



Sustainability Report 2021

# Sustainable support to the strength of nature





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## Because the future of the world #DependsOnUs

*Estimated to be 4.5 billion years of age, our world's future is uncertain. As we face the climate crisis, it is clear that we have no time to lose.*

*Despite difficult conditions, nature continues to grow at every opportunity it finds. At Albaraka Türk, we are committed to supporting the struggle for survival of living things and life itself, under increasingly difficult conditions.*

*We do not consider sustainability as only a requirement that companies should abide by. We adopt the concept of sustainability and shape every decision we take within the framework of sustainability.*

*As the bank that takes the most important steps in sustainability, not only among participation banks but among the entire sector, we are inspired by the nature. We continue our efforts to leave a habitable world to future generations.*



## **We continue to be successful** for a sustainable life

*Despite numerous negativities and uncertainties we face during the pandemic process, we continued our sustainability efforts without interruption. Because we move forward with the responsibility of being the leading bank in the sector in this area. We ranked among the companies subject to the assessment of the Borsa Istanbul (BIST) Sustainability Index this year once again.*

**TL 953.3 million**  
Sustainability investments  
in 2021





## **We are working to make** future carbon-neutral

*We continue to establish an infrastructure for applications that will minimize our carbon emissions in line with our carbon-neutral target. As we continue our efforts in the field of climate change, we achieve high scores within the scope of the Carbon Disclosure Project (CDP) with our environment-focused studies.*

**TL 319.9 million**

Renewable energy  
financing in 2021





## **We use resources efficiently** with future generations in mind

*Albaraka Türk is a bank building its entire business model in accordance with sustainability and working for this purpose. With savings we achieved within the scope of digital transformation, we show that we use resources in the most efficient way. As an active participant in the Zero Waste Project launched by the Ministry of Environment and Urban Planning, we take steps for the future.*

**20% reduction**

In water and energy  
consumption





## **We grow hope together**

so that life can arise from its ashes

*We consider social, environmental and economic values as trust. We continue our social investments in the environment, healthcare, education and vulnerable groups, etc. fields. In 2021, our country has been greatly affected by fire disasters, as in the rest of the world. As a big family, we raise hopes once again by donating saplings to bind up the wounds and protect the environment.*

**TL 8 million**

Social investment amount



# Key Sustainability Indicators

*Increasing its total assets nearly three times with a widespread service network and competent human resources, Albaraka Türk continued its social investments in the fields of education, health, environment and vulnerable groups.*



## Financial Performance Adding Value to Shareholders' Savings

Total Assets  
**TL 109 billion**

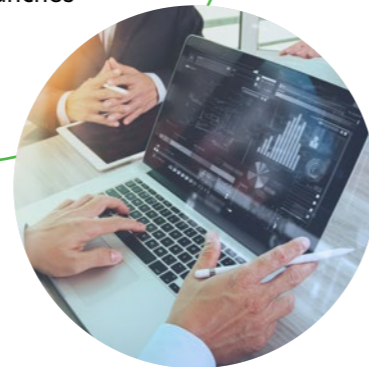
Funds Extended  
**TL 56.937 billion**



## Widespread and Improved Service Network\*

Total Staff  
**2,669**

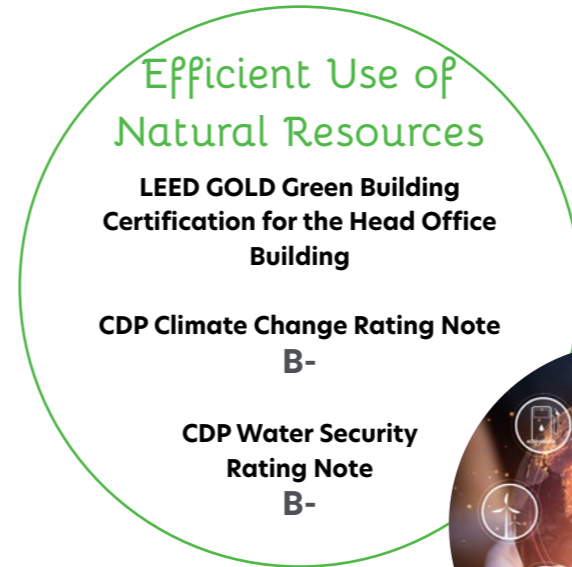
Number of Branches  
**226**



## Competent and Young Human Resource

Average Age  
**36.8**

Average Seniority  
**10.2 years**



## Efficient Use of Natural Resources

**LEED GOLD Green Building Certification for the Head Office Building**

**CDP Climate Change Rating Note B-**

**CDP Water Security Rating Note B-**



## Social Investments

**Total Support Provided to Education  
TL 7,722,908**

**Total Support Provided to Healthcare  
TL 106,220**

**Total Support Provided to the Environment  
TL 69,877**

**Total Support Provided to Vulnerable Groups  
TL 50,000**

**Total Support Provided in Other Areas  
TL 119,600**

**Total Social Investments in 2021  
TL 8,068,605**

\*As of May 2022.



# Al Baraka Banking Group (ABG) in Brief

*Demonstrating its exemplary corporate citizenship with the Al Baraka Social and Sustainable Finance Program, Al Baraka Banking Group provides strong support to local development in strategic areas, such as education and healthcare, in the countries where it operates.*

One of the leading proponents of interest-free banking in the global finance industry, Albaraka Banking Group (ABG) delivers retail, corporate and investment banking services in line with the principles of participation banking. Boasting strong global brand recognition, ABG's core strategic objective is establishing a shared corporate values system and providing services built on the philosophy of "One Mission - One Vision - One Identity."

### Wide service network reaching 17 countries on 3 continents

A global institution that provides effective financing opportunities, Al Baraka Banking Group (ABG) operates on three continents through its affiliates and representatives. ABG provides high-quality and uninterrupted services to its customers in 17 countries with 12 banks, one digital bank, two representative offices and one investment firm.

In addition to Turkey, ABG has banking institutions in Bahrain, Algeria, South Africa, Lebanon, Egypt, Pakistan, Sudan, Syria, Morocco, Tunisia and Jordan; an investment firm in Saudi Arabia; a branch in Iraq; digital bank in Germany; and representative offices in Indonesia and Libya.

### An active player in the fight against climate change

The Group successfully operates in different geographies of the world in a coordinated manner thanks to its investments in innovation and digitalization. ABG moves steadily toward its corporate objectives with confidence.

Demonstrating its exemplary corporate citizenship with the Al Baraka Social and Sustainable Finance Program, Al Baraka Banking Group provides strong support to local development in strategic areas, such as education and healthcare, in the countries where it operates. Conducting its business operations in line with UN Sustainable Development Goals, Al Baraka Banking Group is an active player in the global fight against climate change.

### Reliable sustainable profitability

As of the end-2021, Albaraka Banking Group has total assets of USD 28.2 million and shareholders' equity of USD 2.1 billion. Consolidating its stakeholder trust with sustainable profitability, the Group recorded a net profit of USD 190 million as of end-2021. Al Baraka Banking Group's shares are traded on the Bahrain and NASDAQ Dubai stock exchanges. Standard & Poor's assigned ABG with long-term and short-term credit ratings of BB and B, respectively.





# Albaraka Türk in Brief

*Albaraka Türk continues to operate with the vision of becoming the "Best Participation Bank in the World."*

Albaraka Türk is the first participation bank in Turkey and the only participation bank traded on the Borsa Istanbul stock exchange. The Bank was founded by Al Baraka Banking Group (ABG), one of the most distinguished groups operating in the Middle Eastern finance sector, Islamic Development Bank (IDB), and a domestic industry group operating in the Turkish economy for over half a century.

As the Bank's main partner, Al Baraka Banking Group enables Albaraka Türk to focus on the future with ambitious objectives thanks to its robust capital structure. As of December 31, 2021, Albaraka Türk's partnership structure breakdown included foreign partners at 62.12%, domestic partners at 0.95%, and public float at 36.93%.

## Extensive service network

Focusing on continuous development in order to reinforce stakeholder confidence in Turkey, Albaraka Türk offers a seamless experience through 226 branches spread across the country and two overseas branches as well as alternative distribution channels.

## Regional solution partner of the Turkish private sector

Powered by its main shareholder Al Baraka Banking Group's solid capital structure, Albaraka Türk is among the most important financial partners of Turkish industrialists and investors in global markets. The Bank operates two overseas branches, in Erbil and Baghdad, Iraq. Albaraka Türk is taking major steps toward becoming a regional financial power in the Gulf, Middle East, and North Africa.

## Always standing by Turkey's economy

To achieve its vision of "Becoming the Best Participation Bank in the World," Albaraka Türk expends efforts to deliver all its physical branch services via end-to-end digital solutions.

Albaraka Türk supports the real economy by effectively fulfilling its mission of financing production and trade in line with the principles of participation banking. The Bank channels funds collected through private current accounts and participation accounts towards the real economy via services such as retail finance, corporate finance, leasing and profit/loss sharing on the basis of individual projects. As a pioneer in the development of the start-up ecosystem in Turkey, Albaraka Türk significantly contributes to the development of the entrepreneurial ecosystem in the country.

The Bank offers incubation and acceleration support to entrepreneurs with technology-based business ideas and projects, via Albaraka Garage – a first among participation banks. Following the surge in start-up activity and entrepreneurial drive prompted by Albaraka Garage, Albaraka Türk established the Fintech Venture Capital Investment Fund. This fund aims to create commercial partnerships with talented entrepreneurs who want to meet the Bank. In line with the "BIGG Green Growth" project, TÜBİTAK called for innovative business ideas focused on sustainable-green transformation. Focusing on supporting innovative, digital and sustainable ideas, Albaraka Garage Start-up Accelerator Center became one of TÜBİTAK's 63 implementing organizations across Turkey in 2021.

Albaraka Portföy Yönetimi A.Ş. Founded by the Innovation Venture Capital Investment Fund in 2020 to research, evaluate, test, and implement technologies and applications that will bring innovative solutions to meet the financial needs of the Bank's customers, insha Ventures aims to develop financial technologies (fintech) projects and grow by managing them. insha Ventures put innovative products such as Alneo, NakitBasit, PosBasit, SEMOSİS and Kozmos into practice.

*In addition to its participation banking activities, Albaraka Türk Katılım Bankası A.Ş. carries out sustainability and corporate social responsibility activities with its "responsible banking" understanding.*

## Uninterrupted, high-quality service coupled with sustainable success

Albaraka Türk is committed to meeting the ever-changing needs and expectations of its customers in line with its core principle of delivering unconditional customer satisfaction. The Bank further bolsters its high service standards with a sincere and friendly service approach. Albaraka Türk conducts all its business processes in line with ISO 9001: 2008 Quality Certification. In 2016, the Bank took a major step forward to ensure the continuity of its business operations by obtaining ISO 22301 Business Continuity Certification.

## Strong contribution to Turkey's sustainable growth

Albaraka Türk adopts a professional approach to corporate governance. As a result, the Bank benefits from agility when faced with risks. Albaraka Türk also boasts key competitive advantages including advanced technology infrastructure and well-trained personnel. The Bank not only delivers modern banking services to savers and investors but also accelerates Turkey's sustainable development.

## Participation banking's sustainability leader

Conducting its participation banking activities with the vision of becoming the top participation bank in the world, Albaraka Türk carries out sustainability and corporate social responsibility activities with its "responsible banking" understanding. Albaraka Türk launched the Sustainable Banking Program with the support of its main shareholder, Al Baraka Banking Group (ABG). Under this program, the Bank aims to be a pioneering financial institution that is sensitive to people and the environment in line with its relevant policies and procedures and carries out its activities in this direction. The Sustainable Banking Program also demonstrates that Albaraka Türk supports economic and global development and works together with all its stakeholders for a sustainable world with the committed support of its employees. Operating with a responsible banking approach, Albaraka Türk aims to fulfill its obligations toward the environment and the society while complying with its sustainability goals and strives to develop its business model within the scope of Environmental Social Governance (ESG).



## Voluntary steps toward environmental sustainability

As Turkey's first participation bank and the only participation banking institution traded on Borsa Istanbul (BIST), Albaraka Türk achieved significant success in 2021, thanks to its expert human resources as well as its technological competencies. The Bank plans to set up the Environmental Social Governance (ESG) system within the organization. With this system, Albaraka Türk aims to achieve zero emission and become the leader in this arena by taking voluntary steps to address pressing environmental issues, such as the climate crisis. Albaraka Türk supports its sustainable business model with high-quality Digital Banking products. Acting in a responsible manner toward all its stakeholders, the Bank completed its CDP survey efforts and received a rating of "B-" in Climate Change and Water Security. We also started working with the Science Based Targets initiative (SBTi) to calculate the entire climate load of Albaraka Türk and to set science-based targets. Thanks to its inclusion in the Borsa Istanbul Sustainability Index for the third time, Albaraka Türk reclaimed its title as the first and only participation bank in this index.



# Albaraka Türk's Sustainability Journey

## 2015

- In the field of global climate change, Albaraka Türk participated in the Carbon Disclosure Project for the first time.
- Al Baraka Banking Group (ABG) announced its "ABG Goals" (2016-2020) in line with the UN Sustainable Development Goals.

## 2016

- Albaraka Türk launched the Sustainable Banking Program. Within the scope of the program, education, health, environment and vulnerable groups were determined as focus areas.
- The Head Office Building of Albaraka Türk was granted LEED GOLD Certification.

## 2017

- Within the scope of the Sustainable Banking Program, the activities conducted on sustainability gained momentum. In this context, Albaraka Türk responded to the Carbon Disclosure Project (CDP) Climate Change surveys voluntarily and achieved a rating of "C" for the first time.
- Albaraka Garage was launched, as the first start-up accelerator center in the world established by a participation bank.

## 2018

- Responding to the Carbon Disclosure Project (CDP) Climate Change and Water Security surveys, Albaraka Türk achieved a rating of "C" in both surveys.
- Valuing employee satisfaction, Albaraka Türk was evaluated by the Great Place to Work Institute to identify Turkey's best employers.

## 2019

- Albaraka Türk became the first and only participation bank to be included in the Borsa Istanbul (BIST) Sustainability Index in the 2019-2020 period.
- Achieving a "B" rating in the Climate Change survey and a "B-" in the Water Security survey within the scope of the Carbon Disclosure Project, Albaraka Türk managed to increase its ratings in both surveys.
- ABG Goals Program achieved high target realization rates in the fields of education, health, employment and sustainable energy.

## 2020

- Albaraka Türk CDP Climate Change and Water Security surveys were responded to. The Bank's CDP Climate Change score is "A-" and the Water Security score is "B-."
- Calculating its entire climate load, Albaraka Türk committed to determining SBTi - Science Based Targets within two years and reducing its carbon emission.
- Albaraka Türk focused on arranging its financial statements to reflect climate risks and putting the TCFD-Task Force on Climate-Related Financial Disclosure recommendations into practice.

## 2021

- Albaraka Türk's 2020 Sustainability Report was made available to all stakeholders on the Bank's website.
- Albaraka Türk CDP Climate Change and Water Security surveys were responded to. The Bank's CDP Climate Change score is "B-" and the Water Security score is "B-."
- In 2021-2022, Albaraka Türk was included in the Istanbul Stock Exchange Sustainability Index once again and maintained its title as the first and only participation bank in this index.
- Albaraka Türk continued to contribute to the Zero Waste Project launched by the Ministry of Environment, Urban Planning and Climate Change.
- Albaraka Türk commenced activities with the SBTi (Science Based Targets Initiative) to calculate its entire climate load.
- Reclaiming the Leed Gold Green Building Certification once again, Albaraka Türk's head office maintained its title of being the first bank head office building certified as a green building.

## 2015

Albaraka Türk participated in the Carbon Disclosure Project for the first time.



## 2016

The Head Office Building of Albaraka Türk was granted LEED GOLD Certification.



## 2017

Albaraka Garage was launched, as the Start-up Accelerator Center.



## 2018

Valuing employee satisfaction, Albaraka Türk was evaluated by the Great Place to Work Institute to identify Turkey's best employers.



## 2019

ABG Goals Program achieved high target realization rates in the fields of education, health, employment and sustainable energy.



## 2019

Albaraka Türk was included in the Borsa Istanbul (BIST) Sustainability Index in the 2019-2020 period.



## 2020

Albaraka Türk focused on arranging its financial statements to reflect climate risks and putting the Task Force on Climate Related Financial Disclosure (TCFD) recommendations into practice.



## 2020

Albaraka Türk's CDP Climate Change score is "A-" and its Water Security score is "B-."



## 2021

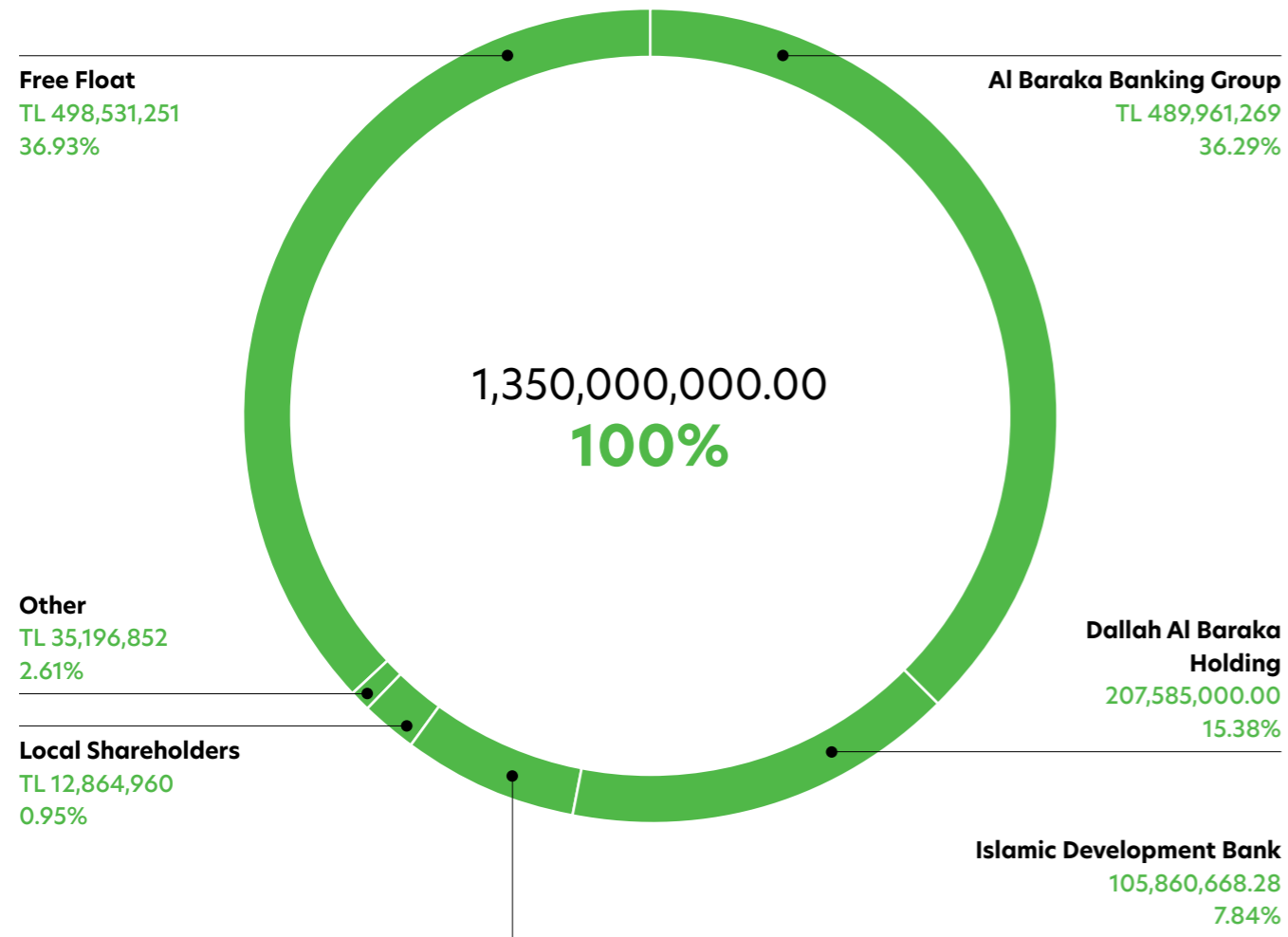
Albaraka Türk commenced activities with the SBTi (Science Based Targets Initiative) to calculate its entire climate load.





## Shareholding Structure

*Aiming to add strength to its capital structure, Albaraka Türk applied to the CMB to increase its paid-in capital from TL 1.35 billion to TL 2.5 billion by the end of 2021\*.*



\*The capital increase up to the authorized capital ceiling has been approved, and the paid-in capital has reached TL 2.5 billion as of June 16, 2022.

## Our Mission and Vision



### Our Mission

To meet the financial needs of society by sharing our common benefits with the customers, employees and shareholders who participate in our success, while remaining committed to the principles of interest-free banking, our core values and the ethical principles of banking.



### Our Vision

To become the best participation bank in the world.



# Our Quality Policy, Core Corporate Values and Strategic Objectives

*Converting our energy and perseverance into social value and making a positive impact on the lives of our customers for the greater good of society, Albaraka Türk converts its energy into social value.*

## OUR QUALITY POLICY

By working hand in hand with our well-trained employees who embrace quality as a way of life and continuously renew themselves:

- To offer products and services to meet the current and future expectations of our customers;
- To boost customer satisfaction through "personalized customer attention" and a "cheerful service" approach;
- To continuously improve all our business processes as well as our product and service quality;
- Keep a close watch on technology and business developments and rapidly transform them into added value.

## OUR CORE CORPORATE VALUES

### Collaboration

- Growing by sharing the value created with shareholders, employees, customers and society.
- Establishing strong, long-term relationships with stakeholders.
- Ensuring continuous development of knowledge and skills of employees.
- Supporting the growth of the participation banking and banking sector.

### Focus

- Utilizing our resources in productive projects.
- Converting our energy and perseverance into social value and making a positive impact on the lives of our customers for the greater good of society.

### Sincerity

- Valuing our customers and always offering friendly service.
- Providing utmost customer satisfaction through our products and services in line with our customer-oriented approach.

### Solidity

- Adhering to participation banking principles and banking ethics while allocating resources for the economy.
- Managing our customers' financial interests with the highest ethical standards.

### Social Responsibility

- Supporting economic development to improve society's living standards while moving forward to increase our Bank's value, and implementing environmentally-friendly policies in line with legal and regulatory requirements while also contributing to numerous social and cultural projects.



## OUR STRATEGIC OBJECTIVES

### Customers

- Improving customer experience and being more effective in customer acquisition.
- Consolidating brand image with sustainable banking and continuous communication model.

### Financial

- Making growth and profitability sustainable.

### Sustainability

- Contributing to the resolution of many environmental issues such as climate crisis, water and solid waste problems with the goal of achieving net zero emission and the Environmental Social Governance System to be developed within the Bank.
- Minimizing the impact of the activities carried out and the products and services provided to climate change.
- Becoming the sector leader by taking a leading role in combating climate change.
- Supporting the UN Sustainable Development Goals under the leadership of Al Baraka Banking Group and bringing the Bank's business processes in compliance with these goals.

- Improving our sustainable banking model with our continuously developing high-quality Digital Banking products and innovative applications.
- Expanding our Sustainable Banking product portfolio further and offering our innovative banking applications to our customers.
- Commencing infrastructural work for the application of the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD).

### Competency and Organization

- Achieving strong IT competencies and a competent and agile organizational structure.
- Maintaining employee satisfaction and improving corporate performance through a team spirit based on trust.

### Process

- Increasing efficiency with digitalization-oriented projects and achieving an innovative business model.





## Operational Map

*With an extensive service network comprised of 226 branches spread across Turkey and overseas as well as alternative distribution channels, Albaraka Türk offers a seamless experience to its customer base.*

### Branches in Turkey

Adana (6)  
Adıyaman (1)  
Afyonkarahisar (1)  
Aksaray (1)  
Amasya (1)  
Ankara (19)  
Antalya (4)  
Aydın (1)  
Balıkesir (2)  
Batman (1)  
Bolu (1)  
Bursa (8)  
Çanakkale (1)  
Çankırı (1)  
Çorum (1)

Denizli (2)  
Diyarbakır (2)  
Düzce (1)  
Edirne (1)  
Elazığ (1)  
Erzincan (1)  
Erzurum (1)  
Eskişehir (1)  
Gaziantep (5)  
Giresun (1)  
Hatay (2)  
Isparta (1)  
İstanbul (94)  
İzmir (7)  
Kahramanmaraş (1)  
Karabük (1)

Karaman (1)  
Kastamonu (1)  
Kayseri (4)  
Kocaeli (6)  
Konya (11)  
Kütahya (2)  
Malatya (1)  
Manisa (2)  
Mardin (1)  
Mersin (3)  
Muş (1)  
Nevşehir (1)  
Ordu (1)  
Osmaniye (1)  
Rize (1)  
Sakarya (1)

Samsun (2)  
Siirt (1)  
Sivas (1)  
Şanlıurfa (2)  
Tekirdağ (2)  
Tokat (1)  
Trabzon (2)  
Uşak (1)  
Van (1)  
Yalova (1)  
Zonguldak (1)

### Foreign Branches

Baghdad (1)  
Erbil (1)





## Our Awards

*At the ONE Awards Integrated Marketing Awards, held in collaboration with Marketing Turkey and Akademetre, and determined by the votes of the public, Albaraka Türk was deemed worthy of the Most Reputable Participation Bank of the Year Award.*



- Cambridge Best Islamic Fintech Award with Albaraka Alneo product in the field of contribution to financial technologies
- TSE Safe Service Certificate with the measures taken within the scope of the Covid-19 pandemic



- "Best Employer Certificate" in the category of "Companies with over 2,000 Employees" for the third time as part of the Recognition Program organized by the "Great Place to Work Institute"
- Leed Gold Certificate by the "Green Building Council"

*Albaraka Türk was awarded the LEED Gold Certificate by the Green Building Council and the Great Place To Work Europe's Best Employers Certificate.*



- Great Place To Work Europe's Best Employers Certificate
- Financial Technologies Adaptation CIBAFI First Prize
- Şikayetvar Website ACE Award, Brands with the Highest Customer Satisfaction Diamond Award



- International Data Corporation (IDC) CIO Awards, 3<sup>rd</sup> Prize in the Best Business Enablement Project of the Year Category with the "Financing at the Dealer Product"
- The ONE Awards, The Most Reputable Participation Bank of the Year Award



## Message from the Chairman

*As a financial institution that contributes to global economic development and a fair and equitable financial system, Albaraka Türk fulfills its responsibilities toward the environment, its stakeholders and shareholders to leave a more livable world for future generations.*



Esteemed Stakeholders,

With the effects of the Covid-19 pandemic starting to recede in 2021, the world entered a normalization period. However, this year the world faced a host of other issues, including supply chain disruptions, elevated inflation globally, sharply higher energy prices, and regional conflicts.

