

Akfen REIT

Sustainability Report 2023

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About the Report

As Akfen REIT, we present our work and contributions to the Sustainable Development Goals (SDGs) to our valued stakeholders, in line with the objectives set out in our previous Sustainability Report and as per our Sustainability Strategy, under the pillars of Sustainability in Management, Sustainability in Compliance, Sustainability in Operations and Social Sustainability.

This report is our second Sustainability Report and outlines our sustainability performance in Akfen REIT Headquarters, Fıratcan İnşaat Ticaret ve Turizm A.Ş., Bodrum Loft and Bodrum Yalıkavak, Kıyıkışlacık and Söğütlüçeşme projects, which are still under construction, between 1 January 2023 and 31 December 2023.

This report has been prepared in two languages, Turkish and English, in accordance with the Global Reporting Initiative (GRI) standards. We will publish the report annually on our Akfen REIT intranet site in line with stakeholder expectations.

You are welcome to share your opinions and suggestions regarding the report with us via surdurulebilirlik@akfen.com.tr.

About Akfen REIT

Vision

Akfen REIT aims to keep its trusted position in the sector by establishing itself as one of the select REIT corporations with regards to the net asset value with its qualified projects in the real estate sector.

Mission

Akfen REIT has adopted the mission of constantly increasing its regular rental income from its strong equity and qualified portfolio, while expanding its portfolio size and value to a higher level, and to provide information to its shareholders in a transparent manner in the process.

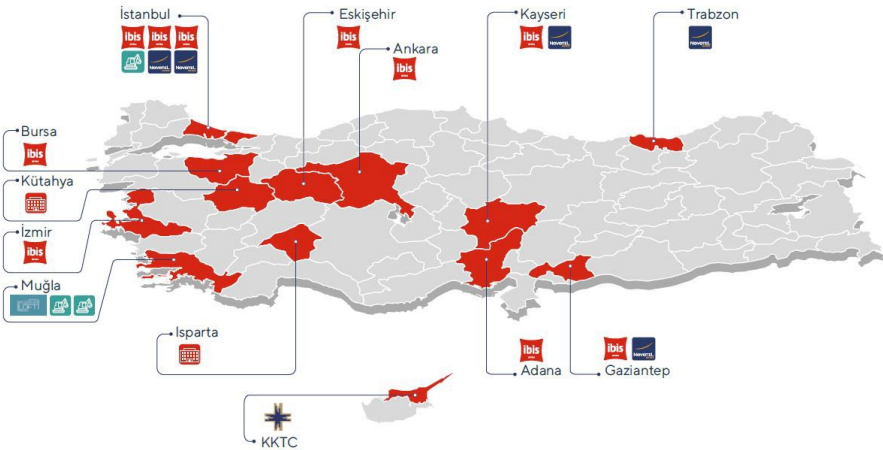
Thanks to the wisdom of 16 years of experience we have acquired since the day we were founded, we are leaders in our sector with our “Contemporary City Hotels” project. Today, our portfolio includes 19 hotels, 1 holiday village, 2 student residences, and 1 office building.

With a total of 3,342 rooms in 19 hotels in our real estate portfolio, we offer our guests a consistent service. As Akfen REIT, we have developed Novotel and Ibis hotel projects in Turkey and Russia and have leased a total of 19 hotels, 15 in Turkey and 4 in Russia, on a long-term basis to the Accor Group, one of the world's largest hotel operators. Today, our portfolio also includes the Bodrum Loft, a 5-star holiday village in Bodrum. We support sustainable tourism through the hotels in our portfolio.

In addition to our hotel portfolio, there is an office building in Russia and 2 student housing complex investments comprising a total of 13 residential blocks in Turkey. In addition, we own a factory in Hadımköy with a closed area of 7,027 m².

We proceed with our investments in the real estate sector with 3 projects under construction: a commercial complex in Istanbul Söğütlüçeşme, a villa project in Bodrum Yalıkavak, and a tourism area in Milas Kıyıkışlacık.

Our Portfolio



Awards and Achievements

GYODER(The Association of Real Estate Investment Companies) - Contribution to Sustainability Award

Listed in the BIST Sustainability Index.

Sustainability in Management

As Akfen REIT, we conduct our business respectfully and transparently, adhering to high ethical standards and per applicable laws and regulations.

Corporate Governance

Our highest governing body in Akfen REIT's corporate governance practices is the Board of Directors. Our Board of Directors consists of 1 Chairperson, 1 Vice Chairperson, 4 Board Members, and 3 Independent Members.

The Akfen REIT Board of Directors Policy governs the qualifications of board members, gender equality on the board, independence, accountability, and transparency of the board, among other things.

Our Board members have authority over all corporate governance matters, and our Board members are entitled to exercise their discretionary power to ensure that they do not interfere with the Company's operations. Our Board of Directors and its committees have the authority to appoint independent legal, financial, or other advisors and consultants on matters they deem necessary, without consulting any of the Company's officials.

The Board of Directors of Akfen REIT

- Hamdi Akın – Chairperson of the Board of Directors
- Selim Akın – Board Member
- Pelin Akın Özalp – Vice Chairperson of the Board of Directors
- İrfan Erciyas - Board Member
- Sıla Cılız İnanç – Board Member
- Gündoğan Durak – Board Member
- Aziz Ahmet Kaçar – Independent Member of the Board of Directors
- Bahattin Yücel - Independent Member of the Board of Directors
- Oğuz Satıcı - Independent Member of the Board of Directors

Three different committees report to the BoD.

