

Akbank

Sustainability Report 2019

AKBANK

Contents

02	Message from the Chairperson
04	Message from the CEO
08	Our sustainability journey from past to present
14	About Akbank
26	About the report
30	Our approach to sustainability
40	Corporate governance at Akbank
46	Risk management and legal compliance
58	Value added to our customers
74	Our outstanding talent
90	Our operations and the environment
96	Our contribution to society
104	Global Reporting Initiative (GRI) Content Index
109	Women's Empowerment Principles (WEPS) Progress Report and GRI Content Relation
110	United Nations Global Compact (UNGC) Index
111	United Nations Sustainable Development Goals and Akbank
112	Contact details

Message from the Chairperson

In 2019, Akbank once again recorded significant achievements domestically and globally, while achieving sustainable results.



Esteemed Stakeholders,

As a banking institution that believes in Turkey's future, Akbank focuses on creating sustainable value for its country and economy. Our investments have always reflected this approach, since the day our Bank was founded. In 2019, a year marked by a series of both regional and global challenges, Akbank funded numerous investments and projects to support the stable and steady growth of Turkey's economy, remaining true to its long-standing priority.

In addition to its support for Turkey's economic growth and development, Akbank initiates various arts and culture projects, supports artists, and brings art to the wider public. With these efforts, we aim to support and further modernize social development. We are committed to achieving this objective with our long-term arts and culture related initiatives.

Akbank Art Center – founded to support Turkish contemporary art while providing society with a glimpse into art movements around the world – is celebrating its 26th year. Akbank Children's Theater, Turkey's oldest theater of its kind, turned 46 in 2019. Bringing together young Turkish and international film makers, Akbank Short Film Festival serves as an effective platform for short films in Turkey and supports the expression of new ideas. The popular festival has contributed to the culture of short films for the past 15 years. Akbank has provided support to Contemporary Istanbul, a prominent art platform for an ever evolving and extensive geographic area, for the past 14 years. Along with the diverse range of events organized under Akbank Art Center, Akbank Jazz Festival has enthralled and entertained audiences for 29 years.

Akbank prioritizes education in general, and finance education in particular. We are a co-sponsor of the Center of Excellence in Finance (CEF) under the umbrella of Sabancı University. Since 2016, the Center has brought together academics, financial market players and investors to transform basic financial theories into real-life applications. CEF is a standout with its certification programs and seminars as well as its research reports.

We actively support innovative ideas and forward-looking initiatives. Akbank provides promising entrepreneurs with access to financing and paves the way for their contributions to Turkey's social and economic development. We understand that economic growth is sustainable only if we invest in creativity and innovation. With this perspective, we founded Akbank LAB, which helps us track local and global developments and build new partnerships based on our innovative corporate vision. Akbank also embraces innovative ways to foster entrepreneurial activity. As a sponsor of Endeavor Turkey since its founding, Akbank co-runs free-of-charge courses as part of CaseCampus Young Entrepreneurs and StartUpCampus Young Entrepreneurs programs. These efforts support the country's youth to become entrepreneurs.

Boasting strong financials and a team of highly trained professionals, Akbank consistently achieves competitive and sustainable results. We record significant achievements in Turkey and around the world. We conduct our business operations in light of our environmental and social responsibilities.

We follow the Principles of Global Reporting Initiative (GRI) in the Akbank Sustainability Report and Akbank Carbon Disclosure Report. With these efforts, we disclose our sustainability-related activities to all our stakeholders each year.

Akbank is also a signatory to the Women's Empowerment Principles, a United Nations initiative for the private sector that aims to empower women to participate in all aspects of economic activity. Our human resources approach, which is based on "equal opportunity for all," has conformed to this global platform.

As the first Turkish bank to have signed the UN Global Compact, we extend full support to UN Sustainable Development Goals to address and resolve pressing issues facing the world by 2030.

Akbank will continue to focus on sustainability in all its activities. I would like to thank our stakeholders for encouraging and supporting us in our sustainability efforts.



SUZAN SABANCI DINÇER
Chairperson of
the Board of Directors

Message from the CEO

Akbank's digital banking efforts, which are widely cited as exemplary both in Turkey and around the world, continue to move forward.



In recognition of its excellence in digitalization in 2019, Akbank was honored to receive the “World’s Best Digital Bank” award from Euromoney, a prestigious global financial publication.

Esteemed Stakeholders,

In 2019, the world economy was rocked by volatility due to ongoing US-China trade wars and uncertainties surrounding Brexit. A general slowdown in economic activity was a topic covered by IMF and OECD in consecutive reports.

Turkey’s economy, however, began its recovery, especially in the second half of the year. The country made significant progress in reducing its current account deficit. Lending started to surge in parallel with CBRT’s cut in policy interest rates and lower credit costs. Effective economic management and a robust banking industry also supported this uptrend in recovery.

At Akbank, we are committed to supporting Turkey’s economic growth and creating value for all stakeholders – our guiding principle from day one. In 2019, Akbank’s support to the Turkish economy increased to TL 269 billion, including cash loans totaling TL 227 billion. SME, commercial and corporate cash, and non-cash lending amounted to TL 223 billion for the year.

Akbank reported consolidated net profit of TL 5.352 billion for fiscal year 2019, after provisioning TL 1.574 billion for taxes.

We are not singularly focused on our financial and operational performance. At Akbank, we closely monitor global trends and

developments. We realize that digitalization is the driving force behind innovation in every aspect of the economy. As one of Turkey’s most well-established banking institutions, Akbank is taking major steps toward digital transformation.

Our digital banking efforts, which are widely cited as exemplary both in Turkey and internationally, continue to move forward. We aim to provide our customers with the banking experience of the future. Akbank Innovation Center (Akbank LAB) was established as the Bank’s “Digital Transformation Hub.” As a result, Akbank LAB is where we incorporate our digital transformation journey into all our business areas and continuously improve our product and service quality.

Akbank appeals to a broad customer base with its nationwide branch network and diversified digital channels. We are working to further diversify our digital banking services each passing day. Our aim is to allow customers to apply for and obtain loans without having to visit a physical branch.

In recognition of its excellence in digitalization in 2019, Akbank was honored to receive the “World’s Best Digital Bank” award from Euromoney, a prestigious global financial publication.

Message from the CEO

Along with our solid financial structure, our talented team drive us forward.. As a result, people at Akbank is at the core of the Bank's transformation efforts.

Akbank prioritizes funding for projects that improve environmental conditions, such as investments in renewables.

Since its founding, Akbank has focused on creating sustainable value for our home country. We have always invested in Turkey's future. Akbank was the first Turkish bank to have signed the UN Global Compact in 2007. We closely monitor the laws and regulations on renewable energy and energy efficiency in Turkey. In addition, we are developing climate-friendly products and services in line with our commitment to legal compliance.

Akbank prioritizes extending funds to projects that improve environmental conditions. These include renewable energy investments, waste recycling investments, carbon emission reduction, and efficiency-boosting investments.

We care about the environmental and social impact of the projects we finance. In line with the sustainable finance declaration of UN Global Compact Turkey that it signed, Akbank reduced the threshold of Environmental and Social Impact Assessment (ESIA) to USD 50 million in 2017, USD 20 million in 2018, and USD 10 million at year-end 2019.

Akbank had the environmental and social impact of its extended funds measured thanks to an independent consulting process launched for the projects under ESIA. Working with independent third-party consultants, we formulated plans and procedures to assess the environmental and social impact of these projects and devised ways to minimize them.

Along with our solid financial structure, our talented team drive us forward.. As a result, people at Akbank is at the core of the Bank's transformation efforts. We understand that success in shaping the future is possible only with capable human resources and a strong corporate culture. This is why we renamed the Human Resources function as People and Culture in 2019. We firmly believe in fostering human resources who produce, develop and utilize technology as well as a corporate culture that enables it and encourages continuous development.

In 2019, our ongoing training and development programs helped prepare Akbank staff for the future. Thanks to Akbank's investment in training, 36 hours of training

Working hand in hand with Turkey's most qualified banking professionals, Akbank will continue to undertake projects aimed at the future of our society and country.

was provided per employee as of year-end 2019. Some 30% of total staff training time was delivered online during the year. In addition, we engaged in clear and effective communications with each and every employee on their career development during career talks.

Akbank organizes the "Challenge Yourself" Innovation Contest among staff members each year to encourage innovative thinking in the workplace. The goal is to make innovation a key part of Akbank's corporate culture.

Meanwhile, Akbank LAB works to raise awareness and enhance know-how on innovation, Various activities are conducted to boost the Bank's innovation culture in close cooperation with the People and Culture and Corporate Communication Departments.

In 2015, Akbank launched CaseCampus BootCamp, its entrepreneurship program, in collaboration with Endeavor Turkey. Some 75 young entrepreneurs participated in the program in 2019. Guided by the principle that "No training is as instructive as a case study," CaseCampus offers participants innovative training and learning opportunities with real-life stories from Turkey's leading entrepreneurs.

The Center of Excellence in Finance (CEF) – co-founded by Akbank and Sabancı University, one of Turkey's leading universities – aims to contribute to the principles of financial training. CEF's diverse range of activities generated significant interest once again in

2019. Bringing together academics, financial market players and investors, the Center works to transform basic financial research into real-life applications. CEF serves as a bridge between academia, the finance sector, policy makers and the real economy. The Center conducted certification programs and seminars throughout the year and regularly published major research reports.

In June, CEF held its third conference, "The Future of Financial Markets," at Sabancı Center with the participation of leading figures from finance and the economy. Close to 500 people attended the conference, where experts from the business world and academia shared their opinions and experiences.

Akbank strives to support and strengthen Turkey's sustainable growth. Working hand in hand with Turkey's most qualified banking professionals, Akbank will continue to undertake projects aimed at the future of our society and country. I would like to thank our customers, our shareholders and our employees for moving us forward, encouraging us to do our best, and making it possible for us to achieve many great accomplishments together.

Yours sincerely,



HAKAN BINBAŞGIL
CEO

Our sustainability journey from past to present

We continue to take firm steps and embrace the future in our continuous corporate development.

Established in 1948 in the city of Adana to finance cotton producers in the region.

CONTINUOUS CORPORATE DEVELOPMENT OF AKBANK

1948

- Established in 1948 in the city of Adana to finance cotton producers in the region.

1950

- First branch in Istanbul opened in Sirkeci.

1954

- Akbank Head Office moved to Istanbul.

1963

- Automation of all banking operations.

1964

- First representative office opened in Germany to transfer Turkish workers' remittances to Turkey.

1981

- All banking operations computerized and online transactions started.

1990

- Akbank shares offered to the public.

1996

- AkSecurities established.
- Investor Relations Group established to manage relations with shareholders.

1998

- With a secondary public offering, Akbank shares started trading in international markets as an American Depository Receipt (ADR).
- Akbank Representative Office in Frankfurt transformed into a branch.

1999

- Akbank Internet Banking started.

2000

- Ak-Portfolio Management and Private Banking Business Units established.
- Akbank Malta branch opened.

2001

- Akbank N.V. was established in the Netherlands.
- Akbank Call Center started operations.

2005

- Akbank became the first bank to repurchase its founders' shares.
- AkLease incorporated.

We won the “World’s Best Digital Bank” award granted by Euromoney, a prestigious finance magazine worldwide, in 2019.

2009

- Akbank International Advisory Board established.
- Akbank (Dubai) Limited as the first Turkish bank office established in Dubai International Finance Center.

2010

- Akbank Banking Center came into service with a capacity of approximately 5,000 people.

2011

- “Send Money” and “Pay Mobile” - the first service of its kind in Europe - facilitated customers’ access to financial services.

2012

- The “Akbank Direkt” brand that combines the Internet and Mobile Banking services launched.
- Akbank N.V. in the Netherlands ceased operations and merged with our 100% subsidiary in Germany: Akbank AG.

2014

- Akbank was chosen as one of only 15 companies to be included in the BIST Sustainability Index within Borsa Istanbul.

2015

- The Akbank 2014 Sustainability Report prepared in accordance with the GRI G4 “Comprehensive” Reporting Principles.
- The first version of our Investor Relations app, launched in January 2016, was completed for the iOS operating system in December 2015.

2016

- The Akbank Investor Relations website and sustainability website became available for stakeholders’ access.

2017

- We continued to offer solutions that address customer needs exclusively through the mobile channel - from loans for making the lives of SMEs easier to offerings for member merchants.
- Akbank secured a USD 1.2 billion syndicated loan in an effort to support Turkey’s real sector.
- Akbank began using block chain technology in overseas money transfers.
- The foundations of the Akbank Data and Life Center were laid - Akbank’s largest one-off investment totaling USD 250 million.

2018

- Akbank decided to increase its share premium in December 2018. As a result of this transaction completed in early 2019, we increased shareholders’ equity by TL 3 billion, of which TL 1.2 billion was in the form of a rights issue.
- Akbank’s syndicated loan of September 2018 exceeded the target value and was renewed by 104%, thus injecting USD 980 million of fresh funding into the Turkish economy.
- On our 70th anniversary, we launched a transformation project to serve as a guiding light for the Turkish banking sector, and launched a new business model.

2019

- We received the “World’s Best Digital Bank” award granted by Euromoney, a prestigious finance magazine worldwide.

Our sustainability journey from past to present

We continued to crown our journey of sustainable success with new initiatives in the 2019 operating period.

TIMELINE OF OUR SUSTAINABILITY INITIATIVES

- 2000**
- Akbank obtained the Information Technologies ISO 9001 Quality Certification.
- 2003**
- Akbank became the first bank to disclose its dividend policy to the public - an indicator of the value we attribute to shareholders.
 - Akbank became the first bank to publish its Corporate Governance Principles in the annual report.
- 2004**
- Became the first bank to publish Corporate Governance Principles on its website.
- 2005**
- Akbank became the sponsor of the "Make a Wish" foundation, established to fulfill the wishes of children aged 3-18, fighting against life-threatening diseases.
- 2007**
- Became the first Turkish bank to sign the UN Global Compact.
 - Started cooperation with Endeavor - an international non-governmental organization aimed at contributing to economic development by supporting active entrepreneurs in developing countries.
- 2008**
- Akbank established "Akbank Thinking Club" with the aim of thinking together with the youth and co-creating values for the future of Turkey.
- 2009**
- The Corporate Governance and Social Responsibility Committee (CGSRC) established under the Board of Directors.
 - Main sponsor of Women's Development Center "BiZ," established by KAGİDER (Women Entrepreneurs Association of Turkey) with the aim of bringing women together to help them increase their individual productivity.
- 2010**
- Became the first Turkish bank to publish UN Global Compact Communication on Progress Report.
- 2010 and 2011**
- Drew attention to environmental transparency by supporting the implementation of the Carbon Disclosure Project (CDP) in Turkey.
 - Became the first Turkish deposit bank to publish a Sustainability Report in accordance with GRI standards.
 - Became the first and only Turkish institution to be included in CDP 2010 - Global 500 reporting and received scores that carry the Bank to the "World Sector Leaders" category.
 - Akbank Energy-Friendly Loan was launched, as a result of the value we place on environmental sustainability.
 - A loan pool with favorable terms was launched for entrepreneurs selected by Endeavor Turkey.
 - Supported the "Before They Disappear" project implemented in Turkey in cooperation with the Regional Environment Center (REC) to draw attention to regions at risk due to climate change.
- 2010 and 2011**
- Signed the Cancun and Durban Communiqués prepared prior to the United Nations 2010 and 2011 Climate Change Summits.

2011

- Akbank Volunteers System launched with the unwavering support of our employees.
- Akbank supported the Global Student Entrepreneurs Awards.
- We started delivering Sustainability Approach courses to our employees.

2012

- Akbank became one of first companies in the world to sign the “Carbon Price Communiqué” prepared by The Prince of Wales’s Corporate Leaders Group on Climate Change (CLG) to draw attention to the need to develop a clear and transparent pricing policy for carbon emissions.
- To combat the savings deficit, which is an important barrier against the development of Turkey, Akbank initiated a social responsibility program named “Savings Campaign” to complement its banking products and services.

2013

- Akbank consolidated its services for artisans under the “Craftsmen Fraternity” concept. The “Pay When You Can Loan,” the first product unveiled under this concept, provided artisans with the flexibility of making loan payments according to their income streams.

2014

- Under the “Craftsmen Fraternity” concept, Akbank continued to deliver exclusive products and services for craftsmen customers. These special offerings include Axxess SME, “Pay as You Wish Craftsmen,” complimentary tablet in return for POS turnover commitment, TESK (Confederation of Turkish Tradesmen and Craftsmen) cooperation agreement, Craftsmen Internship, and Craftsmen Festival.

2015

- Akbank became a signatory to the Pledge for Action, which allows non-party stakeholders to welcome the Paris Agreement on climate change and commit to implement the new roadmap circulated at the COP21 Conference of Parties in Paris.
- Under the “Good State of the City” initiative, Akbank carried out more than 30 volunteering projects in wide-ranging issues, from shore clean-up and education to animal rights and health, in 26 provinces with the participation of university students.
- Akbank launched the CaseCampus project in partnership with worldwide-recognized Endeavor for young people who aspire to become entrepreneurs.
- Akbank initiated efforts to establish the Center of Excellence in Finance (CEF), an important initiative in the field of education, as a joint venture with Sabancı University.

2016

- Akbank conducted the “Keys to Sustainable Success for Family-Owned Businesses” study in conjunction with Sabancı University, Deloitte, and the Family Business Association of Turkey (TAİDER).
- The CaseCampus Program, a joint venture of Akbank and Endeavor launched for young people who want to start their own businesses, celebrated its first graduates
- Akbank and Endeavor launched the “Smartstartup Cities” Initiative to foster the entrepreneurship ecosystem in Ankara and Izmir.
- The Center of Excellence in Finance (CEF), a significant venture in the education-training

space, commenced operation as a partnership of Akbank and Sabancı University.

- The “Good State of the City” project expanded its scope in 2016 thanks to new partnerships with civil society organizations and a larger number of university student participants.

2017

- Akbank began operations at Akbank LAB to start the Future of Banking from today.
- Akbank broke ground for the Akbank Data and Life Center that will house high-tech operations and social facilities. Akbank launched the “Branch Transformation Project” geared toward strengthening its service infrastructure.

2018

- As part of its digital transformation, Akbank published its Digital Confidence Principles.
- Along with the UN Global Compact working group, Akbank participated in updating the Sustainable Financing Declaration, which had been signed in 2017.

2019

- We reduced the threshold for the Environmental and Social Impact Assessment to USD 20 million in compliance with the UN Global Compact Turkey’s sustainable financing declaration which we signed.

2020

- In an effort to manage the impact of the projects we finance more effectively, we reduced the threshold for the Environmental and Social Impact Assessment to USD 10 million.

Our sustainability journey from past to present

As we do in every field, we continue creating value in culture & art for Turkey.

TIMELINE OF OUR CULTURE & ART INITIATIVES

- 1972**
➤ Akbank Children's Theatre started performances.
- 1991**
➤ Akbank Jazz Festival started with the aim of creating a well-established musical culture in Turkey, by bringing the world's most famous jazz performers together with mass audiences.
- 1993**
➤ We established Akbank Art Center.
- 1998-2000**
➤ We paved the way for the Ottoman Calligraphy Exhibition "Golden Letters," containing numerous valuable works, to be exhibited in New York's Metropolitan Museum of Art, Los Angeles County Museum of Art, and Paris's Louvre.
- 2003**
➤ Akbank Art Center was restructured towards contemporary art and accelerated the artistic dynamics of our country by drawing attention to the local and international qualities of the art with its exhibitions.
- 2003-2007**
➤ Became the sponsor of Rock'n Coke Festival where world-famous rock stars meet the youth.
- 2004**
➤ Akbank Short Film Festival was initiated.
➤ Akbank became the main supporter of International Istanbul Film Festival.
- 2006**
➤ Rodin's works were exhibited at Sakıp Sabancı Museum with the support from Akbank.
- 2007**
➤ As sponsor of the modern and contemporary art event "Contemporary Istanbul," Akbank contributed to the realization of Turkey's most important contemporary art fair.
- 2008**
➤ With Akbank as the sponsor, art fans had the opportunity to see the works of Salvador Dali - one of the most important artists of the surrealism movement - at Sakıp Sabancı Museum. The exhibition was the largest Salvador Dali exhibition outside Spain.
➤ Akbank Children's Theatre boarded Hürriyet Newspaper's "Human Rights Train" to once again carry the excitement and beauty of theatre to 45 cities in Turkey.
➤ Rock legend Metallica came to Turkey with the sponsorship of Akbank and 37 thousand fans had the opportunity to watch the band live on stage.

In 2019, we launched the “Digital Art on Campus” initiative, which aims to bring digital art to campuses and introduce university students to new media that has rapidly developed in recent years.

2009

- Latin Rock legend Carlos Santana gave a concert in Istanbul with the sponsorship of Wings.

2010

- Around 75 thousand people participated in the Sonisphere Festival that brought world-famous heavy metal bands with the sponsorship of our exi26 brand.

2011

- Akbank became the prominent supporter of the Turkish National Youth Philharmonic Orchestra.
- Akbank sponsored the “Cirque Du Soleil-Saltimbanco” show.

2012

- Akbank Children’s Theatre celebrated its 40th anniversary by performing the first musical version of the Oscar-winning animation “Shrek” in Turkish.

2013

- As part of its 65th anniversary festivities, Akbank sponsored the first comprehensive exhibition in Turkey of the leading international artist Anish Kapoor.

2014

- Akbank Children’s Theatre reached 6,500 elementary school children during an Anatolia Tour that spanned six provinces with a new play, “Family Tree,” which communicates the importance of savings.

2015

- Akbank partnered with Sakıp Sabancı Museum to bring the “Zero: Countdown to the Future” exhibition to art enthusiasts in Turkey.

- The “Louise Bourgeois: Larger than Life” exhibit, featuring works of one of the most influential artists of the 20th century, was presented to Turkish art lovers with the support of Akbank.

2016

- Akbank Children’s Theatre began to stage Jules Verne’s world famous children’s literature classic “Around the World in 80 Days,” theatrically adapted by Toby Hulse and co-directed by Owen Clavert-Lyons and Lerzan Pamir. The play was staged 22 times by the end of December.

2017

- Ai Weiwei, one of the most famous representatives of contemporary art, met with art enthusiasts for the first time in Turkey with the “Ai Weiwei on Porcelain” Exhibit thanks to the cooperation between Akbank and Sakıp Sabancı Museum.
- Akbank Children’s Theatre, celebrating its 45th anniversary, began staging “Gorilla,” a play written by Anthony Browne and adapted to the stage by Rachel Barnett, in partnership with the London Polka Theatre.

2018

- We celebrated the 25th anniversary of Akbank Art Center, which supports the development of contemporary art in Turkey and hosts international projects in many artistic fields.

2019

- We launched the “Digital Art on Campus” initiative, which aims to bring digital art to campuses and introduce university students to new media that has rapidly developed in recent years.

About Akbank



Akbank in brief

As one of Turkey's most well-established banking institutions, Akbank is rapidly moving toward digital transformation.

Akbank's advanced technology, coupled with its products and human-centered approach, makes a difference in the sector. The Bank strives to create a sustainable future for its employees, customers and society.

Akbank is committed to creating value for its stakeholders and Turkey. We conduct activities to support Turkey's economic growth – a core objective of the Bank since its founding.

We develop innovative products and services to make Akbank customers' lives easier. We aim to earn their trust and confidence. Akbank wants customers to know that it will stand by them whenever they need. Akbank's advanced technology, coupled with its products and human-centered approach, makes a difference in the sector. The Bank strives to create a sustainable future for its employees, customers and society. Environmental, social and governance (ESG) issues are an indispensable part of our principles and policies that guide our way of doing business.

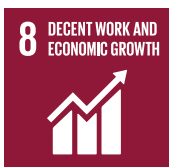
We stand out with our experience in core banking services.

Akbank's core business is banking activities. These include corporate banking, investment banking, commercial banking, retail banking, payment systems, treasury transactions, private banking, investment services and

international banking services. In addition to conventional banking activities, the Bank also conducts insurance agency operations through its branches, on behalf of Ak Insurance and AvivaSA Pensions and Life Insurance.

With a strong and extensive domestic distribution network of 770 branches staffed by more than 12 thousand employees, Akbank operates from its headquarters in Istanbul and 21 regional directorates across Turkey. In addition to providing services at branches, its traditional distribution channel, Akbank also serves around 18 million customers via Akbank Internet, Akbank Mobile, the Call Center, around 5,100 ATMs and more than 600 thousand POS terminals (including virtual POS).

Bringing the future of banking to today with its technology investments, Akbank executed a new transformation project that will guide the industry. With its reliable, dynamic, lean, innovative, and people-centric approach, Akbank has delivered its customers a wide variety of technological innovations. First implementing this new banking model in 2018, the Bank expanded it to 314 branch-offices in 2019.



Akbank in brief

Akbank, the pioneer of digital banking in Turkey, offers tailored solutions to its customers to meet their financial needs at the most convenient locations, ensuring an excellent customer experience.



12 thousand +

Akbank staff

We provide customers with a special banking experience.

Akbank, the pioneer of digital banking in Turkey, offers its customers tailored solutions to meet their financial needs at the most convenient locations, ensuring an excellent customer experience.



~18 million

Customers

Today's world is characterized by fast-advancing technology and increasingly demanding customers. Akbank Internet and Akbank Mobile strive to satisfy customer needs without time or location limitations while pioneering technological innovations both in the sector and in Turkey. Akbank also redesigned Akbank Mobile in 2019 as part of the "New Generation Akbank" initiative to allow its customers to experience the future of banking.

Akbank continued to win significant awards in 2019 – a period when pro-cyclical developments around the world exerted pressure on banks. During the year, Euromoney presented us with the "World's Best Digital Bank" award, a major accomplishment for both Turkey and the banking industry.

Since 2009, we have kept our stakeholders informed via our annual Sustainability Report.

Alongside its financial performance, Akbank understands that its ethical, environmental, social and economic priorities will also move the Bank forward into the future. We are extremely proud to have been the first Turkish bank to sign the UN Global Compact in 2007. In addition, we ranked among the first banks to sign the Sustainable Financing Declaration of Global Compact Turkey in 2017.

We have disclosed our efforts in this area to our stakeholders every year via Akbank Sustainability Report (in conformity with Global Reporting Initiative) since 2009 and in the Akbank Carbon Disclosure Report (as per Carbon Disclosure Project) since 2012.

We introduce art to the broader public with culture and art initiatives.

Aiming to expand creativity and critical evaluation, Akbank has introduced art to a mass audience with a wide range of culture-art initiatives over the years. We think



770

Branches*

* Exclusive of the Malta Branch.



~5,100

ATMs



~6.5 million

Credit Cards



~8,1 million

Credit Cards



~600 thousand

POS

that independent and original ideas inspire improvement in diverse areas of society. We believe that courageous entrepreneurs, the pioneers of innovation, will significantly contribute to Turkey's social and economic development with the opportunities they create. We strive to facilitate access to the right guidance and support that entrepreneurs need. We place immense importance on education and training. In particular, to reach the highest quality level in financial management, we design comprehensive training programs with experts in this key area. We encourage Akbank employees to participate in all these various initiatives and endeavors as volunteers. Akbank aims to add enduring, long-term value to the lives of more people via these shared experiences and efforts.

We create sustainable value for Turkey.

We conduct our business operations to create sustainable value for Turkey's economy. In 2019, Akbank's support to the Turkish economy increased to TL 269 billion, including cash loans totaling TL 227 billion. SME, commercial and corporate cash, and non-cash lending amounted to TL 223 billion for the year. During a year marked by global and domestic market fluctuations, we successfully protected our asset quality. In addition, we expended efforts to calculate and report risk via effective and prudent risk management. During the year, Akbank closely monitored financial and economic developments in local and global markets. We also improved our existing practices by closely tracking developments in international risk management, such as the IFRS 9 standard, Basel principles and other international regulations.

Capitalizing on its solid financials, corporate culture that focuses on design and welcomes change, advanced technology infrastructure and forward-looking perspective, Akbank remains committed to adding value to Turkey and society.

Our values

We are built upon your trust.

We exist because of our customers.

We do what's right.

We stand out through innovation.

We give back.

