groups provide updates on ESG risks, opportunities, and projects to the Sustainability Executive Committee, which consolidates findings and reports to the Corporate Governance and Sustainability Committee. Environmental performance and progress against ESG targets are monitored quarterly and annually, with outcomes discussed in Board-level meetings and documented through formal minutes. Environmental oversight is integrated into risk management, strategic planning, and financial decision-making. Insights from sustainability processes feed into capital investment decisions, supplier evaluations, and enterprise risk assessments. Internal controls include structured reporting cycles, formal mandates, and documentation.

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

☑ Managing supplier compliance with environmental requirements

☑ Managing value chain engagement related to environmental issues

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

☑ Measuring progress towards environmental corporate targets

☑ Setting corporate environmental policies and/or commitments

☑ Setting corporate environmental targets

Strategy and financial planning

☑ Conducting environmental scenario analysis

☑ 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

☑ Managing priorities related to innovation/low-environmental impact products or services (including R&D)

(4.3.1.3) Coverage of responsibilities

Select all that apply

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

☑ Dependencies, impacts, risks and opportunities related to our own operations and/or upstream value chain

(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:

☑ Quarterly

(4.3.1.6) Please explain

At Albaraka Türk, oversight of climate-related risks and opportunities is carried out through the Corporate Governance and Sustainability Committee, operating under the Board of Directors. The committee is responsible for developing environmental strategy, setting targets, and monitoring progress. It works in coordination with the Sustainability Executive Committee, which includes senior executives from key departments. Operational execution is led by the Sustainability Office under the Investor Relations and Sustainability Department, consisting of a manager and two sustainability experts. Climate-related risks and opportunities are identified in collaboration with the Risk Management Department. For financial assessment and analysis, additional support is obtained from departments such as Finance and Administrative Affairs. The evaluation process covers not only Albaraka Türk's own operations, but also its broader value chain, including upstream and downstream banking-related activities. Sustainability efforts are reviewed through sub-working groups that meet every two months—or monthly in urgent cases. These groups provide updates on ESG risks, opportunities, and projects to the Sustainability Executive Committee, which consolidates findings and reports to the Corporate Governance and Sustainability Committee. Environmental performance and progress against ESG targets are monitored quarterly and annually, with outcomes discussed in Board-level meetings and documented through formal minutes. Environmental oversight is integrated into risk management, strategic planning, and financial decision-making. Insights from sustainability processes feed into capital investment decisions, supplier evaluations, and enterprise risk assessments. Internal controls include structured reporting cycles, formal mandates, and documentation.

[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

Monetary incentives related to environmental performance are not yet part of Albaraka Türk's remuneration framework. However, with the implementation of the Türkiye Sustainability Reporting Standards (TSRS) in 2024, environmental performance indicators and ESG integration have gained increased strategic importance within the organization. As part of this alignment, the Bank has begun evaluating the incorporation of sustainability-linked key performance indicators (KPIs), including those related to climate change and water management, into future performance assessment and incentive mechanisms. While no monetary incentives are currently tied to the achievement of environmental objectives, internal discussions are ongoing to define how such incentives can be embedded into the broader reward structure.

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

Monetary incentives related to environmental performance are not yet part of Albaraka Türk's remuneration framework. However, with the implementation of the Türkiye Sustainability Reporting Standards (TSRS) in 2024, environmental performance indicators and ESG integration have gained increased strategic importance within the organization. As part of this alignment, the Bank has begun evaluating the incorporation of sustainability-linked key performance indicators (KPIs), including those related to climate change and water management, into future performance assessment and incentive mechanisms. While no monetary incentives are currently tied to the achievement of environmental objectives, internal discussions are ongoing to define how such incentives can be embedded into the broader reward structure.
[Fixed row]

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

	Does your organization have any environmental policies?
	Select from: ☑ 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

☑ Direct operations

☑ Upstream value chain

☑ Portfolio

(4.6.1.4) Explain the coverage

The scope of Albaraka Türk's environmental and sustainability policies covers both the Bank's operations and its lending and investment activities, making the management of environmental risks and opportunities an integral part of its core business processes. The policy encompasses areas such as energy, water, waste management, greenhouse gas emission reduction, renewable energy use, zero-waste practices, and combating climate change, while also including the calculation of emissions arising from lending activities and actions to decarbonize the credit portfolio. In addition, the sustainability policy covers social responsibility, human rights, education, health, and support for vulnerable groups, alongside corporate governance principles. There are no officially defined exclusions on a geographical or business line basis; the policies are designed to apply across all banking activities in line with national and international regulations. This broad scope enables the Bank to manage the environmental impacts arising from both its own operations and the projects it finances, to fulfill its responsibilities towards stakeholders, and to act in line with its net-zero carbon target.

(4.6.1.5) Environmental policy content

Environmental commitments

☑ Commitment to stakeholder engagement and capacity building on environmental issues

Climate-specific commitments

☑ Commitment to 100% renewable energy

☑ Commitment to net-zero emissions

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 the Paris Agreement

☑ Yes, in line with Sustainable Development Goal 6 on Clean Water and Sanitation

(4.6.1.7) Public availability

Select from:

☑ Publicly available

(4.6.1.8) Attach the policy

Albaraka Türk sustainability and environmental policy.pdf
[Add row]

(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?

	Policy framework for portfolio activities include environmental requirements for clients/investees, and/or exclusion policies
Banking (Bank)	*Select from:* ☑ Yes, our framework includes both policies with environmental client/investee requirements and environmental exclusion policies

[Fixed row]

(4.7.1) Provide details of the policies which include environmental requirements that clients/investees need to meet.

Banking (Bank)

(4.7.1.1) Environmental issues covered

Select all that apply

☑ Climate change

☑ Water

(4.7.1.2) Type of policy

Select all that apply

☑ Credit/lending policy

(4.7.1.3) Public availability

Select from:

☑ Publicly available

(4.7.1.4) Attach the policy

albaraka-turk-sustainability-policy_eng.pdf

(4.7.1.5) Value chain stages of client/investee covered by policy

Select from:

☑ Direct operations and upstream/downstream value chain

(4.7.1.6) Industry sectors covered by the policy

Select all that apply

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

(4.7.1.9) % of portfolio covered by the policy in relation to total portfolio value

25

(4.7.1.10) Basis of exceptions to policy

Select all that apply

☑ Segment of the value chain

(4.7.1.11) Explain how criteria coverage and/or exceptions have been determined

Albaraka Türk has started to integrate sustainability considerations into its credit policies. Within this framework, loan applications and project evaluation reports are reviewed in line with sustainability criteria. Throughout the process, clients are asked to provide documentation demonstrating their environmental and social responsibility. The assessments carried out under the credit policy take into account climate-related risks, monitoring of carbon emissions, renewable energy and energy efficiency practices, conservation of water and natural resources, occupational health and safety standards, as well as employment and social responsibility initiatives for disadvantaged groups. Under the new approach, loan requests exceeding 10 million USD are subject to evaluation. This threshold has been set to prioritize high-value exposures that are more critical in the Bank's risk management practices. Accordingly, only applications above this limit are reviewed against sustainability criteria, ensuring a more effective assessment process. As a result of this practice, it is estimated that approximately %25 of the Bank's loan portfolio has been included in this evaluation process.

(4.7.1.12) Requirements for clients/investees

Environmental commitments

☑ Commitment to comply with regulations and mandatory standards

☑ Commitment to take environmental action beyond regulatory compliance

☑ Commitment to stakeholder engagement and capacity building on environmental issues

Climate-specific commitments

☑ Commitment to disclose Scope 1 emissions

☑ Commitment to disclose Scope 2 emissions

☑ Commitment to disclose Scope 3 emissions

Water-specific commitments

☑ Commitment to reduce or phase out hazardous substances

☑ Commitment to control/reduce/eliminate water pollution

(4.7.1.13) Measurement of proportion of clients/investees compliant with the policy

Select from:
☑ Yes

(4.7.1.14) % of clients/investees compliant with the policy

100

(4.7.1.15) % of portfolio value that is compliant with the policy

25

(4.7.1.16) Target year for 100% compliance

Select from:
☑ In more than 5 years
[Add row]

(4.7.2) Provide details of your exclusion policies related to industries, activities and/or locations exposed or contributing to environmental risks.

Banking (Bank)

(4.7.2.1) Type of exclusion policy

Select from:
☑ All fossil fuels

(4.7.2.2) Fossil fuel value chain

Select all that apply
☑ Downstream

(4.7.2.3) Year of exclusion implementation

2024

(4.7.2.4) Phaseout pathway

Select all that apply

☑ New business/investment for new projects

☑ New business/investment for existing projects

☑ Existing business/investment for existing projects

(4.7.2.5) Year of complete phaseout

2050

(4.7.2.6) Country/area the exclusion policy applies to

Select all that apply

☑ Turkey

(4.7.2.7) Description

The 2053 net zero emissions target represents a critical milestone for Türkiye's energy transformation and climate strategy. In line with this national commitment, the transition to renewable energy sources is expected to accelerate, while reliance on fossil fuels will steadily decline. As Albaraka Türk, we aim to contribute to this transition by supporting sustainable projects that align with Türkiye's 2053 net zero pathway as well as global climate goals. As of the end of 2024, we have provided 3.1 billion TL in financing for renewable energy projects, demonstrating our dedication to clean energy investments. By prioritizing environmentally friendly and sustainable financing solutions, we seek to play an active role in reducing carbon emissions and strengthening Türkiye's green energy capacity. The national strategy to phase out fossil fuel investments by 2053 further reinforces our commitment to clean energy financing. Within this framework, Albaraka Türk will continue to expand its contribution to a greener energy future, ensuring alignment with both Türkiye's 2053 net zero target and international sustainability objectives.
[Add row]

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

	Covenants included in financing agreements to reflect and enforce policies
	Select from: ☑ Yes

[Fixed row]

(4.8.1) Provide details of the covenants included in your organization's financing agreements to reflect and enforce your environmental policies.

Row 1

(4.8.1.1) Environmental issue

Select all that apply

☑ Climate change

☑ Water

(4.8.1.2) Types of covenants used

Select all that apply

☑ A purpose or use of proceeds clause that refers to a taxonomy aligned activity

☑ Minimum level of taxonomy aligned assets are mandated

☑ Covenants related to compliance with your environmental policies

(4.8.1.3) Asset class/product types covered by covenants

Select all that apply

☑ Project finance

(4.8.1.4) Criteria for how covenants are applied

Select from:

☑ New business/investment for new projects

(4.8.1.5) % of clients covered by covenants

0.5

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

25

(4.8.1.7) Provide details on which environmental policies your covenants enforce and how

As Albaraka Türk, we commit to conducting risk assessments for all credit applications exceeding USD 10 million within the scope of our Environmental and Social Risk (ESR) framework, taking into account their environmental and social impacts, contributing to sustainable development, and encouraging our clients to act in line with these principles.
[Add 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 the default investment strategy for all plans

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

Within our pension scheme, the "Katılım Emeklilik ve Hayat A.Ş. Sustainability Participation Pension Investment Fund" (Fund code: KSU) is included, which incorporates environmental criteria. The fund is actively managed, and investment decisions are made not only with a focus on financial performance but also by taking into account Environmental, Social, and Governance (ESG) criteria. The portfolio is structured to include equity shares of companies that integrate ESG principles into their investment processes, domestic and international sustainability-themed exchange-traded funds, and green financing instruments. Environmentally high-risk investments (e.g., lease certificates or equities linked to thermal power plants) are excluded, while green energy and sustainability-oriented financial instruments are prioritized.

