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Akiş Gayrimenkul Yatirim Ortakligi A.S.

Corporates | Property/Real Estate | Turkiye | ESG Entity Rating

ESG Rating Type	ESG Rating[a]	Score	Analysis Type
Entity	2	70	Full Entity
Instrument	Not Applicable	Not Applicable	Not Applicable
Framework	Not Applicable	Not Applicable	Not Applicable

[a] ESG Rating of 1-5, where 1 is the strongest. Date ESG Rating and score assigned: 14 November 2024.
Note: For Framework, analysis types can be green, social, sustainability, sustainability-linked, conventional, or other.

ESG Rating Drivers

- Sustainable Fitch has affirmed Akiş Gayrimenkul Yatirim Ortakligi A.S.'s (Akiş) ESG Entity Rating at '2', driven by the BREEAM In-Use certification of two shopping centres, which form the majority of its real estate portfolio. Green building certifications indicate that measures are taken to mitigate a building's negative environmental impact across several categories.
- Gender diversity worsened compared to the previous year, as women formed a slight majority of the workforce and 75% of senior management; this negatively affects the rating. Akiş does not disclose gender pay gaps, which could be used to indicate fair remuneration practices.
- The rating is positively driven by the company's robust risk management system. Adherence to the business code of conduct is mandatory for all employees, and compliance is monitored with enforcement actions taken if misconduct is identified.

Source: Sustainable Fitch

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The Entity – Highlights

Akiş is a REIT based in Türkiye that is largely focused on investments in shopping centres. The bulk of its portfolio is formed by two shopping centres, Akasya, representing about 66% of its portfolio in terms of current value as of December 2023, and Akbatı, representing 27%. The company also focuses its attention on high street retailing, with the aim of diversifying its portfolio with rental income from one retail asset, called the Erenköy Apartment, which forms about 7% of its portfolio by current value.

Akiş is part of the wider Akkök Holding (Akkök) group, which owns 24 operational companies and 22 production facilities across the chemicals, real estate, energy and composite sectors. Akiş employed 257 people as of 2023. Our analysis is restricted to Akiş' assets and the perimeter of its operations.

Akiş has a comprehensive sustainability strategy in place. It conducted an ESG impact assessment and disclosed mitigation measures for the most material topics. It also mapped its sustainability priorities to the UN Sustainable Development Goals (SDGs). The priorities are social investments and contribution to social development, corporate governance, digitalisation and innovation, combating climate change, working life, occupational health and safety, and customer satisfaction.

Akiş continues to publish its annual sustainability report, mapped to the Global Reporting Initiative standards, and a GHG inventory report, which is verified by an external third party. It also reports annually to the CDP on climate-related disclosures. In 2023, Akiş identified material transition and physical climate risks in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

We maintain Akiş' good business activity rating at '2'. This is supported by the renewal of the company's shopping centres' BREEAM In-Use Excellent certifications. We also positively assessed the social impact of KidZania Istanbul, an educational entertainment facility for children located within Akasya, which could contribute to SDG 8.6 (substantially reduce the proportion of youth not in employment, education or training), as it supports young children's learning and development.

We continue to view Akiş' environmental profile, rated at '2', as good. The company discloses Scopes 1, 2 and 3 emissions and metrics related to energy, water and waste. However, there is not enough year-on-year emissions data to comprehensively assess the company's carbon footprint evolution. The majority of natural resource metrics improved in the past four years.

As of 2023, Akiş has a carbon-neutrality target set for 2050, but it has not formally committed to achieving net-zero emissions by 2050. However, it developed a comprehensive sustainability strategy and set measurable environmental targets, including emissions-reduction targets for Scopes 1 and 2. Akiş anticipates receiving approval from the Science Based Targets initiative (SBTi) by 2025.

We maintain the social profile rating at ‘2’, which is good. The company has been a participant in the UN Global Compact (UN GC) since 31 December 2019 and publishes its UN GC communication on progress report annually. Its corporate sustainability policy is also aligned with the international standards for human and labour rights, such as the UN Declaration of Human Rights and the International Labour Organisation conventions, which meets market best practice.

Akiş also set socially focused targets across relevant areas, such as diversity, customer satisfaction, training and development, and community involvement.

Akiş continues to have a good governance profile rating at ‘2’. The rating is uplifted by publicly available financial reporting, supported by an unqualified audit opinion in the past three years. Akiş also has a robust risk management system and follows Akkök’s code of business ethics, which covers anti-competition, corruption and bribery.

Akiş publishes a remuneration policy on its website, and it sets clearly defined financial targets linked to executive variable remuneration, which we assessed positively. However, it does not report on its CEO pay ratio, which can be used to demonstrate fair remuneration practices.

Source: Sustainable Fitch, Akiş annual report 2023, Akiş sustainability report 2023

