

# World Trusts Us



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Albaraka Türk is a bank building its entire business model in accordance with sustainability and working for this purpose.

We carry out all our operations by taking into account an environmental impact and trust approach. We consider the social, environmental and economic values we have within the framework of trust and we aim to pass these values on to future generations.

Within the scope of sustainability efforts, we continue to take important steps to solve various worldwide problems such as global warming, carbon emission and water problems, and we continue to receive the positive results of these steps.



# *Success depends on us*

As Albaraka Türk, a company operating in Turkey for more than 35 years, we continue to be the leading bank of the sector in the field of sustainability. As in 2019, we ranked among the companies subject to the assessment of Borsa İstanbul (BIST) Sustainability Index this year as well. As a result of the assessments, we renewed our title as the first and only Participation Bank included in the Index.





# *Future depends on us*

As a result of our environment-oriented efforts, we achieved an "A" score within the scope of the Carbon Disclosure Project (CDP), one of the highest scores. We achieved rating "A-" in the climate change category and "B-" in the water security category. We have continued to increase our score compared to 2019, and become one of the banks achieving the highest score this year as well.





# *Sources depend on us*

We are an active participant in the Zero Waste Project launched by the Ministry of Environment and Urban Planning. We undertake saving-oriented projects in the fields of prevention/reduction, reuse, and procurement. We significantly reduce paper consumption by successfully executing the digital transformation process and contribute to the Zero Waste Project.





# *Growth depends on us*

The whole world faced a difficult year due to the pandemic. We continued to stay strong for our clients, and completed 2020, a challenging year, by achieving our goals. We increased our assets to TL 69.3 billion with a growth of 35%. Particularly, we continued to take significant steps on crediting the projects that will contribute to the sustainability of the world.





# Key Sustainability Indicators

In addition to reaching successful financial and operational results in 2020, Albaraka Türk achieved pioneering sustainability indicators in different areas, especially combating climate change.



## Financial Performance Adding Value to Shareholders' Savings

Total Assets  
**TL 69.3 billion**

Funds Extended  
**TL 40.6 billion**



## Widespread and Improved Service Network

Total Staff  
**3,390**

The Number of Branches  
**230**



## Competent and Young Human Resource

Average Age  
**35.8**

Average Seniority  
**9 Years**



## Efficient Use of Natural Resources

LEED GOLD Green Building Certification for the Head Office Building

CDP Climate Change Score:  
**A-**

CDP Water Security Rating Note  
**B-**



## Social Investments

Total Support Provided to Education <b>TL 7,717,510</b>	Total Support Provided to Vulnerable Groups <b>TL 291,711</b>
Total Support Provided to Healthcare <b>TL 118,808</b>	Total Support Provided in Other Areas <b>TL 5,903,580</b>
Total Support Provided to the Environment <b>TL 46,050</b>	Total Social Investments in 2020 <b>TL 14,077,659</b>



# Al Baraka Banking Group (ABG) in Brief

Driven by its robust capital structure, Al Baraka Banking Group (ABG) conducts business operations in diverse geographies of the world.

Al Baraka Banking Group is one of the leading proponents of interest-free banking in the global finance industry. 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."

**Access to three continents...**  
With operations on three continents, Al Baraka Banking Group 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. 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 ABG Social Banking Program, Al Baraka Banking Group provides strong support to local development in strategic areas, such as education and healthcare, in 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.

**Steadily expanding asset base**  
At year-end 2020, Al Baraka Banking Group reported total assets of USD 28,250 million and shareholders' equity of USD 2,222 million. Consolidating its stakeholder trust with sustainable profitability, the Group recorded net profit of USD 166 million as of end-2020. 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.

AL BARAKA BANKING GROUP (ABG) OPERATION MAP





# Albaraka Türk in Brief

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.

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, 2020, Albaraka Türk's partnership structure breakdown included foreign partners at 62.12%, domestic partners at 1.03%, and public float at 36.85%.

## Extensive service network

Focusing on continuous development in order to reinforce stakeholder confidence in Turkey, Albaraka Türk offers a seamless experience through 228 branches spread across the country and two overseas branches as well as alternative distribution channels as of the end of 2020.

## 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 meet the Bank.

Founded by the Innovation Venture Capital Investment Fund, insha Ventures started to operate in August 2020 as an affiliate of Albaraka Türk Participation Bank. This new affiliate was founded 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.

## Uninterrupted, high quality service coupled with sustainable success

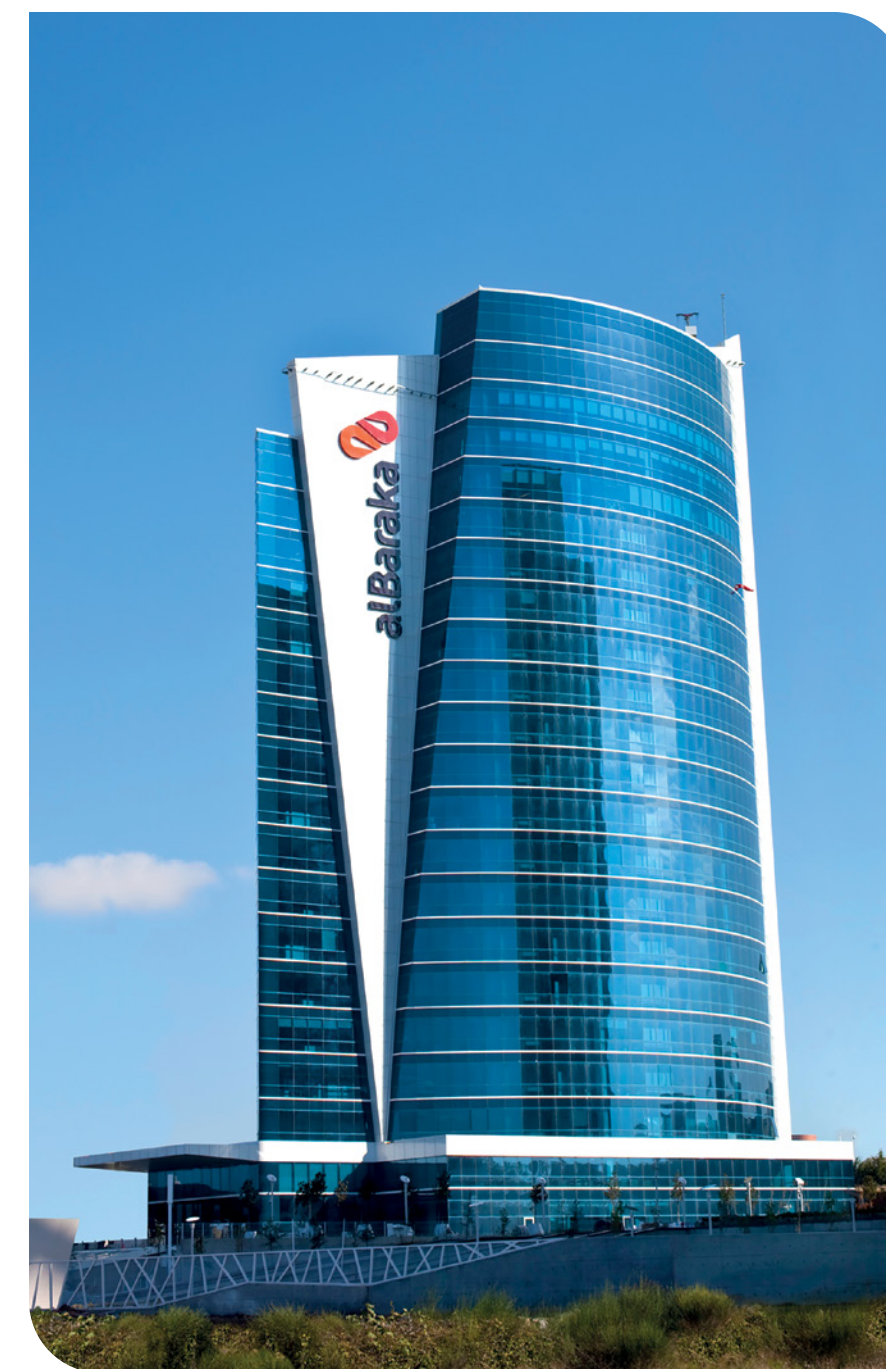
Albaraka Türk is committed to meeting the ever-changing needs and expectations of its customers in line with its core principle of delivering unconditional customer satisfaction. The Bank further bolsters its high quality service standards with a sincere and friendly service approach. Albaraka Türk conducts 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 an 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. 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.



## 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 2020, 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. During the year, the Bank was deemed worthy of the CDP Turkey 2020 Climate Leadership award in recognition of its commitment in this area. Thanks to its inclusion in the Borsa Istanbul Sustainability Index for the second 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.
- Within the scope of ABG Goals, Albaraka Türk disclosed its social targets in the field of health, education and employment.

## 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.
- The Bank undersigned major projects for digitalization, a strategic priority area for Albaraka Türk.

## 2018

- Responding to the Carbon Disclosure Project (CDP) Climate Change and Water Security surveys, Albaraka Türk achieved rating "C" in both surveys.
- Albaraka Türk received the "Best Participation Bank of the Year" award at the third edition of the Adding Value to Turkey Awards organized by Turcomoney.
- 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 "B" rating in the Climate Change survey and "B-" in Water Security survey within the scope of Carbon Disclosure Project, Albaraka Türk managed to increase its ratings in both surveys.
- Albaraka Türk's mobile banking application garnered two awards – "Best User Experience" and "Experimentalism & Innovation" – in the "Mobile Apps and Websites" category at The Communicator Awards.
- Albaraka Türk launched Albaraka Publishing in order to ramp up and expand its publishing activities and better serve its readership by releasing many more prestigious works.
- ABG Goals Program achieved high target realization rates in the fields of education, health, employment and sustainable energy.
- Albaraka Türk 2019 Sustainability Report was presented to its stakeholders.

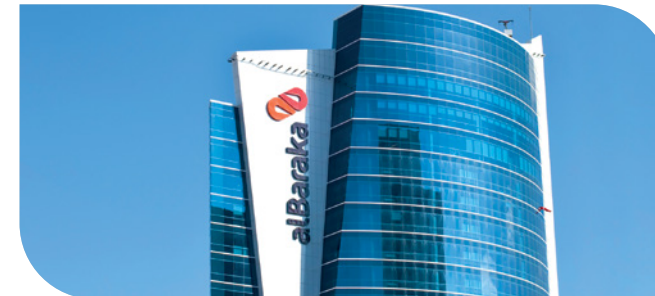
## 2020

- Albaraka Türk's 2019 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 "A-" and Water Security score is "B-."
- Albaraka Türk was included in the Istanbul Stock Exchange Sustainability Index for the second time, and repeated its title as the first and only participation bank in this index.
- As an active participant in the Zero Waste Project launched by the Ministry of Environment and Urban Planning, Albaraka Türk introduced savings-oriented projects in the areas of prevention/reduction, reuse and purchasing.
- Calculating its entire climate load, Albaraka Türk committed to determine SBTi-Science Based Targets within two years and to reduce 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.

**2015**  
Albaraka Türk participated in the Carbon Disclosure Project for the first time.



**2015**  
Al Baraka Banking Group (ABG) announced its "ABG Goals" (2016-2020) in line with the UN Sustainable Development Goals.



**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**  
Albaraka Türk received the "Best Participation Bank of the Year" award, organized by Turcomoney.



Albaraka Türk's 2019 Sustainability Report was made available to all stakeholders on the Bank's website.

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



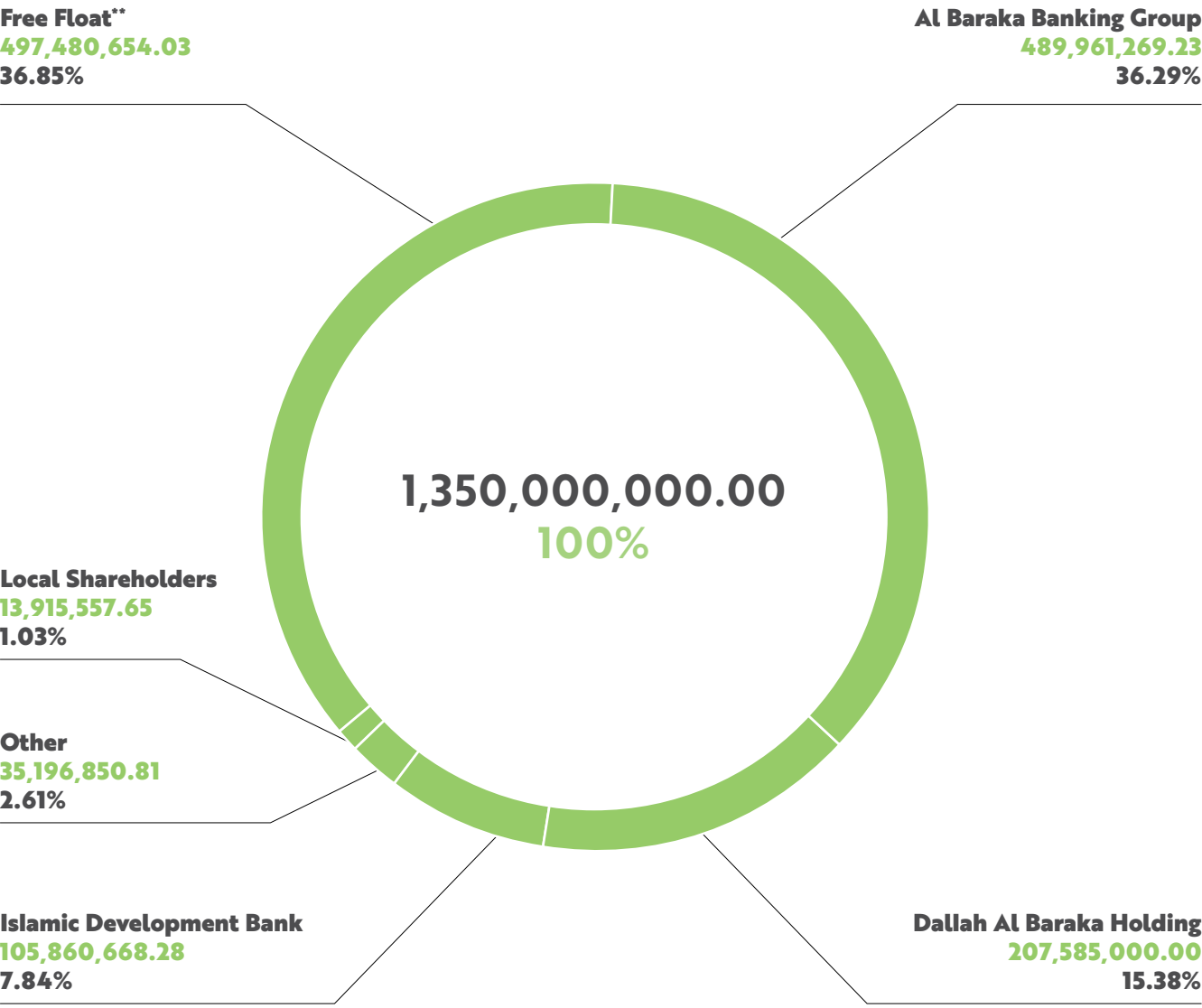
**2020**  
As an active participant in the Zero Waste Project, Albaraka Türk introduced savings-oriented projects.