Water

(4.9.1) Pension scheme incorporates environmental criteria in its holdings

Select from:

☑ Yes, as the default investment strategy for all plans

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

Within our pension scheme, the "Katılım Emeklilik ve Hayat A.Ş. Sustainability Participation Pension Investment Fund" (Fund code: KSU) is included, which incorporates environmental criteria. The fund is actively managed, and investment decisions are made not only with a focus on financial performance but also by taking into account Environmental, Social, and Governance (ESG) criteria. The portfolio is structured to include equity shares of companies that integrate ESG principles into their investment processes, domestic and international sustainability-themed exchange-traded funds, and green financing instruments. Environmentally high-risk investments (e.g., lease certificates or equities linked to thermal power plants) are excluded, while green energy and sustainability-oriented financial instruments are prioritized.
[Fixed row]

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

	Are you a signatory or member of any environmental collaborative frameworks or initiatives?
	Select from:

	Are you a signatory or member of any environmental collaborative frameworks or initiatives?
	☑ No, but we plan to within the next two years

[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

☑ Yes, we engaged directly with policy makers

☑ Yes, we engaged indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation

(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:

☑ Yes, we have a public commitment or position statement in line with global environmental treaties or policy goals

(4.11.3) Global environmental treaties or policy goals in line with public commitment or position statement

Select all that apply

☑ Paris Agreement

☑ Sustainable Development Goal 6 on Clean Water and Sanitation

(4.11.4) Attach commitment or position statement

2024-tsrs-raporu-(eng)_compressed.pdf

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

Select from:

☑ No

(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

Our Bank discloses its environmental commitments and transition plan in the TSRS Sustainability Report. In addition, the section titled "Environmental Sustainability Approach and Policy" in the Integrated Annual Report sets out the foundations of our process. The Bank's environmental ecosystem consists of all renewable and non-renewable resources required in its service cycle, primarily energy, water, and paper. Another critical channel of indirect but significant interaction with the environmental ecosystem is the Bank's lending activities. In both focus areas, our objective is to reduce our carbon footprint, minimize waste, and manage environmental impact through sustainable financing. Our processes are carried out through the Sustainability Committee and relevant coordination groups, and are transformed into a common approach through decisions taken with the participation of different business units and senior management. Prioritization studies are conducted in line with global trends, industry reports, recommendations of international organizations, and the United Nations Sustainable Development Goals (UN SDGs). In this way, our external engagement activities are aligned with both our environmental commitments and our transition plan. The Bank regularly calculates its Scope 1 and Scope 2 emissions and includes certain Scope 3 consumption categories in its measurements. Each year, we identify our environmental footprint and develop projects aimed primarily at reducing emissions arising from our own operations. Energy and water efficiency measures, digitization projects such as "Paperless Banking," waste reduction efforts, and compliance initiatives are integral parts of this process. If an inconsistency is identified, the relevant process is reviewed by the Sustainability Committee, corrective actions are planned, and implementation is carried out in coordination with the relevant business units. This structure ensures that our external engagement activities are not only consistent with the Bank's overall strategy but also aligned with identified environmental dependencies, impacts, risks, and opportunities.
[Fixed row]

(4.11.1) On what policies, laws, or regulations that may (positively or negatively) impact the environment has your organization been engaging directly with policy makers in the reporting year?

Row 1

(4.11.1.1) Specify the policy, law, or regulation on which your organization is engaging with policy makers

Türkiye Climate Law (draft legislation) Green Asset Regulation – Banking Regulation and Supervision Agency (BRSA) Türkiye Sustainability Reporting Standards (TSRS) – issued by the Public Oversight, Accounting and Auditing Standards Authority (POA)

(4.11.1.2) Environmental issues the policy, law, or regulation relates to

Select all that apply

☑ Climate change

☑ Water

(4.11.1.3) Focus area of policy, law, or regulation that may impact the environment

Transparency and due diligence

☑ Transparency requirements

☑ Verification and audits

☑ Corporate environmental reporting

☑ Mandatory environmental reporting

(4.11.1.4) Geographic coverage of policy, law, or regulation

Select from:

☑ National

(4.11.1.5) Country/area/region the policy, law, or regulation applies to

Select all that apply

☑ Turkey

(4.11.1.6) Your organization's position on the policy, law, or regulation

Select from:

☑ Support with no exceptions

(4.11.1.8) Type of direct engagement with policy makers on this policy, law, or regulation

Select all that apply

☑ Regular meetings

☑ Discussion in public forums
☑ Participation in working groups organized by policy makers
☑ Participation in voluntary government programs
☑ Submitting written proposals/inquiries

(4.11.1.9) Funding figure your organization provided to policy makers in the reporting year relevant to this policy, law, or regulation (currency)

0

(4.11.1.10) Explain the relevance of this policy, law, or regulation to the achievement of your environmental commitments and/or transition plan, how this has informed your engagement, and how you measure the success of your engagement

In 2024, Albaraka Türk prepared its first sustainability report in alignment with the Türkiye Sustainability Reporting Standards (TSRS), marking a significant step toward environmental transparency and climate-related disclosure. This milestone demonstrates the Bank's commitment to aligning with global sustainability frameworks and reinforces the foundation of its long-term transition strategy. In parallel, Albaraka Türk began implementing the draft Green Asset Ratio regulation introduced by the Banking Regulation and Supervision Agency (BRSA). As part of this process, the Bank identified its first qualifying green asset and initiated regular calculation of the Green Asset Ratio. This enables the Bank to systematically monitor the share of environmentally sustainable assets in its portfolio and align future financing decisions with national regulatory expectations and global environmental goals. This engagement supports Albaraka Türk's broader environmental strategy by embedding regulatory developments into internal sustainability practices. The Bank recognizes that participating in the national regulatory transformation is critical to fostering a more resilient and transparent financial system. Success is measured by the integration of TSRS-aligned reporting processes, the development of internal systems for tracking green assets, and the increasing proportion of green assets in the portfolio over time. These indicators help assess the Bank's progress in meeting its environmental objectives and supporting the transition to a low-carbon economy.

(4.11.1.11) Indicate if you have evaluated whether your organization's engagement on this policy, law, or regulation is aligned with global environmental treaties or policy goals

Select from:
☑ Yes, we have evaluated, and it is aligned

(4.11.1.12) Global environmental treaties or policy goals aligned with your organization's engagement on this policy, law or regulation

Select all that apply

☑ Paris Agreement

☑ Sustainable Development Goal 6 on Clean Water and Sanitation

[Add row]

(4.11.2) Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

Row 1

(4.11.2.1) Type of indirect engagement

Select from:

☑ Indirect engagement via other intermediary organization or individual

(4.11.2.2) Type of organization or individual

Select from:

☑ Non-Governmental Organization (NGO) or charitable organization

(4.11.2.3) State the organization or position of individual

Albaraka Türk contributes indirectly to environmental policy via TBB (The Banks Association of Türkiye), TKBB (The Participation Banks Association of Türkiye), AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions), IFSB (Islamic Financial Services Board), IIF (Institute of International Finance), and CIBAFI (General Council for Islamic Banks and Financial Institutions).

(4.11.2.5) Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position

Select all that apply

☑ Climate change

☑ Water

(4.11.2.6) Indicate whether your organization’s position is consistent with the organization or individual you engage with

Select from:

☑ Consistent

(4.11.2.7) Indicate whether your organization attempted to influence the organization or individual's position in the reporting year

Select from:

☑ No, we did not attempt to influence their position

(4.11.2.8) Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

Albaraka Türk's environmental stance is aligned with the sustainability and climate-related efforts promoted by the intermediary organizations it engages with. Through participation in working groups and committees within The Banks Association of Türkiye (TBB) and The Participation Banks Association of Türkiye (TKBB), Albaraka Türk supports initiatives that promote sustainable banking practices, such as the development of the Green Asset Ratio, and the integration of Türkiye Sustainability Reporting Standards (TSRS) aligned with IFRS S1 and S2. Internationally, the bank is a member of AAOIFI, IFSB, IIF, and CIBAFI—institutions that have recently included environmental and climate risk guidelines in their frameworks. These bodies provide strategic direction and regulatory recommendations in Islamic finance and sustainability. Albaraka Türk contributes to sustainability discussions through its membership but has not attempted to directly influence or alter the positions of these organizations during the reporting year, as their positions are already aligned with the bank's sustainability commitments. In line with its own climate strategy and 2024 reporting under TSRS, Albaraka Türk continues to support the transition toward a sustainable and low-carbon economy. The bank also began tracking its green assets under the scope of the Green Asset Ratio regulation issued by the Banking Regulation and Supervision Agency (BRSA). These steps are consistent with the policy directions and environmental advocacy of the organizations with which it is affiliated.

(4.11.2.9) Funding figure your organization provided to this organization or individual in the reporting year (currency)

0

(4.11.2.11) Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals

Select from:

☑ Yes, we have evaluated, and it is aligned

(4.11.2.12) Global environmental treaties or policy goals aligned with your organization's engagement on policy, law or regulation

Select all that apply

☑ Paris Agreement

☑ Sustainable Development Goal 6 on Clean Water and Sanitation

[Add 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

☑ IFRS

☑ TCFD

(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

☑ Risks & Opportunities

☑ Content of environmental policies

☑ Value chain engagement

☑ Dependencies & Impacts

☑ Public policy engagement

☑ Water accounting figures

☑ Water pollution indicators

(4.12.1.6) Page/section reference

General Information on the Bank and the Structure of the Value Chain; pp 7-8 Sustainability Governance; pp 10-13 Our Sustainability Strategy; pp 15-18 Climate-related Risk and Opportunities; pp 19-26 Financial Impacts of Climate Risks and Opportunities; pp 27-30 Climate-Related Strategy and Desion-Making Processes; pp 31-33 Heat Map; pp 34-37 Climate Resilience and Scenario Analysis; pp:37-40 Sustainable Risk Management; pp 42-45 Climate-Related Metrics And Targets; pp 47-49

(4.12.1.7) Attach the relevant publication

2024-tsrs-raporu-(eng)_compressed.pdf

(4.12.1.8) Comment

No Answer
[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:
☑ Yes

(5.1.2) Frequency of analysis

Select from:
☑ Annually

Water

(5.1.1) Use of scenario analysis

Select from:
☑ Yes

(5.1.2) Frequency of analysis

Select from:
☑ Annually
[Fixed row]

(5.1.1) Provide details of the scenarios used in your organization’s scenario analysis.

Climate change

(5.1.1.1) Scenario used

Climate transition scenarios

☑ NGFS scenarios framework, please specify :Orderly

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Portfolio

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Policy

☑ Market

☑ Reputation

☑ Technology

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 1.5°C or lower

(5.1.1.7) Reference year

2024

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2025

☑ 2030

☑ 2040

☑ 2050

(5.1.1.9) Driving forces in scenario

Regulators, legal and policy regimes

☑ Global regulation

☑ Level of action (from local to global)

☑ Global targets

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

Albaraka Türk has prioritized acute physical risks such as extreme weather events and transition risks related to regulatory changes in its scenario analyses. Within the framework of the Orderly Transition scenario, assumptions were developed by considering Turkey's policy environment, economic structure, climate conditions, and technological transformation capacity. In terms of policies, Turkey's ratification of the Paris Agreement and its 2053 Net Zero Emission target strengthen expectations of stricter regulations in the medium and long term. International policies such as the EU Carbon Border Adjustment Mechanism (CBAM) are expected to increase costs for clients operating in carbon-intensive sectors, representing a critical transition risk for the Bank's credit portfolio. Macroeconomic trends, including growth, inflation, exchange rates, and investment flows, are assumed to directly affect carbon costs and the financial sustainability of sectors. Carbon-intensive industries are expected to face declining revenues and profitability under rising cost pressures. At the national and regional level, the geographical and climatic characteristics of cities where financed assets and clients are located, as well as demographics, infrastructure resilience, and the availability of natural resources, were considered. Exposure to floods, droughts, and storms was analyzed using international data sources such as WRI Aqueduct and heat mapping techniques. With respect to energy usage, Turkey remains largely dependent on fossil fuels; however, renewable energy investments are increasing. The pace and scope of the energy transition are assumed to be decisive for sectoral impacts, and energy costs are expected to vary across industries. On technology, developments such as energy efficiency solutions, carbon capture, green hydrogen, and sustainable production methods are assumed to play a critical role in the low-carbon transition. Although adoption will vary across sectors, these technologies are projected to provide long-term emission reduction potential. Uncertainties include the timing and scope of policy implementation, economic volatility, the commercialization of new technologies, and climate variability. While the scenario is designed to cover the entire organization, data limitations in some subsidiaries mean that the analysis primarily focuses on core activities and the credit portfolio.