These various developments once again demonstrated the importance of sustainable development and being sensitive to the environment and people. As the world grows less and less inhabitable, we must act boldly without wasting any time.

Despite the volatile conditions, Albaraka Türk exited another successful year with its sustainable management approach and strong financial structure. Recording growth above the banking sector average, Albaraka Türk maintained its position as the leading participation bank in sustainability.

At Albaraka Türk, we focus on environmental, social and economic development and actively pursue our vision of becoming the world's best participation bank. In 2021, Albaraka Türk conducted its operations in consideration of Environmental, Social and Corporate Governance indicators and set sustainability targets for the coming years.

### A fair and equitable financial system

Albaraka Türk is a financial institution that contributes to global economic development and a fair and equitable financial system. During the year, we fulfilled our responsibilities toward the environment, our stakeholders and our shareholders. Along with its main partner Albaraka Banking Group, the Bank supports the Sustainable Development Goals of the United Nations Development Program and carries out its business operations in light of these goals.

All activities within the Bank are conducted in adherence to the sustainability-related policies and principles of national and international organizations, especially the

United Nations Global Compact, of which ABG is also a member. In line with this approach, Albaraka Türk strives to make decisions that will minimize the climate crisis by closely monitoring the most recent events in our country and globally. We remain committed to fulfilling our social responsibilities by communicating with all our stakeholders.

### Climate load calculation studies

Our Bank plans to set up an Environmental Social Governance system within the organization. With this new system, Albaraka Türk aims to become the leader in this arena by taking voluntary steps to address pressing environmental issues, such as the climate crisis. As the first participation bank included in the BIST Sustainability Index in 2019, Albaraka Türk also demonstrates ongoing support to the Carbon Disclosure Project to contribute to the fight against climate change.

### Ongoing support to society and the environment in line with ABG Goals

Albaraka Banking Group set targets for all group banks under its Social and Sustainable Finance program, carried out in light of the UN's Sustainable Development Goals. In line with these set targets, known as ABG Goals, significant support was given to the society, the environment and sustainable finance.

At Albaraka Türk, sustainability is more than simply an external obligation to comply with. Adopting the concept of sustainability and shaping every decision it takes within the framework of sustainability, Albaraka Türk designs its entire business model around sustainability principles and undertakes efforts to this end.

We are committed to being the bank that most embraces and integrates sustainability in all its operations, not only among participation banks but across the entire banking sector. In the years to come, Albaraka Türk will continue its efforts to leave a livable world for future generations.

With regards,

**Mazin Manna**  
Chairman

## Message from the CEO

*Albaraka Türk received one of the highest ratings in the banking sector in the category of Climate Change and Water Security.*



Esteemed Stakeholders,

Despite the ongoing national and global crisis caused by the pandemic in 2021, Albaraka Türk moved forward with its sustainability activities by fulfilling its obligations towards its stakeholders, nature and society.

Following its decision to increase its capital by 85% in 2021, the Bank's paid-in capital rose to TL 2,500 million, up from TL 1,350 million a year earlier. Aiming to offer the best solutions to its customers in line with emerging technologies, Albaraka Türk focused on digitalization and took major steps toward digital transformation in 2021.

### Our ongoing efforts on the Carbon Disclosure Project

Albaraka Türk aims to be a pioneering financial institution that is sensitive to people and the environment, supports economic and global development, and works together with all its stakeholders for a sustainable world with the support of its employees. Carrying out efforts related to the Carbon Disclosure Project, our Bank received one of the highest ratings in the banking sector in the category of Climate Change and Water Security. We also started working with the Science Based Targets initiative to calculate the entire climate load of the Bank and to set climate science-based targets. Under the Green Building Project, Albaraka Türk's headquarters building received Leed Gold certification in 2021. In addition, Albaraka Türk plans to start developing a systems infrastructure as part of the Task Force on Climate-Related Financial Disclosures. Carbon Disclosure Project reporting is also scheduled to continue.

### For our stakeholders, with the support of our stakeholders

Albaraka Türk carries out projects to safeguard and rehabilitate nature as part of Albaraka Goals. We also strive to provide education and healthcare support with the aim of meeting the needs of vulnerable groups. Albaraka Türk plans to further develop its Environmental, Social and Governance activities by monitoring best global practices.

For this purpose, the Bank aims to calculate the risk of greenhouse gas emissions caused by its loan portfolio and commercial risks and to convert it into financial risk with a pre-set internal carbon price. Our ultimate objective with these efforts is to become a net-zero organization.

### Turkey's Best Employer

At Albaraka Türk, we provide a comprehensive range of support to our employees. Thanks to its excellence in this area, Albaraka Türk was once again named as the Best Employer of Turkey in 2021 under the Recognition Program of the Great Place to Work Institute. Focusing on the health and safety of its stakeholders, the Bank applied all necessary measures and became the first bank to receive TSE Covid-19 Safe Security Certification.

Albaraka Türk remains committed to fulfilling its responsibilities to all its stakeholders. The Bank actively supports the UN Sustainable Development Goals and continuously improves its ESG system. Albaraka Türk conducts all its business activities in line with the principles of honesty, trust, impartiality, and transparency, without any discrimination based on language, religion, race, or gender, in accordance with Albaraka Türk's Ethical Principles.

I would like to extend my gratitude to all the Bank's stakeholders, especially our employees, who have supported our sustainability efforts.

With regards,

**Malek Khodr Temsah**  
Board Member and Acting General Manager



## Message from the Chairman of the Sustainability Committee



*With its efforts related to sustainable finance, Albaraka Türk aims to contribute to the development of the national economy as well as Islamic finance and sets ambitious goals to these ends.*

Esteemed Stakeholders,

Although 2021 was a volatile year in terms of the macroeconomic agenda, Albaraka Türk moved forward with its sustainability-related efforts.

Adopting a sensitive and responsible banking approach, Albaraka Türk took its sustainability activities to the next level and fulfilled its obligations towards its stakeholders and the natural environment.

### Supporting the national economy with sustainable finance

Closely monitoring developments in sustainability in Turkey and around the world, Albaraka Türk plays a key role in leaving a more habitable world by acting in harmony with decisions taken by global platforms.

As a result of its environment-oriented efforts, Albaraka Türk achieves high ratings every year in the effective use of natural resources under the Carbon Disclosure Project (CDP). Initiating efforts on calculating the entire climate load of the Bank with the Science-Based Targets initiative, Albaraka Türk fulfills its obligations to society and nature in the most sensitive manner.

### Efforts embraced by all stakeholders

A pioneer in both sustainable banking and participation banking, Albaraka Türk sets an example for Turkey and the world in these arenas.

With its efforts related to sustainable finance, Albaraka Türk aims to contribute to the development of the national economy as well as Islamic finance and sets ambitious goals to these ends. As part of the Task Force on Climate-Related Financial Disclosures, the Bank plans to set targets to establish a sustainable finance infrastructure and integrate the ESG system into its business model.

At Albaraka Türk, we aim to ensure that sustainability is embraced by all our stakeholders, especially our employees. The Bank undertakes major efforts related to afforestation and waste reduction. We also conduct aid and assistance projects via the Social Responsibility Club.

Moving forward under the Sustainable Banking Program launched by ABG, Albaraka Türk is committed to achieving its sustainability goals in the future.

In 2022, Albaraka Türk plans to continue its digital transformation efforts under the leadership of ABG. Process improvement and automation work related to efficiency and optimization are ongoing. In terms of human resources, Albaraka Türk aims to further boost the competencies of its employees and create an agile organization.

All these efforts are made possible by the support of our stakeholders. We have no doubt that we will achieve even greater success in the years ahead with the support of our valued stakeholders.

With regards,

**Mehmet Ali Gökçe**  
Board Member and Chairman of the Sustainability Committee

## Al Baraka Goals

*Significant social investments were made in the fields of education, health, employment and sustainable energy.*

Albaraka Türk set the following priorities within the scope of the 2021-2025 ABG Goals:

- Financing for Healthcare Projects: USD 198 million (Group Target: USD 445 million)
- Donation Goal for Healthcare Projects: USD 275 thousand (Group Target: Approximately USD 5 million)
- Financing for Education Projects: USD 55 million (Group Target: USD 416 million)
- Donation Goal for Education Projects: USD 4.5 million (Group Target: Approximately USD 10 million)
- Financing for Sustainability/Renewable Energy Projects: USD 150 million (Group Target: USD 444 million)
- Financing for Circular Economy Projects: USD 5.5 million (Group Target: USD 226 million)
- Financing for Agricultural Projects: USD 450 million (Group Target: USD 682 million)

Making major social investments in the fields of education, health, education and sustainable energy, Albaraka Türk realized the following achievements in 2021.

- Total employment: 1083
- Financing provided to public and private sector education projects: USD 4,597,512
- Education donations: USD 584,095
- Financing provided to public and private sector health projects: USD 42,715,102
- Health donations: USD 8,034
- Renewable energy financing: USD 24,196,447





# Strategic Sustainability Areas

*Albaraka Türk Sustainability Report presents the economic, corporate, social, and environmental sustainability activities of Albaraka Türk as a corporate citizen to stakeholders in line with the principles of transparency and accountability.*

*The report was drafted by taking the sustainability priorities of Albaraka Türk, its principal shareholder Al Baraka Banking Group (ABG), and stakeholders into consideration.*

Albaraka Türk 2021 Sustainability Report was prepared in accordance with the core option of the Global Reporting Initiative (GRI)'s 2016 Standards Reporting Framework. Albaraka Türk 2021 Sustainability Report was prepared and issued to make the Bank's sustainability activities between January 1 - December 31, 2021, more visible to stakeholders. The report presents the economic, corporate, social, and environmental sustainability activities of Albaraka Türk as a corporate citizen to stakeholders in line with the principles of transparency and accountability. Albaraka Türk 2021 Sustainability Report covers the sustainability activities conducted by the Bank's domestic branches between January 1 - December 31, 2021. Albaraka Türk's foreign subsidiaries are not included in the scope of this report.

**Reporting in accordance with the 2016 GRI Sustainability Reporting Standards, UN Sustainable Development Goals (SDG) and ABG Goals**  
 Albaraka Türk 2021 Sustainability Report was prepared in accordance with Global Reporting Initiative (GRI)'s most recent reporting framework, GRI Standards: Core option. The report was drafted by taking the sustainability priorities of Albaraka Türk, its principal shareholder Al Baraka Banking Group (ABG), and stakeholders into consideration. Within the report, UN Sustainable Development Goals are also represented with icons. Accordingly, the following priority matrix was prepared:

## Albaraka Türk 2020 Sustainability Report Prioritization of Goals

Impact on Albaraka Türk	High	<ul style="list-style-type: none"> <li>• Anti-Corruption Policy</li> <li>• Emissions</li> <li>• Energy Management</li> <li>• Use of Natural Resources</li> <li>• Water Consumption</li> <li>• Compliance with Environmental Regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Market Presence</li> <li>• Indirect Economic Impact</li> <li>• Digital Transformation</li> </ul>	
	Medium	<ul style="list-style-type: none"> <li>• Procurement Practices</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable Supply Management</li> <li>• Occupational Health and Safety</li> <li>• Human Rights</li> <li>• Customer Health and Safety</li> <li>• Occupational Training</li> <li>• Cybersecurity/Information Security</li> </ul>	
	Low			
		Low	Medium	High
Priority for Stakeholders				

Contact information to convey opinions and suggestions on Albaraka Türk 2021 Sustainability Report  
 Seyfullah Demirlek (Manager)  
 E-Mail: [sdemirlek@albarakaturk.com.tr](mailto:sdemirlek@albarakaturk.com.tr)





# Sustainability and Social Responsibility Principles

*Carbon Disclosure Project (CDP), BIST Sustainability Index, and LEED Green Building Certification efforts are undertaken as part of Albaraka Türk's sustainability activities.*

Albaraka Türk bases all its sustainability and social responsibility activities on the following principles.

- Sustainability and Social Responsibility activities are conducted in the target areas such as education, healthcare, environment, vulnerable groups and culture, and in collaboration with persons, institutions or NGOs operating in these fields.
- Albaraka Türk carries out all its activities within the framework of the principles of honesty, trust, impartiality and transparency, without making any discrimination based on language, religion, race, gender, philosophical belief and sect in accordance with Albaraka Türk's Ethical Principles.
- In selecting the persons, institutions or NGOs for collaboration in Sustainability and Social Responsibility efforts, interest-free finance and participation banking principles, as well as Albaraka Türk's vision, mission and ethical principles are taken into consideration.
- Carbon Disclosure Project (CDP), BIST Sustainability Index, SBTi, and LEED Green Building Certification efforts are undertaken as part of sustainability activities.
- The Bank conducts efforts in relation to Governance, Environment, Human Rights, Anti-Corruption and Anti-Bribery, Management of Emergencies and Unexpected Incidents, Occupational Health and Safety, Business Continuity Management, and Banking Activities, which are identified as the Bank's strategic areas for sustainability.
- The Bank supports the social responsibility activities of the Social Responsibility Club founded by employees.
- While extending cash and non-cash loans, the Bank prioritizes projects that will create new employment opportunities and contribute to the easy access of all members of society to quality education and healthcare services.

- Best practices in sustainability and social responsibility around the world are monitored to enable the Bank to implement social responsibility projects that comply with its core values and ethical principles, and contribute to economic development.
- Activities are carried out in priority areas of the Bank to help preserve our cultural assets and achieve UN Sustainable Development Goals.

In light of the principles in question, Albaraka Türk plays a pioneering role in the combat against climate change.

In this context, Albaraka Türk:

- Carries out operational activities in an environmentally friendly way by making use of scientific measurement methods in order to achieve net zero emission and to limit the temperature increase to 1.5-2oC. Performs projects such as Carbon Disclosure Project, Borsa Istanbul Sustainability Index, Leed Gold Green Building Certification and Zero-Waste.
- Takes into account CDP guidance in all these studies in addition to supporting environmentally-friendly projects with banking operations.
- Takes the necessary steps to inform its stakeholders regarding sustainability. In this regard, it aims to create the TCFD infrastructure.
- Club activities are supported in addition to carrying out activities to increase employee awareness about Sustainability and Corporate Social Responsibility, and to encourage voluntary participation in activities.

*Activities are carried out to increase employee awareness about sustainability and corporate social responsibility, and to encourage voluntary participation in activities.*





## Principles of Donations and Contributions

*Focusing on social responsibility, Albaraka Türk provides in-cash and in-kind donations and contributions to the socially-responsible persons, institutions or NGOs with activities in the fields of healthcare, education, environment, vulnerable groups, culture, etc.*

- Interest-free finance and participation banking principles, Albaraka Türk's vision, mission, ethical rules, and annual budget allowances are taken into account when the persons, institutions or NGOs for donations and contributions are determined by the Senior Management's decision.
- Albaraka Türk provides in-cash and in-kind donations and contributions to the socially-responsible persons, institutions or NGOs with activities in the fields of healthcare, education, environment, vulnerable groups, culture, etc. in accordance with the framework specified in the Banking Law No. 5411.
- Donations and contributions are provided by considering the laws and regulations the Bank is subject to.
- According to Article 59 of Banking Law No. 5411, "The amount of donations to be extended by banks and institutions subject to consolidated supervision in a fiscal year shall not exceed four per thousand of the Bank's equity. However, a minimum of half of the donations and contributions shall be composed of donations and contributions that may be considered as expenditure or deductible costs in the calculation of the corporate tax base. The principles and procedures applicable to the implementation of this provision shall be set by the Board."
- According to Principle numbered 1.3.10 under the CMB's Corporate Governance Communique No. II-17.1, "a policy regarding donations and contributions shall be formed and submitted to the approval of the general assembly. Information regarding the amounts and beneficiaries of all donations and contributions made within the term in line with the policy approved by the general assembly and the amendments in the policy shall be provided to the shareholders through a separate agenda item at the general assembly meeting."
- Shareholders are provided with detailed information on the donations and contributions made by the Bank at the first Ordinary General Assembly Meeting of the relevant year. The compliance and effectiveness of the Bank's practices and activities in relation to donations and contributions with the provisions of applicable laws and this Policy is subject to regular audits and assessments as part of internal audit activities.

*Shareholders are provided with detailed information on the donations and contributions made by the Bank at the first Ordinary General Assembly Meeting of the relevant year.*





# Our Sustainability Organization

*Successfully implementing the sustainability approach in all components of the organizational structure, sustainability practices at Albaraka Türk are carried out under the leadership of the Board of Directors.*

The Sustainability Committee and Sustainability Executive Committee report to the Board of Directors and figure among the most important committees at Albaraka Türk.

As per the resolution dated March 2021, Mehmet Ali Gökce was appointed as the Chairman and Mohamed Ali Chatti was appointed as the Member.

### Albaraka Türk Sustainability Committee

**Chairman:** Mehmet Ali Gökce (Board Member)

**Member:** Mohamed Ali Chatti (Board Member)

### Sustainability Executive Committee

**Chairman:** Malek Khodr Temsah (Acting General Manager)

**Member:** Mustafa Çetin (Assistant General Manager in charge of Finance)

**Member:** Süleyman Çelik (Assistant General Manager in charge of Human Values and Administrative Affairs)

**Member:** Mehmet Fatih Yorulmaz (Assistant General Manager in charge of Marketing)

**Member:** Ömer Emeç (Strategic Planning and Economic Research Manager)

## ALBARAKA TÜRK'S SUSTAINABILITY ORGANIZATIONAL CHART

<b>Sustainability Committee</b> (Board Committee)		<b>Corporate Governance Committee</b> (Board Committee)		
<b>Sustainability Executive Committee</b> (Executive Committee)				
<b>Strategic Planning and Economic Research Dept.</b> (Sustainability and CSR Activities Coordination)	<b>Administrative Affairs and Procurement Dept.</b> (Environmental Management Services)	<b>Communication and Brand Management Dept.</b> (Sponsorship and Communication)	<b>Investor Relations Dept.</b> (Corporate Governance Activities)	<b>Other Related Departments of our Bank</b> (Other Necessary Activities)

## FIELDS OF ACTIVITY AND RESOURCE UTILIZATION

Sustainability and Corporate Governance Activities

Corporate Social Responsibility Activities

Sponsorship and Communication Activities

# Our Committees

*Carrying out its sustainability activities through the Sustainability Committee and the Sustainability Executive Committee, Albaraka Türk fulfills many duties and responsibilities within the scope of the Sustainable Banking Program.*

Albaraka Türk conducts sustainability activities through the Sustainability Committee and Sustainability Executive Committee.

The roles and responsibilities of these committees are described below.

### Roles and Responsibilities of the Sustainability Committee

The Committee ensures:

- The Committee gives priority to considering economic, environmental and social factors as well as corporate governance principles in all Banking operations and decision-making processes to raise corporate sustainability awareness across the Organization, set forth concrete sustainable banking targets, and create long-term values. The Committee makes environmental protection a priority for the entire organization, sets ethical rules as necessary, and ensures effective management of risks associated with these factors. The Committee makes recommendations to the Sustainability Executive Committee concerning sustainability and social responsibility projects that will help communicate the Bank's corporate identity and understanding which comply with its vision and mission to the public, stakeholders, and business partners.
- The Committee ensures the implementation of projects that are aligned with the Bank's core values and ethical principles by closely following the best practices in the field of sustainability and social responsibility worldwide. The Committee assesses the effects of the Bank's activities on society. Supervises the impacts of the Bank's activities on society and measures taken within this framework. The Committee discusses the issues reported by the Sustainability Executive Committee and makes the necessary decisions to resolve them.
- Cooperates with the relevant committee of Albaraka Banking Group in efforts related to sustainability and social responsibility.

### Roles and Responsibilities of the Sustainability Executive Committee

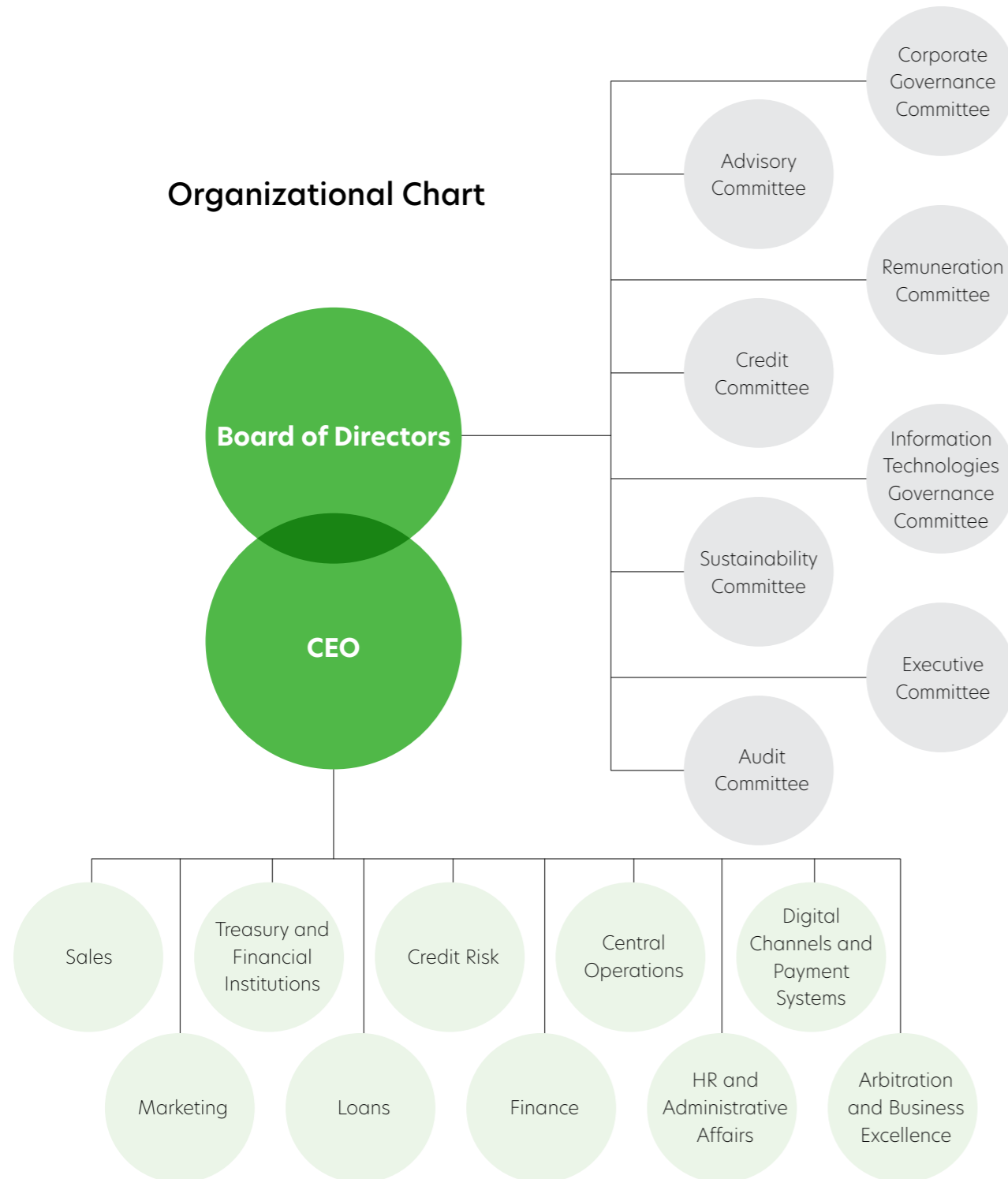
- The Committee ensures:
- Implementing the projects that will convey the Bank's vision, mission and corporate values across the entire society, stakeholders and business partners as part of the Sustainable Banking Program.
- Monitoring national and international practices and standards for sustainability and corporate responsibility, while ensuring the Bank's projects and efforts in this field comply with such practices and standards.
- Formulating sustainability strategies and policies; incorporating them into the Bank's activities; and monitoring the Bank's sustainability performance.
- Establishing an environmental, social and governance system so as to ensure this system works in integration with the credit risk assessment system.
- Identifying the risks, opportunities and objectives in relation to climate change and ensuring that necessary reports are drafted and submitted.
- Conducting evaluations on the budget, scope and partners of the requested CSR projects; submitting these evaluations to the Sustainability Committee for approval; and following up on projects that are being implemented.
- Evaluating the impact of the projects and activities on society and ensuring that measures taken in this regard are monitored.



# Our Corporate Governance Approach

*Standing out with its professional corporate management approach, Albaraka Türk offers modern banking services by effectively managing its business processes thanks to its dynamic organizational structure, while supporting Turkey's sustainable development.*

*With its professional management team and its dynamic organizational structure, Albaraka Türk provides seamless and sustainable modern banking services to its stakeholders and customers.*





## Our Corporate Governance Approach

### Board of Directors



**Mazin Manna**  
*Chairman*

He was born in 1968. He graduated from the University of London, Economics Department and London School of Economics and Political Science in 1989. He started his professional career in 1991 at Citibank, where he held various positions during his 24-year tenure. Mr. Manna served as the Citibank Bahrain CEO between 2010 and 2015. During this period, he was responsible for corporate, investment and retail banking at Citibank as well as for relations with Saudi Arabia. Mr. Manna served as Citibank's Middle East Corporate and Investment Banking Co-President and held senior positions in corporate and investment banking, including the General Manager position at Citi Islamic Investment Bank. He has served as the General Manager and a Board Member at Al Baraka Banking Group since January 2020. Working as the General Manager of Abu Dhabi Islamic Bank prior to his role at Albaraka Banking Group, Mr. Manna was the General Manager of the Middle East and North Africa, United Arab Emirates Senior Country Officer, and Executive Committee Member at Credit Agricole CIB. Elected as a Member of the Board of Directors at Albaraka Türk in March 2021, Mr. Manna was appointed as the Chairman of the Board of Directors of the Bank as of April 5, 2021. He serves as the Chairman of the Bank's Loan Committee, Remuneration Committee, and Executive Committee.



**Prof. Dr. Kemal Varol**  
*Board Member*

Kemal Varol who was born in 1943 in Iğdır, had his Master's degree in Textile Chemistry from the Institute of Science and Technology of Manchester University in 1965 where he had also completed his Doctorate in 1968. Since 1974, Mr. Varol has been working as a senior manager in numerous companies including the Sümerbank where he worked as General Manager and Chairman of the Board. He is currently working as a Professor at Istanbul Commerce University. Kemal Varol has served as an Independent Board Member of the Board of Albaraka Türk between 2013 and 2019. He has been serving as a Member of the Board of Directors as of March 2019. He was also the chairman of the Corporate Governance Committee from July 2014 to March 2017. Currently, he is a member of the Credit Committee and the Executive Committee.