- Audit Committee
- Early Identification of Risk Committee
- Corporate Governance Committee

Akfen REIT Senior Management of Akfen REIT

- Ece Demirpençe - General Manager
- Memduh Okyay Turan – Deputy General Manager - Operations
- Cüneyt Baltaoğlu – Coordinator of Projects in Russia
- Yusuf Anıl – Deputy General Manager - Financial Affairs
- M. Emre Yılmaz - Investor Relations Director
- Kadir Özcan – Deputy Accounting Manager
- Hülya Ay – Administrative Staff
- Oğuzhan Turan – Administrative Staff
- Fatih Akar– Administrative Staff
- Şevin Nar – Legal Counsel - Corporate Lawyer

Risk and Opportunity Management

As Akfen REIT, we develop strategies to benefit from any situation that may arise by regularly monitoring and staying abreast of our financial and non-financial risks, while maintaining our business continuity and current assets.

To identify our non-financial risks, we consult many international sources, in particular the WEF's annual Global Risks Report, and extract the risks and opportunities we may face by reviewing the outcomes of our current and ongoing projects under the environmental, governance, and social pillars, which are the key indicators of sustainability. Both the Sustainability Management Committee and the Early Identification of Risk Committee work continuously on risk and opportunity management.

The Early Detection of Risk Committee works to identify our current financial and non-financial risks and regularly commissions independent service and internal audit reports. RES (Early Detection of Risk) Internal Audit reports, prepared by the Early Detection of Risk Committee, are regularly produced on a bimonthly basis and presented directly to the Board of Directors for evaluation and review.

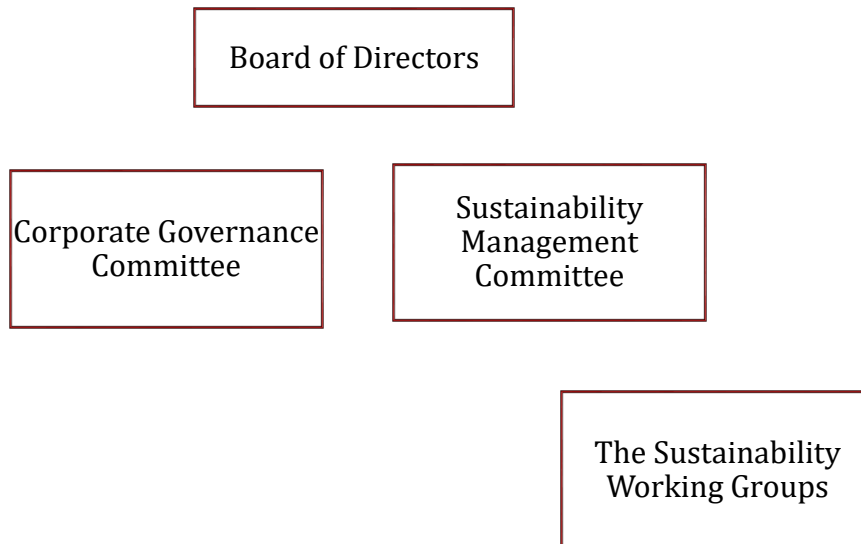
The Sustainability Management Committee examines risks that could adversely affect our sustainability performance in the areas in which we operate, reviews investments to be realized in environmental and human issues, evaluates practices that will improve performance, and reports its findings to the Corporate Governance Committee and the Board of Directors.

Sustainability Management

At Akfen REIT, we manage our environmental, social, and governance issues in accordance with our sustainability priorities and within the framework of our corporate policies, under the guidance of the Sustainability Management Committee, which reports to the Board of Directors.

The Sustainability Management Committee holds regular monthly evaluation meetings. During the monthly meetings, the current performance is evaluated according to the reports of the Sustainability Working Groups, the company's ESG risks are reviewed and action plans for opportunities are prepared. The results of the management meetings are reported directly to the Vice Chairperson of the BoD and Chief Sustainability Officer of Akfen REIT, Pelin Akin Özalp, and the BoD's Corporate Governance Committee and the Board of Directors.

The Sustainability Working Groups are responsible for monitoring the company's environmental, social, and governance performance, evaluating the work carried out during the period of activity, following the sustainability agenda, complying with applicable laws and regulations, and implementing actions related to this work. The Sustainability Working Groups organize meetings as required and report to the Sustainability Management Committee.



Akfen REIT Sustainability Management Committee

- Vice Chairperson of the BoD - Chief Sustainability Officer of Akfen REIT
- Managing Director - Member of the Board
- Vice General Managers – Member of the Board
- Investor Relations Management - Member of the Board
- Legal Adviser - Member of the Board

Our Approach to Sustainability

Sustainability in Management

UN.SDG 2, 4, 5, 8, 10 , 17

The basic principles adhered to in the management of the construction process of projects allow them to be carried out in accordance with egalitarian, inclusive and developing technology, with an understanding of ethical corporate governance in such a way as to focus on improving the health and safety of employees and their well-being in these projects.

Sustainability in Compliance

UN.SDG 6, 7, 9, 13, 14, 15 ve 17

Akfen REIT attaches the utmost importance to the realization of humanitarian activities in all projects in partnership in such a way as to reduce the negative impact of climate change and to be compatible and resilient to climate change. Climate change and prioritizes all business objectives.

Sustainability in Operation

UN.SDG 4, 5, 8, 10 ve 17

Value creation at Akfen REIT is based on qualified employees. The basis of employment is an understanding of justice that respects fundamental freedoms and rights. and rights; consequently, it is crucial to safeguard employees' health and safety as well as help them develop their individual skills.

Social Sustainability

UN.SDG 3, 5, 8, 10, 11 ve 17

Akfen REIT ensures that all projects realized in partnership are undertaken with the understanding that add value to society from a social and economic perspective.