Our vision

To be the leading bank that drives Turkey into the future

Our mission

Creating significant, long-lasting value for our stakeholders with innovative financial solutions and reliability

Strong foundations

- ↗ Strong, local majority shareholder
- ↗ Solid capital structure
- ↗ Highly-qualified team
- ↗ Prudent risk management and robust asset quality
- ↗ Proactive ALM and strong liquidity
- ↗ Favorable cost base and high efficiency
- ↗ Stable and broad-based funding mix
- ↗ Well-diversified and sustainable revenue generation
- ↗ Innovative initiatives that herald the future of banking

Strategic goals

- ↗ Being the best bank in Turkey in terms of customer experience and satisfaction
- ↗ Maintaining strong asset quality through efficient risk management
- ↗ Preserving our competitive cost structure
- ↗ Ensuring a superior customer experience in all channels
- ↗ Enhancing customer value through innovative solutions
- ↗ Building the future of banking by investing in people, technology, and advanced analytics

Our profitability centered financial results

We strive to establish the banking of future in Turkey today.

Owing to our diversified products and services that address customers' changing needs and expectations, we maintained our strong balance sheet and continued creating value for Turkey in 2019.

In addition to our physical service infrastructure composed of 770 branches across Turkey, our diversified products and services that address customers' changing needs and expectations helped us maintain our strong balance sheet and create value for Turkey in 2019.

Organizing our operations under the Corporate and Investment Banking, Commercial Banking, Retail Banking, Private Banking, Investment Services, and Consumer Banking core business lines, we continue our trend-setting digital banking efforts in Turkey to establish the banking experience of the future for our customers.

Our key financial indicators (TL million)	2017	2018	2019
Total Assets	341,610	354,682	387,172
Total Loans	209,478	213,937	226,776
Total Deposits	201,456	208,630	244,712
Funds Borrowed	33,627	43,650	34,835
Total Shareholders' Equity	40,614	43,787	54,362
Net Profit	6,020	5,709	5,352
Return on Equity (ROE) (%)	16.2	13.6	10.9
Capital Adequacy Ratio (CAR) (%)	15.8	16.8	19.7
Market Capitalization (USD million)			7,100

The economic value we generate is multiplied through stakeholder participation.

We believe that the economic and social value we generate with our banking activities will be multiplied through stakeholder participation. Akbank generated TL 12,236 million worth of economic value as of end-2019, up 18% year-on-year, thanks to the payments we made to employees, community investments, the government, investors and suppliers as well as the distribution of the economic value generated by Akbank in cooperation with various stakeholder groups.

Economic Value Generated and Distributed (TL Million)	2017	2018	2019
Direct Economic Value Generated	27,695	39,877	41,843
a) Revenues	27,695	39,877	41,843
Economic Value Distributed	21,253	29,499	29,607
b) Operating Costs	2,716	3,331	3,891
c) Employee Wages and Other Benefits	1,969	2,261	2,758
d) Payments to Investors and Funders	14,719	22,573	20,894
e) Payments to the Government	1,834	1,322	2,052
f) Community Investments	16	12	13
Economic Value Retained	6,289	10,378	12,236

a) Gross revenues in the Bank's income statement are taken into consideration (interest income, fees and commissions obtained, dividend income, commercial profit-loss and other income).

b) Covers all operating costs of the Bank, excluding personnel expenses.

c) Covers employee wages, bonuses, and all payments made to the government on behalf of employees.

d) Covers dividends distributed to investors and all interest expenses of the Bank in the given year.

e) Covers all taxes paid to the government.

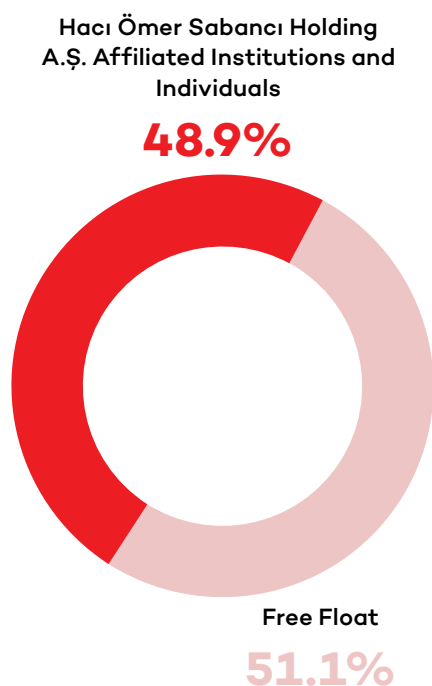
f) Covers donations to charities and expenses for various culture & art events.

Note 1: Provisions for non-performing loans are included in the calculation of the Economic Value Retained.

Note 2: This table is based on Akbank's consolidated financial statements. Therefore, these figures also include consolidated subsidiaries.

Our robust shareholding structure

We tap into our robust shareholding structure in introducing customers to innovative banking solutions.



Founded on January 30, 1948 as a private-capital commercial bank, Akbank took innovative steps toward achieving its corporate objectives in 2019, when it celebrated its 71st anniversary, powered by its robust shareholding structure. Back in 2011, Akbank stock traded on Borsa Istanbul (BIST) with a free float ratio of 31%. Citigroup Inc. announced its decision to focus on its core business activities and exit minority interests in other companies due to ongoing capital planning initiatives. Citigroup finalized the sale of its stake in Akbank – corresponding to 9.9% of the Bank’s share capital – to a large number of potential buyers that were predetermined via an accelerated equity offering in March 2015. Prior to that, Citigroup Inc. had divested a stake corresponding to 10.1% of Akbank’s share capital in May 2012. After these Citigroup share sales, Akbank’s free float ratio stands at 51.2%.

Information regarding Akbank’s operations and detailed financial performance in 2019 can be found in the Akbank 2019 Annual Report available at the following address: www.akbankinvestorrelations.com/en/images/pdf/2019_akbank_annual_report.pdf

Akbank’s Level 1 American Depository Receipts continued to be traded on the OTC market in the US in 2019. Our shareholding structure as of December 31, 2019 is presented in the table below.

Our subsidiaries*

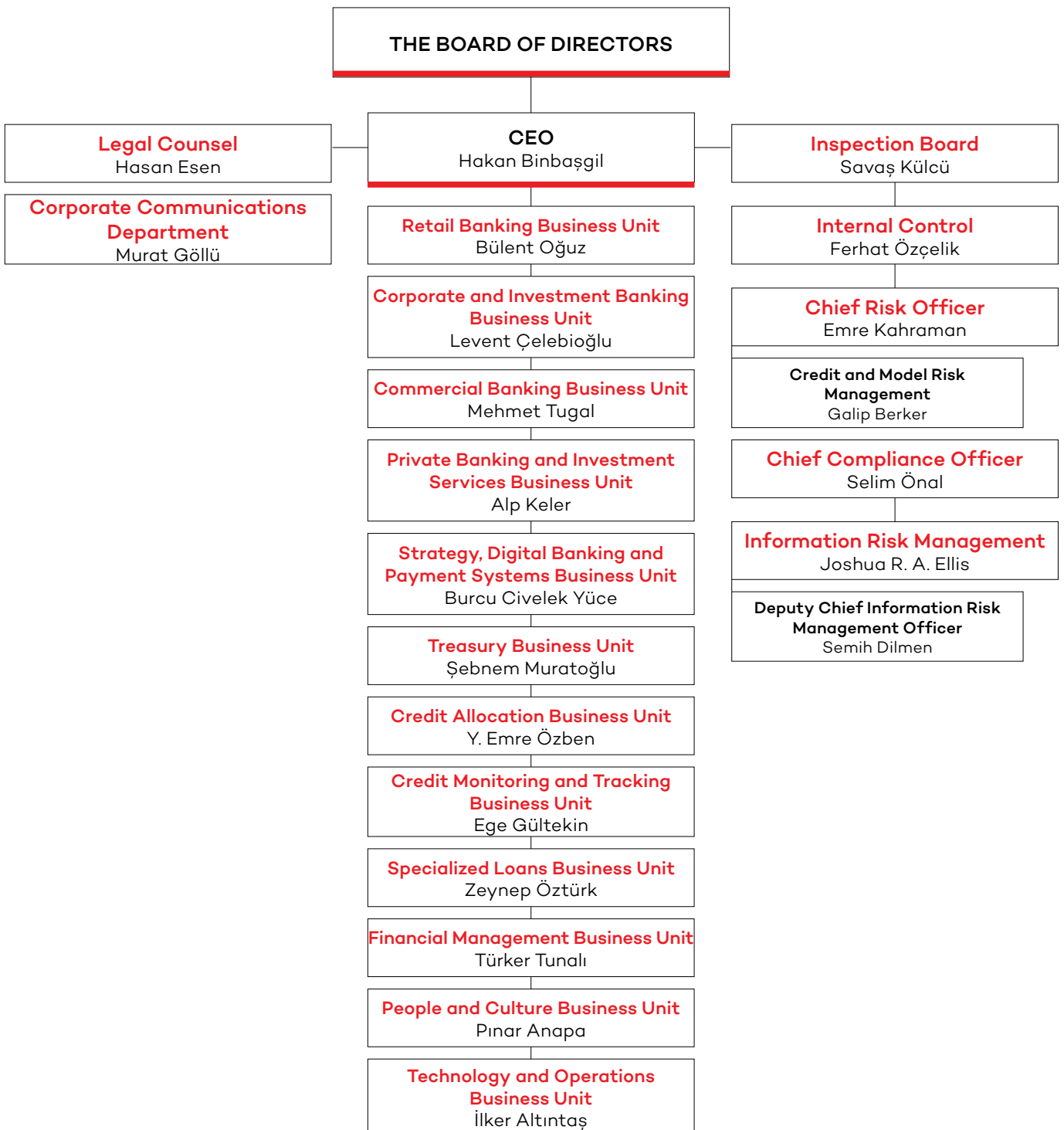
Our direct and indirect subsidiaries and our shares as of December 31, 2019 are presented below:

Our Subsidiaries	Area of Activity	Share (%)	Country of Activity
Akbank AG	Banking	100.00	Germany
AkLease	Financial Leasing	99.99	Turkey
Ak Investment	Stock Exchange Brokerage Services	100.00	Turkey
Ak Portföy	Portfolio Management	100.00	Turkey
AkÖde	Electronic Money and Payment Systems	100.00	Turkey

*The liquidation of Akbank (Dubai) Limited, the Bank’s wholly-owned subsidiary, was officially completed on December 5, 2017.

Our organizational structure

Our dynamic organizational structure supports us in successfully conducting activities in line with the principle of continuous development. The Bank has 12 Executive Vice Presidents reporting to the CEO. The Inspection Board, Internal Control and Compliance Department, and the Risk Management and Information Risk Management Departments report directly to the Bank's Board of Directors.



Our organizational structure

Changes to our organizational structure

- On January 4, 2019, Zeynep Öztürk was appointed Executive Vice President in charge of the newly established Specialized Loans Business Unit.
- As of January 8, 2019, Gamze Şebnem Muratoğlu was appointed Executive Vice President in charge of the Treasury Business Unit, replacing Ali Batu Karaali, who resigned from this position on January 7, 2019.
- At the Ordinary General Assembly Meeting of Akbank held on March 25, 2019, Suzan Sabancı Dinçer was elected as Board Member and she is still acting as "Board Chairperson."
- The tenure of Board Member Aziz Aykut Demiray ended on March 25, 2019.
- As of March 25, 2019, Eyüp Engin was appointed "Executive Board Member."
- On April 2, 2019, Savaş Külcü, Head of Internal Control and Compliance, was appointed Head of Inspection Board.
- On April 2, 2019, Ferhat Sami Özçelik, Deputy Head of Inspection Board, was appointed Head of Internal Control.
- The compliance functions under Internal Control and Compliance were restructured under Chief Compliance Officer reporting to the Executive Board Member in charge of Internal Systems. Zakir Selim Önal, Deputy Head of Compliance, was appointed Chief Compliance Officer on April 2, 2019.
- As of April 3, 2019, Emre Kahraman, was appointed Head of Risk Management.
- Emin Tolga Ulutaş, Executive Vice President in charge of Direct Banking Business Unit, resigned from this position on May 31, 2019.
- On June 3, 2019, H. Burcu Civelek Yüce was appointed Executive Vice President in charge of Strategy, Digital Banking and Payment Systems Business Unit.
- On June 3, 2019, Pınar Anapa was appointed Executive Vice President in charge of Human Resources Business Unit.
- The name of Human Resources Business Unit was changed to People and Culture Business Unit with the decision of the Board dated August 29, 2019.

Service quality crowned with awards

In 2019, we were granted numerous awards at prestigious platforms owing to the excellent banking experience we offer to customers and the novelties we have introduced to the sector.

Euromoney

- World's Best Digital Bank
- Central and Eastern Europe's Best Digital Bank
- Best Bank in Turkey

Global Finance

- Best Cash Management Bank in Turkey
- Best Private Banking in Turkey
- Best Bank in Turkey

Global Capital Loan Awards

- Syndication Transaction of the Year in Turkey

Bonds & Loans Awards

- Syndication Transaction of the Year
- Energy Project Finance Transaction of the Year
- Project Finance Transaction of the Year
- Best Infrastructure Transaction of the Year
- M&A Deal Finance of the Year

EMEA Finance

- Best Borrower Financial Institution
- Best Financial Institution Bond Issue in EMEA
- Best Payment Bank in Central and Eastern Europe
- Best Structured Finance Deal of Central and Eastern Europe

- Project Finance Transaction of the Year
- Best PPP Transaction of the Year
- Best Infrastructure Transaction of the Year

Retail Banker International / 2019 Global Retail Banking Awards

- Best Data and Analytics Usage
- Professional Wealth Management (PWM)
- Best Private Banking Service of Central and Eastern Europe in Digital Communication – Akbank Private Banking

EFMA

- Analytics & Artificial Intelligence Category / Robotic Process Automation – Banking Innovation of the Year Award

MIXX Awards Türkiye

- 5 Gold, 2 Silver, 3 Bronze Awards

Altın Pusula

- Jury Special Award

Social Media Awards

- 7 Awards

The One Awards

- Axxess – Most Prestigious of the Year Award

Campaign Agency & Brand of the Year

- 1 Gold, 2 Silver awards

Brandon Hall

- 1 Gold, 1 Silver awards

Stevie Awards

- 1 Gold, 1 Silver, 5 Bronze awards

Sardis

- 1 Gold, 1 Silver Sardi Awards

Smarties Awards 2019

- Brand of the Year
- EMEA Highly Commended Jury Special Award

Felis

- 2 Awards

CX Awards

- Best Customer Experience Design (Call Center)

IDC Turkey Digital Transformation Awards

- Best Customer Experience (Akbank Mobile)
- Information Visionary – Financial Business Intelligence

12th Private Sector Volunteers Association – Awards from the Heart

- Most Successful Volunteer Project

About the report



Our approach to reporting

Our annual sustainability reporting allows us to update our stakeholders on our environmental and social projects.

102-45

102-46

102-48

We disclose our sustainability initiatives in 2019, including support to our employees' development, environmental protection, rational and cautious risk management, and contribution to culture and art, to our stakeholders in the GRI-approved Sustainability Report. As the first bank to issue a GRI-approved Sustainability Report in Turkey, Akbank aims to transparently and consistently bring its benchmark practices in this area to the attention of stakeholders within its impact area, through the annual sustainability reports that it has published and improved since 2009.

Posting sustainable financial and operational results backed by its strong corporate culture that has left its mark on the Turkish banking industry, the Bank continued to uphold its environmental and social responsibilities under all circumstances during 2019.

Our reporting approach with "best practices" for stakeholders

With the responsibility of being the very first Turkish bank to publish a sustainability report in the light of GRI principles, we have consistently raised our reporting quality. We have prepared our annual Sustainability Report in accordance with Global Reporting Initiative's (GRI) "Comprehensive"

Reporting Option, its latest reporting standard. Covering January 1 - December 31, 2019, the Report's content and scope were determined based on our primary business areas and corporate goals. Our annual sustainability reports issued in accordance with the principle of transparency since 2009 can be found at www.akbankinvestorrelations.com/en/sustainability/year-list/Sustainability-Reports/60/0/0.

Scope and framework of the report

We shape all our business processes in light of Sustainable Development Goals (SDGs).

102-45
102-46
102-48

We have been consistent in raising our social, environmental and economic sustainability targets to higher levels. We keep a close watch on the most recent literature on sustainability reporting and have therefore prepared our 2019 Sustainability Report in line with the principles of the GRI Standards Comprehensive format. The GRI Index located at the end of the Report serves as a guide to facilitate access of the Bank's stakeholders to social, environmental and economic sustainability practices in the most convenient manner. The Akbank 2019 Sustainability Report has been prepared in the light of Global Reporting Initiative's GRI Standards, the new generation reporting principles available at the following address.

www.globalreporting.org/standards/

Projects geared towards female employees have been reported in line with the "Women's Empowerment Principles" (WEPS).

Shaping all its operations in the light of United Nations' 2030 Development Goals, Akbank has prepared its 2019 Sustainability Report with reference to the United Nations Global Compact (UNGC) and the Women's Empowerment Principles (WEPS). The UNGC Index regarding the 10 principles under four headings (labor, human rights, environment, anti-corruption) and the Women's Empowerment Principles (WEPS) Progress Report GRI Content Relationship Index, located at the end of the Report, serve as a guide for attaining the Bank's initiatives within this scope.

Sustainable Development Goals guide our sustainability activities

Akbank shapes all of its business processes in line with the Sustainable Development Goals (SDG) adopted with a unanimous vote of the UN's 193 member states on September 25, 2015. Consisting of 17 goals that will guide the UN's initiatives until 2030, SDGs are focused on joint efforts aimed at eliminating poverty, combating inequality and upholding environmental protection. Akbank prepared its 2019 Sustainability Report with reference to these 17 sustainable development goals. The relationship between the related sections and the Sustainable Development Goals is highlighted with SDG icons throughout the Report.

Report scope and boundary

In developing the content for the 2019 Sustainability Report, we adopted GRI Standards Comprehensive principles of the Global Reporting Initiative.

102-45

102-46

102-48

The scope of our Sustainability Report is limited to the operations of Akbank T.A.Ş. within Turkey. While the figures in the “Our Employees” section of the Report are inclusive of Akbank’s Malta Branch personnel, the Report’s scope does not include the impacts stemming from the Bank’s overseas operations, joint ventures or suppliers. Generated and distributed economic value tables that include financial statements reflect consolidated figures.

The report focuses on our operations within Turkey.

The Akbank 2019 Sustainability Report covers the operations of the Bank’s Head Office in Istanbul as well as 780 Akbank branches all around Turkey, between January 1 and December 31, 2019. Akbank minimizes risks stemming from geographical and operational diversity by standardizing all its business processes in accordance with legal requirements as well as international banking standards.

In this Report, the phrases “Akbank T.A.Ş.,” “Akbank,” “our Bank,” “the Bank,” “We/us” all mean Akbank T.A.Ş. unless stated otherwise.

Shaping all its business processes in line with the principles of transparency and accountability, Akbank utilized the Global Reporting Initiative’s “GRI Standards Comprehensive Principles,” the most widely used reporting standard in sustainability reporting, during the content development process of its 2019 Sustainability Report.

Important and priority matters related to the Bank’s corporate strategies in addition to major issues within Akbank’s stakeholder dialogue were assessed as part of the process to set the content for the Akbank 2019 Sustainability Report.

Our approach to sustainability



Our sustainability vision, strategy and commitments

Backed by our sustainability vision based on our solid financials and value-driven corporate culture, we strive to enhance the added value we create for Turkey's economy and our stakeholders.

We conduct operations in light of our vision of becoming a pioneering bank that carries Turkey to the future, and work to create lasting and high value for all our stakeholders through our innovative financial solutions and reliability. While we offer the banking of the future to our customers today, we are guided by our objective of creating sustainable value for our society and economy. In this regard, we are joyous to rank among the champions of Turkey's sustainability journey, with our value-driven sustainability approach, long-term mindset, and transparent and target-oriented ways of doing business.

Our Sustainability Vision

Our sustainability vision is to become the leader in Turkey and one of the leading institutions in the world.

Our Sustainability Strategy

In order for Akbank to realize its sustainability vision, we aim to successfully manage significant and material environmental, social, ethical, and economic risks and opportunities. We determine our priorities in line with our sustainability vision and the current trends in the field of sustainability. We have also identified the risks and opportunities related to sustainability in this manner. In order to achieve our sustainability goals, we derive our power from the sustainability mindset embraced by all our units, continuous interaction with our stakeholders and strong execution capabilities.

We contribute to Turkey's sustainability ecosystem

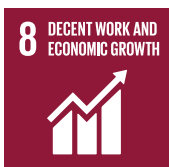
Backed by our sustainability vision based on our solid financials and value-driven corporate culture, we strive to enhance the added value we create for Turkey's economy and our stakeholders.

Akbank's other goals in light of its sustainability strategy are as follows:

- Supporting ethical and secure banking principles,
- Offering products and services that increase social welfare,
- Minimizing the environmental risks arising from operations,
- Improving the corporate capability in line with the sustainability strategy,
- Developing the ecosystem where we operate through stakeholder relations and the principles of responsible banking.

We focus on expanding our value chain

The Corporate Governance Committee (CGC), which reports to the Board of Directors, is the highest executive body for sustainability activities. The Committee organizes and oversees the efforts of all business units within the Bank in terms of focusing on shared sustainability goals. Akbank's International Advisory Board, comprised of experts who have well-respected studies in their respective fields, also adds value to the Bank's sustainability vision. (The International Advisory Board is discussed in more detail in Risk Management and Legal Compliance at Akbank.)



Our sustainability vision, strategy and commitments

102-44

102-47

102-49

Akbank 2019 Sustainability Report Topics Prioritization Study

Impact on Akbank	High		<ul style="list-style-type: none"> Our Effective Risk Management Approach and Internal Control Efforts Our Anti-Bribery and Anti-Corruption Policies Our Approach to Environmental and Social Risk Management in Lending 	<ul style="list-style-type: none"> Our Sustainable Profitability and Growth Performance Our Approach to Corporate Governance Our Secure Banking Practices Our Approach to Customer Satisfaction Our Ethical Banking Approach Our Clean Banking Approach
	Medium	<ul style="list-style-type: none"> Employee Volunteering Our Sustainable Products and Services Our Sponsorships Our Supply Chain Management 	<ul style="list-style-type: none"> Our Approach to Career Development and Training Our Approach to Employee Awareness Stakeholder Dialogue Our Equal Opportunity Approach Our Innovative Products and Services Facilitating Access to Financial Services Our Carbon Footprint 	<ul style="list-style-type: none"> Our Approach to Employee and Human Rights Our Approach to Employee Satisfaction
	Low			
		Low	Medium	High
Priorities of Stakeholders				

The key organ in sustainability efforts: Corporate Governance Committee

The Corporate Governance Committee, which plays a key role in Akbank’s operations, is responsible for ensuring full compliance with Akbank’s Corporate Management Principles, monitoring and communication thereof; monitoring the operations of the Investor Relations and Sustainability Department; determining the ethical values, and evaluating the monitoring of compliance; creating a transparent system to identify, evaluate and train suitable candidates for the Board of Directors; and working on related policies and strategies. In order to function properly in terms of governance, the Chairman and the majority of the members of the Committee are independent Board Members.

The Committee was established in 2009 with the name “Corporate Governance and Social Responsibility Committee” (CGSRC). In early 2012, the function of “remuneration” was also assigned to the Committee and thus its name changed to “Corporate Governance, Remuneration and Social Responsibility Committee” (CGRSRC). In early 2013, “nominating candidates” was included in the Committee’s functions and thus the name was updated as “Corporate Governance Committee” (CGC).

The Committee meets twice a year. The items in its 2019 meeting agenda included the assessment of the sustainability issues related to the Organizational Structure, efforts towards supporting

entrepreneurship, and social responsibility projects focused on education and social contribution.

In the 2019 operating period, the Corporate Governance Committee convened two times to develop actions related to the aforementioned issues.

Implementation arm of the reporting process: Our Sustainability Team

A Sustainability (Corporate Social Responsibility) Team composed of representatives from most of the business units in Akbank and operating under the leadership of the CSR Sub-Group performs the sustainability reporting process that feeds Akbank’s annually issued Sustainability Report. Operating under the Investor Relations and Sustainability Department, the Sustainability

Sustainability Management Model at Akbank



Team conducted the prioritization analysis above to set the content of the Akbank 2019 Sustainability Report by taking into consideration the feedback from the Bank’s business units as well as stakeholder expectations.

With the Sustainability Topics Prioritization Study updated in 2019, we have once again identified the top priority topics for our organizational structure and stakeholders. We utilize the Sustainability Topics Prioritization Study not only to include in the Sustainability Report but also to identify which sustainability activities the Bank will conduct throughout the year. This process sets the framework for

Akbank’s current sustainability activities, while making sure that the decisions we make for the future are implemented in a more effective manner.

Sustainability training based on UN Global Compact

Employee development in line with the global developments and trends plays a key role in the activities that we perform to prepare our country and bank to the future. We build the sustainability training for our employees on UN Global Compact. The “Corporate Social Responsibility” section of the Bank’s corporate portal presents up-to-date information in a number of areas, from our sustainability approach to

corporate social responsibility projects. Furthermore, via the Akbank Academy channel, we organize in-class and online courses on Sustainable Banking and Assessment of Environmental and Social Risks, Clean Banking, SME Loans and SEMS.

Our sustainability vision, strategy and commitments

Our Sustainability Commitments

Commitment Topic	Assessment of 2019	Our Commitments
Financial Performance		
Sustainable Profitability and Growth	Standing out with its diversified products and services and a broad customer portfolio, Akbank continued to post sustainable financial and operational results in 2019.	Akbank strives to diversify its product portfolio in light of customer needs and expectations and ensure the sustainability of its financial and operational success.
Sustainability Management		
Roles and Responsibilities	We officially included related responsibilities in the job definitions of Sustainability Team leader and members. Sustainability was included in the performance evaluation criteria of team members.	Akbank aims to develop plans of action that will inform the sustainability strategy under the coordination of the Investor Relations and Sustainability Department.
Supply Chain Management	Akbank encouraged its supplier firms to comply with Akbank principles and policies as well as the UN Global Compact in 2019.	Akbank aims to secure from all the Bank's suppliers declarations of commitment to comply with Akbank's Code of Ethics and sustainability policies.
Employee Awareness	Utilizing in-class and online training models, Akbank continued to deliver awareness training on best practices in the world and sustainability to thousands of employees in 2019.	Akbank set it as a priority to leverage advances in education and training technologies to deliver more comprehensive and creative sustainability training to stakeholders.
Stakeholder Dialogue	Akbank maintains continuous and fresh stakeholder dialogue via a large number of platforms. These include Live Broadcasts; Akbank For You Meetings; Agricultural Fairs; Breakfast with the CEO events; Motivational Activities for Employees; Exclusive Events for the Customers in Various Segments; Corporate TVs; Bank of Mobile Activities; Volunteer Initiatives; Customer Satisfaction Surveys; Akbank Branches; Akbank Call Center; Contact Us Website; Social Media (1.9 Million Followers in Total); Customer Relationship Manager (CRM) Activities in Various Segments; Leaders' Summit; E-Mail Notifications; Customer Business Development Meetings; Akbank Analyst and Investor Days; SME Informational Meetings; Akbank Art Center Events; Media, Advertising and Promotional Campaigns; Workshops; among other events.	Akbank sees it as a core priority to increase stakeholder engagement and further improve operational efficiency.
Corporate Governance, Risk Management and Legal Compliance		
Transparent Corporate Governance	The Investor Relations and Sustainability Division, together with the Bank's senior executives, participated in a total of 27 investor conferences in Turkey and abroad in 2019 and met with nearly 344 international investor funds and two rating agencies.	Akbank embraces the principle of developing relations based on mutual trust with shareholders as well as current and potential investors. Akbank also intends to continue carrying out its corporate governance on the basis of accountability.
Information Security	In 2019, Akbank expended various efforts, such as providing new products and organizing new training schemes for all employees, in order to ensure that the staff is cautious toward cybercrime and the Bank is well protected against all cyber threats. Our principle is to effectively manage the risks related with information security on the side of the bank, customers, shareholders, business partners and the sector.	We take all the necessary measures for data security and privacy in accordance with all applicable laws - first and foremost, Personal Data Protection Law (PDPL) - to provide the most secure banking services for our customers.