Entity Analysis

Broader Perspective on Sector

Sector Trajectory	Fitch's view
Short Term	• The real estate industry is under significant pressure to reduce its environmental impact and decarbonise, given that it contributes over 30% of global GHG emissions. Efforts have traditionally focused on improving building energy efficiency, though there is now growing emphasis on reducing carbon emissions the entire life cycle of properties, including the construction phase. • Shopping centres are increasingly integrating sustainable practices to align with regulatory demands and consumer expectations. Many are adopting green building certifications, energy-efficient systems and sustainable construction materials. Renewable energy sources, such as solar panels, and efficient waste management systems are becoming standard features. For the commercial real estate sector, the shift towards eco-friendly operations not only reduces operational costs but also enhances appeal to environmentally conscious consumers and investors. • In January 2023, Türkiye implemented new regulations for nearly zero-energy buildings (NZEBs). These regulations require buildings over 5,000sqm to achieve at least a "B" energy-efficiency rating and source 5% of their energy from renewable sources, aiming to cut national energy consumption by 25% and reduce energy import costs by TRY5 billion. • From January 2025, the rules will apply to buildings 2,000sqm or larger, with a 10% renewable energy requirement, further lowering the annual energy import bill by TRY7.5 billion. By 2030, these standards will extend to buildings over 1,000sqm. • In August 2024, Türkiye committed to investing USD20 billion in energy-efficiency projects across public and private sectors by 2030, targeting a 16% reduction in energy consumption and a cut of 100 million tonnes in emissions. The country launched its second National Energy Efficiency Action Plan, covering 2024 to 2030. • Additionally, in October 2020, the Capital Markets Board (CMB) of Türkiye amended corporate governance regulations to require listed companies to report on their sustainability performance, introducing ESG principles on a "comply or explain" basis.
Long Term	• Decarbonisation must remain a priority for all countries, with the global aim of achieving net-zero emissions by 2050. Real estate companies face increasing pressure from governments, shareholders and stakeholders to enhance their carbon reduction plans and establish clear net-zero emissions strategies. As regulatory frameworks continue to tighten, shopping centres will play a critical role in the broader effort to achieve long-term sustainability goals, contributing to reduced operational costs and enhanced marketability. • In 2021, Türkiye announced a national net-zero emissions target for 2053, three years later than the global aim of 2050. The Turkish climate council released its roadmap to achieve this target in June 2022, which includes creating a national green finance strategy, developing national green taxonomy legislation and implementing an emissions trading system. The roadmap anticipates emissions peaking by 2038 at the latest and aims for a 41% reduction in emissions by 2030. • Long-term financing remains essential to support investments that will enable Türkiye's transition to a low-carbon economy. In November 2021, the CMB published a draft guide on green bonds and green lease certificates, based on the ICMA Green Bond Principles, with the final version released in February 2022. • The transition to net zero could pose significant challenges for commercial real estate owners globally. As governments and regulatory bodies tighten energy and emissions standards, building owners will need to invest heavily in upgrades to comply. These upgrades may include retrofitting buildings with energy-efficient systems, incorporating renewable energy sources, and enhancing insulation and ventilation. • The financial burden of these improvements can be substantial, often exceeding the rental income generated. This strain may lead to more stranded assets, where buildings become economically nonviable due to regulatory non-compliance or inability to attract tenants willing to pay higher rents for greener spaces. • Additionally, owners may face increased competition from newly built, energy-efficient properties, further diminishing the attractiveness and profitability of older buildings. Consequently, commercial real estate markets may experience shifts in property values, occupancy rates and investment strategies as the industry adapts to net-zero demands.

Source: Sustainable Fitch

Entity Analysis

Broader Perspective on Company

Sector Trajectory	Fitch's view
Short Term	• In 2023, Akiş retained its position in the Borsa Istanbul Sustainability Index for a second year. It continues to work towards its intermediate targets across Scopes 1 and 2 emissions, electricity consumption, natural gas consumption and water consumption. Akiş implemented comprehensive initiatives at its shopping centres to mitigate their environmental impact, including the installation of solar panels and the purchase of international renewable energy certificates (I-RECs) to cover their energy consumption. • The Akasya and Akbatı shopping centres both renewed their certifications at BREEAM In-Use Excellent. The company is targeting the BREEAM Outstanding level for both by 2030, although it originally aimed to achieve this target by 2025. • It saw considerable reductions across most of its environmental impact metrics in recent years, such as non-renewable energy, hazardous waste and non-hazardous waste. • Akiş' environmental monitoring and initiatives appear to be focused on its largest assets, the Akasya and Akbatı shopping centres, which represent a significant proportion of its portfolio in terms of revenue and area. The company is strategically diversifying its portfolio by investing in high street retail assets and mixed-use developments in Türkiye and overseas. This could in turn increase the environmental impact of its investments outside of the Akasya and Akbatı projects and create a vacuum within its sustainability strategy. • The company's current and future developments in Türkiye may be required to comply with the national regulation for NZEBs, depending on their size. • Akiş maintained its social targets across customer satisfaction, diversity and community involvement. It nearly achieved gender diversity among all its employees, and it prematurely met its gender diversity targets for employees at Akiş and Akyaşam Yönetim Hizmetleri A.S. (Akyaşam), its management subsidiary. However, its senior management team was 75% women in 2023, and therefore lacks even gender representation in favour of women. • The company took significant steps to boost the local community, including hosting public school students and other visitors in collaboration with NGOs, public institutions and universities at KidZania Istanbul free of charge. The facility is also designed to be disability-friendly, in line with its "KidZania is every child's right" principle, and has hosted 2 million children to date.
Long Term	• In 2023, Akiş set a target to achieve net-zero Scopes 1 and 2 emissions by 2050, which does not a formal net-zero commitment as it does not include Scope 3 emissions. The company is targeting carbon neutrality for its Scope 3 emissions by 2050, which represented 99% of its emissions in 2023. Akiş also expressed its aim to set SBTi-approved targets by 2025. • The company is listed on the Borsa Istanbul Sustainability Index, so it is well-positioned in light of the release of the CMB's version of the guide to green bonds and green lease certificates. Accordingly, in July 2023, it executed its inaugural sustainability KPI-linked transaction. • Akiş focused considerably on community impact and development initiatives, particularly through the operation of KidZania Istanbul at the Akasya shopping centre.