Our Strategic Sustainability Goals

As Akfen REIT, we support our sustainability governance structure and approach with the policies we create. All our policies have a positive impact on our sustainability performance and guide our activities.

Sustainability in Compliance

- Main Environmental Policy
- Main Climate Policy
- Waste, Residue and Recycling Policy
- Water Conservation Policy
- Basic Emissions Policy
- Biodiversity Conservation Policy
- Sustainability in Operation

Sustainability in Management

- Main Quality Policy
- Sustainability Policy
- Global Compact Compliance Policy
- Efficient Use of Resources Policy
- Business Continuity Policy
- Information Security Policy
- Investor Satisfaction Policy

Human Rights Policy

- Basic Human Resources Policy
- Gender Equality Policy
- Fair Remuneration Policy
- Employee Satisfaction Policy
- Occupational Health and Safety Policy

Social Sustainability

- Employment Contribution Policy
- Taxation Policy

Sustainability Priorities

In 2023, we carried out research to update our sustainability priorities, taking into account our sustainability performance, the changing sustainability agenda, and the input of our internal and external stakeholders. We identified 20 potential sustainability issues by assessing the company's environmental, social, and governance performance, risks, and opportunities through the work of our Sustainability Working Group. We organized a survey with our internal and external stakeholders to assess which of the 20 potential sustainability issues we identified would have the greatest impact on our sustainability performance today and in the future. Based on the comments of our internal and external stakeholders who participated in the survey, we have defined our new sustainability priorities for the period.

Our First Degree Priorities;

- Ethics Compliance
- OHS
- Corporate Governance
- Risk and Opportunity Management
- Energy Efficiency
- Social Investments

Strategic Sustainability Goals

Sustainability Goals in Environmental Compatibility

Sustainability Goal

Monitoring of performance data regarding energy, water, emissions and waste management in the companies (tenants) under Akfen REIT's responsibility.

Current Status

It has been completed for 2023 and the goal for 2024 continues

Identify all mandatory / voluntary platforms where environmental information is disclosed

It has been completed for 2023 and the goal for 2024 continues

Support for public works related to the environment in the regions in which we conduct our business

It has been completed for 2023 and the goal for 2024 continues

Conduct research and planning for sustainable energy production investments

Planning and research were conducted for both our current and upcoming projects in 2023, but due to the unavailability of a suitable feasibility study, the projects could not be put into action.

Placing recycling information on waste bins, raising awareness by providing employees with numerical data on water scarcity (in places such as bathrooms, kitchen sinks, etc.), and monitoring and reducing electricity consumption.

In 2023, waste bins were placed in many areas of the Bodrum Loft hotel to ensure recycling. In addition, high-tech systems continue to be used in Bodrum Loft hotel to reduce water consumption.

Reduce plastic waste and/or provide financial support to a climate change project to reduce plastic waste

Akfen REIT will contribute to the work of Akfen Holding.

5% reduction in energy consumption at Bodrum Loft facility	In 2023, a total of 4% less kWh of electrical energy was consumed annually compared to the prior year.
Reduction of water density from 0.5m ³ to 0.4m ³ at Bodrum Loft facility	In 2023, the water density was reduced to 0.4 m ³ which is the desired target value.
In new (and future) developments, particular care is taken to ensure that there is plenty of green space and that low-rise buildings are not built without full legal planning permits.	S.çeşme: While the comparable area is 24,400 m ² , the project area used is 20,554 m ² and the maximum height of the commercial area is designed to be 2 storeys. In addition, the total green area is 5,400 m ² .
Although some of the hotels have a charging station for electric vehicles, the aim is to install them in all hotels with parking facilities.	There is an electric charging station at Bodrum Loft hotel, where all management decisions are taken by us.
New projects aim to purify and treat thus reuse grey water. (Söğütlüçeşme and Yalıkavak projects)	The implementation of this project continues to be targeted in the projects to be carried out in 2024 and beyond.
The feasibility of Green Building certification shall be targeted in new (and to be developed) projects. (Kıyıkışlacık Project)	It is envisaged that this target will be implemented in our projects that are planned to be realized in 2025 and beyond.
The utmost attention will be paid to the use of environmentally friendly paints and floor coverings in both renovations and new projects.	In 2023, an automatic irrigation system was built in Isparta Dormitory to reduce water consumption in the plant irrigation system in underdeveloped areas.
Developing projects in a manner that minimises impacts on biodiversity and ecosystems (Söğütlüçeşme and Yalıkavak projects)	When the construction phase is complete, trees will be planted in accordance with Istanbul's ecosystem.
Collaboration with suppliers that will be a contributor to greenhouse gas emission targets (Akfen Construction)	Negotiations are underway with Akfen Construction for future projects.

Sustainability Goals in Management

Sustainability Goal	Current Status
Long-term leases with expert and experienced tenants for sustainable income and business continuity	It was completed for 2023 and new performance indicators were determined for 2024.
Creating key performance indicators and action plans for goals	It was completed for 2023 and new performance indicators were determined for 2024.
Preparation of plans for the digital transformation of business processes	The paperwork (PW) digital power of attorney system was planned and implemented for 2022, and the target was achieved by adopting the e-reconciliation business process system in 2023.
Measurement and development of customer (Tenant) satisfaction score	In 2023, a survey was sent to customers and their satisfaction was measured. It was observed that they were generally highly satisfied with the service they received.
Updating the Risk and Opportunity analysis	It has been completed for 2023 and the goal continues for 2024.
Transferring ethical business approach and new sustainability approach to the entire value chain	It has been completed for 2023 and the goal continues for 2024.

Using sustainable finance resources in projects	Financing beyond our investors is anticipated to continue until 2030, and this remains our goal.
Internal-External Stakeholder Survey	The target date for the achievement of this goal is 2024.