Commitment Topic	Assessment of 2019	Our Commitments
Our Customers		
Customer Satisfaction	We remained focused on listening to, understanding and empathizing with the customer and generating quick, personalized solutions. In 2019, 9% of service contracts were revised in light of customers' evolving expectations, leading to a rise in the quality level.	We will continue delivering services in the pursuit of unconditional customer satisfaction in the period ahead.
Environmentally-friendly Products and Services	We focus on financing renewable energy projects. In keeping with its practice in the last three years, 100% of the funds were disbursed to renewable projects, raising the share of renewable energy projects in our portfolio to 82%.	We will continue disbursing funds by taking environmental impact into account.
Environmental and Social Risk Management in Lending	We have appointed Environmental and Social Impact Assessment (ESIA) officials for effectively managing risk in the Bank's lending processes, including environmental risks.	We will continue to raise awareness of our employees involved in lending activities as regards environmental and social risk management, by means of in-class and online training.
Innovative Products and Services Facilitating Access to Financial Services	We provided our customers with a simple and smart mobile banking experience featuring modern design with our ongoing investments in advanced technologies. We received the "World's Best Digital Bank" award granted by Euromoney, a prestigious finance magazine worldwide.	At Akbank, we will remain committed to creating the banking experience of the future by focusing on customer experience and design.
Our Employees		
Employee Engagement	The Bank continued to carry out initiatives to ensure the sustainability of employee engagement in 2019. We acknowledge that employee engagement is key to ensuring business continuity and attaining long-term goals and conduct an Employee Engagement Survey every year.	Armed with the knowledge of the close relationship between happy employees and high corporate performance, we believe in bolstering loyalty through awareness of the staff's feelings, opinions, and expectations, their priorities related to human resources and management policies, and their areas of satisfaction and dissatisfaction.
Training	We continued to invest in and support employee development to prepare them for the future. By the end of 2019, 36 hours of training per employee was organized and 30% of total training time was online training during the year.	While conducting activities in line with the principle of continuous improvement, we aim to run professional and personal development programs in 2019.
Equal Opportunity	In 2016, we became signatory to the Women's Empowerment Principles (WEPs), a private sector venture by the United Nations that aims to empower women to take part in all sectors and all aspects of economic activity. We followed a fair employment policy focused on equal opportunities in 2019.	Akbank will continue to stand out among the competition in terms of business productivity, by providing a work environment based on equal opportunities to its employees.
Environmental Impacts of Our Operations		
Our Environmental Impact	Akbank continued to successfully undertake initiatives to minimize the environmental impact of its operations in 2019.	Akbank plans to minimize the environmental impact and natural resource utilization of its operations in the coming period.
Carbon Emissions	In 2019, we worked to reduce our carbon emissions undertaking activities to combat global climate change.	We plan to continue actively supporting initiatives to combat global climate change in the coming year.
Our contribution to society		
Community Investment Through Sponsorships	Akbank positions itself as an exemplary corporate citizen. This year, we continued sponsoring the projects in our priority areas of education, entrepreneurship and culture & art. We held the fifth edition of the "Good State of the City" project with the participation of 3,200 young individuals.	In the corporate social responsibility areas that we prioritize, we will continue to design projects creating added value, together with our primary stakeholders.
Community Investment Through Employee Volunteering	Under the leadership of Akbank Volunteers, participants collaborate with local communities, NGOs and local governments to design initiatives in response to social problems and come up with solutions.	We aim to encourage employees to participate in social projects on a voluntary basis in the coming period.

Stakeholder dialogue

We carry out intensive corporate communication activities for sustainable culture to be embraced across Turkey.

102-40
102-42
102-43

As one of Turkey’s most well-established banking institutions, we have formulated a comprehensive stakeholder map extending from the economy to social life. Boasting an extensive capacity for corporate communications, we have effective stakeholder dialogue on all channels in line with the latest IT developments. We are in regular and

systemic communication with our extensive network of stakeholders, including shareholders, employees, regulatory authorities, policy makers, customers and civil society. Constant and proactive interaction with stakeholders is an indispensable element of our corporate culture.

Stakeholder dialogue carries our sustainability vision forward, helps our activities in this area become more effective, and enhances

the added value generated and distributed. Each and every step we take - from the design of our products and services and our social responsibility activities to policies on the protection of the environment and natural resources and volunteering projects - becomes much more influential through stakeholder dialogue. In 2019, we carried out intensive corporate communication activities on the following dialogue platforms so as to expand the culture of sustainability across Turkey.

Stakeholder Groups and Dialogue Platforms	Our Approach	Examples
Shareholders, Investors, Analysts		
General Assembly Meetings and Minutes, Face-to-Face and E-Dialogue (Meetings and Conferences in Turkey and Abroad, Presentations and Briefings via Webcast and E-mail), Public Disclosure Platform, Annual Report, “e-Manage: Corporate Governance and Investor Relations Portal” of the Central Registry Agency, Capital Markets Board Corporate Governance Principles Compliance Report, Press Releases, Investor Presentations	The dialogue mechanism that was developed to ensure continuous communication between the Akbank management and shareholders is based upon the principles of “transparency, accountability, and regular disclosure.”	Akbank’s Investor Relations and Sustainability Department informs investors regularly on the Bank’s environmental, social and economic sustainability performance both in writing and verbally.
Employees		
Quarterly live broadcasts by the Bank’s CEO entitled “New Generation Akbank Meetings,” Breakfast with the CEO Events, Instantaneous Motivation Events for Employees, Akbank Volunteers Program, Employee Satisfaction Survey, Corporate Performance System, Meetings (e.g. Regional Directorates and Customer Relationship Management Performance Reviews, Leaders’ Summit, Leaders of the Future Meeting, Management Trainee Cocktail Party, Cocktail Party with New Managers, Award Ceremonies, Brainstorming Sessions), Coaching System, Corporate Portal “For Us,” Suggestion System, BANKSIS (Union of Bank and Insurance Employees), Akbank Retirement Fund, Ethics Line, E-Bulletins, E-mails, Corporate TVs	Akbank is aware that high motivation and satisfaction levels among its employees are determinant in ensuring long-standing business performance. The Bank takes heed of regularly eliciting its employees’ opinions and expectations and tries to realize related practices. We utilize diverse channels for an effective internal communication.	Messages of the senior management and the Bank’s quarterly performance results are communicated first-hand to employees via the quarterly-held live TV broadcast by the CEO (“New Generation Akbank Meetings”), an initiative that started in 2012. This is aimed at keeping internal synergy dynamic, improving bilateral communication, and increasing all employees’ motivation to reach shared goals. Participants from various departments of the Bank are provided the opportunity to exchange opinions with Akbank’s CEO at monthly breakfast with the CEO meetings. As part of the Akbank Volunteers program, volunteer leaders across the entire country carry out social responsibility projects that create value for the locations they live and work in.

102-40
102-42
102-43

Stakeholder Groups and Dialogue Platforms	Our Approach	Examples
<p>Customers</p> <p>Akbank For You Meetings, Agricultural Fairs, Exclusive Events for Direct Deposit Customers and One-to-One Segment Clients, Iftar Dinners for SME and Agriculture Banking Customers, Akbank Academy of Family Businesses, Investor Seminars for One-to-One Segment Clients, Exclusive Events for Corporate Banking Clients, Exclusive Events and Sponsorships for Technology Enthusiast Customers, Customer Satisfaction Surveys, Akbank Branches, Akbank Call Center, 'Contact Us' Website, Social Media, E-Mail Notifications, Customer Business Development Meetings, SME Informational Meetings, Akbank Art Center Events, the Media, Advertising and Promotional Campaigns, E-Mail Messages, and Corporate TVs</p>	<p>Customer satisfaction is Akbank's top priority. Opinions and expectations of our customers guide us in developing products and services. In order to sustain customer satisfaction, we have numerous practices in place: information security, responsible marketing communications, innovative and environmentally friendly products, and supporting customers in business development.</p>	<p>We are in constant contact with customers via 26 different Akbank accounts on social media. Our customer representatives, specially trained for this media and offering services 24/7, respond to more than 7 thousand comments monthly, offer solutions to complaints, and record the suggestions.</p>
<p>International Financial Institutions</p> <p>One-to-One and Joint Meetings, Audits, Negotiations, Reports, Presentations</p>	<p>Loans that Akbank secures from international financial institutions such as IFC, EBRD, and EIB to be lent out to customers mostly carry the conditions of being environmentally-friendly and supporting development. Akbank establishes dialogues with these institutions with the aim of building management systems to monitor environmental and social performances of its customers pursuant to the conditions attached to these loans.</p>	<p>A process was initiated for establishing Environmental and Social Management Systems to be implemented in SME loans under the securitization transaction amounting to USD 250 million, which was performed with the International Finance Corporation (IFC). With this system, Akbank adapts its SME loan processes to the environmental and social standards defined by IFC. Thus, Akbank carries its pioneering activities in the field of sustainability even further.</p>
<p>Law Makers and Regulators</p> <p>Public-Private Sector Cooperation Workshop, Meetings, Forums and Conferences, Various Working Groups, Verbal and Written Notifications, Declarations, Press Releases, Legal Compliance Reports</p>	<p>Akbank is committed to thoroughly complying with all related laws and regulations in all its activities. Akbank participates in forums, conferences and working groups with the aim of closely following the agenda, identifying trends, and developing and adapting its products and services in line with the expectations of customers and legislators in a timely manner. In addition, the Bank closely monitors developments related to the banking industry and presents its opinions on legislation amendments to related authorities.</p>	<p>In order to update the Sustainable Financing Declaration signed in 2017 with the UN Global Compact working group, Akbank worked together with other signatory banks in 2018. To register personnel on the Data Officers Registry pursuant to the Law on Personal Data Protection, Akbank created a personal data inventory and designated contact persons. In addition, the necessary preparatory studies are currently underway in order to keep the personal data inventory up-to-date.</p>
<p>Suppliers</p> <p>Supplier Identification Forms, Meetings, Akbank Code of Ethics</p>	<p>We expect that suppliers with which we cooperate in the scope of our operations to act in accordance with Akbank's principles and values. We also support their development through continuous exchange of information.</p>	<p>We inform the companies in our supplier portfolio of our Ethical Principles and Sustainability Policies.</p>
<p>University Students</p> <p>Activities Organized or Supported Directly by Akbank, CaseCampus Entrepreneurship Program, Akbank Thinking Club, Information Meetings, Youth Banking, Campus Branches, Brochures and Promotional Campaigns</p>	<p>Caring about university students' requests, opinions and expectations, we continue our investments in support of their education and development. We cooperate with student clubs to support university students in entering the business world and to better inform those who will graduate soon about Akbank.</p>	<p>For 10 years, Akbank has been developing different projects with Endeavor, which has been set up to support active entrepreneurs in emerging countries and to contribute to economic development. Akbank included the CaseCampus Program in its entrepreneurship focused efforts. Launched jointly with Endeavor Turkey, CaseCampus Program is held twice a year since 2016. Certification programs are run at the Center of Excellence in Finance (CEF) for high school and university students who are contemplating careers in the finance industry. We strive to support numerous activities that offer social benefits and to reach local communities in areas where we operate.</p>
<p>Local Community</p> <p>Activities Akbank Organizes and Participates in, Local Sponsorships, Volunteer Activities, Culture & Art Activities, Press Releases</p>	<p>Akbank strives to support numerous activities that offer social benefits and to reach local communities in areas where it operates.</p>	<p>During the 15th Akbank Short Film Festival, as part of its "Award-Winning Films at Universities" program, the best films designated by the Selection Committee of the international competition were screened at 40 universities in 22 cities – from Edirne to Van, Zonguldak to Mersin – between April 2 and May 17. ESIA studies are conducted for communities that are affected by project financing lending activities.</p>
<p>Non-Governmental Organizations</p> <p>Cooperation in Social Engagement Practices, Sponsorships, Meetings, Conferences, Study Groups</p>	<p>We make sure to improve cooperation with non-governmental organizations, be in continuous communication with them, and take their opinions and expectations about our activities into consideration.</p>	<p>While developing our social contribution projects, we cooperate with non-governmental organizations. We invite representatives of NGOs to our events and receive their opinions on related issues. In addition, we participate in the working groups of the non-governmental organizations and provide input.</p>
<p>Media</p> <p>Press Conferences, Press Releases, Daily Economic Bulletins</p>	<p>We aim to maintain continuous dialogue with national and international media, to inform them promptly and accurately through press releases, and to exchange opinions with opinion leaders at press conferences.</p>	<p>Akbank's senior management and relevant managers regularly meet with prominent figures of the media community and exchange opinions at press conferences organized to discuss industry trends and the Bank's products and services.</p>

Stakeholder dialogue

Driven by our extensive know-how and expertise, we have maintained our active contributions to the development of public policies, primarily those on the finance sector, in 2019.

102-40

102-42

102-43

Memberships in associations and unions, signed initiatives

- ↗ European Association of Communication Directorates (EACD)
- ↗ European Union Green Banking in the Mediterranean Project
- ↗ Interbank Card Center (BKM)
- ↗ United Nations Global Compact (UNGC)
- ↗ UNGC Turkey Sustainable Finance Working Group
- ↗ Cancun and Durban Communiqués drawn prior to the Conference of the Parties to the United Nations Framework Convention on Climate Change to make a call of action to governments from the private sector
- ↗ World Economic Forum (WEF)
- ↗ Endeavor Assessment (Support for Active Entrepreneurs)
- ↗ Turkish Ethics and Reputation Society (TEID)
- ↗ Financial Literacy and Inclusion Association (FODER)
- ↗ The Prince of Wales's Corporate Leaders Group on Climate Change (CLG)
- ↗ Interactive Advertising Bureau (IAB Turkey)
- ↗ Interactive Advertising Bureau
- ↗ Istanbul Foundation for Culture and Art (IKSV)
- ↗ Borsa Istanbul Stock Exchange Sustainability Index (ISESI) Project
- ↗ Carbon Disclosure Project (CDP)
- ↗ TÜYİD Investor Relations Association
- ↗ Credit Scoring Bureau (KKB)
- ↗ Association of Corporate Communicators (KİD)
- ↗ Climate Platform and Turkish Leaders Group on Climate Change established by REC and TÜSİAD
- ↗ Advertising Self-Regulatory Board (RÖK)
- ↗ Association of Advertisers (RVD)
- ↗ Private Sector Volunteers Association (OSGD)
- ↗ The Banks Association of Turkey (TBB)
- ↗ Study Group of the Financial Sector's Role on Sustainable Growth of The Banks Association of Turkey
- ↗ Public Relations Association of Turkey (TUHİD)
- ↗ Corporate Governance Association of Turkey (TKYD)
- ↗ Turkish Industry and Business Association (TÜSİAD)
- ↗ Turkish Industry and Business Association (TÜSİAD) Sustainable Development Task Force
- ↗ Visa Colorful Horizons
- ↗ The European Association of Communication Directors (EACD)
- ↗ United Nations Women's Empowerment Principles-WEPs
- ↗ 30% Club

We continue our support for the sustainability efforts in Turkey

Driven by our extensive know-how and expertise, we have maintained our active contributions to the development of public policies, primarily those on the finance sector, in 2019. During the year, Akbank's managers participated in Turkey's prominent forums, conferences and workshops as both speakers and listeners, in order to share their experience and expertise with the public at large. Furthermore, we sponsored the reputable organizations, which we prioritize as per our sustainability vision, and supported the sustainability efforts in Turkey.

We define ourselves as a corporate citizen keenly aware our environmental responsibilities. Combating global climate change is a key priority for us.

102-40
102-42
102-43

Leader communication activities by Akbank's senior management

Composed of the most competent finance professionals in Turkey, Akbank's Senior Management attends President and Cabinet level meetings regarding such issues as the country's economy and financial affairs as part of the Bank's leader communications. A unique example of Akbank's contributions to public policy and a well-known figure on a global scale is the initiative of Ms. Suzan Sabancı Dinçer, Chairperson of the Board of Directors of Akbank, as a Member of the Board of Trustees of Chatham House, in promoting Turkey's economic and strategic role internationally through this platform.

The risks posed by climate change are among our key agenda items

Resulting from the greenhouse gas emissions due to rising industrialism today, climate change poses severe risks for communities. Climate change laws, rules and regulations that have been enacted or are likely be put into effect in Turkey and its trading partners pose the risk of legal in compliance and extra investment costs to combat climate change. It is anticipated that companies with large amounts of greenhouse gas emissions such as those in the transportation and aviation industries will be impacted by the aforementioned laws and regulations. In this regard, we address the risks associated with climate change as a significant agenda item.

The Corporate Governance Committee sets our strategy for combatting climate change

We define ourselves as a corporate citizen keenly aware our environmental responsibilities. Combating global climate change is a key priority for us. Reporting to the Board of Directors, the Corporate Governance Committee takes on a pioneering role in setting our strategy for combating climate change. The International Advisory Board, composed of opinion leaders, contributes to Akbank's corporate vision in this area. Meanwhile, the Investor Relations and Sustainability Department ensures coordination and management of the topic. We work with relevant business units jointly to minimize our energy consumption resulting from our operations and manage waste effectively.

Our dynamic risk management approach

We update our risk management map when necessary, by keeping track of recent developments related to climate change on international platforms. Embracing a proactive approach to risk management, we strive to effectively and vigorously manage climate change-based risks and turn threats into opportunities.

We monitor the laws on renewable energy and energy efficiency in Turkey closely, and develop climate-friendly products and services by remaining sensitive to legal compliance in this field. In order to minimize the environmental impact of our operations, we focus on energy efficiency in planning human resources' business trips and logistics activities.

Corporate governance at Akbank



Our corporate governance

While offering high returns to our shareholders and investors, we fully comply with legal processes and procedures as a responsible public company.

We pursue the goal of full compliance with corporate governance principles in our operations. We manage the risks and opportunities within business processes effectively thanks to our professional approach to corporate governance. At Akbank, corporate governance activities are addressed under following headings:

- Relations with Shareholders
- Public Disclosure and Transparency Policy
- Duties, Responsibilities and Rights of the Board of Directors
- Relations with Stakeholders

We pave the way for the sector in corporate governance

With its visionary management approach, Akbank has pioneered innovative corporate governance practices in the banking sector.

In Turkey, Akbank is the first bank to:

- Publicly announce its dividend policy (2003).
- Announce its Corporate Governance Principles in the annual report (2003),
- Announce its Corporate Governance Principles on the website (2004),
- Buy back its founders' shares (2005),
- First bank to publish its Global Compact Report (2010).

In Turkey, Akbank is:

- The first Turkish bank to be a signatory to the United Nations Global Compact (2007),
- Pioneer in Supporting the Implementation of the Carbon Disclosure Project (CDP) in Turkey (2010),
- First deposit bank to publish a sustainability report in accordance with Global Reporting Initiative (GRI) standards (2010),
- First Turkish company included in the Global 500 Report of the Carbon Disclosure Project (2010).
- Among the first banks to publish its Digital Trust Principles (2018).

Akbank is committed to abiding by the Corporate Governance Principles as set forth by the Banking Law, Capital Markets Board, and Turkish Commercial Code. Akbank is in full compliance with the mandatory provisions of the Corporate Governance Principles as published by the Capital Markets Board in the Official Gazette No. 28871 dated January 3, 2014.

Our consistent share performance

Akbank enjoys a prestigious position in the eyes of investors with its successful share performance on Borsa Istanbul. While offering high returns to our shareholders and investors, we fully comply with legal processes and procedures as a responsible public company. In the coming period, we aim to make this prestigious position in capital markets sustainable.

We share the value we generate transparently and proactively

In 1996, Akbank established the Investor Relations Group to manage relations with existing and potential shareholders through an institutional perspective.



Our corporate governance

The Investor Relations and Sustainability Department plays an active role in facilitating protection and exercise of shareholders' rights – especially the right of getting and examining information.

From this date on, Akbank has conducted activities to make its corporate reputation sustainable in the eyes of the shareholders. The Investor Relations and Sustainability Department (IRSD) has also adopted the principle of responding to all questions - other than trade secrets - in line with the principle of equality. The Department, which assumes a key role in the communication between the Bank's Senior Management and shareholders, fulfilled its responsibilities successfully in 2019. Another department that is responsible for overseeing shareholders' rights at Akbank is the Financial Coordination and Reporting Division.

Effective information disclosure channels for shareholders

The Investor Relations and Sustainability Department (IRSD) is responsible for presenting the Bank's performance and strategies accurately and transparently to existing and potential investors.

The Investor Relations and Sustainability Department also plays an active role in facilitating protection and exercise of shareholders' rights – especially the right of getting and examining information. IRSD informs investors on environmental, social and economic sustainability.

Strong credibility within the international investment community

At the beginning of 2019, Akbank Investor Relations and Sustainability Department launched a video web cast to announce the Bank's budget targets. During the year, we conducted a total of four web casts on financial results with the participation of senior managers. Furthermore, we attended a total of 27 domestic and foreign investor conferences in 2019 with the Senior Management. The Bank's senior managers also held meetings with 344 international investment funds and two rating agencies. In addition, over 500 questions communicated by investors and analysts via telephone and e-mail were responded during the year.

Information on the General Assembly meetings is announced in the Turkish Trade Registry Gazette, in a national newspaper, on the corporate website, at the Public Disclosure Platform (www.kap.gov.tr), e-GOVERNANCE Corporate Governance and Investor Relations Portal, e-COMPANIES Companies Information Portal and e-GEM Electronic General Meeting System at the Central Securities Depository's website (www.mkk.com.tr) - at least three weeks before the event. The Annual Report is submitted to the shareholders through our corporate website, through the Financial Coordination and International Reporting Division, as well as at the Ankara and Adana Commercial Branches three weeks before the General Assembly. In addition, matters stipulated in Article 1.3.1 of the Capital Markets Board Corporate Governance Principles are disclosed to the shareholders at the Bank's website correspondingly with the announcement for the General Assembly Meeting of Shareholders.

We are committed to developing transparent relations based on mutual respect with our stakeholders.

Provisions of the Articles of Association provide for voting by proxy. According to the Akbank Articles of Association, shareholders may vote personally or assign another shareholder or non-shareholder as a representative with a right to vote. Media outlets are permitted to attend and cover the Bank's General Assembly Meetings.

The Corporate Governance Compliance Report and Corporate Governance Information Form 2018, both prepared in accordance with the new reporting format as prescribed by the CMB Resolution dated January 10, 2019 and numbered 2/49, were published on the Public Disclosure Platform on March 1, 2019.

Electronic General Assembly System for Shareholder Representation

General Assemblies are held at Akbank Head Office (Sabancı Center) in a way that increases the participation of shareholders, ensures fairness, and allows for participation with a minimum cost for shareholders. Those eligible to attend Akbank's General Assembly

meetings can also participate in these meetings and cast their votes through the Electronic General Assembly System.

Public Disclosure Policy at the helm of the Board

We are committed to developing transparent relations based on mutual respect with our stakeholders. Akbank's Public Disclosure Policy was formulated by the Board of Directors within the framework of the Capital Markets Board's Corporate Governance Principles in accordance with capital markets laws and regulations, and then approved and announced to the stakeholders at Akbank's website. The Board of Directors is authorized and responsible for informing the public, as well as monitoring, supervising, and improving the public disclosure policy.

The Bank has tasked the Financial Coordination and Reporting Department and the Investor Relations and Sustainability Department, jointly serving as the Investor Relations Division under the Financial Management

business unit and the Corporate Communications Department, to supervise and oversee all matters pertaining to public disclosures.

Information channels reinforced with mobile technologies

Our corporate website, the "Public Disclosure Platform" (www.kap.gov.tr), our corporate branches, Call Center, Akbank IR Apps (iOS, Android), social media (Twitter, Facebook) channels, media, advertising and promotion campaigns, Annual Report and Sustainability Report are the most important platforms we use to inform our stakeholders. In addition, the e-MANAGE: Corporate Governance and Investor Relations Portal of the Central Securities Depository are also utilized in disseminating information to stakeholders.

Board of directors

The Board of Directors takes on a key role in maintaining effective communication with shareholders and preventing and resolving potential disputes.

The highest decision-making body

The Board of Directors, the highest decision making body at Akbank, has three executive and seven non-executive members as of the end of 2019. As of the end of 2019, the Bank has one independent Board Member. According to the Capital Markets Board's corporate governance principles, the members of bank audit committees are considered independent members of the Board of Directors. Eyüp Engin and Yaman Törüner are the members of the Audit Committee.

In order for the Board of Directors to make a resolution, majority of the members must be present during the voting. Therefore, all resolutions are made with the majority of members attending the meeting. Negotiations of the Board are routinely recorded by a secretary selected from among the members or by someone hired outside the Bank. Minutes must be signed by attendees and if there are opponent members, the reason of opposition to the resolution must be stated in the minutes which must be signed by the voter. Board Members are not entitled to have weighted votes and/or to veto resolutions.

Roles and responsibilities of the Board

The core duties of Akbank's Board of Directors include making the strategic decisions that strike the optimal balance between risk, growth and return and pursuing a rational and cautious risk management approach that safeguards the long-term interests of the corporate organization that it represents.

The corporate player determining our growth strategy: Board of Directors

In addition to determining Akbank's human and financial resources in line with its growth strategy, Akbank's Board of Directors oversees the performance of the Senior Management. The Board of Directors also oversees compliance of the Bank's activities with applicable laws, rules and regulations, Articles of Association, internal regulations and policies.

The Board of Directors operates in line with the principles of transparency and accountability. It also plays an active role in maintaining efficient communication between the Bank and shareholders as well as in preventing and resolving potential disputes.

Duties and responsibilities pursuant to the Articles of Association

Akbank's Board of Directors governs and represents the Bank through the strategic decisions it makes with a rational and cautious risk management approach prioritizing the Bank's long-term interests by maintaining an optimal balance of risk, growth and return for the Bank. In addition to determining our strategic objectives, the Board identifies the human and financial resources that will be required and audits the performance of the management. The Board also oversees compliance of the Bank's activities with applicable laws, rules and regulations, Articles of Association, internal regulations and policies.

It approves our annual budget and strategic plan, closely monitors realizations versus the budget, gets information on deviations, and follows up the decisions made. If there are any significant deviations in macroeconomic conditions compared to the budget estimates, the budget is revised and resubmitted to the Board of Directors for approval. The Board of Directors monitors strategic objectives, budget targets and actual figures on a daily, weekly, or monthly basis depending on the

nature of the issues under review. In addition to printed reports, the Board has access to the Bank's financial statements, various financial and non-financial indicators by customer, branch, and business unit or for the Bank as a whole through the Management Information System.

Our administrative structure and organization is detailed in the third section of the Articles of Association. This section explains the roles and capacities of the Board Members and other executives. The roles and responsibilities of the Board of Directors are subject to the provisions of the Turkish Commercial Code and Banking Law as well as to the provisions of the Articles of Association.

The powers and authorities of the Chairperson of the Board of Directors and the CEO are clearly separated, as described in the Articles of Association.

Structure of the committees under the Board of Directors

Akbank's Board of Directors fulfills its roles and responsibilities by means of various committees. In addition to such committees, the Inspection Board, Internal Control and Compliance Division, Risk Management Department and Information Risk Management Department directly report to the Board of Directors.

Efficient surveillance of the internal systems: Audit Committee

The Audit Committee helps the Board in the performance of supervision and oversight functions; in addition, it oversees the functioning and adequacy of the internal systems as well as the accounting and reporting systems. The Committee convenes at least four times a year.

Corporate Governance Committee, overseeing our sustainability efforts

The Corporate Governance and Social Responsibility Committee was established in 2009 with the aim of monitoring compliance with corporate governance principles and supervising the implementation of corporate social responsibility activities. In 2013, the "nomination" task was also given to the Committee and its name was changed to the Corporate Governance Committee. The Committee is responsible for ensuring, monitoring and communicating compliance with Akbank's Corporate Governance Principles; monitoring the operations of the Investor Relations and Sustainability Department; creating a transparent system to identify, evaluate and train suitable candidates for the Board of Directors; and working on related policies and strategies. The Remuneration Committee is responsible for monitoring, auditing, and reporting remuneration practices for the members on behalf of the Board of Directors. The Committee convenes at least twice a year. The chairman and majority of the members of the Committee are Independent Board Members.

