



AKSigorta
Bambařka.

2022
TCFD Report

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About Us

About Us



Aksigorta, which has maintained its customer-centric and innovative vision since the 1960s with sustainable steps, provides services to individual and corporate customers through its 10 regional directorates, 672 employees, more than 3,500 independent agencies, 711 Akbank branches, 112 brokers and around 6,000 contracted institutions. Following the partnership between Sabancı Holding and Ageas, Aksigorta has been steadily increasing its brand recognition and value, aiming to contribute to the development of the industry and the country's economy, while continuing to grow and expand its market share.



Integrating advancing technology and the power of digitalization into its sustainable growth goals, Aksigorta maintains its leadership position in the industry and continues to progress with a solid footing.

It uses its experience, knowledge, and resources to provide the right solutions to its customers, create a positive experience, and enable them, along with their families, to look confidently towards the future.

Aksigorta's main shareholders are H.O. Sabancı Holding with a 36% stake and Ageas Insurance International N.V. with a 36% stake, and the company's shares are traded on the Borsa Istanbul National Market under the symbol AKGRT.



As Aksigorta, we aim to be one of the leading companies in the sustainability field, alongside our investments. In line with this goal, we are taking steps forward. We are one of the signatories of the United Nations Global Compact (UNGC) and members of the Principles for Sustainable Insurance (PSI) initiated by the United Nations Environment Programme Finance Initiative (UNEP FI). We support sustainable initiatives in the insurance sector, and our efforts in this regard will continue to grow.

Aksigorta's Sustainability Initiatives



Planning to commit to Science Based Target Setting (SBTi) and/or Net Zero Insurance Alliance (NZIA)



Participation to BIST Sustainability Index

About Us



Assessment By The Management

A New Chapter in our Sustainability Process

The world is undergoing a period marked by challenges, but one which also offers new expansions and opportunities. When we take into account global uncertainties and dizzying rate of change, it becomes clear that dedicated efforts are needed for the future of humanity.

At this point, sustainability stands out as a solution formula.

We have rapidly understood the place and importance of sustainability in the life cycle and it has quickly commanded a prominent place on our agenda, especially as a result of the negative impacts generated by the climate crisis and increasing social inequality in the world.

The Paris Climate Agreement, agreed on by participating states on 12 December 2015, marked a breakthrough in how the climate crisis and its consequences worldwide are seen. The goal of limiting global warming to 1.5°C has begun to be accepted as a common goal that must be harmonized by all stakeholders, whatever their share in greenhouse gas emissions. While non-governmental organizations have made their voices heard on this issue, economic actors have moved quickly to contribute to this goal and adopt the goal of sustainability.

Our country, which is a party to the Paris Agreement, announced its 2053 net zero target. This important national step was followed by brave and determined actions by representatives of our business world.

At Aksigorta, we work unwaveringly to minimize our direct and indirect environmental impacts arising from our activities, while strengthening our sustainability performance each year, and have taken a number of important decisions in this respect.

Aligned with our overarching mission to "take pioneering steps to address the climate emergency," we are dedicated to achieving Net Zero Emissions and Net Zero Waste levels by no later than 2050. A pivotal moment occurred in 2022 when we announced our ambitious goal of reducing Scope 1 and 2 emissions by up to 53% (base year: 2019) by 2030. This target is in line with the 1.5°C objective outlined in the Paris Climate Agreement and conforms to the parameters set by the Science-Based Targets initiative (SBTi).

Taking our commitment a step further, we have initiated a comprehensive assessment of our Scope 3 emissions originating from our investment portfolio. We are diligently working to establish targets for Scope 3 emissions and plan to formally commit to these targets within a maximum of 2 years. Our intention is to share these commitments with international organizations such as the SBTi and the NZIA.

Best regards,



Haluk Dinçer
Chairman of the Board of Directors



Uğur Gülen
Board Member and CEO

About Us

Purpose and Scope

With a view toward sustainability, as Aksigorta our aim to increase its economic contribution to the country. Considering its expanding business, we are aware that one of the most crucial factors is climate change and its associated risks.



In the Sustainability Report, as Aksigorta we have created sustainability strategies that correspond with the feedback from the stakeholders, industry trends, and our activities. The main priorities that are defined in the sustainability report are the climate crisis and reducing carbon emissions. We have created specific roadmap studies and objectives to decrease our carbon emissions. This report has been prepared to present Aksigorta's climate-related physical and transition risks, climate-related strategies and targets to stakeholders.

About Us

Products & Services

Aksigorta’s insurance packages are widely distributed to nearly all situations. The company operates mainly in auto and non-auto, fire, transportation, accident, personal accident, engineering, agriculture in Türkiye. It carries out insurance activities in elementary branches including health and illness/health. Click here to have more information about our products.

SDG-Linked Insurance Products and Services

As Aksigorta, we offer an environmentally and socially oriented, SDG-linked approach with our sustainable products. Focusing on areas such as green insurance packages, health insurances, travel insurances, home insurances, it provides customers with convenient sustainable solutions. In Aksigorta, sustainable products are defined as:

Solutions that contribute to environmental, social and economic sustainability by:

- Level 1

Protecting people against the risks of
- a) a social downturn (= our reason to exist)
- b) and/or an environmental downturn
- Level 2

Creating the conditions for our customers to make sustainable choices and providing solutions that positively contribute to a more sustainable world
- Level 3

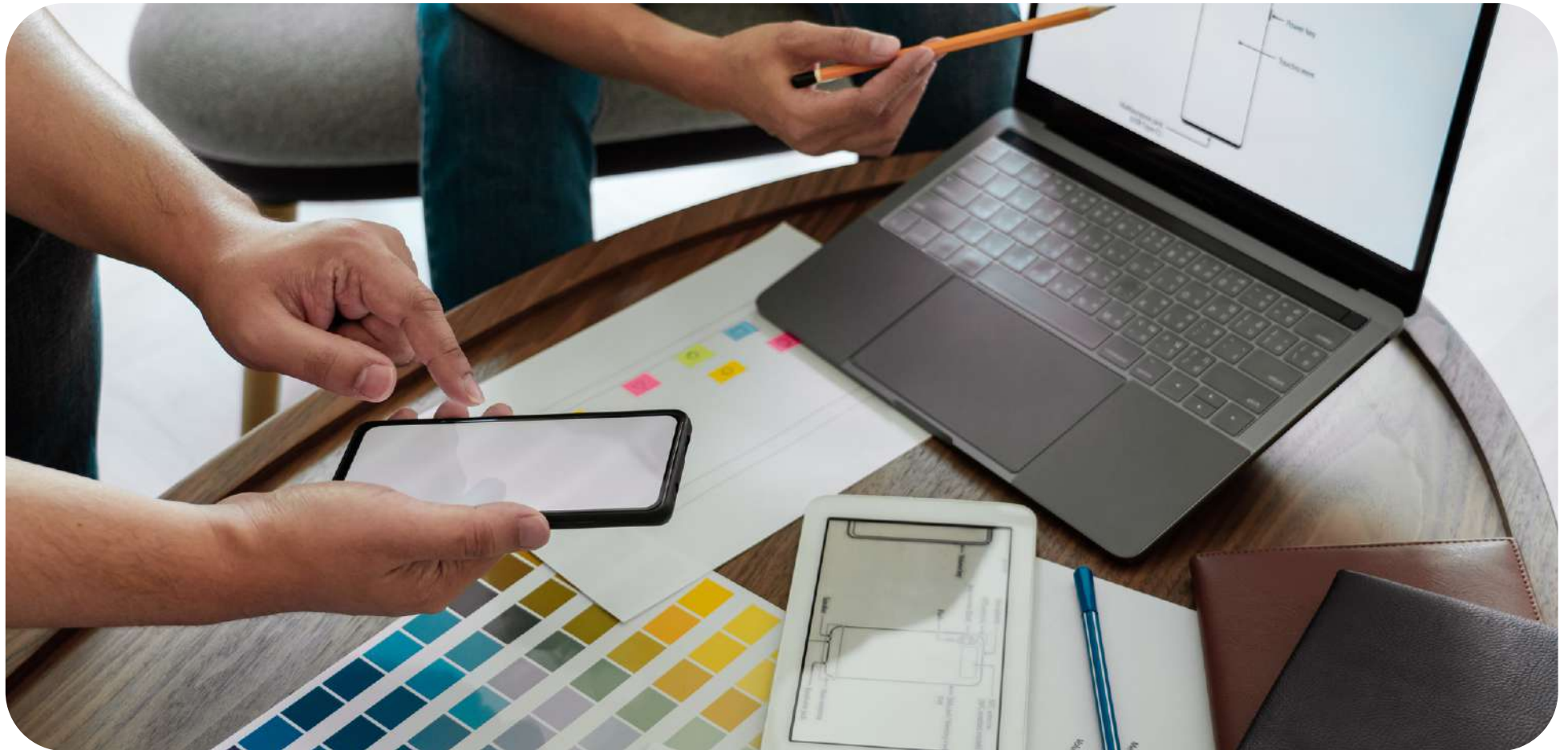
Developing products and services towards uninsured and underserved



About Us

SDG- Related Insurance Products and Services

In 2022, we have updated our methodology for calculating and evaluating its sustainable product and service portfolio. Following the update, the company now proudly offers a total of 43 products and services that make a positive impact on the environment and society. Among these products, 15 are mitigating, 8 are enabling, and 20 fall into the category of products and services that create a positive social impact.



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Governance

Governance

Governance Structure

Corporate governance at Aksigorta represents a managerial process founded on ethical principles, aligning with the Corporate Governance Principles established by the Capital Markets Board (SPK).

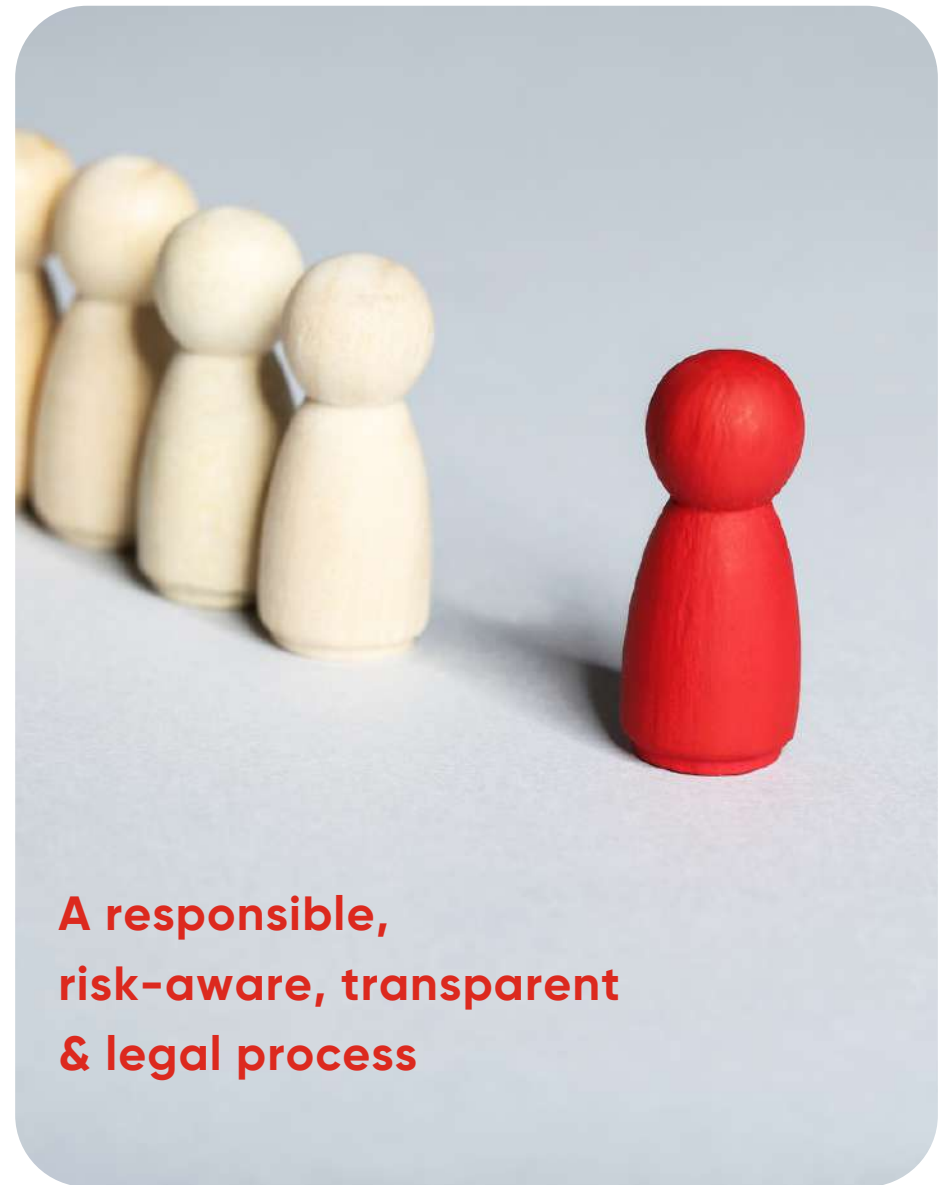
This approach entails a commitment to internal and external stakeholders, a consciousness of risks, transparent and accountable decision-making, and a dedicated focus on stakeholder interests, all directed towards achieving sustainable success.

Aksigorta's Corporate Governance framework adheres to the guidelines outlined by the Capital Markets Board (SPK), with the objective of sustaining compliance with Corporate Governance Principles and refining relevant procedures. Corporate Governance materializes the essence of teamwork, a pivotal element for securing a competitive edge, and encourages cooperation among stakeholders. In essence, corporate governance significantly, consistently, and measurably contributes to Aksigorta's progression towards its predetermined objectives.

At Aksigorta, Corporate Governance is considered a fundamental process that requires accountability, risk awareness, transparency, and strict compliance with legislation

Customer Oriented and Innovative Vision

Aksigorta will continue to improve its full compliance with mandatory principles, taking into account the benefit of stakeholders.



**A responsible,
risk-aware, transparent
& legal process**

Governance



Governance Structure

Aksigorta assists both its individual and corporate clients in recognizing, quantifying, monitoring, and managing all risks effectively. The company collaborates with clients to coordinate efforts in minimizing and controlling risks, working closely with the respective risk owners.

The Risk management function, set up as the second line of defence in order to identify, measure, monitor and control all risks faced by the company, coordinates the management of company risks with those who bear the risk.