Sustainability Goals in Social Activities

Sustainability Goal

Current Status

Keeping the female employment rate above 40% at all levels and periods	The target date for the achievement of this goal is 2025.
Providing its employees with a training program consisting of sustainability, climate change and corporate climate adaptation	Akfen Holding has participated in training activities in 2023, and the aim is to continue with this goal in 2024.
Employees have goals in their performance reports under the heading of sustainability	In 2023, employees' key performance indicators began to include sustainability targets.
Cooperation with relevant NGOs on at least 2 projects in social projects every year	Tikav and GYODER studies were supported
Providing support to educational projects for young people	In 2024, we will provide support for TIKAV's social responsibility projects.
The Working Group reports its activities to the Board of Directors and the Corporate Governance Committee of the Board of Directors prior to the publication of the Annual Activity Report.	Reports were completed on a regular basis.
At Akfen REIT, all policies are approved at Board level and the need for additional policies or procedures from the Sustainability Working Group will be re-assessed in 2023.	Additional policies have been prepared and published on the website.

An Ethical and Transparent Approach to Business

At Akfen REIT we are committed to the highest standards of ethics and compliance with all relevant legislation in the conduct of our business.

As Akfen REIT, we have incorporated Akfen Holding's Ethical Rules and Ethical Codes documents as a guide and have established our Akfen REIT Ethical Codes as Internal Ethical Codes and External Ethical Codes. We act in accordance with our Code of Ethics with all our employees in all our business activities. By regularly communicating our Code of Ethics to our employees, we put ethical business practices on the agenda and protect Akfen REIT's reputation with our ethical and transparent behavior in all our activities. We do not tolerate bribery and corruption in any form and we refuse any request that could be interpreted as granting privileges, abuse of power, discrimination, and conflict of interest.

As Akfen REIT, we prioritize compliance with the articles of our Code of Ethics document in all the permanent and temporary contracts we sign, and we declare that we will continue our practices per these Codes of Ethics in the contracts to which we are a party.

In 2023, we initiated the development of a Supplier Human Rights Commitment for our suppliers to sign. With this commitment, our suppliers have declared that they will act in accordance with all laws, the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and our Code of Ethics, and that they will work to ensure occupational health and safety in their working environments and to protect natural resources in their operations by ensuring environmental protection.

The Code of Ethics

Internal Ethical Codes

- Individual Responsibility Understanding
- Respect for People
- Safety, Health and Environment
- Information Protection and Confidentiality
- Notification of Nonconformities

External Ethical Codes

- Corporate Citizenship
- Relations with Business Partners
- Tenant Relations
- Understanding of Competition

As Akfen REIT, we operate in accordance with the Code of Ethics and the Code of Conduct in all our activities and in case of any nonconformity, ethical violation or similar, both our employees and business partners can contact the e-mail address etik@akfen.com.tr to report the situation they have encountered or to request guidance. In addition to the Ethics Line, notifications of ethical status received by Akfen REIT Investor Relations are directed to the address etik@akfen.com.tr to initiate the review process. All reports and requests submitted to the Ethics Line will be evaluated and resolved by the Ethics Board of Akfen Holding at every quarter.

Information Protection

As a company existing in the information age, we recognise the importance of protecting the integrity and confidentiality of information and manage all information in our possession in accordance with our **Information Security Policy**. As Akfen REIT, we have created a strong security infrastructure within the company to protect the data of our employees, customers, suppliers, visitors and business partners, to ensure business continuity and to take precautions against cyber-attacks.

Sustainability Communication with Stakeholders

Akfen REIT maintains the necessary communication with all of its stakeholders who are required to establish relationships within its field of its activities in the most efficient manner.

Establishing effective communication with our internal and external stakeholders is a key opportunity to enhance our reputation and increase our shareholder value by improving our business relationships. By seizing this opportunity, we seek to increase the credibility and loyalty of our company and to succeed by creating long-term value for all stakeholders. To better manage the demands and expectations of our stakeholders, we have identified our key stakeholders and the platforms through which we communicate with them.

Akfen REIT Key Stakeholders	Communication Platforms
Employees	Meetings, Public Disclosure Platform, corporate website, media, social media, portal, surveys
Investors	Investor Meetings, Public Disclosure Platform, corporate website, media, social media
Shareholders	General Assembly, Public Disclosure Platform, media, Investor Meetings, corporate website, social media
Tenants	Meetings, Public Disclosure Platform, corporate website, media, social media
Land Owners	Meetings, Public Disclosure Platform, corporate website, media, social media
Public Institutions	Meetings, Public Disclosure Platform, corporate website
Suppliers	Meetings, Public Disclosure Platform, corporate website
Banks	Meetings, Public Disclosure Platform, corporate website
Non-Governmental Organizations	Meetings, Public Disclosure Platform, corporate website, media, social media
Society and Media	Press Releases, Public Disclosure Platform, corporate website, media, social media
Group Companies	Meetings, Public Disclosure Platform, corporate website, media, social media, portal, surveys

Value Chain Performance

At Akfen REIT, we aim to create a value chain that is sustainable in every sense, in order to maintain a quality of service that is appreciated by all parties, is successful, and always achieves a high level of satisfaction. In this regard, we consider it our main responsibility to support the development of our business partners within this framework by protecting nature and accepting human-friendly, ethical, and transparent management as a basis.

We are concerned with the sustainability performance of all companies in our value chain to safeguard our common future in line with the Sustainable Development Goals. In 2023, we will continue to work towards our goal of “transferring the ethical business approach and the new sustainability approach to the entire value chain”, which we set out in our 2022 report. Firstly, in the first half of 2023, we prepared the Supplier Human Rights Commitment and started to ask our suppliers to sign it in addition to our contracts. We started value chain management-related awareness-raising activities with our key suppliers. In 2023, we provided 80 hour*persons of training to our key suppliers to mainstream sustainability in our supply chain.