Ultimate decision maker in credit allocation: Credit Committee

The Credit Committee is the ultimate executive body to ratify lending decisions. The Committee assesses loan proposals that are cleared by the headquarters in terms of their compliance with legislation, banking principles and objectives, and lending policies of the Bank. Unless excused, all committee members attend the scheduled meetings. The Credit Committee convenes as needed.

The risk management body: Executive Risk Committee

The Executive Risk Committee is responsible for creating risk policies, identifying methods to measure and manage risks, setting and monitoring

suitable risk limits. The Committee puts all formulated risk policies in writing and integrate them into our long-term overall strategy. It convenes at least four times each year.

The authority that shapes the funding strategy: Asset-Liability Committee

The Asset-Liability Committee (ALCO) is a subcommittee presided over by the CEO. Responsible for daily liquidity and cash management, ALCO meets twice a week to discuss developments in the economy and in the markets. In addition, development of investment, pricing and funding strategies as well as making decisions regarding daily liquidity management are also among ALCO's responsibilities.

Rights granted to the Members of the Board of Directors

We shape all our activities in line with our objective of full compliance with laws. Akbank determines the remuneration policy for Board Members and Senior Management in line with the regulations of the Banking Regulation and Supervision Agency (BRSA) and CMB. According to the Akbank Articles of Association, Members of the Board of Directors are paid a monthly fee or attendance fee fixed by the General Assembly. Fees for the members who assume certain tasks in our Bank are determined by the General Assembly within the scope of the authority granted. The Remuneration Policy is implemented as per the regulations of BRSA and CMB. The Remuneration Policy has been documented in writing, presented to the shareholders at the General Assembly, and presented to the stakeholders at our website.

A committee with international prestige: Advisory Board

The Akbank Advisory Board is composed of opinion leaders in order to monitor global and domestic economic developments. Chaired by Suzan Sabancı Dinçer, the Advisory Board convened once in 2019.

Risk management and legal compliance



Our risk management processes

At Akbank, we shape our activities in light of our long-term strategies and objectives, and adopt a multi-dimensional approach involving risk management, legal compliance and environmental & social impact analyses in key matters.

In 2019, Akbank successfully fulfilled the Risk Management Function under the responsibility of the Board of Directors. The Board of Directors, which evaluates current developments in collaboration with the Audit Committee and the Executive Risk Committee, played a decisive role in determining the risk categories of the Bank and taking the necessary measures. The Risk Management, Internal Control, Compliance, and Inspection Board, which report to the Board of Directors, successfully fulfilled their coordination and assessment role, delivering the expected efficiency.

Risk management processes fully supported by our employees

At Akbank, we shape our activities in line with our long-term strategy and objectives. We adopt a multi-dimensional approach involving risk management, legal compliance and environmental & social impact analyses in key matters such as credit allocation, portfolio/investment preferences, and new product and activity decisions. In line with this approach, our

employees pursue full compliance with risk management policies and legal requirements as set forth by the Board in all their activities.

Worldwide recognized risk management processes

We effectively manage risks by integrating internationally accepted risk management models and regulations into our business processes. Analyses, calculations, simulations, scenarios, stress tests and other studies conducted as part of risk management have a supporting and decisive role in the strategic decisions taken by the Board of Directors and Senior Management.

We have multidimensional and effective risk management systems in place

The Board of Directors' primary responsibility is to establish and execute Akbank's Risk Management System. The Board of Directors, with the assistance of the Audit Committee and the Executive Risk Committee, assess current developments and determine Akbank's main risk categories.

The Risk Management, Information Risk Management, Internal Control, Compliance, and the Inspection Board, which report directly to the Board of Directors, perform coordination and assessment functions to ensure the expected efficacy.

Market risk

Market risks emerging due to fluctuations in foreign exchange rates, interest rates, and market prices of stocks are measured by using internationally-recognized models. Limits are identified and compliance with these limits is continuously monitored.

While the Board regularly reviews the limits, the Risk Management function as appointed by the Board is in charge of making necessary changes as per market conditions and strategies.

The regular meetings held by the Market Risk Committee at the level of Senior Management ensure that material events in terms of market risk are addressed and necessary action is taken.



Our risk management processes

We establish limits at various levels including company, group, sector and country so as to closely monitor and control our credit risk. Furthermore, global developments are closely monitored, and innovative studies are conducted accordingly.

Liquidity risk

We established a liquidity management framework for maintaining required liquidity resources to perform legal liabilities in a timely manner to depositors, creditors and institutions that Akbank has made a commitment to. Akbank protects itself from any negative impacts to be caused by liquidity risks thanks to its widespread deposit base, robust capital structure, and diversified domestic and foreign borrowing sources. In addition, extra liquidity sources are made available with limits allocated by the Central Bank, BIST Repo Market, Settlement and Custody Bank Money Market and the banks as well as the liquid securities portfolio in hand. By being cautious in foreign currency liquidity management, reserves sufficient to fulfill liquidity needs are maintained and swap transactions are effectively used. The liquidity status is continuously monitored through liquidity stress tests performed periodically. The results of the stress test guide Akbank's liquidity risk management strategy and policy. Akbank manages its liquidity risk in compliance with the liquidity risk appetite described in this framework policy.

Credit risk

All banking products bearing credit risk are managed with the assistance from prudent loan policies and procedures in Akbank. Akbank also utilizes internal rating notes and scores, calculated by the internal models developed to assess new loan requests, regularly monitor the existing loan portfolio, and determine the provisions to be set aside for loans.

We establish limits at various levels including company, group, sector and country so as to closely monitor and control our credit risk. Furthermore, global developments are closely monitored, and innovative studies are conducted accordingly. Machine learning techniques are incorporated into model development and validation processes, and efficiency of such processes is enhanced.

Operational risk

Another area considered to be a risk category for Akbank's core activities is operational risk. According to Akbank, the sources for operational risk are overlooking errors and irregularities during the controls of business processes, senior management's or employees' failure to act in accordance with the time and conditions, mistakes

and disruptions in information technology systems, and natural disasters. Akbank makes efficient use of mechanisms such as differentiated and diversified controls, insurance, and limitation to manage operational risks associated with all risk categories, primarily legal risk and compliance risk. The Operational Risk Committee, which was established at the senior management level in 2011, discusses subjects that are of importance from an operational risk perspective and actively monitors the actions taken at its regularly held meetings.

Reputation Risk

Reputation risk is a significant risk in terms of sustainability management. All Akbank employees, notably the Board of Directors, are responsible for the management of this risk. As part of the management of this risk, policies and practices were identified in such areas as full compliance with legislation, establishing and exercising trust-based relationships with stakeholders, efficient and fast solutions to customer complaints. These have been put down in writing. Akbank Ethical Principles serve as an important guide in this sense.

Legal Risk

Operating flawlessly in terms of compliance with legislation is number one priority for us. For following legislation related to the banking sector and adaptation to developments and changes, various departments work to ensure compliance in the Bank's systemic infrastructure, business processes, rules, and limits.

New Product and Service Risk

In addition to the risks identified in existing products and activities, risks that may arise from the development of new products and services are also assessed. Potential financial, operational, legal and reputational risks of newly-developed products or services; methods to be used in measuring and managing these risks; and control mechanisms to be established are identified with the contribution from related departments of the Bank.

Since 2011, the New Product and Service Evaluation Committee, comprising managers of all departments involved in product development, decides on the suitability of all products and services in terms of legislation and technical qualifications. New products and services are introduced once the Board of Directors approves the extensive risk assessment made by the Committee.

Clean Banking Risk

At Akbank, Clean Banking Risk is defined as the Bank's and its employees' unfair practices or behaviors that affect customers, stakeholders or markets, and lead to damage to customers, financial penalties or loss of reputation. As part of Clean Banking efforts, Akbank's and its employees' behavior not only complies with applicable legislation but also uphold customers' interests.

We believe that Clean Banking Principles are important in terms of the better managing of operational and reputational risks, eliminating of possible legal risks and establishing sustainable customer relations.

- **Conformity:** Services or products provided or sold to customers, and product/service recommendations should conform to the customer's risk profile, expectations and needs, financial condition, and financial literacy level.
- **Disclosure:** Customers should be provided with detailed information on our products/ services, before, during and after sales; the information thus provided should be comprehensible by customers with a low level of financial literacy.
- **Customer Approval:** For products/ services, customer approval documents should be clear and understandable; customers' confirmation must be received for unclear issues; necessary screens/flows should be designed to receive clear approval from the customer for products/ services offered through distant channels; voice records and other audit trace records of customer confirmation must be kept.
- **Terms and Conditions:** Customers should be informed in a timely, accurate, complete and transparent manner as regards contract terms and conditions, and risks related to products/ services; customers' rights and responsibilities should be clearly stated, and there should be no misleading information about the terms and conditions.
- **Pricing:** Setting, declaring and implementing prices according to our policies (the Bank may refrain from announcing interest rates for risk premium, profitability and other

purposes - except for retail customers); standardization of fee/commission/expense collection and return processes.

- **Discrimination:** There can be no discrimination among customers on the basis of religion, language, race, age, gender, political orientation, and the like and our product/service quality cannot vary according to these criteria.
- **Market Integrity:** Market integrity and public interest must be held in all transactions performed; transactions that harm competition and market integrity shall not be performed.
- **Care for Vulnerable Customers:** Customers who can understand and use the content, return and risk information of our banking products and services to a limited extent due to their age, health condition, education level, income status or language are defined as vulnerable customers. We place extra emphasis on vulnerable customers with higher exposure to Clean Banking risks. We also think that "incompetence in financial matters" (2.4/a Inherent Factors) - an inherent factor constituting a Clean Banking risk - sets the ground for customer vulnerability.

Information Risk Management

At Akbank, we pay utmost attention to the management of cyber and fraud risks in a digitalized and globalized world. To this end, we take a stakeholder approach to information risk management, adopting the principle of effective management of information risks relating to the Bank, customers, investors, business partners and the sector. We take all the necessary measures for data security and privacy in accordance with all applicable laws - first and foremost, Personal Data Protection Law (PDPL) - to provide the most secure banking services for our customers.

Our risk management processes

Our Cyber Security Center is operational on a 24/7 basis to monitor, respond to, and handle cyber threats, incidents and security vulnerabilities.

Established to ensure information security risks and fraud risks are supervised directly by the Board, Information Risk Management directly reports to the Board. Akbank is one of the few companies worldwide to implement this model, and the only bank to do so in the Turkish banking industry. This model provides an effective, holistic and independent approach to information risk, by gathering information security risks and fraud risks under a single umbrella and separating them from other technology risks. As part of this structure, we have also established the Information Risk Management Committee where such risks are managed with the involvement of the Senior Management.

Our Cyber Security Center is operational on a 24/7 basis to monitor, respond to, and handle cyber threats, incidents and security vulnerabilities. The maturity level of the Cyber Security Center is regularly evaluated by international firms, and Akbank attains positive, above-the-sector results globally in these evaluations.

We make use of the best technologies in this field to guarantee data security and confidentiality. Measures related with data security and privacy are

incorporated into all our processes. We also make sure to implement necessary security measures at the time of use, storage and internal/external transfer of sensitive data, as identified in data classification (such as minimum authorization/ encryption/encipherment/ anonymization/monitoring the access, use and transfer). We consider the information risk of new services, and the security of our technology systems infrastructure that enables these services, at the initial design and development stage. This is how we can provide services with minimized risks right on the first day.

In addition to ongoing improvements and upgrades to prevent cyber and fraud threats, we focus on capabilities and processes in overcoming an incident with minimum harm. To this end, we revise the processes continuously. We established integrated and coordinated processes to keep the impact of a detected incident at minimum while completing needed upgrades at all relevant points. As a result of such effective processes, losses caused by fraud remain below the sector average.

Effective management of information risk and fraud – which constantly change, evolve, and

become more complex – depends not only on technology but also people. Therefore, we work with experienced professionals and human resources who constantly learn and practice in the field of information risk management. We achieve that goal with efforts undertaken in collaboration with the People and Culture Department.

We work to ensure that employees take precautions against cybercrime, and to enhance the Bank's protection against cyber threats, through awareness-raising programs for all employees. We also regularly undertake efforts to increase the awareness of customers against risks while they are using digital banking products. By focusing on customers in these efforts, we made significant progress in minimizing the risks and losses resulting directly from fraud.

The Information Risk Controls team, formed to perform controls solely in this field, regularly monitors the effectiveness of activities aimed at managing cyber and fraud risks and information security & privacy measures.

We also collaborate with public enterprises, the market and associations so as to safeguard the sector through a stakeholder approach.

Our internal audit infrastructure

The effective functioning of our internal control and audit infrastructure is a responsibility of all Akbank staff, first and foremost the Board.

Akbank has built a robust internal audit practice by swiftly integrating innovative internal control and audit practices from the international banking sector into its business processes. Our sound internal control system is designed to preserve our assets, conduct activities in an effective, efficient way and in accordance with legal regulations, and maintain a reliable and holistic accounting and financial reporting system. The effective functioning of our internal control and audit infrastructure is a responsibility of all Akbank staff, first and foremost the Board. The

Audit Committee's function is to aid the Board of Directors in its activities in this context.

The control environment has been defined as per the applicable rules and structured in a manner to contribute to all business processes.

To this end, the Bank's internal control efficiency was secured with mechanisms such as:

- Identification of functional differences, separation of the functions of marketing and operations,

- Documentation of job definitions and specific responsibilities in the control system of each employee at every level,
- Documentation of all workflows and checkpoints throughout the Bank via Business Process Management (BPM),
- Establishment of information systems that are in compliance with the volume and quality of our activities,
- Establishment of effective and comprehensive communication channels,
- Receiving and implementing employee opinions regarding processes and activities.

Internal control division

The Internal Control Division provides significant contributions to Akbank in maintaining its operations in an effective, efficient and compliant control environment.

At Akbank, we conduct operations in line with the principle of full compliance with laws and international banking regulations. The Internal Control Division is basically in charge of regularly supervising whether our operations are conducted efficiently, effectively and in compliance with legal and internal procedures. Primary duties of the Division include ensuring that the new products/services, internal arrangements and workflows comply with our internal control system and existing internal and external regulations; overseeing their risk levels; managing the relations with regulatory and supervisory authorities and coordinating internal audits; and seeking compliance with the Regulation on Support Services in the procurement of services from external providers.

The Division, which has a key role in the management of operational, legal, reputational and clean banking risks, makes significant contributions for us to minimize losses from operational risks, and perform operations effectively and efficiently, in compliance with applicable laws, rules and regulations, and within an effective control environment.

Effective control processes in five areas

We run our control processes in full compliance with the roles and responsibilities described under five headings. In 2019, Internal Control Division performed the following:

- Controlled core banking and Bancassurance functions as part of Head Office and process controls;
- Evaluated control points in the designed workflows, made functional separations among duties, and delegated roles and responsibilities;

- Designed systemic controls;
- Controlled financial reporting systems; checked the integrity and reliability of accounting and reporting systems;
- Made sure necessary measures that constitute the internal control system were taken, such as providing support for business units' projects.

Branch controls and monitoring systems

In 2019, we also adopted an innovative and risk-oriented mindset and performed branch controls that involved all the banking processes set forth by the BRSA. Following a risk-oriented approach, we checked in-branch transactions, as well as transactions performed on digital banking and non-branch channels, and led the relevant improvement efforts. We made significant progress in minimizing risks by making sure necessary action was taken after these controls.

In addition to such controls, the monitoring systems designed and developed by Internal Control Division perform routine evaluations of employees' likelihood of misconduct as per transaction, employee, customer and channel, as well as the alerts and risks generated by metrics and scenarios. In a period where we face technological evolution and transformation, updates are effectively introduced to adapt these monitoring systems to current requirements.

Our relations with regulatory and supervisory authorities

Internal Control Division successfully performs the management and coordination of supervisory and regulatory relations. Under this function, audit processes were coordinated from a single source while the Division played a guiding and effective role in tracking the audit results in 2019.

In addition, the Division facilitated the coordination, within the Bank, of correspondence with official bodies such as the Banking Regulation and Supervision Agency (BRSA), Central Bank of Turkey (CBT) and the Capital Markets Board (CMB) as well as with industry associations such as the Banks Association of Turkey (BAT) and the Turkish Capital Markets Association (TCMA). The Division made significant contributions to healthy and trustworthy relationships with regulatory and supervisory authorities and entities.

An effective channel for stakeholder dialogue: Ethics Hotline

Our stakeholders can promptly report suspected violations of Ethical Principles to Internal Control Division by reaching the Call Center at 444 25 25, e-mailing to etik@akbank.com or calling 212 385 77 77.

If Akbank's employees believe that there are practices contradicting the Ethical Principles in their units, but choose to refrain from taking actions as being part of the same unit, to solve the problem, they can use our Ethics Hotline. Reported cases are evaluated by Internal Control Division, which directs the case to relevant units at the level of Executive Vice President, and to the Inspection Board, if necessary. The existence of the Ethics Hotline, areas of practice and means to reach the hotline are announced to all employees regularly via e-mail. Employees can reach the Ethics Hotline via phone or e-mail during business days and working hours. Employees who contact with the Hotline are not required to give their names and if they do, the information is kept confidential.

Inspection board

We design all our business processes in line with our principle of full compliance with international banking regulations and local laws.

Coordinator of internal audit activities: Inspection Board

The Inspection Board, which is in charge of coordination of all the internal audits at Akbank, performs risk-oriented internal audits in a way that covers all units, processes and operations and in a planned manner. Examples of the duties of the Inspection Board include evaluating the compliance of branch transactions with the provisions and liabilities stated in internal and external legislation; investigating, analyzing and assessing existing or probable, actual or potential risks resulting from negligence, misconduct, fraud and the like in our branches, units and affiliates; and eliminating risks.

Efficient Audit Against Risks of Irregularity

The Inspection Board expends efforts to identify and solve probable irregularity notifications from legal bodies, the Bank itself (including those via the Ethics Hotline), and our customers. Furthermore, the Inspection Board monitors the reliability of information systems. Results of the operations by the Inspection Board and the Internal Control and Compliance Division are regularly monitored and evaluated by the Audit Committee and the Board of Directors.

International standards against the risk of laundering crime proceeds

Conducting all business processes in line with international banking regulations and local legislation, Akbank takes effective measures to prevent the laundering of crime proceeds and the financing of terrorism. In this respect, measures and principles for identifying, grading, monitoring, evaluating and preventing possible risks are implemented in consideration of obligations related to the identification of the customer. We fully comply with the legislation issued by international regulatory authorities (OFAC, EU, UN, among others), and the Compliance Department performs all the necessary controls in this field.

Marketing communication approach in line with ethical principles

Akbank operates in line with the principle of full compliance with the laws as a necessity of operating in the banking sector, where the promotion and marketing of products and services is strictly regulated. Every employee who communicates with customers, including the Corporate Communications Department, is responsible for compliance of our communication activities with applicable laws and regulations. Attaching great importance to protecting the privacy of customer information, Akbank has embraced high ethical standards in all its product promotion, sales and marketing communication activities, including advertisements and sponsorships. Akbank adopts an open disclosure policy in the promotion of its products and services, and conducts all business processes for customer relationship management in line with this open disclosure policy in order to prevent customers from losing their rights.

Full compliance with the ISO 22301:2012 standard

To ensure continuity of critical business processes as well as recovery of the system in case of failure, prevent customer losses, and to maintain its corporate reputation, Akbank continued the Business Continuity Management Program in 2019. The Business Continuity and Emergency Management System in place across the Bank is implemented in line with the ISO 22301: 2012 Social Security Business Continuity Management System standard. The Business Continuity Committee, which convenes twice a year, is responsible for monitoring and steering the work carried out under the Business Continuity and Emergency Management System.

At Akbank, we have adopted the highest ethical principles to perpetuate our high brand reputation in Turkish and international markets. We maintained our focus on cultivating this ethical banking perspective among all stakeholders within our impact area, primarily employees, through internal communication channels such as the corporate website and e-training program.

Compliance division

In 2019, the Compliance Division was separated from the internal control functions and continued activities as a separate function under the internal systems organization.

In charge of ensuring legal compliance and protecting against reputational risk

Compliance Division performs activities to ensure the Bank's compliance with the banking regulations, regulations regarding protection of personal data and safeguard the Bank against financial crime risks. International standards apply for the operations to prevent financial crime risks. Control standards are developed and implemented with protective and preventive policies to avoid laundering, financing of terrorism, international financial sanctions, bribery, and corruption. In light of applicable regulations, we adopt a

Group-wide compliance policy that covers all domestic and overseas units in planning our activities aimed at legal compliance. The units and employees take on the responsibilities prescribed in this policy. We organize regular and extensive training programs to increase employee awareness and update them on legal compliance.

Holding a key function for the management of legal compliance and reputation risks, the Compliance Division provides consultancy for, guides, and proposes solutions to the management and relevant units on taking effective measures

against money laundering and financing of terrorism; maintaining monitoring and control efforts; following up the developments with respect to international financial sanctions; taking preventive measures; controlling risky operations and transactions; and the activities, procedures and relevant arrangements regarding the risks that fall under this scope. Compliance Division takes on significant roles and responsibilities for us to seek compliance in our existing operations and develop and introduce new banking products and services in compliance with the applicable banking laws.

Activities of the re-structured Compliance Division in 2019

The Compliance Division successfully fulfilled its roles and responsibilities in four areas in 2019.

- As for the fight against financial crimes, the Division carried out oversight and control tasks regarding compliance with the obligations stipulated in Law No. 5549 on Prevention of Laundering Proceeds of Crime and Financing of Terrorism.
- It launched project activities to update the tools used in monitoring and control efforts with new versions. Started works for and targeted improvements in the monitoring and control systems related to financial crime risks in line with current technological innovations like artificial intelligence and machine learning.

- Established business plans to enhance the efficiency of operational fields in the monitoring and control processes through robotics and enable human resources to focus on more analytical business processes.
- Carried out studies to reinforce the risk-oriented approach in customer approval and risk assessment processes. In this context, it developed models that allow the rating, measurement and reporting of risks, and sharing of analytical data on the same with relevant business units.

Compliance Division also developed a new process control to check loan proposals against international sanctions and economic embargoes with the assistance of technological products and tools and to ensure the implementation of effective risk management measures.

Boasting key competencies in the field of legal compliance controls, Akbank utilized advanced technologies in 2019 to conduct monitoring, tracking and controlling activities related with the internalization and implementation of new regulations on compliance with banking laws. We established a governance structure aimed at the creation of a digital legislative library of legal requirements that are binding for Banks. This structure is also intended to quickly scan and analyze the legal requirements and recent amendments to regulations, assign relevant tasks to respective departments via use of tools, create action plans for legal compliance, and monitor and report the implementation of these action plans.

Value added to our customers



Exclusive solutions for our customers

We work to create unique banking solutions by analyzing changing trends and customer expectations accurately and developing exclusive solutions.

At Akbank, we effectively incorporate our digital transformation journey into business processes and constantly raise the quality of our products and services. Operating with the principle of delivering unconditional customer satisfaction, we develop products and services that make a difference vis-a-vis the competition by maintaining customer interaction at the highest level. Closely monitoring new dynamics in the real economy and emerging trends across society, we stand by our customers 24/7 with diversified products and services, as well as an extensive service infrastructure across Turkey.

Customized retail banking solutions

Akbank appeals to a broad customer base with its branch network radiating throughout Turkey and diversified digital channels. Boasting competencies that make a difference in product development, Akbank develops products and services for retail customers from all age groups and socio-economic backgrounds, with a special focus on the youth segment.

Special advantages for retirees

This year, we introduced a new special benefit for retirees. This campaign may benefit those who receive their retirement pension from Akbank and who have defined "artıpara" loan limits in their retirement pension accounts. Akbank customers can use their current artıpara loan limits with 0% interest in the two-day period before the pension payment day. As a result, these customers are able to resolve any cash shortage issues during the last days of the pension term in a convenient and advantageous way.

Meetings with the youth

We develop quality solutions that meet the financial and non-financial needs of our young customers. To this end, we meet with young people during special events held at universities and high schools and learn about their requests and needs first-hand.

Tosla: An inclusive app to address the financial needs of the youth

We are aware of the critical role of inclusion in the financial sector. Therefore, we have launched Tosla, the first product of our subsidiary AkÖde, in 2019. Contributing to the youth's participation in financial life in Turkey, Tosla provides an entertaining and social platform where the youth can perform their daily financial transactions without having to be a customer of Akbank or any other bank. Developed to address the basic financial needs of young people, the app goes on its journey with numerous new features and versions. Tosla will continue introducing new benefits and contributing to financial inclusion in the coming periods.



Exclusive solutions for our customers

Innovative solutions for cash management

We launched a project with e-Logo, a financial e-services company under Logo Group, which allows Logo users to access Akbank's Corporate Website from within their ERP programs and create accounting records of their banking transactions automatically. With this app accessible from the Logo program, Akbank customers are able to view their accounts, pending transactions and FX rates on the dashboard screen, get their account statements, transfer TRY and FX, confirm IBAN, link accounts and view receipts. Thanks to these features, the project enables automatic recognition of users' banking transactions on Akbank.

We started to offer brokerage services to help companies producing metals deliver gold extracted from ore to Borsa Istanbul Precious Metals Market and make sure CBRT can forward-buy the delivered gold.

We integrated the Digital Payment Guarantee, a secure way for payments and collections, with discount and third party assignment functions so as to finalize the supply chain finance. The digital payment guarantee, a fully digital service on Akbank's Corporate Internet channel, allows customers to perform commercial transactions in a more secure manner with the Akbank guarantee.

We always stand by SMEs

Our support for SMEs via retail banking services is not confined to funding only. We foster SME development by offering specialized consultancy and advisory services.

We also provide necessary information for SMEs to access special sources of funding.

In 2019, we continued to implement CaseCampus, a young entrepreneur program organized together with Endeavor Foundation, in a four-day bootcamp format. During the CaseCampus program, participants had the opportunity to become closely acquainted with the world of entrepreneurship via workshops and trainings focused on entrepreneurial thinking.

We also organized the StartUpCampus Entrepreneurship Program in 2019. Launched in 2018, StartUpCampus enables growth for young entrepreneurs who have recently started their own business and launched their products to the market. In cooperation with Endeavor Foundation, we provided training, workshop, and mentorship support to entrepreneurs for 10 weeks starting from November. In addition, we were the main sponsor for the ScaleUp Summit Izmir and Ankara events, organized by Endeavor Foundation with a vision of developing the local startup ecosystem.

As for consumer loans, we support customers in a wide variety of areas, from housing and car purchases to their education, wedding and short-term cash needs. Our primary goal is to deliver customers top quality service in an easy, practical and swift manner. To this end, we enrich the banking services provided on digital channels each passing year, enabling customers to apply for and obtain loans easily, without having to visit a branch.

We provide for the needs of the agriculture sector with banking products and insurance services prepared by taking into account seasonal cash flows. In 2019, we came together with farmers during the expositions we attended in Izmir, Adana and Antalya and informed them about our qualified products and services.

In the remainder of the fiscal period, the farmers who deliver their agricultural products to licensed depots were able to use loans against securities easily from Akbank after receiving Electronic Product Bill (ELÜS).

During iftar dinners held throughout the month of Ramadan, we met with our customers in Afyon, Isparta, Karaman, Aydın, Tire, Rize, Aksaray, Elazığ, Malatya, Tekirdağ, Edremit, Osmaniye, Bolu, Çorum, Batman and Istanbul. These events presented the opportunity for us to hear customer requests and needs first-hand. We used the feedback we obtained from these dinners to develop and introduce innovative products and services.

As part of our support for Turkey's sustainable growth, "Akbank Exporters' Meetings" were held in Istanbul and Bursa to bring together exporters as the driving force of the economy with connoisseurs in the field. While the dynamics with an impact on exportation in and outside Turkey, developments and opportunities were discussed during these meetings, we also provided information on our support for exporters including "Exporter's Power Package."

Our environmental and social risk management for lending processes

At Akbank, our aim is to keep the environmental and social impact of all the projects we pursue under control in the coming period.