The risk management unit is responsible for the business continuity, information security and monitoring of capital adequacy.

Any critical risks which are identified are followed closely, while current risks and their situations, controls regarding these risks and actions taken are reported to the Early Detection of Risk Committee.

In Aksigorta’s Corporate Governance Approach, there are 4 basic principles:

Profitability and Dividends

Transparent and Agile Governance

Business Ethics

Risk Management

By involving all of its stakeholders in areas including environment and climate change, code of conduct, corporate strategy, compensation, and risk management, it implements corporate sustainability processes by the mentioned fundamental principles.



Governance

Sustainability Governance

Aksigorta's sustainability framework is established through its Sustainability Policy, which delineates the company's vision, management approach, key focus areas, and strategic principles in relation to sustainability. The oversight and approval of sustainability management at Aksigorta are under the purview of the Board of Directors.

Conforming to Aksigorta's Sustainability Policy, the requisite tasks are carried out by the Sustainability Committee. This committee convenes a minimum of six times per year and as needed. Its responsibilities encompass the definition of sustainability strategies, policies, and objectives, the execution of essential planning, the monitoring, assessment, improvement, and advancement of ongoing initiatives, as well as the identification of sustainability-linked risks and opportunities.

Sustainability management at Aksigorta is carried out under the guidance of the Board of Directors and with the approval of ALT. (Aksigorta Leadership Team)

The Sustainability Committee evaluates the sustainability impacts of Aksigorta's activities and periodically determines the expectations of stakeholders in these areas using a risk and opportunity-based approach.

The findings obtained at the end of the analysis processes and the projects approved by the company management are implemented by the working groups formed with the active participation of the relevant units.

The competencies required by the relevant project are included in the working groups which are created, and best practices are also utilized by obtaining consultancy and similar services from external sources when necessary.



Governance

Sustainability Governance

DECISION MAKING PROCESS

STRUCTURE	SUSTAINABILITY CONTEXT	MEETING FREQUENCY-AGENDA	MEMBERS
Aksigorta Board of Directors	Guidance function Sustainability framework Vision and Strategy	At least twice a year-Sustainability and ESG vision and strategy	Board Members
ALT* Leadership	Decision making function Detailed decisions with the participation of the CEO	ALT Leadership meets twice a week. ESG issues are added to the agenda every 2 months	Executive Board Members and relevant deparment's representatives
Aksigorta Sustainability Committee	Daily execution and development function Target-tracking-reporting Project groups Project implementation	At least 6 times a year	Sustainability Committee Members

INFORMATION FLOW AND SUSTAINABILITY MANAGEMENT PROCESS



*Aksigorta Leadership Team

Governance

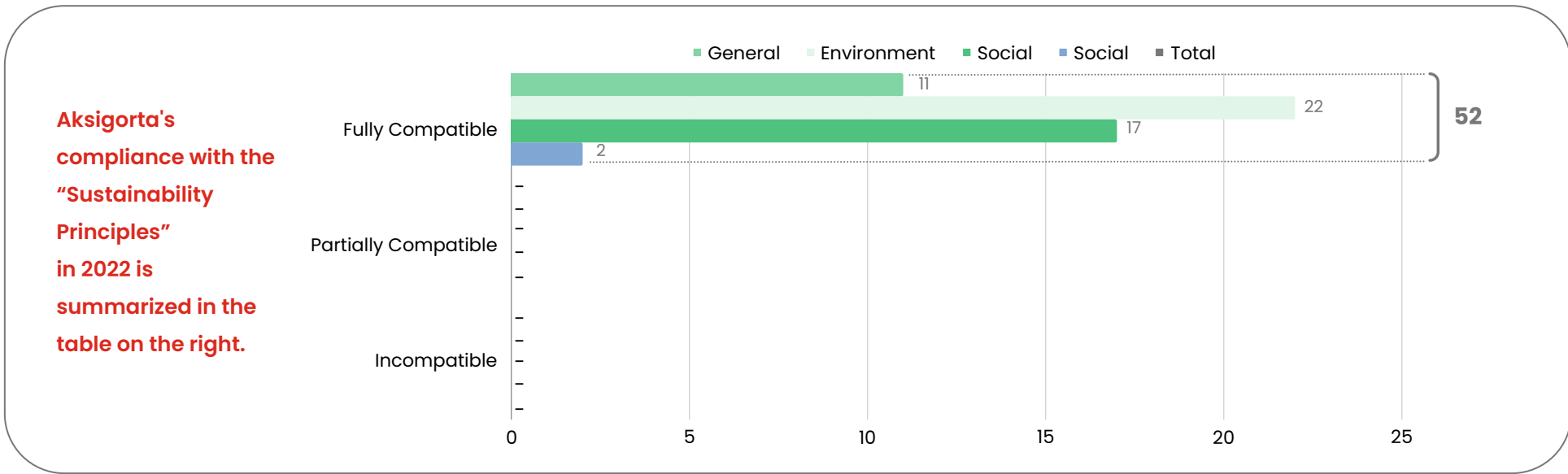


Sustainability Compliance

Following the amendment made by the Capital Markets Board in its Corporate Governance Communique as of October 2, 2020, Aksigorta, aiming for 100% compliance with the Sustainability Principles Framework prepared in line with these changes, has largely achieved compliance through its past efforts in this field. Furthermore, Aksigorta plans to continue improving its compliance with these mandatory principles in 2023, prioritizing the benefits of all stakeholders, particularly shareholders.

On the other hand, this year, Aksigorta has achieved full compliance with 52 out of 57 non-mandatory principles specified by the communique, with the remaining 5 principles having no relevance to Aksigorta and its business operations. The Sustainability Principles Framework, introduced by the Capital Markets Board and first implemented in 2021, has adopted a sustainability compliance standard in line with global standards in our country. Additionally, no principle that should be considered completely non-compliant has been observed.

This situation has concretely demonstrated Aksigorta's sustainability-focused approach in the environmental, social, and governance areas. The efforts to achieve 100% compliance with these principles will continue in 2023.



Governance



Sustainability Committee

The responsibilities of the Sustainability Committee are categorized into three main areas:

- Determining sustainability strategies, policies and targets, setting out necessary plans
- Monitoring, reviewing, improving and developing the implementations
- Responsible for identifying risks and opportunities related to sustainability



Sustainability Committee members and member departments

Committee Sponsor , Human Resources and Sustainability Assistant Director	Technical, Reinsurance and Customer Experience	Corporate Communication and Brand Management	Internal Control and Risk Management
Committee Leader, Talent Management and Sustainability Group Manager	Claims and Legal	Internal Communication	Human Resources and Sustainability
Committee Secretary, Sustainability Executive	Strategy and Digital Channels	Financial Control	Administrative Affairs and Procurement
	Board Secretariat		

Please **click** to see the topics covered in Sustainability Committee during 2022.

Governance

Early Detection of Risk Committee

The Early Detection of Risk Committee has been established by the Board of Directors with the purpose of early identification, implementation of necessary measures, financial risks and management of any strategic or operational including climate risks that could jeopardize the existence, development, and continuity of Aksigorta.

The committee engages in efforts to identify and address risks that could endanger the existence, development, and continuity of the company. It conducts evaluations and highlights potential dangers with proposed solutions in the report presented to the Board of Directors. This report is also shared with the auditor. The Early Detection of Risk Committee convened six times in the year 2022. Internal control and risk management systems are reviewed at least once a year.

Aksigorta believes in the concept that every risk also carries opportunities and foresees that "sustainable growth" will be achieved through effective identification, measurement, and management of risks. Risk is perceived at Aksigorta as a concept that encompasses both threats and opportunities, and to manage these risks most effectively, corporate risk management is implemented as a continuous and systematic process within the company.

Aksigorta's strategy regarding risk management, the implemented risk management system, the overall risk management approach within the Company, and the roles and responsibilities in the risk management process are determined in the Risk Management Framework Policy and approved by the Board of Directors.

Any critical risks which are identified are followed closely, while current risks and their situations, controls regarding these risks and actions taken are reported to the Early Detection of Risk Committee and Aksigorta Risk Committee.



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Strategy

Strategy

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Global climate change and combating its effects is a major issue that deserves our attention, and it is an important issue to address in the world among various sectors and industries. The risks that are arising from the climate change, both physical and transitional pose a serious threat in various timeframes.

However, if it is correctly and preemptively managed, it will also bring great opportunities to grow on and help the world in the combat against climate change in coming years.

Our Strategy for Combating Climate Change

Aksigorta, adopts strategies to help combat climate change and develop sustainable growth while considering the risks that arise from the issues.

Our strategy lies on two main pillars to reduce our exposure to risks and to reduce GHG emissions:



Changing our investment portfolio

Focusing on net-zero and 1.5 degree alignment on our investment portfolio and adhering to our parent Sabanci Holding's Responsible Investment Policy.



Reducing our Scope 1&2 emissions

Achieving our GHG emissions reduction target by investing in renewable energy solutions, increasing the volume of energy efficient solutions where possible i.e. various improvements in buildings, vehicles etc.



Strategy

Our Strategy for Combating Climate Change

We aim to reduce our carbon footprint, and our investment portfolio's carbon footprint. We have set targets for our Scope 1&2 emissions, moreover we are planning to set a target that aligns with Science Based Targets Initiative (SBTi) and Net Zero Insurance Alliance (NZIA).



Growth in General Insurance Business



Creation of a Customer and Stakeholder Experience



Achieving Perfection with Technology



Investments into New Growth Areas



Adaption for the Future of Humanity and Business



Contribution to Sustainability

Our main strategic focus areas are as shown in the figure above. Our main strategic focus area on climate change and sustainability is integrated into all of our strategic focus areas.

Contribution to Sustainability is Aksigorta's X+5 strategy's main pillar. The focus on contributing to sustainability envisions contributing to a livable, greener world, increasing risk awareness for a safer and healthier society, and generating a positive impact in the ecosystem.

We aim to contribute to our country's own sustainability goals and as well as playing a pivotal role in tackling climate change by setting example to our all stakeholders.



Strategy

Climate-Related Risks and Opportunities

Climate-change brings major shifts in environmental, social and economic aspects through physical and transitional risks. Climate change is an important existence that should be addressed strategically in all organizations. We define the risks that arise from climate change, through the perspective of internationally recognized physical risks and the transition risks that come from the regulatory changes. We address these changes and assess our risks and opportunities through this point of view.



Strategy

Climate-Related Risks and Opportunities

Defining risks is a crucial step for the organization, especially in alignment with the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations. Within Aksigorta, we go beyond traditional financial and occupational health risks; we also define risks related to the environment and climate change.

Climate risks are further analyzed according to TCFD guidelines, categorizing them into two main types: physical and transitional risks. We've tailored our assessment of climate change impacts to reflect the specific region where Aksigorta operates, aligning with TCFD guidelines and statements



Transition Risks: Transition risks represent the challenges that Aksigorta encounters as it endeavors to meet climate change adaptation demands, mitigate its effects, and shift towards a more eco-friendly, low-carbon economy. These risks primarily pertain to Aksigorta's reputation and market stability, specifically in connection with policy, regulatory changes, and technological shifts, rather than direct physical impacts. It's important to note that these transition risk definitions are interconnected and interdependent, with each affecting the other's consequences.

Physical Risks: Physical risks are the risks that arise from the physical occurrences that are caused by climate change. These are the risks that can disrupt or damage the organization's assets, business continuity, employees, supply chain and markets. Physical risks are assessed from two distinct angles: their consequences and the timing of their occurrence. These physical risks are categorized into two main types: acute and chronic risks.

Acute risks are those that manifest as immediate effects when a weather event occurs. With climate predictions spanning multiple years, it becomes feasible to anticipate these risks and implement suitable strategies and responses in advance. Chronic risks, on the other hand, are risks that persist over time in geographical areas where ongoing activities have the potential for long-term consequences.

Strategy

Transition Risks

Policy and Regulatory Risks

As a global financial services company engaged in insurance sector and catering to various clients, our organization can be affected, both directly and indirectly, by new regulations related to carbon pricing and policies concerning the transition to cleaner energy sources. These measures may aim to mitigate the effects of climate change and encourage adaptive responses to its impacts. Such regulations could have implications not only for Aksigorta's own operations but also for the business activities of our corporate clients, as they often rely on us for financing across various industries. We regularly evaluate the effects of existing and emerging regulations, whether they directly affect our operations and investments or indirectly affect the sectors in which our clients operate.

We conduct assessments and gap analysis exercises multiple times a year, following the established climate risk. Furthermore, we continually monitor regulatory developments every quarter and have identified the potential risks.

Carbon pricing and related regulations

Transition to green energy



Strategy

Transition Risks

Technology Risk

Aksigorta, in collaboration with corporate clients who will possibly depend on our company for funding across various industries, faces exposure to technological advancements, both directly and indirectly. These advancements, like the increasing prominence of electric vehicles and battery technologies in the automotive industry or the progress in energy storage technology affecting the power utility sector, are subject to analysis by Aksigorta using recognized market researches such as, Bloomberg New Energy Finance (BNEF). We identify these potential risks arising in the near to medium-term horizon.

Transition to electrical vehicles



Reputation Risk

In the years ahead, climate-related approaches and benchmarks are expected to evolve. There is a potential for harm to our reputation if our climate-related efforts and approaches are not seen as aligning with current or forthcoming industry standards and best practices. This could manifest in allegations related to greenwashing or insufficient actions regarding climate change. Elevated reputational risks have the potential to lead to a loss of business and could prompt regulatory adjustments, subsequently affecting Aksigorta's business model. We observe these potential risks becoming more prominent in the near term.

**Increasing stakeholder concerns
on climate actions**

Greenwashing

Strategy

Transition Risks

Market Risk

Safeguarding our clients' interests holds a central position within our organization's climate strategy. Given the increasing desire for climate-centric products and services, Aksigorta must proactively adapt to market shifts propelled by the shift towards low-carbon practices and our clients' concerns about managing climate-related risks.

We mitigate this potential risk by providing a wide range of sustainability and SDG-Linked products and services. The repercussions of not addressing this adequately are perceived as an imminent products and services.

Changes in customer preferences

Investor sentiment



Strategy

Physical Risks

Acute Risks

Extreme weather events have the potential to affect the value of physical assets owned and insured by Aksigorta. To mitigate these risks concerning our own physical assets, we employ a thorough business continuity planning process and identify physical climate risks comprehensively.