As Akfen REIT, we support local suppliers to strengthen the supply chain and improve our sustainability performance. We source everything from food ingredients to the equipment we use at Bodrum Loft primarily from local suppliers to support local livelihoods. By 2023, 25% of payments made to suppliers at Bodrum Loft will be made to local suppliers. In addition, 60% of our key suppliers at Bodrum Loft have been selected from local sources.

At Akfen REIT, we select the materials we use in all our hotel management activities, starting from the construction process, with a focus on sustainability, using internationally certified products that do not harm human health or the environment. In our ongoing projects, we are committed to reducing the use of imported materials by using up-to-date design and production methods to build sustainable cities.

Customer Satisfaction Policy

Akfen REIT's understanding of “**customer satisfaction policy**” is that the experience of investors and tenants is constantly improving and the value we provide is constantly increasing. Akfen REIT does not operate the assets in its portfolio but instead generates rental income by entering into long-term leases with world-class, industry-leading companies. In this context, the company's customers are also its tenants. On the other hand, as a publicly traded company, it seeks to satisfy the interests of thousands of investors.

By prioritizing the enhancement of comfort through digitalization in all our projects, we are closely following innovative practices and offering quick solutions to the problems that our guests and tenants face in their daily lives.

We value the feedback we receive from our customers and guests so that we can continually improve the quality of the service we provide. In line with the objective set in our last Sustainability Report, we conducted the first customer (tenant) satisfaction survey in 2023. Based on the results of our survey, our tenants are 90% ¹satisfied with the quality of our service. As

¹ Accor satisfaction rate for 19 hotels* + satisfaction rate for 2 dormitories

Akfen REIT, we will continue our work by maintaining our customer satisfaction success in 2024 and repeating the tenant satisfaction survey every year.

We have started to conduct a satisfaction survey for our guests staying in our hotels in 2023. Our goal is to measure guest satisfaction for Bodrum Loft in 2024.

Sustainability in Compliance

In all our projects we are committed to reducing our environmental footprint in order to contribute to the fight against climate change by developing comprehensive applications and implementing innovative projects. As Akfen REIT, we have adopted a business approach that complies with all applicable environmental laws and regulations, and we have not been fined for any environmental infringements in 2023.

Energy Management

As Akfen REIT, we continued to investigate potential investments in clean energy production, while trying to reduce the amount of energy we use in 2023, both through equipment maintenance and repair, and awareness-raising activities, in line with the energy efficiency goal we set in our 2022 report as part of the fight against climate change.

The automatic air conditioning in Bodrum Loft maintains the ambient temperature at a set level and is automatically switched on and off by the system as required, thus preventing unnecessary energy consumption and saving energy. In addition, the common area lighting in Bodrum Loft is systematically switched off at night, trying to achieve maximum benefits with minimum lighting elements. The preferred lighting in Bodrum Loft is energy-efficient LED fixtures that provide comfort to guests and reduce energy consumption due to lighting. Some of the lighting elements used in the common areas are powered by solar energy and the use of clean energy is encouraged.



As Akfen REIT, we are constantly offering innovative solutions to save energy and reduce our carbon footprint in our real estate portfolio, and we monitor the energy consumption of the leased assets through periodic reports we receive from our tenants.

Emissions Management

At Akfen REIT, we are committed to doing our part to mitigate the devastating effects of climate change and manage our emissions from our operations in line with our **Basic Emissions Policy** to stabilize the global average temperature increase at 1.5°C and achieve net zero emissions by 2050.

In order to meet the emissions target we set in our 2022 report, we had our headquarters emissions calculated and verified in 6 categories in accordance with ISO 14064 in 2022. We aim to calculate and verify the 2023 emissions data in early 2024.

Amount of emissions in 2022 (in tCO2 eq)	
Category 1	20,83
Category 2	2,49
Category 3	5,12
Category 4	9,85
Category 5	13,623.31
Category 6	-
Total	13,661.60

In order to prevent emissions caused by vehicle use at Bodrum Loft, we have installed electric vehicle charging stations at various locations within Bodrum Loft. With this application, we are reducing vehicle emissions caused by the use of fossil fuels within the facility.

Water Management

In line with our Understanding of Sustainability, we use scientific and rational methods to manage water in our operations to reduce our impact on the environment through “Sustainability in Compatibility”. To maximize the benefits of the water we use, we use an integrated management approach to review our processes and assess opportunities.

With our seawater treatment plant at Bodrum Loft, we provide access to clean water for all our guests and convert salt water into usable quality water with reverse osmosis system. As Bodrum Loft, we prevent marine litter from land-based activities on the seashore with our expert staff and take care to protect the marine ecosystem. In addition, we purify and recycle wastewater in our wastewater treatment plant at Bodrum Loft. We use the recycled water we earn to irrigate our gardens. We recovered 14,400 m³ of water in 2023.

Waste Management

As Akfen REIT, we carry out all our activities in accordance with our **Waste, Residue and Recycling Management Policy and Efficient Use of Resources Policy**. We do not treat waste as a product to be evaluated after production but manage it with a zero-waste approach. In line with this understanding and policy, we start waste management processes from the raw material stage, taking care to use natural resources with maximum efficiency in all types of products we use and dispose of final waste by separating it at source.