**Mustafa Büyükbacı**  
*Board Member*

He was born in 1961. Mr. Büyükbacı graduated from Boğaziçi University, Department of Industrial Engineering and earned his master's degree in the same field in 1984. Following his graduation in 1987, he then worked as a research associate in the same department. From 1989 onwards, he assumed various management roles at capital markets and investment firms, mainly focusing on Asset/Portfolio Management and Investment. In 1993, he joined Yıldız Holding as the Founding Director and Board Member of Taç Investment Trust. In addition, he served as Capital Markets and Financial Advisor at Yıldız Holding with regard to capital, commodity and money markets; and as Board Member at Family Finans and other group companies. He founded Bizim Securities, where he worked as Founding Director and Board Member. Mr. Büyükbacı founded the real estate division of Yıldız Holding, turning real estate operations into a major line of business. He worked as Founding President of the Real Estate Group. He left Yıldız Holding at the end of 2010. Later, he founded his own investment company, where he continues to engage in investments in agriculture, livestock, real estate and capital markets. Between 2013 and 2016, Mr. Büyükbacı served as a Board Member at Borsa İstanbul, and between 2012 and 2018 he served as a Board Member at BİM Birleşik Mağazalar A.Ş. He serves as Board Member Albaraka Portföy Yönetimi A.Ş. Mr. Büyükbacı has been serving as Board Member, Chairman of the Audit Committee and the Remuneration Committee at Albaraka Türk Participation Bank. He is also the Vice Chairman of the Board of Trustees at Istanbul Sabahattin Zaim University.



**Dr. Mohamed Ali Chatti**  
*Board Member*

He was born in Tunisia in 1984. He earned his Bachelor's Degree in Finance from the Institute of High Commercial Studies in Tunisia and his Master's Degree from Paris X Nanterre University in France. He then completed his Ph.D. in Finance in 2010 at Paris X Nanterre University, in France. Dr. Chatti began his career in 2010 as Young Professional at the Islamic Development Bank (IsDB). Between 2011 and 2017, he worked as an Investment Analyst and Senior Investment Officer at the Investments Department of IsDB. He was a lecturer about Islamic Finance at the ESSEC Tunisia in 2012. Since 2018, he is the manager of the Islamic Finance Investments Division and managing three strategic portfolios for the IsDB: the equity portfolio of IsDB (in the Islamic Financial institutions), Awqaf Portfolio (managing the Awqaf Properties Investment Fund) and the microfinance portfolio. In total, he is managing a portfolio worth more than US\$ 2 billion. In October 2019, he was appointed as Acting Director for the Islamic Financial Sector Development Department at IsDB. Dr. Chatti represented IsDB on other boards (first Islamic Bank in Nigeria for more than 6 years, a Trading company in Bahrain for 4 years and a microfinance Bank in Sudan for 3 years) before joining the Al Baraka Board of Directors. Dr. Chatti is the Chairman of the Bank's Corporate Governance Committee, a member of the Sustainability Committee and the Remuneration Committee and a substitute member of the Credit Committee.



**Mehmet Ali Gökçe**  
*Board Member*

Mr. Gökçe was born in Çankırı in 1957. He obtained his bachelor's degree from Ankara University - Faculty of Theology and Master's Degree from theology and Master's Degree from University of Turkish Aeronautical Association, Institute of Social Sciences, Business. He commenced his banking career at Töbank as a Banking Officer in 1979 and worked there until 1984. Between 1987-1991 he served as Assistant Manager at Faisal Finance Institution. Then he worked as Ankara Branch Manager of Kuveyt Türk Participation Bank between 1991 and 1999. He was appointed as Assistant General Manager of Anadolu Finance Institution and served there between 1999 and 2005. Between 2006 and 2011 he served as Assistant General Manager of Türkiye Finans Participation Bank. In 2011, he was appointed as the CEO of Termikel A.Ş. and served there until 2012. He served as a Board Member of Asya Participation Bank between 2015 - 2016 and served as the CEO and the Chairman of "RCT Varlık Yönetim A.Ş." between 2012 and 2017. He served as a Board Member at the Türkiye Halk Bank between 2016 and 2017. He was appointed as a Board Member at Albaraka Türk in March 2020. He still serves as an Audit Committee Member and the Chairman of the Sustainability Committee.



**Housseem Ben Haj Amor**  
*Board Member*

He was born on 10 April 1975 and received his bachelor's degree from Institut Supérieur de Comptabilité (Tunisia) in accounting and finance. Housseem Ben Haj Amor started working at Arthur Andersen/Moore Stephens as a manager. Between 2005 and 2007, he served at Societe Generale as a manager of the accounting department. Between 2007 and 2013 he served as the CFO and later as the General Manager at SHUAA Capital. Between 2014 and 2017 he served as the general manager of the same company. Between 2018 and 2020 he served as the general manager of Amlak Finance. Since April 2020, he has been serving as the Deputy CEO in charge of Business Development and Investments at Albaraka Banking Group. Elected as a Board Member at Albaraka Türk in March 2020, Housseem Ben Haj Amor is a Reserve Member of the Audit Committee and the Credit Committee.



## Our Corporate Governance Approach

### Board of Directors



**Melikşah Utku**  
*Board Member*

Mr. Utku was born in Ankara in 1968. He graduated from the Mechanical Engineering Department of Boğaziçi University (Istanbul, 1990). He completed his graduate studies at the London School of Economics (1990-1992) and Master's Degree in economic development at Marmara University (Istanbul, 1998). Subsequently, he worked in the software and textile industries. In 2004, he served as a consultant to the General Manager of Albaraka Türk. He served as the Head Economist of Albaraka Türk between May 2006 and July 2007. In addition, he was an economics columnist for Yeni Şafak newspaper between 1995 and 2009. He later worked as Investor Relations Manager between 2007 and 2009. He continued as CIO-Assistant General Manager in December 2009 and was appointed as CFO-primarily responsible for Financial Affairs, Budget and Financial Reporting and Corporate Communication Departments. He was a board member of Borsa İstanbul from 2013 to 2016. He served as the General Manager of Albaraka Türk between October 2016 and October 2021. As of October 13, 2021, he serves as a Board Member at Albaraka Türk, Vice-Chairman at Katılım Emeklilik ve Hayat A.Ş. and the Chairman of the Board of Directors at Bereket Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Albaraka Kültür Sanat ve Yayıncılık A.Ş., insha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş. and Albaraka Teknoloji Bilgi Sistemi ve Pazarlama Ticaret A.Ş. Currently, he is the Chairman of the Bank's Information Technologies Governance Committee, a Member of the Corporate Governance Committee and a Member of the Executive Committee.



**Azhar Aziz Dogar**  
*Board Member*

He was born in Pakistan in 1967. He graduated from the University of Pennsylvania, Economics and Political Science Department in 1990. He received his master's degree in the field of development economics from Brown University in 1992. He started his career in the investment banking department of Citigroup and held various senior positions at ABN AMRO Bank, including Deputy Chief Risk Officer for the Middle East and North Africa Region and Credit Portfolio Manager. He worked as a Chief Risk Officer at DIB Capital and SAMBA Capital. He worked as a Chief Risk Officer and Assistant General Manager in charge of Credits (Wholesale and International) at the National Bank of Abu Dhabi. He served as a Board Member at Dubai Islamic Bank. With an experience of 28 years in the banking sector, Dogar serves as an Assistant General Manager in charge of Credits and Risk at Al Baraka Banking Group and as a Board Member at Al Baraka Bank (Pakistan) Limited.



**Ghassan Ahmed M. Amodi**  
*Board Member*

He was born on 19 April 1972 and received his bachelor's degree from "The American University" (California - USA), in business administration. He commenced his banking career in 1994 at SABB (Saudi British Bank) as a management trainee. Then, he was promoted to assistant relationship manager in the corporate banking division of the same bank. Between 2007 and 2017, he served as the Regional Head of Corporate Banking in charge of all aspects of regional corporate banking at SABB. Between 2017 and 2019, he served as the CEO of the SABB. Since 2020, he serves as the general manager of the company named Dar Altamleek. He was elected as a member of the board of directors at the Albaraka Türk Ordinary General Assembly meeting held in March 2020.



**Tawfiğ Shaker M. Mufti**  
*Board Member*

He was born in 1969. He received his bachelor's degree from the University of Bridgeport (Connecticut - USA) in International Business. He commenced his banking career in 1993 at Al Bank Al Saudi Al Fransi under the "Professional Development Program." There he served in the field of corporate banking until 1997 and from 1997 up to 1999, he served in the field of private banking. Between 1999 and 2002 he worked at Andersen - Middle East Financial Transaction. Between 2005 and 2007 he served as Corporate Country Compliance Officer at Samba Financial Group. He served as a "Group Treasurer" at Dallah Albaraka Holding Co. He was elected as a member of the board of directors at the Albaraka Türk Ordinary General Assembly meeting held in March 2020.



**Malek Khodr Temsah**  
*Board Member and Acting General Manager*

He was born in Beirut, Lebanon in 1981. He received his Bachelor of Business Administration from George Washington University (Washington D.C., 2003) and completed his master's degree in Business Administration from Thunderbird, the Garvin School of International Management (Arizona, 2006). In 2003, Mr. Temsah began his career with the Bank of America's SME Banking Department in Washington DC followed by his tenure at the London-based European Islamic Investment Bank's Treasury and Capital Markets Unit between 2007 and 2009. In 2010 he joined the leading global Islamic bank Albaraka Banking Group, Bahrain as Vice President of Treasury where he established the sukuk desk and oversaw the global sukuk portfolio until 2014. He was also a member of the Board of Directors for one of Morocco's first Islamic banks, BTI Bank, between 2017 and 2020, where he served on the audit and board affairs committees. After joining Albaraka Türk in 2014, Malek Khodr Temsah serves as an Assistant General Manager in charge of the Treasury, Financial Institutions and Investment Banking since 2017. In addition to his current duties, he was appointed as the Acting General Manager on October 13, 2021. He knows English, Arabic and Turkish at an advanced level and he is a member of the Credit Committee, Information Technologies Governance Committee and the Executive Committee.



## Our Corporate Governance Approach

### Senior Management



**Malek Khodr Temsah**  
*Board Member and Acting General Manager*

He was born in Beirut, Lebanon in 1981. He received his Bachelor of Business Administration from George Washington University (Washington D.C., 2003) and completed his master's degree in Business Administration from Thunderbird, the Garvin School of International Management (Arizona, 2006). In 2003, Mr. Temsah began his career with the Bank of America's SME Banking Department in Washington DC followed by his tenure at the London-based European Islamic Investment Bank's Treasury and Capital Markets Unit between 2007 and 2009. In 2010 he joined the leading global Islamic bank Albaraka Banking Group, Bahrain as Vice President of Treasury where he established the sukuk desk and oversaw the global sukuk portfolio until 2014. He was also a member of the Board of Directors for one of Morocco's first Islamic banks, BTI Bank, between 2017 and 2020, where he served on the audit and board affairs committees. After joining Albaraka Türk in 2014, Malek Khodr Temsah serves as an Assistant General Manager in charge of the Treasury, Financial Institutions and Investment Banking since 2017. In addition to his current duties, he was appointed as the Acting General Manager on October 13, 2021. He knows English, Arabic and Turkish at an advanced level and he is a member of the Credit Committee, Information Technologies Governance Committee and the Executive Committee.



**Turgut Simitcioğlu**  
*Senior Assistant General Manager*

Turgut Simitcioğlu was born in Erzurum in 1961. After graduating from King Saud University, Faculty of Education in Saudi Arabia in 1989, he received his Master's degree in Business Administration from Fatih University, Institute of Social Sciences. Mr. Simitcioğlu joined Albaraka Türk in 1990 and worked in the Fund Allocation Department from 1990 to 1995, and at the Central Branch from 1995 until 2001. He was Director of the Central Branch between 2001 and 2003, and later Director of the Corporate Banking Department, before serving as Central Branch Manager from 2003 to 2009. In December 2009, he was appointed Assistant General Manager, thereafter serving as Assistant General Manager in charge of Credit Operations, Foreign Transactions Operations, Payment Systems Operations, Banking Services Operations and Risk Monitoring. Still serving as a Member of the Board of Directors at Katılım Emeklilik ve Hayat A.Ş. and Senior Assistant General Manager in charge of Business Lines as of January 2017, Simitcioğlu has been serving as the Senior Assistant General Manager in charge of Credit Risks since October 2018.



**Süleyman Çelik**  
*Assistant General Manager*

He was born in Samsun in 1963. He graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Public Administration. Mr. Çelik started his professional career in 1988 at Albaraka Türk. He worked in the Foreign Transactions Department from 1988 to 1996, at the Fatih Branch between 1996 and 1997, and at the Ümraniye Branch from 1997 until 2000. Between 2000 and 2011, Mr. Çelik worked at Türkiye Finans as Ümraniye and Sultanhamam Branch Manager, Credit Operations Manager, and Human Resources Manager. In 2011, he was appointed Üsküdar Branch Manager at Albaraka Türk, before assuming the role of Human Values Manager between 2012 and 2017. Mr. Çelik was appointed Assistant General Manager in January 2017 and is in charge of Human Values, Administrative Affairs, Procurement, Training and Career Management Departments. Mr. Çelik is also a member of the Board of Directors of Albaraka Kültür Sanat ve Yayıncılık A.Ş. and AlbarakaTech Global A.Ş.



**Fatih Boz**  
*Assistant General Manager*

He was born in Edirne in 1973. In 1995, he graduated from the Faculty of Political Sciences, Ankara University. He held a Master's degree in political science from the same school. From 1995 to 1998, he worked as a director for various companies. In 1998, Mr. Boz joined Albaraka Türk as Assistant Inspector on the Inspection Board. He went on to serve as Deputy Director of the Operations Department in 2003, Branch Manager between 2006 and 2009, Manager in the Project Management Department from 2010 to 2011 and later as Credits Operations Manager. In January 2017, he was appointed Assistant General Manager responsible for central operations. As of August 2019, Fatih Boz serves as the Assistant General Manager responsible for the Corporate Loans Allocation Department, Commercial and SME Loans Allocation Department and Retail and Micro Loans Allocation Department.



**Hasan Altundağ**  
*Assistant General Manager*

He was born in 1966 in Konya. He graduated from Ankara University, Faculty of Political Sciences, Department of Economics. In 1986, Mr. Altundağ started work at Yapı Kredi Bank as Inspector on the Inspection Board. He served as Auditor, Operations Director and Field Director, respectively until 1999. Mr. Altundağ who served as a Branch Manager at a participation bank between 1999 and 2004, joined Albaraka Türk Participation Bank in March 2004. At Albaraka Türk, Mr. Altundağ was Sultanhamam Branch Manager from 2004 to 2005. Subsequently, he served as Regional Manager of Marketing between 2005 and 2011, Director of the Transformation Administration Office from 2011 until 2013, and Manager of Strategy and Corporate Performance from 2013 to 2016. Mr. Hasan Altundağ was appointed as Assistant General Manager - Marketing in 2017, and since July 2020, he has been serving as Assistant General Manager - Sales in charge of the Corporate Sales Directorate, Commercial and SME Sales Directorate, Retail and Private Banking Sales Directorate, and Regional Directorates. Mr. Altundağ is also the Vice Chairman of Albaraka Kültür Sanat ve Yayıncılık A.Ş. and a board member at Değer Varlık Kiralama A.Ş.



**Mustafa Çetin**  
*Assistant General Manager*

He was born in Afyonkarahisar in 1971. In 1991, he ranked 20<sup>th</sup> in the national university exam. He went on to graduate from Boğaziçi University, Department of Management in 1996. In the same year, he started his professional career at Finansbank in the Corporate Banking Management Trainee Program. Between 1999 and 2004, he served as Manager in the areas of Corporate and Commercial Banking at Turkish Foreign Trade Bank. In 2004, he joined Albaraka Türk as Branch Manager, holding this position until 2008. He went on to serve as Marketing Manager from 2008 to 2011; Foreign Transactions Operations Manager between 2011 and 2012; Financial Institutions and Investor Relations Department Manager and Corporate Governance Committee Member from 2012 until 2017; and Assistant General Manager responsible for Finance and Strategy between 2018 and 2020. Since July 2020, he has been working as the Assistant General Manager - Finance responsible for the Financial Reporting Directorate, Financial Affairs Directorate, Business Excellence and Innovation Directorate, Investor Relations Directorate and Data Governance Service units. He is the Vice Chairman of the Board of insha Ventures Teknoloji Gelişim ve Pazarlama A.Ş., one of the subsidiaries of Albaraka Türk. Fluent in English and German, Mustafa Çetin holds the Capital Market Activities Advanced License and Corporate Governance Rating Specialist License.



## Our Corporate Governance Approach

### Senior Management



**Volkan Evcil**  
*Assistant General Manager*

Volkan Evcil was born in 1966 in Eskişehir. In 1987, he graduated from Anadolu University, Faculty of Economics and Administrative Sciences, Department of Economics. He started his career at Tütünbank in 1990 as an Assistant Inspector. In 1992, he joined the Albaraka Türk family as Assistant Inspector, before serving as Inspector, Chief Inspector, Vice Chairman of the Internal Audit Department, and Vice President of Risk Management. He was named President of Risk Management in 2006. Since February 2017, he has been serving as Internal Systems Senior Manager in charge of the Internal Audit Department, Internal Control Department, Risk Management Department, and Legislation and Compliance Department. In August 2019, he became the Assistant General Manager in charge of Central Operations which consists of the Credit Operations Department, Foreign Trade Operations Department, Banking Services Operations Department, and Collateral Management Department. On January 27, 2020, he was elected as the Member of Risk Center Management in the Banks Association of Turkey, representing the Participation Banks Association of Turkey.



**Mehmet Fatih Yorulmaz**  
*Assistant General Manager*

He was born in Kahramanmaraş in 1980. In 2001, he graduated from the Faculty of Civil Engineering, Middle East Technical University with the third rank in 3.5 years. In 2002, he received his engineering Master's degree from the Georgia Institute of Technology with a High Honor Certificate and took part in the engineering design of skyscraper-style buildings in Atlanta. He joined the Islamic Development Bank in Jeddah in 2005 and worked as a project manager in countries such as Afghanistan, Pakistan and Sudan. He returned to the USA in 2007 and completed his MBA at Harvard Business School as a High Honor Student. He provided management consultancy services to the leading companies in the financial sector in the Boston and Istanbul offices of Boston Consulting Group. He served as General Manager Advisor at Türk Telekom and Senior Director in charge of Marketing, Sales and Business Development at TTNET. In 2014, he started to work as the Manager responsible for Central Asia and Turkey in the Loan Allocation Unit of ICD, the private sector branch of the Islamic Development Bank. In 2016, he established the Turkey office of Compare Europe Group, an international fintech initiative, as Country Director. Mehmet Fatih Yorulmaz, who joined Albaraka Türk as the General Manager Advisor in 2017, has been serving as the Assistant General Manager - Marketing responsible for Marketing Department, Product Management Department, Communication and Brand Management Department and Pricing Strategy and Governance Service Department since July 2020. Mr. Yorulmaz is also a member of the Board of Directors of Albaraka Kültür Sanat ve Yayıncılık A.Ş.



**Mehmet Uludağ**  
*Director*

He was born in 1979 in Konya. He graduated from Dumlupınar University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2001 and completed his Master's degree in Business Administration at Gediz University in 2013. He started his professional career in 2004 with the title of Assistant Specialist in the Albaraka Türk Denizli Branch. He worked as a specialist between 2006 and 2008 and as an assistant manager between 2008 and 2011 in our Bank. Between 2011 and 2017, he served as Branch Manager in Manisa and Uludağ Branches, Aegean Regional Manager between 2017 and 2019 and Commercial and SME Sales Manager between 2019 and 2020. In July 2020, he was appointed as the Director of Arbitration and Business Excellence to the head of the Ombudsman, which was established to coordinate and resolve issues related to digitalization, new products, organizational changes and improvement of the Bank processes with the Branches. He still continues to work in this position.



**Yasemin Aydın**  
*Director*

He was born in Kahramanmaraş in 1974. She graduated from Istanbul University, Faculty of Political Sciences. Then, she completed her Master's degrees in MBA and Marketing Communications. She started her business life in the banking sector in 1996. Between 1996 and 2011, she worked and managed in the fields of Digital Banking, Card Payment Systems, Retail Banking, Organization & Quality and in the business lines of Marketing, Operations, Product Development, and Information Technologies in this sector. Between 2012 and 2017, she managed consultancy projects in various sectors such as Organizational Structuring, Process Development & Management, Restructuring, and Digitalization and selection and assessment activities in the field of Human Resources. In 2017, she started to work as Digital Channels and Payment Systems Development Manager at Albaraka Türk. Ms. Aydın, who was appointed as the Director Responsible for Digital Channels and Payment Systems in July 2020, is also a Board Member at Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş.



## Our Corporate Governance Approach

### Committees Under the Board of Directors

*Operating under the Albaraka Türk's Board of Directors within the framework of Corporate Governance Principles, the Committees play key roles in the realization of the Bank's vision, mission and strategic goals.*

#### AUDIT COMMITTEE

##### Purpose

The Audit Committee consists of Board Members for the purposes of assisting the Board of Directors to perform auditing and supervision activities. The Committee was formed on the basis of the provisions of Article 24/6 of the Banking Law No. 5411.

##### Composition of the Committee

The Audit Committee consists of at least two non-executive Board Members. Members must have the qualifications determined by the Banking Regulation and Supervision Agency.

##### Members of the Audit Committee

Chairman: Mustafa BÜYÜKABACI, Board Member  
Member: Mehmet Ali GÖKCE, Board Member  
Member: Housseem Ben Haj Amor, Board Member

##### Functions of the Committee

On behalf of the Board, the Audit Committee monitors the efficiency and proficiency of the internal systems of the Bank, the functioning of these systems as well as the accounting and reporting systems in the framework of the Banking Law and related regulations, and the integrity of the produced data, providing preliminary evaluations to the Board of Directors when selecting the independent audit firms and rating, survey and support services agencies; regularly monitoring the activities of the said institutions which are appointed by the Board of Directors and with which contracts are signed; ensuring the consolidated internal auditing of partnerships subject to consolidation as per the regulations introduced with respect to the Banking Law, and coordinating their activities.

##### Working Principles of the Committee

The Audit Committee convenes at least four times a year. The Audit Committee discusses issues related to internal control, financial tables, internal audit and other special items on their agenda, by also summoning the representatives of independent audit agencies, if and when needed.

Committee resolutions are submitted to the Board of Directors for acknowledgment or ratification based on their nature.

Resolutions of the Audit Committee are registered in the Book of Resolutions as per the related provisions of the Banking Law.

The Audit Committee convened 8 times in 2021 with the participation of all members.

#### CREDIT COMMITTEE

##### Purpose

As per the powers vested by the Board of Directors, the Credit Committee passes resolutions on requests for limit allocation, renewal, increase and/or collateral changes amounting up to 10% of the shareholders' equity provided that the tasks, powers and responsibilities remain within the restrictions defined in the Banking Law and related regulations. (Decisions on credit allocations that exceed 10% of the shareholders' equity shall be taken by the Board).

##### Composition of the Committee

The Committee consists of the General Manager or Deputy General Manager with at least two members elected by the Board of Directors from among the members that meet the conditions required for the General Manager (except for the term) to fulfill the assigned duties regarding credits. Two reserve members from among the Board Members meeting the conditions required (except for the term) for the General Manager are elected to serve as a substitute for a Credit Committee member who cannot participate in any meeting.

##### Members of the Credit Committee

Chairman: Mazin Manna, Chairman of the Board  
Member: Prof. Dr. Kemal Varol, Board Member  
Member: Malek Khodr Temsah, Board Member and Acting General Manager  
Reserve Members: Dr. Mohamed Ali Chatti, Board Member  
Reserve Members: Housseem Ben Haj Amor, Board Member

##### Functions of the Committee

Based on the powers delegated by the Board of Directors, the Credit Committee is authorized to allocate credit lines within the framework of the methods/principles defined by the Banking Regulation and Supervision Agency and to conclude the credit resolutions within delegated limits. In this respect the Committee;

- Decides on branches' credit limits and conditions for extensions,
- Evaluates and decides on the requests for limit allocations and increases that exceed the branches' delegated powers,
- Resolves on credit limits that are to be decreased or canceled,
- Monitors the general credit policies of the Bank,
- Determines the terms and conditions of credit extensions,
- Decides on converting credit lines of clients into other modes of credit facility

##### Working Principles of the Committee

The Credit Committee convenes with the participation of all members. The Credit Committee's decisions given unanimously are implemented directly and decisions given by the majority are implemented after the approval of the Board of Directors.

The committee agenda is determined by the General Manager. The written suggestion of the General Manager is asked for in limit increases done by the Credit Committee. For proposals regarding credits for which financial tables have to be required, it is essential that the financial analysis and intelligence reports of credit requestors should be attached.

Activities of the Credit Committee are subject to audit by the Board of Directors. Each Board Member is authorized to ask for all kinds of information from the Credit Committee about the Committee's activities and to conduct all kinds of control he/she finds necessary.

The decisions of the Credit Committee are recorded in the minute book. The Credit Committee minute book is kept according to the procedures and principles that the Board minute book is subject to.

The Credit Committee convened 60 times in 2021 with the participation of all members.

#### CORPORATE GOVERNANCE COMMITTEE

##### Purpose

The Committee has been formed to follow up, evaluate and improve our Bank's compliance with the principles of Corporate Governance and submit proposals to the Board of Directors in this respect. These have been developed in accordance with CMB's Corporate Governance Principles.

##### Composition of the Committee

The majority of committee members are non-executive Board Members. If deemed necessary, the Committee may assign people specialized in their respective fields to the Committee who are not Board Members.

##### Members of the Corporate Governance Committee

Chairman: Dr. Mohamed Ali Chatti, Board Member  
Member: Melikşah Utku, Board Member  
Member: Cihat Keskin, Investor Relations Department

##### Functions of the Committee

- Examining whether the Corporate Governance Principles are adopted at the Bank and if that is not the case, identifying its reason as well as the conflicts of interest arising from such failure to comply with these principles and proposing corrective actions to the Board,
- Overseeing the activities and operations of the Financial Institutions and Investor Relations Department,
- Establishing a transparent system including policies and strategies for determining, evaluating and training suitable candidates for the Board of Directors and administrative management positions,
- Evaluating the structure and effectiveness of the Board of Directors regularly, and advising the Board on necessary changes that may be introduced in this regard,
- Determining and supervising the approach, principles and practices in relation to performance assessment, career planning and rewarding processes for the Board Members and executives.

##### Working Principles of the Committee

The committee convenes at least four times a year with one more than the half number of its members and adopts by the majority. The works and proposals of the Committee are discussed at the Board as an agenda item. The Committee keeps written records of its works. It also submits the information regarding the works and the reports including the results of the meetings to the Board of Directors.

The Corporate Governance Committee convened 1 time in 2021 with the participation of all members.



## Our Corporate Governance Approach

### Committees Under the Board of Directors

#### REMUNERATION COMMITTEE

##### Purpose

The Remuneration Committee is tasked with guaranteeing a balanced distribution of interests and rights across the Board, senior management, employees and shareholders; and developing proposals and strategies on wages in line with their contributions to the Bank's value creation process.