(5.1.1.11) Rationale for choice of scenario

Albaraka Türk has selected the NGFS Orderly Transition scenario. This scenario assumes that carbon pricing and policy measures are introduced in a predictable and timely manner, providing a low-shock and gradual transition pathway. This is highly relevant for testing the resilience of the Bank's business strategy, as it

considers both transition and physical risks at manageable levels. The scenario is aligned with the Paris Agreement and Turkey's 2053 Net Zero target, reflecting expectations of stricter regulations in the medium to long term. Clients operating in carbon-intensive sectors are expected to face rising costs due to CBAM and other international policies. However, because the transition is more predictable, sudden market shocks remain limited, allowing risks in the Bank's credit portfolio to be more manageable. The scenario directly supports the Bank's strategic planning. Sector-based credit policies are systematically integrated with carbon footprint criteria, insurance and collateral structures are reviewed, and the share of green finance products is expanded. This allows the Bank to test its resilience to climate-related uncertainties and strengthen the stability of its long-term financing models. Scenario analysis is informed by IPCC reports, NGFS projections, international climate models, and data sources such as WRI Aqueduct. In line with financial sector guidance, Albaraka Türk applies environmental scenario analysis not only to its operational activities but also to lending, investment, and intermediation activities, ensuring that climate-related risks and opportunities are assessed comprehensively across its business model.

Water

(5.1.1.1) Scenario used

Physical climate scenarios

☑ RCP 4.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

Select from:

☑ SSP2

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Portfolio

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Acute physical
☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

Select from:
☑ 2.0ºC - 2.4ºC

(5.1.1.7) Reference year

2024

(5.1.1.8) Timeframes covered

Select all that apply
☑ 2025
☑ 2030
☑ 2040
☑ 2050

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts
☑ Climate change (one of five drivers of nature change)

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

In the RCP 4.5 scenario, Albaraka Türk assumes a medium stabilization pathway with global warming of about 2.0–2.4 °C by 2100. The scenario reflects higher frequency and severity of extreme weather events, creating physical risks for financed assets and client operations. Such events may increase repair costs and revenue losses, weakening repayment capacity and raising credit risk for the Bank. On the policy side, Turkey's ratification of the Paris Agreement and its 2053 Net Zero target strengthen expectations of tighter climate regulation. International measures such as the EU Carbon Border Adjustment Mechanism (CBAM) are also considered, as they may increase costs for carbon-intensive sectors and create transition risks for the lending portfolio. Macroeconomic factors including growth, inflation, exchange rates, and investment trends are assumed to influence carbon costs and sectoral resilience. Carbon-intensive industries may face declining revenues due to higher costs. At the national and regional level, the scenario considers local climate conditions, demographics, infrastructure resilience, and natural

resources. Exposure to floods, droughts, and storms is assessed using sources such as WRI Aqueduct. Turkey's energy system remains largely fossil-fuel based, though renewable investments are expanding. The pace of this transition and related energy costs are key assumptions. Technological progress in efficiency, carbon capture, green hydrogen, and sustainable production is assumed to provide emission reduction potential in the long term. Uncertainties remain regarding the speed of policy implementation, economic volatility, technology adoption, and local climate variability. While the scenario covers the whole organization, limited data in some subsidiaries means analysis focuses mainly on core operations and the credit portfolio.

(5.1.1.11) Rationale for choice of scenario

Albaraka Türk has selected the RCP 4.5 scenario as it reflects a medium stabilization pathway where global temperatures are projected to rise between 1.7 °C and 3.2 °C by 2100 under limited but effective climate policies. The scenario anticipates an increase in extreme weather events, which raises the risk of physical damage to financed properties and may disrupt client operations. Higher repair costs and revenue losses could weaken repayment capacity, leading to elevated credit risk for the Bank. This makes RCP 4.5 highly relevant for testing the resilience of the Bank's business strategy. The scenario also highlights transition risks. Turkey's ratification of the Paris Agreement and its 2053 Net Zero commitment strengthen expectations of stricter climate regulation in the medium and long term. International policies such as the EU Carbon Border Adjustment Mechanism (CBAM) may increase compliance costs for clients in carbon-intensive sectors, representing a significant risk factor for the Bank's lending portfolio. By selecting RCP 4.5, the Bank ensures that both physical and transition risks are incorporated into strategic planning. The scenario supports the review of insurance and collateral structures, portfolio diversification, and the stress testing of long-term financing models. It therefore provides a balanced framework to evaluate the Bank's resilience to climate-related changes, developments, and uncertainties. The scenario draws on authoritative sources including IPCC reports, international climate models, and data platforms such as WRI Aqueduct. In line with financial sector guidance, Albaraka Türk applies environmental scenario analysis not only to its operations but also to lending, investment, and intermediation activities, ensuring a comprehensive assessment of climate-related risks and opportunities.
[Add row]

(5.1.2) Provide details of the outcomes of your organization's scenario analysis.

Climate change

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

☑ Risk and opportunities identification, assessment and management

☑ Strategy and financial planning

☑ Resilience of business model and strategy

☑ Capacity building

☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:

☑ Portfolio

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

In 2024, Albaraka Türk conducted its first scenario analyses in line with the TSRS framework, alongside the identification of climate-related risks and opportunities. These analyses were developed to assess the implications of transition and physical risks under different climate policy pathways and to evaluate alignment with Turkey's 2053 Net Zero target. The scenarios considered both orderly and disorderly transition narratives, reflecting alternative policy timelines and their implications for carbon pricing, regulatory compliance, and sectoral exposure. Short-, medium-, and long-term horizons were analyzed, with particular emphasis on credit risks in carbon-intensive industries, the impact of potential policy shocks such as the EU Carbon Border Adjustment Mechanism (CBAM), and the resilience of the Bank's portfolio under different policy and market conditions. Key insights show that an orderly transition pathway would allow a more predictable adjustment of credit and investment strategies, while a disorderly transition would lead to sharp cost increases for clients, greater volatility, and higher default risk in the credit portfolio. These outcomes highlight the importance of strengthening portfolio stress testing, systematically integrating carbon risk into sectoral lending policies, and expanding sustainable finance offerings. In terms of strategic and financial planning, the analysis confirmed that the Bank will need to maintain flexibility in financial resources, adjust sectoral risk limits, and adapt its business model by reallocating capital toward low-carbon and resilient sectors. Planned investments in green finance and sustainable products are expected to support both mitigation and adaptation efforts. While the primary focus has been on climate-related risks, the Bank also recognizes that transition dynamics may create indirect implications for other environmental issues such as biodiversity and resource efficiency, which will be further explored in future analyses. The geographic exposure of the Bank's portfolio remains primarily in Turkey, with concentration in key sectors such as energy, real estate, and manufacturing. Scenario analysis is therefore used to assess differentiated impacts across business lines and to ensure the long-term resilience of the Bank's value chain.

Water

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

☑ Risk and opportunities identification, assessment and management

☑ Strategy and financial planning

☑ Resilience of business model and strategy

☑ Capacity building

☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:

☑ Portfolio

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

In 2024, Albaraka Türk conducted its first scenario analyses in line with the TSRS framework, alongside the identification of climate-related risks and opportunities. These analyses were developed to assess the implications of transition and physical risks under different climate policy pathways and to evaluate alignment with Turkey's 2053 Net Zero target. The scenarios considered both orderly and disorderly transition narratives, reflecting alternative policy timelines and their implications for carbon pricing, regulatory compliance, and sectoral exposure. Short-, medium-, and long-term horizons were analyzed, with particular emphasis on credit risks in carbon-intensive industries, the impact of potential policy shocks such as the EU Carbon Border Adjustment Mechanism (CBAM), and the resilience of the Bank's portfolio under different policy and market conditions. Key insights show that an orderly transition pathway would allow a more predictable adjustment of credit and investment strategies, while a disorderly transition would lead to sharp cost increases for clients, greater volatility, and higher default risk in the credit portfolio. These outcomes highlight the importance of strengthening portfolio stress testing, systematically integrating carbon risk into sectoral lending policies, and expanding sustainable finance offerings. In terms of strategic and financial planning, the analysis confirmed that the Bank will need to maintain flexibility in financial resources, adjust sectoral risk limits, and adapt its business model by reallocating capital toward low-carbon and resilient sectors. Planned investments in green finance and sustainable products are expected to support both mitigation and adaptation efforts. While the primary focus has been on climate-related risks, the Bank also recognizes that transition dynamics may create indirect implications for other environmental issues such as biodiversity and resource efficiency, which will be further explored in future analyses. The geographic exposure of the Bank's portfolio remains primarily in Turkey, with concentration in key sectors such as energy, real estate, and manufacturing. Scenario analysis is therefore used to assess differentiated impacts across business lines and to ensure the long-term resilience of the Bank's value chain.

[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 does not yet have a formal climate transition plan fully aligned with a 1.5°C world. However, in 2024, as part of its first TSRS report, the Bank identified its key climate-related risks and opportunities and initiated scenario analyses to assess the resilience of its business strategy under different climate pathways. This process represents an important first step in building the foundation for a structured transition plan. The Bank is committed to broadening the scope of its GHG emissions accounting and disclosure in the coming reporting cycles, ensuring greater coverage across operational and portfolio-related emissions. This expanded emissions inventory will form the basis for setting more science-based targets and aligning future strategies with global climate objectives. Albaraka Türk also recognizes the strategic importance of developing a transition plan that is consistent with Turkey's 2053 Net Zero target as well as international climate frameworks. The Bank therefore intends to publish its climate transition plan, including clear interim targets, actions to reduce portfolio exposure to carbon-intensive sectors, and measures to expand sustainable finance activities. This will allow the Bank to gradually align its lending, investment, and operational strategies with a 1.5°C pathway, while continuing to strengthen portfolio resilience and support the transition of its clients.
[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:
☑ Yes, both strategy and financial planning

(5.3.2) Business areas where environmental risks and/or opportunities have affected your strategy

Select all that apply
☑ Products and services
☑ Upstream/downstream value chain
☑ Investment in R&D
☑ Operations
[Fixed row]

(5.3.1) Describe where and how environmental risks and opportunities have affected your strategy.

Products and services

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

With increasing global and national awareness of climate change, Albaraka Türk has systematically integrated environmental risks and opportunities into its strategies. The Bank recognizes that policy and reputation risks, along with shifting customer preferences, are driving demand for low-carbon, resource-efficient, and climate-sensitive financial products. Accordingly, Albaraka Türk has diversified its sustainable finance portfolio, prioritizing renewable energy, energy efficiency, water conservation, and green building investments. In 2024, the Bank provided TRY 3,076,869,939 in financing for renewable energy projects, with a total installed capacity of 148.9 MW. This represented 60% of total project financing, highlighting renewable energy as a major opportunity shaping strategic planning. These investments significantly reduce carbon footprints while expanding the Bank's sustainable financing portfolio and customer base. Albaraka Türk also sees opportunities in energy-efficient housing and low-emission vehicle financing, where customer demand is expected to grow due to social awareness and regulatory incentives. In response, the Bank is developing financial products such as energy efficiency loans, sustainable housing credits, and green leasing models, strengthening its presence in retail and SME segments. The Bank has also integrated ESG-compatible participation banking products into its strategy to meet growing demand for Shariah-compliant but climate-sensitive financing. This includes financing for renewable energy, energy efficiency, and environmentally friendly production systems, embedding ESG principles into product design and decision-making. Operationally, Albaraka Türk pursues resource efficiency and cost savings, with green buildings, waste management, and energy-saving technologies across branches and headquarters. These measures support environmental goals while lowering operating costs. Albaraka Türk's strategic approach is shaped not only by customer demand but also by alignment with Türkiye's 2053 Net Zero target. Moreover, Türkiye's ratification of the Paris Climate Agreement in 2021 and adoption of a 2053 net-zero target, consistent with limiting warming to 1.5°C, have become fundamental pillars of the Bank's long-term sustainability policies. By embedding environmental criteria into credit evaluation and risk management, the Bank turns environmental opportunities into profitable and sustainable financing solutions. This strengthens portfolio resilience, enhances customer loyalty, and consolidates Albaraka Türk's position as a leading institution in sustainable participation banking in Türkiye.