Source: Sustainable Fitch

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Entity Analysis

Business Activities

Company Material Core Contributions	Sustainable Fitch's View — Environmental	Sustainable Fitch's View — Social
Akasya project **ESG Rating** 2 • Akiş' business activities encompass the Akasya shopping centre located in Acıbadem, Istanbul, and the residential block situated on top of it. It has a net leasable area (NLA) of 80,484sqm and its rental income totalled around TRY1.31 billion (around USD55 million) in 2023. Akasya had an occupancy rate of over 99% as of 2023. • The shopping centre includes the Akasya Kültür Sanat, which is a culture, arts and events centre. • KidZania Istanbul is also located in the centre, covering an area of 10,000sqm. It is an interactive replica city for children that encourages their learning and development in areas such as financial literacy and social skills and familiarises them with different professions. Revenue from ticket sales (TRY60 million) and sponsorship income (TRY24 million) are related to KidZania Istanbul's operations and represented about 6% of the total revenue under this business activity in 2023. • Akyaşam, a subsidiary of Akiş, undertakes the management of the Akasya project and the Akbatı project. It also provides residential management services to occupants of the residential units at Akasya. Share percent Represents 56.25% of revenue.	• The UN Environment Programme estimates the real estate sector contributes to around 30% of worldwide GHG emissions and accounts for nearly 40% of energy consumption. The long lifespan of buildings places further emphasis on the need to improve energy efficiency in order to mitigate energy consumption over time and prevent a delay in transitioning towards net-zero emissions by 2050. • A building's negative environmental impact can be mitigated by initiatives to preserve energy and other natural resources as well as having a third-party certify the building to a green building standard. • In 2023, Akiş renewed Akasya's BREEAM In-Use certification in the asset management and building management categories, both at the Excellent level and valid until 2026. The company is targeting BREEAM Outstanding in both categories for Akasya by 2030. • BREEAM In-Use assesses the operational environmental impact of existing non-domestic buildings. A building's operational phase accounts for 80% to 90% of its total emissions due to energy use for heating, cooling, ventilation, lighting and appliances. The standard requires re-certification every three years, while BREEAM New Construction is a one-time certification that assesses a newly constructed building's expected environmental impact during its lifespan. • In 2023, Akiş continued to implement energy-saving measures to use lighting, heating, cooling and ventilation systems more efficiently. At Akasya, it installed a solar power panel on the roof areas, which is expected to supply 7.5% of the energy for common areas. It also replaced existing lighting fixtures with LED fixtures, replaced air conditioning units with more efficient models, carried out efficiency improvements on three cooling towers, and upgraded store air handling units to operate at optimal performance based on indoor air quality. • Akiş also maintained Akasya's Greencheck Gold level and certification to the ISO 14001:2015 standard for environmental management systems. • Ultimately, green building certification is not sufficient to meet the	• We view the Akasya project's social impact as largely neutral, as its retail, residential and office activities target the general populations and are focused within Istanbul, which is a well-developed city. • KidZania Istanbul occupies around 12% of the Akasya shopping centre and brought in nearly 5% of revenue under this business activity; this supports SDG 8.6, as it encourages young children's learning and development in areas such as financial literacy and teaches them about various professions. • In 2023, 12,800 visitors were hosted free of charge at KidZania Istanbul in cooperation with NGOs, public institutions and universities. It also hosted 6,000 students from 38 public schools free of charge, in accordance with the protocol signed with the Ministry of National Education.

Entity Analysis

Business Activities		
Company Material Core Contributions	Sustainable Fitch's View — Environmental	Sustainable Fitch's View — Social
Akasya project		
ESG Rating 2		
	highest standards for climate change mitigation within the real estate industry that investors may refer to. The technical screening criteria within the EU taxonomy, which has the most stringent criteria for climate change mitigation, look specifically at energy performance indicators. We cannot assess Akiş' portfolio alignment to the technical screening criteria of the EU taxonomy based on the information currently available. • Akiş' operational activities at KidZania Istanbul use significant real estate, which has a negative environmental impact on natural resources such energy and water. However, the facility benefits from being located in Akasya, where Akiş implemented several environmental initiatives and achieved green building certification. • The management of the residences at Akasya is environmentally neutral.	
Akbatı project		
ESG Rating 2		
• Akbatı refers to the shopping centre located in Esenyurt, Istanbul. As of 2023, it had an occupancy rate of 99%. It had an NLA of 65,496 square feet and its rental income was roughly TRY604.2 million (around USD25 million) in 2023. • It accommodates around 200 stores; nine cinemas; several restaurants, playgrounds and sports fields; and a festival park with a 5,000 person capacity. Share percent Represents 23.45% of revenue.	• In 2023, the Akbatı shopping centre and residences renewed their BREEAM asset management and building management certifications at Excellent level. Akiş is similarly targeting BREEAM Outstanding for both categories for its Akbatı project by 2030. • Akiş continued to implement a number of energy-efficient technologies to improve the Akbatı project's environmental performance in the last year. In 2023, it installed a solar power panel on the roof areas that is expected to generate 15% of the energy for common areas, depending on weather conditions. It also replaced lighting fixtures with LED fixtures, made improvements to the air handling units and closed-loop water systems, upgraded wastewater tank and pit motors to more efficient motors and replaced air conditioning units with more efficient models. • The company maintained Akbatı's Greencheck certification at the Gold level and its certication to the ISO 14001:2015 standard for environmental management systems. • As mentioned above, green building certifications, such as BREEAM, do not meet the EU taxonomy's criteria for climate change mitigation, which currently represent the highest standards within the real estate industry.	• The Akbatı project's social impact is neutral, as its retail and residential activities target the general populations and are focused within Istanbul, which is a well-developed city. This business activity does not directly fulfil any social objectives linked to the SDGs or their sub-targets.