**2020**  
Albaraka Türk received an A Rating within the scope of the Carbon Disclosure Project (CDP), one of the highest scores.



# Shareholding Structure\*

Albaraka Türk moves forward with firm steps with its robust capital structure.



\* As of March 31, 2021.  
\*\* With 23,278,200.94 shares, 1.72% of the shares belong to Al Baraka Banking Group. ABC's total share is 38.02%.

## Our Mission and Vision

Albaraka Türk conducts all its activities in line with the priorities determined in its 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

Albaraka Türk aims to offer products and services in a way that meets the current and potential expectations of its customers, together with its educated and constantly renewing employees who accept quality as a way of life.

## 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 the shareholders, employees, customers and society.
- Establishing strong, long-term relationships with stakeholders.
- Ensuring continuous development of knowledge and skills of employees.
- Supporting 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.

### Process

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

### Financial

- Making growth and profitability sustainable.

### Competency and Organization

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

### 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 established within the Bank.
- Minimizing the impact of the activities carried out and the products and services provided to the 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 to bring the business processes in compliance with these goals.



## Operational Map

Albaraka Türk provides uninterrupted service to its customers with its strong service network spreading across Turkey and the opportunities provided by digital transformation.



### Branches in Turkey

- Adana (6)
- Adıyaman (1)
- Afyonkarahisar (1)
- Aksaray (1)
- Amasya (1)
- Ankara (20)
- Antalya (5)
- Aydın (2)
- 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 (93)
- 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 (3)
- Tokat (1)
- Trabzon (2)

- Uşak (1)
- Van (1)
- Yalova (1)
- Yozgat (1)
- Zonguldak (1)

### Foreign Branches

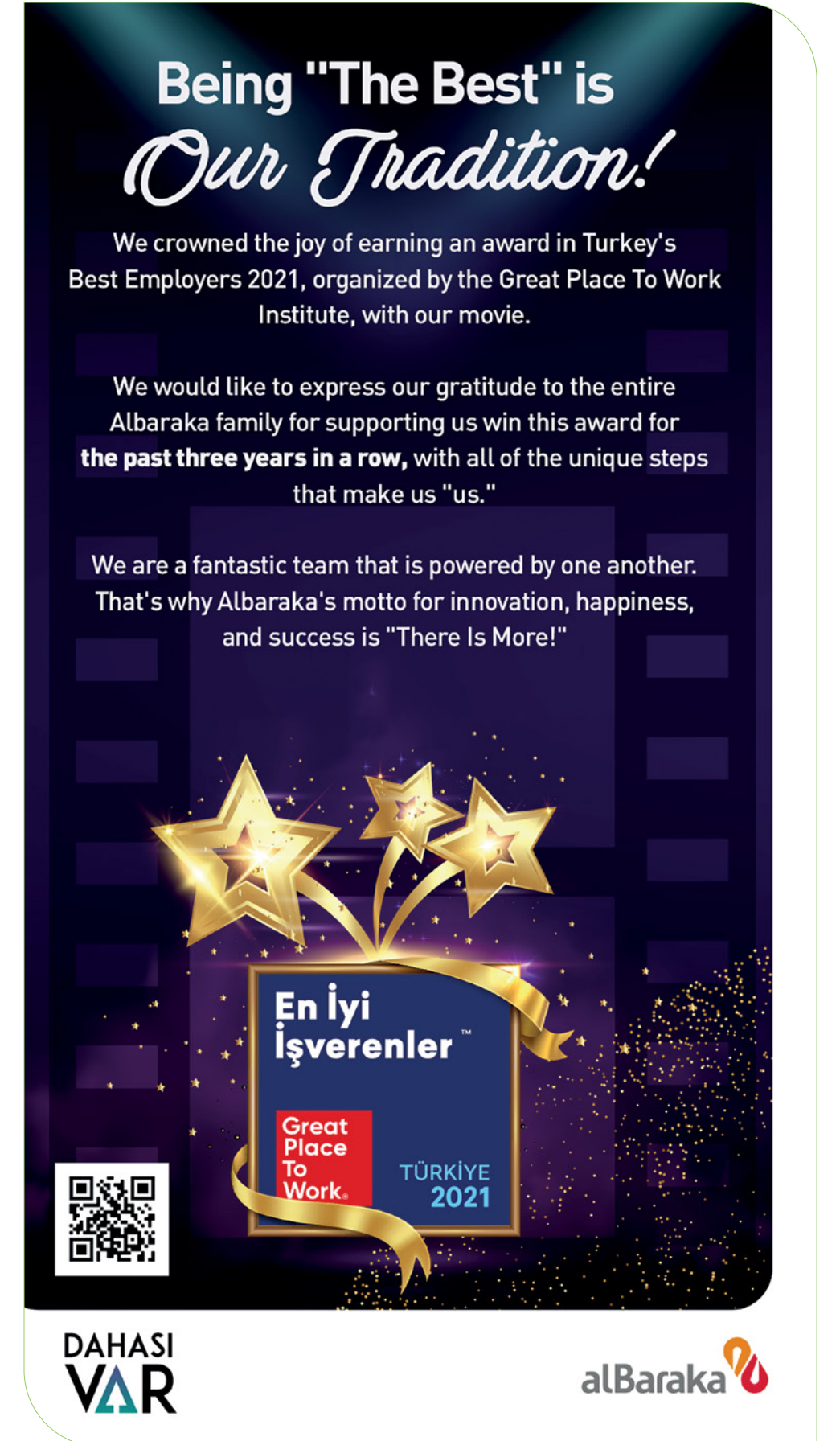
- Baghdad (1)
- Erbil (1)



## Our Awards

Albaraka Türk, which was deemed worthy of many awards in 2020, received the CDP Turkey 2020 Climate Leadership Award.

- Bronze Award in Environmental Management Systems and Corporate Sustainability Principles at the Brandon Hall Awards
- Silver Award with "Game at Work," Bronze Award with its flexible fringe benefits application "Showcase" (Vitrin), Bronze Award with "Talent Management with High Potential Development" and Bronze Award with
- "Workforce Management with Performance Evaluation" at Brandon Hall Awards
- Gold Stevie Award with the Digital Training Technology "Virtual Classroom Application" at "Stevie Awards for Great Employers" Award Program
- "Best Employer Certificate" in the category of "Companies with over 2,000 Employees" as part of the Recognition
- Program organized by the "Great Place to Work Institute"
- TSE Service Certificate with the measures taken within the scope of COVID-19 pandemic
- CDP Turkey 2020 Climate Leadership Award





## Message from the Chairman

In 2020, Albaraka Türk served as a role model for its stakeholders by successfully creating social value pursuant to Al Baraka Goals.

Dear Distinguished Stakeholders,

The year 2020 was a unique year in many ways. The Covid-19 outbreak quickly turned into a pandemic, posing an unprecedented challenge to the healthcare systems and pushing the global economy into a recession. As the world gradually started to understand the depth and complexity of the challenge, we were, once again, reminded of the critical importance of sustainability.

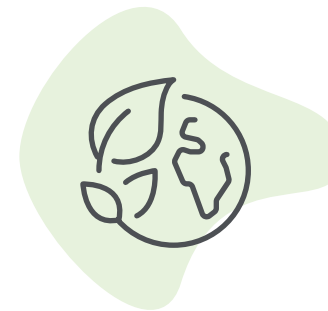
### Uninterrupted, premium services during the Covid-19 pandemic...

Operating in line with the principles of participation banking across 17 countries, Al Baraka Banking Group (ABG) leveraged its strong capital structure to support its customers in different parts of the world during the Covid-19 pandemic. Our longstanding investments and our advanced digital capabilities, continuously improved with R&D efforts, enabled ABG to deliver uninterrupted and premium services to its customers. As per our sustainability priorities, we also contributed to social welfare by creating value in key areas – including healthcare, education, employment and sustainable energy – in regions where we operate.

### Our sustainability efforts towards the UN Sustainable Development Goals

As a responsible global citizen, ABG has now completed the first part of the Al Baraka Goals Program (2016-2020), which is linked to the Sustainable Development Goals. Under this Program, ABG targeted at creating 51,000 new jobs and achieved 76% of this target with its financing operations. ABG also targeted at financing of USD 822 million for education, healthcare and sustainable energy projects, which were achieved one year ahead in 2019.

Albaraka Türk played a crucial role in ensuring that Al Baraka Goals are achieved globally. Our systemic sustainability efforts in the areas of employment, the financing of education, healthcare, sustainable energy projects provided a great contribution for the fulfillment of Al Baraka Goals.



### AL BARAKA GOALS

Albaraka Türk's systemic sustainability efforts in the areas of employment, the financing of education, healthcare, sustainable energy projects provided a great contribution for the fulfillment of Al Baraka Goals.



### The additional points of Al Baraka Goals' second phase are financing agriculture and circular economy...

In the light of sustainable banking approach, Albaraka Türk has stepped up firmly. In this respect, we pursue a sustainable banking program to maintain our successful financial and operational performance as well as realizing the targets of Al Baraka Goals, and our resolve will continue in the second phase of the Goals. In the first completed phase of Al Baraka Goals (2016-2020), we mainly focused on financing education, healthcare and sustainable energy. In the second phase of Al Baraka Goals (2021-2025), we will also endeavor to focus on financing agriculture and circular economy in addition to the previously pursued sectors.

With all these efforts, our aim is to become a "net-zero" bank. At the Board of Directors of Albaraka Türk, combating climate change and pursuing sustainable finance remains our central focus.

I would like to thank all of our stakeholders who are a major part of Albaraka's sustainability journey and who significantly contribute to the social value that we endeavor to generate. I hope we continue this journey with the same passion and excitement.

Best regards,

**Mazin Manna**  
Chairman



## Message from the General Manager

Albaraka Türk operates as a representative of Al Baraka Banking Group (ABG), a highly respected player in global financial markets, and assumes an active role in combating climate change.

Contributing to the growth of participation banking in Turkey, Albaraka Türk is the rising star of the sector in terms of sustainability. Operating with a sustainable banking approach, our Bank designs its business model within a framework of trust. Under this approach, Albaraka Türk shows great care in safeguarding and growing customer savings while aiming to leave a more inhabitable world for future generations by minimizing natural resource consumption across its business operations.

### CDP climate leadership

Albaraka Türk operates as a representative of Al Baraka Banking Group (ABG), a highly respected player in global financial markets, and assumes an active role in combating climate change. Creating social value in the areas of education, healthcare, employment, and sustainable energy as part of the UN 2030 Sustainable Development Goals, our Bank is also a participant of the Carbon Disclosure Project. Having been named the "Climate Leader" by CDP Turkey in 2020, Albaraka Türk's CDP Climate Change score is "A-" and its Water Security score is "B-." As the one and only participation bank included in the Borsa Istanbul (BIST) Sustainability Index in the 2019-2020 and 2020-2021 periods, our Bank has undertaken a wide range of efforts to further boost its performance in waste prevention/reduction, reuse, and procurement. I state with great pleasure that we have achieved high target realization rates in our voluntary projects with the committed participation of our employees.

### We adopt a multi-dimensional environmental sustainability approach.

At Albaraka Türk, we adopt a multi-dimensional environmental sustainability approach by keeping close track of global developments in this key area. Our Head Office Building located in Istanbul, Ümraniye was deemed worthy of LEED Gold Green Building certification. Efforts are ongoing to arrange our financials in a manner that reflects climate risks. We aim to implement TCFD-Task Force on Climate Related Financial Disclosure recommendations. Additionally, we remain committed to determining SBTi-Science Based Targets within two years and reducing our carbon emissions by calculating our entire climate load. Albaraka Türk aims to achieve net zero greenhouse gas emissions on a global scale with these studies pursuant to our sustainable banking approach.



### "CLIMATE LEADER"

Having been named the "Climate Leader" by CDP Turkey in 2020, Albaraka Türk's CDP Climate Change score is "A-" and its Water Security score is "B-."