- Flood
- Fires
- Extreme weather events

Chronic Risks

The value of physical assets owned and insured by Aksigorta may be affected by the consequences of gradual climate change. Incremental shifts in climate conditions, such as rising temperatures and alterations in precipitation patterns, have the potential to amplify extreme events, increasing their frequency and severity. This, in turn, can impact economic productivity and output. These events could lead to a decline in the value of assets utilized and insured as collateral. We anticipate these potential risks becoming more pronounced in the long term.

- Over temperature in long term (Mean air temperature rise)
- Rising / decreasing sea water level
- Drought in long term
- Changes in precipitation regime



Strategy

Scenario Analysis

We, in Aksigorta use scenario analysis, to inform and adapt our strategy to test our resilience against the climate change phenomena. We use mainly the Network for Greening the Financial System (NGFS) scenarios and for some of the physical risks associated with climate change we also use International Panel on Climate Change (IPCC) scenarios.

NGFS Scenarios

The NGFS partnered with an expert group of climate scientists and economists to design a set of hypothetical scenarios, now available in the expanded 2022 version. They provide a common and up-to-date reference point for understanding how climate change (physical risk) and climate policy and technology trends (transition risk) could evolve in different futures. Each scenario was chosen to show a range of higher and lower risk outcomes.

There are existing 6 scenarios in NGFS, the scenarios are classified by the risks. For example, Divergent Net Zero Scenarios consists of more transition risks, and the Current Policies Scenarios consists of more physical risks.

Divergent Net Zero

Below 2 Degree Celsius

Delayed Transition

NDCs

Net Zero 2050

Current Policies





Divergent Net Zero: Emissions are in line with a climate goal giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century, with no or low overshoot (<0.1°C) of 1.5°C in earlier years. This leads to considerably higher transition risks than Net Zero 2050 but overall, one of the lowest physical risks of the 6 NGFS scenarios.

Delayed Transition: In this scenario, emissions exceed the carbon budget temporarily and decline more rapidly than in Well-below 2°C after 2030 to ensure a 67% chance of limiting global warming to below 2°C. This leads to both higher transition and physical risks than the Net Zero 2050 and Below 2°C scenarios.

Current Policies: Current Policies assume that only currently implemented policies are preserved, leading to high physical risks. Emissions grow until 2080 leading to about 3°C of warming and severe physical risks.

This includes irreversible changes like higher sea level rise. This scenario can help central banks and supervisors consider the long-term physical risks to the economy and financial system if we continue our current path to a “hot house world”.

Strategy

IPCC Scenarios

The scenarios are the result of complex calculations that depend on how quickly humans curb greenhouse gas emissions. But the calculations are also meant to capture socioeconomic changes in areas such as population, urban density, education, land use and wealth.

Each scenario is labelled to identify both the emissions level and the so-called Shared Socioeconomic Pathway, or SSP, used in those calculations.

SSP's are replaced RCPs in the Sixth Assessment Report of IPCC.

There exists 5 Scenarios in IPCC:

SSP 1.9

SSP 2.6

SSP 4.5

SSP 7.0

SSP 8.5

The Network for Greening the Financial System (NGFS) Climate Scenarios and the Intergovernmental Panel on Climate Change (IPCC) scenarios are chosen for scenario testing and determining physical risks at Aksigorta. Please see the risk graphs given for physical risks in Türkiye where Aksigorta operates. The year intervals for the given scenarios are 2020-2100. Please see pages between 30-36.



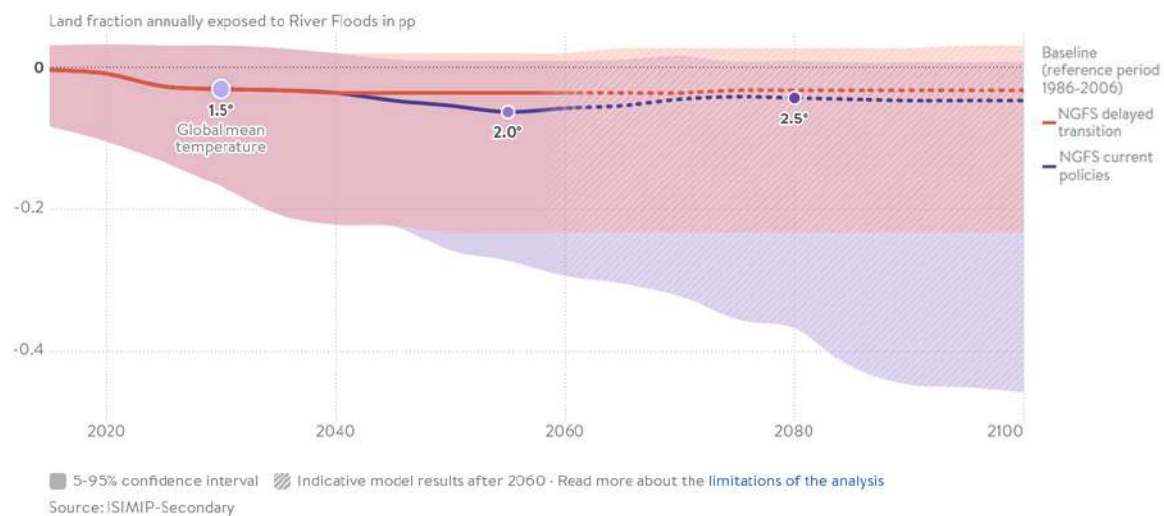
Strategy

AKSigorta

NGFS Scenarios Flood

NGFS

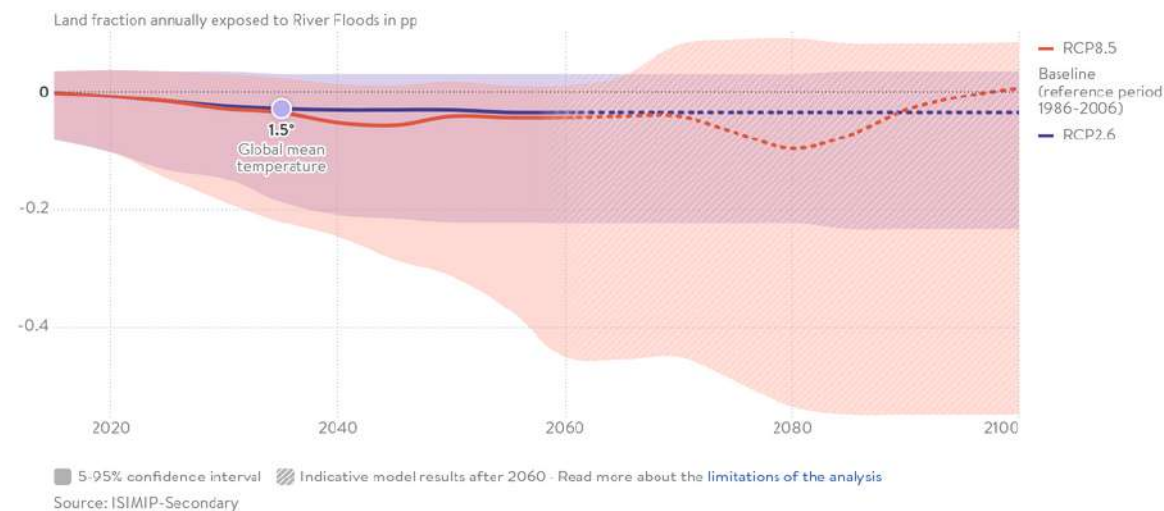
Source: Climate Impact Explorer by Climate Analytics



IPCC Scenarios Flood

RCP

Source: Climate Impact Explorer by Climate Analytics

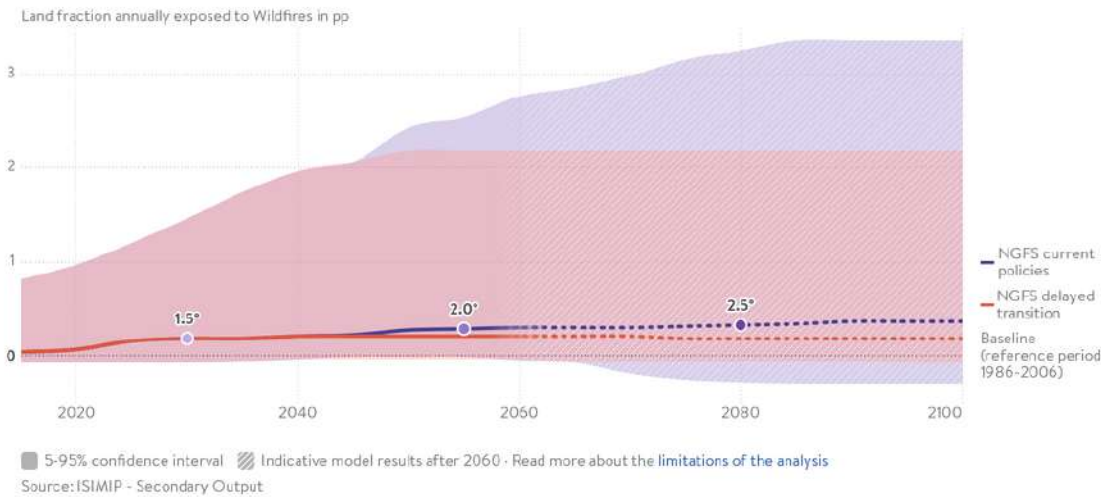


Strategy

NGFS Scenarios
Industrial Fires

NGFS

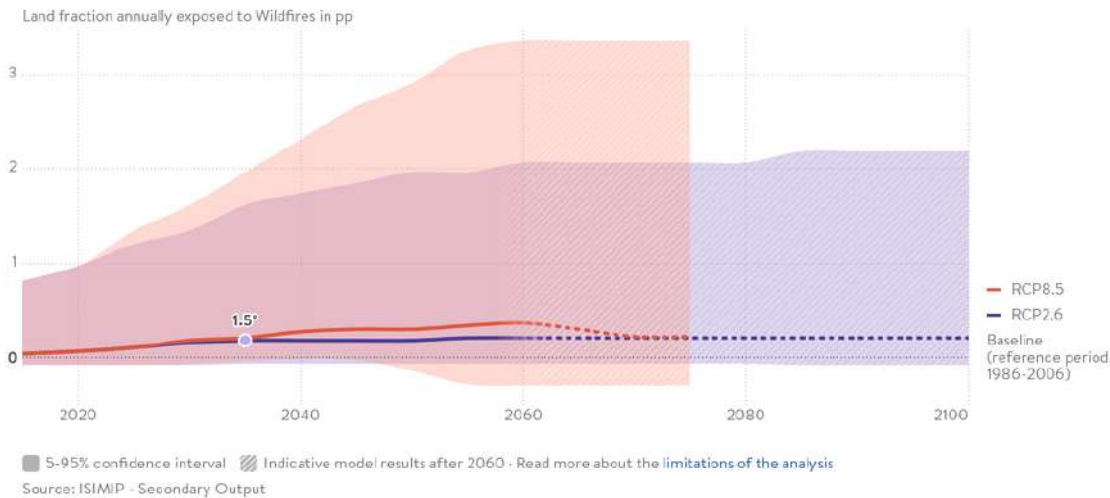
Source: Climate Impact Explorer by Climate Analytics



IPCC Scenarios
Industrial Fires

RCP

Source: Climate Impact Explorer by Climate Analytics

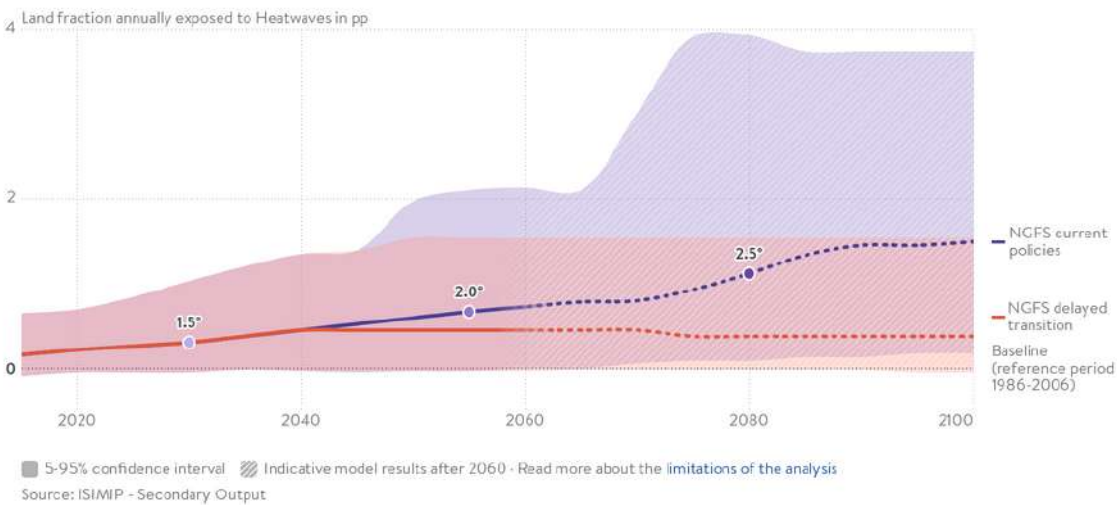


Strategy

NGFS Scenarios Extreme Weather Events

NGFS

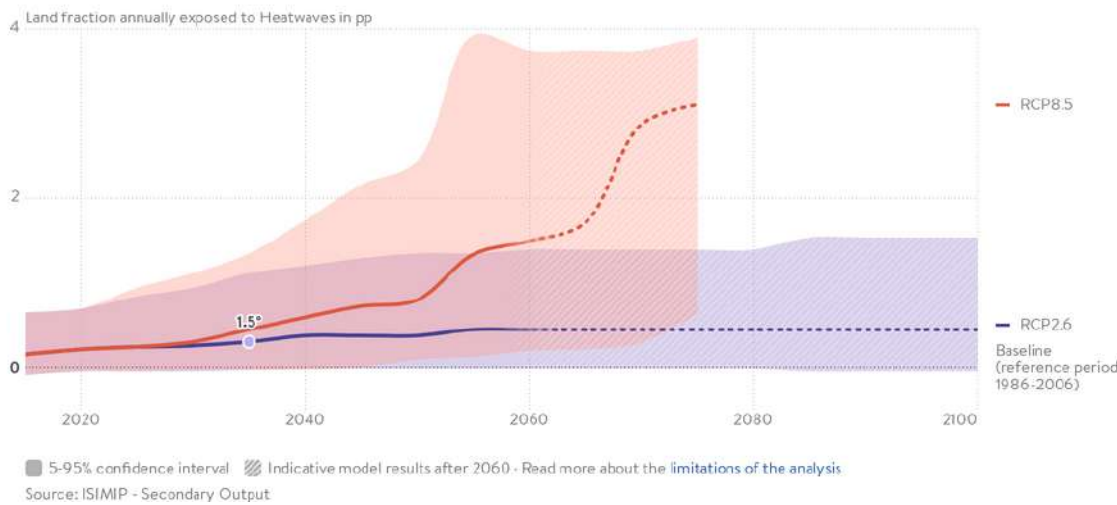
Source: Climate Impact Explorer by Climate Analytics