Akbank has a robust environmental and social lending policy in place so as to manage the environmental and social risks arising from lending activities. We pay attention to environmental, social and governance elements of all our business models. We perform a comprehensive environmental and social risk assessment for the loans we extend to the customers in the Corporate and Commercial Banking segments. Furthermore, we have a distinctive position vis-a-vis general sector-wide practices thanks to the social and environmental risk assessments we conduct for all SME customers. Priority is given to lending to projects that improve environmental conditions, such as renewable energy investments, waste recycling investments, carbon emission reduction, and productivity increasing investments.

We revise our environmental and social lending policies in line with local and global developments

In an effort to minimize the negative impact we may create on communities and the environment due to our lending activities, we revise our environmental and social lending policies every year in line

with the developments in the sector and around the globe. In addition to the existing environmental and social provisions in our credit contracts, we provide for other environmental and social conditions specific to the funded project.

We expand the scope of the Environmental and Social Impact Assessment (ESIA) for a better control over the impacts.

We reduced our threshold for ESIA to USD 10 million by the end of 2019, from USD 20 million in 2018 and USD 50 million in 2017. This is how we intend to keep the environmental and social impact of all the projects we pursue under control in the coming period. We perform detailed analyses and measurements on the environmental and social impacts of investment credits of over USD 50 million.

In 2019, we examined four projects thoroughly under ESIA. As a result of examinations, one project was categorized as high-risk, two as medium-risk and one as low-risk. We decided to finance two renewable energy projects, worth USD 194 million in total, which were in the medium-risk category, and assigned independent consultants

to measure the environmental and social impacts of these projects. Working with independent consultants, we formulated plans and procedures to identify these projects' environmental and social impact and minimize them. Independent consultants monitor the projects also in the construction and operation phases.

In 2019, Akbank's ESIA team took part in visits for nine project sites and examined them first hand together with independent consultants. During the site visits, our ESIA team also had talks with the local communities affected by the projects and thus had the chance to better understand their environmental and social impact.

Assessment of non-financing activities list in loan allocation process

We evaluate all the loans regardless of amount as per the "Akbank Environmental and Social Lending Policies" and analyze each commercial loan we extend as to whether they fall under the "Non-Financing Activities List," which is an integral part of Akbank's environmental and social policy. We have established effective control

Our environmental and social risk management for lending processes

The environmental and social risks arising from the activities currently performed by the company requesting a loan, and the manner to manage these risks are taken into account in risk assessment.

mechanisms in this area thanks to the infrastructure improvements in 2019. Through systemic controls, we identify the customers who may be involved in such restricted sectors, and visit them on site to perform detailed analyses before making a decision of allocation. In 2019, this new system allowed us to identify 31 credit applications as activities not to be credited from among 170 applications and rejected the credit allocation requests for these projects.

You may reach Akbank's Non-Financing Activities List at https://www.akbankinvestorrelations.com/en/images/pdf/NON_FINANCING_ACTIVITIES_LIST.pdf

Environmental and social impact assessment factors in credit allocation processes

We seek the following criteria as part of the Environmental and Social Impact Assessment System:

New investment projects requesting finance (or credit requests) are classified as high, medium and low risk as a result of an assessment of their potential environmental and social impacts.

Additional assessment criteria that differ from sector to sector are applied in sectors with high environmental and social risks. Within this scope, mining, energy, chemicals (including petrochemicals), infrastructure & transport, and production (machinery, equipment, food and fishing) are identified as high risk industries in terms of their environmental and social impacts. Regardless of the industry, a project finance/investment loan is considered risky if;

- There is an ongoing lawsuit on their environmental or social impact,
- Its impact on local communities results in a strong resistance among society,
- It affects critical habitat,
- It involves a large-scale resettlement/expropriation,
- It is located near sensitive or protected sites.

The environmental and social risks arising from the activities currently performed by the company requesting a loan, and how these risks are managed are also taken into account in this evaluation process.

The Bank demands an Environmental and Social Assessment Report and Action Plan to be issued by an independent consultant for all projects and loan requests with high and medium risk. This Environmental and Social Action Plan (List of Environmental and Social Commitments) is also included in the agreement reached with the client.

In efforts to manage environmental and social risks in high and medium risk projects, we take into account the following issues:

- Stakeholder engagement and complaint mechanism processes,
- Company compliance with Occupational Health and Safety (OHS) legal and regulatory requirements during both current business activities and investment activities,
- Proximity of the project to the wetlands identified under the RAMSAR Convention,
- Presence of a Resettlement Action Plan in land acquisition projects involving physical or economic resettlement,
- Presence of a plan to minimize tree cutting in projects, and if tree cutting is inevitable, a plan to compensate for the trees and forest areas to be destroyed,

- Amount of additional greenhouse gas emissions and the ensuing carbon cost in operation time of projects with high carbon emission risk,
- Processes to assess the impact on biodiversity,
- Customers' existing or work-in-progress Environmental and Social Management Systems.

We work with independent consultants, experts in their respective fields, to keep the environmental and social impact of the projects we fund under control

For high and medium risk projects, we work with independent consultants who are experts in their respective fields, demonstrating their proficiency with references. We seek compliance with not only Turkish laws but also with international standards in independent consultants' reports.

The independent consultant issues an Environmental and Social Situation Report after the detailed analysis of the EIA/ESIA report on the project to be funded. The report provides a gap analysis in line with the local laws and best practices in the world. For the matters identified in the gap analysis to be tackled, action plans are developed and monitored by experts.

We continue capacity-building initiatives through closely monitoring national and international developments

In order to monitor the developments on environmental and social issues closely, we continued to participate in numerous training courses, conferences, webinars, working groups and workshops on the management of such risks in the sector, while getting actively involved in discussions and providing opinion during these events in 2019.

Measuring and monitoring the environmental and social risks of the companies that are extended a loan, and equipping our employees with the competencies required in this area are among our priorities. In this regard, 30 employees in the project finance and credit allocation units were delivered thorough in-class training on the Turkish legislation, international standards and best practices related with environmental, social and OHS topics in 2019. In 2019, 310 fieldworkers also took the online training modules developed as part of our environmental and social lending policies and practices and revised in light of recent developments. Utilizing in-class and online training models, we continue to deliver awareness training on best practices in the world and sustainability topics to thousands of employees.

Assessment under the responsibility of Credit Allocation and relevant business units

The Environmental and Social Impact Assessment Team, Akbank branches, Corporate, Commercial, Retail, Investment Banking, and Credit Allocation Business Units are responsible for the evaluation of loans in terms of compliance with the policies and preparation of the required action plans. Loans are approved by the Credit Committee within the Board of Directors or any other allocation unit that is authorized by the Board.

We review our Environmental and Social Lending Policies once a year and revise them as per the emerging needs upon the approval of the Board.

The Environmental and Social Impact Assessment Team is responsible for assessing and managing the environmental and

social impact of projects and investment activities, from the construction phase to the operation phase, and even the sign-off phase in certain sectors (such as mining).

We care about the sensitivities of local communities

We investigate the issues related with the projects we fund, such as the local community's reactions to the project. Organizing stakeholder engagement meetings, we make sure to keep the local community informed, encourage the establishment of complaint mechanisms and take the opinions and expectations into account. During the project, the main focus shifts to compliance with occupational health and safety standards. We audit the working conditions of workers on site and support the improvement of existing conditions.

Accurate assessment process in high risk projects

In the credit allocation processes of medium and high-risk projects, Akbank evaluates whether the company has an environmental and social policy. The Bank analyzes whether a company with such a policy possesses Environmental and Social Management Systems and the adequate human resources organization to carry out the efforts defined by these systems at the point of application. When necessary, Akbank offers capacity development opportunities to its clients.

Via the Environmental and Social Management System (ESMS), we manage SME customers' environmental and social risks together with them.

As part of the loan contract we signed with IFC in 2010, we established the Akbank Environmental & Social Management System (ESMS),

Our environmental and social risk management for lending processes

Our Environmental and Social Management System is intended to help us assess the environmental and social risks of all our SME customers and raise their awareness to prevent such risks.

which is an exemplary scheme in environmental and social impact assessment for the finance industry, based upon IFC's social and environmental performance standards. ESMS, a standard-setting reference project in the Turkish banking system, addresses a variety of issues regarding the SME portfolio including:

- Environmental and social assessment and management, labor and working conditions, prevention and reduction of pollution,
- Public health, safety and security,
- Protection of biodiversity,
- Sustainable natural resource management and protection of cultural heritage, among others.

The ESMS team organizes the activities under the Environmental and Social Management System. Furthermore, the environmental and social lending policies manager under the Credits Business Unit is appointed as "ESMS Officer." In order for the system to be managed in a more effective and active manner, one person each from the credit allocation teams reporting to Regional Credit Departments (a total of 20) were included in the ESMS Team as of November 2018.

The Regional ESMS Officers pay regular visits to examine customers' environmental and social risks on-site and support them to take corrective actions. Participation in the ESMS teams is provided by the Treasury Business Unit on matters related to funds secured from overseas institutions; by the Legal Department on applications of the Turkish Environmental Laws and potential amendments to the legislation; and by the Human Resources Department on issues concerning the Labor Law and worker safety.

The Akbank Environmental and Social Management System aims to assess all environmental and social risks in the SME segment; increase customer awareness and encourage them to take the necessary measures to avoid the materialization of these risks; and prevent any adverse environmental or social impacts.

Akbank Environmental and Social Management System consists of the following three main components:

- Equipping employees with prerequisite skills to measure SME customers' environmental risks,

- Furnishing the infrastructure that enables the measurement of environmental and social risks in lending processes,
- Achieving a reporting structure that enables us to measure and monitor the risks.

Environmental and social risk analysis of SME customers under ESMS

As part of the ESMS system, we have analyzed SME customers' environmental and social risks within a quantifiable and traceable system since 2017. We have also successfully continued system enhancements since the same year. This process has become quantifiable and assessable upon the assignment of a Social and Environmental Risk Score to each SME borrower via the Decision Making Matrix added to the system infrastructure.

In the meanwhile, we evaluate the necessary measures and develop action plans to minimize existing risks together with the SME borrowers while extending loans to those borrowers we consider risky. Customer representatives and Regional ESMS Officers conduct regular customer visits to monitor first hand whether the commitments within such action plans are fulfilled.

Climate- friendly loans

As a pioneering bank in the financing of renewable energy projects in Turkey, we develop funding options with compelling maturities and costs for investments in this field.

We are the supporter of investments in Turkey's sustainable development

At Akbank, we use our own resources as well as borrowings from international funding facilities to develop financing solutions for energy efficiency and renewable energy projects, which we consider as crucial areas in terms of sustainability initiatives.

We support the development of the energy sector in Turkey, and thus the minimization of reliance on foreign energy resources. Observing the environmental impact in project financing activities, we have undertaken exemplary initiatives in the sector in 2019.

We prioritize lending to renewable energy projects

Foreign reliance on energy plays an important role in the current account deficit, one of Turkey's biggest problems. For this reason, energy investments that will decrease reliance on imported energy resources such as natural gas and coal are of huge importance. In 2019, Akbank continued to formulate original financing solutions for solar power

and geothermal energy projects, which have received support from the public and the state in recent years. In parallel with the increasing investments in this field, the Bank plans to continue to formulate compelling funding options in terms of maturity and cost in the coming period.

Energy efficiency loan by OPIC

In an effort to ensure the sustainability of the Bank's support for renewable energy projects, Akbank signed an agreement for a 15-year, USD 175 million credit facility with Overseas Private Investment Corporation (OPIC), the development finance institution of the United States, in October 2014. Through this attractive loan package, Akbank financed customers' energy efficiency investments in addition to machinery and equipment purchases that achieve energy savings of at least 20% as well as Renewable Energy investments.

Allocation of MidSEFF funds from EBRD to renewable energy projects

In October 2015 and June 2016, we signed agreements with the EBRD for two loans totaling USD 220

million with a maturity of 12 years, in order to continue our support for renewable energy projects. With this loan package, which offers attractive opportunities for investors, we financed renewable energy investments totaling USD 208 million in 2015-2017. We continued to extend the remainder of the loan throughout 2019.

100% of energy project financing goes to renewable energy projects

At Akbank, we adopt a responsible investment approach to combat environmental problems, climate change in particular. We reduced the threshold for Environmental and Social Impact Assessment (ESIA) to USD 10 million by the end of 2019, from USD 20 million in 2018 and USD 50 million in 2017. This way, we aim at keeping the environmental and social impact of all the projects we fund under control in the coming period. We evaluate investment credits of USD 50 million and above, regardless of credit amount and maturity limits, by measuring their environmental and social impacts with detailed analyses. We also evaluate all the extended loans as per our Environmental and Social Lending Policy and check whether

Climate- friendly loans

Akbank extended project finance loans to renewable energy projects valued at USD 10+ million totaling USD 1,711 million as of the end of 2019.



5.8 million
ton CO₂

**Emissions Prevented
by the Projects We
Financed**

each commercial loan falls under the scope of the Non-Financing Activities List which is an integral part of this policy. We prioritize credit allocation to projects focused on renewable energy, waste recycling, carbon emission reduction and efficiency increase. In projects of which the adverse effects on the environment had not been anticipated in the first place, customers are given support to make improvements.

As of the end of 2019, the financing we extended to renewable energy projects valued at USD 10+ million totaled USD 1,711 million. Meanwhile, the share of renewable energy loans in total energy generation projects rose to 82%. Renewable energy projects financed by Akbank prevented around 5.8 million tons of CO₂ emissions in 2019.

In 2019, we continued to focus on financing qualified energy projects. In keeping with its practice of the

last three years, 100% of our funds went to renewable projects, with the total share of renewable energy projects in our Bank's portfolio being 76%. We also started providing financing for biomass projects in 2019. As of year-end, our Bank's energy portfolio included 2,986 MW hydroelectric energy, 780 MW wind energy, 320 MW geothermal energy, 181 MW solar energy, and 9.3 MW biomass projects.

Project	Total Installed Capacity (MW)
Hydro	2,986
Wind	780
Geothermal	320
Solar	181
Biomass	9.3
Total	4,276.3

* In light of the data from TÜİK and TEİAŞ, an approximate figure was obtained by determining the average emission factor of various types of fuel (coal, fuel oil, diesel oil, LPG and natural gas).

Financing solutions for infrastructure projects

The environmental sensitivity and social and economic contributions for the country were primary areas of focus for us in the projects we financed in 2019. Therefore, we extended funds to renewable energy projects and numerous infrastructure and real estate projects.

We continue to support Turkey’s and our economy’s growth through the loans we extend. We extend loans to the energy, infrastructure, real estate, industry, health, services, transportation, and petrochemicals industries in certain weights to maintain a balanced and diversified credit portfolio.

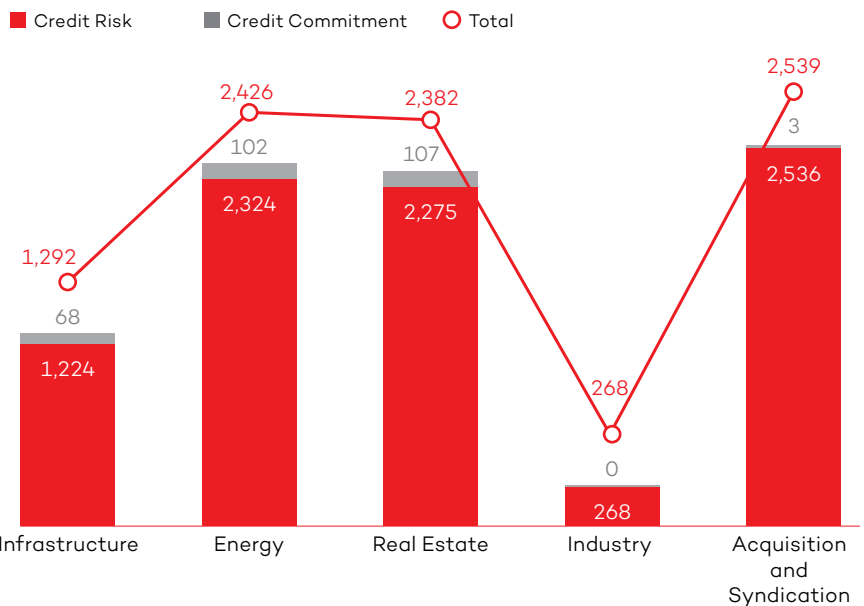
Balanced loan portfolio

We share our extensive know-how of project financing and investments with our customers, taking Turkey’s social and economic needs into account. We build our roadmaps for structuring the financing on sustainability criteria at the stage of investment planning. During this process, by cooperating with leading local and international banks as well as multilateral financial institutions such as IFC, EBRD, and EIB, we strive to create the financing structure that offers the greatest added value to all parties, and especially to our customers.

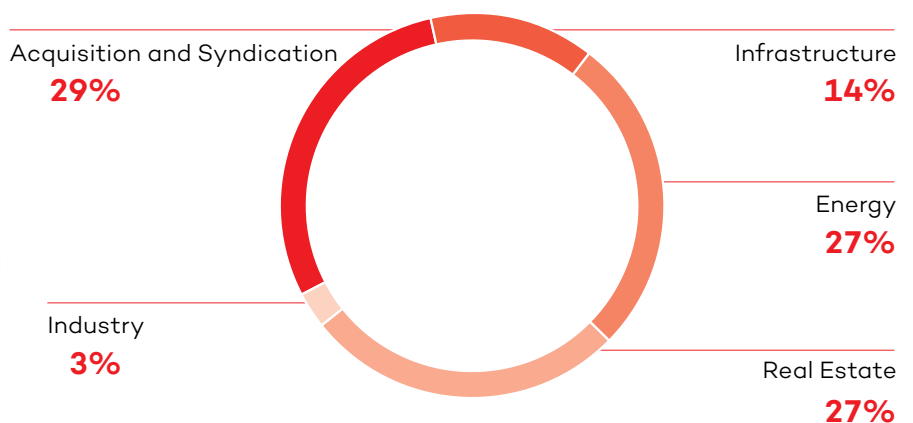
Sector leader with customized investment banking solutions and innovative approaches that drive project financing

We have assumed the role of “Pioneer Bank” in Turkish investment banking by including projects in our portfolio that involve environmentally-friendly and sustainable production and activities and have strong collateral and repayment structures and prioritizing projects such as debt underwriting and purchase guarantee transactions.

Project Financing Loans By Industry in 2019 (USD million)



Project Financing Loans by Industry in 2019



Exclusive services for clients

Tapping into our partnerships within the FinTech ecosystem, we become the transformative power of SMEs.

Growing support for SME digitalization

At Akbank, we continuously improve mobile banking user experience for individual and SME customers. We mobilize our resources to help digitize our customers and employees alike. Consumer and SME Customer Relationship Managers can access customers' information from mobile devices and offer them a wide array of products, from loans and deposit products to member merchant services and checkbooks, according to their needs during customer visits.

We establish solution partnerships with FinTech companies that develop digital apps addressing the needs of SMEs and boosting their productivity. We strive to pave the way for the growth of the FinTech ecosystem with the solution partnerships established, through the bookkeeping application Paraşüt (Parachute) that provides value-added solutions for SMEs, and through Kolay İK (Easy HR) geared toward serving HR needs.

We served as the main sponsor of Turkey Technology Meetings alongside Vodafone organized under the auspices of the Ministry of Commerce of Turkey and Union of Chambers and Commodity Exchanges of Turkey (TOBB). We also participated in the "Digital Transformation of SMEs, E-Commerce and E-Exports" meetings as part of the panel discussion entitled

"Where are FinTechs in SMEs' Digital Transformation?" Being present at the meetings held in Adana, Antalya, Balıkesir, Diyarbakır, Eskişehir, Gaziantep, Konya and Trabzon, Akbank will continue taking part in these meetings in 2020.

We organized Akbank Tourism Meetings in Bodrum and Antalya around the theme "Digital Transformation in Tourism" with the participation of nearly 1,500 sector representatives and experts. During the meetings, developments in the tourism sector and innovations brought by digitalization were discussed.

Effective cooperation with CGF

In 2019, we continued to cooperate with state agencies in the area of SME financing. With agreements signed with Credit Guarantee Fund (CGF), we mediated in Treasury and Equity programs, thus providing collateral support to SMEs. We will continue to cooperate with CGF in the coming period to facilitate SME access to loans.

"Akbank Family Company Academy" for the institutionalization of family companies

In collaboration with Sabancı University Executive Development Unit (EDU), Akbank organized the 14th edition of Akbank Family Company

Academy in 2019, which was first held in 2014. Aside from Istanbul, the program was also organized in Adana and Diyarbakır due to ample demand and interest. In addition to Akbank customers, the Academy was also organized for distributors/dealers, upon the request of leading companies in the sector. Akbank Family Company Academy targets those family companies which want to institutionalize their company, get up-to-date through academic training, and hand over their company management to the next generation. The training program covers a variety of subjects, including strategic management, business development, innovation, institutionalization, finance, best corporate governance practices, legal matters, and human resources management. Factory visits were paid to Sabancı Holding companies, and participants were given EDU certificates at the end of the training programs. While the training programs were in progress, seven key improvement areas were identified in order to be successful in the institutional transformation process under the scope of the report "Keys to Sustainable Success in Family Companies," prepared in the previous years.

Our digital transformation journey

Ushering in a new era of banking through digital transformation, Akbank has now set its eyes on providing the mobile banking experience of the future with New Akbank Mobile.

The digital transformation journey affects banking and customers' lives in three core areas: trust, prevalence and time cost. The experience of digital banking has radically changed the daily banking experience in these key areas. Customers who receive banking services meet a large part of their daily banking needs through digital channels.

A pioneer of digital transformation in the banking industry, Akbank undertakes extensive advanced technology investments and intensive efforts to deliver customers a mobile banking experience where they can complete transactions easily in just a few seconds and continue their lives uninterrupted. The technology, products and services we offer reduce the time allocated by customers to banking down to seconds. This is the vision we pursue in the design and development of Akbank Mobile, which we revamped end-to-end in September 2019, and in delivering new services and experiences to customers.

In 2019, Akbank focused on providing an exceptional banking experience to customers via digital banking innovations. Keeping a

close watch on customers' needs, Akbank aims to deliver holistic services and creates designs accordingly.

Akbank Mobile revamped

In September 2019, we revamped Akbank Direct Mobile end-to-end, and launched it under the name of "Akbank Mobile." We did not only rename Akbank Mobile; we also renewed its design, experience and language in line with our design principles. Offering a simplified experience with a more modern design, Akbank Mobile now boasts a brand new language inspired by customers' habits in everyday life. We integrated artificial intelligence in Akbank Mobile, allowing us to provide a more relevant and customized experience to customers. Our aim for 2020 is to keep improving the experience of numerous banking transactions, launching new services and offer the mobile banking experience of the future.

Banking just got smarter with Akbank Mobile

Customers always lie at the heart of the services we design and deliver. It is with this vision that we integrated customized artificial intelligence into Akbank Mobile. Customers

are now able to reach smart tips for their financial life in the new communication field within Akbank Mobile. Some of these data-driven smart tips include monthly, weekly cash flow extracts, payment return information, weekly cash flow prediction, credit card expenditure analyses and information that help customers manage their savings.

A holistic customer experience

While moving our existing processes to digital channels as part of our digital transformation journey, we also designed them from scratch and created new digital experiences from a new perspective. We made significant investments in user experience and user interface. Our primary focus was to provide a holistic and consistent experience in all points of contact. ATM interfaces and user experience were also renewed based on a similar design with Akbank Mobile.

One of our strategic priorities is integrating opportunities brought by digitalization while enabling more people to benefit from these opportunities. In line with this purpose, we, first of all, test all our innovations via a pilot process with a test group selected from among our customer base. During this

Our digital transformation journey

We were honored to win an award with the new design of Akbank Mobile at the world's most important design contest: Akbank Mobile was presented the "Mobile App Design" award by iF Design in 2019.



70%

The share of Akbank's Direct Loan product within Consumer Loans

We have enriched credit extensions by providing real-time, customized offers to our customers, and thus increased the rate of extensions to our target group significantly.

process, we take their experiences and improvement suggestions into account and carry out the services. For accessible banking, for example, we first allow our disabled customers to try out these innovations. Subsequently, we make necessary improvements and changes in line with the pilot findings.

Akbank Mobile holding the international design award

We were honored to win an award with the new design of Akbank Mobile at the world's most important design contest: Akbank Mobile was presented the "Mobile App Design" award by iF Design in 2019.

We were also named the "Brand of the Year in Turkey" and granted two gold and one silver awards at the Smarties Awards EMEA, held each year on a country and region basis by Mobile Marketing Association (MMA), which drives the global growth of mobile marketing. In addition to one gold and one silver award at MMA Smarties Turkey, six awards we won at MIXX Awards and Felis Awards were testaments to our pioneering role in digital banking.

Direct Loan Product accounts for over 70% in total loans

The share of our Direct Loan product in total consumer lending was 70% as of the end of 2019. Thanks to the continuous optimization of the credit experience in 2019, nearly three out of every four consumer loans were extended through digital channels. We have enriched credit extensions by providing real-time, customized offers to our customers, and thus increased the rate of extensions to our target group significantly. Furthermore, 50% of credit card sales takes place through our digital channels. Meanwhile, we extend credits to customers via Direct Pay partnerships as well.

Meeting the needs of member merchants is a top priority

As of the end of 2017, Akbank started accepting POS device applications over its website, even from non-customers – marking another first for the Turkish banking industry. In 2018, the Bank expanded the channels for this application process further by including internet and mobile branches. During the year, corporate customers were also given the opportunity to benefit from this service. POS reports issued online to corporate clients, providing detailed information on sales and

recommendations on how to boost selling transactions, were also transferred to the mobile channel, in keeping with customers' evolving channel usage habits. With this effort, Akbank customers are able to easily access POS reports with new upgrades. In addition to helping corporate customers boost their sales, the Bank also developed solutions to meet their cash and payment needs. Helping Akbank member merchants who use blockage meet their cash requirements more easily, the de-blockage procedure that transfers POS turnover to merchants' accounts immediately was enabled over Akbank Direct Mobile as well. The QR technology introduced to POS as of the year-end 2019 enabled simple, quick and secure receipt of payments.

Axess Mobile users can create their own campaigns

The new campaign dynamics introduced by Axess Mobile by the end of 2019 allowed our customers to create their own campaigns with the type of prize and spending totals they set for the sector they wish. Marking a first in the banking sector, this practice aids customers in running campaigns suitable for them and reinforces the mission of Axess Mobile as a personal shopping assistant.

With Axess, times are changing and chip-money is never get lost

Highlighting the "fulfill with Axess" slogan with advantageous campaigns throughout the year, Axess took yet another leap in the sector in 2019. Customers are now able to earn and save chip-money as they like under the "non-volatile chip-money" value proposition of Axess.

To save the chip-money they earned without any time limitation, Axess customers can follow up Axess Mobile, which is Turkey's

first payment systems app offering campaigns tailored for users' spending habits. They can join the campaign of their choice from among hundreds of campaigns in a month and get the opportunity to earn more chip-money.

We introduced a new value proposition in the privileged world of Wings

Under the "Pay with your Miles" function launched in 2019, Wings card holders have the chance to buy flight tickets and pay for their travel and accommodation expenses with the miles they earn.

We enrich the digital customer experience

Akbank uses a customer experience management model across all Direct Banking services and products – at every step, from design to roll out – in order to maintain customer focus. Under this model, we enable customer participation in all design processes with the most current and effective methodologies, including ethnographic research, neuro measurement, questionnaires, one-on-one in-depth interviews, and usability testing.

Digital banking services at over 5 thousand ATMs across Turkey

With 5,100 ATMs located across a wide geographic area for easy access, Akbank operates one of the largest ATM networks in Turkey. In 2019, we continued to serve Akbank customers as well as those of other banks through our ATM network. As of the 2019 year-end, Akbank processed a total of 210 million transactions on an annual basis; furthermore, nine out of every 10 cash transactions during the year were performed via ATMs. As a way to enable customers to access cash even when they are not carrying their cards on them, Akbank unveiled the cash withdrawal with QR Code service within the Akbank Mobile app.

Akbank Call Center serves customers 24/7

Akbank Call Center has adopted a customer-centric approach and aimed to provide a unique experience to customers at every point of contact. It still leads the industry with well-educated, experienced, highly-qualified, solution-oriented staff; rich diversity of transactions; superior technological capabilities; creative and result-oriented perspective.

In 2019, Akbank Call Center realized around 75 million customer contacts, and continued to make a difference in swift and practical accessibility with over 1,000 employees. The Call Center renders an unparalleled customer experience thanks to its constantly expanding technology utilization, and aims to end calls successfully, without the need for the customer to call back.