### We will resolutely continue our breakthroughs in the field of sustainability.

With these efforts, Albaraka Türk significantly contributes to resolving global issues while focusing on financial success with its well qualified human resources and corporate capabilities. At Albaraka Türk, we are committed to recording further breakthroughs in the field of sustainability in the future. I would like to extend my gratitude to all our stakeholders, who contributed to our success in 2020. It is my sincere hope that we maintain our sustainable successes in the coming year.

Respectfully yours,

**Melikşah Utku**  
Board Member and CEO





## Message from the Chairman of the Sustainability Committee

Albaraka Türk 2020 Sustainability Report, the product of our comprehensive efforts in the field of sustainability, offers a wide range of benchmarks and examples for all of our stakeholders.

Esteemed Stakeholders,

Albaraka Türk, the first participation bank of Turkey and the only participation bank traded on Borsa İstanbul, leads the sector in sustainable banking. From day one, our Bank has contributed to the national economy while adhering to its participation banking principles. Albaraka Türk strives to be the innovation and development leader in the industry. Diversifying its products with efforts focused on digital transformation and innovation, our Bank contributes to social welfare in the fields of healthcare, education, employment, and renewable energy in line with Al Baraka Banking Group's "Al Baraka Goals."

### A step to ensure future success: Sustainable Banking Program

Acting with the vision of "Becoming the Best Participation Bank in the World," Albaraka Türk continues to implement the Sustainable Banking Program successfully in line with the goals of our main shareholder Al Baraka Banking Group (ABG). Committed to extending its unbroken track record of financial and operational achievements, our Bank does not compromise on its professional management approach under any circumstances. At Albaraka Türk, we place great importance on the preservation of natural life for future generations and the protection of human rights. In addition, Albaraka Türk develops relationships based on transparency and accountability in line with its professional corporate management approach.

Implementing all legal compliance processes for the occupational health and safety of its suppliers, as well as its employees, Albaraka Türk continues its innovation and digitalization investments to ensure business continuity.



### SUSTAINABLE BANKING PROGRAM

Acting with the vision of "Becoming the Best Participation Bank in the World," Albaraka Türk continues to implement the Sustainable Banking Program successfully in line with the goals of our main shareholder Al Baraka Banking Group (ABG).



### Our sustainability strategies guide our operations.

Albaraka Türk Sustainability Committee carries out its activities based on the sustainability strategies of the Bank. We prepare sustainability reports on an annual basis in order to minimize the impact of our business operations, products, and services on climate change. In our sustainability reporting, we disclose our efforts toward UN Sustainable Development Goals with the Bank's stakeholders. Albaraka Türk's 2020 Sustainability Report is prepared in light of the 2016 GRI Standards, the latest reporting principles of the Global Reporting Initiative. Our Sustainability Report offers a wide range of benchmarks and examples for all of our stakeholders.

### We plan to contribute further to developing a sustainability culture in Turkey.

At Albaraka Türk, we are also a pioneer in sustainable banking. I would like to extend my gratitude to all the Bank's stakeholders, especially our employees, who supported our sustainability efforts, including combating climate change, with great awareness and responsibility. It is my hope that our sustainability journey will be crowned with even greater successes in the coming year.

Respectfully yours,

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



# Al Baraka Goals (2016-2020)

Albaraka Türk conducted its sustainability activities consistently in line with the ABG Goals (2016-2020).

Operating in 17 countries including Turkey, Al Baraka Banking Group (ABG) carried out the first phase of its social responsibility program named Al Baraka Goals (2016-2020). The following achievements were reached within the scope of ABG’s program as of end-20019.

- A total of 38,565 employments,
- USD 210 million funding to public and private sector health projects,
- USD 552 million funding to public and private sector education projects,
- USD 196 million funding to sustainable energy projects.

Making major social investments in the fields of education, health, education and sustainable energy, Albaraka Türk realized the following achievements in the 2016-2019 period.

- Total employment: 9,753
- Financing Provided to Public and Private Sector Education Projects: USD 132 million
- Education Donations: USD 7.5 million
- Financing Provided to Public and Private Sector Health Projects: USD 288.5 million
- Health Donations: USD 171.7 thousand
- Renewable Energy Financing: USD 153.8 million

Albaraka Türk aims to generate high added value in its focus areas in the 2021-2025 period, when the second phase of ABG Goals will commence.





# Strategic Sustainability Areas

As an active player in the combat with global climate change, Albaraka Türk is taking firm steps to become a carbon-neutral bank.

Albaraka Türk 2020 Sustainability Report was prepared in accordance with the core option of Global Reporting Initiative (GRI)'s 2016 Standards Reporting Framework. Albaraka Türk 2020 Sustainability Report was prepared and issued to make the Bank's sustainability activities between January 1 – December 31, 2020 more visible for 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 2020 Sustainability Report covers the sustainability activities conducted by the Bank's domestic branches between January 1 – December 31, 2020. Albaraka Türk's foreign subsidiaries are not included in the scope of this report.

**Reporting in accordance with 2016 GRI Sustainability Reporting Standards, UN Sustainable Development Goals (SDG) and ABC Goals**  
Albaraka Türk 2020 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></ul>
	Medium	<ul style="list-style-type: none"><li>• Procurement Practices</li></ul>		<ul style="list-style-type: none"><li>• Occupational Health and Safety</li><li>• Human Rights</li><li>• Customer Health and Safety</li><li>• Occupational Training</li></ul>
	Low			
		Low	Medium	High
Priority for Stakeholders				

Contact information to convey opinions and suggestions on Albaraka Türk 2020 Sustainability Report  
Seyfullah Demirlek (Manager)  
E-mail: [sdemirlek@albarakaturk.com.tr](mailto:sdemirlek@albarakaturk.com.tr)



## Sustainability and Social Responsibility Principles

Continuing its sustainability and social responsibility activities in 2020 at full speed, Albaraka Türk also plays a leading role in the fight against climate change.



- 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 with climate change.

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.
- 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, 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.

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, 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 on sustainability and corporate social responsibility, and to encourage voluntary participation in activities.

## Principles of Donations and Contributions

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 5411 of the 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, minimum 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.



# Our Sustainability Organization

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

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**Albaraka Türk Sustainability Committee**  
**Chairman:** Mehmet Ali Gökce (Board Member)  
**Member:** Ibrahim Fayez Humaid Alshamsi (Board Member)  
**Member:** Mohamed Ali Chatti (Board Member)

As per the resolution dated March 2020, Mehmet Ali Gökce was appointed as the Chairman and Ibrahim Fayez Humaid Alshamsi was appointed as the Member.

**Sustainability Executive Committee**  
**Chairman:** Melikşah Utku (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				
Sustainability Committee (Board of Directors Committee)		Corporate Governance Committee (Board of Directors Committee)		
Sustainability Executive Committee (Executive Committee)				
Strategic Planning and Economic Research Dept. (Sustainability and KSS Activities Coordination)	Administrative Affairs and Procurement Dept. (Environmental Management Services)	Communication and Brand Management Dept. (Sponsorship and Communication)	Investor Relations Dept. (Corporate Governance Activities)	Other Related Departments of our Bank (Other Necessary Activities)
FIELDS OF ACTIVITY AND RESOURCE UTILIZATION				
Sustainability and Corporate Governance Activities				
Corporate Social Responsibility Activities				
Sponsorship and Communication Activities				

# Our Committees

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

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:

- Implementing the projects that will disseminate 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.
- Devising sustainable strategies and policies, incorporating them into the Bank’s activities and monitoring the Bank’s sustainability performance.
- Establishing an environmental, social and governance system, integrating this system into the credit risk assessment system.

- Identifying the risks, opportunities and objectives in relation to climate change and ensuring that necessary reports are prepared in this regard.
- Evaluating corporate social responsibility projects submitted to it for approval and taking resolutions as to whether or not to implement such projects.
- Evaluating the impact of the projects and activities on society and ensuring that measures taken in this regard are monitored.
- Discussing the issues reported by the Sustainability, Social Responsibility and Communications Executive Committee and making the necessary decisions to resolve them.
- Reviewing the annual and periodical sustainability and corporate responsibility reports.
- Working in coordination with the relevant department of ABG for sustainability and corporate responsibility issues.

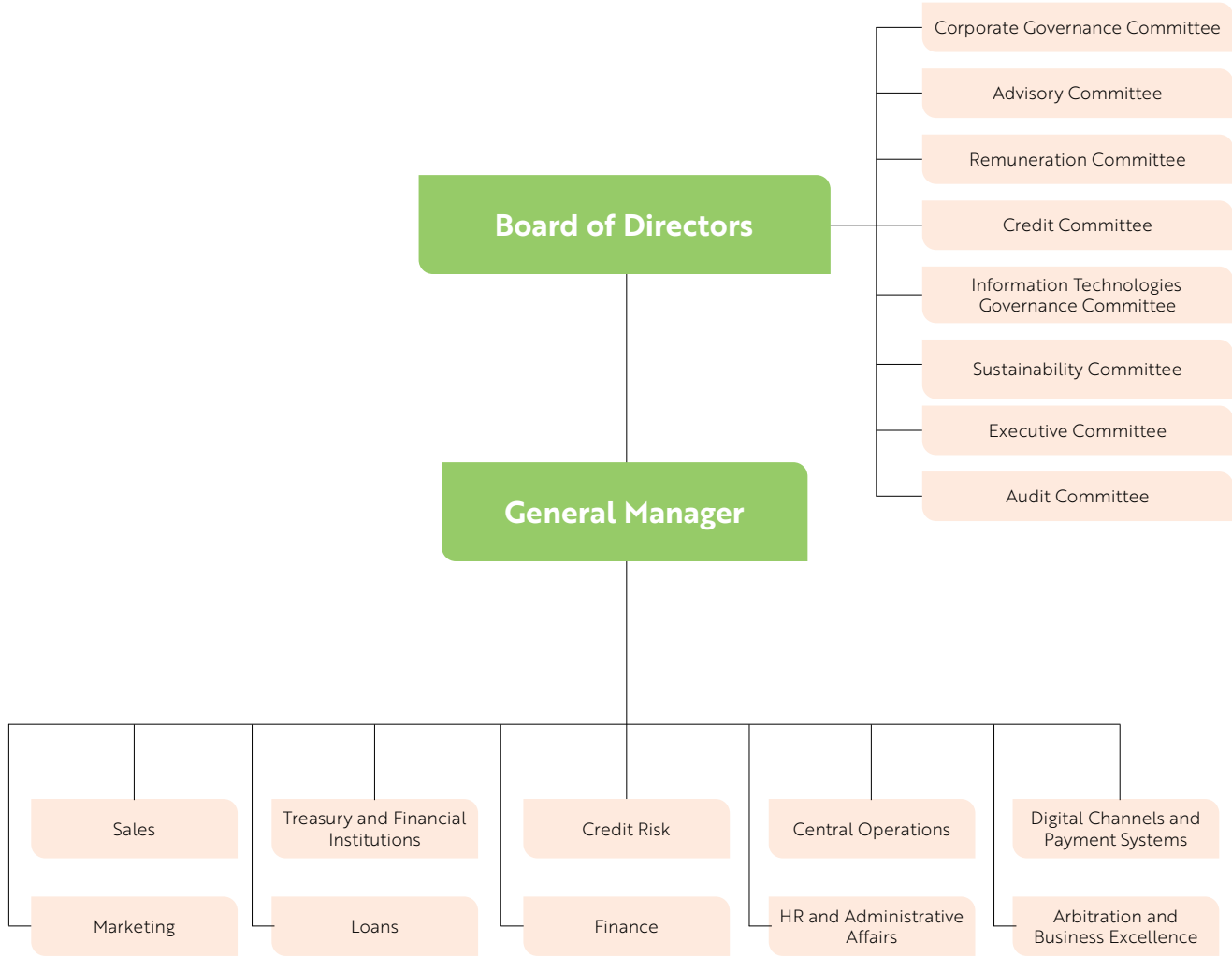
**Roles and Responsibilities of the Sustainability Executive Committee**  
The Committee ensures:

- 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 the 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

Thanks to its dynamic organizational structure, Albaraka Türk manages its business processes effectively.





# Our Corporate Governance Approach

## Board of Directors



**Mazin Manna**  
**Chairman**

Mr. Mazin Manna 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 also 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 Al Baraka Banking Group, Mr. Manna was the General Manager of 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. At the same time, he serves as the Chairman of the Bank's Loan Committee, Remuneration Committee, and Executive Committee.



**Süleyman Kalkan**  
**Vice Chairman**

Süleyman Kalkan was born in Kırşehir in 1956. He graduated from the Faculty of Political Sciences, Department of International Relations at Ankara University. Mr. Kalkan began his professional career as an assistant inspector at İşbank in 1983. He then served as Retail Loans Assistant Manager in 1993, Commercial and Corporate Loans Regional Manager in 1995 and Non-performing Loans Manager from 1997 until the end of 2003 and sat on the Disciplinary Committee for six years at the same bank. Mr. Kalkan served as a Branch Manager during 2003-2010. He also served as Board Member of İşbank affiliates, including TSKB (Industrial Development Bank of Turkey), Anadolu Hayat Emeklilik (life insurance) and İş Factoring. Mr. Kalkan was appointed as the Executive Member of the Board and the General Manager of VakıfBank in March 2013 and served as the Chairman of the VakıfBank affiliates Güneş Sigorta (insurance) and Vakıf International AG (Vienna). He has served as Deputy Chairman of Halkbank between April 2013 - April 2016. He also chaired the Audit Committee as an Independent Board Member. Mr. Kalkan was a member of the Supervisory Board of Demir-Halk Bank (Nederland) N.V., one of Halkbank affiliates between April 2013 - October 2016 and served as the member of RCC (Remuneration & Compensation Committee), NC (Nomination Committee) and SBCC (Credit Committee). Mr. Kalkan was appointed as the Board Member of Albaraka Türk as of 31 May 2018, and he is currently a member of the Credit Committee, the Vice Chairman of the Executive Committee and the Chairman of the Corporate Governance Committee.