Upstream/downstream value chain

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Albaraka Türk recognizes that climate-related risks and opportunities can affect all stages of its value chain. Therefore, both the upstream (suppliers) and downstream (customers and markets) parts of the value chain are prioritized in its climate-related risk and opportunity assessments. In the upstream value chain, managing environmental risks in long-term supplier relationships has become a critical element. The Bank prioritizes energy-efficient, low-carbon, and environmentally friendly products and services in its procurement processes, adopting a sustainability-focused approach across its supply chain. Supplier selection criteria include quality, efficiency, compliance with legal frameworks, and adherence to environmental standards. Albaraka Türk prioritizes working with local suppliers, thereby contributing to the national economy while also promoting sustainable practices within its supply chain. Regular audits and performance assessments ensure that suppliers align with the Bank's environmental policies and corporate values. In the downstream value chain, lending, investment management, and financial advisory services are shaped by climate risks and opportunities. Particularly within the transition to a low-carbon economy, directing clients towards green investments has become a strategic decision. The Bank provides climate-friendly solutions to its customers, including financing for energy efficiency, renewable energy, and low-emission housing and vehicles. This approach not only strengthens customer satisfaction but also enhances resilience against climate-related risks. In strategic decision-making, short-term priorities include operational compliance and supplier evaluation criteria, while medium- and long-term strategies focus on aligning the Bank's financing portfolio with Turkey's 2053 Net Zero target. Within this scope, the significant allocation of financing to renewable energy investments (60% of total project financing) has been a key milestone in the Bank's strategy. In conclusion, climate-related risks (such as increases in carbon pricing, regulation-driven costs, and supply chain compliance risks) and opportunities (such as green finance, new customer segments, and sustainable product diversification) are shaping Albaraka Türk's value chain strategy. The Bank, in line with the Paris Agreement and Turkey's 2053 Net Zero target, is implementing decisions that promote sustainable growth across its value chain, extending from suppliers to customers.

Investment in R&D

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Albaraka Türk has clearly experienced the impact of environmental risks and opportunities on its business strategies, particularly in the area of investment in R&D. The effects of climate change, increasing regulatory pressures, and shifts in customer expectations have made it essential for the Bank to develop technology- and innovation-driven solutions. In this context, strategic R&D projects have been implemented to manage environmental risks and leverage opportunities. One of the most important initiatives is the use of the Sustable software for carbon footprint calculation processes. This tool allows the Bank to measure emissions arising from its operational and financial activities quickly and transparently. This capability is critical for ensuring compliance with climate-related regulations, meeting investor expectations, and strengthening the Bank's long-term climate strategies. In addition, the Paperless Banking Project led by the Business Excellence and Innovation Department has both enhanced customer experience and increased operational efficiency. By 2024, approximately 100,000 transactions were digitally approved, resulting in around 3 million TRY cost savings and contributing to the preservation of 330 trees. This project demonstrates how environmental opportunities can be directly integrated into business processes and shows that the transition to a low-carbon economy can generate new business opportunities for the Bank. These projects are pursued with a long-term strategy. Focusing R&D investments on environmentally friendly technologies not only reduces costs in the short term but also enables the Bank to align with its 2053 Net Zero Emission Target in the long term. In strategic decision-making processes, risks and opportunities are evaluated together. For instance, continuing operations based on paper use poses long-term financial risks due to increasing carbon costs and environmental pressures, while transforming processes through digitalization and AI-powered software creates new business areas and strengthens the Bank's sustainability performance. Ultimately, these R&D investment decisions are aligned with the Paris Agreement and Turkey's 2053 Net Zero Target. In this framework, environmental risks are not viewed solely as a cost factor, but also as a strategic opportunity for innovation and the development of new financial products.

Operations

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Albaraka Türk continuously improves its operational activities to combat climate change and support environmental sustainability. The Bank positions reducing its carbon footprint, minimizing the use of natural resources such as energy, water, and paper, and limiting waste generation as strategic priorities. In this context, preparations were launched in the last quarter of 2024 to participate in the Zero Waste Project initiated by the Ministry of Environment, Urbanization and Climate Change, with the official application planned for the first quarter of 2025. Within this scope, a zero waste management system has been established across headquarters and branches, with traditional waste bins removed and recycling practices introduced to ensure separation at source. At headquarters, separated waste is delivered to municipal recycling systems, while cardboard boxes used in transportation are reused several times before being sent to recycling facilities. In addition, regular maintenance of equipment and assets extends their useful life, while digitalization practices have led to significant paper savings. Starting in 2025, the Bank also plans to provide employee training on zero waste, organize awareness workshops, and pursue collaborations with social enterprises that contribute to the circular economy. Efforts to reduce water consumption have included the installation of water-saving apparatus in restrooms at headquarters, the use of drip irrigation in green spaces, and the preference for drought-resistant and climate-adapted plant species in landscaping. To reduce energy consumption, the headquarters building has been fitted with window films, lighting systems and usage times have been optimized, thermostat settings fixed, and operating hours of heating and cooling systems adjusted. The building design maximizes the use of daylight, reducing the need for artificial lighting while supporting employee well-being. High-efficiency lighting fixtures are used, and fluorescent lamps are selected from low-mercury models. Through these projects, Albaraka Türk not only enhances operational efficiency but also makes concrete contributions to the fight against climate change. By implementing initiatives in waste management, energy and water efficiency, and digital transformation, the Bank reduces its environmental footprint while pursuing a roadmap aligned with Turkey's 2053 Net Zero target and the Paris Agreement.
[Add row]

(5.3.2) Describe where and how environmental risks and opportunities have affected your financial planning.

Row 1

(5.3.2.1) Financial planning elements that have been affected

Select all that apply
☑ Direct costs
☑ Capital expenditures

(5.3.2.2) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.2.3) Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

Select all that apply

☑ Climate change

☑ Water

(5.3.2.4) Describe how environmental risks and/or opportunities have affected these financial planning elements

Albaraka Türk integrates climate-related risks and opportunities directly into financial planning. Both short-, medium-, and long-term strategies are shaped by operational risks and portfolio-level impacts. Physical risks such as floods, storms, and droughts threaten financed properties and weaken repayment capacity. To mitigate this, the Bank includes climate-related hazards in insurance policies; in 2024, about TRY 6 million was allocated to premiums, eliminating these risks within financial planning. Transition risks such as the EU Carbon Border Adjustment Mechanism (CBAM) increase costs for carbon-intensive clients, creating potential default risks. As of 2024, loans to CBAM-exposed sectors represented 3.6% of the Bank's portfolio. To address this, stricter credit assessments and collateral requirements were introduced, aligning with long-term resilience. At the same time, opportunities drive portfolio growth. By 2024, Albaraka Türk financed approximately TRY 3.1 billion in renewable energy projects, with an installed capacity of 148.9 MW. These investments reduce portfolio emissions while generating stable long-term revenues. In parallel, energy-efficient housing and low-emission vehicle financing created immediate financial impact of around TRY 4.5 million, with projected growth up to TRY 12.4 million over the long term. On the operational side, Zero Waste initiatives, paperless banking, and energy efficiency measures reduce environmental footprint and costs. The paperless banking program alone saved nearly TRY 3 million in 2024 and preserved around 330 trees, improving both efficiency and sustainability. All these actions support Turkey's 2053 Net Zero target and align with the Paris Agreement's 1.5°C pathway. Financial resources are allocated to renewable energy, efficiency projects, and low-carbon product development, while external funding opportunities are pursued to accelerate climate action. In summary, environmental risks and opportunities are a core input to financial planning. Insurance, credit, capital expenditure, product development, and operations are reshaped to strengthen resilience and support long-term sustainable growth.
[Add 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

Albaraka Türk does not yet apply an internal price on environmental externalities such as carbon or water. In 2024, the Bank conducted its first systematic assessment of climate-related risks and opportunities, which highlighted the importance of integrating environmental costs into financial decision-making for long-term resilience. Aligned with Turkey's ratification of the Paris Agreement, the national Net Zero 2053 target, and new regulatory frameworks such as the EU Carbon Border Adjustment Mechanism (CBAM), the Bank recognizes that internal pricing will be essential for compliance and sustainable growth. Within the next two years, Albaraka Türk plans to establish an internal pricing mechanism, starting with carbon pricing in lending and investment decisions for carbon-intensive sectors. Over time, this will expand to water and other externalities. This framework will support better integration of climate-related costs into risk management, financial planning, and product development, while enabling the creation of climate-sensitive financial products. Through this initiative, the Bank aims to strengthen portfolio resilience, align with international best practices, and systematically embed environmental costs into decision-making.
[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

☑ Water

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:

☑ Judged to be unimportant or not relevant

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

Albaraka Türk does not currently engage directly with investors and shareholders on environmental issues. Until 2024, the Bank's priority was to identify climate-related risks and opportunities, conduct scenario analyses, and align internal operations with national climate targets and regulatory requirements. However, global markets and regulatory frameworks are increasingly emphasizing transparency in sustainability performance. Turkey's 2053 Net Zero target and the Paris Agreement also underline the need to share climate risk management and sustainable finance strategies with investors. For this reason, the Bank plans to initiate engagement with investors and shareholders on environmental issues within the next two years. Planned activities include transparent disclosure of climate risks and opportunities, integration of sustainability performance into investor relations processes, and organizing dedicated information sessions. Through these efforts, investors will be regularly informed about the Bank's environmental commitments and how they are integrated into long-term financial planning.

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:

☑ Judged to be unimportant or not relevant

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

Albaraka Türk does not yet have a structured engagement with other value chain stakeholders on environmental issues. Until recently, the Bank's focus was on building internal systems, identifying climate-related risks and opportunities, and measuring Scope 1, Scope 2, and Scope 3 emissions, as well as aligning operations with regulatory requirements and Turkey's national climate agenda. Suppliers, business partners, and service providers play a critical role in addressing indirect environmental impacts and strengthening value chain resilience. With the commitments under the Paris Agreement and Turkey's 2053 Net Zero target, engaging these stakeholders has become essential to achieving long-term sustainability objectives. Albaraka Türk therefore plans to initiate structured engagement within the next two years. Planned actions include collecting environmental performance data from suppliers, integrating sustainability criteria into procurement processes, and encouraging partners to reduce their carbon and water footprints. Particular attention will be given to improving the monitoring and reduction of Scope 3 emissions. The Bank also intends to collaborate with social enterprises and industry initiatives to support circular economy practices. Through these efforts, Albaraka Türk will be able to better monitor environmental impacts beyond direct operations, strengthen Scope 3 management, and promote collective climate action across the value chain.
[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

☑ Water

(5.11.3.3) Type and details of engagement

Capacity building

☑ Provide training, support and best practices on how to make credible renewable energy usage claims

Innovation and collaboration

☑ Run a campaign to encourage innovation to reduce environmental impacts on products and services

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

Select from:

☑ Unknown

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

Select from:

☑ 100%

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

As Albaraka Türk, we recognize the importance of engaging with our clients to advance our climate change strategies and support the transition to a low-carbon economy. Our engagement approach focuses primarily on clients operating in sectors with higher exposure to environmental risks, such as carbon-intensive industries and sectors sensitive to water stress or extreme weather. These clients are prioritized due to their significant contribution to Scope 3 emissions and potential impact on the Bank's portfolio resilience. We also actively support clients in renewable energy and sustainability-related investments. In 2023, Albaraka Türk financed renewable energy projects with a total installed capacity of 148.9 MW, representing approximately 60% of our total project financing portfolio. This reflects our strategic priority to encourage clients' transition to clean energy and increase the share of green assets in our portfolio. Engagement activities include providing financial products tailored to sustainable projects, offering awareness-raising initiatives on energy efficiency and resource savings, and promoting business models aligned with Turkey's Net Zero 2053 target and the Paris Agreement. By concentrating our engagement on clients with both high environmental impact and high potential for transition, we aim to reduce risks, unlock new opportunities, and contribute to sustainable growth.

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

We communicate our engagement strategy transparently through multiple channels. Our official website and social media accounts are regularly used to share information on sustainability initiatives, client engagement activities, and updates on climate-related strategies. In addition, progress and outcomes are publicly disclosed through our annual Integrated Annual Report, which provides detailed evaluations of our environmental and social performance, including client-focused sustainability practices. This approach ensures that both our clients and the wider public are informed about the Bank's priorities, actions, and results. Our reports include highlights on financed renewable energy projects, energy efficiency initiatives, and other client engagement outcomes, aligning them with Turkey's Net Zero

2053 target and the Paris Agreement. By providing regular updates and publicly available information, we aim to maintain transparency, strengthen trust with stakeholders, and demonstrate accountability in our engagement strategy.