##### Composition of the Committee

The Committee consists of at least two members. Committee members are determined by the Board of Directors.

##### Members of the Remuneration Committee

Chairman: Mazin Manna, Chairman of the Board  
Member: Mustafa Büyükbacı, Board Member  
Member: Dr. Mohamed Ali Chatti, Board Member

##### Functions of the Committee

- Establishing a remuneration policy compatible with the scope and structure of the Bank's activities, strategies, long-term goals and risk management structures, preventing excessive risk-taking and contributing to effective risk management,
- Reviewing the remuneration policy at least once a year to ensure the effectiveness of the remuneration policy of the Bank,
- Evaluating the remuneration policy and practices within the framework of risk management and submitting a report with related suggestions to the Board of Directors every year,
- Determining the suggestions of the Members of the Board of Directors and senior executives regarding the remuneration principles by taking into account the long-term goals of the Bank,
- Guaranteeing a balanced distribution between the interests and rights of senior management, Bank employees and shareholders,
- Ensuring that the members of the Board of Directors of the Bank, senior management and bank employees are rewarded in line with their contribution to the Bank's value creation process.

##### Working Principles of the Committee

The Committee meets at least once a year. The decisions are taken by the majority of votes at the committee meetings. In the case of a tie, the party involving the president is deemed to have constituted the majority. Decisions are made in writing and signed by the participating members.

The Remuneration Committee took 4 decisions in 2021 without any discussion.

#### SUSTAINABILITY COMMITTEE

##### Purpose

The goal is to establish policies that represent the Bank's core values and ethical principles by taking into account the best practices in the field of Sustainability and Social Responsibility worldwide.

##### Composition of the Committee

The Committee consists of two Board Members, namely Mehmet Ali Gökce (Chairman) and Dr. Mohamed Ali Chatti. The person appointed by the Committee carries out the reporter and secretariat duty of the Sustainability Committee. This person is responsible for composing and publishing meeting minutes and reports and coordinating the committee operations under the guidance of the Sustainability Committee. The secretary and reporter members do not have voting right.

##### Members of the Sustainability Committee

Chairman: Mehmet Ali Gökce, Board Member  
Member: Dr. Mohamed Ali Chatti, Board Member

##### Functions of the Committee

- The Committee gives priority to considering economic, environmental and social factors as well as corporate governance principles in all Banking operations and decision-making processes to raise corporate sustainability awareness across the Organization, set forth concrete sustainable banking targets, and create long-term values. The Committee makes environmental protection a priority for the entire organization, sets ethical rules as necessary, and ensures effective management of risks associated with these factors. The Committee makes recommendations to the Sustainability Executive Committee concerning sustainability and social responsibility projects that will help communicate the Bank's corporate identity and understanding which comply with its vision and mission to the public, stakeholders, and business partners.

- The Committee ensures the implementation of projects that are aligned with the Bank's core values and ethical principles by closely following the best practices in the field of sustainability and social responsibility worldwide. The Committee assesses the effects of the Bank's activities on society. Supervises the impacts of the Bank's activities on society and measures taken within this framework. The Committee discusses the issues reported by the Sustainability Executive Committee and makes the necessary decisions to resolve them.
- Cooperates with the relevant committee of Albaraka Banking Group in efforts related to sustainability and social responsibility.

##### Working Principles of the Committee

The Committee convenes at least two times a year. The decisions are taken by the majority of votes at the committee meetings. Decisions are made in writing and signed by the participating members. All issues to be brought to the agenda of the Sustainability Committee must be discussed by the Sustainability Executive Committee.

The Sustainability Committee took 2 decisions in 2021 without any discussion.

#### EXECUTIVE COMMITTEE

##### Purpose

This Committee aims to ensure that resolutions at the Board of Directors meetings are taken faster, more effectively and soundly; and to fulfill the duties stated in the regulations of the Committee and the exercise of powers. These include minimizing the problems of having a low attendance at Board of Directors meetings and making sure that the urgent issues are discussed and settled.

##### Composition of the Committee

The committee consists of at least three members of the Board of Directors determined by the Board of Directors. The Chairman and the Deputy Chairman of the Committee is determined by the Board of Directors. The Committee may invite Bank executives and personnel, as it deems necessary, to their meetings and obtains their opinions. The Committee may also benefit from the opinions of independent experts and consultants, where necessary, and costs are to be covered by the Bank. Secretarial works of the Committee are carried out by the Rapporteur Department of the Board of Directors.

##### Members of the Executive Committee

Chairman: Mazin Manna, Chairman of the Board  
Member: Prof. Dr. Kemal Varol, Board Member  
Member: Melikşah Utku, Board Member  
Member: Malek Khodr Temsah, Board Member and Acting General Manager

##### Functions of the Committee

- To make examinations and make proposals forming a basis for the resolutions of the Board of Directors regarding general issues such as long-term strategic planning, policy and business plans, banking services,
- To identify any changes or deviations in the Bank's existing finance, investment, income and expense policies and procedures, annual budget,
- To make observations about the Bank's investment and finance level and opportunities, and adequacies or inadequacies of the changes in finance and investment policies; and make suggestions concerning the updating thereof,
- To express an opinion and decide on new products and derivatives, side and sub-products related to existing and approved products,
- To offer suggestions on issues such as strategy, marketing, business plan and balance sheet for any venture, partnership, investment, and financial activity,
- To offer suggestions on issues investing in and purchasing important goods, services and rights and other means of acquiring or dismissing, making commitments, acquiring and participating in joint ventures with other methods and other investments, expenses, to decide on investments to be made by purchasing goods, services and rights up to the amount between 2% and 5% of Bank's shareholders' equity, joint venture, acquisition of subsidiaries and other methods, and To Commitment up to the amount between 2% and 5% of Bank's shareholders' equity of assets included in the Bank's assets,
- To examine the business processes, procedures and activities related to the activities of the Bank and make new proposals in these matters and approve the authority to be given by the Board of Directors, to support the Bank's units,
- To review the effectiveness of the reports, information and business policies of the Bank, and to make determinations and recommendations,
- To make credit and other risk classifications of the Bank and present the determinations and recommendations in this respect,



## Our Corporate Governance Approach

### Committees Under the Board of Directors

- To examine the speed, adequacy and integrity of the reports prepared for the Bank's activities, and to make observations and proposals relating to the existing reports and the financial requirements and internal risks of the Bank on a quarterly basis,
- To make proposals for any amendment to the Articles of Association, in particular concerning the increase of the Bank's capital,
- To provide suggestions about specific sectors, geographical regions and customers,
- To review the works that may affect the Bank's activities and other issues that may arise before the meetings of the Board of Directors, and make proposals,
- To make suggestions for the restructuring of the debts of the Bank's customers, partial or total liquidation thereof and other matters, to decide on the restructuring of the loans and receivables up to the amount between 2% and 5% of the Bank's shareholders' equity, To decide on the liquidation or abolition of the Bank's loans, receivables and assets up to the amount between 2% and 5% of the Bank's annual shareholders' equity, To decide on the discharge, settlement, waiver, acceptance and other transactions for the Bank's receivables or payables up to the amount between 2% and 5% of the Bank's annual shareholders' equity. To make proposals for dividends to be distributed to shareholders, premiums and other payments to be made to the employees,
- To make proposals for resolving legal disputes within Bank customers, staff or third parties with peace, misappropriation, acceptance, waiver and other methods in these matters, To make decisions on matters up to the amount between 2% and 5% of annual Bank's shareholders' equity,
- To decide on the appointment, relocation and promotion of the employees with first degree signing authority, to present these transactions to the approval of the Board of Directors, To fulfill the duties assigned by the Board of Directors,
- To solve any problems that are not within the jurisdiction of any other board, committee, organ, unit and person, to support the relevant units within their duties and authorities.

#### Working Principles of the Committee

Members of the Committee shall be convened immediately upon invitation of the General Manager or the Chairman of the Committee, in particular, if any critical problems arise. The meeting agenda shall be sent by the General Manager or the Chairman of the Committee together with the meeting invitation. In addition to the agenda sent, the points of interest can also be discussed and resolved at the meeting. As a rule, the Committee convenes prior to Board meetings. However; when necessary, it may convene when there is no Board meeting. The meeting is held with the participation of at least three members. The Chairman directs the Committee meetings and the Vice Chairman in the absence of the Chairman. Decisions are taken by the majority of those present at the meeting. Meeting minutes and resolutions are recorded. Minutes are regularly signed by Committee members and presented to the Board of Directors.

The Executive Committee convened 5 times in 2021 with the participation of all members.

#### INFORMATION TECHNOLOGIES GOVERNANCE COMMITTEE

##### Purpose

The Committee aims to; Establish a series of standards and procedures to increase the operational efficiency of information technology systems and thereby ensure corporate discipline in the Bank's management. Besides, by applying these standards and procedures transparently and reasonably within the framework of the best international practices,

- Ensure the harmony between the Bank's business strategies and Information Technologies (IT) strategies,
- Strengthen the communication and collaboration between the committees operating in the fields of IT governance and risk management at the Bank's Head Office level and the Board of Directors of the Bank,
- Make sure that information technologies enable the Bank to seize opportunities and maximize profitability,
- Establish an IT infrastructure with an organizational structure, resources, policies and procedures, control systems,
- Ensure that bank management creates the necessary systems and processes that will best manage and mitigate all risks related to information technologies, including cyber-attacks.

#### Composition of the Committee

Provided that the number of members is not less than two, the number of members of the Committee are determined by the Board of Directors. The members to be elected to the Committee, other than the members of the Board of Directors, should have sufficient knowledge and experience in the field of information technologies.

#### Members of the Information Technologies Governance Committee

Chairman: Melikşah Utku, Board Member

Member: Malek Khodr Temsah, Board Member and Acting General Manager

Technical Member: Hood Hashem Ahmed Hashem

#### Functions of the Committee

- To evaluate, monitor and review the budget, IT initiatives and projects related to IT resources within the framework of the Bank's strategic objectives,
- To evaluate, monitor and review the IT strategy objectives and organizational structures which are planned to be established (especially the IT committees operating at the level of the Bank's senior management) to reach the Bank's strategic goals and maximize the expected benefits from IT projects and investments,
- To evaluate, monitor and review the systems related to the management, regulation and control of IT resources and projects within the framework of the best international practices (especially "Control Objectives for Information and Related Technology - COBIT"),
- To review, monitor and approve the institutional goals related to information technologies and technologies related to these goals and ensure the achievement of these goals,
- To ensure the establishment of an IT Risk Management Plan and Program integrated with the Bank's general risk management plan and program,
- To monitor the suitability of IT processes, resources, initiatives and projects to assess whether they meet the Bank's business requirements,
- To evaluate the internal and external IT audit reports and to ensure that the Bank takes necessary actions on the findings identified in these reports.
- To submit reports to the Board of Directors regarding the issues specified under this topic and to present those issues requiring the resolution of the Board of Directors as per article 375 of the Turkish Commercial Code and the Bank's internal legislation to the approval of the Board of Directors.
- The Committee may request all kinds of information and documents from the Bank's senior management, provided that the matters fall within the duties and responsibilities of the committee.

#### Working Principles of the Committee

Committee meetings are held by the Committee Chairman. The committee convenes at least 4 times a year, upon the invitation of the chairman or one of the members. The committee meetings could completely be held electronically or by the participation of some members electronically in a meeting where some members are physically present. The meeting agenda shall be sent by the Chairman together with the meeting invitation. In addition to the agenda sent, the points of interest can also be discussed and resolved at the meeting. The committee convenes with the participation of the majority of the members and takes decisions with the majority of the members present at the meeting. The Committee may invite Bank executives and personnel, as it deems necessary, to their meetings and obtains their opinions. The Committee may also benefit from the opinions of independent experts and consultants on legal, financial, administrative and technical issues where necessary, and costs are to be covered by the Bank. Meeting minutes and decisions are kept by the Committee Secretariat, which will be composed of a person or unit to be determined by the Committee. The Board of Directors is informed about the activities of the Committee.

The Information Technologies Governance Committee convened 4 times in 2021 with the participation of all members.

#### ADVISORY COMMITTEE

##### Purpose

Advisory Committee was founded according to the "Communiqué on Compliance with Interest-Free Banking Principles and Standards" (Communiqué) dated 14.09.2019 and numbered 30888 published by the Banking Regulation and Supervision Agency to maintain Albaraka Türk Katılım Bankası A.Ş.'s banking activities in compliance with interest-free banking principles.

#### Composition of the Committee

Committee members are appointed by the Board of Directors with the approval of the General Assembly. The committee consists of three members including the chairman, one reporter and two observers.

#### Members of the Advisory Committee

Chairman: Yousef Hassan Y. Khalawi

Member: Prof. Dr. Hamdi Döndüren

Member: Prof. Dr. Necmettin Kızılkaya



## Our Corporate Governance Approach

### Committees Under the Board of Directors

#### Functions of the Committee

- Answering questions submitted to the Committee and offering alternative solutions on interest-free banking principles,
- Following up on global developments in the field of interest-free banking,
- Monitoring and analyzing the activities of the Bank and its subsidiaries subject to consolidation systematically in terms of interest-free banking principles,
- Coordinating with the audit unit to audit the compliance of the activities of the Bank and its subsidiaries subject to consolidation with interest-free banking principles,
- Organizing developmental and educational seminars for the Bank's staff to establish and develop an interest-free banking culture within the Bank; ensuring that such trainings are included in routine training programs,
- Representing the Bank in interest-free banking-related activities such as conferences, symposiums, forums and seminars concerning the Advisory Committee and sharing interest-free banking perspectives on issues discussed in such events with bank managers,
- Preparing a summary report on the activities of the Committee, the questions posed to the Committee during the year and the activities and decisions of the Committee and submitting it to the Board of Directors,
- Examining all activities of the Bank and documenting the interest-free banking audit handbook and ensuring that it is approved by the Board of Directors,
- Discussing the issues which the Chairman has opted for examination at the Committee among those issues in the report submitted by the controller to the Chairman and informing the Head Office regarding these issues,
- Approving the interest-free banking principles compliance expectations in the Articles of Association, regulations, forms and policies used by the Bank and also approving the regulations made,
- Approving the standard agreements and contracts in the transactions of the bank with third parties in terms of compliance with interest-free banking principles and taking part in the development and improvement of the mentioned forms when necessary,

- Determining the interest-free banking eligibility requirements for existing and new products of the bank and its subsidiaries subject to consolidation and expressing an opinion on the documentation (contract, form, procedure, committee, functioning, method, etc.) to be prepared in this regard,
- Informing the Head Office of its opinion on the applications made to the Committee,
- Following up on the Bank's operations and reviewing the Bank's business activities in coordination with the Bank's management following the interest-free banking perspective at reasonable times,
- Providing and recommending possible interest-free banking solutions for financial transaction problems that do not comply with the principles of interest-free banking, looking for alternative products together with the Bank management to replace products that do not comply with the interest-free banking rules,
- Guiding the employees working in the implementation of interest-free banking transactions in compliance with the rules and principles of interest-free banking,
- Preparing the annual interest-free banking report which shows the degree of compliance with the decisions and directives issued by the Advisory Committee and submitting it to the Board of Directors,
- Preparing annual activity budget and having it approved by the Board of Directors,
- Ensuring protection from interest earnings and distribution of unavoidable interest earnings for charity purposes,
- Publishing periodic practical information on interest-free banking principles for the employees and participation account holders,
- Submitting periodic reports regarding the decisions taken to the Advisory Board of TKBB (Türkiye Katılım Bankaları Birliği - Participation Banks Association of Turkey).

#### Working Principles of the Committee

The Advisory Committee, together with the new Communiqué, will convene at least twice a month and may also meet extraordinarily, if necessary, by ensuring a majority upon the request of the President. The Advisory Committee meetings can be held by physically present members or by some or all members' participation via the electronic channel.

The Advisory Committee convened 24 times in 2021 with the participation of all members.

## Our Corporate Governance Approach

### Our Risk Management Approach

*The Board of Directors periodically reviews and assesses risk management policies and strategies according to the changing market conditions.*

Through the risk categories determined with the approval of the Senior Management, Albaraka Türk protects the savings and rights of its shareholders against the fragilities in the market as per the Communiqué on Takeover Bids of the CMB.

Albaraka Türk's Risk Management System is designed to define, measure, monitor and control encountered risks via policies, procedures and limits. These efforts are aimed at monitoring, controlling, and if necessary, changing the risk and return structure of future cash flows, and the nature and level of associated activities.

#### Risk Management Practices in International Standards

To monitor and control risks to which the Bank is exposed on account of the banking activities, the Board of Directors is responsible for establishing internal control, risk management and internal auditing systems under the Banking Law and ensuring and monitoring the proper functioning, conformity and adequacy thereof.

The Board of Directors periodically reviews and assesses risk management policies and strategies according to changing market conditions. The General Manager ensures that the Bank's departments operate in coordination pursuant to specified risk management policies and strategies as determined by the Board.

The Board of Directors takes an important part in the process of risk management by following policies and strategies on a consolidated and unconsolidated basis, setting up limit systems and procedures with the Bank.

On a fundamental basis, Albaraka Türk faces market, liquidity and credit risk, as well as strategic risk, reputation risk and operational risk. The Bank sets risk policies and procedures and risk limits approved by the Board of Directors to mitigate and manage its quantifiable risks. To maintain risks within the set limits, Albaraka Türk monitors and reports the referenced limits on a functional unit basis within the Bank's internal systems and relevant bodies. The Risk Management Department which is organized within the framework of risk management regulations carries out the activities of the measurement, monitoring, controlling and reporting of risks.

The ultimate target of the Bank's Risk Management System is to allocate capital in compliance with the risks exposed by our functional activities (economic capital) and to maximize capital return adjusted for risk, thus increasing the added value created.

The Assets/Liabilities Committee (ALCO) manages the structure of the assets vis-à-vis liabilities by evaluating the domestic and global economic conditions concerning collecting and allocating funds in the direction of the risk management policies of our Bank.

Albaraka Türk's current or future risk exposure is identified and defined. Identified risks are measured and prioritized to the extent possible. By taking into account the risks stemming from the Bank's strategies and the potential impact of the strategy on the risk profile, ALCO ensures that all significant risks are included in the risk appetite. The Bank's strategies are associated with a risk profile and risk appetite. If the risk profile is expected to change in the future, such change is considered together with its level of impact on capital. In the creation of the risk profile, risk type is analyzed on the basis of sector and/or geographical location.



## Our Corporate Governance Approach

### Our Risk Management Approach

#### Board-Approved Risk Appetite Policy

Albaraka Türk's risk tolerance is the maximum degree of calculated risk that may be accepted according to the Bank's mission and vision. In other words, it is the foreseen amount of risk to be exposed before deciding on the necessity of taking any precautions. Risk tolerance is the level of risk that the Bank deems acceptable given the diversity of services offered.

Albaraka Türk's risk appetite refers to the level of risk that the Bank is prepared to accept in pursuit of its strategic objectives. Risk appetite involves an acceptable level of variation regarding these objectives. A common feature of the Bank's risk appetite and risk tolerance is the boundaries they set on the acceptance of risk. However, risk tolerance is broader.

The Risk Appetite Policy, approved by the Board of Directors and updated annually, specifies the risk levels that the Bank may assume to implement its strategies and achieve its objectives. The limits and triggering functions in relation to the risk appetite and risk profile of the Bank are defined as per the Bank's risk profile and explained in detail.

Taking into account Albaraka Türk's financial status, business activity profile and future growth expectations, the amount of capital required to achieve strategic objectives are calculated via stress tests and scenario analyses performed on a static and dynamic basis. Present and future cyclical factors that may have an impact on the market where the Bank operates are considered in performing stress tests and scenario analyses on the Bank's financial structure. These efforts are evaluated along with other financial indicators. Capital planning activities conducted in this context help ensure coordination among the business processes within the Bank. Albaraka Türk aims to ensure capital allocation compatible with the risks of its functional operations and maximize risk-adjusted return on capital. As a result, the Bank evaluates risks by classifying them as market risk, liquidity risk, credit risk, operational risk and other risks.

#### Market Risk

Albaraka Türk's market risk refers to the probability of loss that may be incurred due to exchange rate risk, stock position risk, commodity risk and profit rate risk.

Market risk primarily indicates the probability of loss that may be experienced on the Bank's on-balance sheet and off-balance sheet positions as part of exchange rate risk, commodity risk, profit rate risk and stock position risk due to movements in market prices. As for market risk, Albaraka Türk calculates the foreign currency position risk and securities position risk, as well as specific risks associated with market risk, by using the standard approach.

These calculations are reported to relevant authorities on a regular basis. The Bank continuously monitors whether the market risk complies with the legally prescribed limits. Exchange rate risk is also subject to review and supervision by the Assets/Liabilities Committee. The Bank's foreign exchange rate strategy is intended to keep the exchange risk in balance and not to create short or long positions.

#### Liquidity Risk

The Bank's liquidity risk consists of funding liquidity risk and market liquidity risk. Funding liquidity risk refers to the likelihood of losses occurring in cases where it is not possible for Albaraka Türk to adequately meet the entirety of its foreseeable or unforeseen cash flow requirements without affecting daily banking activities or the Bank's financial structure.

Market liquidity risk is the possibility of losses that may arise from the Bank's failure to close or balance any of its positions at market prices because the markets lack a certain amount of depth or are exposed to excessive volatility. Liquidity risk may emerge due to factors such as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and financial crises.

To manage liquidity risk, the Bank monitors cash flows daily and takes preventive and remedial measures so that commitments are met as required and on time. Liquidity risk is also evaluated by the Assets/Liabilities Committee on a weekly basis.

Albaraka Türk implements a policy where liquid assets are maintained in sufficient amounts and quality, taking into account the minimum liquidity coverage ratios as specified in applicable regulations and past liquidity experiences. This approach addresses any liquidity requirement that may arise from unexpected movements in the markets.

#### Credit Risk

Credit risk is defined as the probability of losses to Albaraka Türk due to customer failure to partially or completely pay commitments to the Bank on time, thus breaching the provisions of customer credit contracts. This risk also involves any losses in market value due to deterioration in the financial position of the counterparty. On-balance sheet and off-balance sheet portfolios are included in the credit risk definition that is used at the Bank.

The authority to extend credits resides with the Board of Directors. The Bank's Board of Directors establishes policies related to the extending and approval of credits, credit risk management and other administrative principles. The Board also ensures the implementation and monitoring of these policies, while taking any necessary measures. The Board of Directors delegates the power to extend credits to the Credit Committee and Head Office pursuant to the procedures and principles determined by legal and regulatory requirements. The Head Office exercises the power delegated to them to extend credits via regional directorates/units or branches. The Bank allocates credits within the limits set based on each debtor or group of debtors. The system prevents customers from exceeding the credit risk limit.

Albaraka Türk pays particular attention to preventing any sector concentration that may adversely affect the credit portfolio. Utmost care is taken to prevent the risk of concentration on a small number of customers. Credit risks are constantly monitored and reported by the internal systems units and risk management bodies. In this way, the Bank ensures that credit risk complies with the "Regulation on Credit Policies and Implementation Procedures."

#### Operational Risk

Operational risk is defined as the risk of loss due to insufficient or unsuccessful internal processes, people, and systems or loss due to external effects. Legal risk and compliance risk are included in this risk group, while reputation risk and strategic risk do not fall under this risk type.

Operational risk is a type of risk inherent in all Bank operations and activities. Operational risk may arise from employee or system errors; transactions that may be performed based on insufficient or incorrect legal information or documentation; impediments to the flow of information between divisions in the organizational structure of the Bank; uncertainties in the limits of powers; or structural and/or operational changes, natural disasters, terrorism, and fraud incidents.

The Bank classifies operational risk into five groups according to their respective source: employee risk, technology-related risks, organizational risk, legal and compliance risk, and external risks. The Bank also takes required preventive measures to maintain operational risks at acceptable levels.

#### Other Risks

Other risks Albaraka Türk might face include strategic risk, reputation risk, counterparty credit risk, country risk and concentration risk.

Regarding strategic risk, the Bank aims to make rational decisions and adapt to emerging conditions by closely monitoring economic conditions, technology, financial and social developments, as well as the legal and regulatory environment and the banking sector in Turkey and abroad. Reputation risk for Albaraka Türk encompasses any factor that constitutes a possibility of loss for the Bank. These factors include negative perception of the Bank by different or related parties including existing or potential customers, partners, competitors or supervisory bodies; loss of confidence in the Bank or ruined reputation due to non-compliance with applicable laws. For the risk of reputation to be avoided and/or controlled by the Bank's Risk Management System, a proactive communication mechanism that gives the customers priority is established any time a condition that could detriment the Bank's reputation or image is detected.



## Our Corporate Governance Approach Our Risk Management Approach

As part of this system, preparations are already in place for worst case scenarios. While evaluating reputation risk, the system considers operational risk in relation to reputation risk, as well as its level and impact on reputation risk.

Counterparty credit risk refers to the possibility that the counterparty of a transaction, which brings about liabilities to both parties, defaults before making the final payment in the cash flow. The Bank manages counterparty credit risk according to the volume, nature and complexity of the activities, in due consideration of best practices and in line with applicable legal and regulatory requirements.

Country risk refers to possible losses that the Bank may incur when borrowers in a country are unable to fulfill or avoid fulfilling their overseas obligations due to the uncertainty of economic, social and political conditions in the relevant country. In due consideration of the legal and regulatory environment, market conditions and customer satisfaction, Albaraka Türk forges commercial ties to foreign financial institutions and countries in light of feasibility studies focused on the economic conditions of each country.

Concentration risk is defined as the possibility that the amount of a single risk or the amount of certain risk types results in high losses that could threaten the Bank's operations and its ability to perform its core business activities. Policies on concentration risk are divided into sector concentration, concentration based on collateral, concentration based on market risk type, concentration based on loss type, and concentration arising from creditors.

### Material Developments Regarding 2021 Activities

#### Information on the Lawsuits Against the Bank that May Have an Impact on the Bank's Financial Status and Activities, and Their Potential Consequences

As of 2021, there is no lawsuit against the Bank that may have an impact on Albaraka Türk's financial status and activities. There are no lawsuits filed against Albaraka Türk in 2021 that may affect the financial situation and activities of Albaraka Türk on environmental, social and corporate governance issues.

## Our Corporate Governance Approach Internal Control and Audit Activities for Risk Management

*The Inspection Board fulfills its audit responsibilities based on a risk-focused approach. Emerging technologies are utilized and compliance of the Bank's operations with internal and external regulations is evaluated during audits.*

To monitor and control its risk exposure, Albaraka Türk has developed adequate and efficient internal systems, consistent with the scope and structure of its business activities. These internal monitoring and control systems accommodate the dynamic operating environment and encompass all Bank branch locations and divisions. The internal systems also operate in accordance with the methods and principles stipulated by applicable laws, rules and regulations.

The Inspection Board, Internal Control Department, Risk Management Department, and Legislation and Compliance Department all fall within the scope of the internal systems. These units and departments operate under the supervision of the Audit Committee and the Board of Directors.