Thanks to our strong CRM infrastructure, we have dynamic offerings for customers in parallel with their needs. This is how we ramp up our sales and share in insurance, credit cards, credit card loans and consumer lending.

Our approach to customer service via different channels

The Call Steering application analyzes customer speech in the interactive voice (IVR) response system and guides them to the right destination. This approach ensures that callers are connected to the right customer representative on their first call. We have continuously improved the performance of the Call Steering system since it was implemented. Ongoing enhancements have resulted in guiding customers to the correct service step with nearly 100% accuracy in 2019.

Our digital transformation journey

We establish solution partnerships with a group of FinTechs in and outside Turkey.

We also serve customers via Facebook, Twitter, chat and video chat channels in addition to voice calls, thus offering specialized services to more than 100 thousand customers who prefer to receive remote services via Akbank Call Center. These services largely focus on Retail Banking, Affluent Banking, and relationship and wealth management for SME segment customers. Akbank Call Center aims to operate with a Digital Banking point of view and a vision centered on boosting sales, achieving higher efficiency via technological innovations and process improvements, and gaining a larger share in profit-making initiatives by providing specialized services.

Striving to offer proactive and customized services, we continue transforming the experience at Akbank Call Center. We will simplify our processes in the coming period, introducing screen and process improvements and enhancing our capability of providing tailored solutions faster. We will adopt a

model that can support customers anytime they wish, wherever they are on their journey, and whatever the channel of interaction.

The digital transformation hub: Akbank Innovation Center

Akbank Innovation Center (Akbank LAB) was established in late 2016 with a view towards developing innovative projects suited for the needs of business units, achieving perfect digital customer experience by integrating globally proven financial solutions into the Bank's processes, and reaching our goal of impeccable customer experience. With this structure, we not only started to prepare for the technology of the future from today, but also took steps to ensure that innovation becomes an integral part of the Bank's culture and the innovation ecosystem in Turkey is supported.

Akbank LAB has a central team coordinating the innovation processes open to the entire organizational structure. Business units develop ideas in line with the

focus areas and targets set by the Bank. These ideas are then turned into projects to deliver value-added financial services. Ideas deemed to be successful after undergoing a series of assessments proceed to the PoC (proof of concept) phase. At this stage, the feasibility of these ideas is tested and possible gains for customers and the Bank are calculated. We have undertaken around 20 projects to date in various fields, including machine learning, blockchain and facial recognition, and implemented most of them.

We have a host of fintech companies in Turkey and abroad, which act as our solution partners. Trail-blazing projects with high added-value in the sector - such as customized smart tips launched within Akbank Mobile in 2019 and use of machine learning in credit processes - were deployed thanks to such partnerships in coordination with Akbank LAB. Akbank LAB also aims to become an important player within the innovation and entrepreneurship ecosystem by

working closely with universities and technocities. The third edition of Hackaton (i.e. thematic idea coding contests) organized in 2019 was among our key initiatives towards this goal. As part of “Code: Banking of the Future Hackaton” held in 2019, 20 teams selected from among more than 500 group and individual applications gathered at Akbank Banking Center on November 15-17 to help improve customers’ saving habits and boost their interaction on Akbank Mobile. They successfully completed this 48 hour non-stop process.

We encourage employee participation in innovation processes

We organize “Challenge Yourself” Innovation Contest among employees every year to encourage innovative thinking at the Bank and make it a part of Akbank’s culture. While all Akbank staff can apply to the contest, 6 to 8 teams are selected as finalists who receive a 3-month presentation course. In the final sessions of Challenge Yourself in 2019, six projects selected from among 60 innovative ideas conveyed by our employees were presented to the Senior Management.

Akbank LAB, undertaking various initiatives to raise awareness and know-how on innovation across Akbank, works in close cooperation with the People and Culture and Corporate Communications Departments during its activities aimed at fostering the culture of innovation. In 2019, we organized the first NexTalk event, a summit where our employees and university

students come together with startups and tech companies to exchange information, vision and experience.

In 2020, we will continue introducing effective innovation processes in coordination with Akbank LAB, where we will develop new products to deliver impeccable services to our customers utilizing trendsetting technologies in the finance sector and around the globe such as machine learning, blockchain, artificial intelligence and big data. We will also bolster our partnerships within the ecosystem and maintain our support and mentoring opportunities for startups through technocities, technology transfer offices and acceleration programs.

Analytics Department with a focus on next-gen analytical solutions

Operating in a data-intensive world centered on evolving and fast-changing digital technologies, Akbank Analytics Department is focused on producing next generation analytics solutions in order to translate generated data into added value in business results. As part of its analytics initiatives, the Department focused its efforts on identification of customer needs, management of the customer portfolio by steering marketing efforts in this direction, effective management of the sales force, and corporate strategies-oriented advanced analytics business solutions.

We utilize and improve our analytics infrastructure, enhanced with next-gen machine learning technologies, in a manner to contribute to our business targets. Bank data is modeled using next generation ML techniques with high data processing capacity. With this approach, we identify customer needs related to banking products and services. We developed the Financial Intelligence Application (FİZ), designed to ensure optimal portfolio management based on customer analytics models-driven customer needs and sales force targets. We continued to use the application at branches and direct channels. FİZ is still being improved so as to serve the entire lifecycle of our customers.

Best value proposition for customer analytics

In channels where customers contact Akbank, we deploy a real-time marketing system to analyze customer needs at that moment and make them the best value proposition. As part of corporate analytics application efforts, we focus on developing analytics applications for internal customers and boosting the efficiency of the Bank’s operational processes.

Akbank plans to continue its analytics initiatives in 2020 in line with its digital and real time banking vision. These efforts have a particular focus on customer experience enhancement, analytic marketing, smart sales and service infrastructures, and income optimization. To adopt and integrate next-gen analytics solutions, we will continue exploring new technologies in the area of advanced analytics with fintechs.

Our outstanding talent



Management of people and culture

Our priority is to hire new graduates and candidates with no prior experience and to bring up the leaders of the future.

Accord among people, the culture and technology is critical for a successful transformation. The key to success is human resources who produce, develop and utilize technology, and a corporate culture that enables it and encourages continuous development. This is the reason Akbank staff is at the core of transformation at Akbank. We changed the name of the Human Resources, as used at many organizations, to People and Culture in 2019. It is because we believe success comes from a strong foundation in people and culture while shaping the future.

Our People and Culture Vision

Employing the most qualified human resources in the Turkish banking industry and investing in this resource to create value for all stakeholders.

Our People and Culture Mission

In an effort to support the Bank in its journey toward sustainable leadership, retaining highly qualified human resources at Akbank and recruiting new ones, improving the existing HR systems and practices as part of this process, designing new ones and carrying out effective communication regarding these.

Our Objective with People and Culture Management

- Recruiting the best candidates to the Bank,
- Constantly developing the corporate culture and business conduct,
- Building the organizational structure in accordance with strategic objectives and ensuring its continuity in order to safeguard the Bank's effective and productive functioning,
- Making effective investments in human resources in accordance with targets and strategies,
- Carrying out participatory career planning,
- Using a reward mechanism that encourages and supports superior performance of employees by way of a goal and competence-based, transparent performance management system,

- Undertaking system and process improvements for employee engagement. During the course of carrying out these objectives, Akbank's People and Culture Department embraces the principle of being the strategic business partner of the business units.

People and Culture Operating Principles

- Structuring and assessing all employees in accordance with the objectives and performance of the organization,
- Recruiting new employees who will fit in with the Bank's culture and values,
- Being internal and external customer-oriented, always prioritizing this focus in work relationships,
- Supporting all employees with the best HR practices without discriminating on the basis of language, religion and sect, race, gender, age, political belief or faith,
- Ensuring the coherence between business objectives and HR practices by having a technical understanding of major business lines of banking and speaking the same language with other employees in the organization on a technical level,



Management of people and culture

We strive to be the choice of “professionals” and talented youth in our recruiting practices in order to ensure the sustainability of our financial and operational success.

- Continuously helping the Bank’s employees with its expertise, know-how and experience in order for them to improve the performance of their units as well their own personal performance,
- Respecting open communication, confidentiality of personal information, sense of justice, and compliance with the code of ethics,
- Planning and implementing proactive practices and activities with regard to the management of the organization and its human capital without waiting to be asked to do so,
- Establishing and implementing coherent, integrated and sustainable systems throughout the Bank, creating a harmonious synergy by ensuring the participation of all units in this effort,
- Developing practices to help individual business units attain their goals or making adjustments to existing Bank practices on an as-needed basis,
- Creating an environment where employees can improve themselves and support their development,
- Ensuring that everybody at the Bank acts with the awareness that human resource management is the core function of all managers,

- Taking heed of and solidifying the Bank’s corporate culture and values in all decisions taken and all practices carried out.

Professionals’ top choice: Akbank

We strive to be the choice of “professionals” and talented youth in our recruiting practices in order to ensure the sustainability of our financial and operational success. Akbank’s HR practices are aimed at making the Bank: “The leader among the most preferred employers where creative, dynamic and confident people who create value choose to work and a company which employees are proud to be a part of.”

Human resources focused on continuous development

The Bank’s recruitment policy is to hire qualified, well-educated, innovative people who are open to learning and developing constantly and who are eager to create value for Akbank and its stakeholders, without discriminating on the basis of race, language, religious belief, gender and age. We pursue a fair hiring policy focused on equal opportunity, and based upon predefined recruitment criteria. As part of this effort, we strive to hire the most appropriate candidates for the most suitable position by employing competence-based objective measurement and

evaluation methods. To this end, it is among Akbank’s utmost priorities to recruit new graduates who do not have professional experience in order to develop future leaders and offer them career opportunities within the banking sector.

Employment opportunities across the entire country

Vacant positions within the Bank are announced also to our employees in line with the policies for job performance and productivity. We evaluate the internal applications for vacant positions in a short span of time and assign the most suitable candidates. While recruiting for the Head Office and branches, we prefer to recruit candidates living in the regions close to our service locations. In our Malta branch, we pursue a policy of employing local residents.

Our meritocratic compensation policy

Compensation policies of companies are among the important factors in employee loyalty and performance improvement. Therefore, our compensation policy is structured to attract the human capital required for continuous success and to reward, motivate and retain high-performing employees. Our

compensation policy is formulated compatible with the Bank's operations, long-term objectives, and risk management structure. In order to ensure fair compensation, employees with similar roles and responsibilities are paid similar salaries and those who perform better than their benchmarks based on the results of the Performance Evaluation System receive higher raises and bonuses. In an effort to encourage the development of personal growth and competencies within Akbank, the Bank pays an additional salary to employees who speak a foreign language. In addition, personnel who perform better than their benchmarks are awarded through various rewards programs.

Tenure and experience based compensation practices

Akbank's entry level compensation policy is the same in all branches and service points. The initial salary for the assistant function is parallel to the minimum wage. The initial salary for the Management Trainee function is 35.2% higher than minimum wage.

Full compliance with legal notice processes regarding employees

If significant changes occur in the employment contracts of employees, notice and notification periods stipulated in the Labor Law and HR Code of Practice are in effect. The minimum notice period varies based on the tenure of the employee. The Bank provides 2 weeks of leave for those whose term of office is less than 6 months, 4 weeks for those between 6 months and 1.5 years, 6 weeks for those between 1.5 years and 3 years, and 8 weeks for those over 3 years. In-scope employees whose term of office is more than 3 years have 11 weeks of leave.

Our human resources profile

96% of our employees are university graduates. The average tenure at Akbank, which differentiates from the competition with its skilled human capital, is 10.2 years while the average time of service is 11.2 years in the banking industry. Some 67% of Akbank employees work at branches, which are one-to-one contact points with customers.

Our employees in figures

Akbank boasts a continuously expanding service network, and as of December 31, 2019, it has a total of 12,760 employees, including the Members of the Board of Directors. As of December 31, 2019, the Bank has 350 employees with disabilities. Including one to three month internship period of university students, all employees are permanent and full-time. Benefits provided for full-time employees may only vary depending on the individual's performance.

A breakdown of our employees by service location is presented in the table below.

Number of Employees	2017	2018	2019
Head Office*	1,363	1,385	1,389
Akbank Banking Center	2,982	3,074	2,887
Regional Directorates**	942	797	723
Branches***	8,597	8,111	7,751
Bank Total	13,884	13,367	12,750

* Excluding the Board of Directors.

** As reported in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates, not the Head Office, although they report to the Credit Allocation Business Unit located at the Head Office. The reason is that these employees are actually working in the field.

*** Including employees at the Malta branch.

In case of necessity, Akbank generates employment through outsourcing. The number of employees working especially in the Direct Banking, Credit Monitoring and Follow-up, Technology and Operation, Financial Management, Retail Banking, Human Resources and Strategy Business Units are provided in the table below.

	2017	2018	2019
Number of Outsourced Employees*	3,538	3,378	3,609

Management of people and culture

Gender distribution

We embrace the principle of equal opportunities without any discrimination on the basis of gender or age. Over the years, the share of female and male employees at Akbank remained more or less the same. The percentage of female employees in the IT field came in at 32% in 2019.

Gender Distribution (%)	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Board of Directors	88.9	11.1	90.0	10.0	90.0	10.0
CEO&EVP	84.6	15.4	84.6	15.4	64.3	35.7
Senior Management	66.7	33.3	68.9	31.1	68.8	31.2
Mid-Level Management	48.9	51.1	49.1	50.9	49.4	50.6
Auditors	63.1	36.9	62.6	37.4	60.1	39.9
Assistant Managers	42.4	57.6	42.7	57.3	42.2	57.8
Other*	59.4	40.6	66.0	34.0	69.0	31.0
Bank Total	46.8	53.2	47.3	52.7	47.3	52.7

* Excludes non-banking positions such as lawyers, architects, engineers and support staff.

Employee age distribution

The average age of Akbank employees is 36.7 as of year-end 2019. In almost every position, employees between 30 and 50 years old constitute an important percentage. Among those under the age of 30, "assistant manager" and "auditor" are the main positions. Pursuant to the Bank's recruitment policy, only those of full legal age can work at Akbank. There are no employees under the categories of child labor (employees under 15 years of age, at which compulsory education ends) or young labor (over the minimum age for employment and under 18 years of age) at Akbank. As for students and young employees who apply for internship positions, high school students must be 4th grade, while university students need to be in the 2nd, 3rd or 4th year. A total of 103 students in the June-September period completed their internship at Head Office departments. The number of student interns at Akbank has a seasonal pattern; there was no intern on the Bank's payroll as of year-end 2019.

Age Distribution (%)	2017			2018			2019		
	Under 30	Between	50 Years	Under 30	Between	50 Years	Under 30	Between	50 Years
Positions	Years	30 and 50	and Above	Years	30 and 50	and Above	Years	30 and 50	and Above
Board of Directors			100.0		10.0	90.0		10.0	90.0
Senior Management		95.7	4.3		93.6	6.4		92.5	7.5
Mid-Level Management	0.8	98.3	0.9	0.7	98.1	1.2	0.6	97.8	1.6
Auditors	44.4	55.6		41.5	57.9	0.5	33.5	66.0	0.5
Assistant Managers	35.9	63.9	0.2	31.6	68.0	0.4	25.6	73.9	0.5
Other*	27.3	65.7	7.0	4.7	85.8	9.4	47.5	47.5	5.0
Bank Total	23.0	76.2	0.9	19.5	79.2	1.3	16.0	82.4	1.6

* Excludes non-banking positions such as lawyers, architects, engineers and support staff.

Below industry average labor turnover rate

Employee turnover rates and numbers based on location are presented in the table below. The People and Culture Department analyzes feedback from employees who have left the Bank regarding their reasons for leaving and improvements are made in business processes according to these findings.

Labor Turnover Rate*	2017		2018		2019	
	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number
Head Office	11.65	170	10.87	171	10.74	167
Akbank Banking Center	11.67	312	11.22	324	9.47	265
Regional Directorates**	9.30	86	10.95	95	10.12	77
Branches	8.30	728	8.74	724	7.76	610
Bank as a Whole (average)	9.37	1,296	9.66	1,314	8.63	1,119

* Employees who have left the Bank (including those who retired, resigned, and those whose work contracts were terminated).

** As reported in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates, not the Head Office, although they report to the Credit Allocation Business Unit located at the Head Office. The reason is that these employees are actually working in the field.

Employees are free to resign so long as they comply with the terms of their employment contracts. Forced labor is outside of Akbank's business principles.

Employee turnover rates and the number of resigned staff by age group are presented in the table below.

Labor Turnover Rate by Age Group	Under 30 Years						Between 30 and 50 Years						50 Years and Above					
	2017		2018		2019		2017		2018		2019		2017		2018		2019	
	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number
Head Office	16.49	32	19.32	41	14.67	27	10.89	131	9.23	119	10.30	135	11.31	7	15.33	11	7.93	5
Akbank Banking Center	27.34	149	20.37	123	18.04	83	7.57	158	8.55	191	7.64	175	12.42	5	19.39	10	15.59	7
Regional Directorates*	19.25	36	23.53	30	26.39	19	6.38	46	9.01	65	8.00	54	25.00	4	0.00	0	28.57	4
Branches	13.72	226	13.98	169	14.55	124	6.82	482	7.61	532	6.73	467	37.97	20	29.97	23	29.69	19
Bank as a Whole (average)	17.22	443	16.87	363	16.14	253	7.37	817	8.07	907	7.41	831	21.07	36	20.14	44	18.82	35

* As reported in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates, not the Head Office, although they report to the Credit Allocation Business Unit located at the Head Office. The reason is that these employees are actually working in the field.

Labor turnover rate by gender

Employee turnover rates and numbers by gender are presented in the table below. The reason for the higher employee turnover rate among women compared to men is that the number of female employees is higher.

Employee Turnover Rate and Numbers by Gender	Men						Women					
	2017		2018		2019		2017		2018		2019	
	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number	Ratio (%)	Number
Head Office	11.41	95	9.44	85	9.69	87	11.98	75	12.78	86	12.17	80
Akbank Banking Center	10.35	128	8.97	125	9.80	135	12.80	184	13.31	199	9.15	130
Regional Directorates*	8.78	48	11.17	56	7.22	30	10.06	38	10.65	39	13.59	47
Branches	8.72	333	8.50	307	7.81	269	7.98	395	8.93	417	7.73	341
Bank as a Whole (average)	9.39	604	8.94	573	8.49	521	9.36	692	10.29	741	8.75	598

* As reported in previous years, employees at the Regional Credit Directorates are included in the Regional Directorates, not the Head Office, although they report to the Credit Allocation Business Unit located at the Head Office. The reason is that these employees are actually working in the field.

Performance management focused on continuous development

Placing Akbank's human resources in the most appropriate positions is the key pillar of our career management policy.

Akbank's transparent and flexible Performance Management System is capable of responding to changing needs and conducive to improvement in managing the individual expertise and experience of its employees effectively in accordance with its corporate goals. To sustain the Bank's successful financial performance, Akbank Head Office employees have performance evaluations once a year while field staff are evaluated twice each year. As a result of this evaluation, areas of development are identified for employees and various training and development opportunities are organized in these areas to support their career development. Accordingly, employees get the opportunity to continue their Akbank careers in other business units based on organizational needs and their own preferences.

The goals of the Performance Management System, which is developed with a management approach that supports and encourages high-level performance, are to:

- Enable Akbank employees to realize our corporate goals and to increase our corporate performance,
- Guide and develop employees in order to meet their changing and evolving needs better,

- Align the Bank's goals with the personal goals of employees,
- Ensure that employees understand what is expected of them better, get involved with their jobs and stay motivated to attain their targets,
- Encourage continuous development via open communication and regular feedback and to increase motivation,
- Evaluate contributions and the performance of employees in a fair and objective manner and to shape their competences in line with our requirements,
- Make correct decisions about career planning, training and other HR processes of employees and to ensure their personal development in line with such processes.

Staff productivity on the rise with self-assessment and self-targeting

We revamped our Performance Management System to boost its efficiency and employee productivity. One innovation introduced is allowing employees to set their own targets, share their views about their targets with the respective managers all the year round, and receive feedback from managers. We believe that the efficiency of the performance system depends

upon the transparency, simplicity and accurate measurement of the system. In addition, an efficient performance management system should have the capability to provide staff members with accurate feedback and allow them to monitor their performance easily. Thanks to the new system developed to respond to these requirements, employees can track their performance via the mobile channel.

Effective mechanisms for the evaluation of senior management's performance

The performance evaluation of Akbank's senior management is based on both the Bank's overall year-end performance and success criteria that support long-term sustainable performance. Accordingly, Senior Management's performance is measured based on criteria such as financial, risk, service quality and human resources. Therefore, senior management's indicators of goals and success also include performance criteria such as customer satisfaction and employee satisfaction, in addition to financial criteria.

Sustainable career management policy

The career management function plays a strategic business partner role in supporting the realization

102-41

of the Bank's objectives. To this end, Akbank's priority is to position the efficient and systematic HR activities and the existing human resources in the right way while creating effective medium- and long-term career plans to ensure the development of the Bank and the employee.

Our fair and effective performance management

Pursuing a career development policy that gives priority to promotions and transfers from within the organization, Akbank successfully continued efforts to develop a fair and effective performance management function; identify, monitor and develop skills; and provide career opportunities for employees where they can prove themselves in 2019. To ensure the continuity of the organization in the future, we devised succession plans for each position based on the level of experience, competencies and technical skills of employees; implemented the training and development programs to prepare the related employees for the envisioned positions; and closely monitored the course of action in conjunction with the business unit. In addition, branches and units were visited to make career interviews, paving the way for effective communication in terms of career development.

Special career maps for employees

Career maps that encompass career steps for our employees are posted on the portal "Bizbize" (Among Us). As a result, Akbank staff can receive detailed information on career maps and job families as well as the contact information of the Career Advisor assigned to support them and consult with them regarding their career development. Furthermore, employees can view the position they apply for, their application status, track, and seize the career opportunities announced within the organization. All the career principles are stipulated in detail in the People and Culture Code of Practice document and shared with the employees.

Akbank Employee: Mirror of the Future

With the talent management and skill development program, "Akbank Employee: Mirror of the Future," we developed a new approach equipped with tools that would enable Akbank employees to develop new skills, support their personal development and transform their potential into performance.

Akbank Employee: Mirror of the Future offers all Akbank employees a complete toolkit to explore themselves, capitalize on their strengths and identify areas for improvement. The program enables our leaders, as well as employees themselves, to closely monitor Akbank staff's competencies and skills. These efforts are supported with feedback, personalized career, and development opportunities.

Benefits to employees

Akbank Staff Retirement Fund Trust (Aksandik)

All our current and retired employees and their dependents are registered in the Akbank Staff Retirement Fund Trust (Akbank Tekaüt Sandığı), independent of Turkey's Social Security Institution. Pensions and healthcare services offered to the members of this Fund Trust are of higher quality than the basic services offered by the state owned Social Security Institution (SSI).

Retirement practices

Akbank Staff Retirement Fund Trust is a social security institution and a legal entity that provides social insurance support to members using the insurance premiums collected from employees and the employer, with the provided rights not being inferior to those provided by the Social Security Institution. Conditions for earning the right to benefit from insurance support are in parallel with legal regulations; however, with additional rights inherent in Akbank Staff Retirement Fund Trust's status, this support is improved.

Retirement practices based on employee tenure

Premium injections into Aksandik (Akbank Staff Retirement Fund Trust) are 33.5% of the employee salary, on condition that it is taken within the maximum monthly revenue

identified by the law annually for insurance premiums. Some 14% of this is deducted from the employee's salary and 19.5% is the contribution of Akbank. In addition, premiums amounting to 2% of total annual revenues of employees are deposited by Akbank to the Trust's account, again on condition that these are within the stated limits.

In order to earn the right to benefit from retirement, employees should fulfill requirements such as completing a certain period of insurance, having fully paid premiums for the required number of days, and having reached a certain age. Employees who fulfill these conditions are provided with pension by Akbank Staff Retirement Fund Trust upon their request. In calculating the pension, the main parameters are the working period of the employee, total income within this period and age, as well as consumer price index change rates and development rates in our country. Due to such variable parameters, monthly pensions may differ for each employee.

Optional Private Pension System with corporate contributions

In addition to the Aksandik pension, Akbank employees are also offered Private Pension System (PPS) Services with some corporate contribution. Employees on the determined level are included in this PPS plan with corporate contribution option. Our Bank contributes to savings of such employees by making additional payments to the PPS contracts of the above-mentioned employees at a certain ratio of their monthly gross salary. Thus, we help Akbank employees make savings and continue with the same living standards in their retirement.

In order to improve employee loyalty and motivation, we attach special importance to the PPS with corporate contribution and try to increase the number of employees participating in this plan. As a result of such efforts, the number of employees participating in PPS with corporate contribution reached 5,774 at year-end 2019.

Performance management focused on continuous development

In 2016, Akbank became signatory to the “Women’s Empowerment Principles (WEPs),” a private sector venture by the United Nations that aims to empower women to take part in all sectors and at all levels of economic activity.

Collective bargaining agreement

All Akbank employees can become members of BANKSİS (Union of Bank and Insurance Employees) if they wish to do so. Financial rights and administrative relations of BANKSİS members are defined by the Collective Bargaining Agreement, while those of non-unionized employees are defined by the HR Code of Practice.

Other employee benefits

At Akbank, we place great importance on boosting work productivity. To this end, we offer employees various fringe benefits based on the position in addition to the core benefits such as salary, bonus, incentive compensation, and foreign language allowance. The position-specific fringe benefits category includes financial liability allowance, vehicle, fuel limit, toll allowance (OGS/HGS), mobile phone and/or voice line, internet access, iPad/tablet, laptop computer, transportation, parking, public transit fares, and clothing assistance. Meanwhile, the social assistance category comprises relocation allowance, goods transportation fee, death and injury indemnity, and natural disaster assistance.

Corporate discount opportunities are also provided from various companies for Akbank employees.

We Joined the Equal Opportunity Model (EOM) Project

The Equal Opportunity Model (EOM) project, with preliminary preparations of KAGİDER (Women Entrepreneurs Association of Turkey) in 2011, was launched in 2012 with technical support from the World Bank. Eleven corporations - including Akbank - that agreed to take part in the project were audited by an independent institution in line with 22 criteria.

These criteria are divided into two parts: main criteria and supporting criteria. The main criteria are as follows:

- Management’s commitment to equal opportunity
- Equal opportunity in recruitment and selection
- Equal opportunity in access to trainings
- Equal opportunity in performance evaluation and promotions
- Career support practices
- Investigation of feedback and complaints
- Communication and corporate advertising

In the independent audit for the EOM project, it was examined whether Akbank’s corporate policies and procedures, recruitment and selection processes, training, performance evaluation, promotion, career support practices and corporate communication activities, support the concept of equal opportunity. As a result of the audit, Akbank earned the Equal Opportunity Certificate.

We are signatory of WEPs

In 2016, we became signatory to the “Women’s Empowerment Principles (WEPs),” a private sector venture by the United Nations that aims to empower women to take part in all sectors and at all levels of economic activity.

Established in 2010 through a partnership between the United Nations Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), the WEPs Platform offers practical guidance to the private sector on how to empower women in the workplace, marketplace and community to ensure gender equality.

As a result, our HR approach, which is based on equal opportunity in full and related initiatives, conformed to the global platform.

Our development and training opportunities

Akbank Academy designs development programs shaped by the needs of today and the future.

Continuous development and training to achieve shared goals

Akbank's training system, which has strategic significance for the Bank, supports the development of all employees and aims to increase their motivation and job satisfaction. In full awareness of the fact that information is a significant asset and well-equipped human resources is a major competitive advantage, we organize training activities to contribute to the personal and professional development of employees. We design our training courses in accordance with corporate goals and strategies, the needs of the sector, and areas of development that were identified based upon employee potential and preferences and the business needs of the future.

Lifelong learning and information

Creating awareness is essential to make a difference in sustainability, just as in every aspect of life. For an awareness that makes an impact, we believe that employees must, first and foremost, be involved in this journey. Institutions that enable easy access to information play a critical role for us to transform into sustainable societies and drive a change in people. Accordingly, we look into the link between "information society" and

"sustainability," which drives us to introduce activities and innovative practices at Akbank Academy as described below.