(5.11.3.8) Attach your engagement strategy

2024-integrated-annual-report.pdf

(5.11.3.9) Staff in your organization carrying out the engagement

Select all that apply

☑ Equity/credit analysts

(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

Albaraka Türk's client engagement activities aim to reduce environmental risks in the portfolio and contribute to Türkiye's 2053 Net Zero target. The success of these efforts is measured through tangible developments such as clients adopting more sustainable business models, improving their operational efficiency, and undertaking renewable energy investments. The coverage of the engagement strategy is determined by clients operating in carbon-intensive sectors or sectors that are more vulnerable to climate risks, as these groups represent a significant share of the Bank's Scope 3 emissions. Therefore, initiatives carried out in these areas directly contribute to strengthening portfolio resilience and reducing environmental impact. Positive outcomes may include steps taken by some clients in energy-intensive sectors to enhance energy efficiency, as well as initiatives by clients investing in renewable energy to further develop their projects. Such developments indicate that Albaraka Türk's financing support and engagement strategy can contribute to mitigating environmental risks within the portfolio and have the potential to support sustainable growth across the value chain. Albaraka Türk regularly monitors progress achieved in this process and discloses it to the public through its Integrated Activity Report. In doing so, the Bank ensures transparency and strengthens trust with its stakeholders.

(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:

☑ Adaptation to climate change

(5.11.7.3) Type and details of engagement

Capacity building

☑ Provide training, support and best practices on how to mitigate environmental impact

(5.11.7.4) Upstream value chain coverage

Select all that apply

☑ Tier 1 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

Select from:

☑ 100%

(5.11.7.6) % of tier 1 supplier-related scope 3 emissions covered by engagement

Select from:

☑ 76-99%

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

Albaraka Türk integrates environmental and social responsibility into its supplier engagement by prioritizing sustainable procurement practices. The Bank has established a supplier evaluation framework that incorporates compliance with legal requirements, alignment with the Bank's corporate values, and adherence to sustainability principles. In this framework, Tier 1 suppliers are assessed on criteria such as energy efficiency, waste reduction practices, resource management, and compliance with environmental regulations. In addition to evaluation, Albaraka Türk provides suppliers with guidance and training on sustainable practices, including climate change adaptation measures. By sharing expectations, policies, and sustainability requirements with suppliers, the Bank ensures that environmental

considerations are embedded in procurement processes and supplier operations. This engagement is particularly important for supporting local suppliers, who represent the majority of procurement spend, and helps them improve their environmental performance and resilience. The effect of this engagement is twofold: first, it supports suppliers in reducing their environmental footprint and adapting to climate-related risks; second, it strengthens the Bank's own climate transition efforts by embedding environmental responsibility across its upstream value chain. Outcomes include increased awareness among suppliers of sustainability standards, alignment with the national Net Zero 2053 target, and enhanced portfolio resilience against environmental risks. The success of this engagement is measured by the proportion of suppliers meeting sustainability criteria in audits and evaluations, the integration of environmental requirements in supplier contracts, and progress reported through annual reviews. These measures ensure that supplier engagement activities not only mitigate risks but also contribute to the Bank's broader climate goals.

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Select from:

☑ Yes

Water

(5.11.7.2) Action driven by supplier engagement

Select from:

☑ Adaptation to climate change

(5.11.7.3) Type and details of engagement

Capacity building

☑ Provide training, support and best practices on how to mitigate environmental impact

(5.11.7.4) Upstream value chain coverage

Select all that apply

☑ Tier 1 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

Select from:

☑ 100%

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

Albaraka Türk integrates environmental and social responsibility into its supplier engagement by prioritizing sustainable procurement practices. The Bank has established a supplier evaluation framework that incorporates compliance with legal requirements, alignment with the Bank's corporate values, and adherence to sustainability principles. In this framework, Tier 1 suppliers are assessed on criteria such as energy efficiency, waste reduction practices, resource management, and compliance with environmental regulations. In addition to evaluation, Albaraka Türk provides suppliers with guidance and training on sustainable practices, including climate change adaptation measures. By sharing expectations, policies, and sustainability requirements with suppliers, the Bank ensures that environmental considerations are embedded in procurement processes and supplier operations. This engagement is particularly important for supporting local suppliers, who represent the majority of procurement spend, and helps them improve their environmental performance and resilience. The effect of this engagement is twofold: first, it supports suppliers in reducing their environmental footprint and adapting to climate-related risks; second, it strengthens the Bank's own climate transition efforts by embedding environmental responsibility across its upstream value chain. Outcomes include increased awareness among suppliers of sustainability standards, alignment with the national Net Zero 2053 target, and enhanced portfolio resilience against environmental risks. The success of this engagement is measured by the proportion of suppliers meeting sustainability criteria in audits and evaluations, the integration of environmental requirements in supplier contracts, and progress reported through annual reviews. These measures ensure that supplier engagement activities not only mitigate risks but also contribute to the Bank's broader climate goals.

(5.11.7.10) Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

Select from:

☑ Yes, please specify the environmental requirement :Compliance with national environmental regulations, waste management practices, and reporting of energy and carbon emissions, with suppliers expected to support Türkiye's Net Zero 2053 target through continuous efficiency improvements.

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Select from:

☑ Yes

[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:* ☑ Operational control	*Companies, entities or groups over which operational control is exercised*
Water	*Select from:* ☑ Operational control	*Companies, entities or groups over which operational control is exercised*
Plastics	*Select from:* ☑ Operational control	*Companies, entities or groups over which operational control is exercised*
Biodiversity	*Select from:* ☑ Operational control	*Companies, entities or groups over which operational control is exercised*

[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 ☑ 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)

This year, we have further strengthened the scope and ambition of our carbon accounting practices. In Scope 1 emissions, particularly for fugitive emissions, enhanced access to activity data has allowed us to rely more heavily on primary data, resulting in more accurate and comprehensive calculations. Within Scope 3 business travel, flight data has been assessed on a kilometer basis, with detailed breakdowns for long-haul flights and differentiation by travel class, thereby improving granularity and transparency. For waste management, data collection has been refined to enable categorization by waste type, ensuring more reliable and transparent reporting. These advancements reflect our commitment to continuously improving methodological consistency and transparency in line with international best practices. In addition, preparatory work has been initiated for Scope 3 categories not yet included, positioning us to expand our reporting boundaries and further enhance the completeness of our disclosures in the coming year.
[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 the impact does not meet our significance threshold

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

In the current reporting year, the Scope 3 boundary was expanded to include additional categories. However, this change did not involve any change in calculation methodology and the impact on total base year emissions was assessed to be below our significance threshold. Therefore, in line with our policy, no base year recalculation was undertaken.

(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

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

☑ 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories

☑ 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 UNFCC 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

As Albaraka Türk, we report our emissions by considering both the market-based and location-based approaches. This holistic methodology enables us to more accurately evaluate our environmental impact and effectively track our progress in reducing Scope 2 emissions.
[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)

4034.66

(7.6.3) Methodological details

Scope 1 emissions consist of three main categories: stationary combustion, mobile combustion, and fugitive emissions. Stationary combustion emissions result from the use of natural gas and diesel fuel, covering emissions from heating purposes and generator consumption. Mobile combustion emissions refer to emissions from gasoline and diesel fuel consumed in company vehicles. Fugitive emissions arise from the release of greenhouse gases contained in refrigeration systems and firefighting equipment. This year, the scope of fugitive emissions has been expanded, making the calculations more transparent. In addition, fuel consumption data has been obtained directly from invoices, enabling calculations based on actual values and resulting in more accurate reporting. Stationary combustion emissions (diesel and natural gas) were calculated using emission factors from the IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion – Volume 2: Energy (2006), based on the default emission factors provided in Table 2.4 for the commercial/institutional category. Mobile combustion emissions (gasoline and diesel) were calculated using emission factors from the IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 3: Mobile Combustion – Volume 2: Energy (2006). In this context, Equation 3.2.1 (CO_2 from road transport), Table 3.2.1 (default CO_2 emission factors for road transport), and Table 3.2.2 (default N_2O and CH_4 emission factors for road transport) were applied

Past year 1

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

4146.56

(7.6.2) End date

12/29/2023

(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 2

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

4036.68

(7.6.2) End date

12/29/2022

(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 3

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

3776.63

(7.6.2) End date

12/29/2021

(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 4

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

3114.61

(7.6.2) End date

12/29/2020

(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 5

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

3844.99

(7.6.2) End date

12/29/2019

(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
[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)

6109.25

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

0

(7.7.4) Methodological details

During the reporting period, electricity consumption data from 100% of the facilities (all branches, Regional Headquarters, one Headquarters, and ATMs) was compiled. Our emissions were calculated in accordance with the GHG Protocol Corporate Standard. For the calculation of Scope 2 emissions in 2024, the grid emission factor published by the Ministry of Energy and Natural Resources (ETKB), which represents the most recently available official data in Turkey, was used. Albaraka Türk has offset all Scope 2 emissions by purchasing I-REC certificates for all electricity consumed in 2024.

Past year 1

(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)

0

(7.7.3) End date

12/29/2023

(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 2

(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)

5942.19

(7.7.3) End date

12/29/2022

(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 3

(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)

5771.77

(7.7.3) End date

12/29/2021

(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 4

(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)

6879.74

(7.7.3) End date

12/29/2020

(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 5

(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)

7964.88

(7.7.3) End date

12/29/2019

(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.
[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)

7.03

(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

100

(7.8.5) Please explain

Water supply related to purchased products was calculated using DEFRA emission factors. Consumption data was compiled from invoices and average consumption values, thereby improving the reliability and accuracy of the calculations.

Capital goods

(7.8.1) Evaluation status

Select from:

☑ Relevant, not yet calculated

(7.8.5) Please explain

Emissions related to the purchase of capital goods were not included in the calculations during the reporting period. Data consolidation efforts for this category are ongoing, and it is planned to incorporate these emissions into future reporting periods should their materiality increase.

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)

1607.27

(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

100

(7.8.5) Please explain

This category covers emissions from the extraction and production of fuels that are accounted for in Scope 1 and Scope 2 but not directly included within them, as well as emissions arising from transmission and distribution losses of electricity. DEFRA emission factors were applied in the calculations. This category is particularly important as it reflects the life-cycle impacts of fuels and the indirect effects of energy losses, thereby ensuring a more comprehensive and transparent disclosure of the Bank's indirect emissions. For this reason, these emissions have been included within Scope 3 reporting.

Upstream transportation and distribution

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

As a service sector institution, Albaraka Türk does not generate upstream transportation and distribution emissions.

Waste generated in operations

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

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

8.74

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average data method

☑ Average product method

☑ Waste-type-specific method

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

100

(7.8.5) Please explain

This category was calculated using emission factors aligned with the disposal methods of electronic waste, household waste, paper waste, glass, metal, and wastewater. In the current reporting period, the level of detail in waste categorization has been increased, enabling more accurate differentiation by waste type. DEFRA emission factors were applied, ensuring consistency with internationally recognized methodologies and enhancing the transparency and reliability of the results.

Business travel

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

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

206.064

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average data method

☑ Distance-based method

☑ Site-specific method

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

100

(7.8.5) Please explain

This category covers emissions from business travel by air. Emissions were calculated using flight distance and flight type, providing a more transparent and detailed assessment. DEFRA emission factors were applied, and Well-to-Tank (WTT) emissions were also included to ensure a more comprehensive calculation of the overall climate impact.

Employee commuting

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

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

1250.563

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average data method

☑ Distance-based method

☑ Site-specific method

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

100

(7.8.5) Please explain

the average route length for all staff vehicles (arrival/return) is calculated by dividing the total recorded route distances in the off-road system services by the number of routes. Emissions are calculated on a kilometer and passenger basis, using DEFRA emission factors, while the average route length for each trip is provided by suppliers. For GHG emission calculations, the IPCC 6th Assessment Report (AR6) Global Warming Potential (GWP) values are applied.

Upstream leased assets

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

upstream transportation and distribution activities are not applicable to our operations and therefore this category is considered not relevant.

Downstream transportation and distribution

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Downstream transportation and distribution activities are not applicable to our operations and therefore this category is considered not relevant.