Entity Analysis

Business Activities

Company Material	Sustainable Fitch's View	
Core Contributions	**Environmental**	**Social**
Other projects and activities		
ESG Rating 3		
• This business activity consists of land, urban transformation assets and investment properties generating rental income, excluding the Akasya and Akbatı projects. • In 2023, Akiş sold its Çiftehavuzlar land, which was a mixed-use development project, accounting for TRY460.9 million (around USD19 million) of revenue. The sale of this land development project forms 88% of the revenue under this business activity in 2023. • Akiş owns the Erenköy Apartment, which is a high street retail asset that is leased to the Turkish retail company Boyner. It had a rental income of TRY62.3 million (about USD2.6 million) in 2023, accounting for 12% of revenue under this business activity. • It also has a 50% stake in Akiş - Mudanya Adi Ortaklığı and executed flat-for-land contracts amounting to almost 27,500sqm as of 2023. Projects will involve developments on residential land in the Gümüşsuyu neighbourhood and residential- and commercial-zoned land located in Istanbul's Beykoz district. These projects did not generate revenue in 2023. • Akiş also has an 89.3% ownership stake in WMG London Developments L.P., through which it will partake in UK-based development projects. This subsidiary did not generate revenue in 2023. Share percent Represents 20.3% of revenue.	• The overall environmental impact of this operating segment leans towards a negative rating, as real estate is generally a carbon- and resource-intensive sector. • We consider the buying and selling of land as environmentally neutral. However, the Çiftehavuzlar land project was sold to a construction company that will develop the land, which could have a negative environmental impact. • Little information regarding the environmental performance of the Erenköy Apartments' high street retail asset appears to be available.	• Based on the information provided, this business activity's social impact is largely neutral, as its retail and residential activities target the general populations and are focused mostly within Istanbul, which is a well-developed city. It does not directly fulfil any social objectives linked to the SDGs or their sub-targets.
Source: Akiş annual report 2023, Akiş sustainability report 2023	Source: Sustainable Fitch, based on Akiş annual report 2023, Akiş sustainability report 2023	

Entity Analysis

Environmental View
ESG Rating: 2

Profile	Fitch's View	ESG Rating
Policies	• Akiş continues to uphold its climate change and environment policy and a corporate sustainability policy that outlines its approach to environmental sustainability. Its most material operations, within the Akbatı and Akasya centres, are certified to the ISO 14001:2015 standard for environmental management. The Akasya and Akbatı shopping centres are also covered by ISO 50001:2018 energy management certification. • Akiş continues to implement several initiatives at its shopping centres regarding energy, waste, water and biodiversity. The scope of its initiatives includes the office space and the residential units managed by Akyaşam at Akasya. • The majority of its portfolio, the Akasya and Akbatı shopping centres, is certified to the BREEAM In-Use Excellent standard, which indicates the company could be implementing some measures across BREEAM-assessed categories, such as resources, land use and ecology, and pollution. • Little information is provided on the environmental management of assets the company develops, such as the Beykoz project. Land use, waste from construction, and the use of carbon-intensive resources such as steel and cement present pertinent environmental impacts at the development stage. However, these represent a small proportion of the company's portfolio by total area, and therefore we still consider Akiş' environmental measures taken at its shopping centres to be comprehensive.	2
Disclosure	• Akiş discloses its Scopes 1 (538.99tCO2e in 2023), 2 market-based (0tCO2e) and 3 (47,073tCO2e) emissions associated with the Akasya and Akbatı shopping centres and Akiş' corporate activities. • The company continues to report its GHG emissions in line with the ISO 14064-1:2018 standard, with the GHG inventory report verified by an independent third party. It discloses its Scope 1 emissions (ISO 14064-1:2018 category 1), disaggregated by emissions from stationary combustion, mobile combustion, and leakage of gases. • Its Scope 2 emissions (ISO 14064-1:2018 category 2) reached 0tCO2e in 2023 due to the company's purchase of I-RECs to cover all its purchased electricity, which it has done since 2021. • Akiş reports on its Scope 3 emissions across ISO 14064-1:2018 standard categories 3 (indirect GHG emissions from transportation), 4 (indirect GHG emissions from the products and services used by the institution) and 5 (indirect GHG emissions based on the products and services provided by the institution). It further disaggregates these into subcategories such as employee commuting, business travel, purchases, capital goods and leased assets. • In total, its Scope 3 emissions came to 47,073tCO2e in 2023, which	1

Environmental View
ESG Rating: 2

Profile	Fitch's View	ESG Rating
	represents 99% of the company's total emissions. • Akiş disclosed its non-renewable energy consumption at 5,138.72GJ and its renewable energy consumption at 45,079.04GJ; this added to a total annual energy consumption of around 50,218GJ (around 13,949,444kWh), which relates to energy use within its operational control. • Akiş discloses its non-hazardous at 4,135.12 tonnes, its hazardous waste at 3.32 tonnes and its recycling rate at 98.6%. Lastly, it reports on its water usage at 110,392m3. • The above metrics are monitored only within the Akasya and Akbatı shopping centres. The environmental resource data, specifically GHG emissions of energy, water and waste, reported in the company's 2023 GHG inventory report include data from the Akasya and Akbatı shopping centres and the office space and residential units under Akyaşam's management at Akasya. • The company does not appear to include environmental metrics related to the Erenköy Apartment, which it owns but does not manage, in its monitoring and reporting. However, we do not consider this a significant proportion of its portfolio in terms of total area, and the scope of emissions reporting is comprehensive.	
Evolution	• Akiş began measuring its absolute GHG emissions in 2021; therefore, only emissions data for 2021, 2022 and 2023, as well as for the 2017 base year, are available. We require four consecutive years of data points to comprehensively assess a company's evolution for emissions and natural resource metrics over three year-on-year periods, whereas we considered three years of data points in the previous rating. • A majority of the company's natural resource metrics improved between 2020 and 2023. The renewable energy consumption rate increased to 90% in 2023 compared to 0% in 2020 due to the purchase of I-RECs since 2021. • Non-hazardous and hazardous waste production both dramatically decreased, by 99% and 75%, respectively. The company only reported its recycling rate for 2023 and 2022, so its recycling trend cannot be assessed. The company's overall water usage increased by 9% between 2020 and 2023. • Akiş is making progress against its intermediate environmental targets, for which we focused on GHG emissions targets compared to the previous rating where we considered general environmental targets. The company aims to reduce category 1 emissions (Scope 1) by 30% by 2030 and by 65% by 2040, both compared to a 2017 baseline. It also targets a 35% reduction in category 2 emissions (Scope 2) by 2030 and by 67.5% by 2040, both compared to 2017.	4