The Inspection Board carries out the function of audit that is inclusive of all the activities of the Bank, in which respect, the Board executes the processes of audit, inspection, and investigation. Efforts are made to provide assurances to senior management not only in that the Bank's activities are being carried out in line with the requirements of current laws and regulations as well as with the Bank's own strategies, policies, principles, and objectives but also that the Bank's internal control and risk management systems are effective and adequate.

The Inspection Board fulfills its audit responsibilities based on a risk-focused approach. Emerging technologies are utilized and compliance of the Bank's operations with internal and external regulations is evaluated during audits.

The Internal Control Department conducts risk-focused and interactive controls through Head Office, Branch, Data Analytics and Methodology, and Information Systems control services to ensure that banking operations are executed in an organized, effective and reliable manner at the Head Office units and branches.

The Control Service in the headquarters actively participates in risk control self-assessment studies, process modeling and projects. Together with business units; processes are reviewed, risks on these processes are identified, controls related to risks are recommended. This contributes to the establishment and development of an internal control environment and internal control system across the Bank. Transactions and activities that are generally considered important and risky by the Bank were remotely and periodically monitored and examined through computer-aided auditing programs and techniques.

Branch Control Service conducts central controls over system records and on-site controls at branches. With central controls, the processes of the branches are continuously tested, the transactions carried out at the branches are selected through ACL scenarios and controlled by sampling method through the internal control portal. On-site control activities are held at branches selected in line with the annual plan; as a result of on-site controls, the findings and evaluations regarding the control environment of the branches and information on the training provided are shared with the relevant parties.



## Our Corporate Governance Approach

### Internal Control and Audit Activities for Risk Management

Data Analytics Control and Methodology Service carries out control activities that make accurate and reliable measurements, help to make more accurate and decisions, realize the potential to create added value in control processes and maintain the ability to show a proactive approach in control processes in line with the Bank's strategy and objectives. Control activities are held dynamically with a process that focuses on data, updates critical risks consistently, is based on quantitative foundations and is measurable. Focusing on data-enabled controls, the Board of Directors, Senior Management and other stakeholders are informed on the risk status of the Bank via instant reports.

The Information Systems Control Service controls the Bank's information systems, processes and all other elements related to the information systems infrastructure with a risk-based approach. The service also conducts studies for reviewing technical competence and risk analyses prepared for service support companies. In addition to the control activities carried out on a regular basis, the service also conducts risk-focused examinations on different IT subjects and carries out consultancy studies if requested by the units.

The findings, opinions and recommendations at the end of internal control activities are initially shared and evaluated with the personnel who conduct these efforts. This approach helps the Bank quickly take and implement necessary complementary and preventive measures, while introducing appropriate and feasible solutions that can improve existing business processes and operations. All these efforts are monitored and evaluated closely and continuously by staff members who carry out the banking activities as well as internal control employees.

The Risk Management Department identifies, measures, monitors, controls and reports the Bank's risk exposure.

In the monitoring and evaluation of credit risk, which is the most important risk type among the functional activities, the riskiness and composition of the credit portfolio are taken into account.

Risk measurement models are used for testing purposes in order to calculate market risk other than the standard method which is currently used for measuring and reporting market risk. With backtesting applications, deviations between actual values and daily VaR values, predicted by risk measurement models, are determined for the purpose of testing the accuracy and performance of these models. The potential strength of the portfolio against unexpected risks is measured with stress tests including stress scenarios. Whether the market risk of the Bank is in conformity with legal regulations and with the limits determined is constantly monitored.

Risks other than the credit and market risk to which the Bank is exposed, are prioritized and subjected to review and evaluation and constantly monitored to determine whether they are at an acceptable level or not.

The Legislation and Compliance Department is responsible for managing compliance risk effectively. The Department also examines the effects of domestic and international regulations on the Bank's operations; follows up and reports on establishing mechanisms that ensure compliance with amendments to such regulations; presents information and opinions to the Board of Directors regarding planned business activities and new products and procedures; organizes meetings with the participation of relevant units to evaluate whether the services purchased by the Bank fall under the scope of the Regulation on Procurement of Support Services by Banks; provides feedback to relevant Head Office units as a result of decisions taken at these meetings, and coordinates the communication and application processes carried out before regulatory and supervisory authorities.

To ensure Albaraka Türk's compliance with the obligations stipulated under Law No. 5549 on the Prevention of Laundering Proceeds of Crime, the Legislation and Compliance Department is responsible for performing the following tasks: Devising relevant policies and procedures for the Bank; conducting risk management, monitoring and control activities; reviewing the effectiveness and reliability of such activities; organizing training efforts; developing necessary warning systems in relation to control and monitoring processes; establishing and ensuring the functioning of systems to guarantee adoption of the aforementioned; and checking whether or not the Bank's business activities comply with the regulatory framework on the Prevention of Laundering Proceeds of Crime.

Staff members appointed to the units under internal systems perform their tasks in an independent and impartial manner; in addition, these employees have sufficient professional knowledge and experience. The activities of the units within internal systems are evaluated periodically by the Audit Committee and the Board of Directors.

The Legislation and Compliance Department is composed of a sufficient number of employees working under the guidance and supervision of a president and vice president. Currently, the Department has 21 employees. The President also serves as Compliance Officer.

In line with the Internal Regulations on the Legislation and Compliance Department, the Department directly reports to the Audit Committee and the Board of Directors.

The Department consists of two service units: Legislation Service and Compliance Service.

The Legislation Service performs the following tasks related to legislative compliance controls;

- Monitoring establishment of and reporting on mechanisms to ensure the Bank's compliance with changes to mandatory or applicable regulations;
- Corresponding with authorized bodies on matters that raise doubt or are not clearly stated in legislative or regulatory sources; communicating the results of such correspondence to relevant persons;
- Notifying relevant units of changes to legislation as identified via daily checks;

- Organizing meetings with participation of relevant units to evaluate whether support services procured by the Bank are subject to the Regulation on Banks' Procurement of Support Services; providing feedback to relevant Head Office departments regarding the decisions taken at these meetings;
- Coordinating the notification and application processes conducted before regulatory and supervisory authorities.

With the purpose of designing, administrating and coordinating the activities to prevent the laundering proceeds of crime and financing of terrorism, the Compliance Service performs the following tasks;

- Devising corporate policies and procedures,
- Notifying policy changes to the Financial Crimes Investigation Board,
- Performing risk management, monitoring and control activities and reviewing the effectiveness and reliability thereof,
- Conducting compliance-related training activities,
- Setting up necessary warning systems related to control and monitoring; establishing and ensuring the functioning of systems to ensure adoption of the former,
- Minimizing the risk of incurring unexpected losses and reputational damage for the Bank; proactively identifying problems that may lead to losses,
- Rectifying deficiencies and introducing corrections,
- Checking compliance of transactions with policies related to the Law on Prevention of Laundering Proceeds of Crime,
- Correcting deficiencies identified by internal and external supervisory bodies,
- Drafting reports on monitoring, control, training and audit activities; and presenting such reports to the Board of Directors.

In light of global best practices regarding identifying and monitoring suspicious transactions, Albaraka Türk Compliance Unit uses "Inter AML," a fully automated system integrated with the Bank's core banking system. Furthermore, Paygate Inspector, a program by Fineksus, is used along with Dow Jones' lists to control transactions; as a result, full compliance is ensured with domestic and international sanction decisions.

Staff awareness on the prevention of laundering proceeds of crime and financing of terrorism is raised via periodic in-class trainings, branch visits, and web-based courses within the Bank.



## Our Corporate Governance Approach

### Effective Mechanisms for Anti-Bribery and Anti-Corruption

*Within the framework of the international norms and the provisions of the national legislation, Albaraka Türk adopted the fight against money laundering, bribery, corruption and similar economic crimes as an important principle.*

Albaraka Türk's Anti-Bribery and Anti-Corruption Policy is designed to demonstrate the Bank's strict commitment to and compliance with applicable laws, rules and regulations, ethical and professional requirements and principles, as well as universal rules in the fight against bribery, corruption and other forms of financial crime. The Anti-Bribery and Anti-Corruption Policy of the Bank is applicable to all persons and organizations acting on behalf of and serving the Bank. These parties include shareholders, employees, managers, customers, service providers, suppliers, consultants, external auditors, and representatives. The Bank's Anti-Bribery and Anti-Corruption Policy is an indispensable component of internal regulations, banking laws, and other legislation including Albaraka Türk Conflicts of Interest Policy, Ethical Rules and the Bank's Personnel Regulations, all of which are adopted and embraced by the Board of Directors and employees.

#### MAIN DUTIES AND RESPONSIBILITIES RELATED TO ANTI-BRIBERY AND ANTI-CORRUPTION

##### Duties and Responsibilities of Albaraka Türk Related to Anti-Bribery and Anti-Corruption

- Albaraka Türk is committed to ensuring the continuity of the reputation and trustworthiness of the banking profession among the general public, as well as upholding and improving such reputation and trustworthiness.
- Aiming to preserve stability and trust within the banking sector, while adhering to international norms and national laws, the Bank is actively engaged in the fight against laundering proceeds of crime, bribery, corruption and other forms of financial crime as a core principle.
- Albaraka Türk is well aware of its obligation to comply with all applicable laws, rules and regulations during its business operations and transactions performed in and outside Turkey.

- The Bank meticulously examines the findings of controls and audits performed by the units under Internal Systems, and reports made to the Whistleblowing Line, classifies them under relevant categories of bribery, corruption, and similar forms of financial crime; and makes sure necessary actions are taken.
- Albaraka Türk punishes acceptance or payment of bribes with the harshest possible action as defined in its Personnel Regulations, namely dismissal.
- This way, the Bank assures employees that no pressure or retaliation will be levied against them when they reject to offer or accept bribes.
- The Bank guarantees that any matters related to the implementation or violation of this Policy are published on the corporate website in an accurate, complete, comprehensible, and timely manner, for the purposes of updating all stakeholders, including the public, in line with the Corporate Governance Principles and Albaraka Türk's commitment to sustainability.
- Albaraka Türk holds the Ordinary General Assembly for shareholders every year in accordance with the legislation and legal provisions.

##### Employee Duties and Responsibilities

- All employees of Albaraka Türk must comply with the Anti-Bribery and Anti-Corruption Policy, internal regulations, and all applicable laws aimed at combating bribery, corruption, and similar forms of financial crime.
- Employees are also obliged to report any suspected bribery and corruption incidents or similar forms of financial crime related to banking transactions and activities involving the Bank's staff, customers and third parties to the Internal Control Department, Inspection Board or Legislation and Compliance Department via the means specified in the Albaraka Whistleblowing Line Procedure.

##### Stakeholder Duties and Responsibilities

- Persons and organizations acting on behalf of and serving the Bank, including service providers, suppliers, consultants, external auditors, and representatives, must strictly observe applicable laws, rules and regulations combating bribery, corruption and similar forms of financial crimes.

##### Anti-Corruption Systems at Albaraka Türk

- To uphold and further bolster its national and international reputation, protect customers, and retain its well-qualified staff, Albaraka Türk's relevant units under Internal Systems perform risk monitoring and auditing/reporting efforts related to anti-corruption and anti-bribery.
- Non-compliant activities are reported to the Bank by the Internal Control Department, Inspection Board, and Legislation and Compliance Department, as well as via the Whistleblowing Line.
- The Bank has established the Policy on Compliance with Requirements of the Prevention of Laundering Proceeds of Crime and Financing of Terrorism to effectively combat laundering proceeds of crime and financing of terrorism.
- Albaraka Türk considers the Anti-Bribery and Anti-Corruption Policy as a core component of all other Bank policies and regulations. With this perspective, the Bank has adopted a "zero tolerance" approach to bribery and corruption.
- The Bank stands against corruption, bribery, fraud, embezzlement and all unlawful conduct, and is committed to complying with relevant laws, rules, regulations and principles.
- At Albaraka Türk, it is strictly unacceptable and prohibited to receive or offer bribes regardless of whether it is under the name of cash payment, profit, commission, contribution, or the like.

The primary areas of risk where bribery and corruption may occur are described in detail below:

##### 1. Gifts and Hospitality

Albaraka Türk employees may in no way receive gifts or incentives that could cause them to act in a certain way during banking activities or which constitute bribery. Subject to the approval of the Head Office, it is permitted to exchange gifts, have ordinary business dinners, and organize or attend programs and events involving dinner and hospitality with customers and suppliers.

##### 2. Service Providers and Business Partners

The Bank does not work with persons or entities about which there is negative intelligence involving bribery, corruption or similar forms of financial crimes. Service providers and business partners are obliged to comply with the provisions of this Policy and other relevant regulations. The Bank terminates business relations with persons and entities failing to comply with such provisions and other applicable regulations.

##### 3. Facilitation Payments

Albaraka Türk does not allow persons or entities within the context of this Policy to offer or receive facilitation payments in order to guarantee or accelerate a routine transaction or process with government agencies.

##### 4. Abuse of Authority or Position

- Employees are prohibited to perform an unlawful transaction while carrying out their duties in order to obtain an unfair benefit on their or other persons' or entities' behalf. Employees may not use powers or authorities vested to them for purposes of obtaining unfair earnings for themselves, their acquaintances, or other third persons or entities, or in a manner to result in losses for the Bank or its customers.
- Employees are obliged to observe the confidentiality of information obtained at the time of performing their duties, not disclose such information to third parties without prior consent, or use the same to the benefit of themselves or third parties.
- Employees are responsible for complying with the contracts, commitments, and similar documents signed with the Bank, as well as the Policy on Conflicts of Interest, Personnel Regulations, and the provisions of other internal regulations and applicable national and international laws.

##### 5. Donations and Sponsorships

- Although Albaraka Türk provides in-kind and in-cash donations and contributions, political donations are prohibited and excluded from the scope of these activities.
- The Bank's donation and sponsorship activities must comply with applicable laws, regulations and rules specified in the Bank's Donation and Contribution Policy.

##### Policy Breaches and Sanctions

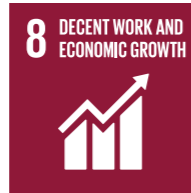
- Albaraka Türk imposes sanctions and disciplinary action, including termination of employment, for employees who act contrary to the Anti-Bribery and Anti-Corruption Policy.
- Employees will not be punished and/or retaliated against for acting honestly, transparently and based on goodwill and reporting conduct against or attempts to contradict the provisions of this Policy.
- In cases where conditions require legal action, such incidents are escalated to legal authorities.

##### Training Provided to Employees regarding the Fight against Money Laundering, Bribery and Corruption

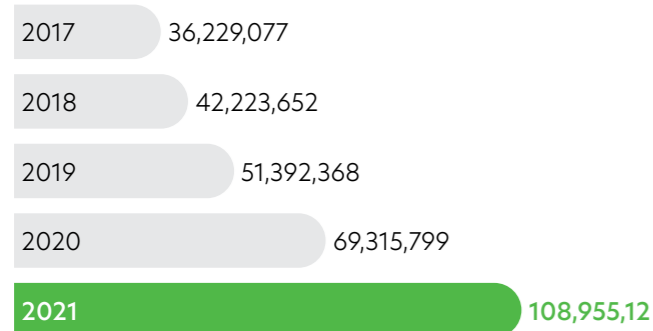
- Albaraka Türk raises employee awareness on combating corruption, bribery and similar forms of financial crimes, as well as prevention of laundering proceeds of crime and financing of terrorism through periodic in-class trainings, branch visits, and web-based courses within the Bank.
- The Anti-Bribery and Anti-Corruption Policy is communicated and made available to all employees via the Bank's communication channels.

# Our Financial Capital

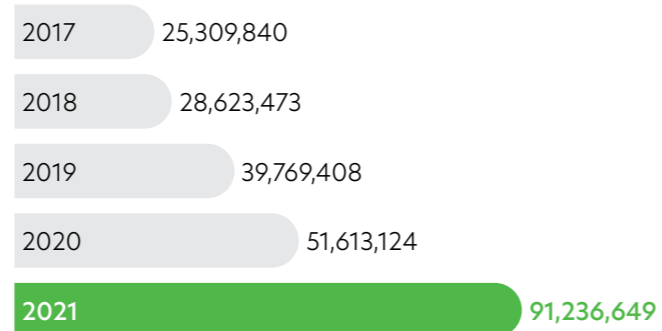
*Despite the volatile market conditions, Albaraka Türk continued its stable development with its strong corporate structure and increased its assets, equity and funds in 2021.*



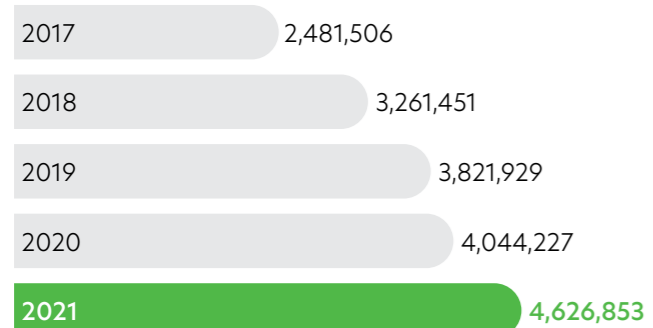
TL 108,955 million Total Assets



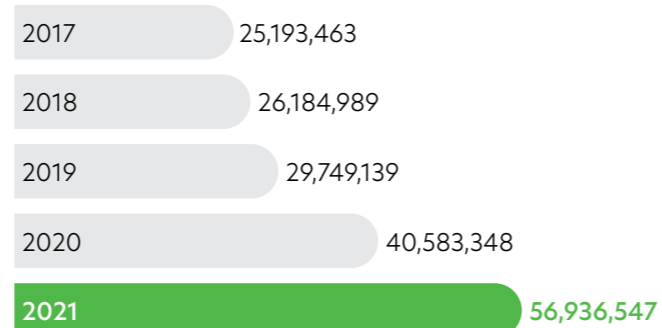
TL 91,236 million Total Funds



TL 4,626 million Total Shareholders' Equity



TL 56,936 million Funds Extended



## Financial Ratios

Financial Ratios (%)	2017	2018	2019	2020	2021
Funds Extended/Total Assets	69.5	62.0	57.9	58.5	52.3
Funds Extended/Funds Collected Ratio	99.5	91.5	74.8	78.6	62.4
Funds Collected/Total Assets	69.9	67.8	77.4	74.5	83.7
Non-Performing Loans Ratio	4.7	6.9	7.2	4.8	6.3
Net Non-Performing Loans Ratio	2.0	3.6	4.1	1.9	1.9
Ratio of Provisions for Non-Performing Loans	57.7	47.3	42.6	61.0	70.3
Capital Adequacy Ratio	17.1	14.7	15.0	13.5	14.9

## Albaraka Türk's Position in the Sector

Sectoral Growth	2019-2020			2020-2021		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Total Assets	34.9%	53.7%	36.0%	57.2%	64.1%	50.9%
Funds Extended	36.4%	45.0%	32.4%	40.3%	54.0%	37.1%
Funds Collected	29.8%	50.0%	34.9%	76.8%	71.9%	52.9%

Market Shares	2019-2020			2020-2021		
	Albaraka	Turkish/Participation Banks	Albaraka Türk/ Banking Sector	Albaraka	Turkish/Participation Banks	Turkish/Participation Banks
Total Assets	15.9%	1.1%	7.2%	15.2%	1.2%	7.8%
Funds Extended	16.3%	1.1%	6.6%	14.9%	1.1%	7.4%
Funds Collected	15.7%	1.4%	9.1%	16.1%	1.6%	10.2%



## Our Financial Capital Sustainable Growth Performance

*Albaraka Türk has preserved its strong equity structure by increasing its equities to TL 4.6 billion with an increase of 14%. Raising its operating revenue to TL 6.9 billion with an increase of 43%, the Bank has raised its profit share income to TL 1.8 billion with an increase of 55%.*

Despite the problems in the global markets and volatilities within the country, Albaraka Türk has increased its assets by 57% compared to the previous year reaching TL 109 billion in 2021.

Albaraka Türk, continuing its support to the real economy in 2021 as well, has increased funded credits to TL 57 billion with an increase of 40% compared to the previous year-end. Share of the funded credits in the total assets has realized as 52.3%. Collected Funds by the Bank have increased by 77% and raised to TL 91 billion in 2021.

Albaraka Türk provides renewable energy financing, particularly biomass, solar and hydro energy. Renewable energy financing rate accounted for 2.8% of the Bank's loans in 2021.

In 2020, the Bank contributed to resource diversity by issuing lease certificates worth TL 22 billion from domestic markets through its subsidiary Bereket Varlık Kiralama.

Albaraka Türk has preserved its strong equity structure by increasing its equities to TL 4.6 billion with an increase of 14% compared to the previous year. It generated a net profit of TL 104 million in 2021. Raising its operating revenue to TL 6.9 billion with an increase of 43%, the Bank has raised its profit share income to TL 1.8 billion with an increase of 55%.

The capital adequacy ratio of the Bank is realized as 14.9% as of the end of 2021, which is above the level of legal obligation.

In 2021, the Bank has taken two major steps to strengthen its capital structure. Albaraka Türk decided to increase its capital by 85% within the framework of the global and local conjuncture and submitted an application to the CMB as of the end of the year. The Bank plans to strengthen its capital structure further by increasing its capital from TL 1,350 million to TL 2,500 million in the first quarter of 2022.

*Albaraka Türk, continuing its support to the real economy in 2021 as well, has increased funded credits to TL 57 billion with an increase of 40% compared to the previous year-end.*



# Our Manufactured Capital

*By eliminating barriers, Albaraka Türk considers increasing its financial inclusion as a social responsibility. In this context, the service infrastructure for the visually and physically disabled is being developed every day.*



Number of Branches for the Visually Disabled\*: **226**

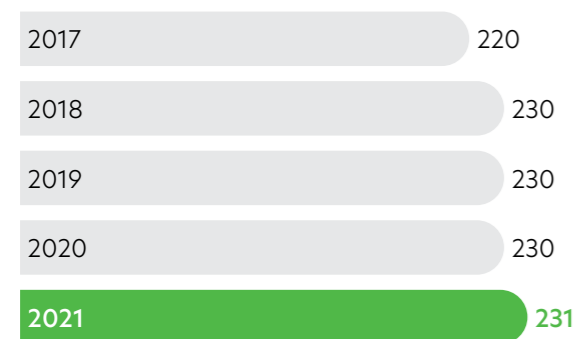
Number of ATMs for the Visually Disabled: **297**

Number of Branches for the Physically Disabled\*: **226**

Number of ATMs for the Physically Disabled: **220**

Total Number of Branches\*: 226

Number of Total ATMs: 297



*In 2021, the number of Albaraka Mobile users reached 620,000. Among them, the number of people using the system in the last year has reached 440 thousand.*

Operating in the Retail, SME, Commercial and Corporate and Digital Banking areas, Albaraka Türk delivers services with domestic and overseas branches as well as 297 ATMs.

Steadily improving its financial inclusiveness in light of current developments in technology, Albaraka Türk provides uninterrupted and high-quality services via digital channels by effectively leveraging the benefits of digital transformation.

### Improving service channels with digital transformation and innovation

As the innovative face of participation banking, Albaraka Türk commenced a comprehensive digital transformation effort to better serve its customers 24/7 via alternative distribution channels. Putting people at the heart of its business model, the Bank aims to deliver its customers an excellent experience across all channels. Providing innovative solutions in conjunction with fintechs and other solution partners, Albaraka Türk has developed its own digital ecosystem.

This ecosystem includes applications that support sustainability activities as well.

With the rapid increase in the use of mobile devices and mobile internet and the emergence of the need to carry out all transactions remotely with the effect of the pandemic, the Bank commissioned new service channels to provide its customers with 24/7 banking service with a strategy based on its mobile banking application. The Bank also added new functions to its existing digital channels.

In this context, the Bank provided users with the opportunity to become Albaraka Türk customers by scanning NFC-enabled chip ID cards in the mobile application. Thanks to this feature, the citizens can open a bank account without the need to visit a branch.

The corporate website, which is widely used by the customers to obtain information and access the Bank's services was renewed with a modern design in the first months of 2021 and presented to customers with hundreds of application forms.

In addition to shopping on POS devices with credit and debit cards, the application of shopping with QR codes from the mobile banking application was put into use. Thus, the customers' need to carry cards was eliminated, and contact points such as card reading and password entry were reduced.

The customers who want to make purchases from e-commerce websites by using the balance in their accounts rather than using a card, the "Pay with Albaraka" service was made available on more e-commerce sites.

Albaraka Assistant (Chatbot), one of the channels expected to be used intensively in the future, was updated to serve more customers by adding new features.

### New Features in Albaraka Mobile

In 2021, the number of Albaraka Mobile users reached 620,000. Among them, the number of people using the system in the last year has reached 440 thousand.

Many new features have been added to the mobile platform in 2021:

**Onboarding via Video Call by Albaraka Türk:** Thanks to Albaraka Mobile, you can become an Albaraka Türk customer via video call from anywhere, without having to go to the branch and sign any documents. With the contactless chip reading and video call function added to Albaraka Mobile, all you need is a mobile device with an NFC (Near Field Communication) feature and a new type ID Card for the onboarding process.

\* As of May 2022.



## Our Manufactured Capital

**Digital Debit Card with Albaraka Mobile:** Digitalization and the pandemic increased spending on the internet. These transactions mostly include spending with credit and debit cards and this creates the need for innovative solutions in this area. Based on this change and need in market conditions, Albaraka Türk created a fast, secure and innovative card solution for its customers: Albaraka Digital Debit Card. Albaraka Digital Debit Card is a virtual card that can be easily created from the internet branch and used instantly in e-commerce transactions. Therefore, customers are able to create and use their cards without the need to visit a branch, fill out an application form and wait for it to be printed and delivered.

**Mobile Confirmation for Customers:** Albaraka Mobile also started to be used for logging into the Internet Branch and approving transactions made through the Internet Branch. Customers with Albaraka Mobile activation can carry out transactions easily and practically by approving the notification sent to their mobile devices instead of SMS when logging into the Internet Branch and approving their transactions.

**Jet Financing:** Customers receiving preliminary approvals following their applications via Albaraka Mobile can complete their financing transactions by uploading invoices for products and services they need financing. Therefore, customers can perform all the allocation and disbursement stages via Albaraka Mobile by starting from the application without going to the branch.

**Instant and Continuous Transfer of Funds (FAST):** The CBRT's 24/7 FAST money transfer transactions were also made available via Albaraka Mobile.

**Easy Addressing System (KOLAS):** KOLAS was launched to enable customers to match their accounts with their mobile phone numbers, TR ID Number, e-mail address, foreign identity number, passport numbers or tax identification numbers for FAST transactions.

**Arbitrage Transactions:** Arbitrage transactions were made available in Albaraka Mobile.

**Lease Certificate Book Building:** In addition to the existing channels for lease certificates, customers are provided with to opportunity to access lease certificates via Albaraka Mobile.