Biodiversity

As Akfen REIT, we have adopted our **Biodiversity Protection Policy** as our guide in preserving biodiversity, and we take care to protect biodiversity, which is the foundation of life, in all our activities. In the projects we carry out, landscape areas are evaluated by our team of landscape architects, taking into account the geographical and meteorological conditions of the region. Based on these assessments, plants are selected to ensure easy adaptation and growth of vegetation in the project areas, while landscaping work is carried out with due care, without destroying natural areas, so as not to harm the existing population and ecosystem in the region.

In accordance with the habitat of the region, a 57,000 m² landscape study was carried out on the 42,000m² area of Bodrum Loft. The endemic species of Bodrum, selected from the species that comprise the Mediterranean/Aegean maquis vegetation, were predominant.

At Bodrum Loft, activities are carried out with no harm to the living population. Various animals, from cats to wild boars, which are considered domesticated animals, continue to live in harmony on the premises of the facility.

We use organic ingredients in our restaurant at the Bodrum Loft, and we support sustainable agriculture and animal breeding by prioritizing organic products grown by locals in our menus. Caged animals are not favored in the products of animal origin offered to customers in the restaurant and organic, animal welfare-observing, free-range eggs are preferred.

Akfen Memorial Forest Project

In the Akfen Memorial Forest project, which was carried out in the Çanakkale Yukarıokçular and Çanakalan locations, we, as Akfen REIT, supported the planting of 20,000 trees in order to plant 100,000 red pine and larch trees. As a result of this project, our forest land assets will increase by 1,000,000 m².

- An annual production of 3,000 tons of oxygen will be achieved.
- There will be a 20–30 dB drop in noise pollution.
- The quantity of carbon absorbed will match the carbon dioxide emissions per 10,000,000 kilometers from a vehicle.
- Enough oxygen will be produced in a year for 5,000 people.
- The ramifications of the climate crisis will reduce surface runoff by 20 times and landslides by 350 times.
- New homes will be created for the fauna inventory of natural life and contribution will be made to the existence of wildlife.
- Contribution will be made to transfer endemic plant species to new vegetation.

Sustainability in Operation

Qualified employment is the basis of Akfen REIT's value creation. The basis of employment is an understanding of fairness that values fundamental rights and freedoms, the protection of employees' health and safety, and the development of their personal skills.

Human Resources Management

As a subsidiary of Akfen Holding, all types of human resources and human resources management activities are carried out by the Akfen Holding Human Resources Department. The Human Resources processes are managed in accordance with the principles of the United Nations Global Compact, the standards of the International Labour Organization (ILO), fully comply with the legal framework and legislation governing human rights and working life, and in accordance with Akfen Holding's **Basic Human Resources Policy**, taking into account the welfare of our employees.

As a company committed to the core values of promoting skilled employment, we encourage the personal development of all our employees by protecting their fundamental rights and freedoms.

Equity and Inclusion

We recognize that equity and inclusion are core values that should be achieved in every part of our business. By acknowledging that all our employees have different skills, specializations, backgrounds, and experiences, we create a fair working environment where our employees have equal opportunities, are respected, and are not discriminated against. We adhere to the WEPs principles, to which Akfen Holding is a signatory, and our **Gender Equality Policy** as our guiding documents on equality and inclusion.

As Akfen REIT, we do not discriminate against our employees on any grounds, especially religion, language, race, color, gender, age, sexual orientation, or physical disability, and we provide equal rights in business processes, recruitment policies, and decision-making processes.

Talent Development and Career Planning

At Akfen REIT we appreciate the talents of all our employees. To support the professional and personal development of our employees, we implement a performance management system and offer our employees a wide range of training opportunities, from business to leisure.

Performance Management System

We consider the performance management system to be an integral part of employee development, and we conduct studies to support the professional development of our employees.

The Performance Management System we implement is essentially an assessment of our employees' contributions to position-based business objectives during the year. Actions taken during the implementation of the Performance Management System:

- Objectives are communicated within the context of the company's objectives and strategies, starting with the senior management at the beginning of the year,
- Objectives and goals are reviewed on a regular basis and any necessary revisions are made,
- Meetings are held at the end of the year to assess the achievement of objectives,
- Employee feedback is given and timetables are planned.

In 2023, we had 8 employee appraisals as part of the performance system, and all our employees were awarded bonuses for their performance.

Equal Pay for Equal Work

As part of this policy, Akfen REIT will implement an equal opportunities policy in all its Human Resources management, starting with the recruitment process, providing equal opportunities to all within the framework of the Constitution and all relevant laws, regardless of language, race, color, gender, political opinion, affiliation, religion, sect, age, physical disability, and similar characteristics.

We determine and apply base pay for a specific job by managing all our internal compensation processes in accordance with our **Fair Remuneration Policy**. We do not discriminate between men and women in our base pay practices and offer equal pay to all employees with the same job description. Through our Fair Remuneration Policy, we reduce the income gap between our senior and junior employees, while ensuring that our employees have a living wage. To improve the economic purchasing power of our employees, we provide salary increases throughout the year.

We offer all our employees fringe benefits to improve their quality of life, in addition to the basic salary set for their position.

Employee Development Trainings

At Akfen REIT, we offer various training courses to support the personal and professional development of our employees and to enhance their knowledge by mastering industry and global trends. In 2023, we trained our employees on environmental, social, and managerial sustainability issues through expert trainers so that they can handle the concept of sustainability in a versatile way.

In 2023, we provided 1200 person*hours of sustainability training to our employees.

As Akfen REIT, under the leadership of Akfen Holding, in 2023 we will offer our employees free education from Udemy, which offers a wide range of educational content from vocational training, foreign languages, computer science, social sciences, science to music, art and culture. Thanks to this support, all Akfen REIT employees will be able to access the training they want through Udemy. As part of the training support implemented, the goal is for all employees to receive at least one personal development training and one professional development training by the end of 2024.