Processing of sold products

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Albaraka Türk does not sell physical products but provides financial services; therefore, this category is not relevant to the banking sector.
[Fixed row]

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

	Verification/assurance status
Scope 1	*Select from:* ☑ Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	*Select from:* ☑ Third-party verification or assurance process in place
Scope 3	*Select from:* ☑ 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

Albaraka Türk 2024 Entegre Faaliyet Raporu Sinirli Güvence Görüs_ENG.pdf

(7.9.1.5) Page/section reference

Page 1, Greenhouse Gas Emission: Scope 1 Greenhouse Gas Emission (Bank and Consolidated Subsidiaries) (tCO2e) Scope 1 Greenhouse Gas Emission (Associates and Unconsolidated Subsidiaries) (tCO2e)

(7.9.1.6) Relevant standard

Select from:
☑ ISAE 3410

(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

Albaraka Türk 2024 Entegre Faaliyet Raporu Sinirli Güvence Görüs_ENG (1).pdf

(7.9.2.6) Page/ section reference

Page 1, Greenhouse Gas Emission: Scope 2 Greenhouse Gas Emissions (Location based) (Bank and Consolidated Subsidiaries) (tCO2e) Scope 2 Greenhouse Gas Emissions (Location based) (Associates and Unconsolidated Subsidiaries) (tCO2e) Scope 2 Greenhouse Gas Emissions (Market-based) (Bank and Consolidated Subsidiaries) (tCO2e)

(7.9.2.7) Relevant standard

Select from:

☑ ISAE 3410

(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

Albaraka Türk 2024 Entegre Faaliyet Raporu Sinirli Güvence Görüs_ENG (1).pdf

(7.9.3.6) Page/section reference

Page 1, Greenhouse Gas Emission: Scope 3 Greenhouse Gas Emissions (tCO2e)

(7.9.3.7) Relevant standard

Select from:
☑ ISAE 3410

(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)

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

Renewable energy certificates were purchased both in 2023 and 2024. However, in both years the reported impact on Scope 2 emissions is zero; therefore, no change was recorded.

Other emissions reduction activities

(7.10.1.1) Change in emissions (metric tons CO2e)

111.9

(7.10.1.2) Direction of change in emissions

Select from:

☑ Decreased

(7.10.1.3) Emissions value (percentage)

2.7

(7.10.1.4) Please explain calculation

In Scope 1 emissions, a 2.7% reduction was achieved this year. This decrease was primarily driven by savings in consumption data. Despite the inclusion of fugitive emissions through an expanded calculation approach, overall Scope 1 emissions declined due to efficiency and conservation measures in fuel consumption. This outcome reflects the Bank's commitment to operational efficiency and continuous emissions reduction.

[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:
☑ Yes

(7.23.1) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.

Row 1

(7.23.1.1) Subsidiary name

Katılım Emeklilik ve Hayat A.Ş.

(7.23.1.2) Primary activity

Select from:
☑ Insurance

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ LEI number

(7.23.1.9) LEI number

789000WTQ3ID93IQKW21

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

244.64

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

33.09

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

33.09

(7.23.1.15) Comment

Katılım Emeklilik A.Ş. is an affiliate in which Albaraka Türk holds a 50% stake, and it has therefore been included within the consolidation scope.

Row 2

(7.23.1.1) Subsidiary name

Albaraka Kültür Sanat ve Yayıncılık A.Ş.

(7.23.1.2) Primary activity

Select from:
☑ Print publishing

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

5.78

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

8.75

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

8.75

(7.23.1.15) Comment

Albaraka Kültür Sanat ve Yayıncılık A.Ş. is a subsidiary of Albaraka Türk and a non-consolidated affiliate. Accordingly, its emissions have been calculated.

Row 3

(7.23.1.1) Subsidiary name

Albaraka Tech Global

(7.23.1.2) Primary activity

Select from:
☑ IT services

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

37.62

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

166.35

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

166.35

(7.23.1.15) Comment

Albaraka Tech Global is a subsidiary of Albaraka Türk and a non-consolidated affiliate. Accordingly, its emissions have been calculated.
[Add row]

(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:* ☑ Yes
Consumption of purchased or acquired electricity	*Select from:* ☑ Yes
Consumption of purchased or acquired heat	*Select from:* ☑ No
Consumption of purchased or acquired steam	*Select from:* ☑ No

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of purchased or acquired cooling	*Select from:* ☑ No
Generation of electricity, heat, steam, or cooling	*Select from:* ☑ 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

14524.34

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

14524.34

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

13819.66

(7.30.1.3) MWh from non-renewable sources

0

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

13819.66

Total energy consumption

(7.30.1.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

13819.66

(7.30.1.3) MWh from non-renewable sources

14524.34

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

28344.00
[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)

13819.66

(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)

13819.66
[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

2.192e-7

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

4034.66

(7.45.3) Metric denominator

Select from:

☑ Other, please specify :Gross operational profit

(7.45.4) Metric denominator: Unit total

18403601000

(7.45.5) Scope 2 figure used

Select from:

☑ Market-based

(7.45.6) % change from previous year

6.9

(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

The change in our emissions intensity figure is primarily driven by an increase in our gross operational profit compared to the previous reporting year. The increase in gross operational profit affected the denominator of the intensity calculation, amplifying the impact of emissions changes on the overall intensity figure. In addition, changes in energy consumption directly influenced the emissions values and contributed to the variation in the intensity figure. Furthermore, I-REC certificates were utilized in the reporting year, which resulted in the elimination of Scope 2 emissions. Therefore, the change in intensity is largely explained by the combination of the increase in gross operational profit and variations in operational energy consumption.

Row 2

(7.45.1) Intensity figure

9.59e-8

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

4034.66

(7.45.3) Metric denominator

Select from:

☑ unit total revenue

(7.45.4) Metric denominator: Unit total

42060352000

(7.45.5) Scope 2 figure used

Select from:

☑ Market-based

(7.45.6) % change from previous year

53.6

(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 the previous reporting cycle, unit total revenue data for 2023 was not disclosed; however, it has been included this year for comparability purposes. For 2023, unit total revenue was 20,074,424,000 and total Scope 1&2 emissions were 4,146.56 tCO_2e, resulting in an intensity of 2.07×10^{-7}. For 2024, unit total revenue was 42,060,352,000 and total Scope 1&2 emissions were 4,034.66 tCO_2e, resulting in an intensity of 9.59×10^{-8}. Accordingly, emissions intensity decreased by approximately 53.6% compared to 2023. This decrease was mainly driven by the increase in gross revenue and a reduction in energy consumption. In addition, I-REC certificates were utilized in 2024, resulting in the elimination of Scope 2 emissions, which also significantly contributed to the reduction in intensity.
[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 :Blue Water Footprint

(7.52.2) Metric value

19385

(7.52.3) Metric numerator

Cubic meters

(7.52.4) Metric denominator (intensity metric only)

year

(7.52.5) % change from previous year

60.34

(7.52.6) Direction of change

Select from:

☑ Decreased

(7.52.7) Please explain

The bank's blue water footprint has decreased by approximately 60% compared to the previous reporting year. This reduction is mainly the result of efficiency initiatives in branch and office operations, including the installation of water-saving fixtures, optimization of building maintenance schedules, and the introduction of leak detection and rapid repair protocols. Furthermore, the expansion of digital banking services has reduced in-person branch visits, indirectly lowering water consumption associated with customer services. These measures are aligned with the bank's environmental management strategy to minimize resource use across its operations and support broader sustainability objectives.

Row 2

(7.52.1) Description

Select from:

☑ Other, please specify :Water Consumption

(7.52.2) Metric value

16.64

(7.52.3) Metric numerator

Cubic meters

(7.52.4) Metric denominator (intensity metric only)

FTE

(7.52.5) % change from previous year

40.3

(7.52.6) Direction of change

Select from:

☑ Increased

(7.52.7) Please explain

Total water consumption increased from 32,306.66 m³ in 2023 to 45,946.88 m³ in 2024. The main drivers of this increase were the expansion in the number of branches and offices, higher occupancy levels in workplaces, and increased operational water use for cooling and cleaning due to weather conditions. Additional water use also occurred during maintenance and infrastructure improvement activities. Going forward, water efficiency projects, the installation of low-flow fixtures, and employee awareness initiatives are planned to reduce consumption.

Row 3

(7.52.1) Description

Select from:

☑ Energy usage

(7.52.2) Metric value

10.27

(7.52.3) Metric numerator

MWH

(7.52.4) Metric denominator (intensity metric only)

FTE

(7.52.5) % change from previous year

1.88

(7.52.6) Direction of change

Select from:

☑ Increased

(7.52.7) Please explain

The intensity value increased by 1.88% compared to the previous year. The main reasons for this increase are changes in activity levels, additional energy demand due to weather conditions, and the use of backup equipment during maintenance periods. Energy efficiency projects are planned to reduce this increase in the future. [Add row]

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

Select all that apply

☑ No target

(7.53.3) Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.

(7.53.3.1) Primary reason

Select from:

☑ We are planning to introduce a target in the next two years

(7.53.3.2) Five-year forecast

Over the next five years, we aim to achieve the necessary emissions reductions in line with our 2053 net-zero target. In this context, we plan to implement operational efficiency measures in branches and offices, optimize energy use, increase the share of renewable electricity, and improve water and waste management. Having only recently completed our comprehensive emissions inventory, we are aligning our targets with this baseline to ensure accuracy and feasibility. In addition, under the TSRS framework, we will monitor climate-related metrics in greater detail to identify further reduction opportunities. Through these efforts, we expect to make significant progress towards our net-zero goal across both our operations and our financed emissions portfolio.

(7.53.3.3) Please explain

We have not yet completed a fully comprehensive greenhouse gas emissions inventory. Over the next two years, we plan to expand the scope and detail of our emissions data to ensure full coverage across all relevant categories. This process will provide a robust and reliable baseline, enabling us to set accurate and achievable targets that align with our operational context and long-term climate commitments, including our 2053 net-zero goal. Once the inventory is fully complete, we will formally establish medium- and long-term emissions reduction targets and integrate them into our environmental strategy and operational planning.
[Fixed row]

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

Select all that apply
☑ Net-zero targets

(7.54.3) Provide details of your net-zero target(s).

Row 1

(7.54.3.1) Target reference number

Select from:
☑ NZ1

(7.54.3.2) Date target was set

12/30/2021

(7.54.3.3) Target Coverage

Select from:

☑ Organization-wide

(7.54.3.4) Targets linked to this net zero target

Select all that apply

☑ Not applicable

(7.54.3.5) End date of target for achieving net zero

12/30/2050

(7.54.3.6) 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

(7.54.3.8) Scopes

Select all that apply

☑ Scope 1

☑ Scope 2

☑ Scope 3

(7.54.3.9) 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)

(7.54.3.10) Explain target coverage and identify any exclusions

Our target is organization-wide and covers all operations of Albaraka Türk. The target is aligned with Türkiye's national climate commitments, including the 2053 net-zero goal and the country's ratification of the Paris Agreement. These jurisdictional commitments have directly shaped our long-term climate strategy and the ambition level of our targets. The base year for our target is 2021. Over the next two years, we plan to complete a more comprehensive greenhouse gas emissions inventory to update and strengthen the 2021 baseline data. This work will ensure full coverage across all relevant Scope 1, Scope 2, and Scope 3 categories. As a result of data improvements and expanded boundary coverage, there may be differences between our current inventory base year emissions and the target's base year emissions. We have not yet reported specific interim emission reduction targets linked to this net-zero commitment, as our primary focus is on establishing a complete and accurate emissions baseline. Once the inventory process is finalized, we will set measurable medium- and long-term reduction targets to guide our progress toward the 2053 net-zero goal.

(7.54.3.11) Target objective

The strategic objective of our target is to align Albaraka Türk's operations with Türkiye's national climate commitments, including the 2053 net-zero goal, while strengthening our resilience to climate-related risks and supporting the transition to a low-carbon economy. The target is directly linked to our corporate sustainability strategy, which prioritizes responsible resource use, operational efficiency, and the integration of environmental considerations into decision-making processes. By establishing and achieving this target, we aim to enhance compliance with current and emerging regulatory requirements, improve stakeholder confidence, and contribute to the collective effort to meet the objectives of the Paris Agreement. This approach also supports our long-term business strategy by mitigating potential transition risks and seizing opportunities associated with sustainable finance and green investments.

(7.54.3.12) Do you intend to neutralize any residual emissions with permanent carbon removals at the end of the target?

Select from:

☑ Yes

(7.54.3.13) Do you plan to mitigate emissions beyond your value chain?