**Ibrahim Fayeze Humaid Alshamsi**  
**Board Member**

He was born in 1949 in the Ajman city of the United Arab Emirates (UAE). Mr. Ibrahim Fayeze had his degree in Economics from the Arab University of Beirut in Lebanon in 1972. He commenced his professional career in 1969-1971 at the Bank of Oman as Current Accounts Chief. Later on, he became the manager of its Ajman branch (1971). In between 1972-1976, he held the following positions: Manager of Financial Affairs at the Ministry of Housing & Town Planning of UAE. He worked as Assistant General Manager at Abu Dhabi Fund for Arab Economic Development between 1976-1989; Board Member for European Arab Bank Holding in Luxembourg (1978), Board Member for Industrial Bank of UAE (1983-1999), Board Member for Austrian Conference Centre Co in Vienna (1984) and Board Member for Dubai Islamic Bank (1998-2001). He also worked as chairman of UAE Bangladesh Investment Co in Bangladesh (1988-1989), and Board of the Arab Fund for Economic & Social Development in Kuwait (1983-2010). He has been the Chairman and CEO of the Emirates Islamic Bank in Dubai between 2004 and 2011. Later on, his own company AlRabiah Trading Co. (Dubai). He has been a Board Member of Albaraka Türk since April 2005, and he is also currently a member of the Corporate Governance Committee and the Sustainability Committee.



**Houssein Ben Haj Amor**  
**Board Member**

He was born on 10 April 1975 and received his bachelor's degree from Institut Supérieur de Comptabilité (Tunisia) on accounting and finance. In 1999 he received his certificate of public accountancy from Institut Supérieur de Comptabilité. The same year, he started working at Arthur Andersen/Moore Stephens as 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 the COO 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 Al Baraka Banking Group. In March 2020, he has been elected as a Board Member at Albaraka Türk.



**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 to the Board of Albaraka Türk between 2013 and 2019. Mr. Varol who has been serving as a Board Member of Albaraka Türk since March 2019, is also a member of the Credit Committee and the Executive Committee.



**Mustafa Büyükbacı**  
**Board Member**

Mr. Büyükbacı graduated from Boğaziçi University, Department of Industrial Engineering and earned his Master's degree in the same field in 1984. He then worked as a research associate at 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 Member of the Executive Committee and the Remuneration Committee at Albaraka Türk Participation Bank. In addition, he serves as the Vice Chairman of the Board of Trustees at İstanbul Sabahattin Zaim University, a Board Member at Bahar Arsacılık ve İnşaat Yatırım A.Ş., a partner in Abacılar Hayv. ve Gıda Tar. San. Tic. Ltd. Şti., Birler Gıda Tar. Hayv. San. ve Tic. Ltd. Şti. and Ortak Gözmer Gözlük San. ve Tic. Ltd. Şti.



# Our Corporate Governance Approach

## Board of Directors



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

Dr. Mohamed Ali Chatti was born in 1984 in Tunisia. 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 also 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, a microfinance Bank in Sudan for 3 years) before joining Al Baraka Board of Directors. Dr. Chatti is a member of the Audit 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 University of Turkish Aeronautical Association, Institute of Social Sciences, Business. He commenced his banking career at Töbank as a "Banking Officer" 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. In 1999, he was appointed as Assistant General Manager of Anadolu Finance Institution and served there until 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. In March 2020, he has been appointed as a Board Member of Albaraka Türk Participation Bank and still he is a member of the Audit Committee, Executive Committee and the Chairman of the Sustainability Committee.



**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), on 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 Corporate Banking Division and progressed to Head of Corporate Banking. Between 2007 and 2017, he served as the Regional Head of Corporate Banking (SABB Western Region). Between 2017 and 2019, he served as the CEO of the SABB. Since 2020, he has been serving as the general manager of Dar Altamleek and in 2020 he has been elected as a Board Member at Albaraka Türk.



**Tawfig Shaker M. Mufti**  
*Board Member*

He was born on 3 June 1969 and received his bachelor's degree from the University of Bridgeport (Connecticut – USA) on International Business. He commenced his banking career in 1993 at Al Bank Al Saudi Al Fransi. 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. Since 2007, he has been serving as the Group Treasurer at Dallah Albaraka Holding Co. In March 2020, he has been elected as a Board Member at Albaraka Türk.



**Melikşah Utku**  
*Board Member and CEO*

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). In 2004, he served as a consultant to the General Manager of Albaraka Türk. In 2006-2007, he was the head economist in Albaraka Türk. In addition, he was an economics columnist for Yeni Şafak newspaper for over 10 years (1995-2009). 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. As the General Manager of Albaraka Türk as of October 2016 Utku continued his duty, as well as Chairman of the Board of Directors of Bereket Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Katılım Emeklilik ve Hayat A.Ş. and Albaraka Kültür Sanat ve Yayıncılık A.Ş. He is a member of the Executive Committee, Credit Committee, Remuneration Committee and the Chairman of the Information Technologies Governance Committee.



# Our Corporate Governance Approach

## Senior Management



**Melikşah Utku**  
**Board Member and CEO**

Please see the Board of Directors page for the CVs.



**Turgut Simitcioğlu**  
**Deputy General Manager (CMO)**

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 Deputy General Manager and Senior Assistant General Manager, Simitcioğlu has been serving as the Assistant General Manager in Charge of Legal Follow-up Department, Collection Department and Credit Risk Monitoring Department.



**Hasan Altundağ**  
**Assistant General Manager**

Hasan Altundağ, who graduated from Ankara University, Faculty of Political Sciences, Department of Economics, started his banking career in 1986 as an Auditor at Yapı ve Kredi Bankası 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, he served as Sultanhamam Branch Manager from 2004 to 2005, 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 responsible from Corporate Sales Directorate, Commercial and SME Sales Directorate, Retail and Private Banking Sales Directorate, and Regional Directorates. Mr. Altundağ also serves as Deputy Chairman of the Board of Directors at Albaraka Kültür Sanat ve Yayıncılık 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 also a Member of the Board of Directors of Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret Anonim Şirketi, one of the affiliates of Albaraka Türk. Fluent in English and German, Mustafa Çetin holds the Capital Market Activities Advanced License and Corporate Governance Rating Specialist License.



**Malek Khodr Temsah**  
**Assistant General Manager**

He was born in Beirut, Lebanon in 1981. He received his Bachelor of Business Administration from The 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). He began his career with Bank of America Business Banking in Washington DC followed by his tenure at the London-based European Islamic Investment Bank between 2007 and 2009. In 2010 Malek Khodr Temsah joined Al Baraka Banking Group, Bahrain as Vice President of Treasury where he established & oversaw the global sukuk desk until 2014. Since 2014, Mr. Temsah has been working with Albaraka Türk and is currently overseeing the Treasury, Financial Institutions and Investment Banking Departments. 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. He knows English, Arabic and Turkish at an advanced level.



**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. In 1990, he began his career as Assistant Inspector at Tütünbank's Internal Audit Department after winning the exam for this position. 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, Mr. Evcil 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.



# Our Corporate Governance Approach

## Senior Management



**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 Corporate Loans Allocation Department, Commercial and SME Loans Allocation Department and Retail and Micro Loans Allocation Department.



**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 to 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 Vice Chairman of Albaraka Kültür Sanat ve Yayıncılık A.Ş. and Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş.



**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. Afterward, he provided management consultancy services to the leading companies in the financial sector in the Boston and Istanbul offices of Boston Consulting Group. Then, 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*

She was born in 1974 in Kahramanmaraş. 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

Committees under Albaraka Türk’s Board of Directors assume key roles in the Bank’s business processes.

### 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:**  
**President:** Mustafa Büyükbacı, Board Member  
**Member:** Housseem Ben Haj Amor, Board Member  
**Member:** Mehmet Ali Gökce, 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 its 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 5 times in 2020.

### Credit Committee

**Purpose**  
Within the authorities vested by the Board of Directors, the Credit Committee resolves about demands for credit line allocations amounting up to 10% of the Bank’s equity including their renewals, amendments and/or collateral changes on condition that the tasks, powers and responsibilities should remain within the restrictions defined in the Banking Law.

**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:** Süleyman Kalkan, Vice Chairman  
**Member:** Prof. Dr. Kemal Varol, Executive Board Member  
**Member:** Melikşah Utku, Board Member And General Manager  
**Reserve Members:** Housseem Ben Haj Amor, Board Member  
**Reserve Members:** Mohamed Ali Chatti, 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 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 94 times in 2020 with the full attendance 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.

Albaraka Türk, which carries out its activities with a professional corporate governance approach, consistently increases its corporate governance rating.

**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:** Süleyman Kalkan, Vice Chairman  
**Member:** Ibrahim Fayez Humaid Alshamsi, Board Member  
**Member:** Mansur Çelepkolu, Investor Relations Manager

**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 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. Corporate Governance Committee convened 5 times in 2020.

### 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:** Süleyman Kalkan, Vice Chairman



# Our Corporate Governance Approach

## Committees Under the Board of Directors

### 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 convened four times in 2020. All committee members attended all of the meetings.

## 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 at least two Board Members. Committee Members are determined by the decision of the Board of Directors. Reporting and secretarial duties of the Committee are carried out by the Board of Directors Spokesmanship.

### Members of the Sustainability Committee

**Chairman:** Mehmet Ali Gökce, Board Member

**Member:** Ibrahim Fayez Humaid Alshamsi, Board Member

**Member:** Mohamed Ali Chatti, Board Member

### Duties, Powers and Responsibilities of the Committee

**3.1** The Committee;

**a)** Implements sustainability and corporate social responsibility projects that will disseminate the Bank's vision, mission, and corporate values across the entire society, stakeholders and business partners within the scope of sustainability efforts.

**b)** Monitors national and international applications and standards in the fields of sustainability and corporate social responsibility and ensures the compliance of projects and efforts with these applications and standards,

**c)** Tracks sustainability performance by establishing sustainability strategies and policies and integrates them into company activities,

**d)** Establishes a ESG system and integrates with the loan risk assessment system,

**e)** Manages the Sustainability Executive Committee in relation to the procedures of the Bank on determining climate change risks, opportunities and targets and reporting.

**3.2** In addition to evaluating corporate social responsibility projects submitted for the approval of the Sustainability Committee, decisions are made regarding the projects.

**3.3** Evaluates the impact of the projects and activities on society and ensures that measures taken in this regard are monitored.

**3.4** Discusses the issues reported by the Sustainability Executive Committee and takes the necessary decisions to finalize them.

**3.5** Working in coordination with the relevant department of ABG for sustainability and corporate social responsibility issues.

## 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 are determined by the Board of Directors. The Committee may invite Bank executives and personnel, as it deems necessary, to their meetings and obtain 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

**Vice Chairman:** Süleyman Kalkan, Vice Chairman

**Member:** Mustafa Büyükbacı, Board Member

**Member:** Mehmet Ali Gökce, Board Member

**Member:** Prof. Dr. Kemal Varol, Executive Board Member

**Member:** Melikşah Utku, Board Member And 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 derivative, 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 such as purchasing and selling important goods, services and rights and acquisition or the disposal thereof by other means, making commitments, acquiring participations, and engaging in joint ventures and making investments with other methods, making expenses, to decide upon purchasing of goods, services and rights, engaging in joint ventures, acquiring participations and making investments with other methods up to the amount between 2% and 5% of Bank's shareholders' equity, and making commitment up to the amount between 2% and 5% of Bank's shareholders' equity for assets included in the Bank's assets, To examine the business processes, procedures and activities related to the activities of the Bank and to 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,
- 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 proposals for the restructuring related to the debts of the Bank's customers, partial or total liquidation of the debts and in other matters,
- To decide for 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 shareholders' equity annually, to decide on the release, conciliation, waiver, acceptance and other transactions with respect to the Bank's receivables or payables up to the amount between 2% and 5% of the Bank's shareholders' equity annually. 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 with Bank customers, staff or third parties by peace, acquittal, acceptance, waiver and other methods, to make decisions with respect to issues up to the amount between 2% and 5% of the Bank's shareholders' equity annually,
- 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.



# Our Corporate Governance Approach

## Committees Under the Board of Directors

### 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. Executive Committee held 2 meetings in 2020.

### 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

The members of the Committee are elected by the Board of Directors. At least three members are elected from among the members of 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. The chairman and the deputy chairman of the Committee are determined by the Board of Directors. The Committee may assign persons who have sufficient knowledge and experience in the field of information technologies with the titles of "supervisor," "advisor" etc., temporarily or permanently in the Committee. The Committee Secretary, who will carry out the secretariat of the Committee, can also be determined by the Committee.

#### Members of the Information Technologies Governance Committee

**Chairman:** Melikşah Utku, Board Member and 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

Information Technologies Governance Committee held 4 meetings in 2020.

### 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 and develop Albaraka Türk Participation Bank 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:** Prof. Dr. Abdulsattar Abdulkarim Mohommed Abughuddah  
**Member:** Prof. Dr. Ahmed Mohieldin Ahmed Hassan\*\*  
**Member:** Assoc. Prof. Dr. Necmettin Kızılkaya\*\*\*  
**Member:** Yousef Hassan Y. Khalawi\*\*\*\*  
**Member:** Prof. Dr. Hamdi Döndüren

\* His duty ended on November 05, 2020 due to his death.  
\*\* His duty ended on September 02, 2020 due to his death.  
\*\*\* He was appointed as of September 02, 2020.  
\*\*\*\* He was appointed as of November 05, 2020.

#### Functions of the Committee:

- Answering questions submitted to the Committee and offering alternative solutions on interest-free banking principles,
- Following up 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 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. Advisory Board held 23 meetings in 2020.