Employee Engagement

We are aware that a healthy working environment has a direct impact on all company processes. We are working hard to create a working environment where everyone is content and feels a sense of belonging by giving our employees, who are our most important stakeholders, the respect they deserve in ensuring the quality of our operations. By using the remote working model, which was introduced into our lives with the pandemic, we enable our employees to work from their preferred environment, without being burdened by congestion and similar factors in busy cities. We are constantly working to improve our employees' fringe benefits and add new ones.

In line with our **Employee Satisfaction Policy**, we ensure job satisfaction and support the personal development of our employees through we implement to ensure company loyalty.

Occupational Health and Safety

One of the top priorities at Akfen REIT is that everyone in contact, including employees, suppliers and business partners, continues to work in a healthy and safe working environment under decent conditions. We manage our processes in accordance with the legislation and our **Occupational Health and Safety Policy** by considering the health and safety of our employees, business partners, and suppliers in all our activities. We strive to reduce the number of accidents at work and to make occupational health and safety an integral part of our corporate culture by providing occupational health and safety training and personal protective equipment to all our business partners. We have provided 320 person*hours of occupational health and safety training in 2023.

We provide supplementary health insurance so that our employees can benefit from accessible health services in their daily lives outside the workplace.

Digitalization and Innovation

At present, we acknowledge that digitalization preserves the company's current know-how and transfers it to the future, as well as ensuring the company's efficiency by facilitating the tracking of business processes. With this awareness, as Akfen REIT, we are committed to using digital infrastructure systems in our daily work in our offices, thus protecting our natural resources by reducing the use of paper while making efficient use of time, our most valuable capital.

We use Paperwork and SAP systems to digitalize our processes from end to end, and we run in-house approval mechanisms through the SAP system. We conduct our reconciliations with our stakeholders through e-reconciliation, an online platform.

We continue the practice of online meetings that have been introduced into our lives since the COVID-19 pandemic, ensuring efficient use of time, avoiding the need to travel to meetings, and reducing emissions from transportation.

Social Sustainability

In line with our understanding of Social Sustainability, we support long-term corporate social responsibility projects that provide social benefits while taking firm steps towards our company's vision of maintaining its reliable position in the sector by ranking among the top REITs in Turkey.

Product Responsibility

As Akfen REIT, we consider it our responsibility to ensure customer satisfaction in the properties from which we generate rental income and to create environments in harmony with nature that will make guests happy by increasing the user experience. We pay attention to the use of environmentally friendly materials that reduce the environmental footprint of our properties, and we invest in various applications ranging from energy-efficient practices to technological developments involving waste water recovery processes. We equipped our properties with disability-friendly practices and increase their accessibility.

As part of the services we provide to our customers at Bodrum Loft, we procure the ingredients of all the products we offer to our customers from local farmers in our region from organic products that are harmless to health. While presenting these products to our guests through the restaurant in Bodrum Loft, we offer them to our guests with the right portions against the risk of obesity, taking into account their nutritional values and calories. While we are providing our product in Bodrum Loft, we give significance to provide fresh products, such as fruit, vegetables, dairy products and bread, are mostly ordered daily or every two days. In addition to this due to their short shelf life such as such as frozen products, groceries and beverages, are typically ordered less regularly. Bodrum Loft offers organic vegetables and fruits grown on its own land to its customers at the hotel and 5% of the f&b income consists of organic vegetables and fruits. Bodrum Loft also offers our guests olive oil produced from the olive trees growing in Bodrum Loft's garden as a gift.

The hotel is also regularly inspected for food safety by the Ministry of Health and Municipalities.

In Bodrum Loft, we offer our guests an active life with the existing landscaping areas, bicycle paths and life intertwined with nature. In addition, as Akfen REIT, we generate all our revenues from rental income.

Community Investments

As an anchor stakeholder in the state's tourism development policy, we participate in the sector we are in and the assets we produce, and we provide high-quality housing by renting the state's treasury and foundation lands and building hotels to accommodate both local and foreign tourists in the long term. In 2023, together with Bodrum Loft and Merit Park Hotel and the hotels operated by our tenant Accor, we will contribute to the tourism revenues that increase the state's service exports.

We support REITDER and actively participate in its work in order to contribute to the development of the real estate sector and the formation of contemporary and civilized urban elements that meet the needs of society by joining forces with our stakeholders in the sector. In addition, Sertaç Karaağaoğlu, General Manager of Akfen REIT, is the Vice Chairman of the Board of Directors of REITDER. Akfen REIT supports the efforts of REITDER in the field of lobbying for

accessible housing for all. The aim of the study is to find a long-term solution to the housing problem by building affordable housing for those who do not have access to housing.

Akfen REIT further undertook various sponsorships for the Real Estate Investors Association (GYODER) Summit and Tourism Investors Association of Turkey (TTYD) Summit. Akfen REIT strongly demonstrated its commitment to sustainable development and social progress through such contributions, which surpassed TRY 15 million in all support categories. Said commitments further demonstrated Akfen REIT's determination to maintain and expand its social responsibility programs in line with the growing economy and opportunities to efficiently make the difference.

Akfen REIT endorsed and offered support to the projects such as the National Projects, Individual Development Program and International Youth Award executed by Human Resources Education and Health Foundation of Turkey (TİKAV) founded in 1999, with aim to take further steps towards a sustainable future. Moreover, Akfen REIT hosted the meetings organized by TİKAV in 2023 for ongoing projects and provided support such as accommodation, event space, coffee break and cocktail sponsorships and ceremony dinners.