### New Features in the Internet Branch

Albaraka Türk Internet Branch continues to be one of the most popular channels used by customers with a volume exceeding TL 8 billion per month.

In 2021, various improvements and changes were made in the Internet Branch. These projects included the following:

**Payment from Albaraka Account on "Pay with Albaraka" e-Commerce Sites:** As a result of Albaraka Türk's efforts to increase its share in e-commerce payments and to offer its customers innovative and different payment alternatives, the "Pay with Albaraka" function on e-commerce sites made it possible to make payments directly using the account balance.

**Mobile Confirmation for Pay with Albaraka Transactions:** The "Mobile Confirmation" application was developed and put into service for our customers to make it easier for customers to log into the Internet Branch and to increase the security of their transactions. The "Mobile Confirmation" application is available on the "Pay with Albaraka" service, which allows customers to make direct payments on e-commerce sites.

**Oyak Investment Integration:** With the collaboration between Albaraka Türk and OYAK Investment, it is now possible to carry out stock transactions, which were previously carried out only through BMD, via the Internet Branch. In this context, stock transactions within the scope of the Participation Index are carried out.

**Opening Investment Accounts via the Internet Branch for Retail Customers:** Customers can open their accounts in a very short time (within minutes) without any hassle and are notified via SMS when the account is opened. Corporate customers can open their investment accounts via branches.

**Foreign Currency Transfer Tracking (SWIFT GPI):** In order to make sure that customers monitor the status of their foreign currency transfer processes momentarily, the Bank integrated into the SWIFT GPI (Global Payments Innovations) system. Therefore, international money transfer transactions began to be monitored from the moment the amount left the sender's account to the moment it was transferred to the recipient's account.

**Special Exchange Rate:** Currently, customers can perform FX reservations in foreign exchange and precious metal trading transactions in branches and use these special currency rates in the transactions they make from branches. It was made possible to use the said currency on the Internet Branch as well. Therefore, customers can carry out transactions with FX reservations without having to go to a branch.

**Online Traffic Insurance Application:** Customers can purchase compulsory traffic insurance via Albaraka Internet Branch. With the Digital Traffic Insurance application, the expiring policies can be renewed.

### Albaraka Assistant (Chatbot)

As the first banking robot that assists customers by carrying out transactions through written and verbal commands, Albaraka Assistant responded to over 400 thousand questions of more than 87 thousand Albaraka Türk customers. Albaraka Assistant can make transactions for registered bills and other payments as well as money transfers such as registered EFT and wire transfers. Albaraka Assistant, previously serving customers who have logged in to the Albaraka Mobile, started to serve our customers before login as of the previous year. Updates are underway for Albaraka Assistant, which is planned to serve on Albaraka.com.tr in the near future, with the aim to provide its users with a unique experience in the field of digital banking.

### Remote Face-to-Face Banking Experience

The Digital Branch Management Department launched the Video Call project in 2021. With this project, it was made possible to become a Bank customer without having to go to a branch. Additionally, the courier onboarding process was also transferred to the Department. With the improvements carried out in the process, the average time of onboarding a customer was reduced from 36 days to 8 days.

For the portfolio management transactions of the Digital Branch customers, who were onboarded via video call or courier process, the Digital Customer Services unit was formed under the Department. The channel subscriptions of those onboarded via these channels are activated and they are provided with the opportunity to perform banking transactions via Mobile, Internet Branch and Call Center.

With the adoption of the single password method in the Call Center, it became possible to make transactions with the same password. Furthermore, debit and credit card applications started to be received via the Call Center and efforts were continued to make all transactions through the Call Center, which is one of the goals of forming the unit.

# Our Human Capital

*In 2021, Albaraka Türk was named among the "Best Employers of Europe" by the "Great Place to Work" Institute and the Economist Magazine.*



Albaraka Türk's Human Values Policy is designed to employ, improve and retain well-trained and skilled people with the qualifications and expertise required at the national as well as international level. This way, the Policy aims to help Albaraka Türk achieve and uphold - in the most effective, rapid, reliable and efficient manner - its purpose, vision, mission and corporate values.

In line with the recruitment policy determined within the framework of the Bank's strategy and targets, the characters and motivations of candidates, in addition to their competencies are identified. Candidates are employed in the areas where they can work most efficiently by focusing on their personality traits. In addition, Youth Albaraka Academy reaches talented university students and provides them with the opportunity to work part-time. The young talents discovered with this program gain experiences that will guide their careers and are considered for suitable positions in line with the recruitment strategy of Albaraka Türk.

The Human Values Policy is formulated and laid down by the Head Office. The Assistant General Manager in charge of Human Values is primarily responsible for implementing, developing and following up on the Human Values Policy. This responsibility is also applicable to all relevant managers within their areas of responsibility.

The core principles of Albaraka Türk's Human Values Policy include:

- Respecting the personality of employees, and protecting their rights arising from employment;
- Communicating the corporate culture, ensuring staff commitment to the corporate values and culture, and encouraging all employees to pursue shared objectives;
- Employing people in the sufficient number required, proper for the job, with appropriate intellectual and professional knowledge and skills, while ensuring that they work with the commitment to achieve the highest level of productivity and profitability;
- Providing occupational training, improvement and development opportunities to the entire staff in line with the work to be performed;
- Providing work environments that encourage the staff to think innovatively and progressively and generate new ideas and products;
- Exerting efforts to internally train people for management and officer positions, and giving priority to trained staff within the Bank for appointments to vacant positions;
- Informing Bank staff on subjects relevant to them, developing communication procedures and principles that enable employees to convey their opinions and ideas to managers easily;
- Creating a working environment that boosts employee motivation for work, and conducting efforts to improve their social relations;
- Encouraging the Bank's staff to achieve success, developing practices in this regard, and rewarding outstanding performance.

In line with the provisions of the Human Values Policy, Albaraka Türk aims to:

- Assure equal opportunity during recruitment,
- Ensure fair labor, improve working standards and prevent discrimination based on gender, religion, language, race, ethnicity, age, disability, immigration status, etc., considering its employees, suppliers, shareholders and all other stakeholders.

Setting its employment goals in line with the principles of inclusion and diversity, Albaraka Türk undertakes to employ personnel with disabilities (3% of its total number of employees) in jobs suitable for their professional, physical and mental conditions. Demonstrating the value it attaches to people with the policies and practices of its Human Values Department, the Bank provides its employees with many financial and social rights and opportunities to its employees in addition to fundamental rights. In this context, the Bank provides its employees with the following benefits:

Promotion raises, bonuses, premium payments, overtime/holiday work pays, foreign language bonus, subsistence, travel expenses and relocation expenses, marriage, birth, clothing, children, travel, food, health benefits, qard al-hasan and cash indemnity.

## Albaraka Türk's Human Values Profile

Title	Number of Employees	Average Age	University Graduation Rate	ABAT Seniority	Newly Recruited in 2021	Resigned in 2021	Male Employee	Female Employee	Retired Employee	Disabled Employee	English (TOEFL)	Other Foreign Languages
Senior Management	11	50.0	100%	17.8	0	0	10	1	3	0	-	-
Unit/Regional Manager	45	44.4	100%	15.9	0	0	44	1	0	0	-	-
Branch Manager	226	42.4	99.6%	15.0	0	5	226	0	0	1	-	-
Vice President	396	41.0	98.5%	14.1	1	21	369	27	4	5	23	2
Director/Specialist	1,674	36.0	98.9%	9.4	3	189	1,428	246	2	30	43	23
Assistant Specialist/Authorized	309	29.9	90.9%	4.5	10	47	224	85	1	25	10	53
Auxiliary Personnel	9	40.3	0.0%	14.1	0	1	8	0	0	0	0	0
<b>Total</b>	<b>2,669</b>	<b>36.8</b>	<b>98%</b>	<b>10.2</b>	<b>14</b>	<b>263</b>	<b>2,309</b>	<b>360</b>	<b>10</b>	<b>61</b>	<b>76</b>	<b>78</b>

Total Staff  
**2,669**

Average Age  
**36.8**

Male  
**86.5%**

Female  
**13.5%**

Average Seniority  
**10.2 years**

Labor Turnover  
**9.4%**

Number of Foreign Employees  
**21**

## Distribution of Employees by Educational Status

Education	%
Ph.D. Degree	0.2
Master's Degree	20.0
Bachelor's Degree	62.6
Bachelor's Degree (D.E.)	11.5
Two-Year Diploma	3.3
High School	2.1
Secondary	0.2
Elementary	0.0



## Our Human Capital

### Performance-based remuneration policy

Albaraka Türk takes a meritocratic approach to set its Remuneration Policy. The Bank formulates its Remuneration Policy in accordance with the following principles:

- The Wage Management System should reflect the Bank's corporate culture, mission and structure.
- The Remuneration Policy should be designed by considering the Bank's budget and solvency.
- Rewarding practices should be fair and based on equal opportunity.
- The Policy should be open and transparent, and support and follow up the performance system.
- The Remuneration Policy should encourage and support Bank staff in their career goals.
- Remuneration plans should be made in a manner to prevent exposure to extreme market risk; the general approach to remuneration should not contradict the Bank's market risk strategy.
- The remuneration process should be aligned with the Bank's risk appetite, risk capacity, financial objectives and long-term strategies. In particular, the Bank should seek a balance between risk and reward in setting the Remuneration Policy.
- The Bank's remuneration and performance criteria should not lead to steep rises in the level of counterparty credit risk or exposure to extreme risks.
- The Remuneration Policy should not be closely linked with the Bank's short-term profitability.
- The Policy should be commensurate with the Bank's long-term financial standing and capital adequacy, and prevent conflicts of interest.
- The Board of Directors is in charge of approving, regularly reviewing, and supervising the implementation of the Remuneration Policy.

### Enriching employee experience is a top priority...

Albaraka Türk listens to its staff members via its Employee Experience activities. The Bank shapes its processes in line with feedback received from its employees. Corporate mobile, e-mail, Skype, etc. communication channels are used to enable employees to communicate their opinions and suggestions.

In addition, the Employee Mentality event is held for staff members who have completed their first six months at the Bank. The Employees' Committee convenes every year where personnel can convey their requests via representatives elected by them. The annual Performance

Assessment enables Albaraka Türk staff to provide their feedback. Employee suggestions are also heard on the "Discover" platform set up at Albaraka Türk. Employees who generate successful solutions are rewarded as part of these efforts. With the Discover in-house entrepreneurship program created within Albaraka Türk, it is aimed to increase the innovation performance of the Institution and to enrich the culture of discovery. BigBang, an idea-sharing platform, encourages employees to generate and implement ideas on the Bank's areas with high innovation potential and issues that require development. BigBang is a platform that aims to transform these ideas into successful innovations.

The various experiences of the employees from interview to promotion, from remote working to the use of dining halls are measured via employee net promoter score (NPS) and new ones are added to these fields every year. This year, employee experiences on in-house training platforms and private health insurance satisfaction provided by the institution were added to the experience pool. In 2021, a comprehensive survey was conducted among employees to measure the health service provided within the scope of the private health insurance agreement.

These outputs are communicated to the HR senior management as well as the insurance company with the aim to improve the services in this area. In addition, in-house online training services were also assessed and included in the scope of employee experience at the beginning of 2021. The 2021 training schedule was prepared and improved in line with the feedbacks received.

The insights received from both positive and negative experiences of the customers were assessed together with all stakeholders and it is aimed to adopt an employee-focused process improvement perspective throughout the Bank.

### Prioritizing employee expectations: Change Council

Albaraka Türk established the Change Council to evaluate internal employee requests. The Change Council is comprised of Bank employees in order to strengthen the common working culture by stepping up activities in this area. The Council regularly holds meetings online and receives feedback on its agenda items for discussion.

### Hybrid Working Model

Albaraka Türk prioritizes providing good working conditions and a peaceful working environment for the productive work it expects from its employees. In this context, the remote working model, which was implemented at the beginning of the pandemic, was made voluntary to cover the post-pandemic period as well, and a transition to the hybrid working model has been made. Employees who are pregnant, disabled or have to go to a different city for a long time are given the opportunity to work from home. In addition, it was aimed to contribute to the work-social life balance by providing flexibility in the working hours of all personnel. The online versions of the psychologist and nutritionist services provided through a contracted company and the services of our on-site doctors and nurses were launched with the aim to provide our employees with easier access to health services. In addition, laboratory (analysis) services are provided at home and at work through the contracted health institution of our Bank. In addition, the gym in the Head Office building was reactivated at the end of 2021, taking anti-coronavirus measures, and was made available to the employees.

### Workforce Transformation Project

The teams within the working group completed the Job Assessment and Competence Dictionary studies in 2021. As one of the stakeholders of both two sub-projects, the Human Values Department actively participated and started to implement the outputs of the efforts to the business processes. Aiming to integrate the new competency policy into the culture in recruitment and rotation processes, it is planned to use the assessment center tools within 2021.

### A leading employer brand: "There Is More"

With the aim to integrate the Albaraka Türk employer brand "There is More..." into the Corporate culture and communication language, branch and unit visits held online in 2021 are planned to be conducted physically in 2022. Albaraka Türk aims to establish a close bond with its employees, increase interaction and maintain building a culture. In addition, the speed and convenience of the digital world was not abandoned. Certain processes were transferred to digital media in 2021, preventing waste of paper and accelerating processes. The new personnel request procedure and paperwork procedures regarding recruitment were completely transferred to the digital platform. Employees' trust and satisfaction with the institution are taken into consideration through the Great Place to Work surveys, which have been applied continuously for four years. The company was named a "Great Place to Work" this year once again. The GPTW Confidence Index score for 2021 was determined as 74%.

Supporting its employees to perform projects voluntarily, Albaraka Türk plans to initiate a mentoring program for university students in collaboration with Sultanbeyli Municipality with its employees who have received mentoring training in the spring term of 2022.

### We add value to our work with our employees!

There are 4 clubs operating at the Bank with the aim to contribute to the social and cultural development of employees in many fields.

- **Healthy Life and Sports Club:** Established to include sports in the lives of employees, to bring them closer to nature, to train athletes and to help them fill their spare time in a healthy way. Employees participated in many activities from nature walks to basketball and table tennis tournaments.
- **Lifelong Development Club:** Established to encourage employees to develop their creativity by encouraging them to research and criticize, and to ensure that they become individuals who add value to the Bank and our country by acting with a sense of social responsibility. Many activities such as reading activities and ceramic workshops were organized.
- **Culture and Art Club:** Established in order to keep the employees away from work stress and to organize events in all branches of art by improving their artistic aspects. Many activities such as theater events, concerts and knowledge-culture competitions are organized for employees.
- **Social Responsibility Club:** With the voluntary participation and support of Albaraka Türk employees, social responsibility projects, events and aid campaigns are held to support the people in need.



## Our Human Capital

### Digital transformation-based training

Digitalization efforts at the Bank enabled uninterrupted training activities during the pandemic. Employees participated in the trainings remotely through live virtual classrooms. As a result, occupational health among the workforce was maintained at the maximum level. In addition, a positive contribution was made to staff members' comfort, work-family balance, and employee satisfaction. In 2021, the average score of the training satisfaction surveys was 88.36%.

Declaring 2021 as the "Digital Development Training Year," Albaraka Türk's Training and Career Management Department held Excel (Basic, Advanced, Macro), Word, PowerPoint, Power BI (Basic and Advanced), Digital Transformation and New Technologies, Introduction to Algorithms and Coding, Visual Design, Artificial Intelligence trainings for all employees regardless of their positions and titles. In this context, a total of 11,515 hours of digital training was given to 1,656 employees.

In 2021, Albaraka Türk employees received a total of 222,584.45 hours of training - an average of 67.52 hours per person. About 92% of these trainings were held on digital platforms.

In 2021, Albaraka Türk's training activities included the following:

- On March 8, International Women's Day, the "Being a Star in the Movie of Your Life" seminar was held where the challenges faced by working women and their solutions as well as physical and mental methods and tips to make life easier were discussed.
- With the aim to support all employees, especially those who will participate in certificate exams, Participation Banking and Operation Management Certificate books were uploaded to the Albaraka Academy platform as Audio Books.
- With the "Have a Voice in Albaraka" Project, the dubbing of the e-trainings was done by the Bank employees. The employees who applied to the project were tested with sound recordings and the dubbing of the e-trainings was done by those who passed the test.
- The employees were given "Basic First Aid Awareness Training" against accidents that may be encountered at work, at home or in social life. 303 employees who volunteered to participate in the training attended the practical Basic First Aid Awareness Training at the Head Office Training Center and the Regional Directorates' Training Centers.
- Within the scope of the "Let's Reward Your Difference in Trainings" project, various awards were given to the top 20 employees who completed the trainings on

the Albaraka Academy platform or the trainings they chose and spent the most training time. This project is aimed to increase the completion rates of training courses and that employees spend their time outside of working hours with trainings. A significant increase was achieved in the training times of Albaraka Academy trainings after September 17, 2021, when the project was introduced. Especially, a significant increase of 272.11% was achieved from September to November.

- In relation to the increasing number of foreign customers, especially in recent years, a training titled "Things to Consider in Foreign Customer Transactions" was held in order to raise awareness about the procedures for the services offered to foreign customers.
- "Basic Banking" training program was organized for the new recruits in the Head Office units and branches. Additionally, the "Participation Banking" training program was held to make sure that religious rules are complied with and the interest-free finance principles are shown the necessary care.
- Information regarding the Currency Protected Participation Account product is compiled in the form of training and assigned to all employees via the Albaraka Academy platform. In the event of any updates by the CBRT, the trainings are updated pursuant to relevant changes to inform the employees.
- Training programs that must be conducted in accordance with legal and regulatory requirements continued in 2021. These included: "Information Security," "Occupational Health and Safety," "Prevention of Laundering of Crime Proceeds and the Financing of Terrorism," "Basic First Aid," "In-Service Delivery" and "Security Officer Identity Renewal."
- The employees who hold a Basic First Aid Certificate are provided with OED Device Usage trainings and attended certificate exams.

### Assignment and Monitoring of On-the-Job Training Courses by Robots

In line with the robotic process automations, the assignment of orientation trainings to new recruits is made by robots. These training courses are monitored by robots as well. "Personnel Regulations," "Business Continuity," "Information Security," "Personal Data Protection Law (KVKK)," "Obligations Arising from the SGA - CFO Related Legislation," "Participation Banking System, Working Principles and Practices" and "Counterfeit Money Detection and Effective Money Counting Techniques" trainings within the scope of the orientation program are assigned automatically. The completion statuses of the trainings are monitored by robots.

### Certification efforts for employees

Albaraka Türk places great importance on providing employees with professional certifications through institutions, universities, and training firms to boost the competencies of its workforce. As part of the Professional Competence Certificates Application Instruction, the certification costs of employees who are entitled to receive nationally and internationally valid certificate types - CISA, CICS, CIA, ACAMS, CFE, SMMM, among others - continued to be paid by the Bank. With this benefit, the Bank actively supports the continuous development of the professional and personal competencies of its employees.

To increase the competencies of the Bank's employees, the following certificates have been awarded to employees through the institution, universities and education companies:

### Compulsory Certificates (as per legal and regulatory requirements):

Certificate	Total Staff
Capital Market Licensing (SPL)	1,086
Private Pension Licensing (BES)	1,033
Technical Staff Competence (SEGEM)	1,494
Basic First Aid	295

### Other External Certifications:

- In 2021, 77 employees successfully completed national and international certification programs to support their professional development:
- Cisco Certified Network Professional (CCNP)
  - Chartered Financial Analyst (CFA)
  - International Certified Internal Auditor (CIA)
  - International Certified Internal Control Specialist (CICS)
  - International Certified Information Systems Auditor (CISA)
  - International Certified Information Security Management (CISM)
  - Certified Anti-Money Laundering Specialist (CAMS)
  - International Information Technologies Infrastructure Library Specialist (ITIL 4 Foundation)
  - Project Management Professional (PMP)
  - Certified Public Accountant Certificate (SMMM)
  - SRC and Psycho-Technical Documents
  - Senior Executive Assistant
  - International Financial Reporting Standards Certificate
  - Foreign Trade Certificate
  - Treasury Management and Risk Management Expertise
  - Human Resources Management Certificate
  - Corporate Communication Certificate

### Manager Development Trainings

#### Head Office Service Manager Development Program:

In 2021, the "Service Manager Development Program" was designed for employees preparing for the "Manager" position. During this three-month journey, preparatory assignments, and a reading list were suggested to "manager" candidates. A 10-day virtual (live) classroom training program was held that covered the following subjects: Problem Solving and Decision Making Techniques, Behavior, Performance, Time Management, Management Skills/Team Coaching, Motivation, Feedback/Delegation and Management in the Digital Age. The development journey included sufficient time for trainees to complete book and video recommendations as well as project assignments. The development journey of manager candidates was supported by 13 e-trainings and 37 videos.

**Branch Manager Development Program:** "Branch Manager Development Training Program" was held for the personnel to be included in the Branch Manager candidate pool. These training efforts were conducted on the Virtual (Live) Class platform during the pandemic and each participant received 21 hours of training.

### Education Aid Practices

#### Postgraduate Education Programs and Foreign Language Payments:

With the aim to train well-equipped bankers and to make its employees part of a high-performance team, Albaraka Türk supports its employees throughout their postgraduate and foreign language education programs.

The number of personnel receiving payment in 2021 is as follows:

Payment Type	Total Staff
Master's Degree	42
Ph.D. Degree	1
Foreign Language	5



## Our Human Capital

### Postgraduate and Doctorate Education Aid:

Educational assistance payments were made to 43 staff members who graduated from postgraduate and Ph.D. degree programs in 2021 to encourage the professional and personal development of the Bank's employees.

The "Thesis" section on the main page of Albaraka Academy is for all Bank employees to share their knowledge with other staff members via a common platform. In this section, master's/doctorate theses authored by employees who are graduates of these respective programs are published.

**Foreign Language Education Aid:** As part of the Application Instruction on Foreign Language Education, five employees who wanted to improve their professional foreign language knowledge and skills were provided with classroom instruction support. An additional five staff members were provided with online English instruction support.

### Educational Technologies

**Virtual Class:** Albaraka Türk has entered the digital training era under its organization-wide digitization drive. In virtual classrooms, personnel can engage in video and audio interaction with instructors via their computers, ask questions, take notes, and reinforce their learning process with assessment questions posed during training. In addition, training sessions are recorded and then shared with participants to help them consolidate the information learned. Thanks to the virtual classroom projects in 2021, nearly TL 1,349,225.25 was saved in the training budget.

**e.Mobile Application:** In 2021, Albaraka Academy launched its e.Mobile application with a design compatible with mobile browsers. As a result, the app can be accessed from anywhere and training sessions can be viewed quickly and easily 24/7. Albaraka Academy introduced the e.Mobile application to better support learning anytime and anywhere with its new interface specially designed for mobile devices. Thanks to Albaraka Academy's "e.Mobile" app, Bank staff can continue their personal development and learn on the road, on the service bus during their commute and at home.

**Albaraka Academy TV:** Educational technologies (videos) are used as an instructional tool on Albaraka Academy TV. Established to improve the knowledge, attitude and behavior of Bank employees, Albaraka Academy TV is based on the principle of sharing information and mutual interaction.

**Digital Library:** The number of documents in the Digital Library, where training documents are stored online to be accessed from any location at any time, reached 918 in 2021.

### 2021 Promotion Processes

With internal promotions, the Bank aims to provide a long and sustainable career journey. 2021 promotion processes have been successfully completed according to the schedule and the training, certificate and promotion exams were held in full compliance with the anti-coronavirus measures.

As part of the measures, promotion certificate trainings were carried out online and certification exams were held online at our exam centers.

### Sustainability-Based Performance Management

**Performance Assessment Activities:** The performance of the bank personnel is assessed twice a year every six months. The performance of regional sales and branch personnel is assessed with numerical data. As of the first performance period of 2021, Head Office and Regional Allocation employees were assessed with numerical data (personal targets) as well.

**3D Performance Assessment System:** Albaraka Türk's performance management system includes the 3D Performance Evaluation, which is a version of the 360 Degree Performance Evaluation System adapted to the Bank. The performance management system is used in addition to the manager's employee evaluation (competency evaluation) and evaluation with numerical data. With the 3D Assessment, the employee is enabled to express his/her opinions about both his/her direct manager and second manager via manager assessment forms.

Business relationship evaluation forms help teams that have business relations with each other to evaluate the service they receive and develop constructive suggestions. The personnel working together in the same unit/region/branch are allowed to assess each other via peer assessment forms. Power BI screens were prepared and opened to all headquarters Unit Managers to view the evaluation results.

**Potential Assessment:** In 2021, potential assessment activities were commenced. Within the scope of the potential assessment process, the managers conduct SWOT analyses for their personnel and determine their competency, knowledge, skill and training needs, strengths and areas of development. The purpose of the potential evaluation system is to identify the strengths of the Bank's employees, determine their areas of development and transform them into strengths through various actions.

### Career Planning

**Mentor Albaraka Project:** Mentor Albaraka Project aims to establish a platform where professional knowledge is shared, employees are supported in their personal and career development, and institutional knowledge and cultural characteristics are adopted. Within the framework of the voluntary project, some of the interviews were held face-to-face, and the majority of them were held via online platforms. At the end of the project, participation certificates were awarded to mentors and mentees.

- **MAP for Branch Manager Candidates:** With the mentorship project, experienced Branch Managers (mentors) share their professional knowledge and experience with new Branch Managers (mentees) and support them by guiding them regarding their personal and professional development.
- **MAP for Management Trainees:** With the Mentor Albaraka Project, the employees who participate in the "Management Workshop" training as management trainees are supported through a mentorship program to support their professional development.

- **MAP Young:** The mentorship program where young employees who recently started their careers provide mentorship to more older employees is initiated in 2021 with voluntary surveys. Taking into consideration the criteria determined for mentor selections, the surveys were assigned on a completely voluntary basis. In order to work more effectively with young employees, it is aimed to learn the changing mindsets, expectations of the younger generation, use of social media, new business concepts, and to integrate the managers, most of whom are X generation, into digital transformation. Through reverse mentoring, the opportunity to benefit from the ideas, thoughts and talents of the Y-Z generation has been provided without even waiting for their graduation. Allowing young Albaraka employees and young employees who have just started to work to mentor the managers, this program ensures that the students have a say in the business world and that the managers understand the young generation and the future of business.

**Detection of Knowledge and Skills:** With the aim to align the knowledge and skills earned through training, practice and experience with the assignments in our bank, "Knowledge and Skills" were detected in a study covering all employees. The results of this study were integrated into the Career Desk Platform and provided for the use of employees for detection, development and follow-up capability. Training courses and certificate programs were planned for the areas of development identified in the organization and efforts are made to protect and reinforce strengths.

**Digital Assessment Center Applications:** Albaraka Türk supports the development of candidates by identifying the managerial development areas of candidates objectively through Digital Assessment Center applications. Candidates for Manager and Unit/Regional/Branch Manager positions participate in the digital assessment center applications online. As a result of the Assessment Center procedures, the candidates are given one-on-one feedback and their development is followed.