Akbank Academy designs development programs shaped by the needs of today and the future. In this regard, we continued our efforts to extend customized and easily accessible training methods by focusing on the Akbank staff's improvement areas. Owing to Akbank's investment in training, 36 hours of training was provided per employee by the end of 2019. 30% of total training time was online training during the year. The number of employees who received in-class and e-learning sustainability courses is 30 and 1,283, respectively.

In the meantime, employees who attended the summits, conferences and seminars in and outside Turkey had the chance to keep a close watch on the developments in the sector and around the world. In 2019, the library at Sabancı Center was renamed as "Academy Social" under the leadership of Akbank Academy and transformed into a life center where employees are able to spend their time more socially. To raise employees' cultural awareness and introduce a multidisciplinary perspective, we held the "Akbanker Get-togethers" under the umbrella

of Academy Social bringing them together with experts from various sectors throughout the year. In 2019, we held a total 79 events where thematic topics such as technology, art, innovation, life, healthcare, psychology and sustainability were presented to Akbank employees.

Training programs designed for "today"

The academic structure we developed allows us to assist employees perform their duties successfully and prepare for the position they apply for. Management Trainees and Head Office and branch employees with "Assistant" designation in their job titles, who just joined the Bank without any prior experience in the banking industry, attend "Management Trainee" and "Core Banking" programs. Akbank managers are supported via classroom training, one-to-one consulting and online tools in executive development training programs to groom the leaders of tomorrow. Classroom training is also supported by distance learning tools in Akbank Academy's training and development programs. We administer orientation training through a combination of in-class training and remote training for employees who just joined the Bank or were recently appointed to a new position.

Our development and training opportunities

Akbank managers are supported via classroom training, one-to-one consulting and online tools in executive development training programs to groom the leaders of tomorrow.

It is critical that Akbank employees whose positions require professional certifications possess Capital Markets Board (CMB), Insurance Training Center (SEGEM), and Private Pension System (PPS) licenses, both to comply with the legal mandates and to support their development. We encourage broad participation in exams and support the licensing exam preparation efforts of employees by administering classroom training, e-learning, practice tests, mobile applications and by making available question banks. In 2019, 798 Akbank employees were granted BES, SEGEM or SPK certification.

Some of Akbank's training is subject to the certification system, where employees attend specified training programs and take exams to be certified. Personnel who participate in such activities as homework, project presentation and online simulation in pursuit of a certification also move forward on their career development roadmaps. The certification system grooms well-equipped, competent, innovative, and high performing employees in terms of professional and managerial skills, striving to build a corporate culture that creates its own leaders.

Our anti-corruption training

The banking sector faces corruption risks due to its global size and the magnitude of monetary transactions. Corruption can be prevented to a significant extent through audits and training. Armed with this awareness, Akbank organizes internal classroom training sessions and e-learning applications on technical issues as well as on actions to be taken and those to be avoided.

We create the content of these training programs as per the needs of the target group and pay utmost attention to the participation of each and every employee in these programs. The majority of the anti-corruption trainings are for the employees working in Akbank branches, but all employees also attend training on the Code of Ethics, Information Security, Data Leakage, and Law on the Protection of Personal Data. International Sanctions/Combating Proceeds of Crime training is conducted for related Head Office and branch personnel in classroom and online training formats. We continuously review and reevaluate the topics and contents of our anti-corruption training programs based on the developments and needs in this area. Critical training such as risky

teller transactions, document protection, detection and prevention of fraud, and operational risk are administered to the appropriate audience by assignment.

We support the Akbank staff in their access to career opportunities through customized development journeys

Ongoing systemic works and training content revision efforts continued in 2019 to make sure that current career diplomas are more compact, exclusive to the needs, the person, without any time or location limitations, and are rendered simpler to provide easier access to information. The "Development Journey Project" which transforms the learning experience of employees into a holistic development journey was implemented in the Commercial Banking segment. While our employees complete technical training programs - which are re-designed based on next-gen learning methods - online, our aim is to help them practice, reinforce and develop their skills through in-class trainings. Upon the launch of the Development Journey Project in all segments, the diploma system will cede its place to a holistic development journey.

Employee welfare and talent development

Akbank organizes personal development courses on customer-centric service, phone communications, presentation techniques, negotiation techniques, innovation, creative thinking techniques and management techniques, among others. They can attend these courses, designed to help them adapt to professional life and benefit them in their personal life in the areas of stress management, creative thinking codes, analytical thinking skills, persuasion and perception management, communication techniques and team spirit.

We highlighted the content in the areas of parenting, health, physical and mental wellbeing, and created a development catalogue serving these purposes only, and held events. Our aim is to enrich the efforts in these areas and foster employee welfare.

Programs we design for the future

New, advanced technologies are increasingly important in today's world. Investing in these emerging technologies and also properly training the employees who will use technologies are major subjects of consideration. To translate these emerging technologies into the workplace and foster a shared discourse, we continued the development program entitled "We are Ready for the Future" in 2019.

The Advanced Analytics Program is intended to help generate relevant results from big data, do modelling, and have a command of AI and machine learning practices. This five-month program delivered on a weekly basis allows participants to perform group project works on real-life business practices.

With the Design Thinking Program, our aim is to disseminate a working methodology that is centered on customers in products, services and processes. With these programs, we raise design thinking coaches internally, and cooperate with them in subsequent programs.

We launched the Private Banking Development program for the Head Office and branch staff in private banking. We designed this program as a long-lasting development journey that brings the experts of customer experience, culture of life and art together with our employees to foster relations and encourage the generation of innovative ideas.

Learning methods and platforms

The Akbank Academy portal was restructured with new generation infrastructure and technology. It is a platform that continuously supports the development of employees where they can manage their training planning in accordance with their career progression. Akbank employees can continue their development 24/7 at home or in the office via the "Akbank Academy Portal," which contains all employee e-training modules and can be reached online at any time from any location. Employees can see their individual training calendar, request training, and get information on questionnaires, exam results, e-learning and training organizations via the portal.

We support our learning channels with current trends in the world - gamification, social learning, digital catalogue, and advanced Corporate TV. We launched the infrastructure for "Training Journey," which allows the employees to keep track of their training schedule in a single flow, in previous years. In parallel with the common learning trends in the world, we focused on learning functions that boost collaboration in 2019. We turned the Academy web portal into a social, interactive wall, and launched "You are the Expert" platform where Akbankers can shoot and post their videos on the subject they wish.

To assist employees' swift adaptation to the work environment, we also introduced a virtual reality application that allows them to browse around the physical spaces of the Bank and get information.

Equal opportunities and transparency in training

We conduct varied and ongoing programs, including solutions tailored to meet individual needs,

in order to develop the leaders of today and cultivate those of tomorrow. During these efforts, we aim to ensure that the processes in competence development programs are designed in an efficient and transparent way. As part of initiatives carried out under talent management development, the Assessment Center identifies needs and formulates a personal development plan by using various tools such as surveys. Competence Development, tailored for the Bank and the employee in line with individual development plans and competencies, is expanded with new training courses.

As for in-class training plans, we developed an analytical model based on such variables as the educational background, attendance performance and career road map of the employee. Now called "Interaction Priority Score," this model helps us plan and assign training courses to relevant employees. This is how we also guarantee equal opportunities in training.

We are aware that feedback from participants is of critical importance for the effectiveness and success of the training efforts. All feedback is submitted to Akbank Academy by way of online surveys. The results of these surveys have a defining role for the evaluation and improvement of training content, trainers and the training environment. Questions, suggestions and opinions regarding the training programs can be submitted at akbank.akademi@akbank.com. In 2019, we continued training evaluation and measurement efforts. At the end of critical training programs, their impact on business results is measured via ROI methods that isolate external factors, which helps us design the programs for the next period in a more effective manner. With a perspective extending to the next three years, the "Academy Dashboard" was developed on a monthly basis so as to track the trainings administered and take actions that improve training efforts.

Lifelong learning and other opportunities

In 2019, we introduced the “Internal Coaching” program and ensured that more Akbank employees benefit from the coaching process.

Akbank employees who have a high performance and potential, and are designated as the managers of the future are given the chance to participate in Sabancı University Executive MBA Program with full scholarship.

Our aim is to help the Akbank staff to attain learning agility, reach the information they need and develop the capability of putting it into practice. In an effort to support learning agility - which is an indispensable part of our culture - and the culture of learning from one another, we focus on on-the-job trainings, mentoring and coaching that boost exchange of experiences. We also support employees' continuous learning journeys through memberships in online training platforms.

There are training programs and professional coaching practices designed to help Heads of Department and Managers at Akbank headquarters, regional directors and regional sales managers with expertise in Retail, Affluent, Commercial and SME Banking segments to improve competencies in technical banking, sales and management. Through such trainings, managers can coach their teams in an effective and target-oriented way. The Bank administers a one-on-one coaching program for branch managers who are newly assigned to the position of a hybrid commercial branch manager covering various subjects - including branch analysis, planning, implementation, and staff management - to accelerate adaptation to the new job.

In addition, employees who have expertise and teaching skills in their respective fields and the retired Akbank employees can become internal instructors. Know-how and experience of retired Akbank employees are highly valuable for the Bank. In particular, almost all of the Core Banking training classes for new recruits are administered by retiree instructors.

At Akbank, we support our employees in obtaining certifications especially those that are internationally recognized in their areas of specialization. Fees for such exams are covered by Akbank pursuant to certain criteria. In 2018, there were 207 exam/certificate reimbursement applications in total, and 140 were endorsed by the Bank.

Every year a certain number of Akbank employees are selected as future leaders due to their high performance and potential. They get the opportunity to attend the Sabancı University Executive MBA program with full scholarship. 113 employees have attended this program since 2001 and six employees are currently enrolled in the program for the 2019-2020 academic year. Akbank staff can also attend the MA programs in Data Analytics and Cyber Security at Sabancı University as per their area of specialization.

In line with their roles and responsibilities, some staff members attended summits, conferences and seminars both in Turkey and abroad. In 2019, 247 employees attended seminars, conferences and training courses abroad and 945 attended seminars, conferences and training courses in Turkey.

The Mentoring Program for management trainees and on-the-job trainings for assistants is aimed at completing the adaptation of new graduate employees to the organization as soon as possible and having them embrace the experience, know-how and corporate culture within the Bank. We conduct a Field Mentorship Program where experienced managers and customer relationship managers provide mentorship support to newly appointed Branch Managers and Customer Relationship Managers to help their quick adaptation and support them in technical issues. With the Switch Reverse Mentorship Program, which is run since 2014, we allow young employees to evaluate the current trends and popular practices with senior managers and share their opinions.

In 2019, we launched the "In-House Coaching" program with the in-house coaches who successfully completed the internationally-recognized coaching certification program in 2018. This enables more Akbank employees to benefit from coaching, while providing a chance for managers to develop themselves in coaching.

Internal communication and activities at Akbank

We organize communication activities and events via different corporate channels to facilitate communication among Akbank staff, foster team spirit, boost employee motivation and the sense of belonging, and contribute to the internalization of the objectives and strategies of the management.

Akbank's intra-company communication and events are guided by the following goals:

- Creating an effective communication strategy and communicating this strategy with the right tone, at the right time and through the right channels;

while encouraging employees to use the right communication channel,

- Making employees feel our brand spirit and turning them into natural representatives of the brand, and conveying and enriching the corporate culture with the right messages,
- Ensuring the continuity of supporting organizations and practices geared toward solidifying team spirit.

Future Club

Future Club is a new platform where young Akbank staff who take a close interest in technology, digitalization and artificial intelligence convene with the CEO and relevant Executive Vice Presidents. Encouraging learning from one another, the Future Club platform allows the Akbank employees to examine important developments and practices and develop their own ideas. Akbank employees share ideas with our leaders and are supported with in-house and external trainers.

Shadow

Young Akbankers spend a day with our leaders and gain experience in areas other than their business functions. Throughout the program, young Akbankers get the chance to foster communication with other Akbank staff in different units. The program enables them to observe the opportunities and challenges of leadership, spending a day with our leaders. 24 employees have attended Shadow, which we introduced in May 2019, to date.

Coffee talks

We have held 46 coffee talks with 488 Akbank employees from the day the event was first organized to the end of 2019. We organized the event, formerly held in Istanbul until June 2019, also in Ankara, Bursa, İzmir, Antalya and Adana. We continue reaching more Akbank employees across Turkey with the online talks on Webex which started in April 2020.

Effective internal communication channels

Our intra-company communication initiatives are aimed at informing employees about the Bank's goals and strategies, bolstering the corporate culture, and

encouraging them to operate with a customer-centric approach. Internal communication portal, the mobile app of the portal, Corporate TV, e-mails, and quarterly Live Broadcasts accessible to all employees are the most widely-used internal communication channels. We announce the events we organize to the employees via e-mail, the portal and mobile application. Special discounts for Akbank staff are also communicated via e-mail, the portal and mobile application.

Breakfast talks with the CEO

Once a month, Akbank employees from various segments and/or units who display successful performances attend a breakfast meeting with Akbank's CEO, around specific topics, projects or awards. At the breakfast gathering, employees share their opinions and suggestions about the topic with the CEO.

Senior Management's messages via live broadcasts

Live broadcast sessions are organized in order to establish closer and more regular communication between the Senior Management and employees, either face-to-face or through other communication tools as well as to reach the teams in the branches. This common ground keeps the internal interaction and synergy dynamic and reinforces mutual communication and increases employee motivation to achieve common targets. We share the CEO's messages on quarterly performance assessment and strategic topics with employees via live broadcasts. The questions of employees are collected before and during the broadcast, and the CEO and relevant Executive Vice Presidents answer these questions live in person during or after the event.

The intranet system facilitating Akbank staff's effective and easy access to information

Akbank employs an internal intranet system in order to ensure effective and easy access to information by employees and to reinforce communication. We introduced few infrastructure improvements to Akbank's Among Us portal, which now serves as a platform with more interactive areas. The aim of this effort was to allow internal and external information transfer;

Lifelong learning and other opportunities

We acknowledge that employee engagement is key to ensuring business continuity and attaining long-term goals.

increase operational efficiency in all processes thanks to state-of-the-art technologies; create a common platform for information; and to ensure easy and effective access to information. The Akbank "Among Us" mobile application enables employees to access the latest news about the Bank, major applications on the intranet, and Akbank Academy training modules via mobile phones.

Intra-Company Social Networks, "For Us" and "Congratulations Akbanker" areas

The intra-company social networks of Akbank's "Among Us" Portal was restructured as an interactive platform where employees share their opinions, ideas and knowledge. It has been transformed into a major channel that reinforces intra-company communication. Similarly, we upgraded the "Congratulations Akbanker" and "Life at Akbank" platforms to enhance the interaction between personnel.

Examples of Life Content at Akbank

- Social activities attended by employees,
- Albums from which employees can download photos from social events,
- Volunteering activities,
- Special offers for Akbank employees from companies in various industries,

- Interactive pages of social clubs,
- Bulletin boards on which employees put various items and property on sale,
- The well-being column where the news, tips, training and event information to add value to employees' well-being and health are shared.

Mechanisms that allow employees to express their opinions and suggestions

We have established various mechanisms for employees to share their opinions and suggestions with the senior management. Employee expectations, opinions and suggestions are conveyed to the Senior Management through the Employee Satisfaction Survey conducted annually.

Employees can also share their suggestions about business processes through the "1001 Suggestions" system on the corporate portal. In addition, the Ethics Line is a tool that enables employees to express issues which they believe should be resolved within their departments but cannot share with their direct managers; and to provide support and advice to employees in such circumstances when necessary.

In-house activities

We continued to organize social events and communication activities on special occasions in order to improve employee engagement and motivation, and to reinforce team spirit and internal communications in 2019.

Employee engagement

We acknowledge that employee engagement is key to ensuring business continuity and attaining long-term goals and conduct an Employee Engagement Survey every year. We use the survey results to support and disseminate the good practices at Akbank. In addition, we conduct the "Pulse Questionnaires" in order to broaden the dialogue with employees in different channels and provide continuous communication and feedback. Both of these studies are conducted by an independent research company, in line with the principle of research confidentiality. Necessary improvement and development initiatives are carried out based on the survey results.

Armed with the knowledge of the close relationship between happy employees and high corporate performance, we believe in bolstering loyalty through awareness of the staff's feelings, opinions, and expectations, their priorities related to human resources and management policies, and their areas of satisfaction and dissatisfaction.

Health and safety

At Akbank, we have efforts to have a workplace physician and occupational safety specialist in all branches and service buildings.

We fully comply with all applicable laws and regulations on occupational health and safety. Accordingly, we recruited a workplace physician and occupational safety specialist at the Head Office and Banking Center. Our aim is to appoint workplace physicians and occupational safety specialists to all branches and service buildings by July 1, 2020, in accordance with legislation.

In addition to our occupational health and safety practices that were designed in line with international OHS standards, we ensure the sustainability of staff productivity with high-quality health services. Employees are entitled to services at healthcare centers in certain provinces as part of Aksandik's healthcare services. Akbank employees can get an initial treatment in these centers, and in cases where medical expertise or operation is required, they can receive services from Aksandik's contracted health institutions. Employees who reside in the provinces where a Foundation Healthcare Center does not exist can get service from affiliated healthcare providers.

Health information processes through internal communication channels

Information on epidemics and other major diseases is provided regularly under the "Health Column" published on the Aksandik website. In cases of emergency, e-mail notifications are

sent. In addition, the Bank conducts fire and earthquake drills and administers natural disaster trainings.

Parental leave practices

Akbank's female employees are entitled to 16 weeks of paid maternal leave - eight weeks before and eight weeks after the birth. They can also take unpaid maternal leave for up to six months and 1.5 hours per day for breastfeeding until the child reaches the age of one. In the case of an adoption of a child younger than three years old, one of the spouses can take a maternity or paternity leave of eight weeks beginning on the day they are united with their adopted child.

Employees returning from a legal paid maternity leave have the optional right of working half-time (20 hours per week) within certain timeframes. Upon the request of the employee, Akbank allows for unpaid leave of half of weekly work hours for a period of 60 days after the first birth, 120 days after the second birth, and 180 days after the third and subsequent births. These periods are increased by 360 days, respectively, in the event of a multiple pregnancy. In the event of an adoption, only one of the spouses is entitled to take this leave. Employees whose spouse gives birth are entitled to five days of paid leave.

Aksandik covers the birth expenses of employees and offers certain benefits. 422 Akbank employees went on maternity leave during 2019, and 2% of these employees resigned from the Bank at the completion of their maternity leave or unpaid leave.

Number of work days lost

Due to the nature of its operations and as a result of its systematic occupational health and safety initiatives, occupational diseases or workplace accidents are not experienced at Akbank. Total absenteeism (lost days) of 5,850 employees who received sick leave with official health reports amounted to 65,829 calendar days in 2019.

If we divide this figure by the number of employees, the average sick leave day per employee is 5.1. This figure was 4.8 in 2018, 4.2 days in 2017, 3.8 days in 2016 and 3.7 days in 2015.

Occupational health and safety councils where employees are represented

Complying meticulously with occupational health and safety laws and regulations, Akbank formed an Occupational Health and Safety Council, at the Head Office and at the Banking Center. The council meetings are held quarterly and attended by the Employer Liaison, Occupational Safety Specialist, Workplace Physician, HR/Social Affairs Liaison, and Employee Representative.

Our operations and the environment



Our environmental policy and commitments

At Akbank, we introduce effective projects to minimize the carbon emissions arising from our operations.

Our environmental policy and commitments

Environmental sustainability efforts are a number one priority for us. We have identified energy consumption, greenhouse gas emissions, paper use, and disposal of technological waste as priority environmental topics.

With the aim of actualizing our environmental policy, we have adopted the following commitments:

- Taking necessary steps to fully comply with environmental laws and regulations,
- Contributing to the protection of natural resources by using energy, water and paper economically,
- Carrying out tasks to reduce the amount of waste produced in business processes as much as possible, and to rationally recycle the wastes in case waste reduction is not possible,
- Covering the environmental sustainability issues in the training programs provided for our employees in order to reduce the environmental impacts of activities of our Bank,
- Reducing customers' and employees' carbon emissions as a result of our technological services and Digital Banking products,
- Supporting education and awareness projects that will increase environmental awareness in society and among young persons in particular,
- With international collaborations, supporting transparency policies that will help reduce greenhouse gas emissions of our Bank and corporate stakeholders.

Our effective natural resource consumption strategy

Adopting an active stance in the struggle against global climate change, we implement efficient projects to reduce the carbon emissions from our activities to a minimum. In 2009, we have supported the Carbon Disclosure Project that was introduced by the Sabancı University Corporate Governance Forum. We are one of the first private enterprises in Turkey that has committed to implementing climate change strategies and greenhouse gas emission reporting in compliance with international standards.

Direct and indirect energy consumption indicators

In 2010, a wide scale project was executed to create an energy management system and to calculate fuel consumption for electricity and heating purposes in the buildings where Akbank carries out its activities. Under this project, consumption figures of all buildings including branches, were collected in a database.



Our environmental policy and commitments

In 2019, we have finalized the construction of the data center after laying its foundations in the last quarter of 2017 within the Akbank Banking Center as yet another initiative for the future.

Akbank Banking Center, a high-tech complex located in Şekerpinar, commenced operation in 2010; some of Akbank's buildings previously located in Istanbul moved to the Akbank Banking Center. In 2019, we have finalized the construction of the data center after laying its foundations in the last quarter of 2017 within this Complex as yet another initiative for the future. "Akbank Data and Life Center," positioned at the heart of all our operations, continues to serve our customers with some 3 thousand Akbankers in a 6,700 square meter space.

Our environmentally friendly data center has a total enclosed area of 32 thousand m². The center, which features a 5 thousand m² IT system hall, is built to provide uninterrupted service even during a magnitude 9 earthquake. This center operates with an energy efficiency ratio of 1.4. The data center is designed with enough generator capacity to remain unaffected by power outages of up to one month.

The building's design and application compliance with global standards are documented with Uptime Institute Tier 3 Design Certification and Uptime Institute Tier 3 Constructed Facility Certification.

Furthermore, the design entails the use of "free cooling" technology for cooling with external air to ensure a superior energy efficient data center. The center also has LEED Gold Green Building Certification (Leadership in Energy and Environmental Design). In accordance with LEED Gold criteria, rainwater is stored in large underground storage receptacles (190 thousand liters) and used when needed. All lighting systems utilize LED lighting systems that consume limited energy.

Similarly, all the trees used in landscaping were selected from special species that consume less water. The roof of the structure is painted with a specially developed coating to prevent it from heating the environment.

Measurement and evaluation compliant with scientific principles

Energy and carbon emission figures collected and reported pursuant to international standards within Akbank are presented below:

Fuel type (Gigajoules/year)	2017	2018	2019
Natural Gas	108,462	100,306	97,245
Electricity	283,825	252,866	374,942
Liquid Fuel	23,681	22,461	26,500
Total	409,091	415,968	498,687

Carbon Emissions (ton CO₂e)	2017	2018	2019
Scope 1 Emissions	7,515	6,970	13,449
Scope 2 Emissions	36,115	33,153	53,505
Total	43,630	40,123	66,955

Our efforts aimed at reduced paper usage

Designing digital processes and solutions in line with its efficient natural resource consumption strategies, we attempt to keep paper usage to a minimum by promoting the use of Digital Channels among customers.

In addition to encouraging the use of digital channels, we also offer new-generation Akbank branch facilities for customers who prefer the branch channel. Our self-service, lean, digital and mobile customer experiences minimize the use of paper. We implemented numerous innovations to reduce paper consumption under the New Generation Sales Service Model:

By replacing printed contracts with online versions via Akbank Mobile, we have offered customers a paper-free experience, saving 12 million sheets of paper and around 1,000 trees in the fiscal year of 2019.

Document approvals received via Akbank Mobile allowed us to eliminate the need for physical signature, scanning and physical archiving procedures, while CRMs in and outside the branch had the chance to provide end-to-end, digital and fast customer experience.

In the meantime, customers are now able to perform self-service transactions at the Counter Extras placed as a new point of service in the branches, instead of waiting at the counter. This way, we saved 15 million printed receipts corresponding to some 640 trees in 2019.

- “Finish with Mobile,” a function which enables physical documents to be approved via Akbank Mobile, helped us save paper and perform digital archiving tasks and transactions paper-free and quickly in and outside the branches.
- Running the controls of the document and signature receivers on the system thanks to the OCR technology, we reduced the manual approval load on employees and accelerated our processes by minimizing the risk.
- Our customers are now able to perform their transactions self-service thanks to Counter Extras.
- The iPad integration based on the principle of mobility-focused solutions and designs, CRMs are able to offer services at the place and time customers wish.

In addition to paper conservation, we are engaged in paper recycling and thus continued to reduce our environmental footprint steadily in 2019. At the Kınalı Archives Center, where all branch and Head Office archives are kept, 812 tons of paper were disposed and recycled in 2019 after their legal preservation period ended. In this way, 13,800 trees were saved. In addition to the paper sent to be recycled by the Archives Center, in branches some valuable papers are slit and regular paper is used on both sides when possible, which are then collected in the containers provided by NGOs such as TEMA and recovered later.

Our water consumption

Effective natural resource consumption strategies

Akbank shapes all its activities in light of its strategy of the effective consumption of natural resources. Our Bank's bulk water consumption includes employees' water usage, cleaning activities, and irrigation of green space. As an institution that uses municipal water, Akbank has limited water consumption compared to manufacturing companies. Our water consumption does not have significant impact on a specific water source.

	2017	2018	2019
Water Consumption (m ³ /year)	112,052	120,648	300,544

Our environmental policy and commitments

Electronic devices that are no longer appropriate for use according to Akbank's standards are sold to companies in Turkey, as scrap or second-hand products for recovery of the metals and electronic parts.

Recycling-oriented waste management policy

Akbank uses a great number and variety of electric and electronic devices due to the nature of banking operations, which require electronic means in a number of transactions. These devices contain not only valuable metals that should be brought back to the economy, but also environmentally harmful materials. Therefore, we have several measures to ensure recovery of devices that have gone out of use within the economy or to reduce potential environmental impact. In our main buildings, we sort and collect waste to deliver them to recycling companies. For instance, used paper, plastics, glass and metals are collected in designated containers and sent to recycling. In addition, oil retainers are placed between the wastewater line and the city sewer lines in the

kitchens to collect waste oils. These waste oils are sent to oil recovery stations to be recycled. When floor coverings in our buildings need to be replaced, we take the environmental performance of new carpets and other floor coverings into consideration.

Recycling toner cartridges

Empty toner cartridges of printers have negative impacts on the environment if they are not disposed of properly. In order to minimize this effect, a recycling project was initiated in August 2010 to recycle the empty toner cartridges from the printers used at the Bank. From this date onwards, all empty cartridges, including those from Akbank branches, are shipped to a company that recycles electronic waste. In 2018, we became a member of the Integrated Environmental Information System

with Environmental Identity Number 256713150. Waste toner cartridges are received from Akbank Banking Center by the recycling company by making a transport request via the system.

In 2019, a total of 7,998 empty toner cartridges were sent to the said recycling company.

Technological waste is recycled back to the economy

Electronic devices that are no longer appropriate for use according to Akbank's standards are sold to companies in Turkey, as scrap or second-hand products for recovery of the metals and electronic parts. In addition, some of these devices are donated as per the requests made to the Bank.

Technological waste types and figures

Type	2017		2018		2019	
	Scrap sales	Grants	Scrap sales	Grants	Scrap sales	Grants
PC	3,983	367	9,571	316	3,481	1,037
Monitor	454	367	508	316	2,810	1,037
Passbook Printers	254		663		163	
Dot Matrix Printers	1,037		42		39	
Laser Printers	154		882		4,049	10
POS Equipment	12,941		35,747		21,305	
ATM	510		386		890	
	19,333	734	47,799	632	32,737	2,084

Our procurement activities comply with our ethical principles

Our primary goal in procurement activities is to maximize the contribution and value generated through effective, cost-sensitive and dynamic operations in line with the Bank's sustainability policy. Our key principles in procurement activities are described below:

- Compliance with Akbank's published policies, code of ethics and principles is sought in all procurement processes.
- An effective mechanism is run by the Procurement Department and the business functions with procurement authorities to prevent conflicts of interest.
- Business units with procurement authorities determine and communicate the general ethical principles binding for the suppliers in their activities with suppliers.
- Akbank follows the following principles:
 - Akbank receives the supplier's commitment to implement all the elements of the UN Global Compact;
 - Prioritizes the suppliers who deploy environmentally and socially responsive systems in the procurement of services;
 - Strives to obtain the commitment and annual survey form in Appendix 4 from the supplier to evaluate the labor and working conditions of the employees hired by third party service providers under their commitments to international organizations.
- Procurement processes must be transparent and based on accountability.
- Product and service procurement of all types is performed within the financial limits set forth by the Board.
- It is essential for requestors to procure the service and/or product sufficient to meet their needs and with the optimum balance of quality and price from the suppliers as per the needs of business units and the interests of the Bank.
- The right price, the right quantity, the right source, the right quality and the right time are the indispensable elements of procurement.