Select from:

☑ No, and we do not plan to within the next two years

(7.54.3.14) Do you intend to purchase and cancel carbon credits for neutralization and/or beyond value chain mitigation?

Select all that apply

☑ Yes, we plan to purchase and cancel carbon credits for neutralization at the end of the target

(7.54.3.15) Planned milestones and/or near-term investments for neutralization at the end of the target

As Albaraka Türk, we are committed to achieving net-zero emissions by 2053, covering Scope 1, Scope 2, and Scope 3 emissions. In line with this commitment, we are already implementing digital banking projects that reduce operational resource consumption, alongside initiatives to enhance energy efficiency in our branches and offices. At the end of the target period, we plan to neutralize any remaining residual emissions through the purchase and cancellation of high-quality carbon credits. As part of our near-term investments, we aim to purchase internationally recognized I-REC or YEK-G renewable energy certificates to cover our electricity consumption and support the development of renewable energy projects. These actions reinforce our commitment to combating climate change and ensure the credibility of our net-zero pledge.

(7.54.3.17) Target status in reporting year

Select from:

☑ Underway

(7.54.3.19) Process for reviewing target

Our 2053 net-zero target is a comprehensive goal encompassing many sub-targets. To achieve this target, we have established various strategies. Under the TSRS framework, we will set interim targets in the coming period and implement our net-zero plan in a clearer and more systematic manner. We monitor the status of all our targets annually and develop new actions and strategies as needed. We track the impact of the implemented strategies, monitor progress toward the target, and report to the sustainability committee.
[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
Implemented	*2*	*6128.25*

[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

Low-carbon energy consumption

☑ Wind

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

6109.25

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

Select all that apply

☑ Scope 2 (market-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in 1.2)

0

(7.55.2.6) Investment required (unit currency – as specified in 1.2)

130000

(7.55.2.7) Payback period

Select from:

☑ No payback

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ 1-2 years

(7.55.2.9) Comment

In 2024, Albaraka Türk procured International Renewable Energy Certificates (I-RECs) to cover Scope 2 electricity consumption. This initiative resulted in a market-based Scope 2 of zero. Compared with the previous year (YEK-G), the I-REC purchase represents an additional renewable energy procurement.

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)

19

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

Select all that apply

☑ Scope 3 category 5: Waste generated in operations

(7.55.2.4) Voluntary/Mandatory

Select from:
☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in 1.2)

3000000

(7.55.2.6) Investment required (unit currency – as specified in 1.2)

0

(7.55.2.7) Payback period

Select from:
☑ <1 year

(7.55.2.8) Estimated lifetime of the initiative

Select from:
☑ 11-15 years

(7.55.2.9) Comment

The Paperless Banking initiative enabled the digitalization of 30 processes, eliminating the need for approximately 2.7 million sheets of paper in the reporting year, equivalent to around 13.5 tons of paper and the preservation of 330 trees. Using an average emission factor of 1.4 tCO_2e per ton of office paper (based on DEFRA/Ecoinvent data), this corresponds to an estimated annual reduction of ~19 tCO_2e in Scope 3 (Purchased goods & services, Waste). In addition to the direct emissions reduction, the initiative generated cost savings of ~TRY 3 million through reduced paper purchasing, storage, printing, and logistics requirements. The initiative also supports wider environmental and operational benefits such as lower water and energy demand associated with paper production, increased process efficiency, and improved customer experience. This is a voluntary initiative, requires relatively low investment, and has a payback period of less than one year. The system is expected to deliver long-term benefits with a lifetime of 10+ years.
[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:

☑ Employee engagement

(7.55.3.2) Comment

Albaraka Türk engages employees in sustainability initiatives through awareness programs, training, and active participation in sub-working groups under the Sustainability Committee (Climate Risk, Strategy, Sustainable Credit & Product, Communication & Training). These structures ensure that employees directly contribute to the design and implementation of emissions reduction and energy efficiency projects.

Row 2

(7.55.3.1) Method

Select from:

☑ Dedicated budget for energy efficiency

(7.55.3.2) Comment

The Bank allocates specific budgets for energy efficiency projects at its Head Office building, including window film application, lighting optimization, HVAC operating hour adjustments, and the implementation of the ISO 50001 Energy Management System. These investments directly reduce Scope 1 and Scope 2 emissions.

Row 3

(7.55.3.1) Method

Select from:

☑ Compliance with regulatory requirements/standards

(7.55.3.2) Comment

Albaraka Türk complies with national and international environmental standards by implementing projects such as the Zero Waste Project, achieving LEED Gold certification for its Head Office (the first such certification for a participation bank in Türkiye), and obtaining ISO 50001 Energy Management System certification.

Row 4

(7.55.3.1) Method

Select from:

☑ Internal finance mechanisms

(7.55.3.2) Comment

The Bank developed sustainable finance instruments within its Sustainable Finance Framework, including green sukuk, and provides financing for renewable energy, grey water systems, hybrid/electric vehicles, and pollution-prevention technologies. These mechanisms encourage investments with measurable emissions reduction benefits, both for clients and internal operations.

Row 5

(7.55.3.1) Method

Select from:

☑ Dedicated budget for other emissions reduction activities

(7.55.3.2) Comment

Through the Paperless Banking Project, Albaraka Türk digitalized 30 processes, eliminating the use of approximately 2.7 million sheets of paper. This initiative generated cost savings of ~TRY 3 million and preserved the equivalent of 330 trees. A dedicated budget was allocated to develop the required digital infrastructure and e-signature systems.

Row 6

(7.55.3.1) Method

Select from:

☑ Financial optimization calculations

(7.55.3.2) Comment

The Bank integrates financial optimization into its emissions reduction activities. For example, the use of water-saving devices, lighting automation systems, and well water at its Head Office has been quantified with a current financial effect of TRY 2.434 million and projected effects of TRY 3.164 million (short term), TRY 4.037 million (medium term), and TRY 4.753 million (long term). These calculations ensure that emission reduction initiatives are aligned with financial performance.
[Add row]

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

Select from:
☑ Yes

(7.79.1) Provide details of the project-based carbon credits retired 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

Redemption of I-REC certificates representing 13,819.66 MWh of renewable electricity generated by Balkodu I HES (Run-of-River Hydro Plant, commissioned 2011-08-05) located in Turkey. The project generates zero-carbon electricity (0.000000 tCO_2/MWh) and directly reduces Scope 2 market-based emissions by matching Albaraka Türk's head office, regional offices, nationwide branches, and Albaraka Türk Portföy A.Ş.'s electricity consumption for the reporting period 2024-01-01 to 2024-12-31.

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

6113.25

(7.79.1.5) Purpose of retirement

Select from:

☑ Voluntary offsetting

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

Select from:

☑ Yes

(7.79.1.7) Vintage of credits at retirement

2024

(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 :I-REC Standard

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

Select all that apply

☑ Standardized Approaches

(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

Serial numbers: 0000-0223-1211-2971.000000 through 0000-0223-1212-6790.659999 Retirement date: 2024 Corresponding adjustments: Not applicable (voluntary market). Responsible team: Sustainability & ESG Department manages carbon credit selection and due diligence; project was selected to match 100% of Scope 2 electricity consumption with verified renewable energy.

(7.79.1.14) Please explain

The retired certificates have serial numbers from 0000-0223-1211-2971.000000 to 0000-0223-1212-6790.659999 and were retired in 2024 for the reporting period 2024-01-01 to 2024-12-31. No corresponding adjustments were issued, as these are voluntary market I-REC certificates. The average price paid for these certificates is not publicly disclosed but was within the market range for I-REC certificates in Türkiye. The project was selected to match 100% of Albaraka Türk's Scope 2 electricity consumption with certified renewable energy.
[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:

☑ Yes

(12.1.2) Disclosure metric

Select all that apply

☑ Financed emissions

☑ Other carbon footprinting and/or exposure metrics (as defined by TCFD)

(12.1.8) We measure the impact of our portfolio on water

Select from:

☑ Yes

(12.1.11) We measure the impact of our portfolio on biodiversity

Select from:

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

(12.1.12) Primary reason for not measuring portfolio impact on biodiversity

Select from:

☑ Not an immediate strategic priority

(12.1.13) Explain why your organization does not measure its portfolio impact on biodiversity

As Albaraka Türk, we recognize biodiversity as an important component of our sustainability approach. While our primary focus has so far been on climate-related and water-related impacts in both our operations and portfolio, we are aware of the need to integrate biodiversity into our environmental management framework. Currently, the absence of widely adopted and standardized biodiversity measurement methodologies in the financial sector, challenges in data availability and quality, and the complexity of assessing nature-related impacts make it difficult to perform a comprehensive portfolio-level biodiversity analysis. Our aim is to start incorporating biodiversity impact measurement into our portfolio management processes within the next few years, supported by improved data infrastructure and methodology development.
[Fixed row]

(12.1.1) Provide details of your organization's financed emissions in the reporting year and in the base year.

Banking (Bank)

(12.1.1.1) Asset classes covered in the calculation

Select all that apply

☑ Loans

☑ Project finance

☑ Other, please specify :Motor vehicle loans

(12.1.1.2) Financed emissions (metric unit tons CO2e) in the reporting year

1167738.77

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

81.574

(12.1.1.4) Total value of assets included in the financed emissions calculation

112769838555.44

(12.1.1.5) % of financed emissions calculated using data obtained from clients/investees (optional)

100

(12.1.1.6) Emissions calculation methodology

Select from:

☑ The Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF)

(12.1.1.7) Weighted data quality score (for PCAF-aligned data quality scores only)

4.79

(12.1.1.8) Financed emissions (metric unit tons CO2e) in the base year

1167738.77

(12.1.1.9) Base year end

12/30/2024

(12.1.1.10) % of undrawn loan commitments included in the financed emissions calculation

0

(12.1.1.11) Please explain the details of and assumptions used in your calculation

Financed emissions have been calculated in alignment with the PCAF methodology. Three different asset classes were assessed, and for each asset class, emissions were allocated based on the outstanding amount, using companies' financial data as the primary input. Where available, company financial statements were used as primary data; in cases where data was missing, national sectoral balance sheet ratios as well as international emission factors published by OECD and DEFRA were applied. Only portfolios with sufficient and reliable data were included in the calculation, while those with data gaps or methodological misalignment were excluded. A total of 81.57% of the portfolio value was included in the calculation, ensuring a highly representative and methodologically robust coverage of the portfolio.
[Fixed row]

(12.1.3) Provide details of the other metrics used to track the impact of your portfolio on the environment.

Climate change

(12.1.3.1) Portfolio

Select from:

☑ Banking (Bank)

(12.1.3.2) Portfolio metric

Select from:

☑ Other metric for impact on climate change please specify :Income Received from Reserve Deposits

(12.1.3.3) Metric value in the reporting year

0.004

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

81.57

(12.1.3.5) Total value of assets included in the calculation

112769838555.44

(12.1.3.6) % of emissions calculated using data obtained from clients/investees

100

(12.1.3.7) Please explain the details and key assumptions used in your assessment

Total financed emissions have been calculated as 1,167,738.77 tCO_2e. When compared to the Income Received from Reserve Deposits value of 29,758,919,000 TL, this results in a portfolio carbon intensity of approximately 0.00003922 tCO_2e per TL (or 0.0039%). This calculation was performed in alignment with the PCAF methodology, with emissions allocated based on the outstanding loan amount using financial data as the primary input. Where available, company financial statements were used as primary data, while in cases where data was missing, national sectoral balance sheet ratios and international emission factors (OECD, DEFRA) were applied.

Water

(12.1.3.1) Portfolio

Select from:

☑ Banking (Bank)

[Add row]

(12.2) Are you able to provide a breakdown of your organization's financed emissions and other portfolio carbon footprinting metrics?

Banking (Bank)

(12.2.1) Portfolio breakdown

Select all that apply

☑ Yes, by asset class

(12.2.2) Please explain why you do not provide a breakdown of your portfolio impact on the climate

Financed emissions have been calculated on an asset class basis. However, no breakdown by sector or scope has been provided. This year, the PCAF methodology was applied for the first time to calculate portfolio emissions, and therefore detailed data for sector- and scope-specific breakdowns was not available. In the coming periods, we aim to improve our data collection processes and provide a more detailed breakdown by sector and scope.