IPCC Scenarios Extreme Weather Events

RCP

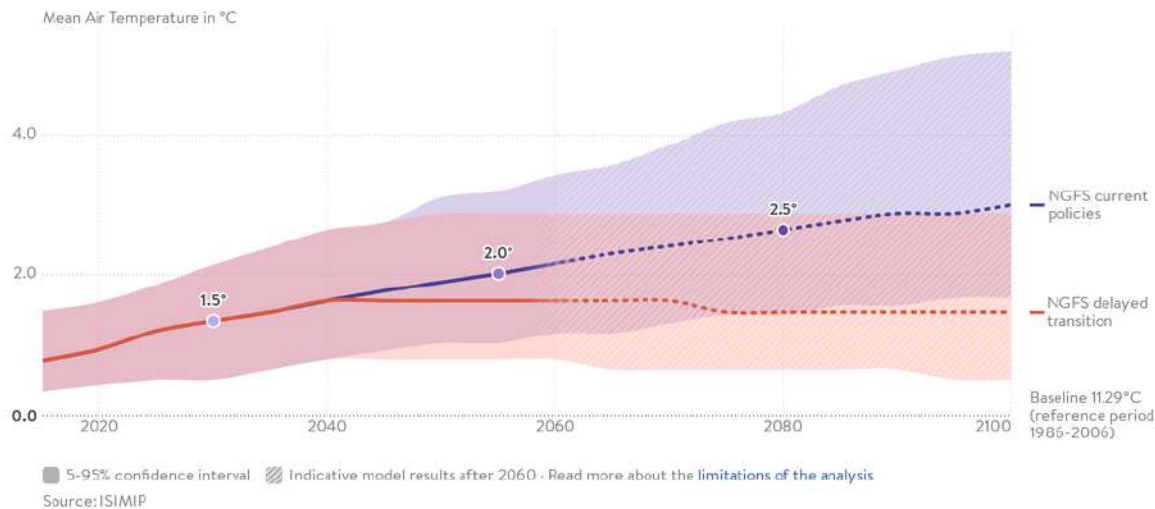
Source: Climate Impact Explorer by Climate Analytics



NGFS Scenarios
Mean Temperature

NGFS

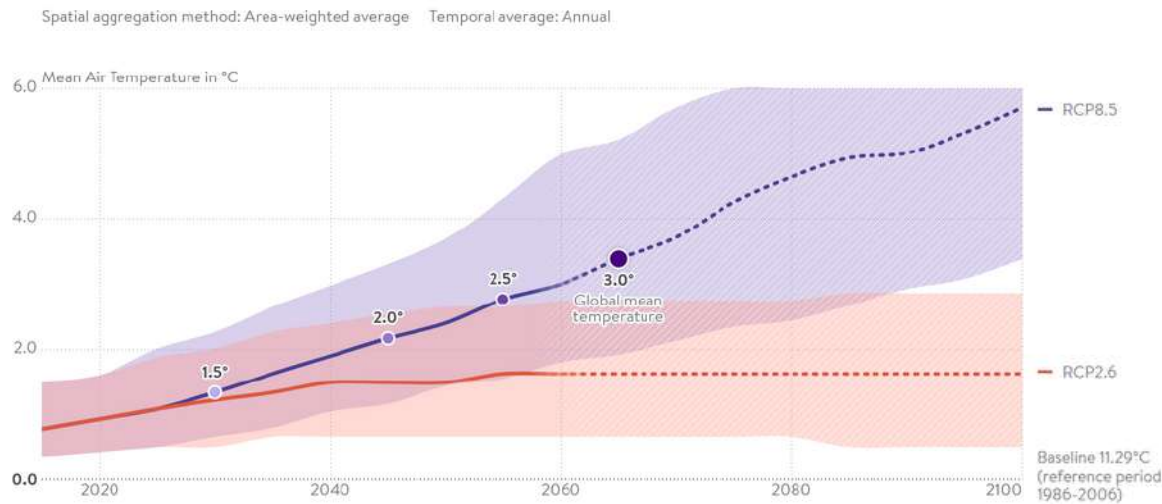
Source: Climate Impact Explorer by Climate Analytics



IPCC Scenarios
Mean Temperature

RCP

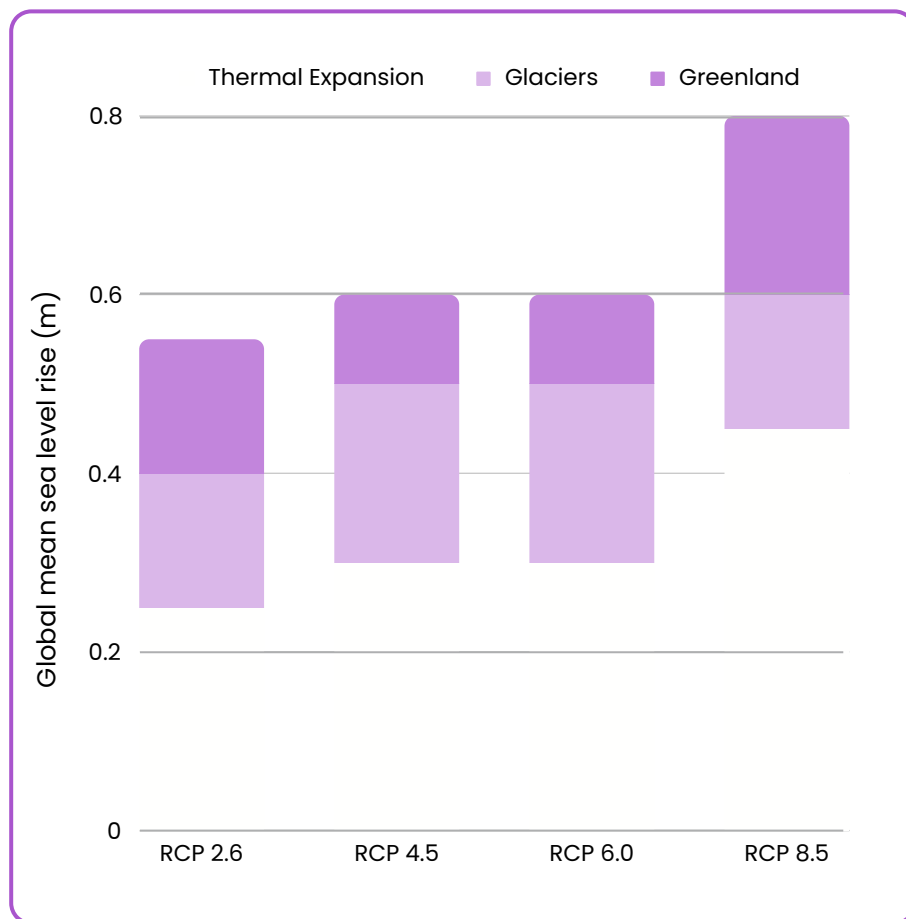
Source: Climate Impact Explorer by Climate Analytics



IPCC Scenarios

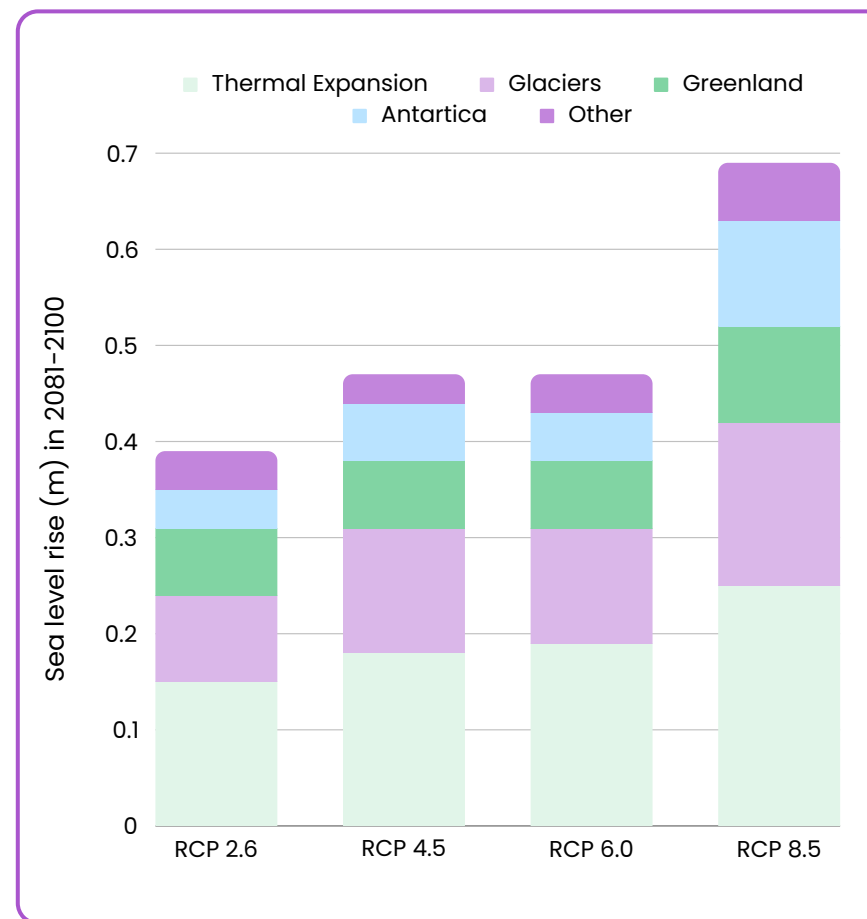
Sea Water Level

2081–2100 relative to 1986–2005



Source: Chapter 13 of the IPCC's Fifth Assessment Report

21st Century Sea Level Rise Projections



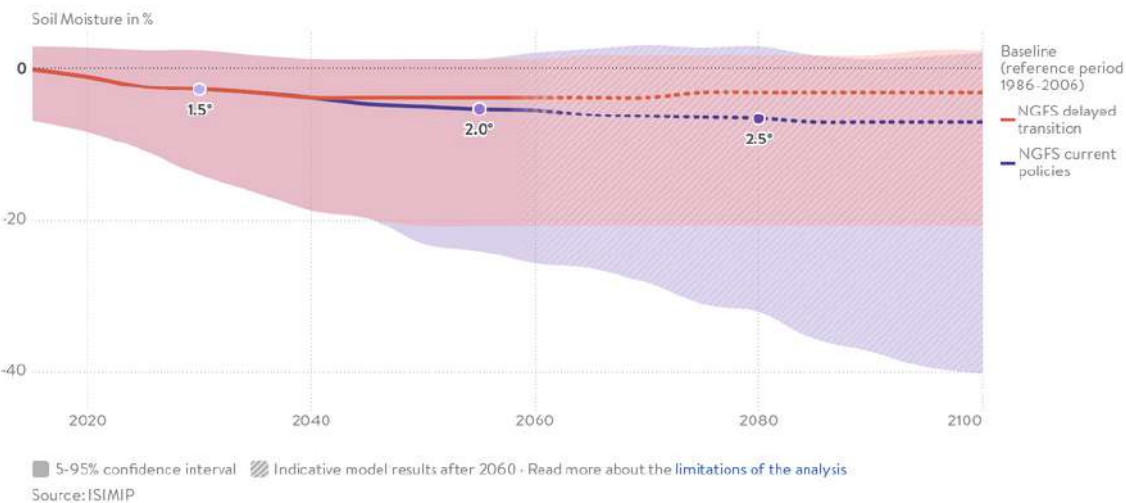
Source: Chapter 13 of the IPCC's Fifth Assessment Report

Strategy

NGFS Scenarios Drought

NGFS

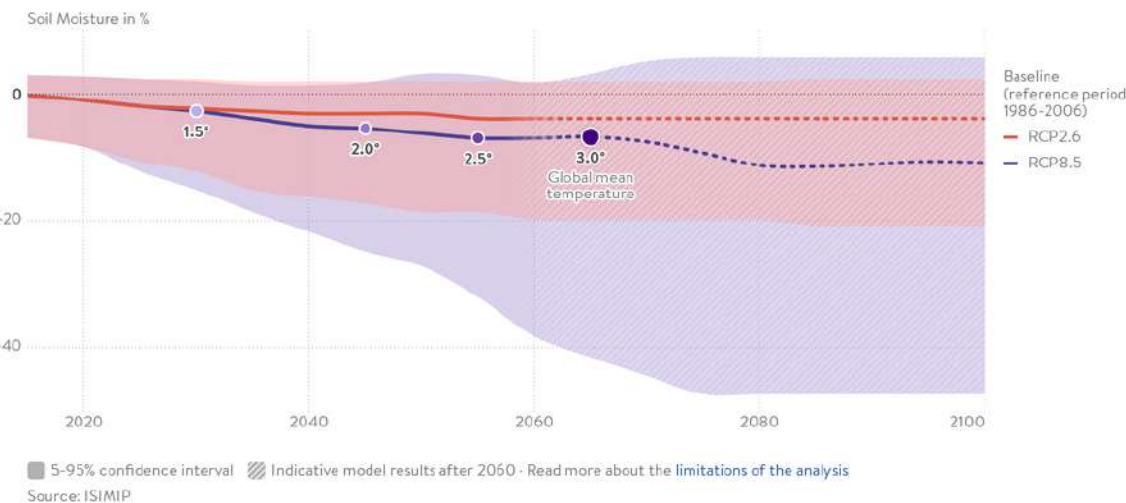
Source: Climate Impact Explorer by Climate Analytics