In the aftermath of the February, 6 earthquake that struck our country, the issue of safe housing was once again brought to the fore, prompting all companies to take strides towards safe housing and earthquake relief. As Akfen REIT, we initiated our efforts in this direction by subjecting our properties to seismic testing, and in 2023, we completed the testing of all our properties and documented their seismic resistance. While we were devastated by the 2023 earthquake, we immediately 3,678,500 TL of donations to the earthquake region to meet the shelter needs of our citizens affected by the earthquake. Furthermore subsidiary of Akfen REIT that is Fıratcan İnşaat donated TL **1,235,000 to earthquake region.**

Ece Demirpence, acting General Manager of Akfen REIT, is managing CMB's funding to support organizations that will provide safe housing for citizens affected by the February 6 earthquake and to provide the region with access to safe and secure housing resilient to the imminent Marmara earthquake, according to experts.

Sponsorship for Sport

Sport has an indisputable place in keeping the mind sharp and the body healthy. At Akfen REIT, we support the clubs' youth teams for the development of basketball in Turkey. As an indication of our support for sports in 2023, we have signed up to sponsor the Fenerbahçe College Men's Basketball Team, which plays in the Turkish Basketball League, for the year 2023-2024.

APPENDICES

Performance Indicators

Sustainability in Compliance

Waste Management

Bodrum Loft Waste Quantities (tonnes)	2021	2022	2023
Total Waste Amount*	2.9	1.5	2.22
Total Amount of Non-Hazardous Waste	0.65	0.55	0.50
Total Hazardous Waste Amount	2.25	0.95	1.72
Total Recycled and Reused Waste	0.65	0.55	1.42
Waste Recycling Rate	23%	37%	22.52%

* These wastes represent the amount of registered waste given to licensed companies; municipal waste is not included.

Since Bodrum Yalıkavak and Bodrum Kıyı Kışlacık are still in the project phase, all sorts of construction waste is disposed of by the municipality.

Water Management

Bodrum Loft Water Consumption (m³)	2021	2022	2023
Ground-water	19,430	61,871	59,400
Amount of water recovered/reused*	5,832	11,250	14,400

*The amount of waste water generated is recovered and reused.

In the waste water treatment plant; wastewater treatment capacity is 160 m³/day, equivalent population is 800 people/day, BOD₅ load is 52 kg/day.

Bodrum Loft Water Density	2021	2022	2023
Bodrum Loft Project daily water consumption per guest (m ³)	0.5	0.5	0.4

Energy Management

Bodrum Loft Energy Consumption	2021	2022	2023
Bodrum Loft Total Energy Consumption (GJ)	11,009	9,551	9,454
Akfen REIT Indirect Energy Consumption	0.044	0.035	-

Bodrum Yalıkavak Energy Consumption	2023
Elektricity (GJ)	83,329

Diesel fuel (m ³)	130
Average fuel consumption of the total fleet in Bodrum Yalıkavak (l/100km)	0.97

Emission Management

Akfen REIT Head Office Emissions Amount (tCO₂ eq)*	2022
Category 1	20,83
Category 2	2,49
Category 3	5,12
Category 4	9,85
Category 5	13,623.31
Category 6	-
Total	13,661.60

*The process of calculating emissions for 2023 is ongoing.

Bodrum Yalıkavak Emissions Density	2021	2022	2023
Total fleet's average CO ₂ equivalent emissions per passenger kilometer (CO ₂ /pkm)	11,315	9,490	0,01887

Sustainability in Operation

Employee Profile

REIT Headquarters Number of Employees	2021		2022		2023	
	Woman	Man	Woman	Man	Woman	Man
Total Employee	4	5	3	6	2	7
Contract Employee	-	-	-	-	-	-
Employee Turnover Rate	0	20%	33%	0%	0%	0%
Percentage of Employees Participating in Performance Evaluation	N/A	N/A	66%	50%	50%	57%
New hires	N/A	N/A	N/A	N/A	1	1

Employee Development

REIT Headquarters Trainings	2022	2023
Total training hours provided to all employees	73	75
Average training hours per employee per year	6.08	8.3
Total cost of training (TL)	4,615	11,537

Bodrum Loft Trainings	2022	2023
Total training hours provided to all employees	33	114
Average training hours per employee per year	1.00	3
Total cost of training (TL)	1,320	13,680

Bodrum Yalıkavak Trainings	2022	2023
Total training hours provided to all employees	27	108
Average training hours per employee per year	9.00	9
Total cost of training (TL)	1.080	12.960

Fıratcan İnşaat Trainings	2023*
Total training hours provided to all employees	148
Average training hours per employee per year	5.28
Total cost of training (TL)	17,760

*As of 18.07.2023 Akfen REIT has owned 100% shares of Fıratcan İnşaat Ticaret ve Turizm A.Ş.

Occupational Health and Safety

Bodrum Loft*	2021	2022	2023
Number of Injury of Employees (piece)	5	3	4
Total Employee Injury Rate	23%	18%	20%
Number of Lost Work Days of Employees (days)	69	30	45
Contractors' Lost Work Days (days)	0	1	0
Total Number of Lost Work Days	69	31	45

**There are no fatal accidents or occupational diseases.*

Bodrum Yalıkavak	2022	2023
Total Working Hours (hours)	2,000	85,510
Number of Contractor Injury (piece)	0	105.25
Number of Lost Work Days of Employees (days)	0	5
Contractors' Lost Work Days (days)	0	5

Fıratcan İnşaat	2021	2022	2023*
Number of Injury of Employees (piece)	5	3	4
Total Employee Injury Rate	23%	18%	2%
Number of Lost Work Days of Employees (days)	69	30	19
Contractors' Lost Work Days (days)	0	1	4
Total Number of Lost Work Days	69	31	23

**As of 18.07.2023 Akfen REIT has owned 100% shares of Fıratcan İnşaat Ticaret ve Turizm A.Ş.*

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