# Our Corporate Governance Approach

## Our Risk Management Approach

Through the risk categories determined with the approval of the Senior Management, Albaraka Türk protects the savings of its shareholders against the fragilities in the market.

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 Presidency of Risk Management 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 risk profile risk type is analyzed on the basis of sector and/or geographical location.

### 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 the Albaraka Türk's financial status, business activity profile and future growth expectations, the amount of capital required to achieve strategic objectives is 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 prevent 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."



# Our Corporate Governance Approach

## Our Risk Management Approach

Regarding strategic risk, Albaraka Türk 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.

### 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 in 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.

As part of this system, advance 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 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 result 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 2020 Activities

As of 2020, there is no lawsuit against the Bank that may have an impact on Albaraka Türk's financial status and 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 2020, 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 2020 that may affect the financial situation and activities of Albaraka Türk on environmental, social and corporate governance issues.

### Remarks on the Independent Audit and Public Audit Conducted During the Accounting Period

Pursuing the principle of full compliance with the laws, Albaraka Türk successfully completed all routine audits performed by audit authorities including BRSA, CMB, Ministry of Finance, Undersecretariat of Treasury, and CBRT as per applicable regulations.

## Internal Control and Audit Activities for Risk Management

The Internal Control Department conducts risk-oriented and interactive controls at Head Office units and branches in order to ensure that Albaraka Türk's business operations are executed in an organized, effective and reliable manner.

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 conducts audit, inspection and investigation activities in relation to the entirety of Albaraka Türk's business operations. 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 Bank's operations with internal and external regulations is evaluated during audits. Inspections are concerned with more than just the findings that are turned up: processes are analyzed, recommendations are made to improve efficacy, and corrective and other action is proactively followed up. The findings, opinions and recommendations at the end of internal control activities



# Our Corporate Governance Approach

## Internal Control and Audit Activities for Risk Management

### The Analytical Control Team under the Internal Control Department monitors trends and identifies irregularities via use of internal and external data.

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 inspection system is designed to examine on the basis of risk without any internal restrictions, all operations of the Bank, domestic and foreign branches and other units including those at the Head Office, and subsidiaries subject to consolidation periodically. In addition, the inspection system aims to identify insufficiencies, errors and fraud with utmost professional attention and care; present opinions and recommendations on prevention of same in addition to effective and efficient use of internal resources; evaluate the accuracy and reliability of information and reports submitted to BRSA; and perform special audits in conformity with the intended purpose of internal audit at the request of the Board or Audit Committee. The inspection system is aimed at developing a systemic and disciplined approach to evaluate and improve the effectiveness of the Bank's risk management, control and governance processes in line with the internal strategies, policies, principles and targets. These efforts aim to help Albaraka Türk achieve its objectives.

Control Service, operating under the Internal Control Department in the headquarters, carries out controls in the Bank's business units within the

scope of risk-based control plan with personnel specialized in different banking activities. By analyzing business processes, opinions and suggestions to increase operational efficiency and effectiveness are conveyed to the relevant units. In addition, the Control Service in the headquarters actively participates in risk control self-assessment studies, process modeling and projects. In these studies, processes are reviewed with the business units, risks on these processes are determined, controls related to risks are suggested, contributing to the establishment and development of the internal control environment and internal control systems throughout the Bank.

The Internal Control Department conducts risk-oriented and interactive controls at Head Office units and branches in order to ensure that Albaraka Türk's business operations are executed in an organized, effective and reliable manner. 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 that carry out the banking activities as well as the internal control employees.

The Internal Control Department conducts regular controls for all branches from the Head Office and on-site controls for the branch locations identified in the annual

plan. These control efforts help Albaraka Türk achieve its objectives and determine whether its business operations are performed effectively, efficiently, and in compliance with internal and external regulations. The Department provides opinions and recommendations to adopt necessary measures to address the deficiencies identified. It also contributes to further awareness across the Bank via training courses organized at the branches.

The Information Systems Controls Team under the Internal Control Department monitors whether the Bank's information technology operations are conducted in accordance with domestic and global rules and guidelines on best practices. The Team reviews IT processes and provides opinions on control points when necessary.

Changes made pursuant to BRSA regulations, applicable law and internal Bank guidelines are actively monitored. Albaraka Türk's business processes are analyzed and controlled to keep the control points, implementation booklets and procedures up to date in line with applicable laws, rules, regulations and the Bank's objectives. As part of analyses and control efforts, the Information Systems Controls team presents opinions and recommendations to the related units to boost operational efficiency, bolster effectiveness and minimize risks.

Matters that are deemed important by senior management or the Board's request for examination thereof, or as a result of the Department's control efforts, are examined and redirected to relevant units.

The Analytical Control Team under the Internal Control Department monitors trends and identifies irregularities via use of internal and external data. These trends and irregularities are presented to the Internal Control Department and senior management to ensure that necessary measures are taken.

Findings and recommendations in light of control activities are communicated to senior management and followed up by the Internal Control Department and audited parties on a real-time basis via the Internal Control Department Portal.

The Internal Control Department supports the training courses organized to raise Bank-wide awareness on internal control activities.

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 staff 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

Albaraka Türk holds the Ordinary General Assembly for its shareholders every year in accordance with the legislation and legal provisions.

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 on 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

#### Albaraka Türk's Duties and Responsibilities

- 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 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.

#### Corruption Incidents Detected and Actions Taken

- There was no significant corruption incident that occurred in 2019. In addition, there is no matter that the Bank has taken to court due to an attempt of corruption by employees.

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

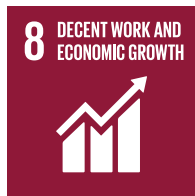
- Albaraka Türk raises employee awareness on combating corruption, bribery and similar forms of financial crimes, as well as prevention of laundering proceeds of crime and financing of terrorism through periodic in-class trainings, branch visits, and web-based courses within the Bank.
- The Anti-Bribery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





## Our Financial Capital

Increasing its total assets by 34.9% to TL 63,316 million despite the COVID-19 pandemic, Albaraka Türk's funds collected rose 29.8% to TL 51,613 million.



### TL 69,316 Million Total Assets

2016 32,851

2017 36,229

2018 42,224

2019 51,392

2020 **69,316**

### TL 4,044 Million Total Shareholders' Equity

2016 2,279

2017 2,482

2018 3,261

2019 3,822

2020 **4,044**

### TL 51,613 Million Total Funds

2016 23,155

2017 25,310

2018 28,623

2019 39,769

2020 **51,613**

### TL 40,583 Million Funds Extended

2016 22,722

2017 25,193

2018 26,185

2019 29,749

2020 **40,583**

## Financial Ratios

With its high capital adequacy ratio, Albaraka Türk possesses a competitive edge against its competitors.

Financial Ratios (%)	2016	2017	2018	2019	2020
Funds Extended/Total Assets	69.2	69.5	62.0	57.9	58.6
Funds Extended/Funds Collected	98.1	99.5	91.5	74.8	78.6
Total Funds/Total Assets	70.5	69.9	67.8	77.4	74.5
Non-Performing Loans Ratio	4.7	4.7	4.7	6.9	7.2
Net Non-Performing Loans Ratio	2.3	2.0	2.0	3.6	4.1
Ratio of Provisions for Non-Performing Loans	52.3	57.7	47.3	42.6	61.0
Capital Adequacy Ratio	13.5	17.1	14.7	15.0	13.5

## Albaraka Türk's Position in the Sector

With its diversified product portfolio, Albaraka Türk is a leader in the development of the participation banking sector in Turkey.

Sectoral Growth (%)	2018-2019			2019-2020		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Total Assets	21.7%	37.5%	16.1%	34.9%	29.8%	36.0%
Funds Extended	13.6%	26.9%	12.3%	36.4%	45.0%	32.4%
Funds Collected	38.9%	56.7%	24.2%	29.8%	50.0%	34.9%

Market Shares (%)	2019			2020		
	Albaraka Türk/ Participation Banks	Albaraka Türk/ Banking Sector	Participation Banks/ Banking Sector	Albaraka Türk/ Participation Banks	Albaraka Türk/ Banking Sector	Participation Banks/ Banking Sector
Total Assets	18.1%	1.14%	6.33%	15.9%	1.14%	7.16%
Funds Extended	17.4%	1.04%	6.02%	16.3%	1.08%	6.59%
Funds Collected	18.2%	1.48%	8.15%	15.7%	1.42%	9.07%



## Our Financial Capital

### Sustainable Growth Performance

Focused on providing effective solutions to meet all customer needs and expectations with its diversified product portfolio, Albaraka Türk recorded a market share of 24.14% in the sector with a lease certificate issuance volume of TL 11.3 billion in 2020.

As of year-end 2020, Albaraka Türk increased its total assets by 34.9% year-on-year to TL 63,316 million and boosted its total funds by 29.8% to TL 51,613 million. Despite the challenging conditions of the pandemic, Albaraka Türk expanded its funds to TL 40,583 million with an increase of 36.4% and its equity to TL 4,044 million with an increase of 5.8%. As a result, Albaraka Türk generated net profit of TL 255 million as of end-2020. Further consolidating its equity structure with a capital increase of TL 450 million in 2020, Albaraka Türk boosted its operating income by 4.4% to TL 4.8 billion. Meanwhile, the Bank's net profit share income rose 107% to TL 1.7 billion.

#### Reliable international financing facilities

With the support of the diversified product portfolio and solid financing facilities of its primary shareholder ABC, Albaraka Türk did not exercise the recall option of the subordinated loan of USD 250 million in 2020, which it obtained from abroad in 2015. The Bank extended the loan until 2025 and diversified its long-term funding sources. Adding value to the savings of its shareholders, Albaraka Türk is the only participation bank included in the BIST 100 Sustainability Index. Boasting a highly reputable position in the international banking sector as well as capital markets, Albaraka Türk provides effective and high-quality services to its Retail, Corporate and

SME customers. The Bank has a total of 1,010 correspondents in 115 countries, and 59 nostro accounts in 15 currencies under 45 banks in 24 different countries. Focused on providing effective solutions to meet all customer needs and expectations with its diversified product portfolio, Albaraka Türk recorded a market share of 24.14% in the sector with a lease certificate issuance volume of TL 11.3 billion in 2020. Albaraka Türk plans to take additional steps to further consolidate its financing facilities in the coming year.



# Our Manufactured Capital

Across its extensive branch and ATM network, Albaraka Türk expands financial inclusiveness with its service infrastructure for the visually and physically disabled.



<b>Number of Branches for the Visually Disabled:</b> <b>221</b>	<b>Number of ATMs for the Visually Disabled:</b> <b>292</b>
<b>Number of Branches for the Physically Disabled:</b> <b>220</b>	<b>Number of ATMs for the Physically Disabled:</b> <b>9</b>
<b>230: Total Number of Branches</b>	<b>293: Number of Total ATMs</b>
2016213	2016274
2017220	2017287
2018230	2018313
2019230	2019307
2020 <b>230</b>	2020 <b>293</b>

Operating in the Retail, SME, Commercial and Corporate and Digital Banking areas, Albaraka Türk delivers services with 228 domestic and two overseas branches as well as 293 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.

**Albaraka Mobile: Focal point of the Albaraka Türk digital ecosystem**

Closely monitoring the rise of mobile technologies in the banking industry, Albaraka Türk consistently develops its own service offering via Albaraka Mobile. With the impact of the digital migration caused by the Covid-19 pandemic, the Albaraka Mobile user base grew 40% in 2020. The Bank also introduced new services on its mobile platform. During the year, the following new features and functionality were rolled out via Albaraka Mobile:

- Arabic and English Language Support
- Money Withdrawal from Other Bank ATMs with QR Code
- Huawei AppGallery
- Jet Financing
- Digital Confirmation
- Investment Transactions
- Payments

**Albaraka Assistant**

Albaraka Assistant enables customers to perform transactions through both written and voice commands. With its latest feature upgrade, Albaraka Assistant can answer customer questions and find the desired menus, as well as execute money transfers and invoice payments.

**Internet Branch**

Regularly updated in terms of both content and technology infrastructure, Albaraka Türk Internet Branch was one of the most preferred channels by customers in 2020. During the year, the following new features were made available via Albaraka Türk Internet Branch:

- KOLAS (Easy Addressing System)
- SWIFT Transactions
- Union of Notaries Secure Payment System
- “Pay with Albaraka” Network
- Online Private Pension and TCIP Transactions
- Silver Account Opening and Silver Trading
- Short Term Lease Certificate Participation Fund Trading
- TEFAS Investment Funds
- Qualified Lease Certificate Book Building Procedures
- Short Term Participation Hedge Fund Trading
- Electronic Bill of Exchange (ELÜS) Display
- My Messages Menu
- Iraq Internet Branch & Albaraka Mobile Iraq

**Remote Face-to-Face Banking Experience with Albaraka Türk Call Center**

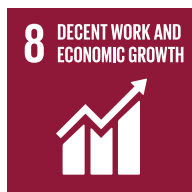
Albaraka Türk Call Center played a major role in meeting customer expectations and demands without the need for physical service infrastructure during the Covid-19 pandemic. Adopting a remote working model after the outbreak of the pandemic, Albaraka Türk Call Center truly became a digital branch. Improving its current applications with artificial intelligence technologies, Albaraka Türk Call Center provided its customers with a remote face-to-face banking experience with its video call service infrastructure.





## Our Human Capital

Albaraka Türk consolidates its corporate competencies with the continuous development opportunities it offers to its employees.



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.

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 the Human Values Policy. This responsibility is also applicable for 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 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.