Entity Analysis

Environmental View
ESG Rating: 2

Profile	Fitch's View	ESG Rating
	• It is on track to meet these targets, as category 1 emissions reduced by 84% in 2023 compared to 2017, while category 2 emissions reached 0tCO2e in 2022 due to the company's purchase of I-RECs. • The company is targeting a reduction in electricity consumption by 38% in Akasya and by 32% in Akbatı by 2030 compared to a 2017 baseline. It is on track to meet this target, with electricity consumption reducing by 35.2% in Akasya and by 30.2% in Akbatı as of 2023. It also set a target to reduce natural gas consumption by 36% in Akasya and 65% in Akbatı by 2030 compared to 2017. As of 2023, natural gas consumption decreased by 55.4% in Akasya and by 87% in Akbatı, therefore meeting the target. • It is also targeting a reduction in water consumption by 9% at Akasya and by 56% at Akbatı by 2030 compared to 2017. It reported that water consumption reduced by 5.9% in Akasya and by 67.3% in Akbatı in 2023.	
Targets and Supply Chain	• In 2023, Akiş set a target to reach carbon neutrality by 2050, but it has not formally committed to a net zero by 2050 target. Its target specifically aims to achieve net-zero Scopes 1 and 2 emissions and carbon neutrality for its Scope 3 emissions. Best practice is to set ambitious and measurable targets that are approved by the SBTi to provide confidence in a company's trajectory to net-zero emissions for Scopes 1, 2 and 3. The company aims to set SBTi-approved targets by 2025. • It set quantifiable emissions reduction targets, which are outlined in the previous section, and it also aims to reduce GHG emissions per visitor from 2024 onwards. • Akiş is working towards achieving a number of short-term qualitative and quantitative environmental targets, some of which are mentioned above. • The company also set a goal to switch all company vehicles to electric or hybrid vehicles, with a revised target year of 2030 (previously 2025). It is relatively behind this target, as only 7.7% of Akiş' vehicles are electric or hybrid as of 2023. It stated this is due to the lack of electric and hybrid vehicles available in the market. • It also aims to have all consumed energy generated from renewable sources by 2030. It installed solar power panels with capacities of 723kW at Akasya and 820kW at Akbatı. Using this energy, it aims to obtain about 7.5% of the common area energy from solar power at Akasya and 15% at Akbatı. • The company sets clearly defined environmental targets in the scorecards assigned to the senior management team, which determine executive variable remuneration. The environmental targets are weighted at 10% or higher, thereby forming a non-trivial portion of variable remuneration and adequately holding the senior management team accountable to push environmental objectives.	2

Environmental View
ESG Rating: 2

Profile	Fitch's View	ESG Rating
	• With regard to its supply chain, the company's supplier code of conduct sets out that it expects its suppliers to take measures to prevent environmental pollution and protect the environment, use resources efficiently, take action to reduce their carbon footprints, conduct employee training on sustainability awareness, minimise damage to the environment, and comply with all environmental laws and regulations. • All contracts entered into with suppliers in 2023 included a sustainability clause. Non-compliance would first result in a warning, and Akiş maintains the right to unilateral termination of the contracts if non-compliance continues. The company does not disclose whether it initiated any remediation processes or took corrective actions in the reporting year.	
Risks and Incident Treatment	• No fatalities or large-scale environmental incidents were reported in the past three years. • In 2023, it identified transition and physical climate risks and opportunities, and it outlined its approach to climate-related risk management in its inaugural TCFD reporting.	1

Source: Sustainable Fitch, based on Akiş annual report 2023, Akiş sustainability report 2023, Akiş GHG inventory report 2023, Akiş supplier code of conduct, Akiş TCFD report 2023