## Our Human Capital

**Manager Candidate Pool:** Albaraka Türk attaches great importance to and invests in its internal resources. Managers who will take Albaraka Türk forward into the future are developed and cultivated as a result of meticulous evaluations. In 2021, "Manager Candidate Pool" activities continued in performance, potential, and development-oriented ways with 24 branch managers assigned from within the Bank.

### Quality and Digital Technologies

**Access and Authorization:** A segregation of duties approach is adopted in defining the screens and authorizations that Bank employees will need while performing their job tasks. Authorization procedures are carried out in line with the opinion of the screen/process owner unit regarding the requested screen, flow step, document or any kind of detailed authorization.

**Quality Management System:** Albaraka Türk's quality journey started in 2004 with the philosophy of "Write What You Do, Do What You Write." Today, the Bank adopts an approach embodied by "Transform the Excellence Culture into a Lifestyle." Albaraka Türk has implemented its quality management system for 17 years and strives to further boost its effectiveness each day with the introduction of new management standards. The Bank regularly inspects its processes every year with internal and external inspection methods and analyzes their compliance with Quality Management System standards. The internal and external audit processes of the Quality Management System in 2021 were successfully completed, and the ISO 9001:2015 Quality Management System certificate was renewed. The ISO quality certificates held by the Bank are as follows:

- ISO 22301 / Business Continuity Management System Certificate
- ISO 27001 / Information Security Management System Certificate
- ISO 10002- 2014 / Customer Satisfaction Management System Certificate

**Document Management System:** Within the scope of the Document Management at the Bank, the employees are provided with the opportunity to access the necessary documents via the QDMS Document Management System, which is a digital platform, and perform all transactions through the system. Documents that are updated, newly published or suspended on the system are shared periodically with the entire Bank via electronic bulletins.

**Robotic Process Automation:** Robotic process automation (RPA) is the journey initiated by the Bank to create value in key areas, such as Digital Culture Transformation and Internal Customer Experience, and achieve gains in cost, speed, digital workforce, and error reduction. RPA is based on integrating software that automates complex and rule-based tasks that do not require human decision-making in any application into the processes.

## Our Human Capital Occupational Health and Safety

*Albaraka Türk became the first bank in Turkey to receive the Covid-19 Safe Service Certificate in our country. As a result of the audit performed by the Turkish Standards Institute, The Covid-19 Safe Service Certificate was renewed.*

Albaraka Türk considers protecting the health and safety of all its stakeholders, especially its employees and customers, as its main priority. The Bank introduced new practices to safeguard the health and safety of employees at the Head Office in Istanbul and all branch locations.

Occupational Health and Safety activities are carried out by the OHS Board in Albaraka Türk. The Bank's OHS Board carries out activities for:

- Identifying required health and safety conditions, measures and tools that should be in place at Albaraka Türk to prevent any diseases or bodily injuries that may be caused by devices, equipment, machinery, raw materials, and the like used in the workplace,
- Adopting, implementing and checking the necessary tools and safety measures to prevent occupational accidents at Albaraka Türk; notifying employees of their responsibility to comply with principles and conditions stipulated for this purpose; and instructing employees on necessary health and safety measures,
- Preventing occupational accidents and illnesses through continuous enforcement of the provisions of applicable regulations.

### First Bank with a Covid-19 Safe Service Certificate

- Albaraka Türk attaches great importance to the health of its employees and society at all times and under all conditions.
- From this point of view, a series of procedures have been implemented in the Headquarters, from protection and control measures to hygiene conditions, and from security measures to communication in challenging situations, in order to prevent all problems that may arise due to pandemics in 2020. Thanks to the efforts that made a difference in all these areas,

it became the first bank that received the COVID-19 Safe Service Certificate in our country as a result of the audit performed by the Turkish Standards Institute. As a result of the audit performed by the Turkish Standards Institute, the Covid-19 Safe Service Certificate was renewed. The recommendations and notifications of official institutions and the Ministry of Health regarding the pandemic are constantly followed and all measures have been taken in this regard.

In addition to the measures against the pandemic, the following activities were carried out in 2021 for Headquarters and all branches, separately for each location in line with the framework of the Occupational Health and Safety Law No. 6331:

- Preparing risk analyses,
- Preparing emergency plan,
- Setting up emergency crews,
- Drafting floor plans,
- Conducting evacuation drills.
- Determining OHS needs.

As part of the Occupational Health and Safety activities of the 9 branches that opened in the fiscal year 2021, the Bank conducted a risk analysis, emergency plan, emergency drill, emergency team list, occupational health and safety instructions, floor plans, occupational safety training, and employee representative selection efforts.

Emergency drills were performed in all locations (Head Office building and 238 branches) and drill reports were prepared. Periodic controls of the work equipment of the Head Office building were completed. OHS Board's Internal Regulation and the Board Protocol were updated.



## Our Human Capital

### Emergency Activities for Business Continuity

The following activities were carried out in 2021 as part of Emergency Activities by Albaraka Türk:

- The Bank effectively organizes Emergency Management efforts to ensure the safety of customers, employees, documents, computer systems and data against possible damages that may arise at Head Office and the branches. These efforts are relevant to all employees, assets, activities and systems of the Bank in the event of acts of God, terrorist acts, system damages, workplace movements and other such unexpected and extraordinary situations.
- Emergency training was given to the emergency crews at the Head Office and the branches.

### Occupational Health and Safety Trainings

Albaraka Türk also provides trainings for all its employees within the scope of occupational health and safety.

The trainings provided are as follows:

- Occupational health and safety trainings at least every three years as specified in the legislation,
- Onboarding for new hires,
- Trainings about emergencies and course of action in emergencies,
- Trainings for fire response teams on fire and fire response methods,
- Trainings for emergency teams on their duties and responsibilities in case of an emergency,
- First aid training for our employees in the number specified in the legislation,
- Trainings for groups that require special policies in business life (disabled, women, pregnant, breastfeeding, young, children, elderly), covering the difficulties they may encounter in business life and their legal rights and responsibilities,
- Trainings for the occupational health and safety board and risk assessment teams on their duties and responsibilities specified in the legislation
- Training on pandemic and hygiene.

### Albaraka Türk Occupational Health and Safety Data

ALBARAKA TÜRK OCCUPATIONAL HEALTH AND SAFETY DATA	Albaraka Türk Employees	Supplier (Subcontractor) Company Employees
Number of Accidents	6	2
Working Days Lost due to Accidents	53	4
Number of Work-Related Deaths	0	0
Injury Ratio*	0.05	2.25
Occupational Disease Ratio	0	0

\*Injury Ratio: Refers to the number of work accidents that occurred in 1 million working hours in a certain period.

Injury Ratio = (Number of Accidents in One Year/Total Working Time)\*1,000,000

## Our Human Capital Relations with Suppliers

*Contributing to the sustainable development of the national economy by preferring local suppliers, Albaraka Türk shares its expectations and standards with its suppliers within the framework of its sustainability/environmental policies.*

### Responsible procurement practices

Albaraka Türk cooperates with numerous suppliers from domestic and international markets to conduct its operations and business processes. Evaluating suppliers is a key part of the Bank's value chain. Albaraka Türk establishes relations with suppliers pursuant to a comprehensive series of corporate documentation. These include Procurement Procedure; Purchasing, Selling, Construction, Rental and Service Regulation; Supplier Information Form; and Supplier Evaluation Form. Committed to achieving full legal and regulatory compliance in every aspect of its operations, Albaraka Türk also expects all its suppliers to fully adhere to the Bank's corporate values, applicable laws, rules and regulations.

The Bank prefers suppliers who conduct manufacturing operations at global standards. Furthermore, the Bank opts for domestic suppliers in the selection process in order to contribute to the sustainable development of Turkey's economy.

Albaraka Türk shares its expectations and standards with its suppliers within the framework of its sustainability/environmental policies. Albaraka Türk seeks the following primary criteria in selecting its suppliers. Regarding the product and intended purpose of supply processes:

- Experience
- Management Skills
- Quality
- Price
- Timely Delivery
- Sufficient Capacity
- After-Sales Services (Technical Capability)
- Product Efficiency
- Geographical Location

### Long-term relations with suppliers

Albaraka Türk has adopted the core principle of establishing long-term relations with suppliers. The Bank acts meticulously and takes many criteria into account in selecting suppliers.

Rate of procurement from domestic suppliers

Number of Domestic Firms	333	97.94%
Number of Foreign Firms	7	2.06%
Total	340	100.00%

### Effective control mechanisms for supplier companies

Albaraka Türk attaches great importance to suppliers' upholding Albaraka Türk values in all material aspects. To this end, the Bank conducts the following inspections for its suppliers in the area of human values:

Identity information, SSI (Social Security Institution of the Republic of Turkey) registration, health certificate, professional competence documentation, and the like are obtained from subcontracted employees for the Head Office building or branch locations before the start of work.

SSI documents of employees of supplier companies operating in their own facilities (e.g. manufacturing activities) may be requested if deemed necessary.

Contracts signed with suppliers include provisions stipulating that all suppliers will fully comply with SSI and other applicable laws while performing services at the Bank; any sanctions or penalties arising from their failure to comply will be borne by the supplier. Suppliers may be subject to on-site inspections at specified intervals.

On an annual basis, suppliers that provided service in the previous year are evaluated within the scope of price policy, compliance with working criteria, reliability, prestige and product/service quality of the company. The companies that fail to achieve a certain score are terminated.

Support service providers may also be subject to on-site inspections by the Inspection Board.

# Our Intellectual Capital

*The digital transformation efforts initiated in 2017 within Albaraka Türk continue comprehensively. It is planned to support the Bank's sustainability activities with digital products.*



Digital transformation, effective use of technology, and operational efficiency rank among the top issues on the banking industry's agenda today. In 2017, Albaraka Türk initiated digital transformation efforts in order to provide customers with the new products and services they need through new business models, transform into a global digital brand preferred by the customers, and make digitalization part of the corporate culture. These organization-wide efforts are ongoing. It is planned to support the Bank's sustainability activities with digital products.

Projects conducted by Albaraka Türk in the digital transformation roadmap can be grouped under five main themes:

**Products and services that will improve customer experience and that come into direct contact with the customer:** Albaraka Türk carries out a range of projects to boost customer acquisition and improve customer experience. These efforts are aimed at benefiting target customers, facilitating these efforts are aimed at benefiting target development of innovative products, improving current products, and introducing the Bank's offerings on digital channels.

**New business models and integration with the ecosystem:** Various activities are conducted to close the gap between Albaraka Türk and leading digital banks in the market. These efforts include a range of projects to expand customer acquisition and improve customer experience. To secure the Bank's position as an innovative pioneer in the sector, fintech cooperation projects are carried out to provide profitability and cost advantages. These efforts aim to adapt developments in the digital world to the banking industry quickly.

**Improvement, simplification, and optimization of internal processes:** Albaraka Türk has engaged in efforts to improve and simplify its internal processes by using new technologies effectively and efficiently. As a result, the Bank outperforms the sector average in terms of service levels (e.g. SLA, OLA). Albaraka Türk is committed to implementing projects designed to boost resource efficiency and deliver cost optimization.

**Development of competencies, capabilities, and infrastructure:** To provide customers with the best products and services via the latest technologies, the Bank conducts projects to bolster its capabilities and infrastructure. These efforts aim to make Albaraka Türk more agile and well prepared for the future.

**Sustainable growth/profitability and effective risk management:** To ensure sustainable growth and profitability, Albaraka Türk undertakes efforts to improve the control environment with effective risk management projects, reduce banking risks and cyber risks, and boost the Bank's compliance with legal and regulatory requirements.

#### Product Enrichment Efforts

Albaraka Türk has largely completed its digital transformation projects related to infrastructure development and product enrichment. To ensure the sustainability of the Bank's digital transformation drive, efforts are ongoing to boost customer acquisition and introduce/sell digital products/services to customers. These various efforts take into account Albaraka Türk's strategic priorities and customer expectations post-pandemic.

The Bank has established the IT systems infrastructure required for big data analytics. Many artificial intelligence-supported analytical models are planned for this infrastructure. Artificial intelligence models have been developed and put into use in areas such as text analytics, complaint management, and abandonment paths. AI algorithms to be used in conjunction with big data analytics are poised to become the Bank's most important decision support systems. More and more Bank processes are being robotized by using RPA. The smart document classification solution is also gaining in popularity by eliminating deficiencies. The Bank completed the digital confirmation mechanism in terms of instruction processing.

This effort aims to process customer instructions quickly without error. API banking efforts are ongoing to establish a robust financial ecosystem - a key goal at the Bank. Improvements and upgrades for the current API portal are ongoing. In terms of API portal development in the banking industry, Albaraka Türk is positioned among the top ranks.

#### Agile product development strategy

In line with the Bank's agile product development strategies, Albaraka Türk aims for continuous product development and delivery. This objective is being pursued by expanding the micro-service-based mobile framework infrastructure and switching to micro-service architecture in every possible area. The transition to HTML5 to make the banking system more flexible and user-friendly is complete. The Bank has taken a major step toward agility with this effort.

In terms of product and service development, Albaraka Türk's outstanding projects completed include the following:

Closely monitoring the customer needs in the field of retail banking in 2021, Albaraka Türk is among the pioneers in the industry with products such as Digital Traffic Insurance, Financing at the Dealer - OTS, Financing at the Dealer - General-Purpose, Jet Financing, Online Shopping Financing and Pratik Card.

**Financing at the Dealer - OTS Education Financing:** A product where customers (parents/students) can apply for OTS 24/7, regardless of whether they are Bank customers or not, through contracted education institutions, and complete their OTS registration if their application is approved. In addition to OTS registration, customers with an OTS limit can also perform many transactions such as creating a customer and opening a current account, at the dealer, without having to go to a branch.

**7/24 RBV:** Albaraka Türk Short-Term Lease Certificate Investment Fund (RBV) can now be traded 24/7. This fund, which is suitable for daily investment transactions, has become one of the most dynamic funds and tripled its demand in a short period.

**Fund Saving Account:** It will be made possible that the Short-Term Fund (RBV), which is currently used actively, will be purchased automatically with an instruction to be given from the customer's current account (Functional Account).

**Check Integration:** It is made possible for companies to follow the payment status of the checks they have given to the Bank in the digital environment (via Corporate Internet Banking and ERP systems).

**Alba FX:** A digital platform where gold, silver and foreign exchange can be traded 24/5 and orders can be given.

**Financing at the Dealer - Vehicle:** A product that customers can apply for financing 24/7 while they are at vehicle dealers without the requirement of being an Albaraka Türk customer, and as a result of this application, they receive approval, revised approval and pre-approval or rejection of their financing request.

**Online Loan:** The Online Loan product allows corporate customers with allocated limits to use funds more quickly at affordable rates via the Internet Branch, without having to go to a branch.

**Charitable Account:** With this product, our customers can make periodic transfers from their current accounts, credit cards or participation accounts to charities that hold an account within Albaraka Türk.

**Currency Protected Account:** Currency Protected Account is a government-supported time deposit account that will be offered to customers with TL deposit, aiming that they do not become victims of the fluctuations in exchange rates.

**Practical Financing - General Purpose:** A system where customers can access financing at any time they want via the Practical Financing Card to be given to them and can be used on POS devices.

**Branchless Financing:** A product that makes it possible for retail customers to upload the invoices of the product they want to purchase and receive financing.

**Business Excellence and Innovation Department**  
Projects focused on digital transformation by the Albaraka Türk Business Excellence and Innovation Department in the 2021 reporting year included the following.

#### Sustainable RPA, New Champions, New Trainings and New Processes

Within the scope of the Bank's innovation journey, the 2<sup>nd</sup> term of the RPA Champions Program project was launched for the sustainability of Robotic Process Automation (RPA), which contributes to digital transformation and digital culture activities. 85 new RPA champions who participated



## Our Intellectual Capital

in the program were initially given awareness and basic analyst training. Then, 50 new champions who were considered open to development in this field were provided with basic developer training and their RPA competency was improved. With these trainings, the primary goal is to be able to discover all processes in accordance with RPA in the Bank more effectively and efficiently and to offer personal development opportunities to the personnel. The inclusion of branch and Regional Office employees among the new champions played a critical role in making sure that these discoveries could be made throughout the Bank. The new champions who received training determined their needs and made software requests for works that can be automated and which create an operational load in their units. As of 2021, around 100 new processes among these requests were planned to be realized. The software-related works for these processes are carried out by the Bank's RPA developers. The Bank continues to contribute to the digitalization targets with the new RPA processes.

### New Robots

The journey began with two robots in 2018 and continues with 10 robots as of 2021. During the year, six new robots were commissioned with the aim to satisfy the RPA process demands and make capacity utilization more efficient. The names of the new robots were determined by the RPA champions via surveys: Rubik, Cezeri, Senna, Karınca, Fatih and Kaşif Robot. The robot license agreement, which ends at the end of 2021 was extended until the end of 2022 with the aim to support sustainability.

### A major step toward digital transformation: AlbarakaTech Global

In recent years, Albaraka Türk has established many new affiliated entities to support and enrich the opportunities and intellectual know-how required for digital transformation. The Bank has always prioritized providing the software and hardware infrastructure needed to achieve its strategic goals. Efforts are ongoing to meet the Bank's infrastructure and skill set requirements for its digital transformation. The Bank has identified the following as priority areas: artificial intelligence analytics, open banking infrastructure, microservice architecture, and mobility.

AlbarakaTech Global was established to create the necessary capabilities for these goals, benefit from the R&D ecosystem, and productize the technological output. This new entity started operating at Teknopark Istanbul campus with 218 staff as of December 1, 2020. The Bank's IT software development functions were transferred to AlbarakaTech Global for this purpose. AlbarakaTech Global aims to provide technologies that will enable Albaraka Türk to achieve its strategic goals and to serve the banks within Al Baraka Banking Group and other institutions in the market in the future.

### An innovative force: insha Ventures

As the first company in Turkey to produce FinTech within its own structure, insha Ventures researches financial technologies, makes comprehensive evaluations, transforms the outputs into solution proposals and puts innovation at the heart of its processes in order to come up with innovative solutions to the needs of its customers.

Established in 2018 as an affiliate of Albaraka Türk, the strongest participation bank in Turkey, insha Ventures has taken and continues to take important steps toward changing and transforming the conventional financial system with a number of innovative products it has developed.

One of the most significant of these steps is bringing ethical banking and digital financial services together with our subsidiary insha GmbH, which was established in Berlin, Germany in 2019. As the first ethical banking service provider that continues its activities via application only, insha GmbH continuously develops its product range and customer portfolio. Planning to expand its reach beyond Germany, insha GmbH will commence operations in many EU countries in the near future and increase its scale in 2022.

Alneo, another key brand within insha Ventures, is an application that can be used with credit cards of 21 different banks and receive payments in various ways such as QR Code, direct, SMS and e-mail. As of February 2022, the application recorded a customer base of nearly 23 thousand and a transaction volume of more than 895 million.

Alneo delivers an innovative and seamless solution for the POS world, where FinTechs are focusing on gaining market share from the banking sector. In a short time, Alneo has become one of Turkey's first easy and fast payment platforms. Alneo consists of an Alneo POS application for member merchants and an Alneo wallet application that the end-user customer can use by adding their cards. This will not only eliminate material such as physical POS devices and paper rolls but also provide single payment or installment options for debit and credit cards. Reaching 17 thousand active commercial customers with this technology, Alneo enabled the acquisition of new customers and increased the coverage of its POS network with 21 debit cards valid in a single application. Serving 17 thousand commercial customers with this innovative technology, Alneo has liberated Albaraka's POS structure, while reaching a financial volume of TL 225 million with 85 thousand transactions.

insha Ventures also includes brands that will soon enter our lives. These up and coming brands include NakitBasit, which can meet customer cash needs in places such as markets and fuel stations; SEMOSİS, the first digital bond platform of Turkey which provides the safest way of buy now pay later business models by moving bond transactions online; Kozmos, a subscription fee and management solution; KimlikBasit, a remote customer acquisition service; and POSBasit, a virtual POS service.

### Albaraka Portföy Yönetimi A.Ş.: Smart Cities Venture Capital Investment Fund

The Smart Cities Venture Capital Investment Fund, established by Albaraka Portföy Yönetimi A.Ş. and a corporate investor, is a venture capital fund and commenced activities as of 2021. Focusing on all sectors related to smart cities, the fund invested in 10 start-ups operating in various fields such as renewable energy, battery technologies and the recycling of tires in 2021. Batron Enerji, RePG Enerji and its five affiliates, Laska Teknoloji, EKD and Ahtapot are the start-ups included in the portfolio. These start-ups can generate electrical energy from the humidity and heat exchange in the air/ environment and produce high value-added raw materials by recycling the waste tires. In addition to all these, start-ups operating in the fields of battery technologies, e-urban transformation projects and communication projects received investment from the Smart Cities Venture Capital Investment Fund.

### Albaraka Art and Culture Publishing

Albaraka Türk, which carried out important works in the fields of culture, arts and publishing since its establishment, has institutionalized its 40 years of experience and knowledge within the body of Albaraka Art and Culture Publishing. Albaraka Art and Culture Publishing started its operations in 2018 and aims to reach readers and art lovers by always prioritizing moral and ethical concerns

with its social responsibility awareness. Albaraka Türk plays a key role in transferring the Turkish-Ottoman cultural heritage to future generations with the works it publishes. A wide range of publishing activities are carried out with a principled and contemporary perspective. Albaraka Publications has so far published 117 different works in the fields of Thought, Literature, Philosophy, Finance, Economics, Art, Politics, Sociology, History, Management, Essays and Children's Books.

Books published in 2021 were:

- Yer Kürenin Renkleri
- Vizörden Alinteri
- Mimar Sinan
- Hicaz Demir Yolu
- Seyyahların Aynasından Şehirlerin Sultanı İstanbul
- Endülüs
- Kudüs Vahiyle Kutsanan Şehir

Albaraka Publishing, which took over the children's book publishing activity that Albaraka Türk started years ago, also started publishing works for children. Carefully selected and meticulously prepared children's books that reflect Albaraka Türk's understanding of focusing on people and common values, are published.

In 2021, Albaraka Türk continued to contribute to the world of culture and arts through both its main brand and its subsidiaries.

### Albaraka Turk International Calligraphy Competition:

The competition, the foundations of which were laid 20 years ago, is considered one of the most prestigious calligraphy competitions in the world. The competition is held every year under a different theme, in the branches of Celi Sülüs, Sülüs, Sülüs-Nesih, Celi Talik and Celi Divani. 198 works from 15 different countries participated in the last competition.

**Albaraka Türk Culture and Art Collection:** There are 456 works of art in the Albaraka Art Collection. Of these, 120 works were awarded in competitions.

**Albaraka Turk Calligraphy Exhibitions:** In recent years, calligraphy exhibitions have been organized in 18 cities in Turkey and 9 countries abroad.

**Albaraka Art Gallery:** The Bank's art collection is exhibited at the Albaraka Art Gallery, located on the campus of Marmara Faculty of Theology, and also hosts the works of various artists.

**Albaraka Art Academy:** At the Art Academy, free trainings are provided throughout the year in the fall and spring semesters in the fields of Marbling, Illumination, Tile, Calligraphy, and Miniature. 173 students are actively studying at the Academy.

# Our Natural Capital

*Albaraka Türk is aware that its products and services are in constant interaction with the environment. Therefore, the Bank strives to minimize the environmental impact of this interaction and contribute to the fight against climate change.*



Albaraka Türk works jointly with its stakeholders to develop human-centric and environmentally-friendly projects that support economic and global development for a more inhabitable world under its Sustainable Banking Program. With this approach, the Bank strives to achieve UN Sustainable Development Goals for 2030. In line with the UN Sustainable Development Goals, Albaraka Türk closely follows the developments around the world and keeps its targets and actions up-to-date. Aiming to become the leader among participation banks in this subject, Albaraka Türk steadily continues its efforts.

With the aim to raise awareness about the climate crisis, Albaraka Türk participated in the "Earth Hour" event, an annual event in which WWF asks you to switch off all your lights for one hour. Albaraka Türk showed its support by switching off all the lights in the head office building on March 27, between 8:30 and 9:30 PM.

### Activities within the scope of ISO 14001

#### Environmental Management Systems

Albaraka Türk shapes its business activities in line with its vision of "Becoming the World's Best Participation Bank." The Bank conducts environmental sustainability activities according to ISO 14001 Environmental Management Systems. Albaraka Türk is aware that its products and services are in constant interaction with the environment. Therefore, the Bank strives to minimize the environmental impact of this interaction and contribute to the fight against climate change.

Incorporating a sustainable approach in all aspects of its corporate culture, Albaraka Türk is a pioneer of environmental sustainability among participation banks. The Bank moves steadily forward to achieve its sustainability goals and conducts in a wide range of sustainability initiatives, including Borsa Istanbul (BIST) Sustainability Index, Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), and Zero Waste Project.

#### First participation bank included in the BIST Sustainability Index

Adopting a multidimensional approach to sustainability, Albaraka Türk ranked among Turkey's leading companies subject to the assessment of the BIST Sustainability Index in 2019. Albaraka Türk became the first participation bank included in this index on November 1, 2019. Adopting a banking understanding that is responsible towards its environment and society, Albaraka Türk was deemed worthy of being included in the Borsa Istanbul Sustainability Index for the third time in 2021, by providing the necessary qualifications within the scope of the index. Albaraka Türk continues to maintain its title as the first and only participation bank in this index.

#### LEED GOLD Green Building Certification for the Head Office Building

Constructed by Albaraka Türk in the light of the latest technological developments, the Headquarters Building is the first LEED GOLD certified Bank Headquarters Building in Turkey. Albaraka Türk Headquarters Building, which was entitled to obtain this certificate within the scope of the works started in 2016, has been granted this certificate by considering the criteria such as carbon footprint, water and energy efficiency, environmental consciousness of the materials and resources used, internal environment quality and innovation.

#### Gray Water/Environment Loan from Albaraka Türk

Combining its innovative product approach and its environmental responsibilities, Albaraka Türk introduced the Gray Water/Environment Loan product. Gray Water Loan Project was launched with the aim to fund projects focusing on enabling the reuse of recycled water obtained from gray water in areas such as reservoir feeding, garden irrigation, vehicle washing, rough cleaning works, cooling tower feeding and laundry washing. The intended audience of the product was determined as retail and commercial customers in need of funding for environmentally friendly projects aiming to contribute to sustainability, water efficiency, energy efficiency, environmental awareness of materials and resources, interior-exterior building environmental quality and preventing waste of resources by recycling, etc. Albaraka Türk offers its customers a grace period, a long-term loan facility, profit rate reduction, and interest-free financing within the scope of the Gray Water/Environment Loan.