Our contribution to society



Our contribution to society

We encourage all Akbank employees to perform volunteering works in the social initiatives we undertake.

As Akbank, we are aware that ensuring a bright future for Turkey requires far more than providing banking services. In addition to supporting economic growth, we see expanding educational and cultural opportunities and boosting entrepreneurship as our core responsibilities.

Aiming to expand creativity and critical evaluation, we enable art to reach a mass audience with culture-art initiatives that we have resolutely undertaken for years.

We think that independent and original ideas inspire improvement in a diverse set of areas. We believe that courageous entrepreneurs, the pioneers of innovation, will significantly contribute to Turkey's social and economic development with the opportunities they create. We strive to facilitate access to the right guidance and support that entrepreneurs need. We place immense importance on education and training. In particular, to reach the highest quality level in financial management, we design comprehensive training programs with experts in this key area.

We encourage Akbank employees to participate in all these various initiatives and endeavors as volunteers. Akbank aims to add enduring, long-term value to the lives of more people via these shared experiences and efforts.

At Akbank, we always think about what is best for Turkey. We put our heart and soul in our work toward this end.

Arts

In 2019, we launched the “Digital Arts on Campus” initiative that brings digital arts to universities.



100

thousand +

**Number of
Participants in the
Events of Akbank Art
Center**

In 2019, we presented joint exhibitions, bringing together widely renowned names of the domestic and international art world, showcasing select examples of contemporary works to arts enthusiasts at Akbank Art Center.

Accordingly, we have conducted many significant projects in culture and the arts for many years. We aim to preserve our shared national and universal heritage via the culture and art projects we execute. Our goal is to pass this rich heritage on to the next generations while reaching out to thousands of art-lovers with our efforts. We play a leading role in developing and supporting contemporary arts in Turkey and bringing artworks to a mass audience across all social strata. In 2019, Akbank organized over 700 arts-related events – including exhibitions, concerts, theatrical plays, and dance – making headlines across Turkey and overseas.

Celebrating its 26th anniversary in 2019, Akbank Art Center was established to create a brand for the innovative and visionary identity that Akbank pursues in the arts. Over 100,000 people attended Akbank Art Center events.

In 2019, we presented joint exhibitions, bringing together widely renowned names of the domestic and international art world, showcasing select

examples of contemporary works to arts enthusiasts at Akbank Art Center. During the year, we organized exhibitions such as Theo Eshetu’s “Faces and Places,” “Human’s New Agenda” which was a digital art group exhibition under the curatorship of Işın Önel and Livia Alexander, “37th Akbank Contemporary Artists Contest and Awards Exhibition” organized with the cooperation of Akbank Arts and Painting and Sculpture Museums Foundation with the purpose of supporting developments in contemporary art arena and supporting young artists, “Self/Translation” of Sudarshan Shetty, one of the prominent names in Indian contemporary art, and “Regular Insanity” in the curatorship of Marcus Graf.

In 2019, we launched the “Digital Arts on Campus” initiative, which aims to introduce university students to new media that has rapidly developed in recent years.

The Contemporary Art Education Program, specially designed for every exhibition held at Akbank Art Center, provides primary, junior high and high school students the

opportunity to become acquainted with contemporary works of art. The program also offers an entertaining environment where students can enjoy various artistic, cultural, and social experiences with engaging content, by thinking freely and creatively. Nearly 3 thousand schoolchildren and young people participated in these trainings in 2019.

The Center's Multi-Purpose Room, a major meeting point for arts lovers, hosted monthly concerts by world-famous musicians, including Nes, Fazer, Sakari Kukko Afro Chamber, Jan Gunnhar Hoff İstanbul Trio as part of Akbank Jazz Days.

During the year, we organized Philosophy Seminars, Art History Seminars, and Cinema Psychiatry Seminars as well as New Media Talks at Akbank Art Center, generating a great deal of interest and attention.

Akbank Art Center's Dance Workshop recorded many international achievements throughout the year. The Dance Workshop organized events with well-known choreographers and dance instructors, such as Elena Valls, Guy Shomroni, Louise Frankenhuis, and Tijen Goosen Lawton. It also continued to offer dance lessons for both children and adults. In 2019, open auditions were organized for dance shows while talented young dancers were provided scholarships for modern dance lessons, as in prior years.

Celebrating its 46th anniversary in 2019, Akbank Children's Theatre has cultivated a theatre-going audience since its founding. During the year, the Theatre continued to

stage the play "Gorilla" written by Anthony Browne and adapted to the stage by Rachel Barnett, with the collaboration of London Polka Theater.

In 2019, Akbank Art Center published the highly regarded book titled "Anıtsal Değil: 21. Yüzyılda Nesne (Unmonumental: The Object in 21st Century)." Exposing the changes sculpture went through from the beginning of our century to the present day, the prestige volume bears witness to the world we live in while also demonstrating the effort to make it better. Consisting of much valuable, significant, and eye-opening articles from various authors, this compendium brings together universally known names of new sculpture with their oeuvre.

On October 17-27, we celebrated Akbank Jazz Festival's 29th anniversary with 35 concerts, three talks and 25 workshops in 36 locations, hosting the performances of over 130 local and international artists. As part of High School Jazz Workshops in 2019, 2,000 students from 10 high schools convened under the Yavuz Akyazıcı initiative to learn more about jazz music and instruments. As part of "Jazz on Campus" concerts held on November 4-8, 2019, Ediz Hafizoğlu, a hotshot jazz drummer, came together with university students in Ankara Middle East Technical University, Kayseri Erciyes University, Nevşehir Hacı Bektaş Veli University, Adana Çukurova University and Gaziantep University.

The Akbank Short Film Festival is a major platform for short films in Turkey, designed to support new ideas and foster a short film culture. The Festival, held for the

15th time in 2019, presented cinema enthusiasts with the opportunity to enjoy celebrated films shown at international festivals, workshops, and conversations, as well as competition films on March 18-28, 2019. The 10-day Festival, featuring an entertaining program of domestic and foreign entries, received 1,406 short movie applications from 68 countries. Some 111 short and three feature-length movies from 40 countries – including films that competed at major global film festivals like Cannes, Berlin, and Venice – were screened to receptive audiences.

During the 15th Akbank Short Film Festival, as part of its "Award-Winning Films at Universities" program, the best films designated by the Selection Committee of the international competition were screened at 40 universities in 22 cities – from Edirne to Van, Zonguldak to Mersin – between April 2 and May 17.

For the last 14 years, we have been the main sponsor of Contemporary İstanbul, a world renowned event that has a strong impact on the development of contemporary arts in Turkey. Contemporary İstanbul introduced contemporary art to mass audiences. The sprawling event topped the culture and arts agenda locally and has become a globally recognized event under the main sponsorship of Akbank Art Center. Followed closely by the global contemporary arts community, Contemporary İstanbul was participated by 74,000 arts enthusiasts in 2019. The Contemporary İstanbul Art Fair was held on September 12-15. Akbank Art Center's booth was home to the exhibition "Walking Away/ Coming A Way" by the Indian artist Sudarshan Shetty, curated by Hasan Bülent Kahraman.

Training

Center of Excellence in Finance (CEF) continued serving as a bridge between the academia, the finance industry, policy-makers and the real sector in 2019.

We established the Akbank Thinking Club to create a platform for youth, think and create value for the future of Turkey together with them. In 2019, we celebrated the 11th term of the Club.

Center of Excellence in Finance (CEF)

We established The Center of Excellence in Finance in 2016 at Sabancı University under Akbank's founding sponsorship. CEF brings together academics, financial market actors and investors to transform core knowledge into real-life applications. The Center of Excellence in Finance continued to serve as a bridge between academia, the finance sector, policy makers and the real economy with its certification programs, seminars, and research reports throughout 2019. The third conference of CEF – Future of Financial Markets – was held in June at Sabancı Center. The conference was attended by many national and international businesspersons and government official. Attendees included Akbank International Advisory Board Members and Dr. Daron Acemoğlu, Professor of Economics at Massachusetts Institute of Technology, as the main speaker of the conference.

Akbank's "Children: Heroes of the Economy"

To boost financial literacy and encourage savings, we launched the Children: Heroes of the Economy project in 2012. The initiative is designed to reach out to children at the ages when they acquire their life-long habits. The program creates special project content for instructional purposes, such as a website, board games for activities, posters to encourage saving, and certificates. At the end of in-class activities conducted by Akbank staff volunteers, children are presented with Akbank's Ladybug Penny Bank: "Kumbirik."

Akbank Thinking Club

Akbank Thinking Club was established in 2008 by Akbank to create a platform for youth, who are the leading proponents of continuous development and innovation. Celebrating its 11th anniversary in 2019, the Club encourages young people to think together and jointly create value for

First held in 2014, the Akbank Family Company Academy aims to help family companies that want to institutionalize their enterprise, become up-to-date via academic training, and hand over their company management to the next generation.

Turkey's future. During the project competition, Akbank Thinking Club members generated projects on new business collaborations and service models by exploring how banks could be a part of relevant ecosystems. To date, and including 2019, Akbank Thinking Club has awarded 32 members with a scholarship for Harvard University Summer School.

Applications to Club membership is open to third year undergraduates across Turkey. Students who join the Club design a project according to the theme assigned for that year. Projects are then assessed by a special selection committee composed of academics, experts and Akbank senior managers. The creator of the best project is then awarded with a scholarship for Harvard University Summer School.

Akbank Family Company Academy

In collaboration with Sabancı University Executive Development Unit (EDU), we organized Akbank Family Company Academy for the 14th time in 2019. First held in 2014, the Academy aims to help family companies that want to institutionalize their enterprise, become up-to-date via academic training, and hand over their company management to the next generation. The training program covers a wide variety of subjects, including strategic management, business development, innovation, institutionalization, finance, best corporate governance practices, legal matters, and human resources management. The program was administered for Akbank customers as well as private distributors and dealers.

Entrepreneurship

In 2019, we decided to expand our entrepreneurship-related efforts conducted in cooperation with Endeavor in Istanbul to other cities. As a result, we helped develop a city and region-based entrepreneurship ecosystem.

For the last four years, we have conducted a youth entrepreneurship program with Endeavor Turkey called CaseCampus, which analyzes the success stories of various start-ups and supports entrepreneurial efforts on a growth path.

CaseCampus BootCamp Program

We launched CaseCampus, our entrepreneurship program in 2015 in collaboration with Endeavor Turkey, met with 75 young entrepreneurs in 2019. Guided by the principle that “No training is as educational as a case study,” CaseCampus offers participants innovative training and learning opportunities with real-life stories and dilemmas from Turkey’s leading entrepreneurs.

The program is available for junior and senior undergraduate students, graduate students and those who graduated within the last five years, and are under 30 who consider entrepreneurship as a career option. CaseCampus brings them together with successful Endeavor Entrepreneurs in a new and innovative environment of applied learning and networking.

StartUpCampus Entrepreneurship Program

For the last four years, we have conducted a youth entrepreneurship program with Endeavor Turkey called CaseCampus, which analyzes the success stories of various start-ups and supports entrepreneurial efforts on a growth path. In the

StartUpCampus program, young entrepreneurs are provided with mentoring as well as training and workshops in order to make their business enterprises grow. The 10-week StartUpCampus Program targets entrepreneurs under 35, who have chosen entrepreneurship as a career path, established their company, launched their early stage product and realized their first sales. 13 entrepreneurs benefited from the program in 2019.

ScaleUp Entrepreneurship Program

We decided to expand our entrepreneurship-related efforts conducted in cooperation with Endeavor in Istanbul to other cities. As a result, we helped develop a city and region-based entrepreneurship ecosystem by creating role models for entrepreneurs.

In 2019, we met entrepreneurship stakeholders in Ankara and Izmir. We brought entrepreneurs active in the local area together with Endeavor mentors on mentorship panels. With this project, we aim to connect entrepreneurs, investors and ecosystem members over the long term and conduct joint efforts business to business.

Volunteerism

During our volunteer activities each year, we have reached out to thousands of people across Turkey, the majority of whom are students. The group consists of 40 Akbank Volunteer Ambassador Employees and around 1,000 Akbank Volunteers.

We held the fifth edition of the Good State of the City project in 2019. During this project term, the number of collaborating NGOs rose from 10 to 13, a total of 12,000 youth applied to participate in voluntary activities, and 3,200 were selected to take part.

Akbank Volunteers

Since 2012, Akbank Volunteers has served as a platform committed to executing projects that contribute to society. Akbank staff and their families as well as business partners carry out our platform's work across the country. In 2019, we worked together with local residents, civil society organizations and local authorities, developing projects to address social issues, and become part of the solution. As part of its volunteer-driven efforts, Akbank Volunteers has conducted various projects over its seven-year history in numerous areas, from education to the disabled, aid campaigns to health issues. During our volunteer activities each year, we have reached out to thousands of people across Turkey, the majority of whom are students. The group consists of 40 Akbank Volunteer Ambassador Employees and around 1,000 Akbank Volunteers.

Redrunners Running Team had significant contributions in volunteerism; 250 Akbank employees in the team, 150 of them actively, run for goodness. In 2019, Redrunners Running Team run for Turkish Education Volunteers Foundation (TEGV) and Darüşşafaka Society at Eurasia Marathon and raised donations. In conjunction with Akbank Volunteers, Redrunners Running Team executed support programs including painting school buildings, helping stray animals, planting forests, providing books, school supplies, clothing, and toys to those in

need. We also presented wish-fulfilling trees to the Hope Foundation for Children with Cancer (KAÇUV) and Tohum Autism Foundation Special Education School during national/religious holidays.

Good State of the City

We founded the Good State of the City in 2015 as an initiative that encourages university students from across Turkey to take part in social responsibility projects organized in collaboration with NGOs. With this effort, we offer university students (two- or four-year college students as well as graduate students) between 18 and 26 the chance to make contact with NGOs and participate in their voluntary activities.

We held the fifth edition of the project in October-November 2019. During this project term, the number of collaborating NGOs rose from 10 to 13, a total of 12,000 youth applied to participate in voluntary activities, and 3,200 were selected to take part. The volunteer youth participated in a wide array of social responsibility initiatives. These included painting school walls, sports activities with disabled people, hobby workshops with seniors, activities with young people under state protection, cleaning up coastlines, distributing soup to the homeless, taking care of shelter animals, and sign language workshops. 3,200 volunteers were then invited with a friend of them by Akbank to a concert featuring the singer Can Bonomo at Volkswagen Arena on November 23.

Global Reporting Initiative (GRI) Content Index



This service was performed on the Turkish version of the report.

This service was performed on the Turkish version of the report. "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."

GRI Indicator	Explanation Number	Page Number/Direct Resource	Reason of Omission
GRI 101: Foundation 2016			
(GRI 101 does not consist of indicators.)			
Organizational Profile			
	102-1	AKBANK T.A.Ş.	
	102-2	About Akbank, p. 14-25	
	102-3	About Akbank, p. 14-25	
	102-4	About Akbank, p. 14-25	
	102-5	About Akbank, p. 14-25	
	102-6	About Akbank, p. 14-25	
	102-7	About Akbank, p. 14-25	
GRI 102: General Indicators 2016	102-8	Our Distinctive Employees, p. 74-89	
	102-9	Supply Chain Management, p. 34	
	102-10	There has been no significant change in the reporting period.	
	102-11	Risk Management and Legal Compliance, p. 46-57	
	102-12	UNSDG	
	102-13	Memberships in Associations and Unions, signed initiatives, p. 38	
Strategies			
GRI 102: General Indicators 2016	102-14	Chairman's Message, CEO's Message, p. 2-7	
	102-15	Chairman's Message, CEO's Message, p. 2-7	
Ethics and Integrity			
GRI 102: General Indicators 2016	102-16	Akbank's Corporate Building Blocks: Vision and Mission, p. 18-19	
	102-17	Mechanisms for Employees to Share Opinions and Suggestions, p. 88	

GRI Indicator	Explanation Number	Page Number/Direct Resource	Reason of Omission
Governance			
GRI 102: General Indicators 2016	102-18	Corporate Governance at Akbank, p. 40-45	
	102-19	Corporate Governance at Akbank, p. 40-45	
	102-20	Corporate Governance at Akbank, p. 40-45	
	102-21	Corporate Governance at Akbank, p. 40-45	
	102-22	Corporate Governance at Akbank, p. 40-45	
	102-23	Corporate Governance at Akbank, p. 40-45	
	102-24	Corporate Governance at Akbank, p. 40-45	
	102-25	Risk Management and Legal Compliance, p. 46-57	
	102-26	Corporate Governance at Akbank, p. 40-45	
	102-27	Corporate Governance at Akbank, p. 40-45	
	102-28	Corporate Governance at Akbank, p. 40-45	
	102-29	Corporate Governance at Akbank, p. 40-45	
	102-30	Risk Management and Legal Compliance, p. 46-57	
	102-31	Our Approach to Sustainability, p. 30-39	
	102-32	Our Approach to Sustainability, p. 30-39	
	102-33	Our Approach to Sustainability, p. 30-39	
	102-34	Our Approach to Sustainability, p. 30-39	
	102-35	Our Distinctive Employees, p. 74-89	
	102-36	Our Distinctive Employees, p. 74-89	
	102-37	Our Distinctive Employees, p. 74-89	
102-38	Our Distinctive Employees, p. 74-89		
102-39	Our Distinctive Employees, p. 74-89		
Shareholder Engagement			
GRI 102: General Indicators 2016	102-40	Our Stakeholder Dialogue, p. 36-39	
	102-41	Social Contract, p. 81	
	102-42	Our Stakeholder Dialogue, p. 36-39	
	102-43	Our Stakeholder Dialogue, p. 36-39	
	102-44	Topic Prioritization Study, p. 32	
Reporting			
GRI 102: General Indicators 2016	102-45	About Report, p. 27-29	
	102-46	About Report, p. 27-29	
	102-47	Topic Prioritization Study, p. 32	
	102-48	This report includes information of 2019 Reporting Period.	
	102-49	Topic Prioritization Study, p. 32	
	102-50	01.01.2019-31.12.2019	
	102-51	Front Page	
	102-52	Annually	
	102-53	Contact Details, p. 112	
	102-54	GRI Content Index, p. 104-108	
	102-55	GRI Content Index, p. 104-108	
102-56	The report content has not undergone external audit.		

Global Reporting Initiative (GRI) Content Index

GRI Indicator	Explanation Number	Page Number/Direct Resource	Reason of Omission
GRI 200: ECONOMIC STANDARDS SERIES			
Economic Performance (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 201: Economic Performance 2016	201-1	About Akbank, p. 14-25	
	201-2	About Akbank, p. 14-25	
	201-3	About Akbank, p. 14-25	
	201-4	About Akbank, p. 14-25	
Market Presence (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 202: Market Presence 2016	202-1	About Akbank, p. 14-25	
Indirect Economic Impact (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 203: Indirect Economic Impact 2016	203-1	Adding Value to Customers, p. 58-73	
	203-2	Adding Value to Customers, p. 58-73	
Responsible Procurement Practices (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 204: Responsible Procurement Practices 2016	204-1	Supply Chain Management, p. 34	
Ethics, Anti-Bribery and Anti-Corruption (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 205: Anti-Corruption 2016	205-1	Risk Management and Legal Compliance, p. 46-57	
	205-2	Risk Management and Legal Compliance, p. 46-57	
	205-3	Risk Management and Legal Compliance, p. 46-57	
GRI 300: ENVIRONMENTAL STANDARD SERIES			
Energy (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 302: Energy 2016	302-1	Operation and Environment, p. 90-95	
	302-2	Operation and Environment, p. 90-95	
	303-3	Operation and Environment, p. 90-95	
	304-4	Operation and Environment, p. 90-95	

GRI Indicator	Explanation Number	Page Number/Direct Resource	Reason of Omission
Water Consumption (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 303: Water 2016	303-1	Our Operations and the Environment, p. 90-95	
	302-2	Our Operations and the Environment, p. 90-95	
	303-3	Our Operations and the Environment, p. 90-95	
Emissions (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 305: Emissions 2016	305-1	Our Operations and the Environment, p. 90-95	
	305-2	Our Operations and the Environment, p. 90-95	
	305-3	Our Operations and the Environment, p. 90-95	
	305-4	Our Operations and the Environment, p. 90-95	
	305-5	Our Operations and the Environment, p. 90-95	
	305-6	Our Operations and the Environment, p. 90-95	
	305-7	Our Operations and the Environment, p. 90-95	
Waste Management (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 306: Waste Management 2016	306-1	Our Operations and the Environment, p. 90-95	
	306-2	Our Operations and the Environment, p. 90-95	
GRI 400: SOCIAL STANDARD SERIES			
Employment (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 401: Employment 2016	401-1	Our Distinctive Employees, p. 74-89	
	401-2	Our Distinctive Employees, p. 74-89	
Employee-Employer Relations (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 402: Employee-Employer Relations 2016	402-1	Our Distinctive Employees, p. 74-89	
	402-2	Our Distinctive Employees, p. 74-89	
Occupational Health and Safety (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 403: Occupational Health and Safety 2016	403-1	Our Distinctive Employees, p. 74-89	
	403-2	Our Distinctive Employees, p. 74-89	
	403-3	Our Distinctive Employees, p. 74-89	
	404-4	Our Distinctive Employees, p. 74-89	

Global Reporting Initiative (GRI) Content Index

GRI Indicator	Explanation Number	Page Number/Direct Resource	Reason of Omission
Occupational Training (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 404: Occupational Training 2016	404-1	Our Distinctive Employees, p. 74-89	
	404-2	Our Distinctive Employees, p. 74-89	
	404-3	Our Distinctive Employees, p. 74-89	
Diversity and Opportunity of Equality (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 405: Diversity and Opportunity of Equality 2016	405-2	Our Distinctive Employees, p. 74-89	
Struggle Against Discrimination (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 406: Struggle Against Discrimination 2016	406-1	Our Distinctive Employees, p. 74-89	
Marketing and Labeling (Material Topic)			
GRI 103: Management Approach 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 417: Marketing and Labeling 2016	417-1	Adding Value to Customers, p. 58-73	
	417-2	Adding Value to Customers, p. 58-73	
	417-3	Adding Value to Customers, p. 58-73	
Information Security (Material Topic)			
GRI 103: Material Topic 2016	103-1	Our Approach to Sustainability, p. 30-39	
	103-2	Our Approach to Sustainability, p. 30-39	
	103-3	Our Approach to Sustainability, p. 30-39	
GRI 418: Information Security 2016	418-1	Adding Value to Customers, p. 58-73	
Increasing Customer Sophistication (Material Topic)			
GRI 103: Management Approach 2016	103-1	Adding Value to Customers, p. 58-73	
	103-2	Adding Value to Customers, p. 58-73	
	103-3	Adding Value to Customers, p. 58-73	
Increasing Access to Financial Services (Material Topic)			
GRI 103: 2016 Management Approach	103-1	Adding Value to Customers, p. 58-73	
	103-2	Adding Value to Customers, p. 58-73	
	103-3	Adding Value to Customers, p. 58-73	
Improvement of Corporate Management Applications (Material Topic)			
GRI 103: 2016 Management Approach 2016	103-1	Corporate Governance at Akbank, p. 40-45	
	103-2	Corporate Governance at Akbank, p. 40-45	
	103-3	Corporate Governance at Akbank, p. 40-45	

Women's Empowerment Principles (WEPS) Progress Report and GRI Content Relation

Women's Empowerment Principles WOPS 6 Principles	GRI Standards Disclosures	
Principle 1- Corporate Leadership Promoting Gender Equality	405-1	405-2
Principle 2- Equal Opportunity, Participation and Nondiscrimination	406-1	
Principle 3- Health, Safety, and Freedom from Violence	406-1	
Principle 4- Education and Training	404-1	404-2
Principle 5- Enterprise Development, Supply Chain and Marketing Practices	404-1	404-2
Principle 6- Community Leadership and Participation	405-1	405-2
Principle 7- Measurement and Public Reporting on Gender Equality	405-1	405-2

United Nations Global Compact (UNGC) Index

In 2007, Akbank led the way for the Turkish banking sector by signing the United Nations Global Compact (UNGC). The table below shows the pages of the Sustainability Report 2019 where you can learn about the practices that Akbank has implemented as a signatory to UNGC and performance information. Information included in the report on each principle can be accessed by means of this table.

UN GLOBAL COMPACT PRINCIPLES PAGE OF THE PERFORMANCE INFORMATION

HUMAN RIGHTS

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.
Pages: 14-25

Principle 2. Businesses should make sure that they are not complicit in human rights abuses.
Pages: 14-25

LABOR

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Pages: 74-89

Principle 4. The elimination of all forms of forced and compulsory labor.
Pages: 74-89

Principle 5. The effective abolition of child labor.
Pages: 74-89

Principle 6. The elimination of discrimination in respect of employment and occupation.
Pages: 74-89

ENVIRONMENT

Principle 7. Businesses should support a precautionary approach to environmental challenges.
Pages: 90-95

Principle 8. Undertake initiatives to promote greater environmental responsibility.
Pages: 90-95

Principle 9. Encourage the development and diffusion of environmentally friendly technologies.
Pages: 90-95

ANTI-CORRUPTION

Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.
Pages: 46-57

United Nations Sustainable Development Goals and Akbank

Akbank supports the UN Sustainable Development Goals declared in 2015 to determine global questions that will be planned to solve by 2030. The table that shows the Bank's approach and contribution to the United Nations Sustainable Development Goals is provided as follows:



Sustainable Development Goals	Relevant Section
4 Quality Education	Our Distinctive Employees, p. 74-90; Risk Management and Legal Compliance, p. 46-57
5 Gender Equality	Corporate Governance at Akbank, p. 40-45; Our Distinctive Employees, p. 74-89
6 Clean Water Hygiene and Public Health	Our Operations and the Environment, p. 90-95
7 Accessible and Clean Energy	Value Added to our Customers, p. 58-73; Our Operations and the Environment, p. 90-95
8 Decent Work and Growth	About Akbank, p. 14-25; Our Sustainability Approach, p. 30-39; Our Distinctive Employees, p. 74-89
9 Industrial Innovation and Infrastructure	Corporate Governance at Akbank, p. 40-45; About Akbank, p. 14.25; Value Added to our Customers, p. 58-73
11 Sustainable City and Living Spaces	Value Added to our Customers, p. 58-73
12 Responsible Consumption and Production	Corporate Governance at Akbank, p. 40-45; Our Sustainability Approach, p. 30-39; Value Added to Our Customers, p. 58-73; Our Distinctive Employees, p. 74-89
13 Climate Action	Our Operations and the Environment, p. 90-95; Value Added to Our Customers, p. 58-73
15 Life on Land	Our Operations and the Environment, p. 90-95
17 Partnerships for the Goals	Our Sustainability Approach, p. 30-39; Corporate Governance at Akbank, p. 40-45

Contact details

AKBANK T.A.Ş. HEAD OFFICE

Sabancı Center 34330 4. Levent-İstanbul/TURKEY

Phone: +90 212 385 55 55

Fax: +90 212 319 52 52

+90 212 269 77 87

www.akbank.com

**For inquiries about the Akbank Sustainability Report, please contact:
Investor Relations and Sustainability Department
sustainability@akbank.com**

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HEAD OFFICE

Sabancı Center, 4. Levent 34330 Istanbul - TURKEY

Telephone: +90 212 385 55 55

Fax 1: +90 212 319 52 52

Fax 2: +90 212 269 77 87

<https://www.akbank.com/en-us/Content/Pages/Contact-Us.aspx>