Entity Analysis

Social View
ESG Rating: 2

Profile	Fitch's View	ESG Rating
Human Rights	• Akiş continues to uphold a corporate sustainability policy, in which it states it fully complies with the UN Universal Declaration of Human Rights and the International Labour Organization conventions. It is also a signatory of the UN GC since 31 December 2019.	1
Labour Rights	• The company's corporate sustainability policy also covers labour rights, which complies with international conventions as mentioned above. The company is also committed to adhering to the UN GC's 10 Principles, which covers labour rights issues. • Two occupational health and safety (OHS) committees operate in Akiş and Akyaşam, comprising a total of 24 people, including eight employee representatives and additional volunteer members. Employees are represented in the OHS board and all department managers are included in the board, in addition to those required by legal regulations. • Akiş has an OHS policy in place, both the Akasya and Akbatı shopping centres were certified to the ISO 45001:2018 OHS DAKKS standard, and it continuously targets zero work accidents. • The company recorded a total of 32 accidents at Akasya and four at Akbatı in 2023. It confirmed that no accidents resulting in serious injuries occurred in the last three years. Subcontracted employees are included in this metric, which meets best practice to include subcontractors in the scope of occupational health and safety as they are exposed to high-risk activities. • We calculated a relatively high turnover rate of 38% in 2023, based on the total number of employees that left the company in 2023 compared to the total number of permanent employees in the same year. The calculation includes only permanent staff at KidZania Istanbul, as the business experiences a high turnover due to the temporary employment of seasonal staff during busy periods. • Akiş reported turnover rates of 10% and 12% when considering all employees at Akyaşam and Akiş, respectively. Its turnover rate for its permanent workforce at KidZania Istanbul was 42%, with 21 employees leaving their roles in a workforce of 50 personnel in end-2023, which is relatively high.	2
Diversity	• Akiş publishes its diversity and equality of opportunities policy on its website, and it discloses a number of diversity metrics, which are disaggregated by its workforce within Akiş, Akyaşam and KidZania Istanbul. Its workforce is relatively gender diverse, with women representing 56% of all employees; this is a slight increase compared to 2022, when women represented 50%. • As of the date of this analysis, 75% of the senior management team were women compared to 42% at end-2023, which does not represent gender parity. We consider achieving gender parity across employment levels as best practice for workforce diversity. The significant increase in women is due to a man leaving the senior management team in 2024, and the company has yet to fill the role. As of the date of this analysis, its senior management team is made up of four members, three of which are women, although the team is incomplete. • The company also shares the number of employees that received training and the number of women and men employees who are on parental leave. • Akiş received the Equal Women at Work certificate in 2022, following an evaluation spanning over 50 criteria and an independent audit. The certification process considers five main areas: management system, recruitment and employment, OHS, supply chain and social impact. • However, Akiş does not appear to provide a gender pay gap at various employment levels, which is best practice to demonstrate fair and equitable remuneration practices. • The company discloses other diversity metrics such as level of education, disability and age. Its workforce's level of education is broken down as follows: primary school (4.7%), high school (35.4%), associate degree (19.5%), university bachelor's degree (32.3%) and master's degree (8.2%). • It has a relatively young workforce, with 48% of employees between the ages of 18 to 30, 46% aged 31 to 50 and the remaining 6% are over 50 years old. It also reported that it has six employees with disabilities in its workforce.	4
Community and Customers	• Akiş continues to support projects related to afforestation, education and local business, among others. These include projects such as educational support for young people, free educational seminars and support for mothers. • The company also established the Retail Innovation Centre and invests in startups; it invested a total of around USD1.7 million in early-stage startups since it began this initiative in 2020. • Akiş had high net promoter scores of 67 for Akbatı and 53 for Akasya in 2023, which is assessed on a scale of -100 to 100. The shopping centres both received ISO 10002:2018 customer satisfaction management system certification as of 2023.	1
Targets and Supply Chain	• Akiş set some short-term social targets across customer satisfaction, diversity and community involvement. It is also targeting a female employment rate of 40% by 2025 within Akiş and a female employment rate of 25% by 2025 within its subsidiary Akyaşam, both of which it met as of 2023. • The company includes some social targets in its senior management team's	2

Entity Analysis

Social View
ESG Rating: 2

Profile	Fitch's View	ESG Rating
	scorecards, which the company confirmed are measurable, quantifiable and time-bound. • The company stated it does not tolerate any human rights violations in its subcontractors' operations. Akiş committed to protecting human rights and labour rights and enforcing anti-corruption in its supplier code of conduct. In 2023, Akiş received no complaints related to human rights issues. • Akiş also launched its "Empowered Women, Equal Steps" training and development programme for female subcontracted employees in 2023, which delivered a total of 1,316 hours of training to 20 different groups.	
Risks and Incident Treatment	• No fatalities or large-scale social incidents related to Akiş were reported in the past three years.	1

Source: Sustainable Fitch, based on Akiş sustainability report 2023, Akiş annual report 2023, Akiş supplier code of conduct

Entity Analysis

Governance View
ESG Rating: 2

Profile	Fitch's View	ESG Rating
Financials and Reporting	• Akiş' financial statements are publicly available and audited. No major issues were raised by the independent auditor and no incidents occurred related to financial reporting or poor financial governance in the past three years. • The company's financial statements are prepared in accordance with the Communique on Financial Reporting Standards in Capital Markets, which is an aspect of the CMB corporate governance principles. They are also prepared in accordance with the Turkish Accounting Standards and the Turkish Financial Reporting Standards. The latter two standards are updated regularly to mirror changes in the IFRS.	1
Top Management and Control	• Akiş follows the CMB corporate governance principles, and it received a corporate governance rating of 96.37 out of 100 in 2023 (compared to 96.35 in 2022), which is assessed in line with the principles. It also prepares a corporate governance principles compliance report within its annual report. • As of October 2024, the board of directors is formed of nine members. A minority, 33.33%, of its board members are independent. All its independent board members were appointed in 2021, which is in line with the corporate governance principles as of 2023, and re-elected in 2024. The separation of the chair and CEO positions helps improve the autonomy and independence of its board. • There is no employee representation on the board, as the company adopts a one-tier board structure. Board-level employee representation typically involves an elected employee representative who advocates for the interests of employees in board-level decision-making. • Forty-four percent of its board members identify as women as of 2023, which is close to parity. The company also shares the ages of its board of directors. Best practice is to report on other types of diversity, such as nationality. • Akiş has three standing committees: audit, corporate governance and early risk detection. • The audit committee is fully composed of independent board members. It is responsible for ensuring the internal and independent audits are adequate and transparent, as well as for monitoring the implementation of the internal control systems. • The internal audit process has been present for at least three years, and there is also an internal audit manager who reports to the audit committee. Akiş confirmed that there were no major remarks as a result of the internal audit in the past three years.	2
Remuneration	• Akiş has a remuneration policy for senior executives and defines its compensation system and practices in line with the CMB's rules and regulations. The corporate governance committee fulfils the duties and	4