IPCC Scenarios Drought

RCP

Source: Climate Impact Explorer by Climate Analytics

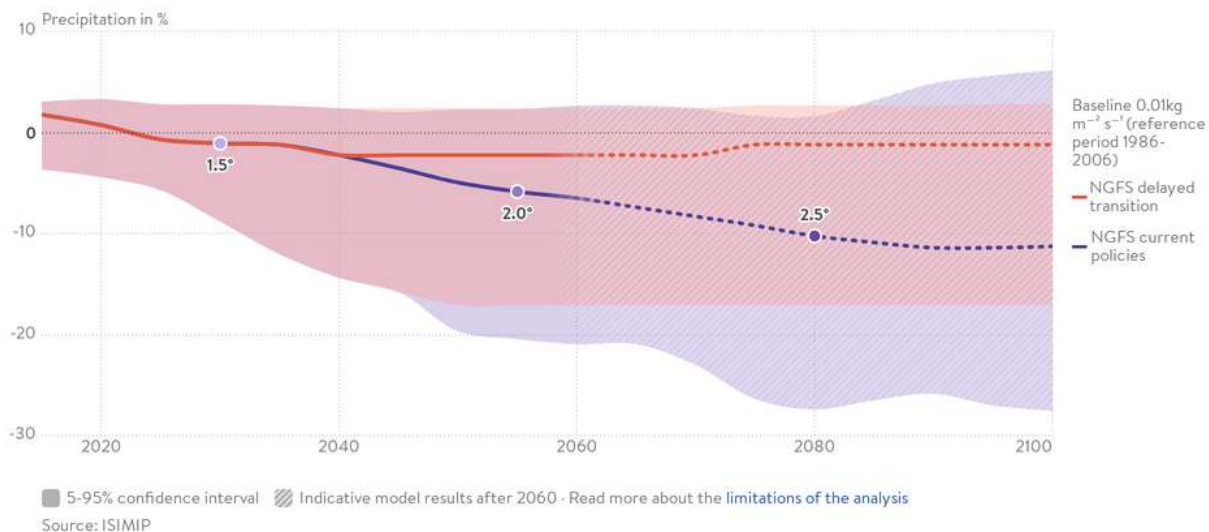


Strategy

NGFS Scenarios Precipitation

NGFS

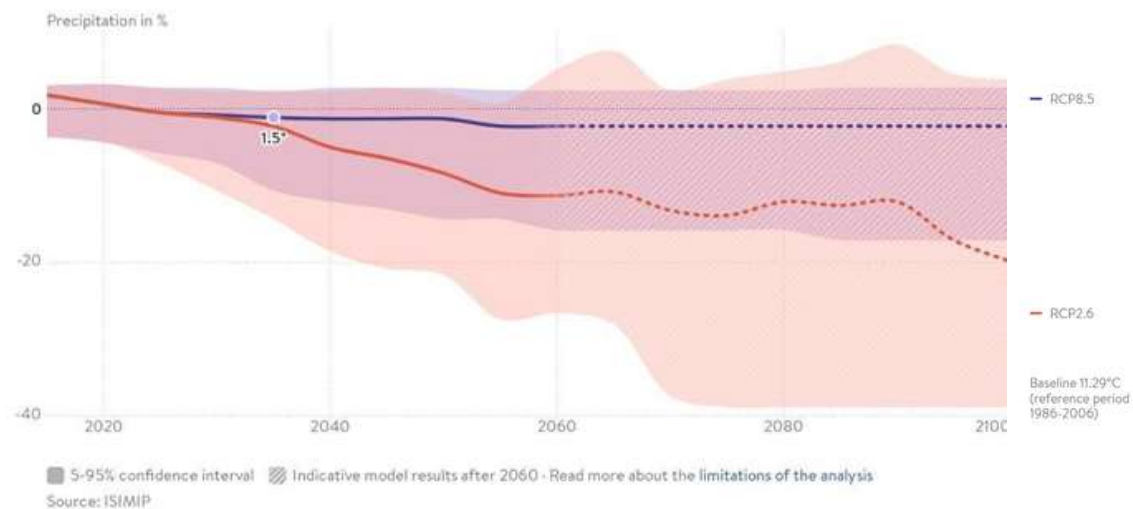
Source: Climate Impact Explorer by Climate Analytics



IPCC Scenarios Precipitation

RCP

Source: Climate Impact Explorer by Climate Analytics



Strategy

Strategy and Resilience against Climate Change

In Aksigorta, we employ strategies to strengthen our resilience against climate change. We set targets for GHG emissions reduction and offer some sustainable solutions and products to our customers to ensure our strategic goals for climate change are achieved. We are also partnering with NGOs to combat climate change and constantly participate in and contribute to the Turkish Industry & Business Association's (TÜSİAD) Climate Change Working Group.



Strategy

Climate Related Strategic Targets

We are currently setting targets to reduce our GHG emissions to align with the commitments to Paris Agreement's 1.5°C target. And we are aiming to prepare action plans to comply with our parent Sabancı Holding's Responsible Investment Policy for our Scope 3 emissions within 2 years.

We are targeting to achieve a reduction of 53% in the year 2030 for our Scope 1 and Scope 2 emissions with our base year being 2019.

For our Scope 3 emissions, which mostly results from our investment portfolio, we are planning to commit to SBTi or NZIA after finishing preparations for our action plans.

SDG-Linked Strategic Projects

To achieve our GHG emissions reduction target, we are currently employing energy efficiency projects in our HQ and are also continuing to supply our electricity from renewable sources with I-REC certification. We also started to change our car fleet to hybrid vehicles to further reduce our emissions.

Our climate related strategic projects include;

- Monitoring our GHG Emissions
- Smart @ Work project
- Optimization in vehicle use
- Optimization in personnel shuttle use
- Energy efficiency projects in our HQ
- SDG-Linked Product and Services

For more detailed information, click [here](#) for our 2022 Sustainability Report.



AKSigorta
Bambaşka.



Risk Management

Risk Management



Risk Assessment and Responses in Aksigorta

Aksigorta follows a risk assessment approach using scenario analyses and analyses prepared by internationally recognized organizations such as NGFS and IPCC. As discussed in the Strategy section, Aksigorta identifies the potential risks by following a scenario analysis.

Aksigorta’s climate change strategy and risk assessments and responses to those risks rely on accurate prioritization of risks and opportunities. Our organization places importance on climate-related risks by considering both their probability of happening and the expected financial consequences they might entail. To ensure the materiality analysis yields precise outcomes, it is crucial to define and understand the durations and terms accurately.

Aksigorta’s risk assessment prioritizes risks based on their proximity and impact. The tables for proximity and the impacts are given below.

Proximity		Definitions
High	3	The risk could have an impact on the business within the next 3 years
Medium	2	The risk could have an impact on the business in the next 3 to 5 years
Low	1	The risk could have an impact on the business in more than 5 years

Impact		Definitions
Major	3	The business could suffer a major disruption (redesign of the business model)
Moderate	2	The business could suffer a moderate disruption (adjustments to the current business model are moderate)
Minor	1	The business could suffer a minor disruption (adjustments to the current business model are limited)

Defining the proximity and impact of risks is also very crucial in classifying the risks and the emerging risk trends in our organization.

- **Proximity** : the speed with which the risk will develop / evolve and impact the business
- **Impact**: could be assessed along the same dimensions as for the known risks (qualitatively and/or quantitatively) – business, strategy, impact on P&L, solvency, reputation, operational, legal/regulatory, customers.

Risk Management

Risk Assessment and Responses in Aksigorta

The risks are then classified as given in the below table.

High	Analyze	Act	Act
Medium	Aware	Analyze	Act
Low	Aware	Aware	Analyze
	Minor	Moderate	Major

The actions given on the tables are defined as act, analyze and aware.

- Aware:** the risk requires close monitoring; given the high volatility of the risk, unexpected developments could be expected.
- Analyze:** the risk requires further analysis (the impact and/or speed of the risk are highly uncertain, and it needs a better understanding before taking mitigation actions)
- Act:** the risk requires mitigating actions to prevent/reduce its potential impact on the business.



Risk Management

Emerging Risks Heatmap

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have created an emerging risks and trends heat map to track the risk susceptibility and necessary actions within Aksigorta's identified risks. The primary goal of this heat map is to provide an initial assessment of how climate change and other business risks may impact Aksigorta's business continuity.

Additionally, the heat map serves as a valuable tool to guide our strategic decisions and actions against emerging risks, helping us address the challenges posed by climate change. We have conducted a detailed analysis of the risk trends in our business, evaluating their impact and proximity to our operations. This proactive approach allows us to better understand and mitigate emerging risks within our business operations.

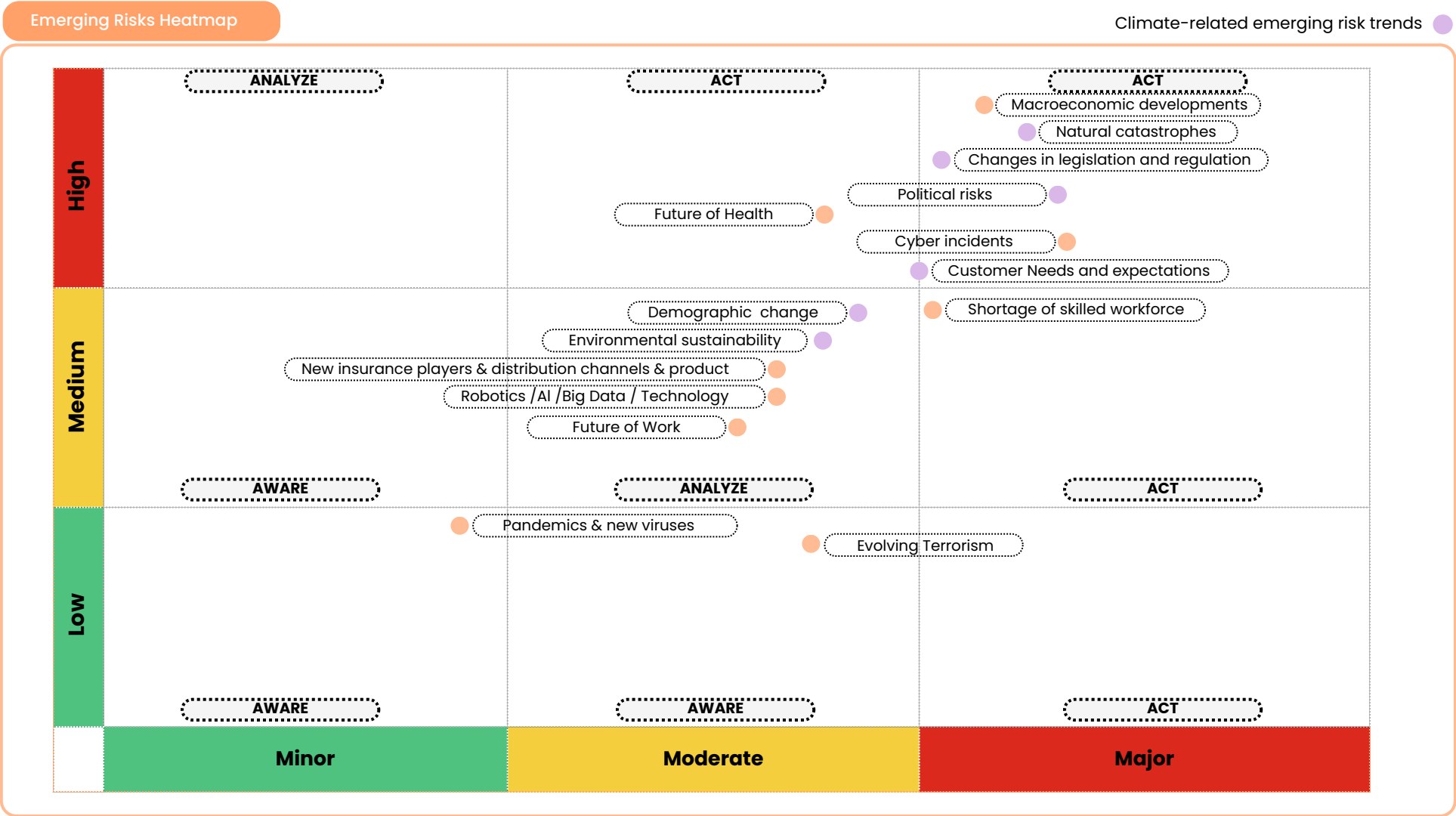


Risk Management



Emerging Risks Heatmap

Business-relevant emerging risks were categorized using the PESTLE methodology (Political, Economic, Social, Technological, Legal, Environmental). Aksigorta evaluated the risks regarding the newly introduced risk rating methodology of our partner Ageas. The risk assessment studies resulted on the heatmap.



Risk Management

Emerging Risk Trends

We have identified 6 emerging risk trends that are related to climate change.

Natural Catastrophes, Climate Change and Impacts on Business Continuity: The risk of natural catastrophes involves the potential for unforeseen loss of life or property resulting from events like storms, floods, forest fires, and extreme weather conditions. The impact of climate change is expected to contribute to an escalation in catastrophic damages in the coming years, posing significant challenges for both businesses and individuals. These challenges include a reduction in the risk protection provided by insurance companies, an increase in insurance premiums, and a heightened likelihood of companies facing financial distress or closure. Therefore, it is crucial for companies to prioritize this risk, placing it at the forefront of their risk agendas, even during periods of economic or geopolitical uncertainty.

The impact of disasters extends beyond damaging buildings; agriculture emerges as one of the most vulnerable sectors. Emphasizing the strategic significance of the agricultural sector for the global population, it is underscored that insurance plays a critical role in ensuring the continuity of life.

The rise in claims stemming from natural catastrophes has had adverse effects on the reinsurance market. Anticipations suggest a further contraction of reinsurance capacities and an escalation in reinsurance prices in the near future.

It can be seen in NGFS and IPCC scenarios, physical risks due to climate change will affect Türkiye negatively. As an insurance company operating in Türkiye, Aksigorta is likely to be affected by Natural Catastrophes and Climate Change since, these will damage business continuity and assets that are held by Aksigorta.



Risk Management

Emerging Risk Trends

Political risks (Geo-political Instability/Trade wars): Instability or tensions in politics and international relations, potentially leading to conflicts, economic fluctuations, social disruptions, or environmental impacts, contribute to an unpredictable economic outlook. This uncertainty often suggests a heightened likelihood of adverse economic events.

The global rise in political instability and uncertainties poses a potential threat to economic growth and business operations. This risk encompasses various factors, including the surge of populism and regional national movements, events like the US-China trade war and associated sanctions, Brexit, the emergence of religious nationalism in India, the implementation of Carbon Border Adjustment Mechanism (CBAM) regulations in the EU favoring EU-based companies in competition with non-EU entities, and more.