[Fixed row]

(12.2.1) Break down your organization’s financed emissions and other portfolio carbon footprinting metrics by asset class, by industry, and/or by scope.

Row 1

(12.2.1.1) Portfolio

Select from:

☑ Banking (Bank)

(12.2.1.2) Portfolio metric

Select from:

☑ Absolute portfolio emissions (tCO2e)

(12.2.1.4) Asset class

Select from:

☑ Project finance

(12.2.1.6) % of asset class emissions calculated in the reporting year based on total value of assets

100

(12.2.1.7) Value of assets covered in the calculation

3677932052

(12.2.1.8) Financed emissions or alternative metric

14172.56

(12.2.1.9) Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

Select from:

☑ Not applicable

(12.2.1.12) Please explain the details, assumptions and exclusions in your calculation

Financed emissions have been calculated in alignment with the PCAF methodology. For project finance exposures, emissions were allocated based on the outstanding loan amount, using companies' financial data as the primary input. Where available, company financial statements were used as primary data; in cases where data was missing, national sectoral balance sheet ratios as well as international emission factors published by the OECD were applied.

Row 2

(12.2.1.1) Portfolio

Select from:

☑ Banking (Bank)

(12.2.1.2) Portfolio metric

Select from:

☑ Absolute portfolio emissions (tCO2e)

(12.2.1.4) Asset class

Select from:

☑ Loans

(12.2.1.6) % of asset class emissions calculated in the reporting year based on total value of assets

100

(12.2.1.7) Value of assets covered in the calculation

100982164187.94

(12.2.1.8) Financed emissions or alternative metric

1082973.11

(12.2.1.9) Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

Select from:

☑ Not applicable

(12.2.1.12) Please explain the details, assumptions and exclusions in your calculation

Financed emissions have been calculated in alignment with the PCAF methodology. For the asset classes Business Loans and Unlisted Equity, emissions were allocated based on the outstanding loan amount, using companies' financial data as the primary input. Where available, company financial statements were used as primary data; in cases where data was missing, national sectoral balance sheet ratios as well as international emission factors published by the OECD was applied.

Row 3

(12.2.1.1) Portfolio

Select from:

☑ Banking (Bank)

(12.2.1.2) Portfolio metric

Select from:

☑ Absolute portfolio emissions (tCO2e)

(12.2.1.4) Asset class

Select from:

☑ Other, please specify :Motor vehicle loans

(12.2.1.6) % of asset class emissions calculated in the reporting year based on total value of assets

100

(12.2.1.7) Value of assets covered in the calculation

8108717190.09

(12.2.1.8) Financed emissions or alternative metric

70593.1

(12.2.1.9) Are you able to provide the gross exposure for your undrawn loan commitment separately from the drawn loan commitment?

Select from:

☑ Not applicable

(12.2.1.12) Please explain the details, assumptions and exclusions in your calculation

Financed emissions have been calculated in alignment with the PCAF methodology. For the asset class Motor Vehicle Loans, emissions were allocated based on the outstanding loan amount, using companies' financial data as the primary input. Where available, company financial statements were used as primary data; in cases where data was missing, national sectoral balance sheet ratios as well as international emission factors published by the OECD and DEFRA were applied.
[Add 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:

☑ Yes

(12.3.2) Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

138239940947

(12.3.3) New loans advanced in reporting year (unit currency – as specified 1.2)

867532456

(12.3.5) % of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0.6

(12.3.6) Details of calculation

Coke production, hard coal mining, and lignite mining are included. Credit has been provided to the above-mentioned coal types.

Lending to thermal coal

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

Select from:

☑ Yes

(12.3.2) Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

138239940947

(12.3.3) New loans advanced in reporting year (unit currency – as specified 1.2)

867532456

(12.3.5) % of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0.6

(12.3.6) Details of calculation

Coke production, hard coal mining, and lignite mining are included. Credit has been provided to the above-mentioned coal types.

Lending to met coal

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

Select from:

☑ Yes

(12.3.2) Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

(12.3.3) New loans advanced in reporting year (unit currency – as specified 1.2)

0

(12.3.5) % of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

(12.3.6) Details of calculation

No credit has been provided to metallurgical coal assets.

Lending to oil

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

Select from:
☑ Yes

(12.3.2) Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

(12.3.3) New loans advanced in reporting year (unit currency – as specified 1.2)

0

(12.3.5) % of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

(12.3.6) Details of calculation

No credit has been provided to oil-related assets.

Lending to gas

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

Select from:

☑ Yes

(12.3.2) Value of the fossil fuel assets in your portfolio (unit currency - as specified in 1.2)

0

(12.3.3) New loans advanced in reporting year (unit currency – as specified 1.2)

0

(12.3.5) % of portfolio value comprised of fossil fuel assets to total portfolio value in reporting year

0

(12.3.6) Details of calculation

No credit has been provided to natural gas-related assets.
[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:

☑ Not an immediate strategic priority

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

As Albaraka Türk, we are currently not reporting the values of financing and/or insurance related to activities or sectors that are eligible under or aligned with a sustainable finance taxonomy. The main reason for this is that a national sustainable finance taxonomy has not yet been published in Türkiye, and there is no standardized procedure currently in place for such reporting. We are in the process of developing the necessary internal procedures and reporting infrastructure to accurately and comprehensively assess the alignment of our financing activities with sustainability criteria. Once the national taxonomy is published and our processes are fully established, we aim to provide more comprehensive and accurate information in our future reports.
[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: ☑ 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

☑ Adaptation

(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

☑ Renewable energy

(12.6.1.8) Description of product/service

Albaraka Türk strongly prioritizes renewable energy investments as part of its sustainability strategy. As of 2024, the Bank has provided financing for projects in education, health, and renewable energy, with a total remaining risk exposure (cash + non-cash) amounting to TRY 3,076,869,939. Within this portfolio, renewable energy projects account for a total installed capacity of 148.9 MW. Financing for renewable energy projects represents a high share of 60% of the total project finance portfolio. These investments significantly contribute to Türkiye's energy transition and the reduction of greenhouse gas emissions. Albaraka Türk is committed to further prioritizing renewable energy and energy efficiency projects in the coming periods.

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

2.23

(12.6.1.10) % of asset value aligned with a taxonomy or methodology

100

(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

Principal adverse impacts on environmental factors are regularly assessed and managed within this product. Environmental and social risk assessments are conducted during credit allocation; sectors with high emissions, activities with significant water use and pollution risks are carefully reviewed. Completeness of Environmental Impact Assessments (EIA) and legal permits is verified, and clients' compliance with environmental regulations is monitored. Additionally, priority is given to projects that contribute to emission reduction, energy efficiency, and renewable energy generation, thereby minimizing negative impacts on environmental factors.

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:

☑ 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

☑ Internally classified

(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

Albaraka Türk offers the Greywater/Environmental Loan, combining its innovative product approach with environmental responsibility. The product finances projects aiming to reuse greywater for purposes such as reservoir replenishment, garden irrigation, car washing, cooling tower supply, and general cleaning. It targets individual and commercial customers seeking to invest in sustainability and water efficiency solutions. The product offers long maturities, grace periods, and profit rate discounts to encourage adoption.

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

0

(12.6.1.10) % of asset value aligned with a taxonomy or methodology

0

(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

As of 2024, a systematic assessment of the principal adverse impacts on environmental factors for this product has not yet been implemented. However, processes are planned to be enhanced in the coming years, and such assessments are expected to be conducted regularly going forward.
[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
Water	*Select from:* ☑ Yes, we have set water-secure lending, investing and/or insuring targets

[Fixed row]

(12.7.1) Provide details of your targets for deforestation and conversion-free and/or water-secure lending, investing and/or insuring.

Water

(12.7.1.1) Portfolio

Select from:

☑ Banking (Bank)

(12.7.1.2) Targets set

Select from:

☑ Targets for providing products and services that enable clients to mitigate water insecurity

(12.7.1.3) Date target was set

12/30/2024

(12.7.1.4) Sectors covered by the target

Select all that apply

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

(12.7.1.5) Asset classes covered by the target

Select all that apply

☑ Loans

(12.7.1.6) The target has been set with reference to

Select from:

☑ Sustainable Development Goals

(12.7.1.7) % of portfolio covered by the target in relation to total portfolio value

0

(12.7.1.8) Target metric

Select from:

☑ Number of products and services

(12.7.1.9) Target value

1

(12.7.1.10) End date of target

12/30/2030

(12.7.1.11) End date of base year

12/30/2024

(12.7.1.12) Figure in base year

0

(12.7.1.13) Figure in reporting year

0

(12.7.1.14) % of target achieved

0.00

(12.7.1.15) Provide details of the target

Albaraka Türk follows the UN Sustainable Development Goals and aligns its strategy with Türkiye’s national target of achieving net-zero emissions by 2053. In this context, the Bank aims to expand its product offering related to water efficiency and water security, developing new financial solutions to support this goal. The target will not be limited to a specific portfolio segment but will be gradually expanded to cover the entire banking portfolio and business activities.
[Add 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: ☑ 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

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

☑ Identification, assessment, and management processes

☑ All data points in module 2

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

☑ ISAE 3410, Assurance Engagements on Greenhouse Gas Statements

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

Verification was conducted in relation to climate-related risks and opportunities under TSRS. The details of this verification are provided in the GDS TSRS Report (pp. 56–59).

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

2024-tsrs-raporu-(eng)_compressed.pdf

Row 2

(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

Disclosure of risks and opportunities

☑ Financial effect of environmental opportunities

☑ Financial effect of environmental risks

☑ All data points in module 3

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

☑ ISAE 3410, Assurance Engagements on Greenhouse Gas Statements

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

Verification was conducted in relation to climate-related risks and opportunities under TSRS. The details of this verification are provided in the GDS TSRS Report (pp. 56–59).

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

2024-tsrs-raporu-(eng)_compressed.pdf

Row 3

(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

Business strategy

☑ Scenario analysis

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

☑ ISAE 3410, Assurance Engagements on Greenhouse Gas Statements

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

Verification was conducted in relation to climate-related risks and opportunities scenario analysis under TSRS. The details of this verification are provided in the GDS TSRS Report (pp. 56–59).

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

2024-tsrs-raporu-(eng)_compressed.pdf

Row 4

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

Select all that apply

☑ Climate change

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

Environmental performance – Consolidation approach

☑ Consolidation approach

☑ All data points in module 6

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

☑ ISAE 3410, Assurance Engagements on Greenhouse Gas Statements

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

Limited assurance engagement was performed as part of the Integrated Annual Report (pp. 229–233). The assurance engagement was carried out in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the International Standard on Assurance Engagements (ISAE) 3410: Assurance Engagements on Greenhouse Gas Statements.

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

2024-integrated-annual-report.pdf

Row 5

(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 – Climate change

☑ Base year emissions

☑ Electricity/Steam/Heat/Cooling consumption

☑ Fuel consumption

☑ Waste data

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

☑ ISAE 3410, Assurance Engagements on Greenhouse Gas Statements

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

Limited assurance engagement was performed as part of the Integrated Annual Report (pp. 229–233). The assurance engagement was carried out in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the International Standard on Assurance Engagements (ISAE) 3410: Assurance Engagements on Greenhouse Gas Statements.

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

2024-integrated-annual-report.pdf

Row 6

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

Select all that apply

☑ 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

☑ Water withdrawals– total volumes

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

☑ ISAE 3410, Assurance Engagements on Greenhouse Gas Statements

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

Limited assurance engagement was performed as part of the Integrated Annual Report (pp. 229–233). The assurance engagement was carried out in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the International Standard on Assurance Engagements (ISAE) 3410: Assurance Engagements on Greenhouse Gas Statements.

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

2024-integrated-annual-report.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

In the 2024 Integrated Annual Report, the Bank reported market-based Scope 2 emissions from electricity consumption at its head office, regional offices, and branches, but no neutralization had yet been carried out at the time of reporting. Following the reporting period, I-REC certificates representing 13,819.66 MWh of renewable electricity generation were procured and retired. As a result, the Bank's market-based Scope 2 emissions for 2024 have been fully neutralized. This demonstrates the Bank's continued commitment to reducing its operational carbon footprint beyond the reporting period and aligning with Türkiye's 2053 Net Zero target.

(13.2.2) Attachment (optional)

I-REC Sertifikası.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