### Albaraka Türk's Human Values Profile

Title	Total Staff	Average Age	University Graduation Rate	Average Seniority	Business Beginners 2020	Newly Recruited 2020	Male Employee	Female Employee	Retired Employee	Disabled Employee	English (TOEFL)	Other Foreign Languages
Senior Management	10	50.0	100%	17.7	-	1	10	-	4	-	-	-
Unit/Regional Manager	49	43.4	100%	14.3	1	18	47	2	-	-	-	-
Branch Manager	230	42.3	99.1%	14.4	-	26	230	-	-	-	-	-
Manager	1,080	38.8	98.8%	11.5	4	109	1,041	39	5	9	27	5
Director/Specialist	1,288	33.7	98.4%	7.5	29	247	1,019	269	4	30	47	15
Assistant Specialist/Authorized	463	29.6	91.4%	3.9	106	100	331	132	1	34	9	56
Auxiliary Personnel	14	44.1	7.1%	15.3	1	1	14	-	2	-	-	1
Safety	256	36.8	20.3%	8.9	4	44	254	2	-	-	-	1
<b>Total</b>	<b>3,390</b>	<b>35.8</b>	<b>91%</b>	<b>9.0</b>	<b>145</b>	<b>546</b>	<b>2,946</b>	<b>444</b>	<b>16</b>	<b>73</b>	<b>83</b>	<b>78</b>



Total Staff 3,390



Average Age 35.8



Average Seniority 9.0 years



Labor Turnover 9.1%



Female Employee Rate 13.1%



Male Employee Rate 86.9%



High School 8.6%



Higher Education and Above 91.4%

#### Performance-based remuneration policy

Albaraka Türk takes a meritocratic approach to setting 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 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, Microsoft Kaizala, WhatsApp via GSM and social media are among the communication channels used at Albaraka Türk to receive staff 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

## Our Human Capital

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.

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.

In 2020, Albaraka Türk expanded the scope of its Employee Experience activities. The Bank established the employee life cycle and started to regularly solicit the attitudes and thoughts of employees regarding each stage. The Alterna platform, used during the demo process, continued to be used; all employee surveys were prepared on Alterna. In fourth quarter, Albaraka Türk removed the print version and the digital version of the Resignation Form received via e-mail. The process was added to the Employee Experience and started to be sent to Bank employees who resigned from their job under the name

of Resignation Survey. As part of Employee Experience efforts, the Bank collected attitudes, thoughts and suggestions from the following: 238 candidates interviewed during the year on their interview experience; 34 newly recruited employees on their orientation experience; 97 employees on their appointment/rotation experience; 397 employees who participated in the assistant specialist, specialist and operations management certification exams on their promotion certification process experience; 20 employees who participated in the assessment process on their assessment center work experience; and 16 employees who resigned from their job on their resignation experience. The feedback was communicated to the relevant Human Resources Department services and the Training and Career Management Department services.

An Employee Experience survey was conducted across the organization to discover the attitudes and thoughts of employees during the time when the Bank quickly transitioned to working from home due to the pandemic. The survey results were shared with senior management. During the implementation phase of the Voluntary Remote Work initiative, an Employee Experience survey was performed at Bank headquarters. This effort was designed to consider the staff feedback and suggestions; the results of this survey were also submitted to senior management. In 2020, Albaraka Türk established

the Employee Experience sub-committee and upper committee. The sub-committee consists of the Assistant Human Resources and Administrative Affairs General Manager, Human Resources Manager, Training and Career Manager, Administrative Affairs Manager, Assistant Communication and Brand Management Manager, Process Management and Organizational Development Service Manager, Customer Experience and CRM Service Manager, in addition to Human Resources employees who carry out Employee Experience activities.

The upper committee consists of the General Manager, Assistant General Manager, Managers, and the Employee Experience team. With these committees, Albaraka Türk aims to set up a network where all departments and services that conduct activities that touch people’s lives can discuss the staff feedback received and make joint decisions. The first sub-committee meeting was held in December 2020. The Employee Experience sub-committee is scheduled to convene once a month while the upper committee will convene when deemed necessary. With the support of these committee bodies, the Bank plans to expand the scope of Employee Experience activities and boost the number of regularly administered surveys. Surveys are also planned for other contact points at the Bank in addition to the employee life cycle.

### 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.

### A leading employer brand: “There Is More”

Albaraka Türk was named the “Best Employer” for three years in a row by GTPW-Great Place to Work. At Albaraka Türk, online branch visits are held in order to foster a collaborative business culture as part of the Bank’s “There Is More” initiative. These visits are designed to bolster the shared corporate culture among employees and will continue to be held in the coming year. The ongoing Masters in the Field application ensures the transfer of experience and culture to the new generation of Albaraka employees. Pursuant to the Bank’s growth strategy, efforts are underway to make Albaraka Türk the most preferred banking institution in the market. The goal is to attract talented employees who are open to change and innovation and to maintain this position in the sector. During the year, face-to-face interviews were suspended due to the pandemic. All interviews began to be conducted on the Microsoft Teams platform, which started to be used at the Bank in 2019. To expand the Bank’s interactions with university students, a Recruitment Simulation was conducted with students as part of an activity organized by İŞKUR and a university association. Participant feedback was solicited and received. The simulation was performed face-to-face before the pandemic and online after the outbreak. Employment offers were extended as a result of interactions at these events.

In 2020, Albaraka Türk renewed its contracts with third party recruitment portals. Development of role-play simulations started during the year for the Bank’s online

assessment platform. The firm that designed the recruitment module in use at the Bank opened the role-play simulation for testing in the last two months of the year. The role-play tool started to be examined in terms of its suitability for internal use.

### Development maps for employees

After launching in fourth quarter 2019, orientation activities for new employees were expanded this year. An orientation coach was assigned to each newly hired employee. In addition, an orientation booklet containing up-to-date information about Albaraka Türk’s general structure and facilities was prepared. Due to the pandemic, the printed booklet was digitized and sent to new Bank recruits. A Welcome Box is also presented to new staff members. Benchmarking and research were performed to modify the Welcome Box in 2020. Products to be removed from the box were identified. A cost study was also carried out in conjunction with Administrative Affairs to identify products to be added to the revised Welcome Box.

### 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 2020, the average score of the training satisfaction surveys was 85%.

In the reporting year, Albaraka Türk employees received a total of 153,810 hours of training – an average of 42.04 hours per person. About 90% of these trainings were held on digital platforms.

In 2020, Albaraka Türk’s training activities included the following:

- A Teller Operations Development program was implemented to

turn the Rotational Work (Working from Home) periods of Branch Operations Service staff into training opportunities.

- A Digital Allocation training program was held for Corporate, Commercial, SME and Retail Sales Service staff working in branches and all Branch Managers about using the updated allocation screens.
- An Optimum Process program training was administered to identify the business processes managed by the various units of the Bank, determine the critical success factors, draw up the processes, conduct and monitor the processes from a single point.
- A Micro Allocation Processes training was conducted to increase the awareness of Retail Sales Service staff about issues to be considered while preparing the credit file and carrying out the Bank’s allocation processes.
- Foreign Trade training programs were administered for sales staff at branches affiliated with the South Anatolian Regional Directorate and Central Anatolia Regional Directorate in order to promote and market foreign trade products and reduce errors during the operational processes.
- As part of the Union Trainings, Bank personnel participated in training programs held by the Participation Banks Association of Turkey (TKBB), Banks Association of Turkey (TBB) and Interbank Card Center (BKM).
- Pursuant to the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking issued by BRSA, the Interest-Free Banking Standards Compliance Certification program was organized in partnership with the Participation Banks Association of Turkey and Marmara University, Institute of Islamic Economics and Finance.
- Train the Trainer and Effective Presentation Techniques training programs were administered to transfer the experience, knowledge and practices gained in the Bank to the staff in line with Albaraka Türk’s culture and working principles. These programs also aimed to expand the internal trainer staff and focus on internal resources in training programs.



# Our Human Capital

Albaraka Türk places great importance on providing employees with professional certifications through institutions, universities, and training firms to boost the competencies of its workforce.

- Training programs that must be conducted in accordance with legal and regulatory requirements continued in 2020. 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."
- Specialized IT training programs – such as "Business Analysis," "ITIL Foundation," "Secure Software" "Agile Foundations and Leadership" "Analyst: Data Science," "KOBIL" and "Unit Test" – were held especially for staff working in the Information Technologies area to remain up-to-date on relevant technical issues.

**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.

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

Certificate	Total Staff
Capital Market Licensing (SPL)	761
Private Pension Licensing (BES)	1,115
Technical Staff Competence (SEGEM)	1,734
Basic First Aid	330

**Other External Certifications:**

- Project Management
- International Financial Reporting Standards
- Human Resources Expertise
- International Certified Internal Auditor (CIA)
- International Certified Internal Control Specialist (CICS)
- International Certified Information Systems Auditor (CISA)
- International Certified Information Security Management (CISM)
- International Information Technologies Infrastructure Library Specialist (ITIL)
- Certified Public Accountant Certificate (SMMM)
- Strategic Procurement and Negotiation Management Certificate
- Certified Internal Control Professional (CICP)
- Natural Gas Heating and Gas Burner Service Personnel (Level 4)
- Corporate Communication Certificate

- Logistics and Supply Chain Management Certificate
- Certified Fraud Examiner Certificate (CFE)
- Certified Anti-Money Laundering Specialist (CAMS)
- Certified Information Security Manager Certificate (CISM)
- Foreign Trade Certificate
- Certificate for Control Self-Assessment (CCSA)
- Professional Scrum Manager – Level I (PSM I)
- Certified Data Analyst ACDA
- Cisco Certified Network Associate (CCNA)

**Manager Development Trainings**

**Branch Manager Development Program:** Branch Manager Development training programs were held for Bank personnel to be included in the Branch Manager candidate pool. A total of 75 employees participated in the programs that were administered in three groups in 2020. These training efforts were conducted on the Virtual (Live) Class platform during the pandemic.

**Management Workshop:** The Management Workshop program was administered to further develop the competencies of staff who are preparing for the Service Manager position at the headquarters units. During the year, 27 personnel attended the programs held in two groups; a total of 304 hours of training was provided under this effort.

**Service Manager Development Program:**

The Service Manager Development program is designed for employees preparing for the Manager position. The program is a two-month development journey. During this journey, preparatory assignments, and a reading list were suggested to Manager candidates. Subsequently, a five-day Virtual (Live) Classroom training program – consisting of "Team Coaching," "Problem Solving," "Management in the Digital Age" and "Motivation" modules – was administered to the trainees. The development journey included sufficient time for trainees to complete book and video recommendations as well as project assignments. The program was successfully completed with Virtual (Live) Classroom trainings over a five-day period.

**Education Aid Practices**

**Postgraduate Education Aid:** Educational assistance payments were made to 44 staff members who graduated from postgraduate programs in 2020 to encourage the professional and personal development of the Bank's employees.

**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 100 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, Bank employees 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. At the Stevie Awards for Great Employers competition, which recognizes the best practices of the world's leading employers, Albaraka Türk was presented with the Gold Stevie in the category of "Best Training Technology Applications." The Bank won this award with its Virtual Classroom Application on the Albaraka Academy digital training platform, where training and development activities were available during the pandemic 24/7 without interruption.

**Graphics Tablet:** Five graphics tablets were purchased to boost the efficiency of trainings on the Bank's virtual classroom platform. As a result, the virtual classroom whiteboard application was used more effectively by internal and external trainers.

**International Orientation Programs:** In 2020, International Orientation programs were carried out as part of the Bank's training activities. Under the International Orientation programs, participants from international banks and institutions who are visiting Albaraka Türk are given training on the basic principles of participation banking, the responsibilities and processes of various Bank departments, and information on the Bank's products and services. To date, 81 participants in total, including 17 in 2020, have participated in the Bank's International Orientation programs.

**e.Mobile Application:** In 2020, 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. In 2020, 30,322 log-ins were recorded to the Albaraka Academy platform via mobile devices. Thanks to Albaraka Academy's e.Mobile

app, Bank staff can continue their personal development and learning on the road, on the service bus during their commute, at home – in short, anywhere.

**Master's and Doctorate Theses:** 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. In 2020, Albaraka Academy's Thesis section hosted 67 theses in total.

**Online Certification Exams:** During the year, 828 Albaraka Türk employees attended the in-house online certification exams: 333 for the Operations Management Certification Exam and 495 for the Basic/Advanced Participation Banking Certification Exam.

**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:** Various documents uploaded to the Digital Library, where training related documentation and materials are stored online to be accessed from any location at any time, were downloaded 30,243 times in total as of end-2020.

## Our Human Capital

With Compass screen, Albaraka Türk won an award in the category of “Workforce Management with Performance Evaluation” at a competition held by Brandon Hall Group in 2020.

### Sustainability-Based Performance Management

Performance evaluations of branch employees are based on numerical data. By using numerical data in branch staff performance evaluations, in addition to the manager's assessment, objectivity is ensured in this process. This approach fosters the loyalty and trust of employees to the Bank. The Compass screen was developed to measure the performance of branch operations employees over the system and monitor their performance instantly. With this innovation, Albaraka Türk won an award in the category of “Workforce Management with Performance Evaluation” at a competition held by Brandon Hall Group in 2020.

Performance measurement efforts based on numerical data was extended to include headquarters staff during the year. As a first step, a screen was developed to measure and instantly monitor the performance of employees in Headquarters Operations, Allocation and Call Center units with numerical data.

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 Evaluation, the employee is enabled to express his/her opinions about both his/her direct manager and second manager. Business relationship evaluation forms help teams that have business relations with each other to evaluate the service they receive and develop constructive suggestions. Power BI screens were prepared and opened to all headquarters unit managers to view the evaluation results.