The shift from the past era of globalization to a period of divergence complicates collective efforts to address global challenges, such as environmental or ethical concerns arising from the Fourth Industrial Revolution. It is imperative for companies to conduct thorough analyses of how political decisions, events, or conditions might impact business profitability or the expected value of specific business decisions.

Aksigorta is likely to see effects of political decisions because of the geopolitical situation of Türkiye. These political risks will pose threat to economic growth and will definitely affect performance of the investment portfolio of Aksigorta.



Risk Management

Emerging Risk Trends

Demographic change: Demographic changes encompass shifts in population growth, mortality rates, urbanization, and migration patterns. These overarching trends subsequently affects various aspects:

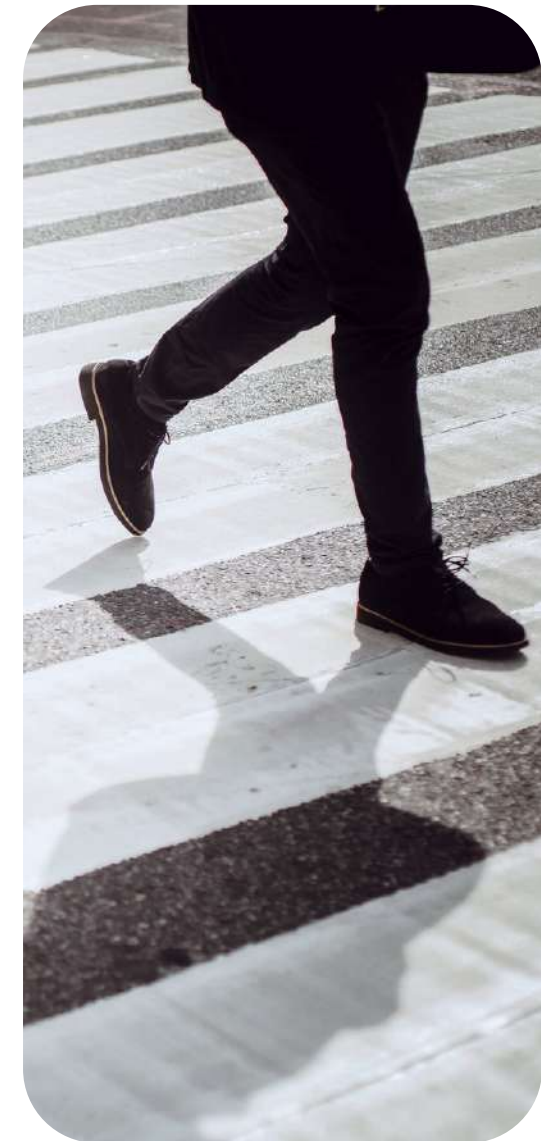
- **Economic Development:** Demographic shifts can significantly impact overall economic growth.
- **Employment:** Changes in population structure may alter the composition and availability of the workforce.
- **Income Distribution:** Demographic changes can affect how income is distributed across different segments of the population.
- **Poverty:** The demographic landscape can contribute to changes in poverty rates.
- **Social Protections:** Evolving demographics may necessitate adjustments in social protection programs.

These changes result from key developments: declining birth rates, increased life expectancy, and growing migration. These shifts notably affect the population's age, religion, and ethnicity. The repercussions are widespread, particularly in areas like pension provisions, healthcare, and employment. For insurance companies, it presents an opportunity to identify gaps in their product offerings.

The life and health sectors are particularly impacted by these demographic shifts. Insurance companies need to reassess life and healthcare propositions, savings and pension offerings tailored for different generations, and the funding models for long-term care. Adapting to these demographic trends is crucial for staying relevant and effective in the evolving market landscape.

Climate change is affecting demographic structures of countries through rising mortality rates, creating new paths of migration, and creating economic disruptions.

Aksigorta will be affected from demographic change directly through its life and health insurances and it will see difficulties in maintaining a skilled workforce. Since it is operating in Türkiye, which is in the pathways of migration and the country will see major economic shifts due to demographic changes.



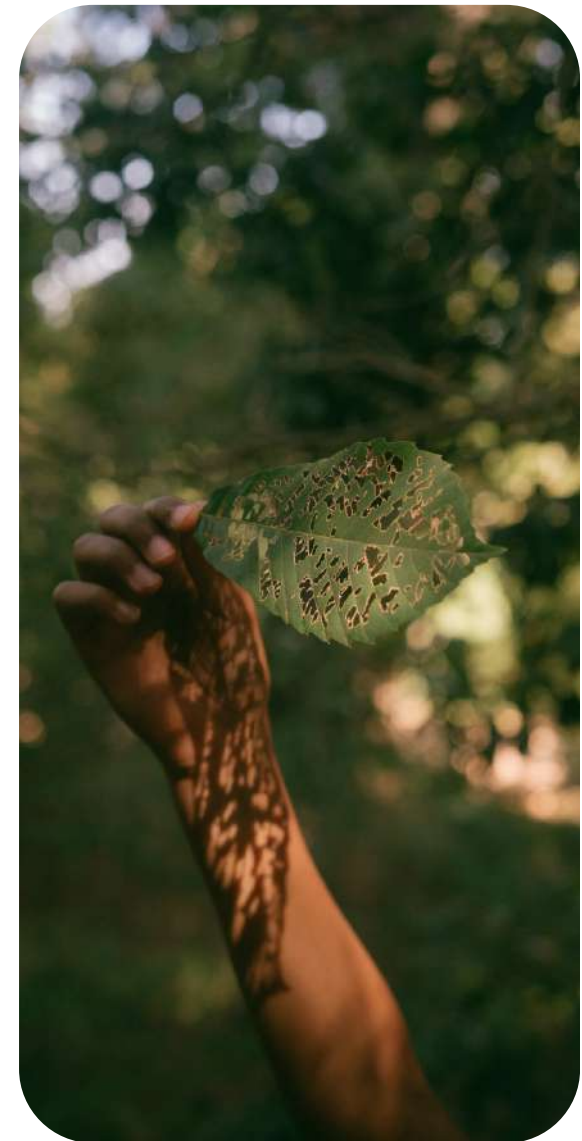
Risk Management

Emerging Risk Trends

Environmental sustainability: Environmental sustainability refers to the capacity to maintain an ecological balance in the Earth's natural environment and conserve resources to support the well-being of current and future generations. Every organization, regardless of its industry or size, faces Environmental, Social, and Governance (ESG) risks. These concerns can lead to reputational or financial harm, underscoring the importance of having an ESG strategy to mitigate these risks and prevent:

- **Loss of Financing from ESG Investors:** Investors increasingly consider ESG factors in their decisions, and an organization lacking a robust ESG strategy may lose financial support from those prioritizing sustainability.
- **Loss of Socially Conscious Customers:** Consumers are becoming more socially conscious, and companies not aligned with sustainable practices may lose customers who prioritize ethical and environmentally friendly products or services.
- **Violating Regulations and Incurring Fines:** Non-compliance with evolving environmental regulations can result in significant fines and legal consequences, posing a threat to financial stability.

As customer and market expectations shift toward sustainability and social responsibility, companies are compelled to integrate these aspects into their strategies. It's not just about defining a strategy but also about implementing and acting upon it. The rising regulations and expectations related to sustainability may increase operational costs and expose companies to reputational risks. Therefore, having a proactive and effective ESG strategy is crucial for navigating the evolving landscape of environmental responsibility and mitigating associated risks. Aksigorta may be affected from this trend if it fails to act according to ESG trends that its investors and customers grow conscious.



Risk Management

Climate Related Risks

Customer Needs and Expectations: Customer expectations encompass the feelings, needs, and ideas that customers harbor towards specific products or services. These expectations are often affected by broader societal and environmental changes. In the current landscape of shifting consumer needs and a more inflationary environment, Aksigorta is prompted to innovate, seek growth, and stay ahead of emerging competitive challenges.

Within this context, safeguarding the interests of clients is a central element of the organization's climate strategy. Recognizing the increasing demand for climate-focused products and services, Aksigorta is proactively adapting to market shifts driven by the transition to low-carbon practices and clients' concerns about climate-related risks. To mitigate this potential risk, the company offers a diverse range of sustainability and climate-oriented products and services. The repercussions of inadequately addressing this issue are perceived as an impending risk, emphasizing the importance of strategic responses to align with evolving customer expectations and market dynamics.



Risk Management

Climate Related Risks

Changes in Legislation and Regulation: Regulators are consistently imposing additional pressure on insurers through new and revised requirements, demanding substantial investments and diverting attention from routine business operations. Given the extensive scope of regulations, our organization, being a significant financial services company operating in the insurance sector with a diverse client base, can be directly and indirectly affected by emerging regulations related to carbon pricing and policies promoting the transition to cleaner energy sources.

These regulations, designed to address the impacts of climate change and stimulate adaptive responses, may not only affect Aksigorta's own operations but also impact the investment returns of its portfolio. Anticipating future changes in the regulatory landscape is crucial, requiring the organization to maintain relevant expertise, allocate resources, and ensure the capacity to manage and adapt to an increasingly dynamic regulatory environment. This strategic approach is vital for navigating regulatory complexities and maintaining compliance while sustaining effective business operations.



Risk Management

Climate Related Risks

In Aksigorta, we have defined climate related risks with regards to the emerging risk trends given in the previous section. Climate risks, as previously discussed in the strategy section, are categorized into two main types: physical and transitional risks. These risks have both direct and indirect impacts on the financial sector, affecting it through microeconomic and macroeconomic transmission channels. These effects can include changes in economic conditions, job losses, price fluctuations, income reductions, and cost escalations.



The risk management process plays a pivotal role in fostering a shared risk culture within our organization, guided by our risk management policies, legal obligations, and international regulations. It encompasses the definition of risks, as well as activities related to their measurement, analysis, monitoring, and reporting. These reports encompass measurements related to key risks, stress tests, scenario analyses, and compliance with predetermined limits and risk tolerance thresholds.

At our organization, we systematically define the risks stemming from climate change, encompassing internationally recognized physical risks and transition risks arising from regulatory changes.

Risk Management

Climate Related Risks

Aksigorta have conducted risk assessments and have identified various climate related risks in both transitional and physical risk groups.

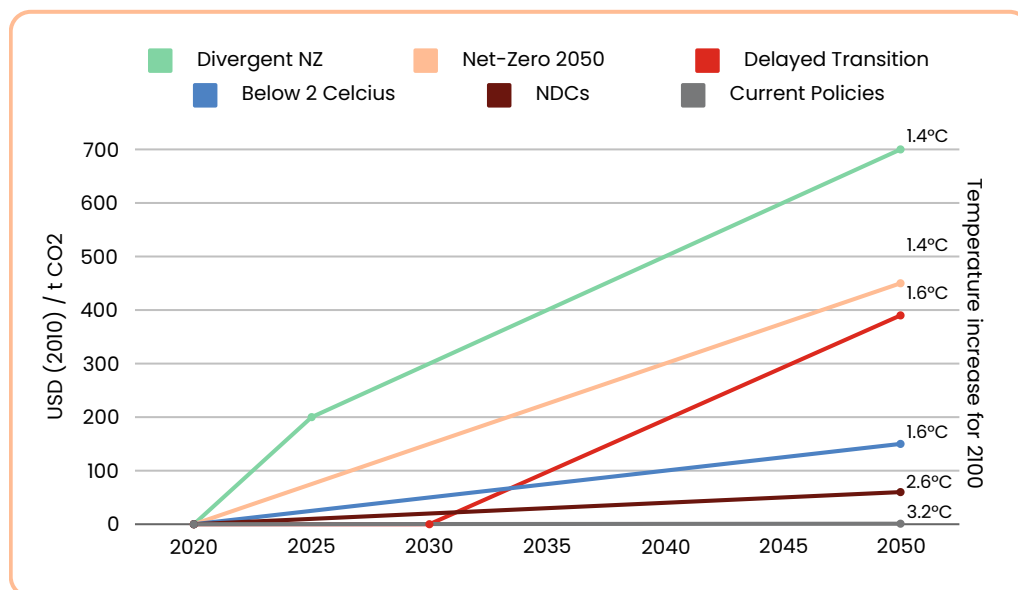
1.Climate Related Transition Risks

1.1. Carbon Pricing and Related Regulations

The risk arises from investments or insurances originating from carbon-intensive companies (primarily industrial firms such as iron and steel, aluminum, cement, fertilizer, hydrogen and electricity). As the Paris Agreement was ratified by the EU, the Union has set ETS and CBAM practices against carbon emissions.

The risk can be explained by the potential decline in asset values due to reduced profitability of the invested companies caused by carbon taxation/payment resulting from practices such as ETS or CBAM. According to NGFS scenarios, it can clearly be seen that carbon prices will increase and the carbon price increases will affect the severity of this risk. For the potential financial impacts and Aksigorta’s management response please see **p.56**.