Governance View
ESG Rating: 2

Profile	Fitch's View	ESG Rating
	responsibilities related to nomination and remuneration. • The senior executives' compensation consists of a fixed salary and a bonus, the latter of which is determined by company and individual performance. The company confirmed that clearly defined financial targets are linked to executive variable remuneration, but these targets are not publicly disclosed. • Akiş does not disclose its CEO pay ratio, which would be best practice in order to demonstrate fair remuneration practices.	
Risk Management	• Akiş identified corporate governance as a material topic in its ESG impact assessment and outlined how it mitigates corporate governance risks in its 2023 sustainability report. • The early risk detection committee strives to detect risks that may endanger the development and continuity of the company, and implements measures related to the detected risks. It reviews the risk management systems and compliance with the CMB corporate governance principles. The board of directors reviews the effectiveness of risk management and internal control systems at least annually. • The company also identifies and discloses mitigation actions taken for financial risk factors related to liquidity, interest rates, credit, foreign exchange and capital risks. • There is no information that suggests there were any form of critical risk incidents related to Akiş in the past three years. • Akiş received the ISO 27001:2013 information security management system certificate in 2019. The company committed to data confidentiality in its principles of business ethics statement, and it also maintains a separate information security policy. • The company complies with Akkök's code of business ethics, which covers fair competition, information security and conflicts of interest, among other topics. Akiş monitors the code's implementation and takes enforcement measures when a misconduct is identified. • There is an ethics hotline in place and a dedicated ethics representative and an ethics committee for Akkök companies and their employees. The ethics hotline is managed by an independent consultant. Non-compliance can result in disciplinary actions being taken. • As a signatory of the UN GC, Akiş has committed to uphold the 10th principle, which covers anti-corruption and anti-bribery.	1
Tax Management	• As per the amendments to the corporate tax law in Türkiye, REITs that distribute at least 50% of their earnings derived from real estate income will be subject to 10% corporate income tax instead of 30% starting in the 2025 financial year. The code of practice related to the amended law is waiting to	3

Entity Analysis

Governance View
ESG Rating: 2

Profile	Fitch's View	ESG Rating
	be published. • Most subsidiaries under Akiş are registered in Türkiye, where a vast majority of its operations are located. The company has an 89.3% stake in its subsidiary WMG London Developments L.P.; it is registered in Jersey, which is a tax haven according to the Tax Justice Network, and operates in the UK. There is transparency regarding the area of operations for each subsidiary, covering real estate investment, mall and office management and children's entertainment. • Akiş has not received any tax-related fines in the past three years.	

Source: Sustainable Fitch, based on Akiş sustainability report 2023, Akiş annual report 2023, Akiş remuneration policy, Akiş information security policy, Akkök code of business ethics

Relevant UN Sustainable Development Goals - Entity

9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	
13.2	Integrate climate change measures into national policies, strategies and planning	

Source: Sustainable Fitch, UN

Note: Sustainable Fitch evaluates the relevant UN Sustainable Development Goals at the entity level by considering direct contributions, not generic support.

Appendix A: Key Terms

Term	Definition
Debt Types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and socialrelated activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.

Term	Definition
Standards	
Transition	A term applied to green, social, sustainable or sustainability-linked instruments, only when the purpose of the debt instrument is to enable the issuer to achieve a climate change-related strategy according to Fitch criteria or methodology.
ICMA	International Capital Market Association. The "ICMA" credential on page 1 refers to alignment with ICMA's Principles and Guidelines: a series of principles and guidelines for green, social, sustainability and sustainability-linked (or KPI-linked) instruments.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".
Other Terms	
ESG debt	Green, social, sustainability and sustainability-linked types of debt.
Short term	Within five years.
Long term	At least six years away.
Entity's business activity overlap with use of proceeds	The share of the entity's total business activities that can use proceeds from the debt instrument in question.
NACE	An industry standard classification system for economic activities in the EU, based on the United Nations' International Standard Industrial Classification of All Economic Activities (ISIC).

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix B: Methodology and ESG Rating Definitions

Fitch's ESG Ratings are designed to indicate an entity's Environmental, Social and Governance (ESG) performance and commitment, as well as its integration of ESG considerations into its business, strategy and management, with a focus on actions and outcomes rather than purely on policies and broader commitments.

There are three ratings: the ESG Entity Rating (ESG ER), ESG Instrument Rating (ESG IR) and, for debt instruments linked to ESG key performance indicators (KPIs) and/or use of proceeds, the ESG Framework Rating (ESG FR). ESG Ratings are on a scale from one to five, where one represents full alignment with ESG best practice. Behind each rating sit scores of zero to 100, as well as sub-scores for even greater granularity.

Sustainable Fitch's analysts assess all the business activities of an entity and more than 40 additional headline factors, covering all three ESG pillars. For debt instruments, they assess use of proceeds and more than 20 additional headline factors.

Fitch provides individual datasets with grades and commentary through a feed. The score and sub-score database allows direct comparison of entities and instruments, on a full ESG basis or on selected fields.

ESG ERs consider the issuer's strategy, how it relates to sustainability, and how sustainability is embedded in the issuer's business, including ESG policies, procedures, and outcomes. The entity is broken down into constituent business units, with NACE codes, for a granular assessment of E and S factors. Fitch assesses G aspects at the company level.