Managers are specially trained to spread the culture of providing feedback and increase awareness across the Bank. Before performance evaluations, informational e-mails are sent to managers who will conduct evaluations stating the importance of constructive feedback. At the end of the 2020 performance period, a feedback survey was assigned to all employees who were evaluated on their job performance. The survey aimed to measure the rate at which managers give feedback to their employees and to raise awareness on this issue. The survey results were submitted to the senior management in the Power BI report.

### Career Planning

#### Online Mentorship Project:

Mentorship efforts continued to be conducted at the Bank in 2020. Under the 2020 Mentor Albaraka initiative, experienced Branch Managers (mentors) share their professional knowledge and experience with new Branch Managers (mentees). This effort started out with face-to-face meetings with the participation of 34 mentors and 37 mentees, before moving online due to Covid-19 precautionary measures. 2020 Mentor Albaraka was successfully completed during the year. To boost dissemination of knowledge and experience within the Bank, another mentorship initiative was introduced for Service Manager candidates. This effort is ongoing with the participation of 19 mentors from senior managers and 19 mentees who are Manager Candidates.

**Career Desk Platform:** In 2020, 244 questions were sent to HR business family units and answered via the Career Desk. This platform was launched as a Career and Talent Management Service initiative during the year. Career Desk offers a wide range of benefits, including serving as a new channel and information platform featuring expanded accessibility, acting with the principle of confidentiality, responding to questions in a transparent way, and having access to frequently asked questions by everyone.

Albaraka Türk aims to maximize operational efficiency by using robotics combined with digitalization and artificial intelligence.

**Promotion Processes:** All staff promotion processes at Albaraka Türk for 2020 were completed within the scheduled calendar. During the year, promotion certification trainings and exams were carried out online in compliance with pandemic restrictions.

#### Digital Assessment Center

**Applications:** With Assessment Center applications, the development points of job candidates can be observed objectively, and actions can be taken as needed. In 2020, the Bank conducted its Assessment Center applications online.

**Manager Candidate Pool:** The Bank 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 2020, Manager Candidate Pool activities continued in a performance, potential, and development-oriented way. During the year, 11 Unit Managers and 34 Branch Managers were appointed from the Manager Candidate Pool. Albaraka Türk was presented with the Brandon Hall Excellence award in the category of “Talent Management” in recognition of its Manager Development Program. The Bank was proud that its internal development efforts were recognized with this prestigious award.

**Operations Manager Pool:** The Bank recorded 115 employees in the Operations Manager Pool as of year-end 2020. During the year, 15 Specialists were appointed from the pool as Operations Managers, while 17 Operations Managers were promoted to Second Level Operations Managers.

#### 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. Albaraka Türk aims to maximize operational efficiency by using robotics combined with digitalization and artificial intelligence. With the various improvements in 2020, the Bank started to conduct access and authorization requests on mobile platforms. Albaraka Türk received the Gold prize in the “Excellence in Technology” category for its artificial intelligence applications used in the authorization process at the awards competition held by Brandon Hall Group.

#### 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. In 2020, the External Audit Process was conducted online for the first time. The audit was successfully completed. Based on the audit results, the Bank's ISO 9001:2015 Quality Management System certification was renewed.

#### Document Management System:

As part of document management efforts at the Bank, employees can digitally access the documents they need while performing their transactions. Documents that are updated, newly published or suspended on the digital platform 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 maintained its business continuity during the COVID-19 pandemic process, thanks to the strong occupational health and safety policy it has established.

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:

- The Bank's OHS Council is responsible 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 COVID-19 Security 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.

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. Informative posters and videos-pictures of official and authorized institutions are shared throughout the Headquarters building regarding the pandemic. The current risk analysis has been revised by making a risk assessment regarding COVID-19 and epidemic diseases. Corrective and preventive actions have been taken.

In addition to the measures against the pandemic, the following activities were carried out in 2020 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.

As part of the Occupational Health and Safety activities of the 16 branches opened in the fiscal year 2020, 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. In addition, Headquarters Building Risk Analysis was prepared and precautions were taken for potential risks.

Emergency Activities for Business Continuity

The following activities were carried out in 2020 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 Headquarters and the branches.
- Fire/evacuation drills were conducted at all 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,
- Refresher training through distance education method for the first time in Turkey within the scope of Occupational Health and Safety renewal,
- 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.

In 2020, there were no occupational accidents at the Bank's Headquarters, branches and regional directorates.

Relations with Suppliers

Albaraka Türk provided refresher training through distance education method for the first time in Turkey within the scope of Occupational Health and Safety renewal.

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	291	98.65%
Number of Foreign Firms	4	1.35%
<b>TOTAL</b>	<b>295</b>	<b>100.00%</b>

Effective control mechanisms for supplier companies

Albaraka Türk attaches great importance to suppliers' upholding Albaraka Türk values in all material aspect. 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 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 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.

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



## Our Intellectual Capital

Albaraka Türk strengthens its intellectual capital by developing innovative products and services in conjunction with the fintechs that it supports as part of its digital transformation efforts.



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.

**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 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 2020, Albaraka Türk completely overhauled the hardware and related software in its IT systems infrastructure. The renewed infrastructure was designed and installed in a scale that will allow the Bank to achieve its next five-year targets. The renewal process was carried out without any interruption to ongoing banking services. Albaraka Türk's systems infrastructure revamp is a major success story in the industry.

In terms of product and service development, Albaraka Türk's outstanding projects completed in 2020 include the following:

- With the completion of the first phase of the Card and POS project, the Bank brought all its credit card transactions in-house, reduced supplier dependency, and established the systems infrastructure to deliver faster and better quality service.
- The digital banking infrastructure was strengthened thanks to projects aimed at enabling customers to access the Bank's services without visiting a physical branch. The Web Customer Acquisition project made it possible to become a Bank customer without going to a branch. The Financing at the Dealer project enabled the use of funds without the need to visit a branch location. The Insurance Sales and IPS Transactions from Digital Channels projects facilitated customer access these services from their homes.
- Albaraka Türk completed and activated the integration of the Semosis Notes Payment System and the Cash Simple projects – two of the Bank's most innovative fintech efforts. In addition, the Notaries Union Secure Payment System integration, OYAK Investment and TEFAŞ integration were completed and launched during the year. With the completion of the E-Hypothec project, the Bank moved its hypothec process to an electronic environment.

- The Digital Allocation project is a major effort to improve the Bank's internal processes. The project was completed, making the allocation process faster and more efficient. In addition, the fund extending process was accelerated by completing the XML integration of the Participation Banks Invoice Center.

### Business Excellence and Innovation Department

Other efforts focused on digital transformation by the Albaraka Türk Business Excellence and Innovation Department in the 2020 reporting year included the following:

### SLA-Service Level Agreement/SLA-OLA Process Experience Platform:

Dashboards were developed and implemented to monitor all of Albaraka Türk's direct or indirect operational contact points with the customer on a daily basis. The SLA project is designed to ensure the traceability and measurability of the Bank's operations. This effort aims to boost productivity and improve customer experience in business processes by means of manager dashboards developed in-house. The speed and quality of the service provided by the Albaraka Türk Operations Center are followed by service level agreement (SLA)s. Currently, speed and quality are measured via 947 performance indicators and 315 SLAs. Measurement results are transparently shared with relevant teams and used in the planning of training and development activities. Service level agreements are revised in line with evolving customer expectations and customer centricity. As a result, processes recorded improvements up to 40% in terms of speed and quality.

**Process improvement:** To contribute to the Bank's ongoing digitalization drive and foster a continuous improvement culture, Albaraka Türk took its processes to the next level and delivered better services to customers thanks to adopting Agile Process Improvement and Lean Six Sigma models. The Bank recorded an average of 32% (max. 80%) improvement in the targeted processes.



## Our Intellectual Capital

### Albaraka Türk's Digital Signature Project is expected to save 2,000 trees in the next 10 years.

**Dynamic flow:** With the innovative low code technology approach, Bank processes that do not move forward systematically within the organization – such as e-mail, in-house correspondence, telephonic communications – are transferred to the platform in a fast way. This approach ensures that these processes are systematically monitored and that blocked points can be detected, easily accessed, and reported. With about 350 processes transferred to the low code platform in a short time and followed up, the Bank has reduced transaction times by 250%.

**Workforce management:** Albaraka Türk aims to maximize capacity utilization and eliminate workload imbalances by centralizing its work tasks. Workforce management enables the management of work tasks by systematically grouping processes and people according to their skills. An increase in the speed and quality of work task completion is achieved by:

- Performing the right jobs by the right persons,
- Employing rapid use of additional resources during busy periods,
- Providing instant measurement of capacity utilization rates.

**Biometric signature:** The Digital Signature project, implemented by Albaraka Türk in 2019, digitized manual processes, resulting in cost and time savings. As of 2019, biometric signature of transactions below 20 thousand is conducted at 19 Bank branch locations. With this effort, Albaraka Türk aims to

deliver its customers a more secure, faster, and digital service. The Digital Signature project is also expected to save 2,000 trees over the next 10 years.

**Organizational changes:** New products, new or modified legislation/regulations, evolving demands and intensive changes to business processes require fast action to ensure customer satisfaction. Albaraka Türk established the Ombudsman function to quickly identify these change needs and prevent gray areas. The Ombudsman is a structure that provides solutions by collecting regular feedback from employees via the in-house communication platform and coordinating relevant teams to evaluate the feedback.

The Project Management Office was restructured in a way that better develops and supports skilled and experienced project managers in order to execute the Bank's digital transformation efforts with a more effective and robust supporting organization. The strengthened project management organization aims to:

- Provide more effective support toward reaching the Bank's strategic goals,
- Increase coordination and cooperation between business units,
- Ensure that IT resources are allocated to more efficient projects, and
- Present an effective management process for senior management to make project investments in the right areas.

Albaraka Türk established a new department – Digital Branch Management – with the vision of becoming a digital bank. This unit is responsible for further developing the Bank's remote interaction model with new communication channels created with advanced technologies, especially the call center. Digital Branch Management aims to meet customer needs by providing one-to-one communication without a branch, delivering customer support as well as sales and consultancy services.

In 2020, Albaraka Türk also set up a new business line – Digital Channels and Payment Systems – to operate with end-to-end agile methodology. Affiliates of this business line include the Digital Channels and Payment Systems Development Department, Payment Systems Operations Department and Digital Branch Management Department.

Additionally, the Bank established the Arbitration and Business Excellence Department this reporting year. Affiliated units include the Ombudsman, Process Management and Organizational Development.

During the year, Albaraka Türk set up the Foreign Customers Fund Management function. This unit aims to manage funds and assets with an approach that boosts the satisfaction and loyalty of qualified foreign customers residing abroad or at home. Foreign Customers Fund Management implements policies determined for foreign private banking customers in line with the Bank's goals, promotes private banking products and services effectively and efficiently, and maximizes added value by attracting private banking customers to Albaraka Türk by expanding the variety of product and service offerings.

#### 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

insha Ventures was founded to research, evaluate, test, and implement technologies and applications that will deliver innovative solutions to the meet financial needs of customers via financial technologies.

In August 2020, insha Ventures was established as an affiliate of Albaraka Türk to develop financial technologies. Working many fintechs, insha Ventures offers innovative solutions for the industry.

insha is Europe's first Islamic digital banking service operating within insha Ventures. The service is built

on the systems infrastructure of solarisBank AG, a financial technology company that has obtained the necessary approvals and licenses from the German Central Bank Bundesbank. insha was launched as a platform banking service to provide participation banking services in Europe with a modular structure using solarisBank's banking license. This innovative service aims to deliver a socio-financial solution for Muslims and Turkish citizens in Europe. The insha service includes applications that offer customer onboarding in just eight minutes in the digital environment without going to a branch and that touch the lives of users, not only for financial needs. The Bank delivers a multi-language platform banking service by providing other functionality, such as namaz reminders, prayer room maps, and zakat calculator – features that are increasingly sought by Muslims.

In 2020, insha's user base expanded to more than 40 thousand. During the year, the insha application was completely renewed. A wide range of products and services have joined the insha family. These include InLoyal, a loyalty program that provides discounts, cashback and smart offers to its customers in different retail stores; inBox, a marketplace for products and services of other fintech companies operating in tax, insurance, payment, investment and other areas; and inGold, a platform where users can trade physical gold and other precious metals.

Currently serving customers only in Germany, insha plans to complete its technical and legal implementation in 2021 and operate in France, Austria, Belgium and the Netherlands.

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, SMS, e-mail, and credit card viewing. In 2020, the application recorded a customer base of nearly 20 thousand and a transaction volume of more than 200 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 artificial intelligence-supported easy and fast payment platforms. Alneo consists of one application that will serve as a safe box at the shopkeepers and another that acts as a wallet that the customer can use if s/he desires. In addition to removing materials such as physical POS devices and rolls, Alneo offers installment opportunities for all debit and credit cards.

Serving 17 thousand commercial customers with this innovative technology, Alneo has both facilitated new customer acquisitions and liberated Albaraka's POS structure. In 2020, Alneo performed 85 thousand transactions with a total value of TL 225 million.

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; Semosis, which will move notes transactions to an online platform; Kozmos, a subscription fee and management solution; KimlikBasit, a remote customer acquisition service; and POSBasit, a virtual POS service.

#### Albaraka Kültür Sanat ve Yayıncılık

Albaraka Türk, which carried out important works in the fields of culture, arts and publishing since its establishment, has institutionalized its 35 years of experience and knowledge within the body of Albaraka Kültür Sanat ve Yayıncılık. Albaraka Kültür Sanat ve Yayıncılık 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.

## Our Natural Capital

Albaraka Türk was included in the Istanbul Stock Exchange Sustainability Index for the second time in 2020, and maintained its position as the first and only participation bank included in this index.



Albaraka Türk works jointly with its stakeholders to develop humancentric 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. Aiming to become the leader among participation banks in this subject, Albaraka Türk steadily continues its efforts.