Carbon Price Across Models – NGFS Scenarios



Source : IIASA NGFS Climate Scenarios Database



Risk Management



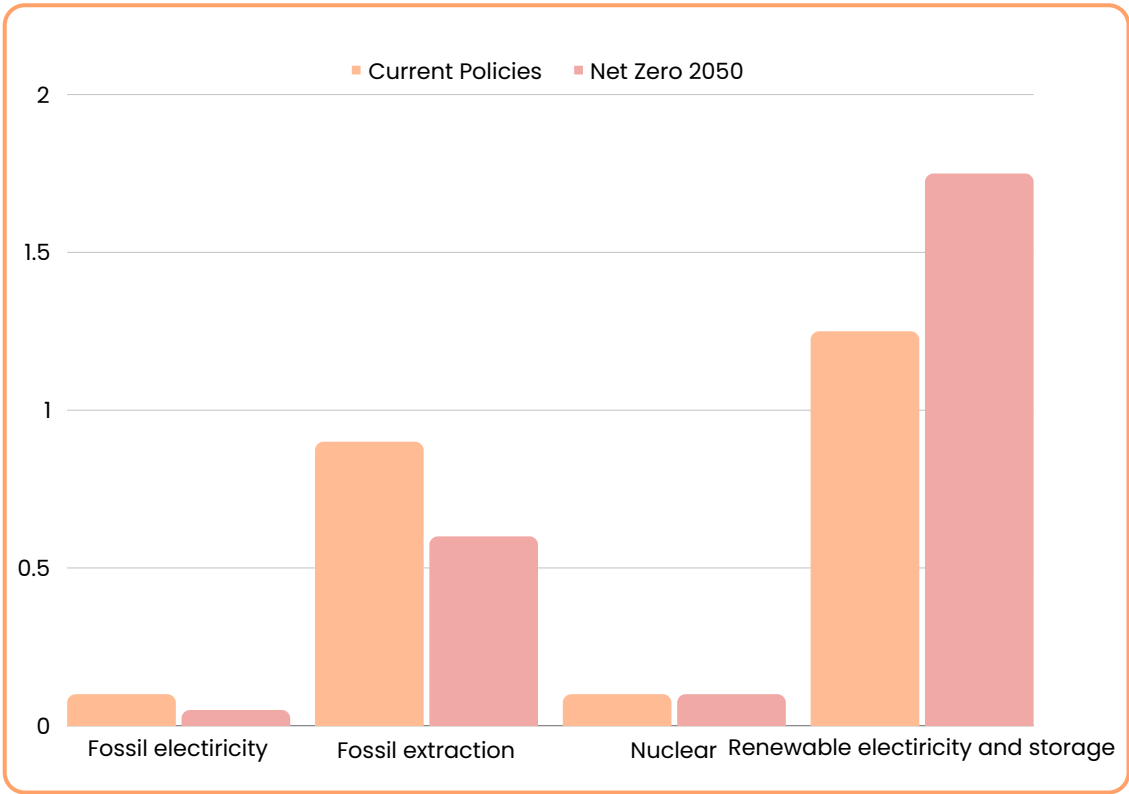
1.2. Transition to Green Energy

The risk can be defined as the insurance risks that can arise from the increasing transition to green energy.

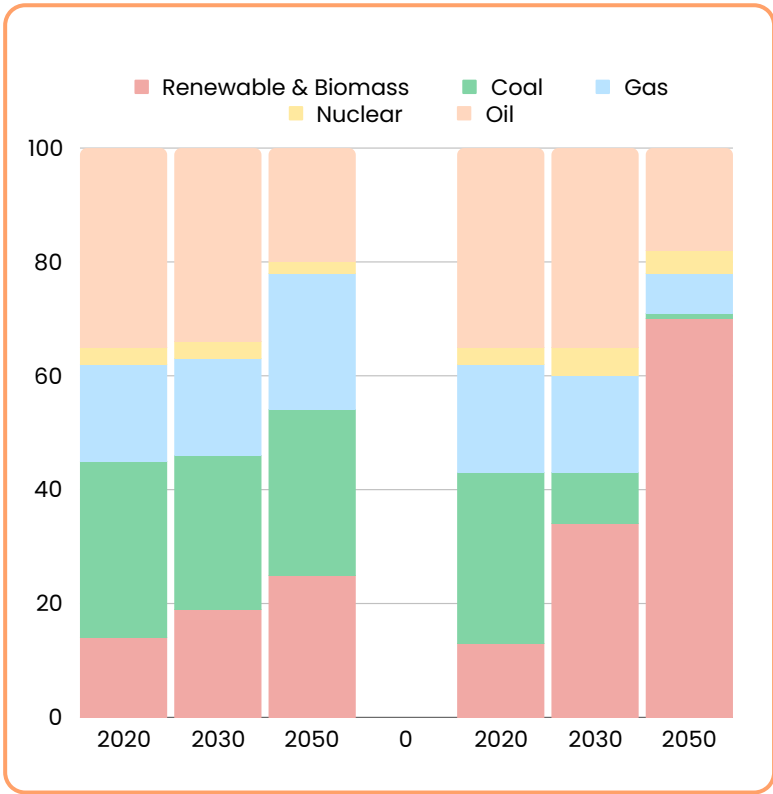
In NGFS scenarios, it can be seen in both current policies and Net Zero scenarios, the renewable energy investments gradually increase. This creates an insurance risk based on the construction and also operation risks of the renewable assets. For the potential financial impacts and Aksigorta's management response please see **p.56**.

Average Annual Energy Investment to 2050

Primary Energy Mix Per Scenario



Source: NGFS Scenarios for central banks and supervisors
September 2022

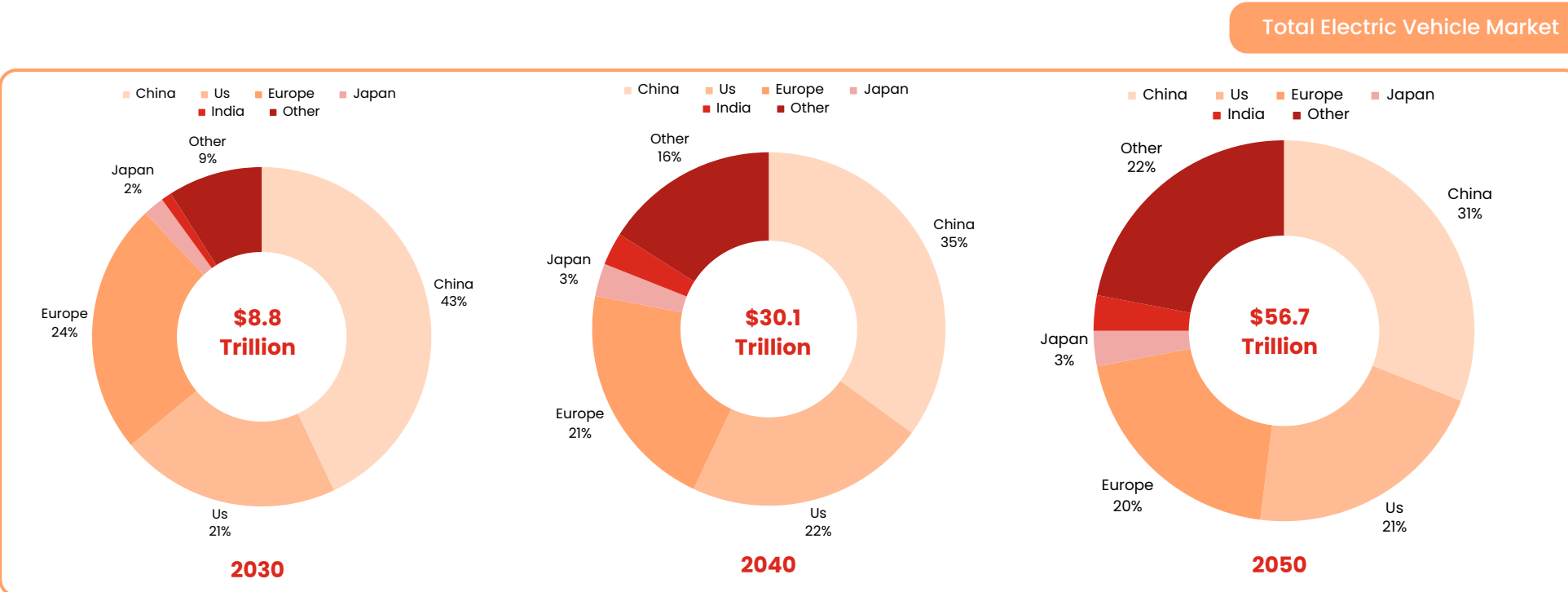


Source: NGFS Scenarios for central banks and supervisors
September 2022

Risk Management

2. Technology Risk – Transition to Electrical Vehicles

The main concept of this risk arises from the transition into Electrical Vehicles. We have started offering insurances for the charging stations and EV vehicles, however since this is a newer technology of transportation the risk is constantly being updated. The EV shares will gradually increase and we expect to eliminate this in the coming years. For the potential financial impacts and Aksigorta’s management response please see **p.56**.



3. Reputation Risk

Source: Bloomberg New Energy Finance (BNEF). Data as of June 2023.

3.1 Increasing Stakeholder Concerns on Climate Actions

As the awareness about climate change increases, we expect the concerns of our stakeholders will increase about Aksigorta if we fail to act against climate change. For the potential financial impacts and Aksigorta’s management response please see **p.57**.

3.2. Greenwashing

This risk arises if we fail to act against climate change and do not follow transparency and mislead our investors. For the potential financial impacts and Aksigorta’s management response please see **p.57**.

Risk Management

4. Market Risk

4.1. Changes in Customer Preferences

The risk is coming from the possibility of non-implementation of sustainable products or services while the customer preferences are shifting towards it. As the awareness of our customers increases, they will become more sensitive towards SDG-linked products or services. For the potential financial impacts and Aksigorta's management response please see **p.57**.

4.2. Investor Sentiment

This risk stems from the potential investment/investor loss that may be encountered if no action is taken in the development of sustainable products. As also mentioned in the carbon pricing and related regulations risk, investor exits may also occur if we fail to act in changing our investment and underwriting portfolio. For the potential financial impacts and Aksigorta's management response please see **p.57**.



Risk Management

Climate Related Physical Risks

Climate related physical risks are determined from following scenario analyses by NGFS and IPCC. The risk occurrence graphs are given in Scenario section, between pages 30–36.

1. Acute Physical Risks

1.1. Flood

This risk is coming from the impact of flooding of assets insured or owned by Aksigorta. This may increase the insurance premium payments in insured assets or L&H insurances.

1.2. Industrial Fires

This risk is coming from the impact of flooding of assets insured or owned by Aksigorta. This may increase the insurance premium payments in insured assets or L&H insurances.

1.3. Extreme Weather Events (Heatwaves)

Heatwaves pose an acute physical risk as they increase the risk of wildfires and reduce labor productivity. The escalation of heatwave risk negatively impacts agricultural sector outputs and can also adversely affect industrial firms due to fires. Consequently, it constitutes a financial risk for fire and agricultural insurances.

For the potential financial impacts and Aksigorta's management responses for Acute risks please see **p.59.**

2. Chronic Physical Risks

2.1 Increase in Mean Air temperature

The long-term increase in average temperatures enhances the intensity and frequency of heatwaves, potentially leading to the occurrence of sudden weather events. Therefore, in general, the long-term trend contributes to an increase in both the intensity and frequency of acute physical risks.

2.2 Increasing Sea Water Level

The rise in water levels triggers sudden flood inundations and overflow. Therefore, it is observed that it increases flood risks in the long term.

2.3 Drought

Drought affects industries with high water usage (such as chemicals, textiles, etc.) and heavily impacts the agriculture sector by reducing access to water. In the long term, severe drought leads to a decrease in the country's GDP. In insurance, it can exert pressure on industrial and agricultural insurances due to reductions in production. Moreover, the difficulty in accessing water typically has adverse effects on both workers and public health, consequently creating pressure on health insurances.

2.4 Changes in Precipitation Regimes

The change in precipitation patterns, indirectly triggering drought, leads to similar risks and financial costs. As mentioned in the drought section, it affects industries with high water usage and directly impacts the agriculture sector. Additionally, it generally has a negative impact on workers and public health by complicating access to water. Therefore, it will also exert pressure on health insurances.

For the potential financial impacts and Aksigorta's management responses for Chronic risks please see **p.60.**

Risk Management



Transition Risks

Climate Related Risks	Subtitles	Related Trend	Proximity	Impact	Possible Financial Impacts	Management Response
Policy and Regulatory	Carbon Pricing and Related Regulations	Political & Changes in Legislation and Regulation	High - Medium - Low	Major	Loss of share price values of invested assets because of their loss of profits due to carbon pricing	Aksigorta has started to prepare action plans to comply with the parent holding's Responsible Investment Policy and will follow a portfolio approach to ask a commitment to a net-zero target for year 2050 from investee companies in their portfolio
	Transition to Green Energy	Changes in Legislation and Regulation	Medium - Low	Moderate	Increases in insurance claims from renewable power plants	Readjusting the premium values in our underwriting portfolio to watch our profitability while ensuring growth in this transition into green energy
Technology	Transtion to EV	Environmental Sustainability & Changes in Legislation and Regulation	High - Medium - Low	Moderate	Electrical vehicle charging station insurances, electrical vehicle insurances instability due to new technology	Already taking action to implement electrical vehicle charging station insurances, including the installation and operation stages and constantly monitoring the changes in the technology and risk values in the electrical vehicle insurances

Risk Management



Transition Risks

Climate Related Risks	Subtitles	Related Trend	Proximity	Impact	Possible Financial Impacts	Management Response
Reputation	Increasing Stakeholder concerns on climate actions	Environmental Sustainability	Short	Major	Increasing stakeholder concerns in greenhouse gas emissions bring the financial effect	Planning to set a company wide target to reduce our GHG emissions and currently planning to commit to SBTi or NZIA to further reduce our Scope 3 emissions within 2 years, and company is preparing action plans for their portfolio to comply with Sabancı Holding's Responsible Investment Policy
	Greenwashing	Environmental Sustainability	Short	Minor	Exits from investors and negative impacts from greenwashing	As Aksigorta, we are transparent in our operations and reports and we constantly improve our communication with all of our stakeholders regarding climate change
Market	Changes in customer preferences	Customer needs and expectations	Medium	Major	Loss of sales from non-implementation of sustainable products and services	We have started offering SDG-linked products and services, including renewable power plant insurances, electrical vehicle and electrical vehicle charging insurances, repair rather than replacement type automotive insurances etc.
	Investor sentiment	Environmental Sustainability & Customer needs and expectations	Medium	Major	Carbon pricing will negatively impact companies that is in Aksigorta's investment portfolio, and also Aksigorta can lose institutional investors due to loss of sales or profits from non-implementation of sustainable services	We have already started offering SDG-linked products and services, and also have a plan to commit to reduction targets for our Scope 3 GHG emissions from our investment portfolio. We are preparing action plans to comply with our parent holding's Responsible Investment Policy in which we will ask from the companies in our portfolio to commit to a net-zero target for the year 2050.

Risk Management



Transition Risks

Climate Related Risks	Subtitles	Related Trend	Proximity	Impact	Possible Financial Impacts	Management Response
Political	(Geo-political Instability / Trade wars)	Political	High	Major	Political instability and potential wars or trade wars can create threats for economic growth. Moreover, wars can create demand for fossil fuels and increase GHG emissions. Regulations such CBAM can also be shown as example to political risks, since it creates an advantage to EU companies over non-EU entities.	Aksigorta is conducting thorough analyses of how political decisions, events, or conditions might impact its business profitability and continuity or expected values of specific business decisions.
Demographic change	Demographic Changes due to Climate Change	Demographic Change	Medium	Moderate	Increasing physical risks such as, climate related natural catastrophes can rise mortality rates,create new paths of migration and also create a disruption in the employment structure. These problems will increase insurance premium payments in life and health and also create problems in the skilled workforce	Aksigorta is constantly evaluating the risks in its insurance portfolio and continuously updating the premium values of its insurances based on the risk studies prepared by its risk engineering and underwriting departments.