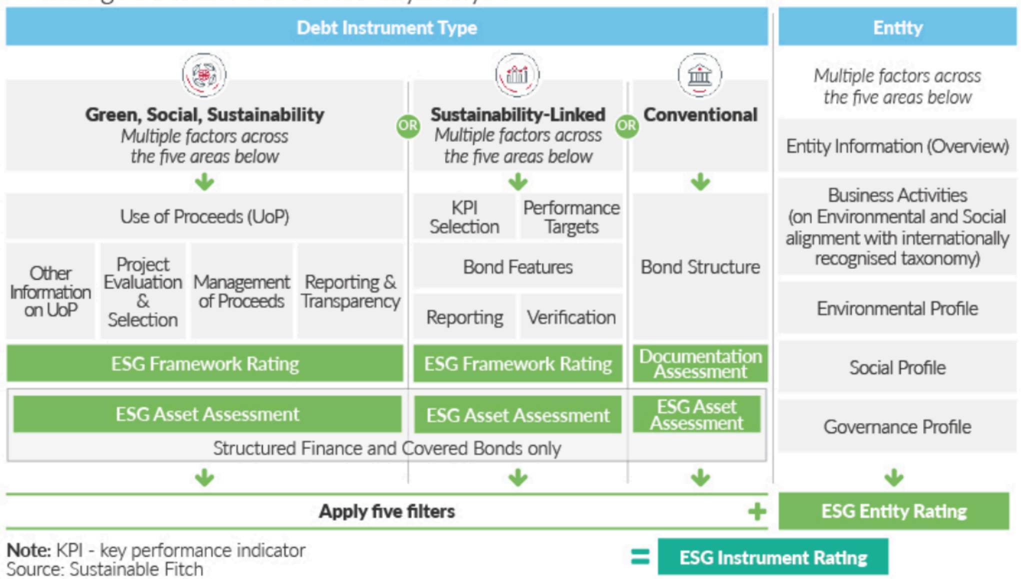
ESG FRs consider any type of bond, with varying analysis if there is a defined use of proceeds, KPI-linked coupon, or conventional bond. The rating aims to identify the strength of the bond framework on a standalone basis, separate to the entity, regardless of any self-assigned descriptions. Fitch analysts categorise bonds as Green, Social or Sustainability (GSS) types independently, based on their view of the main area covered by the use of proceeds, rather than automatically using the entity's categorisation. They will also determine if the bond should be classed as a transition bond and if it aligns with the EU Green Bond Standard and ICMA principles. Analysis considerations include the use of proceeds and sustainability-linked targets that form the primary purpose of the instrument, and the structure and effectiveness of the framework being used to further that purpose.

ESG IRs consider different types of debt instruments in the context of the issuing entity, enabling absolute ESG credentials comparisons for similar types of instruments issued by different types of entities, different types of instruments issued by different issuers, as well as different types of instruments issued by a single entity.

Analytical Process

Analysis considers all available relevant information (ESG and financial), including the entity's ESG report. Fitch's ESG Rating Reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed.

Fitch's ESG Rating Process
A visual guide to our debt and entity analysis



Note: KPI - key performance indicator
Source: Sustainable Fitch

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds and business activities. In considering those aspects, the rating framework is inspired by major taxonomies (e.g. the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects). Once the analyst has completed the model, with commentary for the related ESG Ratings, it is submitted to the approval committee, which reviews the model for accuracy and consistency. ESG Ratings are monitored annually or more frequently if new information becomes available.

Use Cases

Sustainable Fitch's ESG Ratings can help inform decisions related to:

- Investment strategy
- Asset allocation and portfolio construction
- Benchmarking and index construction
- Risk management and stress testing
- Identification of transition bonds
- Disclosure and reporting.

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Rating Scale and Definitions

	ESG Entity	ESG Instrument	ESG Framework
1	ESG ER of '1' indicates that the entity analysed evidences an excellent ESG profile. Entity is excellent both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management.	ESG IR of '1' indicates that the debt instrument in the context of the ultimate issuing entity evidences an excellent ESG profile. Entity is excellent both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management. Instrument is excellent in terms of framework structure and proceeds destination.	ESG FR of '1' indicates that the framework for the instrument evidences an excellent ESG profile. Framework structure is excellent in terms of alignment with ambitious best practises and proceeds are dedicated to excellent environmental and/or social activities/projects according to taxonomies of reference.
2	ESG ER of '2' indicates that the entity analysed evidences a good ESG profile. Entity is good both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management.	ESG IR of '2' indicates that the debt instrument in the context of the ultimate issuing entity evidences a good ESG profile. Entity is good both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management. Instrument is good in terms of framework structure and proceeds destination.	ESG FR of '2' indicates that the framework for the instrument evidences a good ESG profile. Framework structure is good in terms of alignment with ambitious best practises and proceeds are dedicated to good environmental and/or social activities/projects according to taxonomies of reference.
3	ESG ER of '3' indicates that the entity analysed evidences an average ESG profile. Entity is average both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management.	ESG IR of '3' indicates that the debt instrument in the context of the ultimate issuing entity evidences an average ESG profile. Entity is average both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management. Instrument is average in terms of framework structure and proceeds destination.	ESG FR of '3' indicates that the framework for the instrument evidences an average ESG profile. Framework structure is average in terms of alignment with ambitious best practises and proceeds are dedicated to average environmental and/or social activities/projects according to taxonomies of reference.
4	ESG ER of '4' indicates that the entity analysed evidences a subaverage ESG profile. Entity is sub-average both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management.	ESG IR of '4' indicates that the debt instrument in the context of the ultimate issuing entity evidences a sub-average ESG profile. Entity is sub-average both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management. Instrument is sub-average in terms of framework structure and proceeds destination.	ESG FR of '4' indicates that the framework for the instrument evidences a sub-average ESG profile. Framework structure is sub-average in terms of alignment with ambitious best practises and proceeds are dedicated to subaverage environmental and/or social activities/projects according to taxonomies of reference.
5	ESG ER of '5' indicates that the entity analysed evidences a poor ESG profile. Entity is poor both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management.	ESG IR of '5' indicates that the debt instrument in the context of the ultimate issuing entity evidences a poor ESG profile. Entity is poor both in terms of alignment of the activities with taxonomies of reference and integration of ESG considerations into the business, strategy and management. Instrument is poor in terms of framework structure and proceeds destination.	ESG FR of '5' indicates that the framework for the instrument evidences a poor ESG profile. Framework structure is poor in terms of alignment with ambitious best practises and proceeds are dedicated to poor environmental and/or social activities/projects according to taxonomies of reference.

Source: Sustainable Fitch

Solicitation

Status	Solicited
The Ratings were solicited and assigned or maintained by Sustainable Fitch at the request of the rated entity.	