#### Active participation in Carbon Disclosure Project (CDP)

The Carbon Disclosure Project (CDP) is recognized as the world's most comprehensive and prestigious environmental project. CDP aims to collect and share information that will enable companies, investors and governments to take action against the threat of climate change. Albaraka Türk achieved a "C" score in 2017 and 2018 under CDP. The Bank, which received a B rating in 2020 within the scope of the Carbon Disclosure Project (CDP), received an A Rating in 2020, one of the highest scores. The Bank completed its CDP survey efforts and received a rating of "B-" in Climate Change and Water Security.

#### CDP ACHIEVEMENTS

2018	2019	2020	2021
Calculation and verification of the scope 1&2&3 greenhouse gas emissions for 2017	Calculation and verification of the scope 1&2&3 greenhouse gas emissions for 2017	Calculation and verification of the scope 1&2&3 greenhouse gas emissions for 2019	Calculation and verification of the scope 1&2&3 greenhouse gas emissions for 2020
Determination of Climate Change risks, opportunities and targets	Determination of Climate Change risks, opportunities and targets	Determination of Climate Change risks, opportunities and targets	Determination of Climate Change risks, opportunities and targets Determination of Water Management risks, opportunities and targets
Determination of Water Management risks, opportunities and targets	Determination of Water Management risks, opportunities and targets	Determination of Water Management risks, opportunities and targets	Calculation and verification of water consumption for 2020
Calculation and verification of water consumption for 2017	Calculation and verification of water consumption for 2018	Calculation and verification of water consumption for 2019	Responding to the 2017 CDP Climate Change Survey
Responding to the 2018 CDP Climate Change Survey	Responding to the 2019 CDP Climate Change Survey	Responding to the 2020 CDP Climate Change Survey	Responding to the 2021 Water Security Survey
Responding to the 2018 Water Security Survey	Responding to the 2019 Water Security Survey	Responding to the 2020 Water Security Survey	



## Our Natural Capital

The practices implemented within the scope of the Carbon Disclosure Project (CDP) are as follows:

- **Service Vehicles:** Service vehicles have been replaced by vehicles with reduced exhaust emissions. Electric cars have been put into use at the Head Office.
- **Use of Refrigerating Gas:** The amount of refrigerating gas used in the equipment at the Head Office building remained within GWP and ODP values.
- **Solar Window Film:** The use of air conditioners has been reduced and greenhouse gas emissions dropped thanks to the solar window films placed on the facade of the Head Office building.
- **Insulation:** Energy efficiency has remained a priority for the Head Office building and insulation has been determined to be above minimum standards.
- **Energy Saving:** The operating system of heating and cooling devices has been replaced, resulting in approximately 20% less energy consumption.
- **Fresh Air:** The rates of fresh air circulating inside the Head Office building have been kept above the international level. Air handling units providing fresh air were monitored through the automation system and the rates of fresh air inside the Head Office building were kept under constant control. Smoking was banned in the areas where there is a risk of smoke getting inside the building.
- **Air Conditioning:** The air in the external environment was purified from dust, dirt and poisonous gases by using high-efficiency filters to provide clean air to the Head Office building.
- **Energy Saving:** Timers of the light sensors in the Head Office offices have been re-adjusted, resulting in approximately 6% less energy consumption. The operating system of the garden lights has been changed, leading to approximately 50% less energy consumption.
- **Transport:** Personnel shuttles are used for transport to the Head Office building. Shared personnel shuttles helped reduce CO<sub>2</sub> emissions and protect nature.

- **Lighting Systems:** High-efficiency lighting fixtures are used in the Head Office building. Fluorescent bulbs used in lighting fixtures are selected from among low-mercury models. The Head Office building has a design that enables maximum daylight utilization. In this way, it is aimed to reduce the energy spent on lighting and increase the positive effects of daylight on the people working indoors.
- **Water:** In the Head Office, the water-saving apparatus was installed in the lavatory faucets, helping reduce water consumption by around 20%. Water efficiency was achieved by adopting a drip irrigation system and sprinkler systems in green areas. Treated artesian water was used in lavatories and for the purposes of irrigation in the green areas of the Head Office. Wastewater used in the lavatories was treated as part of the Gray Water Project and reused in the reservoirs.
- Detailed analyses were performed in the fields of paper consumption, fuel consumption, aircraft usage mileage, annual activity reports, annual financial statements, investor presentations, corporate risk management reports, project finance and corporate finance portfolio information, generator fuel information (diesel/lt), electricity consumption (kWh) information, air conditioning gas usage data (kg), and heating data (fuel oil, coal, etc.).

Albaraka Türk plans to expand its CDP efforts, progress with SBTi (Science Based Targets Initiative) and assign scientific targets by calculating the entire climate load of the Bank within 2 years.



### Zero Waste Goal

Albaraka Türk is an active participant in the Zero Waste Project launched by the Ministry of Environment and Urban Planning. The Bank has undertaken a wide range of efforts to further boost its performance in prevention/reduction, reuse and procurement. The Bank implemented the following Zero Waste related projects:

- By reprogramming the photocopiers, unnecessary printouts that were sent to the printer and forgotten to be taken or sent again were prevented and duplex printing option was set as default on devices.
- Waste papers are delivered to companies assigned by the municipalities.
- Water-saving apparatus, which provides the same effect with less water consumption by increasing the pressure of the water, were installed on the sink faucets in the Headquarters building.
- The vehicle tracking system was installed in the vehicles which are used by branches for marketing and vehicle usage was tracked in detail.
- The exterior of the Headquarters building was covered with solar film. In this way, the sunbeams coming to the building are prevented and the cooling systems are operated less frequently.
- To prevent waste batteries from mixing with the natural environment, the Bank separates and collects batteries at the Headquarters building.
- The cardboard boxes used in the transportation works of the Headquarters building are used approximately 15 times, and the cardboard boxes that have completed their economic lives are delivered to the recycling facilities of the municipalities.
- Periodic maintenance of tools, equipment and fixtures is carried out regularly and therefore our equipment can be used for a long time.
- Artesian water and gray water are used instead of mains water in the toilets, washbasins, pools and garden irrigation and cleaning works of the Headquarters building.

Thanks to successfully executing its digital transformation drive, Albaraka Türk significantly reduced its paper consumption and contributed to the Zero Waste Project in 2021.

### Calculation of financial risks caused by climate change

Keeping a close track of efforts to combat climate change, Albaraka Türk conducts scope 3 greenhouse gas emission calculation studies to determine the financial risks arising from climate change in line with TCFD. For this purpose, it is aimed to calculate the risk of greenhouse gas emissions caused by the loan portfolio and commercial risks and to convert it into financial risk with the determined internal carbon price. In parallel with the scope 3 emission inventory studies, the efforts commenced in 2022. Necessary infrastructure preparations continue. Scope 3 emissions will also play a major role in Albaraka Türk's net-zero emission target. By simulating the methods determined for reduction over various scenarios in addition to the current inventory, the cost-effective methods will be made a part of strategic growth.

### Albaraka Türk's Carbon Footprint

Year	Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)	Scope 3 (tCO <sub>2</sub> e)	Scope (1&2) (tCO <sub>2</sub> e)	Total
2021	3,114.61	6,879.74	122.04*	9,994.35	10,116.40
2020	3,844.99	7,964.88	2,901.06	10,865.94	14,710.93
2019	3,922.06	7,410.19	2,901.12	11,332.25	14,233.37
2018	3,546.69	7,618.11	2,339.02	11,164.80	13,503.82
2017	5,198.40	7,564.60	2,143.90	12,763.00	14,906.90

\*In 2021, there was a change in the scope 3 emission category.

### Albaraka Türk's Water Footprint

2021	46,863
2020	60,013
2019**	61,173
2018*	60,394
2017*	22,487

\* Water footprint was only calculated for the Head Office building in 2017 and 2018.  
 \*\* The Head Office and all branches were included in the calculations for 2019.

Note: The reported data on carbon and water footprints refers to previous year's calculations.

## Our Natural Capital

### Total Electricity Consumption (joule)

2021	13,807 MW
2020	15,068 MW
2019	16,245 MW
2018	15,631 MW
2017	15,366 MW

### Total Paper Consumption (tons)

2021	124
2020	125
2019	130
2018	101
2017	93

### Total Waste

Type of Waste	Weight
Electronic Waste	63,600 kg
Paper	13,542 kg
Mixed Waste from Floors	3,102 kg
Oil Separator Residue	2,280 kg
Cafeteria Waste	1,800 kg
Cooking Oils	270 kg
Total	84,594 kg

The total amount of waste for 2021 is approximately 85 tons. The amount of recycling is approximately 80 tons for 2021.

### Head Office Paper Consumption Data

Sheets:  
**1,614,484**

Trees Cut:  
**195**

CO<sub>2</sub> Released:  
**7,422 kg\***

### Branches and Regional Offices:

Sheets:  
**23,287,339**

Trees Cut:  
**2,806**

CO<sub>2</sub> Released:  
**107,052 kg\***

\*Emission calculations based on paper consumption are based on DEFRA (Department for Environment, Food & Rural Affairs) measurement methods.



**2021 Trees Cut**  
3,001



**2021 Planted Trees**  
7,163

### Environmental Expenditures

Cleaning Expenditure for the Head Office Building and All Branches	TL 22,897,463
Head Office Building Landscape Expenditure	TL 157,289

### Environmental Fines Notified:

There is no lawsuit filed against/by Albaraka Türk related to environmental issues (environmental pollution etc.).

## Our Social and Relational Capital

*In 2021, Albaraka Türk provided a customized banking experience with Violet Banking for female customers and Trend Banking for customers between 18 and 25 years of age.*



### Efforts to enrich and deepen the customer experience

Albaraka Türk increases customer loyalty with loyalty campaigns and customer experience outputs. With the loyalty campaigns, it is aimed to deepen the financial relationship of the customers with the Bank. In line with the research outputs of the Customer Experience Service, products, services and even process designs are performed pursuant to the requests, needs and complaints of the field, thus ensuring full integration with the lives of customers.

In order to increase customer satisfaction and experience, campaigns for digital customers acquired through digital channels, brand collaborations and various promotional activities were carried out in 2021.

In line with these campaigns, 5,000 gift kits containing products such as coffee, coffee cups and chocolate were sent to customers in 2021. A "Digital Participation Account" product that offers 98/2 profit share was made available to digital customers. Within the scope of brand collaborations, discounts were offered to customers at brands such as Kitapyurdu, n11, digital platforms (YouTube Premium, Spotify, Blu TV, etc.) and Yemeksepeti.

In order to increase the number of Mobile Banking application users and to achieve customer penetration, a Mobile branch lottery campaign was organized. With this campaign, awards such as iPhone 13, Apple Watch and Electric Scooter were given to customers.





## Our Social and Relational Capital

The campaigns carried out in 2021 are aimed to increase customer loyalty and to further penetrate existing customers. With improvements in product and service quality and alternative service channels that quickly meet customers' banking needs, a banking approach that minimizes time and operational costs was achieved.

In this period, when new customer acquisition gained great importance, credit card campaigns were launched to provide customers with advantages in various sectors. Customers were given access to financing through loan campaigns.

In 2021, customer campaigns especially focused on Credit Card and Business Card products. Albaraka Türk achieved penetration in existing customers with World point and Cashback credit card campaigns held as part of its marketing activities, while supporting customer acquisition with business card activation campaigns. As of 2022, both sector-based campaigns and brand collaborations and special customer campaigns will continue to be planned. Albaraka Türk continued to support its customers with vehicle, housing and general-purpose loan campaigns at advantageous prices. Within the scope of the SME support campaign, the access of Micro and SME customers to financing was facilitated, and a wide range of products and services were offered to help them meet their basic banking needs.

Albaraka Türk provided a customized banking experience with Violet Banking for female customers and Trend Banking for customers between 18 and 25 years of age. The credit card product developed for female customers within the scope of Violet Banking offers shopping campaigns with installments and World Points and aims to increase customer satisfaction through brand collaborations and promotion kits. Violet Assistance Services provides free assistance to cardholders. Providing female customers financial products with Eflatun BES and Insurance products, Albaraka Türk supports them to secure themselves and their loved ones under difficult conditions.

Agricultural Banking offers farmers loan and card products allowing farmers to make flexible payments at harvest time.

Albaraka Türk provides services to customers who want to invest their savings in qualified banking investment products through Private Banking corners and experienced private customer representatives at 11 branches in Istanbul, Yalova and Bursa.



### Customer Satisfaction

Focusing on customer satisfaction, Albaraka Türk aims to continue its digital banking activities in this direction in 2022. In 2021, measurements were made at many contact points in the Bank. The measurement results indicate that overall customer satisfaction at Albaraka Türk has increased compared to the previous year.

Albaraka Türk branches provided its customers with a better experience, increasing their Net Promoter Score (NPS) by 4 points.

Albaraka Türk received the Brands with the Highest Customer Satisfaction - Diamond Award in the Participation Banking Category at the ACE Award held by sikayetvar.com website (Şikayetvar Bilişim A.Ş.) in 2021. On the platform where customer complaints are assessed, Albaraka Türk achieved the highest score among participation banks with a score of 3.2 out of 5.

### Transparency- and accountability-based relationships with stakeholders

Striving to transform its activities into a value chain, Albaraka Türk builds transparent and interactive relations with the stakeholders on its stakeholder map to generate added value together. The Bank has capitalized on recent technology developments - digital transformation in particular - and established strong communication channels with stakeholders.

Stakeholders	Communication Channels
Shareholders	Investor Presentations, Investor Trips, Investor Activities, General Assembly, Annual Report
Rating Agencies	Credit Rating and Corporate Governance Compliance Rating Reports
Employees	Internal Communication Channels, Professional and Personal Development Programs, Activities for Employees' Families
Affiliates	Internal Communication Channels, Professional and Personal Development Programs, Activities for Employees' Families
Customers	Advertising Campaigns, Complaint and Suggestion Handling Channels, Field Research Team, Ethnographic Field Research Based on Qualitative Methods
Suppliers	Procurement Procedure, Purchasing, Sales, Construction, Rental, Services and Bidding Regulations; Supplier Information Form, Supplier Evaluation Form
International Financial Institutions	Corporate Promotional Materials, Memberships, Representation at Events, One-on-one Visits and Exchanges
Associations	Corporate Promotional Materials, Memberships, Representation at Events
Media	Press Releases, Visits aimed at Press Members, Leadership Communication, Social Media Channels
Public	Activities aimed at Full Compliance with Laws, Events Supporting Public Activities
National and International NGOs and Institutions	Sustainability and CSR Partnerships & Reports

## Our Social and Relational Capital Memberships and Supported Initiatives

Participating in national and international professional platforms, Albaraka Türk reinforced its prestigious position in the global finance world and its corporate reputation with the support it has given to environmental and sustainability-oriented initiatives.



## Corporate Social Responsibility

Within the scope of the program, Albaraka Türk aims to be a pioneering financial institution that is sensitive to humans and the environment, supports economic and global development and works together with all its stakeholders for a sustainable world with the support of its employees.

With the vision of "Being the Best Participation Bank in the World," Albaraka Türk Katılım Bankası A.Ş. initiated the Sustainable Banking Program under the leadership of its main partner Al Baraka Banking Group (ABG). Considering UN Sustainable Development Goals as an integral part of this program, Albaraka Türk aims to become 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.

Some of the corporate social responsibility activities carried out by Albaraka Türk in 2021 are as follows:

**Bereket Foundation Scholarship Support:** Bereket Foundation provided scholarships to 1,922 students in total in 2021, consisting of 1,841 undergraduate and 81 doctorate students.

**Technological Product Support:** Albaraka Türk continued to provide technological product support to support students and schools in need.

**Educational Support for University Students:** Albaraka Türk provided technological equipment to students receiving online education and made donations to university foundations to provide educational support to students who study language abroad.

**Health Supports:** Financial support was provided for the health problems of persons in need.



**Sapling Planting:** Albaraka Türk attaches great importance to contributing to the environment and carries out activities to support a greener world. In this context, the details of the activities in which the Bank planted a total of 7,163 saplings are as follows:

- A sapling planting event was held on November 11, National Afforestation Day due to many forest fires that occurred in 2021.
- Sapling donations were made on behalf of the employees on their birthdays, when they have a child and when they lose their relatives.
- Sapling donations were made on behalf of the customers who participated in the Digital Statement Campaign.



## Our Social and Relational Capital Corporate Social Responsibility

*Albaraka Türk aims to contribute to society and the environment directly with clubs, initiatives and non-governmental organizations with which it collaborates.*

### Social Responsibility Club Activities - 2021

Activity Date	The Subject of the Activity	Number of Volunteers	Number of Persons Supported	Amount of Donation Collected
2021	Continuous Assistance (monthly)	15	70	TL 420,000
May	Ramadan Card Support	15	217	TL 76,200
August	Kastamonu-Bozkurt Flood Aid	10	600	TL 24,886
	Clothing Support Campaign	15	142	TL 35,600
December	Antalya Fire Aid	15		TL 27,458
<b>Total</b>				<b>TL 584,144</b>

### Albaraka Türk Society and Environment

Albaraka Türk aims to contribute to society and the environment directly with clubs, initiatives and non-governmental organizations with which it collaborates. Social supports, environmental responsibilities and opportunities provided to entrepreneurs are carried out in this regard. Communication projects are conducted and productions are prepared with the aim to raise awareness about environmental and social responsibilities.

Albaraka Türk sponsored the events below in 2021:

- Fatih Sultan Mehmet Vakıf University, Islamic Arts Library
- International Islamic Thought (ISET)
- 9. Islam Economics Workshop
- Albaraka Art Academy 2021
- Boğaziçi Executives Foundation Story 2021 Event

## Looking to the Future

*A sector standout with its robust capital structure, digital transformation investments and innovative subsidiaries, Albaraka Türk consistently adds value to its stakeholders.*

As a responsible and sensitive financial institution, Albaraka Türk prepared its Environmental Social Governance and Climate Plan in line with goals such as carbon pricing, setting science-based targets and net zero emissions and conducted its activities accordingly.

Environmental Social Governance and Climate Plan (2022-2025)	2022												2023												2024												2025											
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1-12											
<b>MAIN TASKS</b>																																																
<b>ESG</b>																																																
Forms and Review System	█																																															
Indexing and Risk Rating Approval Process	█																																															
Restructuring																																																
<b>TCFD</b>																																																
Carbon Price Determination	█												█																																			
IFRS Base III Creation	█												█																																			
<b>SBTs</b>																																																
SBT Model Preparation	█												█																																			
Application	█												█																																			
<b>NetZero</b>																																																
Target Planning	█												█																																			
Evaluation and Public Disclosure	█												█																																			

NetZero emissions studies will continue in 2024 and beyond.

# GRI Content Index



2022

"For the Materiality Disclosures service, it has been examined that the GRI content index is provided and that the references for disclosures 102-40 and 102-49 are consistent with the relevant sections of the report."

**This report has been prepared in accordance with the GRI Standards: Core option.**

GRI Standard	Description	Page Number/	Direct Source Reason of Omission
<b>GRI 101: Foundation 2016</b>			
<b>GRI 102: General Explanations 2016</b>			
<b>Organizational Profile</b>			
	102-1	Front Cover	
	102-2	Albaraka Türk in Brief, p. 14-15	
	102-3	Albaraka Türk in Brief, p. 14-15	
	102-4	Albaraka Türk in Brief, p. 14-15	
	102-5	Albaraka Türk in Brief, p. 14-15	
	102-6	Albaraka Türk in Brief, p. 14-15	
	102-7	Albaraka Türk in Brief, p. 14-15	
	102-8	Albaraka Türk in Brief, p. 14-15	
	102-9	Albaraka Türk in Brief, p. 14-15	
	102-10	Albaraka Türk in Brief, p. 14-15	
<b>GRI 102: GENERAL EXPLANATIONS 2016</b>	102-11	Our Sustainability and Social Responsibility Priorities, p. 34-37	
	102-12	UNSDG	
	102-13	Memberships and Represented Platforms, p. 98	
<b>Strategy</b>			
	102-14	Message from the Management, p. 26-31	
	102-15	Message from the Management, p. 26-31	
<b>Ethics and Integrity</b>			
	102-16	Our Sustainability and Social Responsibility Priorities, p. 34-37	
	102-17	Our Sustainability and Social Responsibility Priorities, p. 34-37	
<b>Governance</b>			
	102-18	Our Sustainability Organization, p. 38 Our Committees, p. 39	

GRI Standard	Description	Page Number	Direct Source Reason of Omission
	102-19	Our Sustainability Organization, p. 38 Our Committees, p. 39	
	102-20	Our Sustainability Organization, p. 38 Our Committees, p. 39	
	102-21	Our Sustainability Organization, p. 38 Our Committees, p. 39	
	102-22	Our Sustainability Organization, p. 38 Our Committees, p. 39	
	102-23	Our Corporate Governance Approach, p. 40-65	
	102-24	Our Corporate Governance Approach, p. 40-65	
	102-25	Our Corporate Governance Approach, p. 40-65	
	102-26	Our Corporate Governance Approach, p. 40-65	
<b>GRI 102: GENERAL EXPLANATIONS 2016</b>	102-27	Our Corporate Governance Approach, p. 40-65	
	102-28	Our Corporate Governance Approach, p. 40-65	
	102-29	Our Corporate Governance Approach, p. 40-65	
	102-30	Our Corporate Governance Approach, p. 40-65	
	102-31	Our Corporate Governance Approach, p. 40-65	
	102-32	Our Corporate Governance Approach, p. 40-65	
	102-33	Our Corporate Governance Approach, p. 40-65	
	102-34	Our Corporate Governance Approach, p. 40-65	
	102-35	Our Corporate Governance Approach, p. 40-65	
	102-36	Our Corporate Governance Approach, p. 40-65	
	102-37	Our Corporate Governance Approach, p. 40-65	
	102-38	Our Corporate Governance Approach, p. 40-65	
	102-39	Our Corporate Governance Approach, p. 40-65	



## GRI Content Index

GRI Standard	Description	Page Number	Direct Source Reason of Omission
	<b>Stakeholder Engagement</b>		
	102-40	Our Social and Relational Capital, p. 97	
	102-41	There is no collective bargaining practice within Albaraka Türk.	
	102-42	Our Social and Relational Capital, p. 97	
	102-43	Our Social and Relational Capital, p. 97	
	102-44	Strategic Sustainability Areas, p. 33	
	<b>Reporting</b>		
	102-45	Strategic Sustainability Areas, p. 33	
	102-46	Strategic Sustainability Areas, p. 33	
	102-47	Strategic Sustainability Areas, p. 33	
	102-48	This report contains the information of 2021 reporting period.	
	102-49	This report is the third sustainability report of Albaraka Türk.	
	102-50	01.01.2021-31.12.2021	
	102-51	Report Front Cover	
	102-52	Annual	
	102-53	Strategic Sustainability Areas, p. 33	
	102-54	GRI Content Index, p. 100	
	102-55	GRI Content Index, p. 100-104	
	102-56	GRI Content Index, p. 100-104	
	<b>GRI 200: ECONOMIC STANDARD SERIES</b>		
	<b>Economic Performance</b>		
	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
	201-1	Our Financial Capital, Our Manufactured Capital, p. 66-73	
	<b>Indirect Economic Impacts</b>		
	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
	203-1	Albaraka Türk's Sustainability Journey, p.16-17	

GRI Standard	Description	Page Number	Direct Source Reason of Omission
	<b>Procurement Practices</b>		
	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
	204-1	Our Relations with Suppliers, p. 85	
	<b>Anti-Corruption Policy</b>		
	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
	205-1	Effective Mechanisms for Anti-Bribery and Anti-Corruption, p. 64-65	
	<b>GRI 300: ENVIRONMENTAL STANDARD SERIES</b>		
	<b>Energy</b>		
	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
	302-1	Active Participation in Carbon Disclosure Project (CDP), p. 91	
	302-5	Our Natural Capital, p. 92	
	<b>Water</b>		
	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
	303-1	Our Natural Capital, p. 92	
	303-3	Our Natural Capital, p. 92	
	<b>Emissions</b>		
	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
	305-1	Our Natural Capital, p. 93	
	<b>Compliance with Environmental Regulations</b>		
	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
	307-1	Our Natural Capital, p. 90-91	

## GRI Content Index

GRI Standard	Description	Page Number	Direct Source Reason of Omission
<b>GRI 400: SOCIAL STANDARDS SERIES</b>			
<b>Occupational Health and Safety</b>			
<b>GRI 103: GOVERNANCE APPROACH 2016</b>	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016</b>	403-1	Occupational Health and Safety, p. 83-84	
	403-2	Occupational Health and Safety, p. 83-84	
<b>Training and Education</b>			
<b>GRI 103: GOVERNANCE APPROACH 2016</b>	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
<b>GRI 404: TRAINING AND EDUCATION 2016</b>	404-1	Our Human Capital, p. 74-82	
	404-2	Our Human Capital, p. 74-82	
<b>Human Rights</b>			
<b>GRI 103: GOVERNANCE APPROACH 2016</b>	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
<b>GRI 412: HUMAN RIGHTS ASSESSMENT 2016</b>	412-2	Our Human Capital, p. 74-82	
<b>Customer Health and Safety</b>			
<b>GRI 103: GOVERNANCE APPROACH 2016</b>	103-1	Strategic Sustainability Areas, p. 33	
	103-2	Strategic Sustainability Areas, p. 33	
	103-3	Strategic Sustainability Areas, p. 33	
<b>GRI 416: CUSTOMER HEALTH AND SAFETY 2016</b>	416-1	Our Quality Policy, Core Corporate Values and Strategic Objectives p. 20-21	

## United Nations Global Compact (UNGC) Index

Operating in 17 countries including Turkey, Al Baraka Banking Group (ABG) signed the United Nations Global Compact (UNGC) in 2016. ABG issues an annual Progress Report in line with the UN Development Goals for 2030. Detailed information on the activities carried out by the Bank in this area can be accessed in the ABG 2019 Sustainability and Corporate Social Responsibility Report: <https://www.albaraka.com/getmedia/f88b392f-03f7-46c4-b686-2621360df4e8/SSR19EN.pdf>

## Our Performance Towards Sustainable Development Goals

As an institution that supports the 2030 UN Sustainable Development Goals, Albaraka Türk conducts its sustainability and social responsibility activities in line with these goals.

Albaraka Türk supports the following purposes in line with its 2021-2025 targets in coordination with its main shareholder ABG.

- No Poverty (1)
- Good Health and Well-Being (3)
- Quality Education (4)
- Gender Equality (5)
- Affordable and Clean Energy (7)
- Decent Work and Economic Growth (8)
- Industry, Innovation and Infrastructure (9)
- Reduced Inequalities (10)
- Responsible Consumption and Production (12)





# Contact

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**

Head Office: Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi

No: 6 34768 Ümraniye/İSTANBUL-TURKEY


Telephone: +90 216 666 01 01

Fax: +90 216 666 16 00


Albaraka Türk Katılım Bankası A.Ş.

 Albaraka Türk Katılım Bankası A.Ş.

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