Risk Management



Physical Risks – Acute

Climate Related Risks	Subtitles	Related Trend	Proximity	Impact	Possible Financial Impacts	Management Response
Flood	Flooding in insured assets	Natural Catastrophes, Climate Change and Impacts on Business Continuity	Long	Minor	Increases in premium payments in insured assets and life and health insurances	<p>The risk of natural catastrophes involves the potential for unexpected loss of life or property values resulting from the likes of catastrophes like flood, fire and extreme weather events. As climate change effects increase mostly from the excessive GHG emissions, Aksigorta has set targets to reduce its Scope 1&2 emissions to help combat the climate change. Also, Aksigorta has started preparing action plans to reduce its Scope 3 emissions which results from its investment portfolio.</p> <p>For flood, fire and extreme weather event risks constantly evaluating the risks and updating its underwriting portfolio and premium according to climate risk maps and risk radars prepared by Aksigorta's own risk engineering and underwriting department</p>
Industrial Fires	Fires damaging goods and products	Natural Catastrophes, Climate Change and Impacts on Business Continuity	Long	Minor	Increases in premium payments in insured assets and life and health insurances	
Extreme Weather Events	Heatwaves	Natural Catastrophes, Climate Change and Impacts on Business Continuity	Long	Major	Loss of labor productivity and rising mortality rates increasing premiums	

Risk Management



Physical Risks – Acute

Climate Related Risks	Subtitles	Related Trend	Proximity	Impact	Possible Financial Impacts	Management Response
Mean Air Temperature	Increase in Mean Air Temperature	Natural Catastrophes, Climate Change and Impacts on Business Continuity	Medium – Long	Major	Increases fire and heatwave risks in the long term and increases mortality rates, therefore it increases premium payments in life and health and overall industrial insurances	<p>As Aksigorta, we plan to commit to SBTi or NZIA targets to ensure our overall GHG emissions are reduced, also we are preparing action plans which will require the companies in our portfolio to commit to net-zero targets for 2050. Therefore, we are aiming to incentivize the companies in our portfolio to reduce their emissions to align with the Paris Agreement's target. We have also climate analyses prepared by our own risk engineering and underwriting teams to measure the potential effect for the chronic risks. According to the risk engineering and underwriting department studies' results, underwriting portfolio and their designated premiums are adjusted. Also specifically, to help against the drought, and chronic water risks we are undertaking company-wide water saving projects in our own offices and contribute to water security.</p>
Sea Water Level	Increase in Water Levels	Natural Catastrophes, Climate Change and Impacts on Business Continuity	Long	Major	Increases flood risks in the long term and therefore increasing insurance premium payments	
Drought	Drought and decreasing access to water use	Natural Catastrophes, Climate Change and Impacts on Business Continuity	Long	Moderate	Complicating the access to water for industrial and agricultural clients, increases health problems and decreasing labour productivity, consequentially increasing premium payments in all insurance products	
Precipitation	Changes in precipitation regime (decrease)	Natural Catastrophes, Climate Change and Impacts on Business Continuity	Long	Major	Indirectly triggering drought, therefore leads to same outcomes as well by complicating access to water, as a result increasing premium payments in all insurance products	

Risk Management

Climate Related Opportunities

Through its risk and opportunity assessment, Aksigorta identified various opportunities related to climate change. The definitions are as follows.

1. Resource Efficiency

1.1. Utilization of More Effective Transportation Methods

Aksigorta realized that it can achieve cost savings and reduce its GHG emissions by choosing more effective transportation methods, such as transforming its car fleet to hybrid vehicles and optimizing personnel shuttles. For the potential financial impacts and Aksigorta's management response please see **p.64**.

1.2. Use of Efficiency Measures and Digitization of Processes

By incentivizing efficiency among its offices and also digitizing its processes, Aksigorta identified this as an opportunity to achieve cost efficiency. For the potential financial impacts and Aksigorta's management response please see **p.64**.

2. Energy Sources

2.1. Usage of Greener Sources of Energy

Using greener sources for energy results in energy cost efficiency, reduced operational costs, and reduced exposure to fossil fuel price volatility. Moreover, it will help the company's reputation for the usage of green energy which may result in increased demand for services. For the potential financial impacts and Aksigorta's management response please see **p.65**.



Risk Management

3. SDG-Linked Products and Services

3.1 Introduction of SDG-Linked Products and Services

3.2 Shifts in Consumer Preferences

Both opportunities in this category are in line with each other. These opportunities can help Aksigorta to capture demand by offering SDG-linked products which will be in parallel with the shifts in consumer preferences. It will help increase revenues through these services and diversifying product portfolios to capture future demand. As a result, Aksigorta can achieve a better competitive position in the market. For the potential financial impacts and Aksigorta's management response please see **p.65**.

4. Markets

4.1 Access to New Markets

Climate change is bringing new opportunities in the financial markets and increasing the demand for renewable energy companies. Through these opportunities, Aksigorta can achieve success in the market by trading green bonds, investing in renewable energy companies, and investing in renewable energy as well. For the potential financial impacts and Aksigorta's management response please see **p.66**.

4.2 Access to New Assets and Customers Needing Insurance Coverage

Renewable energy companies and companies that are investing in renewable energy, also charging stations and electric vehicles are needing insurance coverage. By offering tailored insurances for these new customers which are arising from the need to combat against the climate change, Aksigorta can capture demand and can capitalize on these new markets, increasing revenues. For the potential financial impacts and Aksigorta's management response please see **p.66**.



Risk Management

5. Resilience

5.1 Involvement in Renewable Energy Initiatives and the Implementation of Energy-Saving Measures

Renewable Energy can help Aksigorta to achieve cost efficiency and energy efficiency, also energy saving measures will help Aksigorta to cut costs. Through involvement in renewable energies and implementation of energy saving measures it can ensure resilience against climate change and create value for Aksigorta. For the potential financial impacts and Aksigorta's management response please see **p.66**.

5.2 Introduction of Sustainable Products and Services

As stated in the products and services category, this opportunity brings similar results, such as capturing new demand and increasing revenues, which ensures resilience against climate change. For the potential financial impacts and Aksigorta's management response please see **p.66**.



Risk Management



Climate Related Opportunities

Climate Related Opportunities	Subtitles	Proximity	Impact	Possible Financial Impacts	Management Response
Resource Efficiency	Utilization of more effective Transportation Methods	High	Major	Decreased operational expenses, achieved through improved efficiency and cost-cutting measures.	Aksigorta has already started replacing its car fleet with hybrid vehicles and will continue, and also projects on personnel shuttle by making reservations which increases cost efficiency and reducing overall carbon footprint from transportation
	Use of efficiency measures and digitization of processes	High - Medium - Low	Major	Increased efficiency measures help cost cutting in processes currently taken in the offices and by digitization loss of recyclable goods are prevented	Aksigorta incentivizes efficiency among its offices, which helps usage of recyclable goods and digitization of processes are already in motion such as setting insurance policies without paper, and remote expertise services in our operations.

Risk Management



Climate Related Opportunities

Climate Related Opportunities	Subtitles	Proximity	Impact	Possible Financial Impacts	Management Response
Energy Sources	Usage of greener sources of energy	High - Medium - Low	Major	Reduced exposure to fossil fuel price increases, and also reduced operational costs and energy cost savings, as well as reputational benefits resulting in increased demand for goods/services	The company is planning to invest in renewable energies and sourcing its energy from renewable sources.
SDG-Linked Products and Services	Introducing Sustainable Products and Services	High - Medium - Low	Major	<ul style="list-style-type: none"> Increased revenue through demand for lower emissions products and services Increased revenue through new solutions to adaptation needs Better competitive position to reflect shifting consumer preferences, resulting in Increased revenues 	Aksigorta already has many SDG-linked products and services. And the percentage of the SDG-linked products and services with respect to its overall GWP is 19%. The company will also continue to offer more SDG-linked products and services.
	Shift in Consumer Preferences	High - Medium - Low	Moderate		

Risk Management



Climate Related Opportunities

Climate Related Opportunities	Subtitles	Proximity	Impact	Possible Financial Impacts	Management Response
Markets	Access to new markets	High - Medium	Major	Increased diversification of financial assets (e.g., green bonds)	Aksigorta has invested in green bonds and sustainability funds.
	Access to new assets and customers needing insurance coverage	Medium - Low	Major	Increased revenues from new customers (e.g. electrical vehicle charging stations, renewable power plants, electrical vehicles)	Aksigorta is offering insurances for renewable power plants, electrical vehicle charging stations and electrical vehicles. The company is closely watching the portfolio and adjusting the premiums to ensure growth with profitability
Resilience	Involvement in renewable energy initiatives and the implementation of energy-saving measures.	High - Medium - Low	Major	Increased market valuation through resilience planning (e.g., investments in renewable sources)	By moving into energy efficient building and supplying electricity from greener sources, Aksigorta has already in the way of realizing this opportunity.
	Introducing SDG-linked Products and Services	High - Medium - Low	Major	Increased revenue through new products and services related to ensuring resiliency	Aksigorta already has many SDG-linked products and services. The company will also continue to offer more SDG-linked products and services.

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Metrics & Targets

Metrics & Targets

General Explanation

Aksigorta formulates its objectives from the perspective of sustainability as required by its responsibilities. The established goals align with the corporate strategy and concurrently form climate-related objectives.

In accordance with the directives of Sabancı Holding, the criteria and objectives related to climate are centrally managed. The corporate objectives at the holding level aim to maximize our action against climate change. Being aware of our responsibilities, we consider setting more ambitious goals as an important step and continue our efforts to comply with the SBTi and NZIA.



GHG Emission Reduction Target

Taking all these factors into consideration, as Aksigorta, we aim to reduce our Scope 1 and 2 emissions by 53% by 2030 in alignment with the 1.5-degree target. The base year chosen for the target is 2019. Additionally, within the next 2 years, we plan to set goals in compliance with SBTi and Net Zero Alliance, including Scope 3 emissions. Scope 3 emission calculations take into account indirect emissions from business travel, personnel service vehicles, and investments.

Metrics & Targets

I-REC Certification

To achieve our goals regarding GHG emissions, Aksigorta is involved in various initiatives. The most significant among them is increasing the use of renewable energy. By purchasing IREC certificates, we achieved zero energy consumption in our headquarters in 2022. In the coming years, we aim to maintain our renewable energy usage rate at 100% through IREC. Expanding the coverage to include all regional branch offices and purchasing IREC for them are priorities to reach net Scope 2 emissions.

Renewable Energy Insurances

Furthermore, our investments and insurance activities in renewable energy sources, significant resources in our country, continue. In this context, the premium amount for 2019 was 13.7 million TL, increasing to 15.8 million in 2020, 45.27 million in 2021, and reaching 103 million TL in 2022.

SDG-Linked Products

Our SDG-linked products play a crucial role in the fight against climate change. The revenue from SDG-linked products, constituting 19% of Aksigorta's product portfolio, was 2.508 million TL in 2022. Over the years, our SDG-linked product portfolio has consistently expanded.



Metrics & Targets



Topic	Metrics	Objectives and Explanation	Progress and Actions in 2022
Investment Portfolio	Scope 3 Emissions: 27.411 ton CO2 eq.	Focusing on the net-zero alignment of its own investment portfolios involves portfolio approach which will be adhering to the parent Sabancı Holding's Responsible Investment Policy. This will include measures such as asking for commitments to SBTi or net-zero targets by 2050 from the companies in its investment portfolio. By taking such actions, the company aims to align its investment strategies with sustainability goals, reduce exposure to climate-related risks, and contribute to the transition toward a low-carbon economy.	Aksigorta is on the process for setting up action plans to introduce the methods given in the objectives, and is planning to commit to SBTi or NZIA targets for Scope 3 emissions through, asking for net-zero targets by 2050 or commitment to SBTi targets from the companies in its portfolio, and also preparing action plans to comply with Sabancı Holding's Responsible Investment Policy.
Scope 1&2 Emissions	527 ton CO2 eq	53% reduction in Aksigorta's Scope 1 and Scope 2 GHG emissions. Base year for this reduction is 2019, and the target year is 2030.	The company is on track for this target in 2022. Initiatives have already started such as I-REC certification, vehicle fleet transformation and personnel shuttle efficiency projects, moving into green building etc.

Metrics & Targets

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Topic	Metrics	Objectives and Explanation	Progress and Actions in 2022
Hybrid Vehicles Percentage	65%	Full fleet transformation into hybrid cars.	65% transformation is achieved and the progress is on track with the target in 2022.
I-REC Percentage	100%	100% of Aksigorta's electricity should be sources from I-REC certified sources.	Targets are already achieved for 100% of our electricity is certified by I-REC certification.
Renewable Energy Insurances	103 mil TRY	Increasing profitability with growth in premiums in Renewable Energy Insurances	The premium amounts obtained from renewable energy insurances started at TL 13.7 millions in 2019, rose to 15.8 millions, 45.27 millions and 103 millions in the years 2020, 2021 and 2022 respectively.
SDG-Linked Products and Services	43 products	Increasing the number of SDG-linked products and services	The target is on track in the year 2022. Aksigorta added 2 more SDG-linked products and services to its product portfolio. The target for the next year is to introduce 3 new SDG-linked products and services.

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Appendix

Appendix



TCFD Recommendation Index

Topics	Disclosures	Page(s)
Governance	<div>a Describe the board’s oversight of climate related risks and opportunities.</div> <div>b Describe management’s role in assessing and managing climate related risks and opportunities.</div>	p. 10-17
Strategy	<div>a Describe the climate related risks and opportunities the company has identified over the short, medium, and long term.</div> <div>b Describe the impact of climate-related risks and opportunities on the company’s businesses, strategy, and financial planning.</div> <div>c Describe the resilience of the company’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</div>	p.18-38
Risk Management	<div>a Describe the company’s processes for identifying and assessing climate related risks</div> <div>b Describe the company’s processes for managing climate related risks.</div> <div>c Describe how processes for identifying, assessing, and managing climate related risks are integrated into the company’s overall risk management.</div>	p.39-66
Metrics & Targets	<div>a Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process</div> <div>b Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</div> <div>c Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.</div>	p.67-71



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