### 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. Albaraka Türk conducts and participates 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 multi-dimensional 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. Albaraka Türk was included in the Istanbul Stock Exchange Sustainability Index for the second time in 2020, and repeated its title as the first and only participation bank included 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.

Albaraka Türk Headquarters Building is the first LEED GOLD certified Bank Headquarters Building in Turkey.

### 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, 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)

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.





Our Natural Capital

Within the scope of CDP studies in 2020, Scope 1&2&3 greenhouse gas emission calculations for 2019 were made and verified.

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

CDP ACHIEVEMENTS

2017	2018	2019	2020
Determination of the calculation method by identifying organizational limits within the scope of greenhouse gas emission calculations	Calculation and verification of Scope 1&2&3 greenhouse gas emission for 2017	Calculation and verification of Scope 1&2&3 greenhouse gas emission for 2018	Calculation and verification of Scope 1&2&3 greenhouse gas emission for 2019
Calculation of Scope 1&2&3 greenhouse gas emission for 2016	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
Responding to the 2017 CDP Climate Change Survey	Calculation and verification of water consumption calculations for 2017	Calculation and verification of water consumption calculations for 2018	Calculation and verification of water consumption calculations for 2019
	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 2018 CDP Water Security Survey	Responding to the 2019 CDP Water Security Survey	Responding to the 2020 CDP Water Security Survey

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:** 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 circulated 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 the 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 to increase the positive effects of daylight on the people working indoors.

- **Water:** In the Head Office, water-saving apparatus were installed in the lavatory faucets, helping reduce water consumption by around 20%. Water efficiency was achieved by adopting 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.

Our Natural Capital

Thanks to successfully executing its digital transformation drive, Albaraka Türk significantly reduced its paper consumption and contributed to the Zero Waste Project in 2020.



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. In 2020, 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 sun beams 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 2020.

New targets within the scope of TCFD

Keeping a close track on 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 to determine the internal carbon price will be completed in the second half of 2021. 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
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

Albaraka Türk’s Water Footprint	
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.

Total Electricity Consumption (joule)	
2020	16.193 MW
2019	16.192 MW
2018	15.503 MW
2017	15.366 MW

Total Paper Consumption (tons)	
2020	125
2019	130
2018	101
2017	93

Head Office Paper Consumption Data:

Sheets: 1,402,036

Trees Cut: 168.24

CO<sub>2</sub> Released: 17,805.9 kg

Branches and Regional Offices:

Sheets: 13,443,769

Trees Cut: 1,613





## Our Social and Relational Capital

Despite the COVID-19 pandemic, Albaraka Türk's total number of customers rose to 757,967 as of the end of 2020.



### 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.

Albaraka Türk carried out many campaigns to gain new customers and penetrate current customers during the 2020 operating period. The Bank strives to touch the lives of its customers in every aspect through activities such as advantageous rates in financing products, raffle campaigns and brand collaborations.

The Bank holds various campaigns to stand by our customers on their special days. In this regard, discounts were offered in places where books were sold for its teacher customers on Teachers' Day.

In 2020, the interface was changed for customer needs in the mobile branch for customers who now use online channels rather than branches. With the digital statement campaign, saplings were planted in Hatay to support the nature after the forest fire, and future paper wastage was prevented.

### 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.

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
Memberships and Platforms	Boasting a high profile on national and international professional platforms, Albaraka Türk continues to bolster its corporate reputation domestically and globally.

## Memberships and Supported Initiatives

Boasting a high profile on national and international professional platforms, Albaraka Türk continues to bolster its corporate reputation domestically and globally.

Memberships	Supported Initiatives
Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)	Borsa Istanbul Sustainability Index
General Council for Islamic Banks and Financial Organizations (CIBAFI)	Carbon Disclosure Project
Institute of International Finance (IIF)	Science Based Targets Initiative
Islamic Financial Services Board (IFSB)	
Participation Banks Association of Turkey (TKBB)	
United Nations Global Compact (Al Baraka Banking Group Membership)	

# Our Social and Relational Capital

## Corporate Social Responsibility

Positioning itself as an exemplary corporate citizen, Albaraka Türk conducts all its activities with social responsibility in mind.

Albaraka Türk Katılım Bankası A.Ş. With the vision of "Being the Best Participation Bank in the World," it has 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 2020 are as follows:

- Bereket Foundation Scholarship Support:** Bereket Foundation provided scholarships to 1,892 students in total in 2020, consisting of 1,807 undergraduate and 85 doctorate students.
- Distance Education Tablet Support:** Tablet support was provided for students who are educated through distance education and in need of tablets.

- Gaza Islamic University PC Laboratory:** A PC laboratory was established at the Gaza Islamic University for the use of visually impaired students.
- Health Supports:** Financial supports were provided for the health problems of persons in need.
- Sapling Planting:** 4,605 saplings were planted on behalf of the Bank employees as part of struggling with forest fires.
- National Solidarity Campaign:** After the mobilization announced by the Presidency, TL 5 million support was provided for the campaign.



### Social Responsibility Club Activities

Activity Date	Subject of the Activity	Number of Volunteers	Number of Persons Supported	Amount of Donation Raised with the Contribution of our Employees
May	Ramadan Card Support	9	725	TL 108,750
August	Clothing Support Campaign	8	532	TL 106,400
September	Stray Animals Aid Campaign	7	-	TL 4,000
October-November-December	A101 Cards (3 Months)	15	68	TL 58,000
November	Izmir Earthquake Aid Campaign	12	100	TL 20,000
December	Tablet Support Campaign	10	103	TL 41,200
Total		61	1,528	TL 338,350

Albaraka Türk sponsored the events below in 2020:

DESCRIPTION
Albaraka Art 2 <sup>nd</sup> Period (January-June)
WBAF 2020
2 <sup>nd</sup> IBF Turk-Arab Business Summit
7 <sup>th</sup> Anatolian Sun Generates Energy
TKBB Sponsorship Participation Fee
8 <sup>th</sup> Islam Economics Workshop
MÜSİAD EXPO



# Looking to the Future

Conducting all its business operations in line with ABC Goals, Albaraka Türk focuses on Employment Generation, Education, Health, Sustainable Energy, Circular Economy, Agriculture and the Global MBA Program as part of its sustainability and corporate social responsibility activities.

A sector standout with its robust capital structure, digital transformation investments and innovative subsidiaries, Albaraka Türk consistently adds value to its stakeholders. Driven by the widespread service network and innovative product portfolio of ABG as well as its solid financial structure, Albaraka Türk operates in line with ABC Objectives (2021-2025). ABG’s focus areas in sustainability and corporate social responsibility activities are as follows:

Employment Generation, Education, Health, Sustainable Energy, Circular Economy, Agriculture and Global MBA Program.

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

- Financing for Healthcare Projects: USD 198 million (Group Target: USD 445 million)
- Donation Goal for Healthcare Projects: USD 275 thousand (Group Target: about 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: about 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)

## Environmental Social Governance and Climate Plan (2021-2023)

	2021												2022												2023														
Main Tasks	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	
ESG																																							
Loan Allocation System Indexing of the Forms and Review System and the Restructuring of the Risk Rating Approval Process																																							
TCFD																																							
Carbon Price Determination																																							
IFRS Base III Creation																																							
SBTs																																							
SBT Model Preparation																																							
Application																																							
NetZero																																							
Target Planning																																							
Evaluation and Public Disclosure																																							

NetZero emissions studies will continue in 2023 and beyond.

GRI Content Index

GRI CONTENT INDEX (CORE)			
<div><div><div><div><div></div><div>GRI</div></div><div>MATERIALITY DISCLOSURES SERVICE</div><div>2021</div></div></div><p>"For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report."</p><p>This report has been prepared in accordance with the GRI Standards: Core option.</p></div>			
GRI Standards	Disclosures	Page Number/Direct Source	Reason of Omission
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
	Organizational Profile		
GRI 102: GENERAL DISCLOSURES 2016	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	

GRI Standards	Disclosures	Page Number/Direct Source	Reason of Omission
GRI 102: GENERAL DISCLOSURES 2016	102-11	Our Sustainability and Social Responsibility Priorities, p. 36-37	
	102-12	UNSDG	
	102-13	Memberships and Represented Platforms, p. 91	
	Strategy		
	102-14	Message from the Management, p. 26-31	
	102-15	Message from the Management, p. 26-31	
	Ethics and Integrity		
	102-16	Our Sustainability and Social Responsibility Priorities, p. 36-37	
	102-17	Our Sustainability and Social Responsibility Priorities, p. 36-37	
	Governance		
	102-18	Our Sustainability Organization; p. 38-39	
	102-19	Our Sustainability Organization; p. 38-39	
	102-20	Our Sustainability Organization; p. 38-39	
	102-21	Our Sustainability Organization; p. 38-39	
	102-22	Our Sustainability Organization; p. 38-39	
	102-23	Our Corporate Governance Approach, p. 40-63	
	102-24	Our Corporate Governance Approach, p. 40-63	
	102-25	Our Corporate Governance Approach, p. 40-63	
	102-26	Our Corporate Governance Approach, p. 40-63	
	102-27	Our Corporate Governance Approach, p. 40-63	



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	102-29	Our Corporate Governance Approach, p. 40-63	
	102-30	Our Corporate Governance Approach, p. 40-63	
	102-31	Our Corporate Governance Approach, p. 40-63	
	102-32	Our Corporate Governance Approach, p. 40-63	
	102-33	Our Corporate Governance Approach, p. 40-63	
	102-34	Our Corporate Governance Approach, p. 40-63	
	102-35	Our Corporate Governance Approach, p. 40-63	
	102-36	Our Corporate Governance Approach, p. 40-63	
	102-37	Our Corporate Governance Approach, p. 40-63	
	102-38	Our Corporate Governance Approach, p. 40-63	
	102-39	Our Corporate Governance Approach, p. 40-63	
	Stakeholder Engagement		
	102-40	Our Social and Relational Capital, p. 90-91	
	102-41	There is no collective bargaining practice within Albaraka Türk.	
	102-42	Our Social and Relational Capital, p. 90-91	
	102-43	Our Social and Relational Capital, p. 90-91	
	102-44	Strategic Sustainability Areas, p. 34-35	

GRI Standards	Disclosures	Page Number/Direct Source	Reason of Omission
GRI 102: GENERAL DISCLOSURES 2016	Reporting		
	102-45	Strategic Sustainability Areas, p. 34-35	
	102-46	Strategic Sustainability Areas, p. 34-35	
	102-47	Strategic Sustainability Areas, p. 34-35	
	102-48	This report contains the information of 2020 reporting period.	
	102-49	This report is the second sustainability report of Albaraka Türk.	
	102-50	01.01.2020-31.12.2020	
	102-51	Report Front Cover	
	102-52	Annual	
	102-53	Strategic Sustainability Areas, p. 34-35	
	102-54	GRI Content Index, p. 96	
	102-55	GRI Content Index, p. 96-103	
	102-56	GRI Content Index, p. 96-103	
GRI 200: ECONOMIC STANDARD SERIES			
Economic Performance			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Strategic Sustainability Areas, p. 34-35	
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	103-3	Strategic Sustainability Areas, p. 34-35	
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Our Financial Capital, Our Manufactured Capital, p. 64-69	

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Indirect Economic Impacts			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Strategic Sustainability Areas, p. 34-35	
	103-2	Strategic Sustainability Areas, p. 34-35	
	103-3	Strategic Sustainability Areas, p. 34-35	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Albaraka Türk's Sustainability Journey, p.16-17	
Procurement Practices			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Strategic Sustainability Areas, p. 34-35	
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GRI 204: PROCUREMENT PRACTICES 2016	204-1	Our Relations with Suppliers, p. 79	
Anti-Corruption Policy			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Strategic Sustainability Areas, p. 34-35	
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GRI 205: ANTI-CORRUPTION 2016	205-1	Effective Mechanisms for Anti-Bribery and Anti-Corruption, p. 62-63	

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Energy			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Strategic Sustainability Areas, p. 34-35	
	103-2	Strategic Sustainability Areas, p. 34-35	
	103-3	Strategic Sustainability Areas, p. 34-35	
GRI 302: ENERGY 2016	302-1	Active Participation in Carbon Disclosure Project (CDP), p. 85	
	302-5	Our Natural Capital, p. 87	
Water			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Strategic Sustainability Areas, p. 34-35	
	103-2	Strategic Sustainability Areas, p. 34-35	
	103-3	Strategic Sustainability Areas, p. 34-35	
GRI 303: WATER 2016	303-1	Our Natural Capital, p. 87	
	303-3	Our Natural Capital, p. 87	
Emissions			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Strategic Sustainability Areas, p. 34-35	
	103-2	Strategic Sustainability Areas, p. 34-35	
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GRI 305: EMISSIONS 2016	305-1	Our Natural Capital, p. 89	



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Compliance with Environmental Regulations			
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	103-2	Strategic Sustainability Areas, p. 34-35	
	103-3	Strategic Sustainability Areas, p. 34-35	
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-2	Our Natural Capital, p. 84-85	
GRI 400: SOCIAL STANDARDS SERIES			
Occupational Health and Safety			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Strategic Sustainability Areas, p. 34-35	
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GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016	403-1	Occupational Health and Safety, p. 78-79	
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Training and Education			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Strategic Sustainability Areas, p. 34-35	
	103-2	Strategic Sustainability Areas, p. 34-35	
	103-3	Strategic Sustainability Areas, p. 34-35	
GRI 404: TRAINING AND EDUCATION 2016	404-1	Our Human Capital, p. 70-77	
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GRI 416: CUSTOMER HEALTH AND SAFETY 2016	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/SSRI9EN.pdf>

# Our Performance towards Sustainable Development Goals

As an institution that supports 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)





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